



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

April 19, 2017

A regular meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:45 a.m. in the 1st Floor Board Room at the Air District Headquarters, 375 Beale Street, San Francisco, California 94105.

Questions About an Agenda Item

The name, telephone number and e-mail of the appropriate staff Person to contact for additional information or to resolve concerns is listed for each agenda item.

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:45 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

This meeting will be webcast. To see the webcast, please visit <http://www.baaqmd.gov/about-the-air-district/board-of-directors/resolutionsagendasminutes> at the time of the meeting.

Public Comment Procedures

Persons wishing to make public comment must fill out a Public Comment Card indicating their name and the number of the agenda item on which they wish to speak, or that they intend to address the Board on matters not on the Agenda for the meeting.

Public Comment on Non-Agenda Matters, Pursuant to Government Code Section 54954.3 For the first round of public comment on non-agenda matters at the beginning of the agenda, ten persons selected by a drawing by the Clerk of the Boards from among the Public Comment Cards indicating they wish to speak on matters not on the agenda for the meeting will have three minutes each to address the Board on matters not on the agenda. For this first round of public comments on non-agenda matters, all Public Comment Cards must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to commencement of the meeting. The remainder of the speakers wishing to address the Board on non-agenda matters will be heard at the end of the agenda, and each will be allowed three minutes to address the Board at that time.

Members of the Board may engage only in very brief dialogue regarding non-agenda matters, and may refer issues raised to District staff for handling. In addition, the Chairperson may refer issues raised to appropriate Board Committees to be placed on a future agenda for discussion.

Public Comment on Agenda Items After the initial public comment on non-agenda matters, the public may comment on each item on the agenda as the item is taken up. Public Comment Cards for items on the agenda must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to the Board taking up the particular item. Where an item was moved from the Consent Calendar to an Action item, no speaker who has already spoken on that item will be entitled to speak to that item again.

Up to ten (10) speakers may speak for three minutes on each item on the Agenda. If there are more than ten persons interested in speaking on an item on the agenda, the Chairperson or other Board Member presiding at the meeting may limit the public comment for all speakers to fewer than three minutes per speaker, or make other rules to ensure that all speakers have an equal opportunity to be heard. Speakers are permitted to yield their time to one other speaker; however no one speaker shall have more than six minutes. The Chairperson or other Board Member presiding at the meeting may, with the consent of persons representing both sides of an issue, allocate a block of time (not to exceed six minutes) to each side to present their issue.

BOARD OF DIRECTORS REGULAR MEETING AGENDA

WEDNESDAY
APRIL 19, 2017
9:45 A.M.

BOARD ROOM
1ST FLOOR

CALL TO ORDER

Chairperson, Liz Kniss

1. **Opening Comments**
Roll Call
Pledge of Allegiance

The Chair shall call the meeting to order and make opening comments. The Clerk of the Boards shall take roll of the Board members. The Chair shall lead the Pledge of Allegiance.

PUBLIC COMMENT ON NON-AGENDA MATTERS

2. **Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3**

For the first round of public comment on non-agenda matters at the beginning of the agenda, ten persons selected by a drawing by the Clerk of the Boards from among the Public Comment Cards indicating they wish to speak on matters not on the agenda for the meeting will have three minutes each to address the Board on matters not on the agenda. For this first round of public comments on non-agenda matters, all Public Comment Cards must be submitted in person to the Clerk of the Board at the location of the meeting and prior to commencement of the meeting.

COMMENDATIONS/PROCLAMATIONS/AWARDS

3. *The Board of Directors will recognize outgoing Hearing Board Chair Terry Trumbull and Hearing Board Member Julio Magalhães, Ph.D. for their service, leadership, and dedication to protecting air quality in the Bay Area.*

CONSENT CALENDAR (ITEMS 4 – 10)

Staff/Phone (415) 749-

4. Minutes of the Regular Board of Directors Meeting of March 15, 2017

Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Regular Board of Directors Meeting of March 15, 2017.

5. Board Communications Received from March 15, 2017 through April 18, 2017

J. Broadbent/5052

jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from March 15, 2017 through April 18, 2017, if any, will be at each Board Member's place.

6. Air District Personnel on Out-of-State Business Travel **J. Broadbent/5052**
jbroadbent@baaqmd.gov

In accordance with Section 5.4 (b) of the Air District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the attached memorandum lists Air District personnel who have traveled on out-of-state business in the preceding month.

7. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of March 2017 **J. Broadbent/5052**
jbroadbent@baaqmd.gov

In accordance with Resolution No. 2012-08, the Board of Directors will receive a list of all Notices of Violations issued, and all settlements for amounts in excess of \$10,000 during the month of March 2017.

8. Extension of Contracts for Website Development and Maintenance **J. Broadbent/5052**
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a contract amendment with Cylogy, Inc., & Rightpoint in an amount not to exceed \$175,994 for backend website content management system integration and infrastructure support.

9. Consideration of Authorization of Execution of Purchase Orders in Excess of \$100,000 Pursuant to Administrative Code Division II Fiscal Policies and Procedures Section 4.3 Contract Limitations **J. Broadbent/5052**
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a purchase order to Xonteck, Inc in the amount not to exceed \$274,650 for air sampling equipment needed to maintain high quality air toxics data.

10. Set a Public Hearing on May 31, 2017 to Consider Regulation 12: Miscellaneous Standards of Performance, Rule 16: Petroleum Refining Facility-Wide Emissions Limits and Certification of an Environmental Impact Report (EIR). **J. Broadbent/5052**
jbroadbent@baaqmd.gov

At the May 31, 2017 meeting, the Board of Directors will consider Regulation 12: Miscellaneous Standards of Performance, Rule 16: Petroleum Refining Facility-Wide Emissions Limits and Certification of an Environmental Impact Report (EIR)

COMMITTEE REPORTS

11. Report of the **Stationary Source Committee** Meeting of March 20, 2017 **J. Broadbent/5052**
jbroadbent@baaqmd.gov
CHAIR: J. Gioia

The Committee received the following reports:

A) Milpitas/San Jose Waste Facilities Update

1) None; receive and file.

B) Draft 2017 Clean Air Plan: Spare the Air, Cool the Climate

2) *None; receive and file.*

12. Report of the **Budget and Finance Committee** Meeting of March 22, 2017

CHAIR: C. Groom

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Discussion of Proposed Budget for Fiscal Year Ending (FYE) 2018

1) *The Executive Officer/APCO requests that the Budget and Finance Committee review the Proposed Budget for FYE 2018, and make any recommendations for further discussions to be held during the April 26, 2017 Budget and Finance Committee meeting.*

B) Proposed Amendments to Regulation 3: Fees

1) *None; receive and file.*

13. Report of the **Climate Protection Committee** Meeting of March 22, 2017

CHAIR: T. Barrett

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) SPUR Report, “Fossil Free Bay Area”

1) *None; receive and file.*

B) Air District Support for Local Government Climate Protection Activities

1) *None; receive and file.*

14. Report of the **Mobile Source Committee** Meeting of March 23, 2017

CHAIR: K. Mitchoff

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Projects and Contracts with Proposed Grant Awards over \$100,000

- 1) *Approve Carl Moyer Program (CMP) projects with proposed grant awards over \$100,000 as shown in Attachment 1; and*
- 2) *Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.*

B) Lower Emission School Bus Program Update and Funding Allocation

- 1) *Allocate \$5,000,000 in Mobile Source Incentive Funds (MSIF) for Lower Emission School Bus Program (LESBP) projects; and*
- 2) *Authorize the Executive Officer/APCO to enter into agreements with applicants for LESBP projects.*

C) Fiscal Year Ending (FYE) 2018 Transportation Fund Clean Air (TFCA) Funding Allocation

- 1) *Allocate \$13.93 million in new Transportation Fund for Clean Air (TFCA) monies to the programs listed in Table 1;*
- 2) *Authorize the proposed cost-effectiveness limits for the Air District sponsored programs listed in Table 2; and*
- 3) *Authorize the Executive Officer/APCO to enter into funding agreements and contracts up to \$100,000 for projects and programs listed in Table 1.*

D) Update on Efforts to Further Reduce Emissions at the Port of Oakland and Former Oakland Army Base

- 1) *None; at the request of the Committee Chair, this item was tabled until April 27, 2017.*

15. Report of the **Personnel Committee** Meeting of March 24, 2017

CHAIR: J. Spering

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Conduct Interviews and Consider Recommending Board of Directors Approval of Candidates for Appointment to the Air District's Hearing Board

- 1) *Appoint candidates to the Air District's Hearing Board.*

16. Report of the **Legislative Committee** Meeting of March 30, 2017

CHAIR: B. Wagenknecht

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Consideration of New Bills

- 1) *Approve positions on bills.*

17. Report of the **Advisory Council** Meeting of April 3, 2017
BOARD LIAISON: R. Sinks

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Council received the following reports:

A) Presentation on Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities, Regulation 12, Rule 16: Petroleum Refining Facility-Wide Emissions Limits, and Regulation 13, Rule 1: Refinery Carbon Intensity Cap

1) *None; receive and file.*

B) Advisory Council Next Area of Focus

1) *None; receive and file.*

18. Report of the **Stationary Source Committee** Meeting of April 17, 2017
CHAIR: J. Gioia

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will receive the following reports:

A) Update on Draft Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities

1) *None; receive and file.*

B) Update on Regulation 6: Particulate Matter Rule Development

2) *None; receive and file.*

PUBLIC HEARINGS

19. Public Hearing to Receive Testimony on Proposed Amendments to Air District Regulation 3: Fees
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will receive testimony on proposed amendments to Air District Regulation 3: Fees. The final public hearing and consideration of adoption of the proposed amendments is set for June 21, 2017.

20. Public Hearing to Receive Testimony on and Consider Certifying the Final Environmental Impact Report and Adopting the Proposed 2017 Clean Air Plan

J. Broadbent/5052
jbroadbent@baaqmd.gov

Staff recommends the Board of Directors approve a resolution certifying the Final Environmental Impact Report and approve a resolution adopting the proposed 2017 Clean Air Plan, entitled Spare the Air, Cool the Climate.

CLOSED SESSION

21. CONFERENCE WITH LEGAL COUNSEL

EXISTING LITIGATION (Government Code Section 54956.9(a))

Pursuant to Government Code Section 54956.9(a), a need exists to meet in closed session with legal counsel to consider the following cases:

- A. **Douglas Hall v. Bay Area AQMD**, San Francisco County Superior Court, Case No. CGC-16-556094

OPEN SESSION

PUBLIC COMMENT ON NON-AGENDA MATTERS

22. Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3

Speakers who did not have the opportunity to address the Board in the first round of comments on non-agenda matters will be allowed three minutes each to address the Board on non-agenda matters.

BOARD MEMBERS' COMMENTS

23. *Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)*

OTHER BUSINESS

24. Report of the Executive Officer/APCO

25. Chairperson's Report

26. Time and Place of Next Meeting:

Wednesday, May 17, 2017, at 375 Beale Street, San Francisco, CA 94109 at 9:45 a.m.

27. Adjournment

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
mmartinez@baaqmd.gov

(415) 749-5016
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Board of Directors” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Board meeting. Any correspondence received after that time will be presented to the Board at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District’s offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District’s policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District’s Non-Discrimination Coordinator, Rex Sanders, at (415) 749-4951 or by email at rsanders@baaqmd.gov.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
375 BEALE STREET, SAN FRANCISCO, CALIFORNIA 94105
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

APRIL 2017

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> CANCELLED	Monday	17	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	17	9:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	26	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> - CANCELLED	Thursday	27	9:30 a.m.	1 st Floor Board Room

MAY 2017

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	3	9:45 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	15	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	15	10:30 a.m.	1 st Floor Board Room
Board of Directors Budget Hearing <i>(At the Call of the Chair)</i>	Wednesday	17	9:45 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	Following Budget Hearing	1 st Floor Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other Month)</i>	Thursday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	1 st Floor Board Room
Special Board of Directors Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	31	9:45 a.m.	1 st Floor Board Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 5, 2017

Re: Minutes of the Regular Board of Directors Meeting of March 15, 2017

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Regular Meeting of March 15, 2017.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of March 15, 2017.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 4A: Draft Minutes of the Board of Directors Regular Meeting of March 15, 2017.

AGENDA 4A – ATTACHMENT

Draft Minutes - Board of Directors Regular Meeting of March 15, 2017

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 4105
(415) 749-5073

Board of Directors Regular Meeting
Wednesday, March 15, 2017

DRAFT MINUTES

Note: Audio recordings of the meeting are available on the website of the Bay Area Air Quality Management District at <http://www.baaqmd.gov/about-the-air-district/board-of-directors/resolutionsagendasminutes>

CALL TO ORDER:

1. **Opening Comments:** Vice Chairperson Hudson called the meeting to order at 9:49 a.m.

Roll Call:

Present: Vice Chairperson Dave Hudson; Secretary Katie Rice; and Directors Margaret Abekoga, David J. Canepa, Cindy Chavez, Pauline Russo Cutter, John Gioia, Scott Haggerty, Tyrone Jue, Rebecca Kaplan, Doug Kim, Karen Mitchoff, Hillary Ronen, Mark Ross, Pete Sanchez, Jeff Sheehy, and Rod Sinks.

Absent: Chairperson Liz Kniss; Directors Teresa Barrett, Carole Groom, Nate Miley, Jim Sperring, Brad Wagenknecht, and Shirlee Zane.

PUBLIC COMMENT ON NON-AGENDA MATTERS

2. **Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3**

Public comments were made by Greg Karras, Communities for a Better Environment; Nick Despota, Richmond resident; Karen Green, Tesoro; and Richard Gray, 350 Bay Area.

Director Ross thanked the refinery workers who gathered behind Ms. Green to reiterate Ms. Green's comments without being verbally repetitive.

CONSENT CALENDAR (ITEMS 3-7)

3. **Minutes of the Regular Board of Directors Meeting of March 1, 2017**
4. **Board Communications Received from March 1, 2017 through March 14, 2017**
5. **Air District Personnel on Out-of-State Business Travel**
6. **Notices of Violations Issues and Settlements in Excess of \$10,000 in the Month of February 2017**
7. **Referral of Proposed Budget for Fiscal Year Ending (FYE) 2018 to the Budget & Finance Committee**

Public Comments:

No requests received.

Committee Comments:

None.

Committee Action:

Director Chavez made a motion, seconded by Director Mitchoff, to **approve** the Consent Calendar Items 3 through 7, inclusive; and the motion **carried** by the following vote of the Board:

AYES: Abe-Koga, Canepa, Chavez, Cutter, Gioia, Haggerty, Hudson, Jue, Kaplan, Kim, Mitchoff, Rice, Ronen, Ross, Sanchez, and Sinks.
NOES: None.
ABSTAIN: None.
ABSENT: Barrett, Groom, Kniss, Miley, Sheehy, Spering, Wagenknecht, and Zane.

COMMITTEE REPORTS

8. Report of the **Public Engagement Committee** Meeting of March 6, 2017

Public Engagement Committee Chair, Director Ross, read the following Committee report:

The Committee met on Monday, March 6, 2017 and postponed the approval of the minutes of October 20, 2016, for lack of quorum.

The Committee reviewed and discussed the staff presentation, Summary of 2016-2017 Winter Spare the Air Season.

The Committee then reviewed and discussed the staff presentation, Update on Recent Open Houses, Workshops, and Online Civic Engagement Activities.

The Committee then reviewed and discussed the staff presentation, Summary of Youth for the Environment and Sustainability 2017 Conference.

Lastly, the Committee reviewed and discussed the staff presentation, Renewal of Contract for Spare the Air Advertising and Messaging Campaigns. A consensus of the Committee members present supported the following staff recommendation to the Board of Directors:

- 1. Authorization of the Executive Officer/Air Pollution Control Officer to amend existing contract with O'Rorke, Inc. for the Fiscal Year Ending 2018 Spare the Air Campaigns' Advertising, Communications & Evaluation Services in an amount not to exceed \$2,019,000.*

The next meeting is at the call of the Chair. I move that the Board approve the Public Engagement Committee's recommendation. This concludes the Chair Report of the Public Engagement Committee.

Public Comments:

No requests received.

Board Comments:

Director Kaplan reiterated that she would like to see enhanced public engagement that would directly result in behavior changes and the public actively seeking to reduce its carbon footprint, among other environmental initiatives. She suggested that the District promote online advertisements that would direct the public to websites showing them how to take action.

Board Action:

Director Ross made a motion, seconded by Director Kaplan, to **approve** the recommendations of the Public Engagement Committee; and the motion **carried** by the following vote of the Board:

AYES: Abe-Koga, Canepa, Chavez, Cutter, Gioia, Haggerty, Hudson, Jue, Kaplan, Kim, Mitchoff, Rice, Ronen, Ross, Sanchez, and Sinks.
NOES: None.
ABSTAIN: None.
ABSENT: Barrett, Groom, Kniss, Miley, Sheehy, Spering, Wagenknecht, and Zane.

CLOSED SESSION (commenced at 10:07 a.m.)

9. **CONFERENCE WITH LEGAL COUNSEL (OUT OF ORDER, ITEM 10)**

EXISTING LITIGATION (Government Code Section 54956.9(a))

Pursuant to Government Code Section 54956.9(a), a need exists to meet in closed session with legal counsel to consider the following cases:

A. **California Building Industry Association v. Bay Area AQMD**, Alameda County Superior Court, Case No. RG-10548693; California Court of Appeal, First Appellate District, Case No. A135335; California Supreme Court, Case No. S213478

Brian Bunger, District Counsel, reported that the Board reached a decision to settle, and that the terms of the agreement will be available when the agreement has been approved and signed by both parties.

B. **Valero Refining Company – California, and Tesoro Refining & Marketing Company, LLC v. Bay Area AQMD**, Contra Costa County Superior Court, Case No. N16-0095

Mr. Bunger reported that the Board decided on an interim resolution, which will be available upon negotiation.

NOTED PRESENT: Director Sheehy was noted present at 10:52 a.m.

10. **CONFERENCE WITH LEGAL COUNSEL (ITEM 11)**

ANTICIPATED LITIGATION (Government Code Section 54956.9 (b)(1))

Significant exposure to litigation pursuant to paragraph (1) of subdivision (b) of Section 54956.9:

A. Tort claim of Michael Bachmann against the Bay Area Air Quality Management District

Jack Broadbent, Executive Officer/Air Pollution Control Officer, reported that the Board voted to reject the claim of Michael Bachmann.

B. Tort claim of Sarah Steele against the Bay Area Air Quality Management District

Mr. Broadbent reported that the Board voted to return the claim of Sarah Steele with no further action.

OPEN SESSION (commenced at 10:52 a.m.)

PUBLIC COMMENT ON NON-AGENDA MATTERS (ITEM 12)

11. **Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3**

No requests received.

PRESENTATION

12. **2016/2017 Winter Spare the Air Program Overview (ITEM 9)**

Mr. Broadbent introduced Wayne Kino, Compliance and Enforcement Director, Lisa Fasano, Communications Officer, and Karen Schkolnick, Strategic Incentives Acting Director, who all gave the staff presentation *2016/2017 Winter Spare the Air Program Overview*, including: Winter Particulate Matter (PM)_{2.5} seasons; more rainfall equals less PM pollution; highest air quality readings; wood smoke enforcement; enforcement highlights; Regulation 6, Rule 3: New Requirements; advertising; media coverage; social media; results; Wood Smoke Reduction Incentive Program and outreach; project distribution; key results; county statistics; and next steps.

Public Comments:

No requests received.

Board Comments:

The Board and staff discussed the symbol “ $\mu\text{g}/\text{m}^3$ ” or “micrograms per cubic meter of air,” included in the *Winter PM_{2.5} Seasons* slide; the reason why the District chooses to focus on PM_{2.5} when the Spare the Air program is based on the Air Quality Index; the Board’s concern about communicating a false sense of clean air, as the District only displays regional levels of PM_{2.5}, and not localized levels; the difficulty of predicting emission levels during Thanksgiving and Christmas; the need to distinguish preliminary Spare the Air forecasts from actual data, and for a legend bearing the federal

air quality standards; the locations and types of District sensors and PM instrumentation; the difference between national and state ambient air quality standards; the dangers of PM_{2.5}; the need for public education on recreational fires regulations and exemptions at campgrounds; the District's method of advertising for the Winter Spare the Air program; the Board's request that the Winter Spare the Air results be broken down by County; recommended changes for the next funding cycle; the need to promote electric heat pumps rather than natural gas fireplaces, as this goes against the District's Clean Air Plan; the willingness of Board members whose jurisdictions do not include high-impact residents to focus program resources on high-impact residents; potential benefits of a transition from individual designated days of no burning to a continual state of no burning; the differences between the Winter and Summer Spare the Air programs; the District's use of focus groups as an indicator of behavior change; the Board's appreciation of staff's resourcefulness with the modest budget for the Wood Smoke Reduction Incentive Program, and for the program's multiple-language outreach; and the prospect of the District collaborating with the Metropolitan Transportation Commission (MTC) to conduct in-depth, frequent, and regional (as opposed to by county) focus groups regarding ridesharing.

Board Action:

None; receive and file.

BOARD MEMBERS' COMMENTS

13. Board Members' Comments

None.

OTHER BUSINESS

14. Report of the Executive Officer / APCO

Mr. Broadbent reported that on March 14, 2017, the District signed purchase and sale agreement of 375 Beale Street and acknowledged his staff for their assistance in this process. Mr. Broadbent also reported that the District sent a letter to Environmental Protection Agency Administrator, Scott Pruitt, regarding the District's concerns of federal environmental programs that are being cut. The Board will be given additional correspondence to review at the next Board meeting.

15. Chairperson's Report

Vice Chair Hudson reported that Peninsula Corridor Electrification Project (Caltrain), and the Bay Area in general, was a point of interest at the American Public Transportation Association's Legislative Conference in Washington DC. He also encouraged Board members to sign up for the Air and Waste Management Association's 110th Annual Conference in Pittsburgh, PA on June 5.

Director Kaplan reiterated the need for local advocacy for Caltrain electrification and the need to distinguish that project from statewide high-speed rail. Damien Breen, Deputy Air Pollution Control Officer, stated that the District has collaborated with MTC on a letter for the Bay Area, as well as a fact sheet with talking points that Board members may use when speaking with state delegates.

16. **Time and Place of Next Meeting**

Wednesday, April 19, 2017, at 375 Beale Street, San Francisco, CA 94109 at 9:45 a.m.

17. **Adjournment**

The meeting adjourned at 12:00 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 6, 2017

Re: Board Communications Received from March 15, 2017 through April 18, 2017

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from March 15, 2017, through April 18, 2017, if any, will be at each Board Member's place at the April 19, 2017, Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Fremming
Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 6, 2017

Re: Air District Personnel on Out-of-State Business Travel

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In accordance with Section 5.4 (b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified of District personnel who have traveled on out-of-state business.

The report covers the out-of-state business travel for the month of March 2017. The monthly out-of-state business travel report is presented in the month following travel completion.

DISCUSSION

The following out-of-state business travel activities occurred in the month of March 2017:

- Jeffrey McKay, Deputy Air Pollution Control Officer, attended the Association of Air Pollution Control Agencies Spring Meeting, Tucson, Arizona, March 27th – 29th, 2017.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 11, 2017

Re: Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of
March 2017

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

In accordance with Resolution No. 2012-08, attached to this Memorandum is a listing of all Notices of Violations issued, and all settlements for amounts in excess of \$10,000 during the calendar month prior to this report.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The amounts of civil penalties collected are included in the Air District's general fund budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bungler

Attachment 7A: Notices of Violations for the Month of March 2017

NOTICES OF VIOLATION ISSUED

The following Notice(s) of Violation were issued in March 2017:

Alameda						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Tesla, Inc	A1438	Fremont	A55780A	3/2/17	2-6-307	Non-compliance, Major Facility Review
CertainTeed Corporation	B2749	Fremont	A56754A	3/9/17	2-1-307	Failure to Meet Permit Conditions
P.W. Stephens Environmental, Inc.	Y5159	Fremont	A56984A	3/21/17	11-2-401.3	Failure to wait 10 working days
Restec Contractors	L3618	Hayward	A56983A	3/27/17	11-2-401.3	Failure to wait 10 working days

Contra Costa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
John Muir Health - Concord Campus	A1753	Concord	A56243A	3/15/17	9-7-506	No annual source testing
John Muir Health - Concord Campus	A1753	Concord	A56243B	3/15/17	9-7-403	No annual source testing
John Muir Health - Concord Campus	A1753	Concord	A56244A	3/15/17	9-7-506	No annual source testing
John Muir Health - Concord Campus	A1753	Concord	A56244B	3/15/17	9-7-403	No annual source testing
Criterion Catalysts Company LP	A0227	Pittsburg	A55818A	3/29/17	2-6-307	Violating the Title V P/O condition #9315, Part #9.

AGENDA: 7A

Chevron Products Company	A0010	Richmond	A56286A	3/21/17	9-10-504	Blocked flow meter @ F-447; RCA 07B30, Dev 4726
Chevron Products Company	A0010	Richmond	A56825A	3/21/17	9-10-301	12 days of NOx bubble exceedance; RCA 07B38, Dev 4735
Chevron Products Company	A0010	Richmond	A56827A	3/21/17	9-10-504	Blocked in fuel flow meter @ F-410; RCA 07B29, Dev 4727
Chevron Products Company	A0010	Richmond	A57153A	3/21/17	1-523.1	Fuel flow meter @ F-210 blocked + pugged; RCA 07B31 Dev4752
Chevron Products Company	A0010	Richmond	A57153B	3/21/17	1-523.2	Fuel flow meter @ F-210 blocked + plugged; RCA07B31 Dev 4752
Chevron Products Company	A0010	Richmond	A57154A	3/21/17	9-10-504	Fuel flow meter @ F-210 blocked & plugged; RCA 07B31, Dev 4752
Chevron Products Company	A0010	Richmond	A57155A	3/21/17	1-523.1	fuel flow meter @ F-247 blocked & equalizer line open to atm.; RCA 07B32, Dev 4730
Chevron Products Company	A0010	Richmond	A57155B	3/21/17	9-10-504	fuel flow meter @ F-247 blocked & equalizer line open to atm.; RCA 07B32, Dev 4730
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A56408A	3/10/17	2-6-307	Visible emmissions were greater than three consecutive minutes: p/c 18255 part 5b violation;RCA 06Y92
John Muir Medical Center	B0742	Walnut Creek	A56246A	3/15/17	9-7-506	No annual source testing
John Muir Medical Center	B0742	Walnut Creek	A56247A	3/15/17	2-1-307	No available records of them throughput
John Muir Medical Center	B0742	Walnut Creek	A56248A	3/15/17	2-1-307	No available records of them throughput

Marin						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
The city of Novato	Y6177	Novato	A57134A	3/8/17	8-7-301.13	Failure to conduct annual static pressure performance test (ST-30). Last conducted 9/4/2015.

San Francisco						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Astound Broadband	B4111	San Francisco	A56562A	3/7/17	2-1-301	Expired PTO
Astound Broadband	B4111	San Francisco	A56562B	3/7/17	2-1-302	No permit to operate

Santa Clara						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
All Construction	Y5739	Campbell	A55972A	3/10/17	11-2-303	303.1 - no wetting during removal; 303.3 - RACM not removed prior to demolition; 303.6 - no containment; 303.8 - no asbestos survey; 303.9 - no on-site representative
All Construction	Y5739	Campbell	A55972B	3/10/17	11-2-304	11-2-304.1 Waste not sealed in leak-tight container
All Perfect Finish	B5660	Campbell	A56531A	3/29/17	2-1-302	No Permit to operate
BFI Newby Island Recycler	A5472	Milpitas	A55654A	3/10/17	1-301	Public Nuisance

AGENDA: 7A

BFI Newby Island Recycler	A5472	Milpitas	A55971A	3/10/17	1-301	Public Nuisance – Complaints confirmed to garbage odor
SPG Center, LLC	E2518	Palo Alto	A56606A	3/10/17	2-1-302	Operating with expired PTO
Zero Waste Energy Development Company, LLC	E1277	San Jose	A55690A	3/1/17	2-1-307	Violation of PC #26393- #52, 53 & 60 Exceeded 10 mbaw limit & failure to report
Zero Waste Energy Development Company, LLC	E1277	San Jose	A55691A	3/1/17	2-1-307	Violation of PC #26393 #52,52 &60. Linked to RCA #07B66, #07B86, #07C01
Zero Waste Energy Development Company, LLC	E1277	San Jose	A55692A	3/1/17	2-1-301	Outside Composting Operations
Zero Waste Energy Development Company, LLC	E1277	San Jose	A55692B	3/1/17	2-1-302	Outside Coposting Operations
Guadalupe Rubbish Disposal	A3294	San Jose	A55708A	3/29/17	2-1-320	Expired PTO
Owens Corning Insulating Systems, LLC	A0041	Santa Clara	A55638A	3/2/17	2-1-320	Used new brick in the S#1 rebuild
Marvell Technology Group, Ltd	B6735	Santa Clara	A55639A	3/2/17	2-1-302	Expired P/O; include S#4- IC engine
City of Santa Clara	A0621	Santa Clara	A55640A	3/9/17	2-6-307	Water to fuel ratio out of range-RCA 07A22, 07A26
City of Santa Clara	A0621	Santa Clara	A55641A	3/9/17	2-6-307	Water to fuel ratio out of range-RCA's 07A25, 07A23
West Coast Auto Body	E1965	Santa Clara	A56668A	3/15/17	2-1-302	expired permit
Choice Auto Body	B7000	Santa Clara	A56669A	3/23/17	2-1-302	expired permit

AGENDA: 7A

Applied Materials	B1002	Sunnyvale	A55655A	3/14/17	2-1-307	Failure to Meet Permit Conditions
Applied Materials	B1002	Sunnyvale	A55656A	3/14/17	2-1-307	Failure to Meet Permit Conditions
Applied Materials	B1002	Sunnyvale	A55657A	3/14/17	2-1-307	Non- continuous abatement; breakdown #07B05

Solano						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Valero Refining Company - California	B2626	Benicia	A56435A	3/13/17	6-1-301	Ringelmann No. 1 Limitation
Valero Refining Company - California	B2626	Benicia	A56458A	3/13/17	8-33-309	Weekly P/V valve leak checks conducted using incorrect VOC analyzer.

Sonoma						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
NBT Pacific Pride	Y6025	Santa Rosa	A56944A	3/1/17	2-1-307	Throughput Exceedance & Lapsed Testing
Fleet Operations Division	Y6086	Santa Rosa	A56947A	3/10/17	2-1-307	lapsed testing/ notification

SETTLEMENTS FOR \$10,000 OR MORE REACHED

There were 2 settlement(s) for \$10,000 or more completed in March 2017.

- 1) On March 8, 2017, the District reached settlement with KB Homes Southbay, Inc. for \$12,500, regarding the allegations contained in the following 2 Notices of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A26694A	4/4/16	4/4/16	CCR	Title 17, section 93105 (e) (2) (A) (2)
A56553A	8/4/16	8/3/16	CCR	Failure to implement provision of the ADMP by failing the adequately wet test method

- 2) On March 24, 2017, the District reached settlement with The Sherwin-Williams Company for \$48,000, regarding the allegations contained in the following 1 Notice of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A52655A	3/24/15	1/1/12	8-3-301	Sales of non-compliant Zinsser Cover Stain

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chairperson Liz Kniss and Members
 of the Board of Directors

From: Jack P. Broadbent
 Executive Officer/APCO

Date: April 10, 2017

Re: Extension of Contracts for Website Development and Maintenance

RECOMMENDED ACTION

Authorize the Executive Officer/APCO to execute contract amendments with the following vendors in the amounts listed below:

Vendor	Amount	Service Description
Cylogy, Inc	\$107,126	Backend website content management system integration, customization and infrastructure support.
Rightpoint	\$68,868	Frontend user experience design improvements.
TOTAL	\$175,994	

BACKGROUND

Air District staff is recommending semi-annual contract amendments for vendors assisting with Website Development and Maintenance in order to meet the fiscal year end 2017 goals.

DISCUSSION

The Website Development and Maintenance Program team is dedicated to the effective management of the Districts publicly facing website (www.baaqmd.gov). During the first half of the fiscal year the web team has been focused on completing the following website enhancements:

- Content management system updates to support language failover
- Azure infrastructure migration and consolidation plan
- Incorporation of usability features to improve table filtering and comments
- Improvements to management and display of calendar events
- Continued support for the greenhouse gas data initiative
- Numerous backend improvements to prepare for Azure migration

During the remainder of the fiscal year the web team will focus on completing the following website enhancements:

- Migration of content management system to Azure hosting
- Implementation of table features for improved information access
- Development of new navigational features based on stakeholder input
- Timeline feature to centralize access to interrelated events and policy changes
- Optimization of existing functionality to improve performance
- Enhancements to email subscription module including notification options

In order to continue progress on the enhancement portion of the Website Development and Maintenance program, staff is recommending the continued use of vendors proven familiar with Air District systems for the remainder of Fiscal Year End (FYE) 2017. The District has successfully collaborated with Rightpoint and Cylogy in the design, development and testing of the content management system to improve user experience and overall website performance.

Vendor	Type of Services	Initial Contract	Procurement Method
Cylogy, Inc.	Backend website content management system integration, customization and infrastructure support.	FYE 2008 Contract Amendment	Request for Proposal (RFP) rebid in FYE 2014. One of four firms to respond that had appropriate staff, expertise, and availability to perform the required scope of work.
Rightpoint Consulting LLC.	Formerly Agency Oasis, Rightpoint provides frontend design and user experience optimization services.	FYE 2015 Contract Amendment	Request for Proposal (RFP) in FYE 2013. Proposal submitted was one of six received with appropriate expertise and ability to perform the required scope of work. Contract renegotiated in FYE 2015.
<p>Scope: User experience enhancements as requested by stakeholders as well as identified during a formal third party design assessment. Consolidation of infrastructure to reduce operational costs and simplify support and maintenance.</p>			
<p>NB. Contracts for the Website Development and Maintenance program are currently reviewed in six-month increments, and request board authorizations for extensions as needed. These requests typically are accompanied with a Website Development and Maintenance status update to the Executive Committee and/or full Board. We anticipate a request for additional authorizations in approximately six months, which will be accompanied with another status update.</p>			

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for the vendor contract recommendations is included in the FYE 2017 budget and will be funded from the Website Development and Maintenance (#309) program.

Respectfully submitted,

Jack P. Broadbent

Executive Officer/APCO

Prepared by: Jaime A. Williams

Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 11, 2017

Re: Consideration of Authorization for Execution of Purchase Orders in Excess of
\$100,000 Pursuant to Administrative Code Division II Fiscal Policies and Procedures
Section 4.3 Contract Limitations

RECOMMENDED ACTION

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a purchase order to Xonteck, Inc in the amount not to exceed \$274,650 for air sampling equipment needed to maintain high quality air toxics data.

BACKGROUND

The Air Monitoring Section performs ambient air sampling in support of the Air District's Toxics Program, as well as EPA's National Air Toxics Trends (NATTS) program. These programs seek to characterize ambient concentrations of Hazardous Air Pollutants (HAPs) in local areas, provide data to support and evaluate dispersion and deposition models, provide data to support studies on health effects of human exposure to HAPs, and to establish trends and evaluate effectiveness of HAP reduction strategies.

DISCUSSION

Equipment needed to collect samples for air toxics must perform accurately and be reliable. In addition, the equipment should provide digital documentation of sample collection and should be flexible enough to handle multiple types of sample collection (e.g., routine, on demand, etc.). The twenty-two air toxics samplers currently in use are beyond their useful life, cannot be upgraded to provide additional desired capabilities, and lack the advanced functionality of systems available now. Air Monitoring staff investigated available equipment and have identified the Xonteck 901 sampler as the best option to meet the continuing needs of the Air District's toxics programs, as it offers the expanded capabilities not available in current units and straightforward integration into the existing network and laboratory analysis methods. Therefore, staff recommends the purchase of the air sampling equipment from Xonteck as it represents the best overall value to the Air District.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funds for this purchase were included in the fiscal year end (FYE) 2017 budget.

Respectfully Submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Eric Stevenson
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 13, 2017

Re: Set a Public Hearing on May 31, 2017 to Consider New Regulation 12: Miscellaneous Standards of Performance, Rule 16: Petroleum Refining Facility-Wide Emissions Limits and Certification of an Environmental Impact Report (EIR)

RECOMMENDED ACTION

Set a Public Hearing for May 31, 2017 to Consider New Regulation 12: Miscellaneous Standards of Performance, Rule 16: Petroleum Refining Facility-Wide Emissions Limits.

BACKGROUND

At the July 20, 2016 meeting, the Board of Directors directed staff to develop regulatory language that represents a proposal by Communities for a Better Environment and associated organizations (CBE) to limit specific emissions from petroleum refining facilities and three support facilities using numeric limits on GHG, particulate matter (PM), oxides of nitrogen (NO_x) and sulfur dioxide (SO₂) at defined historic levels.

At the same Board meeting, the Board of Directors directed staff to prepare an Environmental Impact Report (EIR) to analyze the environmental impacts of two rules: the proposal by CBE (draft Regulation 12, Rule 16 or “Rule 12-16”) and, a proposal by staff to significantly reduce toxic risk from refineries and hundreds of other sources throughout the Bay Area (draft Regulation 11, Rule 18 or “Rule 11-18”).

DISCUSSION

As directed by the Board of Directors, staff developed draft Rule 12-16 to ensure that it represented the concepts developed by CBE to place specific, numeric caps for GHG, PM, NO_x and SO₂ on each of the five Bay Area refineries, including three support facilities that supply products directly to the refineries.

In addition to working with stakeholders during the rule development process, staff conducted public outreach at four Open House Workshops conducted at Cupertino on March 27th, Benicia on March 28th, Hayward on March 29th and Richmond on March 30th. Public workshop notices, the draft 12-16 rule language, the staff report, the socioeconomic report and the EIR are available on the Air District website at <http://www.baaqmd.gov/rulehearings>.

In order to incorporate input received from interested parties and to dedicate an entire Board meeting to Rule 12-16, staff is scheduling this hearing for May 31st. In addition, to consider and address input from government agencies and small businesses, Rule 11-18 will be brought to the Board in the third quarter of 2017.

BUDGET CONSIDERATIONS/FINANCIAL IMPACTS

Draft Rule 12-16 will require that emissions be appropriately tracked, and compliance determined annually. Increased workloads are expected to result in the need for additional staff in the Engineering Division to conduct these activities. Cost recovery percentages are expected to decrease until fees to refineries can be adjusted to incorporate increased staff costs.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Eric Stevenson
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2017

Re: Report of the Stationary Source Committee Meeting of March 20, 2017

RECOMMENDED ACTION

The Stationary Source Committee (Committee) received only informational items and had no recommendations of approval by the Board of Directors.

BACKGROUND

The Committee met on Monday, March 20, 2017, and received the following reports:

- A) Milpitas/San Jose Waste Facilities Update; and
- B) Draft Clean Air Plan: Spare the Air, Cool the Climate.

Chairperson John Gioia will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None; and
- B) Resources to develop the 2017 Clean Air Plan are included in the Fiscal Year Ending (FYE) 2017 budget. Resources to implement the Plan will be included in the FYE 2018 and subsequent budgets.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 11A: 03/20/17 - Stationary Source Committee Meeting Agenda #4
Attachment 11B: 03/20/17 - Stationary Source Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 9, 2017

Re: Milpitas/San Jose Waste Facilities Update

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Since January 1, 2015, the Air District has received over 8,000 odor complaints from the solid waste handling and processing facilities in the region. Sewage treatment plants, waste transfer facilities, solid waste disposal landfills and other waste treatment facilities are sources of volatile organic compounds, toxics, greenhouse gasses and odors that impact neighborhoods, the region and the world. The solid waste industry is constantly changing to encourage recycling, reduce disposal of material in landfills and to reduce emissions.

DISCUSSION

Staff will present an update on the waste facilities in the Milpitas/San Jose area. The presentation will include a discussion of: emission sources; monitoring activities; and the role of the Air District in prevention and minimization of emissions.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Wayne Kino
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 9, 2017

Re: Draft 2017 Clean Air Plan: Spare the Air, Cool the Climate

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District has released the draft 2017 Clean Air Plan: *Spare the Air – Cool the Climate* (draft Plan). The draft Plan responds to California Clean Air Act requirements to identify rules and strategies for the Air District to implement in order to meet state ambient air quality standards for ozone or “smog.” With the draft Plan, the Air District is continuing the practice, established with its 2010 Clean Air Plan, of taking a multi-pollutant approach to regional clean air planning. The draft Plan includes measures and programs to reduce emissions of ozone precursors, particulate matter (PM) and toxic air contaminants (TACs), and includes a Regional Climate Protection Strategy, as directed in the Climate Protection Resolution adopted by the Board of Directors in November 2013.

DISCUSSION

Spare the Air – Cool the Climate focuses on two closely-related goals: 1) protecting public health by continuing to reduce air pollution emissions to eliminate disparities in exposure to air pollutants among Bay Area communities; and, 2) protecting the climate by laying the groundwork for a long-term effort to reduce Bay Area greenhouse gas (GHG) emissions 80 percent below the 1990 level by 2050, consistent with the State’s and Air District’s GHG reduction targets. The draft Plan includes a comprehensive, near-term (3-5 year) control strategy of 85 measures reflecting the entire suite of tools, expertise and resources at the disposal of the Air District and our partners to set the Bay Area on a path toward achieving these goals.

Spare the Air – Cool the Climate establishes the Air District as a leader in the effort to achieve the integrated goals of climate stabilization and healthy air for all. Staff will provide the Committee with an overview of the stationary source measures proposed in the draft Plan and the expected rule development activities associated with the measures.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Resources to develop the 2017 Clean Air Plan are included in the Fiscal Year Ending (FYE) 2017 budget. Resources to implement the Plan will be included in the FYE 2018 and subsequent budgets.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Eric Stevenson
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 11, 2017

Re: Report of the Budget and Finance Committee Meeting of March 22, 2017

RECOMMENDED ACTION

The Budget and Finance Committee (Committee) received only informational items and has no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Committee met on Wednesday, March 22, 2017, and received the following reports:

- A) Discussion of Proposed Budget for Fiscal Year Ending (FYE) 2018; and
- B) Proposed Amendments to Regulation 3: Fees

Chairperson Carole Groom will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) The proposed consolidated budget for FYE 2018 is a balanced budget; and
- B) The draft fee amendments would increase fee revenue in FYE 2018 by an estimated \$1.85 million from revenue that would otherwise result without a fee increase.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 12A: 03/22/17 – Budget and Finance Committee Meeting Agenda #4
Attachment 12B: 03/22/17 – Budget and Finance Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 6, 2017

Re: Discussion of Proposed Budget for Fiscal Year Ending (FYE) 2018

RECOMMENDED ACTION

The Executive Officer/APCO requests that the Budget and Finance Committee review the Proposed Budget for FYE 2018, and make any recommendations for further discussions to be held during the April 26, 2017 Budget and Finance Committee meeting.

BACKGROUND

At the March 15, 2017, Regular Board of Directors meeting, the FYE 2018 Proposed Budget document was referred to the Budget and Finance Committee for review at the Committee's March 22, 2017 meeting.

DISCUSSION

Air District staff will present the Proposed Budget for FYE 2018. The Proposed Budget is balanced, with the use of reserves to pay for one-time costs.

Air District staff will publish, prior to April 12, 2017, a notice to the general public that the first of two public hearings on the budget will be conducted on May 17, 2017 and that the second hearing will be conducted on June 21, 2017. Staff requests that the Budget and Finance Committee complete its review and take action on the Proposed Budget at the April 26, 2017 Budget and Finance Committee meeting. This will allow staff the necessary time required to amend, if necessary, the budget for the first public hearing to be held on May 17, 2017.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed consolidated budget for FYE 2018 is a balanced budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 7, 2017

Re: Proposed Amendments to Regulation 3: Fees

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Staff develops amendments to the Air District's fee regulation as part of the budget preparation process. On March 7, 2012, the Board of Directors adopted a Cost Recovery Policy that established a goal of increasing fee revenue sufficient to achieve 85 percent recovery of regulatory program costs by Fiscal Year End 2016.

DISCUSSION

Consistent with the Cost Recovery Policy, draft amendments to specific fee schedules were made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being proposed for the schedules that have larger cost recovery gaps.

Existing fee schedules would be amended as follows:

- 2.7 percent increase for fee schedules that are recovering 95 to 100 percent of costs.
- 7 percent increase for fee schedules that are recovering 85 to 95 percent of costs.
- 8 percent increase for fee schedules that are recovering 75 to 84 percent of costs.
- 9 percent increase for fee schedules that are recovering less than 75 percent of costs.

A number of fees that are administrative in nature; permit application filing fees, alternative compliance plan fees, permit to operate renewal processing fees, transfer fees, emissions banking filing and withdrawal fees, school public notice fees, toxic inventory maximum fees, and exemption fees would be increased by 2.7 percent. The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 2.7% from 2015 to 2016.

The following additional amendments are proposed:

- New fees to help recover the costs for facility-wide Health Risk Assessments (HRAs) and Risk Reduction Plans required pursuant to proposed Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities.
 - These fees would only become effective upon Board adoption of proposed Regulation 11, Rule 18.
 - These fees would be charged only upon submittal of facility-wide HRAs or Risk Reduction Plans required pursuant to proposed Regulation 11, Rule 18.
 - The facility-wide HRA fees will be calculated on a per source basis pursuant to Fee Schedules B, C, D, E, F, H, I or K.
 - Fees for the Risk Reduction Plan review and approval will range from \$1,500 to \$32,000 depending on the number of sources at the facility subject to risk reduction pursuant to proposed Regulation 11, Rule 18.
- A new fee equal to the risk screening fee to help recover the costs for each HRA scenario above three HRA scenarios in any permit application pursuant to Regulation 2, Rule 5.
- Fee Schedule changes:
 - Revise Fee Schedule A: Hearing Board Fees (Table I) to include diesel exhaust particulate matter in the schedule of toxic air contaminants subject to excess emissions fees.
 - Revise Fee Schedule H: Semiconductor and Related Operations, to directly calculate the fee based on the gross throughput of organic solvent processed.
 - Update the S_L factor in Fee Schedule N: Toxic Inventory Fees, to recover current costs and higher California Air Resources Board AB2588 annual fees for FYE 2017.
- Change all Regulation 3 references of “health risk screening analysis” to “health risk assessment”.
- Delete fees for Duplicate Permits and Duplicate Registrations in Section 3-309.
- Correct a few minor typographical errors.

Staff will provide the committee with additional details regarding the draft fee amendments, overall cost recovery and the proposed 6.4% average fee increase for the upcoming fiscal year. A summary of public comments received to date, including those received at a public workshop held on February 22, 2017 will be provided.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The draft fee amendments would increase fee revenue in FYE 2018 by an estimated \$1.85 million from revenue that would otherwise result without a fee increase.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Barry Young
Reviewed by: Jaime Williams

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2017

Re: Report of the Climate Protection Committee Meeting of March 22, 2017

RECOMMENDED ACTION

The Climate Protection Committee (Committee) received only informational items and has no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Committee met on Wednesday, March 22, 2017, and received the following reports:

- A) SPUR Report, “Fossil Free Bay Area”; and
- B) Air District Support for Local Government Climate Protection Activities

Chairperson, Teresa Barrett, will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None; and
- B) Resources to support local climate protection activities are included in the Fiscal Year Ending (FYE) 2017 budget and will be included in the proposed FYE 2018 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 13A: 03/22/17 – Climate Protection Committee Meeting Agenda #4
Attachment 13B: 03/22/17 – Climate Protection Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Teresa Barrett and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 14, 2017

Re: SPUR Report, "Fossil Free Bay Area"

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Most climate researchers and policymakers agree that deep reductions in fossil fuel use are needed in order to make progress toward long-range greenhouse gas (GHG) emissions reduction targets to achieve climate stabilization. A significant reduction in fossil fuel use in the Bay Area is a key objective of the Air District's *Draft 2017 Clean Air Plan: Spare the Air, Cool the Climate*.

DISCUSSION

San Francisco Planning and Urban Research (SPUR) published a report in 2016 titled "Fossil Free Bay Area: A Cleaner Future for the Region's Energy." The report presents a strong call for significant reductions in Bay Area fossil fuel use, and presents a strategy to achieve such reductions through: 1) improved energy efficiency; 2) electrification of most energy uses, and; 3) electricity generation using renewable sources. SPUR staff will present an overview of Fossil Free Bay Area to the Committee.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Teresa Barrett and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 17, 2017

Re: Air District Support for Local Government Climate Protection Activities

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Supporting local government climate protection efforts has been a cornerstone of the Air District's Climate Protection Program since its inception in 2005. Over the past 12 years, the Air District has provided quantitative tools, planning guidance, technical training, networking opportunities, information-sharing and technical assistance to local governments to develop and implement local climate action plans and greenhouse gas (GHG) reduction strategies. In 2007, the Air District provided \$3 M in more than 50 grants to local governments and community organizations to further local climate planning and implementation activities.

DISCUSSION

The Air District's Draft 2017 Clean Air Plan (2017 Plan) includes many non-regulatory control measures that identify activities the Air District will undertake to support local governments in achieving GHG and air pollutant emission reductions. This work will include developing and promoting best practices and model ordinances, and providing planning guidance in the areas of renewable energy, energy efficiency, water conservation and waste reduction. Staff will present on local government climate planning activities and key aspects of the 2017 Plan control strategy relating to the Air District's continued support of local government climate protection work.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Resources to support local climate protection activities are included in the Fiscal Year Ending (FYE) 2017 budget and will be included in the proposed FYE 2018 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2017

Re: Report of the Mobile Source Committee Meeting of March 23, 2017

RECOMMENDED ACTION

The Mobile Source Committee (Committee) recommends Board of Directors' approval of the following items:

- A) Projects and Contracts with Proposed Grant Awards over \$100,000
 - 1) Approve Carl Moyer Program (CMP) projects with proposed grant awards over \$100,000 as shown in Attachment 1; and
 - 2) Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.
- B) Lower Emission School Bus Program Update and Funding Allocation
 - 1) Allocate \$5,000,000 in Mobile Source Incentive Funds (MSIF) for Lower Emission School Bus Program (LESBP) projects; and
 - 2) Authorize the Executive Officer/APCO to enter into agreements with applicant for LESBP projects.
- C) Fiscal Year Ending (FYE) 2018 Transportation Fund for Clean Air (TFCA) Funding Allocation
 - 1) Allocate \$13.93 million in new TFCA monies to the programs listed in Table 1;
 - 2) Authorize the proposed cost-effectiveness limits for the Air District sponsored programs listed in Table 2; and
 - 3) Authorize the Executive Officer/APCO to enter into funding agreements and contracts up to \$100,000 for projects and programs listed in Table 1.
- D) Update on Efforts to Further Reduce Emissions at the Port of Oakland and Former Oakland Army Base
 - 1) None; at the request of the Committee Chair, this item was tabled until April 27, 2017.

BACKGROUND

The Committee met on Thursday, March 23, 2017, and received the following reports:

- A) Projects and Contracts with Proposed Grant Awards over \$100,000;
- B) LESBP Update and Funding Allocation;
- C) FYE 2018 TFCA Funding Allocation; and
- D) Update on Efforts to Further Reduce Emissions at the Port of Oakland and Former Oakland Army Base. At the request of the Committee Chair, this item was tabled until April 27, 2017.

Chairperson Karen Mitchoff will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None. Through the CMP and MSIF, the Air District distributes “pass-through” funds to public agencies and private entities on a reimbursement basis. Administrative costs for these programs are provided by each funding source;
- B) None. The Air District distributes “pass-through” funds to grantees on a reimbursement basis. Administrative costs for the MSIF program are provided by the funding source;
- C) None. The Air District distributes “pass-through” funds to grantees on a reimbursement basis. Administrative costs for the TFCA Regional Fund program are provided by the funding source; and
- D) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 14A: 03/23/17 – Mobile Source Committee Meeting Agenda #4
Attachment 14B: 03/23/17 – Mobile Source Committee Meeting Agenda #5
Attachment 14C: 03/23/17 – Mobile Source Committee Meeting Agenda #6
Attachment 14D: 03/23/17 – Mobile Source Committee Meeting Agenda #7

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 8, 2017

Re: Projects and Contracts with Proposed Grant Awards over \$100,000

RECOMMENDATIONS

Recommend Board of Directors:

1. Approve Carl Moyer Program (CMP) projects with proposed grant awards over \$100,000 as shown in Attachment 1; and
2. Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (ARB), since the program began in fiscal year 1998-1999. The CMP provides grants to public and private entities to reduce emissions of oxides of nitrogen (NOx), reactive organic gases (ROG) and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Eligible heavy-duty diesel engine applications include on-road trucks and buses, off-road equipment, marine vessels, locomotives, and stationary agricultural pump engines.

Assembly Bill 923 (AB 923 - Firebaugh), enacted in 2004 (codified as Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The revenues from the additional \$2 surcharge are deposited in the Air District's Mobile Source Incentive Fund (MSIF). AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the CMP.

On March 16, 2016, the Board of Directors (Board) authorized the Air District participation in Year 18 of the CMP, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with CMP funds or MSIF revenues, with individual grant award amounts up to \$100,000.

In 1991, the California State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions within the Air District's jurisdiction. The statutory authority for the Transportation Fund for Clean Air (TFCA) and requirements of the program are set forth in

California HSC Sections 44241 and 44242. Sixty percent of TFCA funds are awarded by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air, Plug-in Electric Vehicle Program) and to a program referred to as the TFCA Regional Fund. Each year, the Board allocates funding and adopts policies and evaluation criteria that govern the expenditure of TFCA funding.

On March 16, 2016, the Board allocated \$21.7 million in TFCA funding for eligible projects in Fiscal Year Ending (FYE) 2017, of which \$13.65 million are new TFCA monies, authorized cost-effectiveness limits and evaluation criteria for Air District-sponsored FYE 2017 programs, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with TFCA revenues with individual grant award amounts up to \$100,000. On July 20, 2016, the Board adopted policies and evaluation criteria for the FYE 2017 TFCA Regional Fund program.

CMP and TFCA projects with grant award amounts over \$100,000 are brought to the Mobile Source Committee for consideration at least on a quarterly basis. Staff reviews and evaluates the grant applications based upon the respective governing policies and guidelines established by the ARB and/or the Board.

DISCUSSION

Carl Moyer Program:

The Air District started accepting project applications for the CMP Year 18 funding cycle on July 11, 2016. The Air District had approximately \$11 million available for CMP projects from a combination of MSIF and CMP funds for the Year 18 cycle. Project applications are accepted and evaluated on a first-come, first-served basis.

As of March 3, 2017, the Air District had received 51 project applications for the CMP Year 18 cycle. Of the applications that have been evaluated between February 2, 2017, and March 3, 2017 one eligible project has a proposed individual grant award over \$100,000. This project will replace one diesel off-road loader, and reduce over 0.72 tons of NOx, ROG and PM per year. Staff recommends the allocation of \$154,505 for this project from a combination of CMP funds and MSIF revenues. Attachment 1, Table 1, provides additional information on this project.

Attachment 2, lists all of the eligible Year 18 projects that have been received by the Air District as of March 3, 2017, and summarizes the allocation of funding by equipment category, and county. This list also includes eligible Voucher Incentive Program (VIP) on-road replacement projects. Approximately 76% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities. Attachment 3 summarizes the cumulative allocation of CMP, MSIF, and VBB funding since 2009 (more than \$135 million awarded to 791 projects).

Transportation Fund for Clean Air Program:

For FYE 2017, the Air District has issued solicitations for FYE 2017 existing shuttle and rideshare projects, which closed on September 1, 2016, and the Charge! Program, which opened on February 15, 2017, and provides funding for the deployment of electric vehicle charging stations. To-date, TFCA funding has been awarded to eight eligible projects, including six existing shuttle and regional ridesharing projects totaling more than \$2.8 million and an addition of two shuttle projects through Air District's Spare the Air program totaling \$1.47 million.

Attachment 4 lists the eight eligible FYE 2017 TFCA projects that were evaluated by the Air District as of March 3, 2017 totaling approximately \$4.28 million in funding awards. These projects will reduce approximately 29.76 tons of NO_x, ROG, and PM, and about 13,400 tons of tailpipe greenhouse gas emissions per year. Note that the emissions reduced by the two shuttle projects funded through the Spare the Air Program are not included in this report and will be evaluated as benefits for that program. Attachment 5 summarizes the allocation of funding by project category (Figure 1), and county (Figure 2).

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. Through the CMP and MSIF, the Air District distributes "pass-through" funds to public agencies and private entities on a reimbursement basis. Administrative costs for these programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier and Chengfeng Wang
Reviewed by: Karen Schkolnick

Attachment 1: Projects with grant awards greater than \$100,000 (evaluated 2/2/17 – 3/3/17)

Attachment 2: Summary of all Year 18 CMP/ MSIF and VIP approved and eligible projects (evaluated 8/30/16 – 3/3/17)

Attachment 3: Summary of program distribution by county and equipment category for CMP, MSIF, VBB, and VIP funding since 2009.

Attachment 4: Summary of all TFCA approved and eligible projects (evaluated 7/1/2016 - 3/3/17)

Attachment 5: Summary of distribution of TFCA funds by county and project category (evaluated 7/1/16 - 3/3/17).

AGENDA 4 - ATTACHMENT 1

Table 1 - Summary of Carl Moyer Program/ Mobile Source Incentive Fund projects with grant awards greater than \$100k (Evaluated between 2/2/17 to 3/3/17)

Project #	Applicant name	Equipment category	Project description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NOx	ROG	PM	
18MOY47	Diamond W Ranch	Ag/ off-road	Replacement of one diesel loader	\$ 154,505.00	\$ 193,132.00	0.612	0.086	0.031	Sonoma
1 Projects				\$ 154,505.00		0.612	0.086	0.031	

AGENDA 4 - ATTACHMENT 2

Summary of all Yr 18 CMP, MSIF and VIP approved/ eligible projects (between 8/30/16 and 3/3/17)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
18MOY10	Ag/ off-road	Equipment replacement	3	\$ 116,595.00	Pina Vineyard Management , LLC.	0.361	0.049	0.021	11/16/2016	Napa
18MOY7	Ag/ off-road	Equipment replacement	1	\$ 71,800.00	Walter Hansel Winery & Vineyards LLC	0.174	0.031	0.015	APCO	Sonoma
18MOY5	Ag/ off-road	Equipment replacement	1	\$ 34,550.00	Corey J Coggins (Farmer)	0.103	0.018	0.004	APCO	San Mateo
18MOY9	Off-road	Equipment replacement	1	\$ 20,700.00	Silicon Roadways, Inc.	0.086	0.016	0.007	APCO	Alameda
18MOY15	Off-road	Equipment replacement	1	\$ 85,200.00	Keith J. Gale General Engineering, Inc.	0.545	0.056	0.020	APCO	Solano
18MOY13	Ag/ off-road	Equipment replacement	1	\$ 95,530.00	Robert and Julia Marsh (Farmer)	0.667	0.070	0.024	APCO	San Mateo
18MOY17	Off-road	Equipment replacement	1	\$ 85,000.00	SF Recovery, Inc.	0.823	0.099	0.035	APCO	San Francisco
18MOY14	Marine	Engine replacement	2	\$ 130,000.00	Reel Time Charters, LLC	0.875	0.005	0.032	1/18/2017	San Francisco
18MOY23	Off-road	Equipment replacement	1	\$ 72,800.00	Columbia Electric, Inc.	0.366	0.052	0.023	APCO	Alameda
18MOY25	Off-road	Equipment replacement	1	\$ 64,000.00	Iron House Sanitary District	0.379	0.046	0.016	APCO	Contra Costa
18MOY12	Ag/ off-road	Equipment replacement	1	\$ 35,000.00	Mazzetta Dairy	0.086	0.002	0.006	APCO	Sonoma
18MOY20	Ag/ off-road	Equipment replacement	2	\$ 97,520.00	Wight Vineyard Management, Inc.	0.221	0.046	0.021	APCO	Napa
18MOY26	Ag/ off-road	Equipment replacement	1	\$ 165,230.00	Saturnino Del Castillo (Farmer)	0.799	0.084	0.028	1/18/2017	Solano
18MOY19	Marine	Engine replacement	2	\$ 230,000.00	Sport Fishing Enterprises, LLC	0.681	0.000	0.037	1/18/2017	Alameda
18MOY2	Ag/ off-road	Equipment replacement	1	\$ 35,325.00	Nick Leras Vineyards	0.169	0.029	0.011	APCO	Sonoma
18MOY27	Ag/ off-road	Equipment replacement	2	\$ 89,060.00	Balletto Ranch, Inc.	0.453	0.081	0.039	APCO	Sonoma
18MOY31	Marine	Engine replacement	2	\$ 156,000.00	Sean Marcus Hodges (Charter fishing)	0.437	-0.011	0.027	2/1/2017	Marin
18MOY28	Ag/ off-road	Equipment replacement	1	\$ 34,000.00	Pina Vineyard Management , LLC.	0.075	0.015	0.007	APCO	Napa
18MOY36	Ag/ off-road	Equipment replacement	1	\$ 49,900.00	Donald R Hardin Trust	0.134	0.024	0.009	APCO	Napa
17MOY66	Ag/ off-road	Equipment replacement	1	\$ 39,545.00	Dirt Farmer & Company, A California Corporation	0.105	0.032	0.010	APCO	Sonoma
18MOY35	Ag/ off-road	Equipment replacement	1	\$ 16,200.00	Cortina Vineyard Management	0.022	0.013	0.003	APCO	Napa
18MOY33	Ag/ off-road	Equipment replacement	1	\$ 44,225.00	M. German & Son Partnership	0.154	0.031	0.014	APCO	Solano
18MOY30	Ag/ off-road	Equipment replacement	2	\$ 294,740.00	Mertens Dairy	1.186	0.156	0.055	3/1/2017	Sonoma
18MOY24	Off-road	Equipment replacement	1	\$ 61,600.00	Columbia Electric, Inc.	0.246	0.044	0.021	APCO	Alameda
18MOY42	Ag/ off-road	Equipment replacement	2	\$ 330,170.00	McClelland's Dairy	1.769	0.153	0.052	3/1/2017	Sonoma
18MOY37	Locomotive	Equipment replacement	2	\$ 5,000,000.00	San Joaquin Regional Rail Commission / ACE	16.164	1.112	0.483	3/1/2017	Alameda / Santa Clara
18MOY40	Marine	Engine replacement	1	\$ 97,000.00	Raymond D. Baker (Commercial fishing)	0.468	0.012	0.018	APCO	Sonoma
18MOY34	Off-road	Equipment replacement	1	\$ 85,000.00	R&A Trucking Company	0.542	0.056	0.020	APCO	Alameda

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
18MOY47	Ag/ off-road	Equipment replacement	1	\$ 154,505.00	Diamond W Ranch	0.612	0.086	0.031	TBD	Sonoma
18MOY48	Ag/ off-road	Equipment replacement	1	\$ 59,000.00	Richard Keenan (Vineyard)	0.195	0.007	0.008	APCO	Sonoma
VIP282	VIP	Truck Replacement	1	\$ 10,000.00	Cornel Roman/ Camelia Roman	0.400	0.000	0.010	APCO	Alameda
VIP283	VIP	Truck Replacement	1	\$ 15,000.00	Javier De La Torre	0.300	0.010	0.000	APCO	Yolo
VIP284	VIP	Truck Replacement	1	\$ 30,000.00	J/W Sanchez Trucking, Inc.	0.600	0.010	0.000	APCO	Alameda
VIP285	VIP	Truck Replacement	1	\$ 40,000.00	Phieu Hung Nguyen	0.870	0.010	0.000	APCO	Alameda
VIP287	VIP	Truck Replacement	1	\$ 45,000.00	Manuel Rivera DBA JJC Trucking	0.900	0.010	0.000	APCO	San Joaquin
VIP288	VIP	Truck Replacement	1	\$ 45,000.00	Thanh Duc Nguyen	0.890	0.010	0.000	APCO	Alameda
36 Projects			46	\$ 8,035,195.00		32.856	2.463	1.108		

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 3/3/17

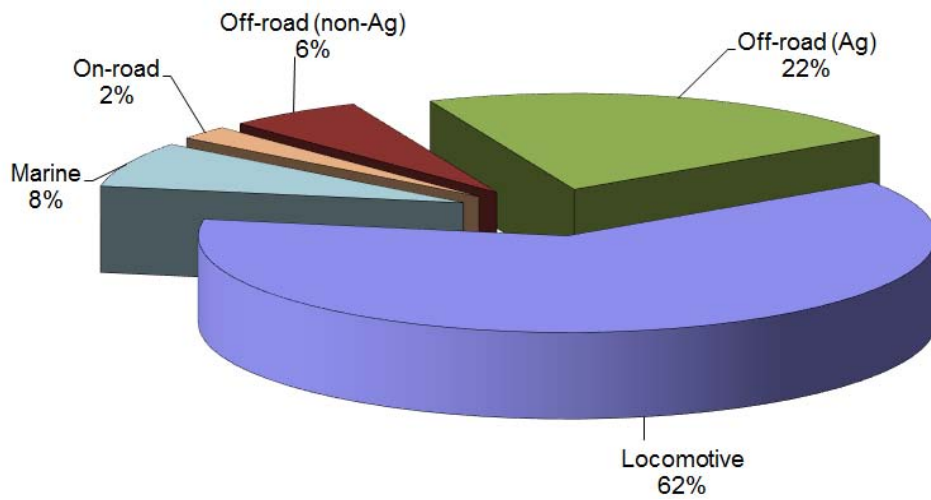
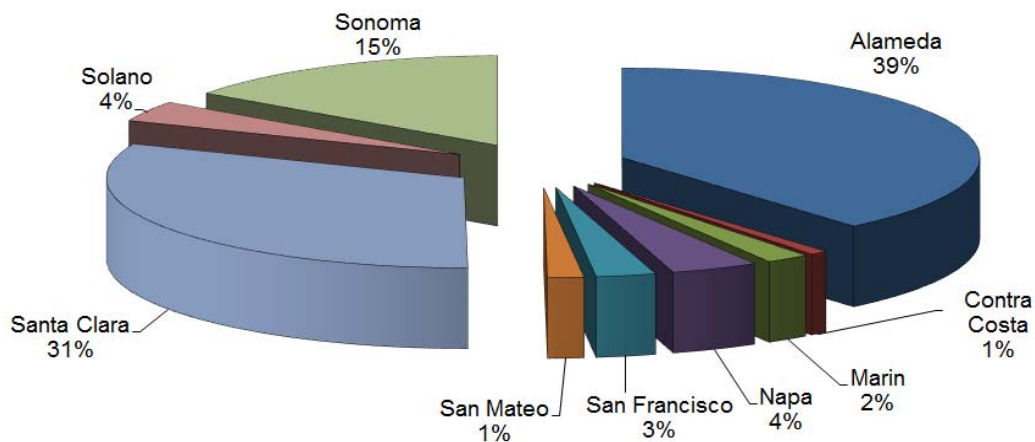


Figure 2: CMP/ MSIF Funding Distribution by County as of 3/3/17



AGENDA 4 - ATTACHMENT 3

Figure 3: CMP, MSIF, VBB and VIP funding since 2009 by equipment category

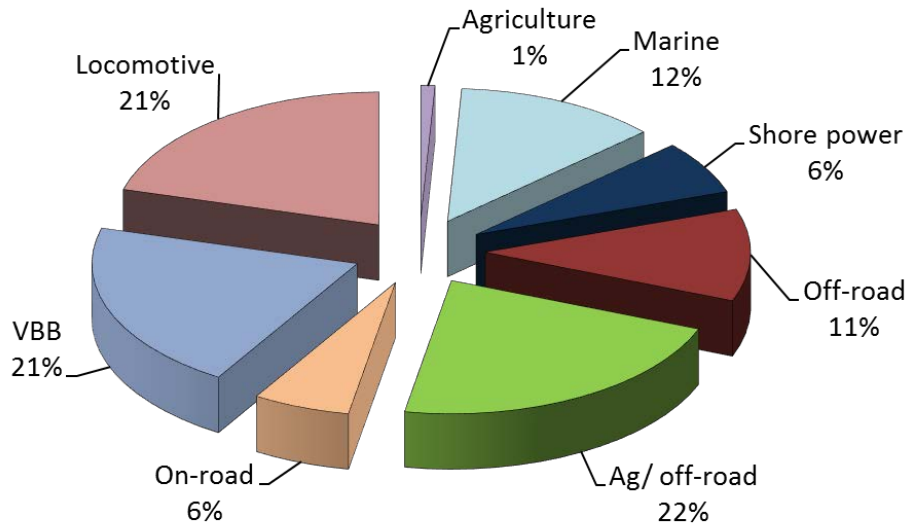
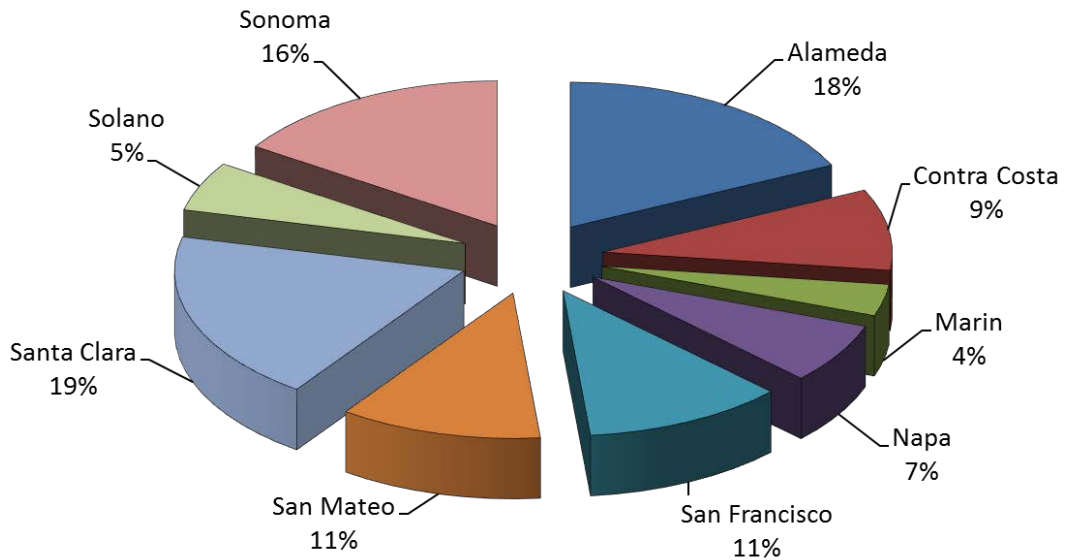


Figure 4: CMP, MSIF, VBB and VIP funding since 2009 by county



AGENDA 4 - ATTACHMENT 4

Summary of all TFCA approved and eligible projects (evaluated between 7/1/2016 and 3/3/2017)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board Approval Date	CARE Area	County
					NO _x	ROG	PM			
17R05*	Shuttle	City of Oakland Broadway Spare the Air Messaging	\$420,000	City of Oakland	0.000	0.000	0.000	7/18/16	Yes	Alameda
17R06*	Shuttle	LAVTA Spare the Air Messaging	\$1,050,000	Livermore Amador Valley Transit Authority	0.000	0.000	0.000	10/19/16	Yes	Alameda
17R11	Rideshare	511 Regional carpool and Vanpool Program	\$870,000	Metropolitan Transportation Commission	2.563	2.384	3.134	11/16/16	No	Regional
17R12	Rideshare	SJSU Ridesharing & Trip Reduction	\$139,500	Associated Students, San Jose State University	0.231	0.257	0.376	11/16/16	Yes	Regional
17R14	Shuttle	Caltrain Shuttle Program	\$639,900	Peninsula Corridor Joint Powers Board	2.136	2.482	3.718	11/16/16	No	San Mateo
17R15	Shuttle	ACE Shuttle 53 and 54	\$100,000	San Joaquin Regional Rail Commission	0.149	0.432	0.718	11/16/16	Yes	Alameda
17R16	Shuttle	ACE Shuttle Bus Program	\$960,000	Santa Clara Valley Transportation Authority	2.620	2.675	4.553	11/16/16	Yes	Santa Clara
17R17	Shuttle	PresidiGo Shuttle	\$100,000	Presidio Trust	0.344	0.383	0.605	11/16/16	Yes	San Francisco
8 Projects			\$4,279,400		8.04	8.61	13.10			

*Projects funded through Air District's Spare the Air program. Emission reductions are not included and will be evaluated as benefits for the Spare the Air program.

AGENDA 4 - ATTACHMENT 5

Summary of FYE 2017 TFCA funds distributed by county and project category, as of 3/3/17

Figure 1: TFCA Projects Awarded in FYE2016
Distributed by Project Category

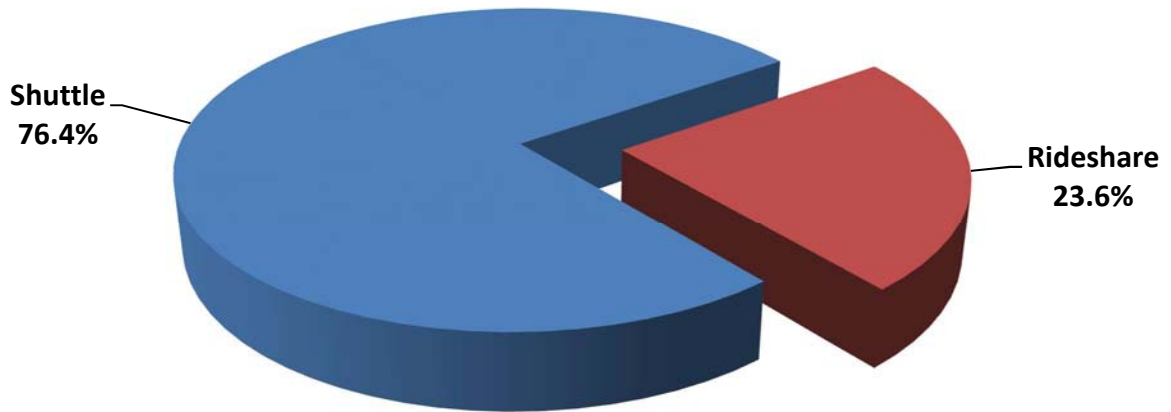
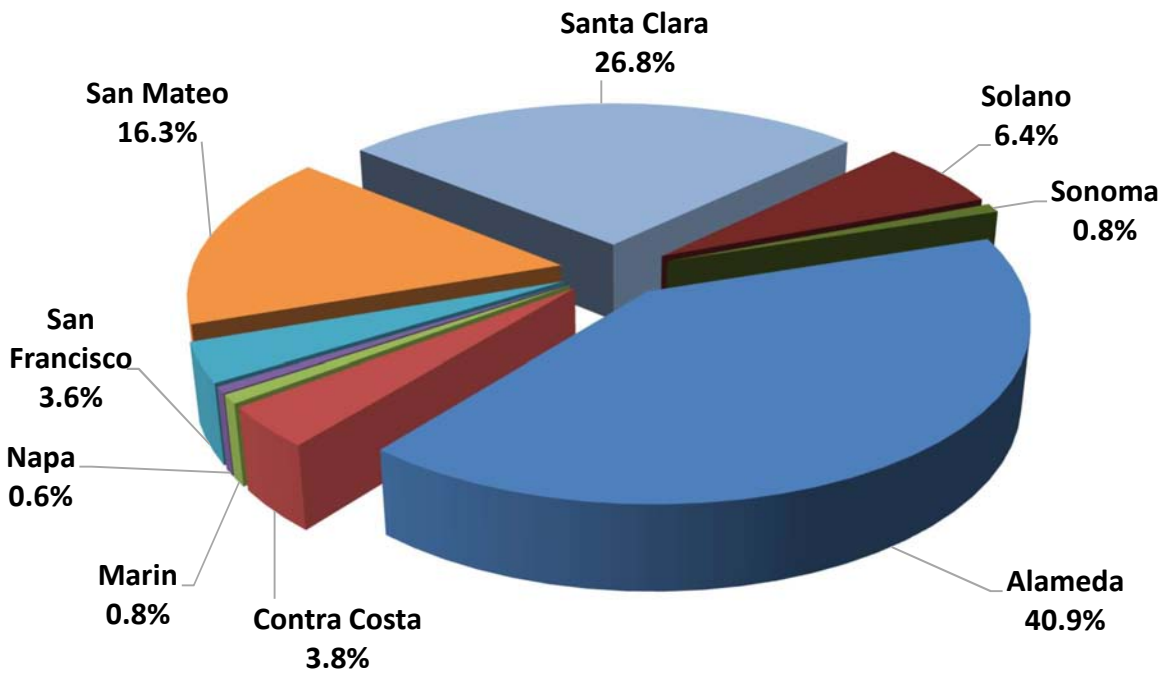


Figure 2: TFCA Projects Awarded in FYE2017
Distributed by County



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 8, 2017

Re: Lower Emission School Bus Program Update and Funding Allocation

RECOMMENDED ACTION

Recommend Board of Directors:

1. Allocate \$5,000,000 in Mobile Source Incentive Funds (MSIF) for Lower Emission School Bus Program (LESBP) projects; and
2. Authorize the Executive Officer/APCO to enter into agreements with applicants for LESBP projects.

BACKGROUND

Since 2000, the Air District has provided more than \$75 million to upgrade more than 1,400 school buses in the Bay Area, through the replacement of older school buses, installation of diesel particulate filters (retrofits), and the replacement of compressed natural gas (CNG) tanks. Statewide, the LESBP is administered through local air districts based on guidelines and advisories issued by the California Air Resources Board (CARB). Over the years, the Air District has provided grant funds for school bus projects using funds from various funding sources, including: Proposition 1B Bond Program, CARB, U.S. EPA Diesel Emission Reduction Act (DERA), Transportation Fund for Clean Air (TFCA), and MSIF.

Assembly Bill 923 (AB 923, Firebaugh), enacted in 2004 (codified as Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The revenues from the additional surcharge are deposited in the Air District's MSIF account. AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the Carl Moyer Program and the LESBP.

DISCUSSION

On June 4, 2014, the Air District's Board of Directors allocated \$6.3 million in MSIF funds for school bus retrofit, replacement and CNG tank replacement projects under the LESBP. Of the funds allocated, \$1.3 million was specifically set aside for CNG tank replacement projects for school buses. On October 19, 2016, due to program demand, the Board of Directors allocated an additional \$1.5 million for CNG tank replacement projects.

Summary of eligible LESBP project types and Air District funding:

- ***School Bus Replacements:*** Grant funding can be used to replace older public school buses with new buses with newer, cleaner (diesel-fueled or alternative-fueled) engines. New engines reduce Particulate Matter (PM) and Oxides of Nitrogen (NOx) emissions by 90-98% compared to the older engines. Under the current CARB guidelines, diesel-powered school buses with model year engines 1993 and older are eligible for LESBP school bus replacement funding. Grants of up to \$165,000 per bus can be awarded to public school districts and Joint Powers Authorities (JPA), and incentive funds typically cover more than 91% of the costs of the new bus. ***Since 2000, the Air District has funded the replacement of 466 school buses.***
- ***Retrofit Filters:*** Public school districts, JPAs and private school bus owners contracting to provide transportation services for public school districts can receive grants of up to \$20,000 per bus to install diesel particulate filters (retrofits) on school buses. This is the only LESBP project category that is open to private entities. Retrofit filters reduce PM emissions by more than 85% and some filters can also reduce NOx emissions. Incentive funds typically cover more than 99% of the eligible costs (i.e., filters, filter installation, spare filter cores, and filter cleaning & maintenance equipment). Under the current CARB guidelines, diesel powered school buses with 1987 and newer engines are eligible for LESBP school bus retrofit funding. ***Since 2000, the Air District has funded 826 school bus retrofit projects.***
- ***CNG Tank Replacements:*** The CNG tank replacement project type was added to the LESBP in 2012 when CARB approved the use of MSIF monies to support these projects in addition to school bus retrofit and replacement projects going forward. The estimated useful life of a school bus in California is 25 years, but the U.S. Department of Transportation requires on-board CNG fuel tanks be replaced prior to the end of the tank manufacturer's recommended service life (15 years). Grants of up to \$20,000 per bus can be awarded to public school districts and JPAs, and this funding typically covers 100% of the cost to purchase and install new CNG tanks. ***Since 2012, the Air District has funded CNG tank replacement projects for more than 139 school buses.***

Additional information about the school bus projects funded by the Air District since 2000 is provided in Attachment 1. Also in Attachment 1 are several charts that summarize the performance of the program since 2000. Figure 1 shows the percent of Air District funding awarded to LESBP projects by project type. The percent of funding allocated by county during this period is shown in Figure 2. Finally, Figure 3 shows the breakdown of the three eligible project types by county.

Recommendation for New Allocation of Funding:

There are more than 2,200 diesel school buses operating in the Bay Area and new technologies and cleaner engines present an opportunity to continue the Air District's focus on reducing school children's exposure to diesel PM. The most recent allocation of Air District funding for school bus retrofit and replacement projects was exhausted in 2016. Also in 2016, CARB revised the LESBP guidelines to support the cleanest technologies (e.g. hybrid-electric buses, electric and alternative-fueled school buses) and include repowers/conversions projects.

Due to the high costs of advanced technologies as well as the continuing demand for CNG tank replacements, school bus replacements and school bus retrofit projects, staff recommends allocating \$5 million in MSIF funding for new school bus projects. Staff also recommends the Board of Directors authorize the Executive Officer/APCO to enter into agreements with applicants for eligible LESBP projects. Staff will continue to monitor the demand for project funding and will request additional funding as needed.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. The Air District distributes “pass-through” funds to grantees on a reimbursement basis. Administrative costs for the MSIF program are provided by the funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tina McRee and Lina Patel
Reviewed by: Karen Schkolnick

Attachment 1: Lower Emission School Bus Program projects since 2000

AGENDA 5 – ATTACHMENT 1

Table 1– LESBP School bus replacement projects since 2000

Project Number	Project Category	Number of buses	City	Actual Amount	Grantee Name
00LESBP01	Bus Replacement	5	San Jose	\$ 537,465.00	Evergreen School District
00LESBP02	Bus Replacement	3	Sunnyvale	\$ 350,791.00	Sunnyvale School District
00LESBP03	Bus Replacement	5	San Mateo	\$ 595,819.00	San Mateo Union High School District
00LESBP04	Bus Replacement	4	San Mateo	\$ 501,023.00	San Mateo-Foster City School District
00LESBP05	Bus Replacement	1	Santa Rosa	\$ 108,818.00	Rincon Valley Union School District
00LESBP06	Bus Replacement	2	Berkeley	\$ 234,904.00	Berkeley Unified School District
00LESBP07	Bus Replacement	3	Santa Clara	\$ 331,483.00	Campbell Union School District
00LESBP08	Bus Replacement	5	Union City	\$ 568,970.00	New Haven Unified School District
00LESBP09	Bus Replacement	4	Brentwood	\$ 341,016.00	Liberty Union High School District
00LESBP10	Bus Replacement	5	Solano	\$ 421,803.00	Fairfield- Suisun Unified School District
00LESBP12	Bus Replacement	3	Novato	\$ 258,253.00	Novato Unified School District
00LESBP13	Bus Replacement	2	Tomales	\$ 168,632.00	Shoreline Unified School District
00LESBP14	Bus Replacement	7	Sebastopol	\$ 872,948.00	West County Transportation Agency
00LESBP15	Bus Replacement	5	San Jose	\$ 614,723.00	Oak Grove School District
00LESBP16	Bus Replacement	6	Santa Clara	\$ 495,911.00	Santa Clara Unified School District
00LESBP17	Bus Replacement	6	Gilroy	\$ 475,032.00	Gilroy Unified School District
00LESBP20	Bus Replacement	2	Mountain View	\$ 214,136.00	Mountain View-Los Altos Union High School District
00LESBP21	Bus Replacement	13	San Jose	\$ 1,419,303.00	San Jose Unified School District
00LESBP22	Bus Replacement	4	Fairfield	\$ 337,227.00	Solano County Office of Education
01LESBP01	Bus Replacement	3	San Rafael	\$ 266,428.00	Dixie School District
01LESBP02	Bus Replacement	1	Pittsburg	\$ 93,020.00	Pittsburg Unified School District
01LESBP03	Bus Replacement	2	Milpitas	\$ 173,877.00	Milpitas Unified School District
01LESBP04	Bus Replacement	9	Solano	\$ 1,110,800.00	Vallejo City Unified School District
01LESBP05	Bus Replacement	2	Santa Clara	\$ 182,817.00	East Side Union High School District
01LESBP07	Bus Replacement	4	Sunnyvale	\$ 479,195.00	Sunnyvale School District
01LESBP08	Bus Replacement	1	Pacifica	\$ 123,289.00	Laguna Salada Union School District
01LESBP09	Bus Replacement	6	Santa Clara	\$ 834,277.00	East Side Union High School District
01LESBP10	Bus Replacement	2	Pittsburg	\$ 187,765.00	Pittsburg Unified School District
01LESBP11	Bus Replacement	4	Vallejo	\$ 413,457.00	Vallejo City Unified School District
01LESBP12	Bus Replacement	2	San Jose	\$ 207,738.00	Moreland School District
01LESBP13	Bus Replacement	4	Santa Clara	\$ 397,044.00	East Side Union High School District
02LESBP01	Bus Replacement	2	Sebastopol	\$ 240,414.00	West County Transportation Agency
02LESBP02	Bus Replacement	1	Santa Rosa	\$ 123,384.00	Rincon Valley Union School District
02LESBP03	Bus Replacement	3	San Mateo	\$ 175,566.00	San Mateo Union High School District
02LESBP04	Bus Replacement	2	Mountain View	\$ 278,056.00	Mountain View-Whisman School District
02LESBP05	Bus Replacement	2	Fremont	\$ 241,781.00	Fremont Unified School District
02LESBP06	Bus Replacement	4	Redwood City	\$ 557,399.00	Sequoia Union High School District
02LESBP07	Bus Replacement	1	Petaluma	\$ 121,048.00	Old Adobe Union School District
02LESBP08	Bus Replacement	1	Antioch	\$ 107,114.00	Antioch Unified School District
02LESBP09	Bus Replacement	1	Byron	\$ 108,114.00	Mountain House School District
02LESBP10	Bus Replacement	1	Fairfield	\$ 106,127.00	Travis Unified School District
02LESBP17	Bus Replacement	2	Lafayette	\$ 257,301.00	Acalanes Union High School District
02LESBP18	Bus Replacement	1	Newark	\$ 149,765.00	Newark Unified School District
03LESBP01	Bus Replacement	1	Sebastopol	\$ 117,453.00	West County Transportation Agency
03LESBP02	Bus Replacement	2	Newark	\$ 268,218.00	Newark Unified School District
03LESBP03	Bus Replacement	2	Antioch	\$ 176,236.00	Antioch Unified School District
03LESBP04	Bus Replacement	2	Cupertino	\$ 175,881.00	Cupertino Union School District
03LESBP05	Bus Replacement	4	Sonoma	\$ 348,985.00	Sonoma Valley Unified School District
03LESBP06	Bus Replacement	8	Morgan Hill	\$ 823,166.00	Morgan Hill Unified School District
05LESBP01	Bus Replacement	1	Newark	\$ 134,737.00	Newark Unified School District
05LESBP02	Bus Replacement	9	Morgan Hill	\$ 1,272,146.00	Morgan Hill Unified School District
05LESBP03	Bus Replacement	3	San Jose	\$ 368,234.00	Berryessa Union School District
05LESBP04	Bus Replacement	5	San Mateo	\$ 706,748.00	San Mateo Union High School District
05LESBP05	Bus Replacement	2	Campbell	\$ 273,431.00	Campbell Union High School
08LESBP01	Bus Replacement	1	San Jose	\$ 140,181.95	Campbell Union High School District
08LESBP02	Bus Replacement	4	Daly City	\$ 562,389.07	Jefferson Union High School District
08LESBP04	Bus Replacement	4	Morgan Hill	\$ 572,636.88	Morgan Hill Unified School District

Project Number	Project Category	Number of buses	City	Actual Amount	Grantee Name
08LESBP05	Bus Replacement	2	Morgan Hill	\$ 288,963.20	Morgan Hill Unified School District
08LESBP06	Bus Replacement	3	Fairfield	\$ 442,644.40	Travis Unified School District
08LESBP07	Bus Replacement	3	Fremont	\$ 464,063.07	Fremont Unified School District
08LESBP08	Bus Replacement	1	Sonoma	\$ 147,726.61	Sonoma Valley Unified School District
08LESBP09	Bus Replacement	2	Pope Valley	\$ 255,984.43	Pope Valley Union School District
08LESBP10	Bus Replacement	1	San Lorenzo	\$ 146,987.07	San Lorenzo Unified School District
08LESBP11	Bus Replacement	8	Antioch	\$ 992,718.28	Antioch Unified School District
08LESBP13	Bus Replacement	3	Campbell	\$ 510,000.00	Campbell Union School District
08LESBP14	Bus Replacement	2	Calistoga	\$ 288,315.82	Calistoga Joint Unified School District
08LESBP15	Bus Replacement	2	Union City	\$ 290,285.60	New Haven Unified School District
08LESBP16	Bus Replacement	5	Santa Rosa	\$ 850,000.00	West County Transportation Agency
08LESBP17	Bus Replacement	1	Napa	\$ 140,064.90	Napa Valley Unified School District
08LESBP20	Bus Replacement	1	Hayward	\$ 151,263.69	Hayward Unified School District
08LESBP22	Bus Replacement	4	Hayward	\$ 651,867.37	Hayward Unified School District
08LESBP26	Bus Replacement	3	Danville	\$ 389,505.66	San Ramon Valley Unified School District
08LESBP27	Bus Replacement	1	Hayward	\$ 162,836.44	Hayward Unified School District
08LESBP28	Bus Replacement	1	Fremont	\$ 164,375.67	Fremont Unified School District
08LESBP29	Bus Replacement	1	Petaluma	\$ 163,471.24	Petaluma Joint Union High School District
08LESBP30	Bus Replacement	6	San Jose	\$ 710,542.56	Franklin-McKinley School District
08LESBP33	Bus Replacement	4	Cupertino	\$ 651,671.48	Cupertino Union School District
08LESBP34	Bus Replacement	1	San Mateo	\$ 72,703.52	San Mateo Union High School District
08LESBP35	Bus Replacement	1	Los Gatos	\$ 121,508.46	Loma Prieta Joint Union School District
08LESBP36	Bus Replacement	1	Brentwood	\$ 154,352.27	Liberty Union High School District
08LESBP37	Bus Replacement	2	Windsor	\$ 336,863.88	Windsor Unified School District
08LESBP39	Bus Replacement	1	Sonoma	\$ 163,270.62	Sonoma Valley Unified School District
08LESBP40	Bus Replacement	1	Mountain View	\$ 163,311.04	Mountain View Whisman School District
08LESBP44	Bus Replacement	2	Santa Clara	\$ 325,835.74	Santa Clara Unified School District
08LESBP45	Bus Replacement	7	San Jose	\$ 1,167,678.75	San Jose Unified School District
08LESBP46	Bus Replacement	6	San Jose	\$ 824,237.40	Alum Rock Union School District
08LESBP47	Bus Replacement	7	Napa	\$ 1,014,161.16	Napa Valley Unified School District
08LESBP48	Bus Replacement	10	Concord	\$ 1,684,499.50	Mount Diablo Unified School District
08LESBP49	Bus Replacement	1	Palo Alto	\$ 94,311.70	Palo Alto Unified School District
08LESBP50	Bus Replacement	3	Berkeley	\$ 466,313.59	Berkeley Unified School District
08LESBP51	Bus Replacement	1	Morgan Hill	\$ 135,607.50	Morgan Hill Unified School District
13LESBP01	Bus Replacement	2	Danville	\$ 272,962.28	San Ramon Valley Unified School District
13LESBP02	Bus Replacement	6	Santa Clara	\$ 990,000.00	Santa Clara Unified School District
13LESBP03	Bus Replacement	3	San Lorenzo	\$ 477,729.57	San Lorenzo Unified School District
13LESBP04	Bus Replacement	2	Tomales	\$ 329,720.99	Shoreline Unified School District
13LESBP05	Bus Replacement	2	Fairfield	\$ 328,628.96	Solano County Office of Education
13LESBP06	Bus Replacement	3	Antioch	\$ 419,717.85	Antioch Unified School District
13LESBP07	Bus Replacement	4	Sonoma	\$ 638,449.08	Sonoma Valley Unified School District
13LESBP09	Bus Replacement	3	Brentwood	\$ 451,586.71	Liberty Union High School District
13LESBP10	Bus Replacement	1	Los Gatos	\$ 165,000.00	Loma Prieta Joint Union School District
13LESBP11	Bus Replacement	7	Santa Rosa	\$ 1,189,978.02	West County Transportation Agency
13LESBP12	Bus Replacement	13	Napa	\$ 1,669,113.22	Napa Valley Unified School District
13LESBP13	Bus Replacement	1	Morgan Hill	\$ 142,374.08	Morgan Hill Unified School District
13LESBP14	Bus Replacement	5	Fremont	\$ 824,903.45	Fremont Unified School District
13LESBP15	Bus Replacement	2	Mountain View	\$ 329,205.08	Mountain View Whisman School District
13LESBP16	Bus Replacement	2	San Jose	\$ 329,857.58	Moreland School District
13LESBP17	Bus Replacement	2	Hayward	\$ 329,998.88	Hayward Unified School District
13LESBP18	Bus Replacement	1	Sunnyvale	\$ 169,999.06	Sunnyvale School
13LESBP20	Bus Replacement	2	Concord	\$ 339,999.30	Mt. Diablo Unified School District
13LESBP21	Bus Replacement	1	Bolinas	\$ 164,750.37	Bolinas/Stinson Union School District
13LESBP22	Bus Replacement	2	San Jose	\$ 329,902.34	Campbell Union High School District
13LESBP23	Bus Replacement	5	Fairfield	\$ 746,126.81	Travis Unified School District
13LESBP24	Bus Replacement	1	Santa Rosa	\$ 164,902.35	Rincon Valley Union School District
13LESBP25	Bus Replacement	4	Redwood City	\$ 614,274.44	Sequoia Union High School District
13LESBP28	Bus Replacement	3	San Jose	\$ 493,380.24	East Side Union High School District
13LESBP29	Bus Replacement	2	Menlo Park	\$ 330,000.00	Las Lomas Elementary School District

Project Number	Project Category	Number of buses	City	Actual Amount	Grantee Name
13LESBP30	Bus Replacement	7	Vallejo	\$ 1,027,048.30	Vallejo City Unified School District
13LESBP31	Bus Replacement	11	Fairfield	\$ 1,572,384.43	Fairfield-Suisun Unified School District
13LESBP32	Bus Replacement	4	Castro Valley	\$ 659,923.76	Castro Valley Unified School District
14LESBP01	Bus Replacement	2	Brentwood	\$ 308,115.44	Liberty Union High School District
14LESBP04	Bus Replacement	12	Santa Rosa	\$ 1,980,000.00	West County Transportation Agency
14LESBP05	Bus Replacement	4	Gilroy	\$ 660,000.00	Gilroy Unified School District
14LESBP06	Bus Replacement	3	Mountain View	\$ 413,335.23	Mountain View Whisman School District
14LESBP07	Bus Replacement	2	Petaluma	\$ 327,728.40	Old Adobe Union School District
14LESBP08	Bus Replacement	1	Los Gatos	\$ 164,999.27	Loma Prieta Joint Union School District
14LESBP09	Bus Replacement	12	Santa Rosa	\$ 2,010,000.00	West County Transportation Agency
14LESBP10	Bus Replacement	2	Windsor	\$ 317,845.16	Windsor Unified School District
14LESBP11	Bus Replacement	1	Petaluma	\$ 164,809.90	Petaluma Joint Union High School District
14LESBP12	Bus Replacement	6	San Jose	\$ 739,384.52	Evergreen Elementary School District
14LESBP13	Bus Replacement	7	San Jose	\$ 1,122,079.91	San Jose Unified School District
14LESBP14	Bus Replacement	1	Gilroy	\$ 165,000.00	Gilroy Unified School District
				\$ 60,187,633.50	

Table 2– LESBP CNG tank replacement projects since 2000 (program started in 2012)

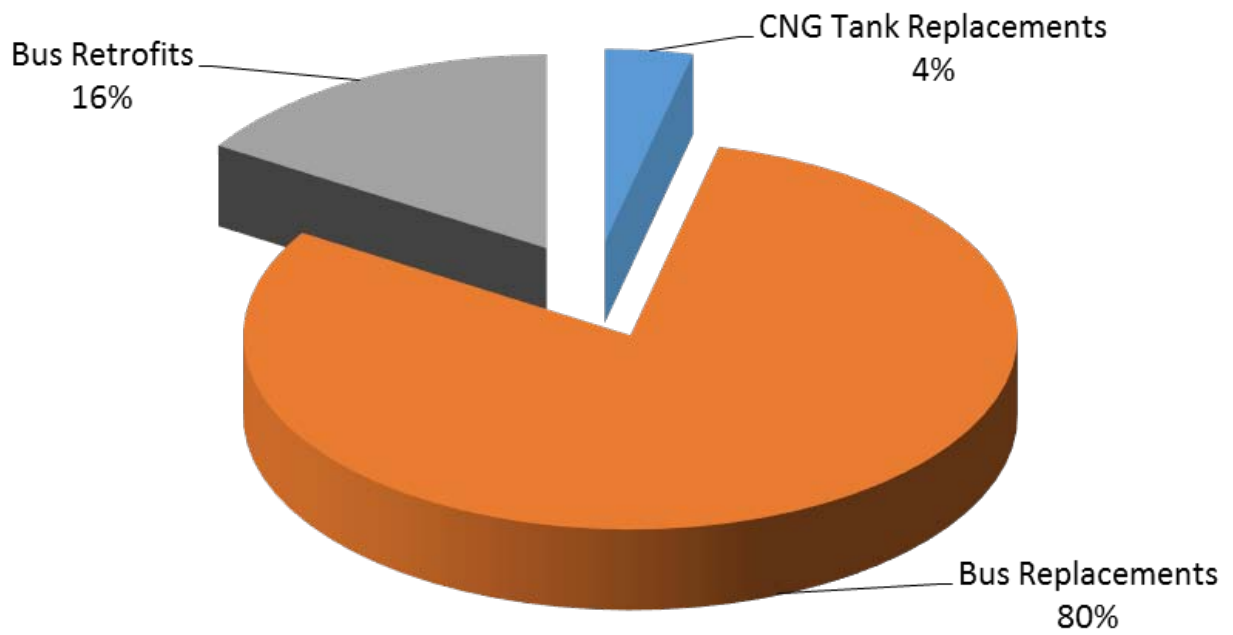
Project Number	Project Category	Number of buses	City	Actual Amount	Grantee Name
12SBTR01	CNG Tank Replacement	16	Napa	\$ 309,880.78	Napa Valley Unified School District
12SBTR02	CNG Tank Replacement	4	Campbell	\$ 79,933.84	Campbell Union School District
12SBTR03	CNG Tank Replacement	17	Santa Rosa	\$ 339,059.05	West County Transportation Agency
12SBTR04	CNG Tank Replacement	1	Hayward	\$ 20,000.00	Hayward Unified School District
12SBTR05	CNG Tank Replacement	1	Petaluma	\$ 19,944.65	Old Adobe Union School District
12SBTR06	CNG Tank Replacement	6	East Palo Alto	\$ 119,900.76	Ravenswood City School District
12SBTR07	CNG Tank Replacement	4	Danville	\$ 79,933.84	San Ramon Valley Unified School District
12SBTR08	CNG Tank Replacement	12	Fremont	\$ 240,000.00	Fremont Unified School District
12SBTR09	CNG Tank Replacement	5	Berkeley	\$ 100,000.00	Berkeley Unified School District
14SBTR01	CNG Tank Replacement	9	Santa Rosa	\$ 179,212.00	West County Transportation Agency
14SBTR02	CNG Tank Replacement	2	Sunol	\$ 39,936.95	Sunol Glen Unified School District
14SBTR03	CNG Tank Replacement	2	Hayward	\$ 39,995.50	Hayward Unified School District
14SBTR05	CNG Tank Replacement	3	Danville	\$ 59,850.00	San Ramon Valley Unified School District
14SBTR06	CNG Tank Replacement	8	Napa	\$ 150,540.89	Napa Valley Unified School District
14SBTR07	CNG Tank Replacement	8	Fremont	\$ 159,968.00	Fremont Unified School District
14SBTR08	CNG Tank Replacement	3	Daly City	\$ 59,850.00	Jefferson Union High School District
14SBTR09	CNG Tank Replacement	3	Redwood City	\$ 59,750.00	Redwood City School District
14SBTR10	CNG Tank Replacement	7	San Jose	\$ 139,636.91	Evergreen Elementary School District
14SBTR11	CNG Tank Replacement	5	Concord	\$ 99,988.75	Mt. Diablo Unified School District
14SBTR13	CNG Tank Replacement	3	San Mateo	\$ 59,850.00	San Mateo Union High School District
14SBTR14	CNG Tank Replacement	3	Sunnyvale	\$ 59,997.00	Sunnyvale School District
15SBTR01	CNG Tank Replacement	3	Campbell	\$ 59,987.49	Campbell Union School District
15SBTR02	CNG Tank Replacement	5	San Mateo	\$ 99,996.70	San Mateo Union High School District
15SBTR03	CNG Tank Replacement	5	San Jose	\$ 99,652.70	Oak Grove School District
15SBTR04	CNG Tank Replacement	4	Foster City	\$ 79,997.36	San Mateo Foster City School District
				\$ 2,756,863.17	

Table 3 – LESBP Retrofit projects since 2000

Project Number	Project Category	Number of buses	City	Actual Amount	Grantee Name
00SBPM01	Retrofit	15	Fairfield	\$ 120,000.00	Fairfield- Suisun Unified School District
00SBPM02	Retrofit	10	Fairfield	\$ 60,000.00	Travis Unified School District
00SBPM03	Retrofit	6	Santa Rosa	\$ 48,000.00	West County Transportation Agency
00SBPM04	Retrofit	3	Fairfield	\$ 24,000.00	Fairfield- Suisun Unified School District
00SBPM05	Retrofit	25	Santa Rosa	\$ 72,414.00	West County Transportation Agency
00SBPM06	Retrofit	1	Santa Rosa	\$ 8,500.00	Rincon Valley Union School District
00SBPM07	Retrofit	4	San Mateo	\$ 23,470.00	San Mateo Union High School District
00SBPM08	Retrofit	3	Mountain View	\$ 16,000.00	Mountain View-Whisman School District
00SBPM09	Retrofit	11	Fremont	\$ 66,954.00	Fremont Unified School District
00SBPM10	Retrofit	13	Redwood City	\$ 42,195.42	Sequoia Union High School District
00SBPM11	Retrofit	1	Petaluma	\$ 8,500.00	Old Adobe Union School District
00SBPM12	Retrofit	15	Antioch	\$ 85,000.00	Antioch Unified School District
00SBPM14	Retrofit	15	Fairfield	\$ 94,523.00	Fairfield-Suisun School District
00SBPM15	Retrofit	1	Fairfield	\$ 8,593.00	Fairfield-Suisun School District
00SBPM16	Retrofit	5	Half Moon Bay	\$ 41,600.00	Cabrillo Unified School District
00SBPM17	Retrofit	3	Menlo Park	\$ 20,000.00	Las Lomas Elementary School District
00SBPM18	Retrofit	1	Santa Rosa	\$ 8,500.00	Rincon Valley School District
03SBPM01	Retrofit	4	Cupertino	\$ 24,872.00	Cupertino Union School District
03SBPM02	Retrofit	16	Santa Rosa	\$ 236,972.55	West County Transportation Agency
03SBPM03	Retrofit	7	Antioch	\$ 59,500.00	Antioch Unified School District
03SBPM04	Retrofit	5	Morgan Hill	\$ 42,381.00	Morgan Hill Unified School District
03SBPM05	Retrofit	8	Sonoma	\$ 118,262.00	Sonoma Valley Unified School District
03SBPM06	Retrofit	7	San Jose	\$ 21,000.00	San Jose Unified School District
03SBPM07	Retrofit	15	San Jose	\$ 90,354.00	Franklin-McKinley School District
03SBPM08	Retrofit	11	San Jose	\$ 66,255.33	Evergreen School District
03SBPM09	Retrofit	15	San Jose	\$ 96,885.00	Oak Grove School District
03SBPM11	Retrofit	4	San Ramon	\$ 14,511.00	San Ramon Valley Unified School District
03SBPM12	Retrofit	3	Pittsburg	\$ 9,000.00	Pittsburg Unified School District
03SBPM13	Retrofit	3	San Mateo	\$ 10,755.52	San Mateo Union High School
03SBPM14	Retrofit	6	Fairfield	\$ 48,000.00	Fairfield- Suisun Unified School District
03SBPM15	Retrofit	2	Morgan Hill	\$ 7,256.00	Morgan Hill Unified School District
03SBPM17	Retrofit	5	Berkeley	\$ 15,000.00	Berkeley Unified School District
03SBPM18	Retrofit	8	Redwood City	\$ 46,884.55	Redwood City School District
03SBPM19	Retrofit	18	Union City	\$ 173,888.36	New Haven Unified School District
03SBPM20	Retrofit	3	Castro Valley	\$ 55,186.90	Castro Valley Unified School District
05SBPM01	Retrofit	10	Petaluma	\$ 152,818.98	Petaluma City Schools
05SBPM02	Retrofit	15	Pittsburg	\$ 238,652.40	Pittsburg Unified School District
05SBPM03	Retrofit	11	San Jose	\$ 173,386.40	San Jose Unified School District
05SBPM04	Retrofit	3	San Mateo	\$ 49,599.00	San Mateo Union High School
05SBPM05	Retrofit	5	Berkeley	\$ 81,984.10	Berkeley Unified School District
05SBPM07	Retrofit	4	Redwood City	\$ 71,910.00	Redwood City School District
05SBPM08	Retrofit	10	Union City	\$ 197,763.00	New Haven Unified School District
05SBPM09	Retrofit	7	Castro Valley	\$ 130,530.42	Castro Valley Unified School District
08SBPM01	Retrofit	14	Novato	\$ 220,685.96	Novato Unified School District
08SBPM02	Retrofit	9	Tomales	\$ 174,852.18	Shoreline Unified School District
08SBPM03	Retrofit	3	San Rafael	\$ 45,256.22	Dixie School District
08SBPM05	Retrofit	8	Petaluma	\$ 159,999.12	Petaluma Joint Union High School District
08SBPM06	Retrofit	8	Fairfield	\$ 152,483.60	Fairfield-Suisun Unified School District
08SBPM07	Retrofit	5	Milpitas	\$ 100,000.00	Milpitas Unified School District
08SBPM08	Retrofit	9	Brentwood	\$ 175,189.41	Liberty Union High School District
08SBPM09	Retrofit	40	Vallejo	\$ 689,710.50	Michaels Transportation
08SBPM10	Retrofit	9	San Lorenzo	\$ 180,000.00	San Lorenzo Unified School District
08SBPM11	Retrofit	8	Antioch	\$ 150,179.12	Antioch Unified School District
08SBPM12	Retrofit	1	Pacifica	\$ 20,000.00	Pacifica School District
08SBPM14	Retrofit	3	Bolinas	\$ 39,343.82	Bolinas/Stinson Union School District
08SBPM15	Retrofit	5	Santa Rosa	\$ 82,508.65	West County Transportation Agency
08SBPM16	Retrofit	8	Berkeley	\$ 160,000.00	Berkeley Unified School District
08SBPM19	Retrofit	1	San Jose	\$ 19,940.06	Campbell Union High School District
08SBPM21	Retrofit	2	Hayward	\$ 40,000.00	Hayward Unified School District

Project Number	Project Category	Number of buses	City	Actual Amount	Grantee Name
08SBPM22	Retrofit	3	Mountain View	\$ 60,000.00	Mountain View Whisman School District
08SBPM23	Retrofit	1	San Jose	\$ 16,777.57	Campbell Union High School District
08SBPM24	Retrofit	66	City of Industry	\$ 1,183,638.00	First Student, Inc.
08SBPM25	Retrofit	17	Gilroy	\$ 336,734.51	Gilroy Unified School District
08SBPM26	Retrofit	7	San Jose	\$ 137,398.95	Moreland School District
08SBPM27	Retrofit	13	Rio Vista	\$ 248,734.28	River Delta Unified School District
08SBPM28	Retrofit	2	Fairfield	\$ 30,791.00	Fairfield-Suisun Unified School District
08SBPM29	Retrofit	7	Windsor	\$ 140,000.00	Windsor Unified School District
08SBPM30	Retrofit	3	Fairfield	\$ 50,350.33	Solano County Office of Education
08SBPM31	Retrofit	7	Santa Rosa	\$ 124,159.91	West County Transportation Agency
08SBPM32	Retrofit	16	San Francisco	\$ 318,039.08	CYO Transportation
08SBPM33	Retrofit	2	Knightsen	\$ 39,810.60	Knightsen Elementary School District
08SBPM34	Retrofit	2	Palo Alto	\$ 35,370.42	Palo Alto Unified School District
08SBPM36	Retrofit	15	Danville	\$ 283,855.81	San Ramon Valley Unified School District
08SBPM38	Retrofit	4	Cupertino	\$ 77,257.99	Cupertino Union School District
08SBPM39	Retrofit	2	San Rafael	\$ 30,474.21	Dixie School District
08SBPM40	Retrofit	10	Santa Clara	\$ 199,987.22	Santa Clara Unified School District
13SBPM01	Retrofit	3	Campbell	\$ 52,446.06	Campbell Union School District
13SBPM02	Retrofit	17	San Jose	\$ 327,398.56	Oak Grove School District
13SBPM03	Retrofit	1	San Bruno	\$ 19,216.04	San Bruno Park School Dist.
13SBPM05	Retrofit	6	Windsor	\$ 119,876.00	Windsor Unified School District
13SBPM06	Retrofit	14	Richmond	\$ 240,000.00	First Student, Inc.
13SBPM06	Retrofit	49	San Francisco	\$ 970,075.78	First Student, Inc.
13SBPM07	Retrofit	4	Goleta	\$ 78,823.04	Student Transportation of America
13SBPM08	Retrofit	5	Half Moon Bay	\$ 94,343.65	Cabrillo Unified School District
13SBPM09	Retrofit	5	Berkeley	\$ 100,000.00	Berkeley Unified School District
13SBPM10	Retrofit	8	Concord	\$ 134,015.34	National Express Corp DBA Durham School Services
13SBPM10	Retrofit	1	San Carlos	\$ 18,206.72	National Express Corp DBA Durham School Services
13SBPM10	Retrofit	6	Campbell	\$ 112,676.44	National Express Corp DBA Durham School Services
13SBPM11	Retrofit	8	Vallejo	\$ 160,000.00	Vallejo City Unified School District
14SBPM01	Retrofit	13	Concord	\$ 258,313.32	Mt. Diablo Unified School District
14SBPM02	Retrofit	2	Concord	\$ 37,033.84	First Student, Inc.
14SBPM02	Retrofit	12	Richmond	\$ 217,938.83	First Student, Inc.
14SBPM02	Retrofit	7	San Jose	\$ 124,129.19	First Student, Inc.
14SBPM02	Retrofit	5	San Mateo	\$ 88,874.35	First Student, Inc.
14SBPM02	Retrofit	13	Santa Rosa	\$ 228,642.54	First Student, Inc.
				\$ 12,087,396.15	

**Figure 1: LESBP funding since 2000
by project type**



**Figure 2: LESBP funding since 2000
by county**

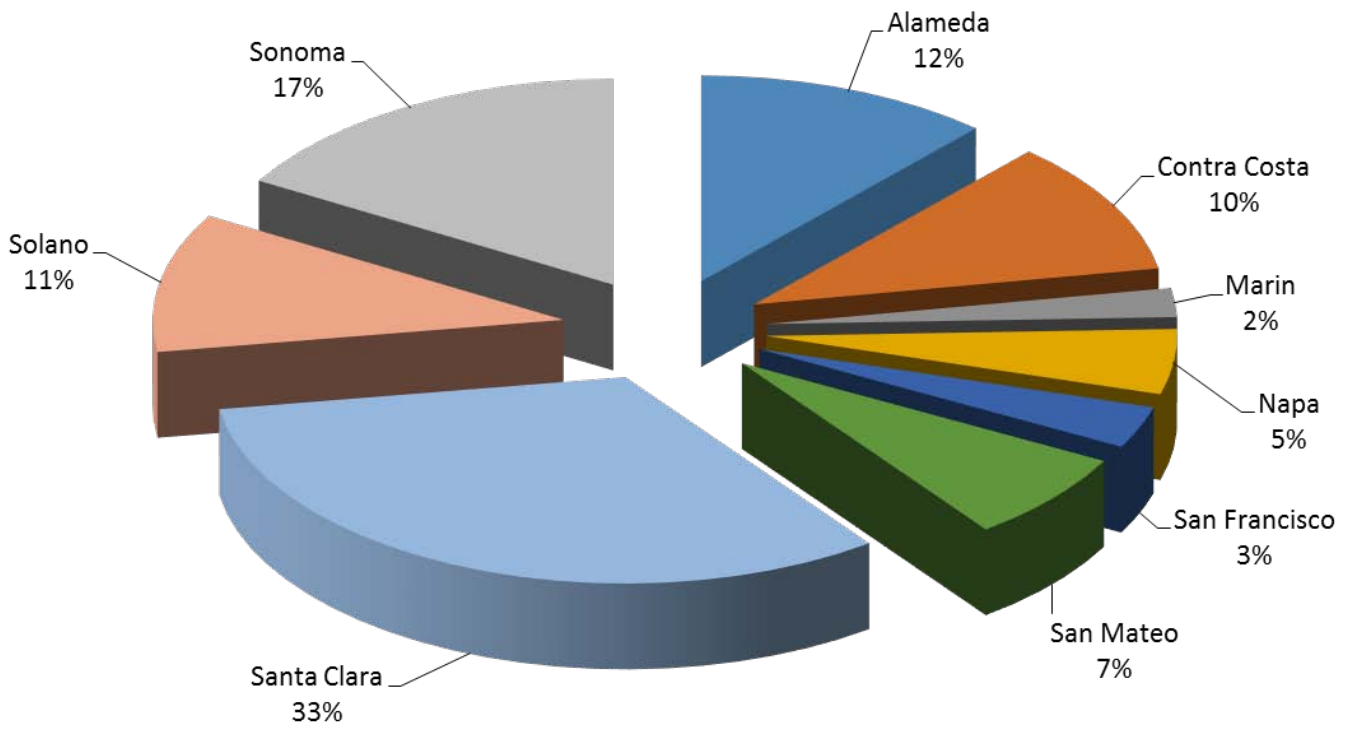
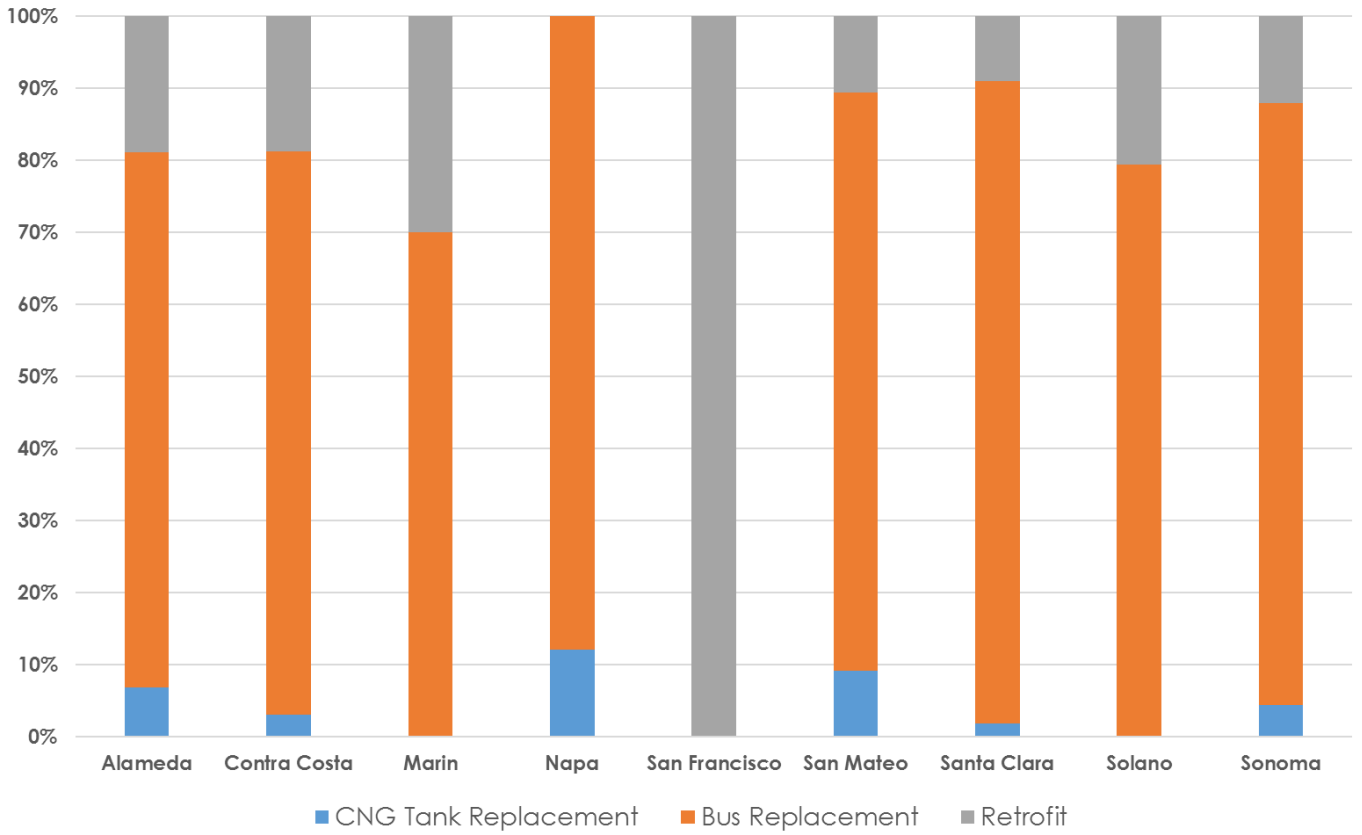


Figure 3: LESBP funding since 2000 by county & project type



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 8, 2017

Re: Fiscal Year Ending (FYE) 2018 Transportation Fund for Clean Air (TFCA) Funding
Allocation

RECOMMENDATIONS

Recommend Board of Directors:

1. Allocate \$13.93 million in new Transportation Fund for Clean Air (TFCA) monies to the programs listed in Table 1;
2. Authorize the proposed cost-effectiveness limits for the Air District sponsored programs listed in Table 2; and
3. Authorize the Executive Officer/APCO to enter into funding agreements and contracts up to \$100,000 for projects and programs listed in Table 1.

BACKGROUND

With more than 5.5 million on-road motor vehicles in the region, tailpipe emissions account for more than 40% of the criteria air pollutants and about 36% greenhouse gases (GHG) generated in the Bay Area ^{1, 2}. For this reason, emission reductions from the on-road transportation sector are essential to attaining State and Federal ambient air quality standards and to meeting the region's GHG reduction commitments.

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions within the Air District's jurisdiction. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242. Each year, the Air District's Board of Directors (Board) allocates funding and adopts cost-effectiveness criteria that govern expenditure of TFCA funding.

¹ BAAQMD, [Bay Area Emissions Inventory Summary Report: Criteria Air Pollutants Base Year 2011](#), May 2014.

² BAAQMD, [Bay Area Emissions Inventory Summary Report: Greenhouse Gases Base Year 2011](#), January 2015.

Sixty percent of TFCA funds are awarded directly by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air, Vehicle Buy Back Program) and to a program referred to as the TFCA Regional Fund. For the past five years, TFCA funds have been primarily focused on eligible project categories that significantly reduce criteria pollutants as well as GHGs, including trip reduction projects (e.g., bicycle parking and shuttles) and alternative fuel vehicle-based projects (e.g., electric vehicles).

Achieving federal and state clean air standards will require a significant shift towards cleaner technology alternatives by both the mobile and stationary source sectors. For this reason, the Air District has created a new Technology Implementation Office, to serve as a catalyst for innovation in the field of GHG emissions reduction by deploying disruptive, low-cost solutions in the areas of zero emissions vehicles; smart/connected technologies; and zero emissions energy generation and efficiency technologies.

DISCUSSION

In developing this recommendation, staff evaluated which incentive programs have been the most successful in helping the region to achieve its emissions reductions targets. Staff analyzed alternative scenarios and determined that a portfolio approach consisting of multiple emissions reduction strategies would be the most effective and most consistent with prior Board direction.

To this end, staff is recommending that \$13.93 million in new TFCA monies (as shown in column A) and \$15.31 million in carryover funds (as shown in column B) be allocated to the programs listed below in Table 1. Carryover is an estimate of remaining TFCA funds from prior-year projects that were recently completed under budget or canceled.

Table 1 - Proposed Programs and TFCA Funding for FYE 2018 (in Millions)

Program Categories	(A) New TFCA Monies	(B) Carryover	(C) Total Funds Available in FYE 2018
Trip Reduction	\$4.00	\$2.00	\$6.00
Bicycle Facilities	\$0.00	\$2.00	\$2.00
Clean Air Vehicles	\$5.22	\$9.44	\$14.66
Spare the Air	\$1.50	\$0.59	\$2.09
Enhanced Mobile Source & Commuter Benefits Enforcement	\$1.50	\$0.78	\$2.28
Vehicle Buy Back	\$0.15	\$0.50	\$0.65
Admin	\$1.56	\$0.00	\$1.56
Total Available Funding:	\$13.93	\$15.31	\$29.24

A narrative description of the recommend programs (listed in Table 1) is provided below:

- ***Trip Reduction***

Eliminating motor vehicle trips is a key strategy to reducing mobile source emissions. For more than 20 years, TFCA has funded shuttle/feeder bus and regional ridesharing services to help reduce emissions from single-occupancy vehicles. However, as the Bay Area’s average

auto fleet becomes cleaner, the mobile source emissions reduction benefits from trips eliminated are diminished. Staff has been working to improve the methodology used for evaluating projects' cost-effectiveness to ensure that all of the air quality benefits are properly captured to address this challenge. For FYE2017, approximately \$3.27 million in TFCA funding has been awarded to six shuttle service projects, including the two pilot projects that staff is using to investigate the efficacy of supporting these types of projects through the Air District's Spare the Air program. An additional \$1.01million has been awarded to two rideshare programs.

For FYE 2018, staff is recommending that \$6 million in TFCA funds be allocated to the Trip Reduction category which would be used to provide funding for both eligible existing shuttle/feeder bus and regional ridesharing services, and eligible pilot trip reduction projects. This amount reflects \$4.00 million in new TFCA FYE 2018 funds, and approximately \$2 million in carryover funds from prior years.

- ***Bicycle Facilities***

Bicycling is one of the primary alternative transportation modes for short-distance trips. The Air District has funded bicycle facility improvement projects through the Regional Fund and Air District-sponsored programs for more than 25 years. During this time, the Air District has provided funding for the installation of more than 13,000 new bicycle parking spots (via racks and lockers) as well as the installation of more than 200 miles of new bikeways and bike paths. The Air District is currently preparing a solicitation for new bikeways that would provide up to \$5 million in TFCA funds, and is scheduled to open later in FYE 2017. Funding for this project category was last offered by the Air District in FYE 2010, and it is anticipated that there will be significant demand for this type of funding.

For FYE 2018, staff is recommending that \$2 million in TFCA carryover funds be allocated to the Bicycle Facilities category to supplement the current-year allocation of \$5 million for bikeway projects. If this upcoming solicitation is not oversubscribed, any remaining Bicycle Facility funds from FYE 2017 & 2018 cycles would be allocated to bicycle parking-projects.

- ***Clean Air Vehicles***

The Air District views plug-in electric vehicles (PEVs) as a promising technology for reducing tailpipe emissions, thus helping the region achieve local, state, and federal criteria pollutant and GHG emission reduction targets.

The Air District has established PEV adoption goals of 110,000 PEVs on Bay Area roads by 2020, and 247,000 by 2025. To reach these goals, the Air District developed the Bay Area Plug-in Electric Vehicle Readiness Plan (www.baaqmd.gov/EVready) in partnership with the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). The Plan outlines a series of strategies and best practices that can be taken by regional agencies and others to remove potential barriers and accelerate deployment of PEVs. The Plan also identifies the amount of publicly available charging infrastructure that will be needed to support the PEV targets and opportunities for the Air District to focus

grant funds to meet the PEV adoption targets.

Since 2010, the Air District has awarded nearly \$16 million in TFCA monies to help spur the deployment of PEVs in the region. This funding has helped to deploy more than 1,800 electric cars, trucks, and buses, and nearly 1,100 public available Level 2 and DC fast electric vehicle charging ports, *which represents approximately 24% of the total publicly available electric vehicle chargers in the region.*

As of December 2016, there were more than 91,000 model year 2010 or newer PEVs registered to Bay Area drivers. While this represents nearly 38% of the PEVs registered in California, it is still only 1.5% of the Bay Area's total on-road motor vehicle fleet. The Air District recently opened the third cycle of Charge!, a program that provides incentive funding for the deployment of new electric vehicle charging stations. The Air District is also preparing a solicitation that would provide funding for project sponsors who purchase new electric vehicles, that is scheduled to open later this fiscal year.

For FYE 2018, staff is recommending that \$14.66 million in TFCA funds be allocated to the Clean Air Vehicle category to support the implementation of the PEV Readiness Plan. This amount reflects \$5.22 million in new TFCA monies, and approximately \$9.44 million in carryover funds from prior years. In addition, any funding left over from this current year's FYE 2017 Clean Air Vehicle programs (\$12.50 million), will also be allocated to the FYE 2018 Clean Air Vehicle programs. These programs will be administered by the new Technology Implementation Office.

Staff proposes to use the allocation to provide incentives to support the programs listed below:

- ***PEV Charging Stations:*** Funding will be used to support deployment of publicly available PEV chargers throughout the region. The FYE 2017 Charge! Program recently opened and this program is anticipated to award more than \$5 million in TFCA funding for the purchase and installation of charging stations throughout the region. In FYE 2016, the air district awarded more than \$5 million, including funds from TFCA, Reformulated Gasoline Settlement Fund, and the California Energy Commissions, to sponsors who will deploy 938 public electric vehicle charges (889 level 2 and 49 DC fast) in the region.
- ***PEVs (for Public Agencies):*** Funding will be used to provide incentives to public agencies that purchase or lease new clean air vehicles and operate them in the Air District's jurisdiction. The Air District began offering this streamlined rebate program in 2014, and has to date awarded funding for over 100 vehicles to public agencies.
- ***Zero-emissions Light-Duty Fleets and Heavy-Duty Vehicles (open to all entities):*** Funding will be used to provide incentives to public and private operators for the lease or purchase of three or more light-duty clean air vehicles or one or more heavy-duty trucks and buses that will be operated in the Air District's jurisdiction. The Air District is currently developing a solicitation, which is scheduled to open this fiscal year, that would provide funding for the purchase of zero emission trucks and buses. In FYE 2016, the Air District

awarded more than \$6.4 million in funding to nine project sponsors who will be purchasing 24 trucks and 50 transit buses, and 150 shared autonomous vehicles.

- **PEV Outreach:** Funding from prior years will be used for conducting outreach and training described in the PEV Plan for local government agencies and the public.

Other Air District Sponsored Programs:

- ***Spare the Air:*** The "Spare the Air" program continues to be the Air District's flagship public outreach tool for the summer ozone season. Staff is recommending \$2.09 in TFCA funds, consisting of \$1.50 million in new TFCA monies and \$590,000 in carryover funds from prior years for this outreach program that conducts advertising, media and educational activities to reduce vehicle miles traveled (VMT) and emissions by behavior modification.
- ***Enhanced Mobile Source & Commuter Benefits Program Enforcement:*** Funding under this program helps to enhance Air District patrols for smoking vehicles and offsets the cost of drayage truck regulation enforcement at the Port of Oakland. Additionally, this funding will be used to support Air District staff's enforcement activities associated with the new Commuter Benefits Program including providing compliance assistance and conducting outreach to companies and government agencies. For FYE 2018, staff is recommending \$2.28 in TFCA funds, consisting of \$1.50 million in new TFCA monies and \$780,000 in carryover funds from prior years for these enforcement related programs.
- ***Vehicle Buy Back:*** The Vehicle Buy Back program is a voluntary grant program that pays \$1,000 for an operating and registered model year 1994 or older vehicle. Vehicles meeting the Vehicle Status Requirements are eligible and those accepted into the program are scrapped. This program is primarily funded through the Carl Moyer and MSIF programs, which provides approximately \$7 million annually. For FYE 2018, staff is recommending a \$150,000 allocation in new TFCA monies for this program to support administrative and marketing efforts undertaken by the Air District contractors and \$500,000 in carryover funds from prior years for expansion of the program that would pilot a voluntary buy-back program for motorcycles and on-road trucks from small fleets.

TFCA Cost-Effectiveness

Cost-effectiveness (C/E) is based on the ratio of TFCA funds awarded divided by the sum of surplus emissions reduced of reactive organic gases (ROG), nitrogen oxides (NOx), and weighted particulate matter (PM10) over a project's useful life. The California Air Resources Board recently released updated emission factors for auto trips. Staff has been reviewing these updates and will be bringing revised recommendations for policies and cost-effectiveness criteria governing programs and projects that are administered through the Regional Fund to the Mobile Source Committee, which is tentatively scheduled for May 2017, and the Board for consideration.

For the programs and projects that will be sponsored directly by the Air District in FYE 2018, staff recommends maintaining the same C/E limits that were approved by the Board in FYE 2017. One change is proposed to the Project-Useful-Life (PUL) of the Air District's Vehicle Buy-Back

program since that program is proposed to accept new vehicle types. The proposed cost-effectiveness limits and PUL for each of the Air District sponsored programs is shown in Table 2:

Table 2 – Proposed cost-effectiveness and PUL for Air District Sponsored Programs

Program Categories	Max. C/E	PUL	Notes
	(per ton of emissions reduced)	(in Years)	
Bicycle Racks (BRVP)	\$250,000	3	No Change
PEVs for Public Agencies	\$450,000	3	No Change
PEV Outreach	\$250,000	3	No Change
PEV Charging Stations	\$250,000	4	No Change
	\$500,000*		No Change
Spare the Air	\$90,000	1	No Change
Enhanced Mobile Source & Commuter Benefits Enforcement	\$90,000	1	No Change
Vehicle Buy Back	\$90,000	3	Changed PUL from 1 to 3 years, to account for changes in the program to accept trucks and motorcycles

*This higher C/E limit is for projects that incorporate renewable power (i.e., solar or wind).

Administration

Per Board of Directors direction on July 20, 2016, it is proposed that the Executive Officer/APCO continue to approve Grant Agreements with individual grant award amounts up to \$100,000. TFCA projects with grant award amounts over \$100,000 will continue to be brought to the Committee for consideration at least on a quarterly basis.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. The Air District distributes “pass-through” funds to grantees on a reimbursement basis. Administrative costs for the TFCA Regional Fund program are provided by the funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Chengfeng Wang
Reviewed by: Karen Schkolnick

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 8, 2017

Re: Update on Efforts to Further Reduce Emissions at the Port of Oakland and Former
Oakland Army Base

RECOMMENDATIONS

None; receive and file.

BACKGROUND

The Port of Oakland (Port) is the fifth largest container port in the United States and the second largest in the State of California behind the combined ports of Los Angeles and Long Beach. Established in 1927, the Port is home to 18 ship berths, 36 container cranes, two rail yards, approximately 500 pieces of cargo handling equipment and approximately 2,500 trucks. In 2016, the Port moved 2.37 million 20-foot equivalent units (TEU) in to and out of the Bay Area. This flow of containers is associated with over \$600 billion in goods that are linked to approximately 32% of the jobs in the Bay Area.

The Port and former Oakland Army Base redevelopment project (OAB) border the West Oakland and in 2008, the California Air Resources Board (ARB) in partnership with the Bay Area Air Quality Management District (Air District) conducted a health risk assessment (HRA) to determine what emission sources were contributing to poor air quality in that community. That HRA indicated that the health risk from toxic air pollution (primarily diesel particulate matter, or DPM) in West Oakland was three times higher than any other community in the Bay Area. Based on the results of the HRA, the Air District Board of Director's instructed staff to utilize all available options at its disposal to reduce this health risk. The Air District in partnership with ARB, the United States Environmental Protection Agency, the Port, industry, and local community instituted policies and actions which:

- Devised the Marine Air Quality Improvement Plan which targets an 85% reduction in DPM emissions by 2020;
- Instituted and enforced regulations on drayage trucks, harbor craft, off-road equipment, oceangoing vessels and cargo handling equipment;
- Instituted and enforced a noncompliant truck ban under the Port's authority;
- Performed real-time monitoring of emissions in the West Oakland community;
- Invested \$33 million in grant funding to initially retrofit 1,319 trucks and to subsequently replace an additional 627 trucks;

- Invested \$24.5 million to install shore side power at 15 berths at the Port.

These efforts, in combination with implementation of ARB regulations requiring emissions reductions from cargo handling equipment, drayage trucks, refrigerated transportation units, oceangoing vessels, harbor craft and ships at berth, have significantly reduced DPM emissions from marine operations (by possibly as much as 76% according to latest inventory produced by the Port). Additionally, ARB regulations have led to significant emissions reductions from on-road truck traffic using the highways surrounding the West Oakland community.

While this is good news, the science around the health risk posed by DPM has changed significantly since 2008. Recent changes to the guidelines governing the assessment of health risk, developed by the California Office of Environmental Health Hazard Assessment (OEHHA), have increased the health risk from DPM by a factor of approximately 3 to 4 times of those originally used in the 2008 HRA. This means that while DPM emissions have been reduced significantly, remaining emissions have a greater impact on the community's health than previously believed.

DISCUSSION

Recognizing that there is an increased health risk from DPM and that the Air District's Community Air Risk Evaluation (CARE) current regional risk projections show that West Oakland remains the most highly impacted community in the Bay Area relative to exposure to toxic air contaminants, Air District staff initiated an inquiry during summer 2016 to assess how emissions might be further reduced from Port maritime operations.

This effort includes updating the equipment inventories for the Port, trying to understand what may be developed at OAB, reviewing the planning frameworks at the local, state and federal levels to determine how an equipment replacement project integrates with those plans, examining how the authorities of the various regulatory agencies (Port, City of Oakland, ARB, etc.) might be used to reduce emissions, looking at initiatives at other California ports and conducting a comprehensive evaluation of feasible technologies that can employed to get further emissions reductions. The Air District has also met with representatives from the City of Oakland, Port, ARB, Metropolitan Transportation Commission, Alameda County Transportation Commission, industry, and other stakeholders for their input into this process and to gather information needed to complete its assessment.

While the Air District is completing the efforts described above, the former OAB is being redeveloped. This may lead to increased cargo volumes at the Port and potentially introduce new sources of and more emissions in this area. This new activity triggers California Environmental Quality Act (CEQA) mitigation requirements for the developer, City of Oakland and Port. It is important that these requirements be effectively implemented to adequately address the possible impacts that additional DPM from this project may have on the West Oakland community. As part of this report staff will update the Committee on its efforts to ensure DPM reductions from the current development at the OAB.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: April 12, 2017

Re: Report of the Personnel Committee Meeting of March 24, 2017

RECOMMENDED ACTION

The Personnel Committee (Committee) recommends Board of Directors' approval of the following item:

- A) Conduct Interviews and Consider Recommending Board of Directors' Approval of Candidates for Appointment to the Air District's Hearing Board:
- 1) The appointment of Barbara Toole O'Neil as Public category Principal;
 - 2) The appointment of James Ralph as Public category Principal;
 - 3) The appointment of Qian Tan as Public category Alternate; and
 - 4) The appointment of Barbara Coler as Public category Alternate.

BACKGROUND

The Committee met on Friday, March 24, 2017 and received the following report and recommendations:

- A) Conduct Interviews and Consider Recommending Board of Directors' Approval of Candidates for Appointment to the Air District's Hearing Board.

Chairperson Jim Spering will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 15A: 03/24/17 – Personnel Committee Meeting Agenda #4

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Jim Spering and Members
of the Personnel Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 13, 2017

Re: Conduct Interviews and Consider Recommending Board of Directors Approval of
Candidates for Appointment to the Air District's Hearing Board

RECOMMENDED ACTION

Conduct interviews and consider recommending Board of Directors approval of candidates for appointment to the Air District's Hearing Board.

BACKGROUND

Pursuant to Section 40800 of the California Health and Safety Code, the Air District is required to maintain a Hearing Board consisting of five members including, one member who is a professional engineer registered as such pursuant to the Professional Engineers Act (Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code), one member from the medical profession whose specialized skills, training, or interests are in the fields of environmental medicine, community medicine, or occupational/toxicologic medicine, one member admitted to the practice of law in this state, and two public members. The Air District board may also appoint one alternate for each member. The alternate shall have the same qualifications, specified in Section 40801, as the member for whom such person is the alternate. The alternate may serve only in the absence of the member, and for the same term as the member.

Pursuant to Division I, Section 8.6 of the Air District's Administrative Code, Hearing Board Member terms are limited to fifteen (15) consecutive years, with re-appointment possible after a three-year absence.

DISCUSSION

The terms of office for the current members in the public category will expire on April 2, 2017. This leaves a total of 4 vacancies in both the principal and alternate positions. Staff initiated a recruitment effort to fill the positions.

Staff outreached and advertised the positions to the following sites:

- Bay Area Newspapers
- Governmentjobs.com
- California Air Pollution Control Officers Association (CAPCOA)
- Air & Waste Management Association (AWMA)
- National Association of Clean Air Agency
- Ecojobs.com
- Environmentaljobs.com
- Vetjobs.com
- Linkedin.com
- Indeed.com
- Craigslist.org
- Community Mailing Lists

After extensive recruitment and outreach efforts, staff received a total of 29 applications. Staff and the Hearing Board Chair have assessed the candidates' experience and education relative to the position for which the candidates applied and have selected the top candidates with the most relevant qualifications to interview with the Personnel Committee.

Interviews of the candidates will occur during the Personnel Committee meeting. The length of each interview will be approximately fifteen minutes. The application materials of the candidates will be provided to you for your review.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Judy Yu
Reviewed by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chairperson Liz Kniss and Members
 of the Board of Directors

From: Jack P. Broadbent
 Executive Officer/APCO

Date: April 12, 2017

Re: Report of the Legislative Committee Meeting of March 30, 2017

RECOMMENDED ACTION

The Legislative Committee (Committee) considered new bills and positions and a consensus of the members present supported the staff recommendations for positions on bills, as revised below, including:

Bill and author	Subject	Staff recommendation	Committee revisions to staff recommendations
AB 193 (Cervantes):	Clean Reused Vehicle Rebate Project	Oppose unless amended	
AB 378 (C. Garcia):	Extends cap-and-trade program to 2030	Support	
AB 1014 (Cooper):	Allows monthly testing of hospital diesel backup generators	Support in concept	Support <i>if amended</i>
AB 1132 (C. Garcia):	Allows emergency abatement of facilities endangering public health	Support	
AB 1274 (O'Donnell):	Smog check exemption for 7 and 8-yr. old vehicles, with Moyer program funding increase	Support	Support <i>in concept</i>
AB 1647 (Muratsuchi):	Requires refinery fence-line and community monitoring	Support if amended	
SB 4 (Mendoza):	Goods Movement and Clean Trucks Bond Act	Support if amended	
SB 41 (Galgiani):	Exempts certain vehicles from ARB Truck and Bus Regulation	Oppose	

Bill and author	Subject	Staff recommendation	Committee revisions to staff recommendations
SB 49 (De Leon):	California Environmental Defense, Public Health, and Workers Defense Act of 2017	Support if amended	
SB 174 (Lara):	Blocks registration of trucks not in compliance with air quality regulations	Support	
SB 563 (Lara): <i>(added after Committee packet was published)</i>	Residential Woodsmoke Reduction Program	Support	
Unknown	Composting to be considered an Essential Public Service for air permitting consideration	Oppose	

BACKGROUND

The Committee met on Thursday, March 30, 2017, and considered the report *Consideration of New Bills*.

Chairperson Brad Wagenknecht will give an oral report of the meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 16A: 03/30/17 – Legislative Committee Meeting Agenda #4

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Brad Wagenknecht and Members
of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 21, 2017

Re: Consideration of New Bills

RECOMMENDED ACTION

The Committee will discuss new bills, and recommend positions to the Board of Directors where appropriate.

BACKGROUND

The 120 members of the California Legislature have introduced over 2,500 new bills to start the 2017-2018 legislative session. Most of the measures that have state costs face an April 28, 2017 deadline to clear policy committees, while the non-fiscal bills have a deadline of May 12, 2017. That means that policy committees will have packed agendas throughout the month of April as authors try to move their bills forward. Generally, clearing the policy committee in the house of origin is considered the easiest of the many hurdles bills face on their journey towards becoming statute.

Staff are bringing some of the measures with potential air quality implications to the Committee for your consideration. Brief analyses and recommended positions on these follow, in addition to the text of these measures. Additionally, a much larger list of measures of air quality relevance is also attached. While it is common for legislators to introduce bills that are 'works in progress', staff are struck by the high number of measures this year that remain in spot form (no detailed language in the bills) or have only very general intent language as of March 21, 2017. Even for the air quality measures that are more detailed, many lack the fact sheets and background papers that author offices or sponsors have typically prepared by this time. Thus, staff will likely recommend the Air District take positions on some of these additional measures as their authors work to refine and tighten the initial language.

BILL AND AUTHOR	SUBJECT	STAFF RECOMMENDATION
AB 193 Cervantes	Clean Reused Vehicle Rebate Project	Oppose unless amended
AB 378 C. Garcia	Extends cap-and-trade program to 2030	Support
AB 1014 Cooper	Allows monthly testing of hospital diesel backup generators	Support in concept
AB 1132 C. Garcia	Allows emergency abatement of facilities endangering public health	Support
AB 1274 O'Donnell	Smog check exemption for 7 and 8-yr. old vehicles, with Moyer program funding increase	Support
AB 1647 Muratsuchi	Requires refinery fence-line and community monitoring	Support if amended
SB 4 Mendoza	Goods Movement and Clean Trucks Bond Act	Support if amended
SB 41 Galgiani	Exempts certain vehicles from ARB Truck and Bus Regulation	Oppose
SB 49 De Leon	California Environmental Defense, Public Health, and Workers Defense Act of 2017	Support if amended
SB 174 Lara	Blocks registration of trucks not in compliance with air quality regulations	Support
Unknown	Composting to be considered an Essential Public Service for air permitting consideration	Oppose

ANALYSES

AB 193, authored by Assemblymember Sabrina Cervantes (D-Corona), would establish the Clean Reused Vehicle Rebate Project. It is one of several bills this year that seek to increase sales of used clean vehicles. AB 193 has the ARB provide incentives of up to \$1,800 for people buying such a vehicle from a licensed dealer, or people who are replacing a battery in such a vehicle. Funding for the incentives would come from the Air Quality Improvement Program, which primarily comes from the smog abatement fee assessed annually on new vehicles statewide in lieu of their participating in Smog Check.

The Air District strongly supports increased use and sales of clean vehicles, including used clean vehicles. We need increased sales of new and used clean vehicles to meet our climate, toxics, and criteria pollutant emissions reductions goals. However, AB 193 contains a number of problematic provisions. These include that only low and moderate-income consumers residing in disadvantaged communities as defined per CalEnviroscreen are eligible for the

program. Additionally, consumers must live either in a federal nonattainment area, or in a county that has received less than 2% of the Clean Vehicle Rebate Project vouchers.

These latter provisions are problematic, and would effectively exclude the Bay Area from participation in this new program. More importantly, they would exclude many low-income motorists in the Bay Area who are exposed to some of the highest levels of vehicle emissions in California from participating. Additionally, we know that vehicles are by their very nature mobile; they travel between air basins and throughout the state. Likewise, emissions also are transported widely. Thus, staff are recommending an ‘**Oppose unless amended**’ position on AB 193, and suggest striking the overly narrow restrictions on program eligibility.

AB 378 is authored by Assemblymember Christina Garcia (D-Bell Gardens), who chairs the Assembly Natural Resources Committee. It would implement one of the Brown Administration’s primary environmental goals: the extension of a cap-and-trade program to cut greenhouse gas emissions beyond 2020. Specifically, this bill would authorize a market-based compliance mechanism for greenhouse gas emissions through 2030. While AB 378 has been keyed by Legislative Counsel as a majority vote bill, the Administration is seeking a two-thirds vote on the measure. It specifies that the measures must be effective and equitable, and that they collectively and individually must support achieving air quality and other environmental and public health goals. It also contains intent language on environmental justice and disadvantaged communities, but would not increase reliance on CalEnviroscreen.

Given the Air District’s support for measures in the last session to extend the cap-and-trade program, and our support for AB 32 of 2006 that established the program, staff recommend a ‘**Support**’ position on this bill.

AB 1014 is authored by Assemblymember Jim Cooper (D-Elk Grove), and deals with the testing of diesel backup generators at hospitals. Reliable power supply is critical at hospitals, and many rely on diesel generators to provide electricity if power from the grid is lost. Hospitals are required to test their generators to ensure their reliability, yet too frequent testing creates excessive diesel exhaust and unnecessary risks to public health. In 2003, California enacted legislation to reduce testing frequency to monthly from weekly. This was done specifically to reduce public health risk from unnecessary diesel exhaust emissions. This monthly testing was allowed to continue with the passage of 2010 legislation (AB 1863—Ted Gaines) which the District supported. Now the prior legislation has expired, and health facilities lack a clear mandate on testing frequency. This bill cites the National Fire Protection Association guidelines, which use a monthly test frequency, as what hospitals must follow. While citing non-California guidelines might not be the preferred approach, we certainly favor monthly testing over weekly. Thus Staff recommend a ‘**Support in concept**’ position on the bill.

AB 1132 is authored by Assemblymember Christina Garcia (D-Bell Gardens). Assemblymember Garcia and her staff are working closely with the sponsor of this measure, the South Coast Air Quality Management District (South Coast). The impetus for this bill is recent community exposure in Paramount to high levels of the air toxic hexavalent chromium. After substantial investigative work in late 2016, the South Coast pinpointed the high levels to largely

two facilities, a metal works facility called Aerocraft, and a metal finishing and anodizing facility called Anaplex. While Aerocraft cooperatively worked with the South Coast to address emissions, Anaplex took a more defiant stance. The South Coast sought a temporary restraining order in Superior Court to halt the chromium emissions shortly before the December holidays. However, the court remanded the issue to the South Coast Hearing Board, which was unable to meet for some weeks.

While Hearing Boards have the ability to grant facilities an emergency variance from air district regulations, there is no equivalent authority currently in statute to grant them the ability to issue an emergency order of abatement. AB 1132 would correct this imbalance. Specifically, it would allow an air pollution control officer to issue an order of abatement for violations of district regulations when the violation presents “an imminent or substantial endangerment to the public health or welfare, or the environment.” The bill also requires the air district to provide the violator with the procedures for challenging the order, and sets an expedited schedule for ultimate Hearing Board review and resolution. Staff recommend a ‘**Support**’ position on this bill.

AB 1274, authored by Assemblymember Patrick O’Donnell (D-Long Beach), is currently a spot bill that makes insignificant changes to the Carl Moyer program. However, the author intends to amend the bill shortly to a policy proposal with significant emissions benefits. The proposed bill will exempt vehicles that are 7 and 8-years old from the Smog Check program. These vehicles would pay a \$24 annual fee in lieu of smog check costs, and the additional \$48 would go to fund the Moyer program, after passing through the Air Pollution Control Fund. Staff note that today vehicles 6-years old and younger are exempted from Smog Check, and these vehicles pay an annual fee that supports different programs, including Moyer.

The South Coast Air District proposed this bill to Assemblymember O’Donnell, after having ARB analyze the emissions consequences of the scheme. ARB’s initial review is favorable. Essentially, emissions from today’s light duty vehicles that are 7 and 8-years old are relatively low, and the Moyer program is cost-effective enough to get greater emissions reductions from incentive-based heavy duty vehicle cleanup. Staff are recommending a provisional ‘**Support**’ position, pending introduction of bill language as described and final confirmation from ARB staff on the emissions benefits of such a measure.

AB 1647, authored by Assemblymember Al Muratsuchi (D-Manhattan Beach), is part of a package dealing with refineries. The Assemblymember has the Torrance refinery (previously owned by Exxon Mobil, and recently sold to PBG) in his district. This facility has a long history of explosions and upsets, and community members and legislators are pressing for changes. This bill would require that air districts require refineries to install fence-line monitors by 2019, and community monitors by 2020, and to make the data publicly available in real time.

Here in the Bay Area, we have adopted Rule 12-15 on Petroleum Refining Emissions Tracking, which includes extensive provisions on fence-line monitoring. This portion of the rule was drafted after soliciting input from a panel of monitoring experts from academia, industry, communities, and other government agencies. We would not want to see our refinery monitoring plans in the Bay Area be potentially weakened or made less stringent by a statewide

law. Nor would we want individual refineries to be the final arbiter of what constitutes an acceptable monitoring plan. Yet we strongly favor refinery monitoring, as adoption of our rule indicates. Thus, staff are recommending a **‘Support if amended’** position on the bill. Staff propose amendments that would ensure that a refinery fence-line monitoring plan would need to be approved by the local air district, and that the community monitoring be based on US EPA monitoring requirements and guidance.

SB 4, authored by Senator Tony Mendoza (D-Artesia), is titled the Goods Movement and Clean Trucks Bond Act. The bill authorizes an initiative, which if approved by the voters in 2018, would authorize \$600 million of general obligation bonds, some of which would continue programs first established by Proposition 1B of 2006. \$200 million would be allocated by the California Transportation Commission for Transportation Corridor Improvement Fund projects. \$200 million would be allocated by ARB for the Goods Movement Emissions Reduction Program. The final \$200 million would go for zero and near-zero emission trucks, but only in areas that are severe or extreme nonattainment for ozone and particulate matter (PM).

The Air District has long worked to cut goods movement emissions in the Bay Area, yet diesel PM exposures in particular remain unacceptably high. As a result of the Port of Oakland’s location, 20% of toxic diesel PM statewide in California occurs in the Bay Area. Even more significantly, the dense, urban nature of the region means that population exposures to these toxics are much higher than in less densely populated areas of the state. Zero and near-zero truck technologies are as important in the Bay Area as elsewhere in the state, and Bay Area projects should be eligible to compete for those funds. Thus staff recommend a **‘Support if amended’** position on SB 4.

SB 41, authored by Cathleen Galgiani (D-Stockton), provides an exemption to ARB’s Truck and Bus Regulation. The measure is sponsored by the California Construction and Industrial Materials Association, and applies to owners of heavy-duty on-road vehicles that were retrofitted with Cleaire Longmile diesel particulate filters (DPFs) roughly five or more years ago. The Truck and Bus Regulation is California’s primary program for cutting emissions from the on-road heavy-duty fleet. Vehicle owners who made the decision to install DPFs some years ago were given more time to operate their older, retrofitted vehicles. Those who chose not to install DPFs are required to replace their equipment with 2010 or later model vehicles. Essentially, less expensive DPFs offer early but modest air quality benefits, while more expensive replacement offers later but greater benefits.

Longmile filters were problematic, were recalled, and were replaced by Cleaire’s successor company, without cost to the purchaser. However, certain vehicles could not be retrofit. These were trucks like cement mixers, that idle for extended periods as part of their duty cycle. There are thought to be on the order of 150 such vehicles statewide that had installed Longmile filters. After these vehicles have been allowed to operate for five years without any emissions controls, ARB’s regulation requires them to be replaced with 2010 or later vehicles by this summer. This bill would overturn that regulatory requirement, and allow the vehicles an additional five years of uncontrolled operation, through 2023.

Fundamentally, the bill sets the dangerous precedent of weakening our primary regulation to cut diesel emissions. It is unfair to all of the owners of such equipment that invested in replacing their vehicles (in compliance with the regulation), and allows uncontrolled emissions long past the original warranty of the DPFs. Furthermore, it would exempt an entire fleet from compliance, even if only one of the vehicles in the fleet had a Longmile filter installed. Staff recommend an ‘**Oppose**’ position.

SB 49 is authored by Senator Kevin De Leon (D-Los Angeles), the Senate’s President Pro Tempore. It is titled the California Environmental Defense, Public Health, and Workers Defense Act of 2017. It is envisioned as a preemptive measure designed to prevent backsliding in California on environmental programs if the current administration in Washington, D.C. chooses to weaken key environmental statutes such as the federal clean air and water acts. Generally, it requires ARB and local air districts to implement and enforce rules and regulations that are at least as stringent as those required under the current federal Clean Air Act, in addition to those required by state law. It also contains provisions that would allow citizen suit provisions if those provisions are removed from the federal Clean Air Act.

The Air District has long supported and implemented a regulatory program and public health agenda that is generally dramatically more protective of public health than federally required. Thus we are strongly supportive of the ‘no backsliding’ sentiment SB 49 espouses. In 2003, the Legislature adopted the Protect California Air Act, in response to the George W. Bush administration and feared potential weakening of the federal new source review provisions. SB 288 was the 2003 bill that implemented this very similar ‘no backsliding’ measure. Thus the District has some experience with similar previous legislation, and the concerns we have with SB 49 have been informed by those previous experiences.

Generally, air quality regulations need to evolve and grow over time, and to adapt to changing circumstances. Simple phrases such as ‘at least as stringent as’ become the subject of substantial legal debate. Efforts to freeze an entire regulatory scheme at a given point in time prevent the regulatory evolution that is essential to robust programs that successfully protect public health in the best possible ways. Additionally, California has never had citizen suit provisions of our air quality statutes. Adding such provisions now will potentially have profound and negative impacts on California’s regulatory programs. Various special interests will seek to move regulatory programs that are charged with protecting and balancing competing public interests to their own interests. Thus staff recommend a ‘**Support if amended**’ position, with amendments sought to ensure that the bill is workable, lacks unintended consequences, and allows clean air regulatory programs to evolve over time.

SB 174, authored by Senator Ricardo Lara (D- Bell Gardens), deals with heavy duty diesel vehicles. It provides that these vehicles cannot be registered in California without meeting the requirements in ARB’s Truck and Bus Rule. This rule is a key component of California’s efforts to cut diesel particulate emissions from the on-road fleet. It lays out a schedule of mandatory vehicle retirements, where older, dirtier vehicles must be removed from service over time. The District has supported this rule, and many California truckers have invested heavily in complying with the rule. Those who violate the rule put all of those in compliance at a competitive disadvantage.

Currently, ARB can proactively block the registration of vehicles that are found to be noncompliant. Yet the size of California's heavy duty fleet makes this enforcement mechanism cumbersome. SB 174 simplifies enforcement, and will increase regulatory compliance. It will allow ARB's limited enforcement staff to increase their focus on border crossing locations, to increase compliance of non-California trucks with regulatory requirements. Staff are recommending a **'Support'** position.

Finally, staff have learned of an additional bill that will likely be introduced shortly. We do not yet have a bill number or author for the measure. Nevertheless, the proposal is sufficiently problematic that we are bringing it to the Legislative Committee for your consideration. Californians Against Waste (CAW) is an organization that has worked for many years to cut solid waste. Thus, they are highly supportive of increased composting efforts and requirements that California has imposed on local jurisdictions. They are planning to pursue a legislative requirement that if an air district has a provision for Essential Public Services (EPS) in their permitting program, that any composting operation be automatically deemed to be an EPS.

CAW believes that classifying composting as an EPS will allow these facilities to receive free offsets through air district community banking programs, and make it easier for them to get permits. We believe that the former will occur in the Bay Area, and we believe this is problematic. Why should for-profit businesses, many of whom are already receiving grants or incentive funding, deplete the limited amount of offsets in our community bank that are reserved for public entities that truly are EPS?

The Air District acknowledges the importance of methane as a short-lived climate pollutant, and strongly supports reducing methane emissions by reducing disposal of organic materials in landfills. Indeed, we see this as a critical step in achieving our greenhouse gas emission reduction goals. Air districts are working cooperatively with ARB and CalRecycle on this very issue. However, staff note that composting can be a significant source of air toxics, fine particulates, volatile organic compounds, and nuisance odors. These facilities must be sited and operated with care. Yet this prospective bill would force an inappropriate 'solution' to a complex issue into statute. Staff recommend an **'Oppose'** position when such a measure is introduced.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison
Reviewed by: Jean Roggenkamp

Attachment 4A: Bill Discussion List
Assembly Bill No. 193
Assembly Bill No. 378
Assembly Bill No. 1014
Assembly Bill No. 1132
Assembly Bill No. 1274
Assembly Bill No. 1647
Senate Bill No. 4
Senate Bill No. 41
Senate Bill No. 49
Senate Bill No. 174

BAAQMD BILL DISCUSSION LIST

March 2017

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff recommendations)
AB 1	Frazier	Transportation infrastructure funding proposal; new fees and taxes.		
AB 13	Eggman	Directs \$85M for marine highway between Ports of Oakland and Stockton.		
AB 17	Holden	Free or reduced-fare transit passes to students.		
AB 18	E. Garcia	Clean Water, Climate and Coastal Protection and Outdoor Access for All: \$3B in bonds, with \$600M for climate adaptation and resiliency projects.		
AB 33	Quirk	Utilities to provide level 2 EV charging.		
AB 79	Levine	Phases out coal-fired electrical generation in CA by 2026.		
AB 151	Burke	Authorizes cap-and-trade past 2020; establishes Compliance Offsets Protocol Task Force; prioritizes offsets credits in disadvantaged communities.		
AB 179	Cervantes	Requires California Transportation Commission members to have expertise in various categories, including air pollution.		
AB 188	Salas	Allows EMFP Plus Up recipients to trade a pickup for a cleaner pickup.		
AB 193	Cervantes	Clean Reused Vehicle Rebate Project; rebates limited to consumers in disadvantaged communities.		<i>Oppose Unless Amended</i>
AB 196	Bigelow	Allows cap-and-trade funds to go to waste and wastewater systems, drinking water system losses, and pumps and pump efficiency.		
AB 246	Santiago	Hazardous waste facilities to install and maintain fence-line monitoring.		
AB 247	C. Garcia	Establishes 20-member OEHHA-convened Lead Advisory Taskforce, with one air district representative.		
AB 262	Bonta	Requires state agencies to incorporate GHG emissions in contracts.		
AB 302	Gipson	Cap-and-trade spot bill.		
AB 311	Mathis	Spot bill on methane from livestock.		
AB 378	C. Garcia	Extends cap-and-trade program to 2030.		<i>Support</i>

AB 388	Mullin	Allows cap-and-trade funds for wetlands restoration, flood protection, and carbon sequestration using dredge spoils.		
AB 398	E. Garcia	Specifies details on Dept. of Finance annual report on use of cap-and-trade funds, including benefits to residents of disadvantaged communities.		
AB 419	Salas	Requires CEC report on zero net energy residential building program.		
AB 421	Santiago	Specifies that air emissions are eligible for cost recovery under California's Hazardous Substances Account Act.		
AB 438	Caballero	Requires ARB in consultation with local air district to analyze GHG emissions from transporting construction aggregate from new or renewed permit mining.		
AB 476	Gibson	Increases vehicle weights for heavy-duty vehicles from 6,000 to 20,000 lbs, and also increases light and medium-duty vehicle weights.		
AB 498	Harper	Spot bill on fire rings at state and local beaches.		
AB 509	Frazier	Tire Recycling Incentive Program Act; new tire fee of up to \$1 per new tire.		
AB 544	Bloom	HOV lane spot bill.		
AB 555	Cunningham	Moyer program spot bill.		
AB 582	C. Garcia	ARB to work to detect defeat devices or other software to cheat emissions.		
AB 615	Cooper	Removes sunset on CVRP income eligibility requirements, and provisions that increase incentive for low-income purchasers.		
AB 630	Cooper	Codifies the EFMP Plus-Up program and expands it to areas with more than 1 million people; various modifications to EFMP and Plus-up programs.		
AB 655	O'Donnell	Renewable Portfolio Standard spot.		
AB 733	Berman	Allows local enhanced infrastructure finance districts to fund climate adaptation projects.		
AB 739	Chau	Requires that by 2030 30% of state heavy duty fleet purchases be ZEVs.		
AB 771	Quirk	Requires steps to attempt to make prescribed burning easier, with some limited involvement of ARB and local air districts.		
AB 863	Cervantes	In the cap-and-trade funded Affordable Housing and Sustainable Communities program, boosts workforce training and local entrepreneurs.		
AB 891	E. Garcia	Requires ARB to add cross-border air monitoring data into CalEnviroScreen.		
AB 920	Aguiar-Curry	Renewable Portfolio Standard spot.		
AB 954	Chiu	Has CalRecycle look at uniform food labeling to reduce organic waste.		

AB 964	Gomez	California Clean Vehicle Affordable Program; loans to low-income and high financial risk individuals to help them purchase clean vehicles.		
AB 1014	Cooper	Attempts to require testing of hospital backup generators only monthly.		<i>Support in Concept</i>
AB 1036	McCarty	Requires reporting on organics waste diversion goals to include progress on SB 1383 of 2016 (bill dealing with short-lived climate pollutants).		
AB 1073	E. Garcia	Extends from 2018 to 2023 the requirement that 20% of Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program go to deployment of existing technology.		
AB 1081	Burke	Eliminates sales tax on value of traded-in vehicle during new clean vehicle purchase.		
AB 1082	Burke	Requires utilities to install and operate EV charging equipment at schools.		
AB 1083	Burke	Requires utilities to install and operate EV charging equipment at state parks.		
AB 1088	Eggman	Requires CEC to increase efforts to involve renters and owners of multi-unit residential buildings in efficiency upgrade, EV infrastructure, and more.		
AB 1103	Oberholte	Allows bicycles to treat stop signs as yields when safe to do so.		
AB 1117	Fong	Prohibits lead agency in CEQA from evaluating aesthetics of a project.		
AB 1132	C. Garcia	Allows APCO to issue emergency abatement order in cases of imminent and substantial public endangerment.		<i>Support</i>
AB 1180	Holden	Increases tire fee by \$1.50 to fund municipal storm sewer projects.		
AB 1187	E. Garcia	Crowdsourcing and Citizen Science Act. Encourages CalEPA and ARB to have the public formulate their research agendas; collect, analyze, and interpret data; and ensure broad public participation.		
AB 1218	Oberholte	Removes sunset on CEQA provisions exempting certain bicycle projects.		
AB 1239	Holden	Codifies existing building standards that require new construction to be ready to install EV charging equipment.		
AB 1259	Calderon	Cap-and-trade funded Clean Bus, Truck and Offroad program spot bill.		
AB 1274	O'Donnell	Will become bill to exempt 7-8 yr. old vehicles from Smog Check, and increase funding for Moyer program using their exemption fee.		<i>Support</i>
AB 1301	Fong	Establishes mission of Joint Legislative Committee on Climate Change Policies; includes effects on gas and electric prices, and cost-effectiveness.		
AB 1317	Gray	Specifies that a Merced water district could receive Moyer funding.		

AB 1341	Calderon	Cuts sales tax on clean vehicle purchases by low-income; provides incentives for clean vehicles; requires ARB to implement comprehensive program to increase clean vehicles.		
AB 1342	Flora	Appropriates \$100M of cap-and-trade funds for healthy forests, \$100M for organic waste reduction and reuse, and \$100M for in-state recycling.		
AB 1369	Gray	Directs 25% of cap-and-trade funds to water storage projects.		
AB 1374	Salas	Defines biodiesel for fuel tax purposes.		
AB 1383	Fong	Requires ARB to do various things prior to adopting new GHG regulations.		
AB 1418	O'Donnell	Intent to promote growth of freight transportation consistent with goals of Sustainable Freight Strategy.		
AB 1433	Wood	Climate Adaptation and Resilience Based on Nature Act; tree thinning.		
AB 1452	Muratsuchi	Allows local authorities to ticket non-EVs parked in public space EV charging.		
AB 1469	Grayson	Requires public non-charter schools to provide free transportation to school.		
AB 1530	Gonzalez Fletcher	Amends Urban Forestry Act by adding new goals, and changing its definition of disadvantaged community from low-income to CalEnviroScreen-based.		
AB 1531	Berman	Expands Local Government Renewable Energy Self Generation Bill Credit Transfer Program.		
AB 1553	Gomez	California Pollution Control Financing Authority spot bill.		
AB 1608	Kalra	Establishes Vibrant Landscape Program to cut GHGs through land management and conservation.		
AB 1623	Acosta	ARB spot bill.		
AB 1640	E. Garcia	Requires each RTIP to direct 25% of funds to projects benefitting low income.		
AB 1645	Muratsuchi	Phases out use of hydrofluoric acid at refineries.		
AB 1646	Muratsuchi	Would require refineries to have automatic notifications, alarms, and alerts.		
AB 1647	Muratsuchi	Requires air districts to require refineries to install community monitors by 2020 and fence-line monitors by 2019, and make that real-time data public.		<i>Support if Amended</i>
AB 1648	Muratsuchi	Requires CalOSHA to increase the number of refinery safety inspectors.		
AB 1649	Muratsuchi	Codifies existing Governor's Interagency Task Force on Refinery Safety.		
AB 1660	Kalra	States legislative intent to improve environmental quality and conservation.		
AB 1663	C. Garcia	Corrects an obsolete reference in air pollution law.		

AB 1679	Burke	States legislative intent to increase ZEV charging infrastructure.		
AB 1680	Burke	Spot bill on energy efficiency and pollution reduction.		
AB 1681	Burke	Spot bill on new vehicle emission standards.		
AB 1683	Burke	Spot bill on CEQA.		
SB 1	Beall	Transportation infrastructure funding proposal; new fees and taxes.		
SB 4	Mendoza	\$600M Goods Movement and Clean Trucks Bond Act, with \$400M to ARB; \$200M for clean trucks in severe or extreme nonattainment areas only.		<i>Support if Amended</i>
SB 5	De Leon	\$3B in bonds; CA Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All; setasides for severely disadvantaged communities.		
SB 41	Galgiani	Allows owners of recalled Cleaire Long Mile filter systems an additional 5 years of operation, contrary to regulatory requirements from ARB.		<i>Oppose</i>
SB 49	De Leon	CA Environmental, Public Health, and Workers Defense Act of 2017; attempts to impose no backsliding requirements on ARB and air districts prior to potential federal rollbacks.		<i>Support if Amended</i>
SB 53	Hueso	Allows natural gas trucks to exceed weight limits by the amount of the difference between a diesel and a natural gas truck.		
SB 79	Allen	Cuts sales tax for purchasers of used electric and plug-in vehicles.		
SB 80	Wieckowski	Requires CEQA lead agencies to post material on the web.		
SB 174	Lara	Blocks registration of trucks not in compliance with air quality regulations.		<i>Support</i>
SB 242	Skinner	Intent to enhance Property Assessed Clean Energy program.		
SB 262	Wieckowski	Specifies that Office of Planning and Research climate adaptation advisory council members serve staggered 4-year terms.		
SB 263	Leyva	Requires Strategic Growth Council to establish 10 regional climate assistance centers to help disadvantaged communities compete for cap-and-trade funds.		
SB 276	Dodd	Exempts Healthy Soils Program (incentives for farmers that cut GHGs) from mitigating adverse impacts, and stops prioritizing criteria emission reductions.		
SB 338	Skinner	Intent to enact Clean Peak Reliability Requirement.		
SB 376	Bradford	Requires CEC Chair to report directly to legislature on various activities.		
SB 406	Leyva	HOV lane spot bill.		
SB 498	Skinner	Requires ARB to adopt 2021 EV targets for public and private fleets.		

SB 521	Leyva	Extends from 2018 to 2021 sunset on requirement that automotive service providers check tire inflation pressure.		
SB 560	Allen	Requires CalPERS and others to report on financial climate risks of their investment portfolios, and their carbon footprint.		
SB 563	Lara	Will become bill on residential wood-burning incentive program.		
SB 584	De Leon	Changes Renewable Portfolio Standard's from 50% in 2030 to 2025, and adds 100% renewables requirement by 2045.		
SB 638	Leyva	Requires heavy duty vehicles to undergo regular emissions testing in order to be registered with DMV.		
SB 659	Stern	Spot bill on Alternative Energy and Advanced Transportation Financing Act.		
SB 660	Newman	Allows private entities to provide funding to ARB to expedite testing and certification of vehicle aftermarket equipment.		
SB 702	Stern	Requires DGS to expand statewide bike-sharing program for state employees.		
SB 711	Hill	Local-State Sustainable Investment Incentive Program.		
SB 713	Anderson	Intent to provide legal relief to owners of commercial vehicles with faulty diesel particulate filters.		
SB 745	Stern	Spot bill on AB 32 (CA Global Warming Solutions Act of 2006).		
SB 760	Wiener	Establishes Division of Active Transportation in Caltrans, and incorporates 'complete streets' concept into Highway Design Manual.		
SB 721	De Leon	Requires continuing education for public agency employees with CEQA responsibilities.		
SB 775	Wieckowski	Requires ARB to consult with local agencies when designing GHG programs.		

ASSEMBLY BILL

No. 193

Introduced by Assembly Member Cervantes

January 19, 2017

An act to add Section 44274.9 to the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 193, as introduced, Cervantes. Air Quality Improvement Program: Clean Reused Vehicle Rebate Project.

Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. Pursuant to its existing statutory authority, the state board has established the Clean Vehicle Rebate Project, as a part of the Air Quality Improvement Program, to promote the production and use of zero-emission vehicles by providing rebates for the purchase of new zero-emission vehicles.

This bill would require the state board to establish the Clean Reused Vehicle Rebate Project, as a part of the Air Quality Improvement Program, to provide rebates or other incentives for the acquisition of an eligible used vehicle, as defined; the replacement or refurbishment of a battery and related components for an eligible used vehicle or an extended warranty for the battery or related components; or an extended service warranty to cover unexpected vehicle repairs not covered by the manufacturer's warranty related to unique problems in eligible used vehicles, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 44274.9 is added to the Health and Safety
2 Code, to read:

3 44274.9. (a) For purposes of this section, the following terms
4 mean the following:

5 (1) “Eligible used vehicle” only includes the same categories
6 of vehicles that are eligible for a rebate under the Clean Vehicle
7 Rebate Project.

8 (2) “Used vehicle” has the same meaning as set forth in Section
9 665 of the Vehicle Code.

10 (b) No later than July 1, 2019, the state board shall establish,
11 as a part of the Air Quality Improvement Program, the Clean
12 Reused Vehicle Rebate Project to provide an applicant with any
13 of the following:

14 (1) A rebate or other incentive with a value of up to one
15 thousand eight hundred dollars (\$1,800) for the acquisition of an
16 eligible used vehicle from a licensed dealer.

17 (2) A rebate or other incentive for the replacement or
18 refurbishment of a battery and related components for an eligible
19 used vehicle, for an extended warranty for the battery and related
20 components, or for both.

21 (3) A rebate or other incentive for an extended service warranty
22 to cover unexpected vehicle repairs not covered by the
23 manufacturer’s warranty related to unique problems in eligible
24 used vehicles.

25 (c) A rebate or other incentive issued pursuant to this section
26 shall be limited to one per vehicle.

27 (d) Rebates or other incentives issued pursuant to this section
28 shall be limited to low- and moderate-income consumers residing
29 in disadvantaged communities, as identified pursuant to Section
30 39711.

31 (e) Notwithstanding subdivision (d), a rebate or other incentive
32 available pursuant to paragraph (1) of subdivision (b) shall only
33 be issued to an applicant who resides in one of the following:

34 (1) A county where less than 2 percent of the total rebates of
35 the Clean Vehicle Rebate Project, established as part of the Air
36 Quality Improvement Program established pursuant to this article,
37 have been issued.

1 (2) A district that has been designated by the state board as
2 being in nonattainment and as not meeting the federal ambient air
3 quality standards.

4 (f) The state board shall coordinate the Clean Reused Vehicle
5 Rebate Project with the Clean Vehicle Rebate Project, established
6 as part of the Air Quality Improvement Program established
7 pursuant to this article, the enhanced fleet modernization program,
8 established pursuant to Article 11 (commencing with Section
9 44125) of Chapter 5, and the Charge Ahead California Initiative,
10 established pursuant to Chapter 8.5 (commencing with Section
11 44285), including, but not limited to, all of the following:

12 (1) Coordinating eligibility pursuant to this section with
13 eligibility for the enhanced fleet modernization program.

14 (2) Ensuring appropriate outreach and targeting to low- and
15 moderate-income households in an effort to encourage
16 participation.

17 (3) Expanding financing mechanisms, including, but not limited
18 to, a loan or loan-loss reserve credit enhancement program to
19 increase consumer access to zero-emission and near-zero-emission
20 vehicle financing and leasing options that can help lower
21 expenditures on transportation and prequalification or point-of-sale
22 rebates or other methods to increase participation rates among low-
23 and moderate-income consumers.

24 (g) (1) The state board shall establish safeguards for the project
25 established pursuant to this section to prevent both of the following:

26 (A) Fraudulent activity by the sellers and acquirers of eligible
27 used vehicles.

28 (B) Practices that could prevent the intended recipients of rebates
29 or other incentives from benefiting from this section.

30 (2) For purposes of this subdivision, “fraudulent activity” may
31 include raising the price of eligible used vehicles in a manner that
32 partially or completely captures a rebate or other incentive issued
33 pursuant to this section.

ASSEMBLY BILL

No. 378

**Introduced by Assembly Members Cristina Garcia, Holden, and
Eduardo Garcia
(Coauthors: Assembly Members Bloom, Bonta, Eggman, Friedman,
Gomez, Jones-Sawyer, Kalra, McCarty, Reyes, Mark Stone,
Thurmond, and Ting)**

February 9, 2017

An act to amend Section 38562.5 of, and to add Section 38567 to, the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 378, as introduced, Cristina Garcia. California Global Warming Solutions Act of 2006: regulations.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. The act requires the state board to approve a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020 and to ensure that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030.

The act requires the state board, when adopting rules and regulations to achieve greenhouse gas emissions reductions beyond the statewide greenhouse gas emissions limit and to protect the state's most impacted and disadvantaged communities, to follow specified requirements, consider the social costs of the emissions of greenhouse gases, and prioritize specified emission reduction rules and regulations.

This bill would additionally require the state board to consider and account for the social costs of the emissions and greenhouse gases when adopting those rules and regulations. The bill would authorize the state board to adopt or subsequently revise new regulations that establish a market-based compliance mechanism, applicable from January 1, 2021, to December 31, 2030, to complement direct emissions reduction measures in ensuring that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030.

This bill would require the state board, in ensuring that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030, to adopt the most effective and equitable mix of emissions reduction measures and ensure that emissions reduction measures collectively and individually support achieving air quality and other environmental and public health goals.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) It is a primary objective of the state to reduce greenhouse
- 4 gas emissions, which is critical for the protection of all areas of
- 5 the state but especially for the state's most disadvantaged
- 6 communities, which will be disproportionately impacted by climate
- 7 change and emissions from sources of greenhouse gases, including
- 8 short-lived climate pollutants, as well as criteria pollutants and
- 9 toxic air contaminants.
- 10 (b) While low-income communities and communities of color
- 11 in the state suffer from some of the worst air quality in the nation,
- 12 the state has been and must continue to be a leader in making
- 13 investments in historically disadvantaged communities.
- 14 (c) Achieving the state's climate and air quality goals in an
- 15 equitable and effective manner will require a mix of direct
- 16 regulations and incentives that hold major emitters accountable
- 17 for the social costs of their emissions, protect the state's economy,
- 18 and direct investments to communities across the state.
- 19 SEC. 2. Section 38562.5 of the Health and Safety Code is
- 20 amended to read:

1 38562.5. (a) When adopting rules and regulations pursuant
2 to this division to achieve emissions reductions beyond the
3 statewide greenhouse gas emissions limit and to protect the state’s
4 most impacted and disadvantaged communities, the state board
5 shall follow the requirements in subdivision (b) of Section 38562,
6 consider *and account for* the social costs of the emissions of
7 greenhouse gases, and prioritize both of the following:

8 (a)

9 (1) Emission reduction rules and regulations that result in direct
10 emission reductions at large stationary sources of greenhouse gas
11 emissions ~~sources~~ and direct emission reductions from mobile
12 sources.

13 (b)

14 (2) Emission reduction rules and regulations that result in direct
15 emission reductions from sources other than those specified in
16 ~~subdivision (a)~~. *paragraph (1)*.

17 (b) *The state board may adopt or subsequently revise new*
18 *regulations that establish a market-based compliance mechanism*
19 *developed pursuant to Part 5 (commencing with Section 38570),*
20 *applicable from January 1, 2021, to December 31, 2030, to*
21 *complement direct emissions reduction measures in ensuring the*
22 *reductions in greenhouse gas emissions required pursuant to*
23 *Section 38566.*

24 SEC. 3. Section 38567 is added to the Health and Safety Code,
25 to read:

26 38567. In furtherance of ensuring the reductions in greenhouse
27 gas emissions required pursuant to Section 38566 and consistent
28 with this division, the state board shall do all of the following:

29 (a) Adopt the most effective and equitable mix of emissions
30 reduction measures to achieve the 2030 goal.

31 (b) Ensure that emissions reduction measures collectively and
32 individually support achieving air quality and other environmental
33 and public health goals.

ASSEMBLY BILL

No. 1014

Introduced by Assembly Member Cooper

February 16, 2017

An act to add Section 41514.1 to the Health and Safety Code, relating to nonvehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1014, as introduced, Cooper. Diesel backup generators: health facility.

Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution, and air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources.

This bill would require a health facility, as defined, to conduct specified tests of its diesel backup generators. By adding to the duties of air districts, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 41514.1 is added to the Health and Safety
2 Code, to read:

3 41514.1. (a) For purposes of this section, “health facility” has
4 the same meaning as defined in Section 1250, but includes only
5 those facilities described in subdivision (a), (b), (c), (d), (f), (g),
6 or (k) of that section.

7 (b) A health facility shall test each of its diesel backup
8 generators in conformance with the most recent edition of the
9 National Fire Protection Association 110: Standard for Emergency
10 and Standby Power Systems related to testing and maintenance
11 activities. These activities shall include inspection procedures for
12 assessing the prime mover’s exhaust gas temperature against the
13 minimum temperature recommended by the manufacturer.

14 SEC. 2. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 a local agency or school district has the authority to levy service
17 charges, fees, or assessments sufficient to pay for the program or
18 level of service mandated by this act, within the meaning of Section
19 17556 of the Government Code.

ASSEMBLY BILL

No. 1132

Introduced by Assembly Member Cristina Garcia

February 17, 2017

An act to add Section 42451.5 to the Health and Safety Code, relating to nonvehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1132, as introduced, Cristina Garcia. Nonvehicular air pollution: order of abatement.

Existing law regulates the emission of air pollutants by stationary sources and authorizes the regional air quality management districts and air pollution control districts (air districts) to enforce those requirements. Existing law authorizes the governing boards and the hearing boards of air districts to issue an order for abatement, after notice and a hearing, whenever they find a violation of those requirements.

This bill would authorize the air pollution control officer, if he or she determines that a person has violated those requirements and the violation presents an imminent and substantial endangerment to the public health or welfare, or the environment, to issue an order for abatement pending a hearing before the hearing board of the air district. The bill would require the air pollution control officer to notify the alleged violator of the order and would establish a procedure for a postorder hearing.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 42451.5 is added to the Health and Safety
2 Code, to read:
3 42451.5. (a) If the air pollution control officer determines that
4 a person is constructing or operating any article, machine,
5 equipment, or other contrivance without a permit required by this
6 part, or is in violation of Section 41700 or 41701 or of any order,
7 rule, or regulation prohibiting or limiting the discharge of air
8 contaminants into the air and that the violation presents an
9 imminent and substantial endangerment to the public health or
10 welfare, or the environment, the air pollution control officer may
11 issue an order for abatement to the person pending a hearing
12 pursuant to Section 42450. The order shall be effective upon the
13 notification of the person of the order. In notifying the person, the
14 air pollution control officer shall also provide that person with an
15 accusation specifying the grounds on which the order is issued and
16 procedures by which the person may challenge the order.
17 (b) Upon receipt by the air district of a notice of defense to the
18 accusation from the person, the air district shall, within 15 days,
19 set the matter for a hearing pursuant to this article, which shall be
20 held as soon as possible, but not later than 30 days after the receipt
21 of the notice.
22 (c) The order shall remain in effect until the hearing is completed
23 and the hearing board has made a final determination on the merits,
24 which shall be made within 60 days after the completion of the
25 hearing. If the determination is not transmitted within this period,
26 the order shall be of no further effect.

O

ASSEMBLY BILL

No. 1274

Introduced by Assembly Member O'Donnell

February 17, 2017

An act to amend Section 44280 of the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1274, as introduced, O'Donnell. Carl Moyer Memorial Air Quality Standards Attainment Program.

Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, which is administered by the State Air Resources Board. The program authorizes the state board to provide grants to offset the incremental cost of eligible projects that reduce emissions from covered vehicular sources. The program also authorizes funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals.

This bill would make nonsubstantive changes to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 44280 of the Health and Safety Code, as
- 2 amended by Section 17 of Chapter 401 of the Statutes of 2013, is
- 3 amended to read:

1 44280. (a) There is hereby created the Carl Moyer Memorial
2 Air Quality Standards Attainment Program. The program shall be
3 administered by the state board in accordance with this chapter.
4 The administration of the program may be delegated to the districts.
5 (b) The program shall provide grants to offset the incremental
6 cost of projects that reduce covered emissions from covered sources
7 in ~~California~~. *the state*. Eligibility for grant awards shall be
8 determined by the state board, in consultation with the districts,
9 in accordance with this chapter.
10 (c) The program *also* shall ~~also~~ provide funding for a fueling
11 infrastructure demonstration program and for technology
12 development efforts that are expected to result in commercially
13 available technologies in the near-term that would improve the
14 ability of the program to achieve its goals. The infrastructure
15 demonstration and technology development portions of the program
16 shall be managed by the commission, in consultation with the state
17 board.
18 (d) This section shall remain in effect only until January 1, 2024,
19 and as of that date is repealed, unless a later enacted statute, that
20 is enacted before January 1, 2024, deletes or extends that date.

ASSEMBLY BILL

No. 1647

Introduced by Assembly Member Muratsuchi

February 17, 2017

An act to add Section 42705.5 to the Health and Safety Code, relating to nonvehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1647, as introduced, Muratsuchi. Petroleum refineries: air monitoring systems.

Existing law generally designates air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law authorizes the State Air Resources Board or the air district to require the owner or the operator of an air pollution emission source to take any action that the state board or the air district determines to be reasonable for the determination of the amount of air pollution emissions from that source.

This bill would require an air district to require the owner or operator of a petroleum refinery to install a community air monitoring system, as defined, on or before January 1, 2020, and to install a fence-line monitoring system, as defined, on or before January 1, 2019. By adding to the duties of air districts, this bill would impose a state-mandated local program. The bill would require the owner or operator of a refinery to collect real-time data from these monitoring systems, to make that data available to the public at the time of collection in a publicly accessible format, and to maintain records of that data.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 42705.5 is added to the Health and Safety
2 Code, to read:

3 42705.5. (a) For purposes of this section, the following
4 definitions apply:

5 (1) “Community air monitoring system” means equipment that
6 measures and records air pollutant concentrations in the ambient
7 air at or near sensitive receptor locations near a petroleum refinery
8 and that may be useful for estimating associated pollutant
9 exposures and health risks and in determining trends in air pollutant
10 levels over time.

11 (2) “Fence-line monitoring system” means equipment that
12 measures and records air pollutant concentrations along the
13 property boundary of a petroleum refinery and that may be useful
14 for detecting or estimating the quantity of fugitive emissions, gas
15 leaks, and other air emissions from the refinery.

16 (b) Notwithstanding Section 42708, a district shall require the
17 owner or operator of a petroleum refinery to install the following
18 monitoring systems, which shall be operated and maintained in
19 accordance with the regional air monitoring plan approved by the
20 district:

21 (1) A community air monitoring system, installed on or before
22 January 1, 2020.

23 (2) A fence-line monitoring system, installed on or before
24 January 1, 2019.

25 (c) The owner or operator of a petroleum refinery shall collect
26 real-time data from the community air monitoring system and the
27 fence-line monitoring system and shall maintain records of that
28 data. This data shall be available to the public at the time of
29 collection in a publicly accessible format.

1 SEC. 2. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 a local agency or school district has the authority to levy service
4 charges, fees, or assessments sufficient to pay for the program or
5 level of service mandated by this act, within the meaning of Section
6 17556 of the Government Code.

O

Introduced by Senator MendozaDecember 5, 2016

An act to add Chapter 12.495 (commencing with Section 8879.80) to Division 1 of Title 2 of the Government Code and to amend Section 2192 of the Streets and Highways Code, relating to goods movement, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 4, as introduced, Mendoza. Goods Movement: allocation of federal funds: Goods Movement and Clean Trucks Bond Act.

(1) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) created the Trade Corridors Improvement Fund and provided for allocation by the California Transportation Commission of \$2 billion in bond funds for infrastructure improvements on highway and rail corridors that have a high volume of freight movement, and specified categories of projects eligible to receive these funds. Existing law continues the Trade Corridors Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes. Proposition 1B also provided for the allocation of \$1 billion in bond funds to the State Air Resources Board for emission reductions, not otherwise required by law or regulation, from activities related to the movement of freight along California's trade corridors, which was allocated by the state board pursuant to the Goods Movement Emission Reduction Program.

This bill, subject to voter approval at the June 5, 2018, statewide primary election, would enact the Goods Movement and Clean Trucks Bond Act to authorize \$600,000,000 of state general obligation bonds

as follows: \$200,000,000 to the California Transportation Commission for projects and programs eligible for funding from the Trade Corridors Improvement Fund; \$200,000,000 to the State Air Resources Board for projects and programs consistent with the Goods Movement Emission Reduction Program; and \$200,000,000 to the State Air Resources Board for projects and programs to expand the use of zero- and near-zero emission trucks in areas of the state that are designated as severe or extreme nonattainment areas for ozone and particulate matter.

(2) Existing law requires the California Transportation Commission, in determining projects eligible for funding from the Trade Corridors Improvement Fund, to consult various state freight and regional infrastructure and goods movement plans and the statewide port master plan.

This bill would revise the list of plans to be consulted by the commission in prioritizing projects for funding. The bill would expand eligible projects to include, among others, rail landside access improvements, landside freight access improvements to airports, and certain capital and operational improvements. The bill would also identify specific amounts to be allocated from federal goods movement funds made available by the federal Fixing America’s Surface Transportation Act to certain categories of projects.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 12.495 (commencing with Section
2 8879.80) is added to Division 1 of Title 2 of the Government Code,
3 to read:

4
5 CHAPTER 12.495. THE GOODS MOVEMENT AND CLEAN TRUCKS
6 BOND ACT

7
8 Article 1. General Provisions
9

10 8879.80. (a) This chapter shall be known as the Goods
11 Movement and Clean Trucks Bond Act.

12 (b) This chapter shall only become operative upon adoption by
13 the voters at the June 5, 2018, statewide primary election.

1 8879.82. As used in this chapter, the following terms have the
2 following meanings:

3 (a) “Board” has the meaning as described in Section 8879.87.

4 (b) “Committee” means the Goods Movement and Clean Trucks
5 Bond Committee created pursuant to Section 8879.87.

6 (c) “Fund” means the Goods Movement and Clean Trucks Bond
7 Fund created pursuant to Section 8879.83.

8

9 Article 2. Goods Movement and Clean Trucks Bond Fund and
10 Program

11

12 8879.83. (a) The Goods Movement and Clean Trucks Bond
13 Fund is hereby created in the State Treasury.

14 (b) The proceeds of bonds deposited in the fund shall be used,
15 upon appropriation by the Legislature, to fund goods movement
16 and clean trucks improvements as follows:

17 (1) Two hundred million dollars (\$200,000,000) to the California
18 Transportation Commission for projects and programs eligible for
19 funding from the Trade Corridors Improvement Fund (TCIF) under
20 Section 2192 of the Streets and Highways Code and, to the extent
21 practicable, pursuant to the existing TCIF guidelines of the
22 commission. Priority shall be given to projects and programs
23 identified under the Sustainable Freight Action Plan released in
24 July 2016 pursuant to Executive Order B-32-15.

25 (2) Two hundred million dollars (\$200,000,000) to the State
26 Air Resources Board for projects and programs consistent with
27 the Goods Movement Emission Reduction Program (Chapter 3.2
28 (commencing with Section 39625) of Part 2 of Division 26 of the
29 Health and Safety Code). Priority shall be given to projects and
30 programs identified under the Sustainable Freight Action Plan
31 released in July 2016 pursuant to Executive Order B-32-15.

32 (3) Two hundred million dollars (\$200,000,000) to the State
33 Air Resources Board for projects and programs to expand the use
34 of zero- and near-zero emission trucks in areas of the state that are
35 designated as severe or extreme nonattainment areas for ozone
36 and particulate matter.

Article 3. Fiscal Provisions

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8879.85. Bonds in the total amount of six hundred million dollars (\$600,000,000), or so much thereof as is necessary, not including the amount of any refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

8879.86. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4), and all of the other provisions of that law as amended from time to time apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

8879.87. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Goods Movement and Clean Trucks Bond Committee is hereby created. For the purposes of this chapter, the Goods Movement and Clean Trucks Bond Committee is “the committee” as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, the Director of Finance, and the Secretary of Transportation, or a designated representative of each of those officials. The Treasurer shall serve as the chairperson of the committee. A majority of the committee may act for the committee.

(b) For the purposes of the State General Obligation Bond Law, the California Transportation Commission, with respect to paragraph (1) of subdivision (b) of Section 8879.83, and the State Air Resources Board, with respect to paragraphs (2) and (3) of subdivision (b) of Section 8879.83, is designated to be the “board.”

8879.88. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Section

1 8879.83, and, if so, the amount of bonds to be issued and sold.
2 Successive issues of bonds may be authorized and sold to carry
3 out those actions progressively, and are not required to be sold at
4 any one time.

5 8879.89. There shall be collected each year and in the same
6 manner and at the same time as other state revenue is collected,
7 in addition to the ordinary revenues of the state, a sum in an amount
8 required to pay the principal of, and interest on, the bonds each
9 year. It is the duty of all officers charged by law with any duty in
10 regard to the collection of the revenue to do and perform each and
11 every act that is necessary to collect that additional sum.

12 8879.90. Notwithstanding Section 13340, there is hereby
13 appropriated from the General Fund in the State Treasury, for the
14 purposes of this chapter, an amount that will equal the total of the
15 following:

16 (a) The sum annually necessary to pay the principal of, and
17 interest on, bonds issued and sold pursuant to this chapter, as the
18 principal and interest become due and payable.

19 (b) The sum necessary to carry out Section 8879.91,
20 appropriated without regard to fiscal years.

21 8879.91. For the purposes of carrying out this chapter, the
22 Director of Finance may authorize the withdrawal from the General
23 Fund of an amount not to exceed the amount of the unsold bonds
24 that have been authorized by the committee to be sold for the
25 purpose of carrying out this chapter. Any amounts withdrawn shall
26 be deposited in the fund. Any moneys made available under this
27 section shall be returned to the General Fund from proceeds
28 received from the sale of bonds for the purpose of carrying out
29 this chapter.

30 8879.92. The board may request the Pooled Money Investment
31 Board to make a loan from the Pooled Money Investment Account,
32 including other authorized forms of interim financing that include,
33 but are not limited to, commercial paper, in accordance with
34 Section 16312, for purposes of carrying out this chapter. The
35 amount of the request shall not exceed the amount of the unsold
36 bonds that the committee, by resolution, has authorized to be sold
37 for the purpose of carrying out this chapter. The board shall execute
38 any documents required by the Pooled Money Investment Board
39 to obtain and repay the loan. Any amounts loaned shall be

1 deposited in the fund to be allocated by the board in accordance
2 with this chapter.

3 8879.93. Notwithstanding any other provision of this chapter,
4 or of the State General Obligation Bond Law, if the Treasurer sells
5 bonds pursuant to this chapter that include a bond counsel opinion
6 to the effect that the interest on the bonds is excluded from gross
7 income for federal tax purposes, subject to designated conditions,
8 the Treasurer may maintain separate accounts for the investment
9 of bond proceeds and for the investment of earnings on those
10 proceeds. The Treasurer may use or direct the use of those proceeds
11 or earnings to pay any rebate, penalty, or other payment required
12 under federal law or take any other action with respect to the
13 investment and use of those bond proceeds required or desirable
14 under federal law to maintain the tax-exempt status of those bonds
15 and to obtain any other advantage under federal law on behalf of
16 the funds of this state.

17 8879.94. All moneys deposited in the fund that are derived
18 from premium and accrued interest on bonds sold pursuant to this
19 chapter shall be reserved in the fund and shall be available for
20 transfer to the General Fund as a credit to expenditures for bond
21 interest, except that amounts derived from premium may be
22 reserved and used to pay the cost of bond issuance prior to any
23 transfer to the General Fund.

24 8879.95. Pursuant to Chapter 4 (commencing with Section
25 16720) of Part 3 of Division 4, the cost of bond issuance shall be
26 paid out of the bond proceeds, including premium, if any. To the
27 extent the cost of bond issuance is not paid from premiums received
28 from the sale of bonds, these costs shall be shared proportionately
29 by each program funded through this chapter by the applicable
30 bond sale.

31 8879.96. The bonds may be refunded in accordance with Article
32 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
33 Division 4, which is a part of the State General Obligation Bond
34 Law. Approval by the voters of the state for the issuance of the
35 bonds described in this chapter includes the approval of the
36 issuance of any bonds issued to refund any bonds originally issued
37 under this chapter or any previously issued refunding bonds.

38 8879.97. The Legislature hereby finds and declares that,
39 inasmuch as the proceeds from the sale of bonds authorized by
40 this chapter are not “proceeds of taxes” as that term is used in

1 Article XIII B of the California Constitution, the disbursement of
2 these proceeds is not subject to the limitations imposed by that
3 article.

4 SEC. 2. Section 2192 of the Streets and Highways Code is
5 amended to read:

6 2192. (a) (1) The Trade Corridors Improvement Fund, created
7 pursuant to subdivision (c) of Section 8879.23 of the Government
8 Code, is hereby continued in existence to receive revenues from
9 state sources other than the Highway Safety, Traffic Reduction,
10 Air Quality, and Port Security Bond Act of 2006. ~~This chapter
11 shall govern expenditure of those other revenues.~~

12 (2) *Revenues apportioned to the state under Section 167 of Title
13 23 of the United States Code from the national highway freight
14 program, pursuant to the federal Fixing America's Surface
15 Transportation Act ("FAST Act," Public Law 114-94) shall be
16 allocated for projects approved pursuant to this chapter.*

17 (b) *This chapter shall govern the expenditure of those state and
18 federal revenues described in subdivision (a).*

19 ~~(b) The moneys in the fund from these other sources~~

20 (c) *The funding described in subdivision (a) shall be available
21 upon appropriation for allocation by the California Transportation
22 Commission for infrastructure improvements in this state on
23 federally designated Trade Corridors of National and Regional
24 Significance, on the Primary Freight Network, and along other
25 corridors that have a high volume of freight movement, as
26 determined by the ~~commission~~ *commission and as identified in
27 the state freight plan developed and adopted pursuant to Section
28 13978.8 of the Government Code. In ~~determining~~ *prioritizing the
29 projects eligible for funding, the commission shall consult the
30 Transportation Agency's state freight plan as described in Section
31 13978.8 of the Government Code, the State Air Resources Board's
32 Sustainable Freight Strategy adopted by Resolution 14-2, and the
33 trade infrastructure and goods movement plan submitted to the
34 commission by the Secretary of Transportation and the Secretary
35 for Environmental Protection. The commission shall also consult
36 California Sustainable Freight Action Plan released in July 2016
37 pursuant to Executive Order B-32-15, trade infrastructure and
38 goods movement plans adopted by regional transportation planning
39 agencies, adopted regional transportation plans required by state
40 and federal law, and the ~~statewide applicable port master plan~~***

1 ~~when determining eligible projects for funding.~~ *plan. Eligible*
2 *projects for the funding described in subdivision (a) shall further*
3 *the state's economic, environmental, and public health objectives*
4 *and goals for freight policy, as articulated in the plans to be*
5 *consulted pursuant to this subdivision. Eligible projects for these*
6 ~~funds include, but are not limited to, all of the following:~~ *are as*
7 *follows:*

8 (1) ~~Highway~~ *Highway, local road, and rail capital and capacity*
9 *improvements, rail landside access improvements, landside freight*
10 *access improvements to airports, seaports, and land ports, and*
11 *operational improvements to more efficiently accommodate the*
12 *movement of freight, particularly for ingress and egress to and*
13 *from the state's land ports of ~~entry~~ *entry, rail terminals, and*
14 *seaports, including navigable inland waterways used to transport*
15 *freight between seaports, land ports of entry, and airports, and to*
16 *relieve traffic congestion along major trade or goods movement*
17 *corridors.**

18 (2) *Freight rail system improvements to enhance the ability to*
19 *move goods from seaports, land ports of entry, and airports to*
20 *warehousing and distribution centers throughout California,*
21 *including projects that separate rail lines from highway or local*
22 *road traffic, improve freight rail mobility through mountainous*
23 *regions, relocate rail switching yards, and other projects that*
24 *improve the efficiency and capacity of the rail freight system.*

25 ~~(3) Projects to enhance the capacity and efficiency of ports.~~

26 (3) *Infrastructure improvement projects to enhance the capacity*
27 *and efficiency of ports without having the effect of displacing*
28 *workers in port operations.*

29 (4) *Truck corridor and capital and operational improvements,*
30 ~~including~~ *including, but not limited to, dedicated truck facilities*
31 *or truck toll facilities.*

32 (5) ~~Border~~ ~~access~~ *capital and operational improvements that*
33 *enhance goods movement between California and Mexico and that*
34 *maximize the state's ability to access ~~coordinated border~~
35 ~~infrastructure~~ *funds made available to the state by federal law.**

36 (6) *Surface transportation and connector road capital and*
37 *operational improvements to effectively facilitate the movement*
38 *of goods, particularly for ingress and egress to and from the state's*
39 *land ports of entry, airports, and seaports, to relieve traffic*
40 *congestion along major trade or goods movement corridors.*

1 ~~(e) (1) the commission shall allocate funds for trade~~
2 ~~infrastructure improvements from the fund consistent with Section~~
3 ~~8879.52 of the Government Code and the Trade Corridors~~
4 ~~Improvement Fund (TCIF) Guidelines adopted by the commission~~
5 ~~on November 27, 2007, or as amended by the commission, and in~~
6 ~~a manner that (A) addresses the state's most urgent needs, (B)~~
7 ~~balances the demands of various land ports of entry, seaports, and~~
8 ~~airports, (C) provides reasonable geographic balance between the~~
9 ~~state's regions, and (D) places emphasis on projects that improve~~
10 ~~trade corridor mobility while reducing emissions of diesel~~
11 ~~particulate and other pollutant emissions.~~

12 *(d) (1) In evaluating the program of projects to be funded with*
13 *funds described in paragraph (2) of subdivision (a), the commission*
14 *shall evaluate the total potential economic and noneconomic*
15 *benefits of the program of projects to California's economy,*
16 *environment, and public health. The commission shall consult with*
17 *the agencies identified in Executive Order B-32-15 and*
18 *metropolitan planning organizations in order to utilize the*
19 *appropriate models, techniques, and methods to develop the*
20 *parameters for evaluating the program of projects. The commission*
21 *shall allocate the funding described in paragraph (2) of subdivision*
22 *(a) for trade infrastructure improvements as follows:*

23 *(A) One hundred fifty million dollars (\$150,000,000) shall be*
24 *dedicated exclusively to fund improvements to California's existing*
25 *or planned land ports of entry on the border with Mexico. The*
26 *department, in consultation with the San Diego Association of*
27 *Governments and the Imperial County Transportation Commission,*
28 *shall nominate a program of projects for funding allocations that*
29 *make border capital and operational improvements to enhance*
30 *goods movement between California and Mexico and contribute*
31 *to the reduction of emissions.*

32 *(B) Seventy million dollars (\$70,000,000) shall be dedicated*
33 *exclusively to fund projects for the elimination, alteration, or*
34 *improvement of hazardous railroad-highway grade crossings.*
35 *Projects shall be jointly nominated by the department and a*
36 *regional transportation agency.*

37 *(C) Three hundred sixty million dollars (\$360,000,000) shall*
38 *be available for projects nominated by regional transportation*
39 *agencies and other public agencies, including counties, cities, and*
40 *port authorities, in consultation with the department, and consistent*

1 with corridor-based programming targets contained in the Trade
2 Corridors Investment Fund (TCIF) Guidelines adopted by the
3 commission on November 27, 2007, or as amended by the
4 commission, to provide reasonable geographic targets for funding
5 allocations without constraining what an agency may propose or
6 what the commission may approve. However, the San Diego
7 Association of Governments, the Imperial County Transportation
8 Commission, and other public agencies in San Diego and Imperial
9 Counties shall be excluded from nominating projects under this
10 subparagraph.

11 (2) The commission shall proportionately adjust the amounts
12 in subparagraphs (A), (B), and (C) of paragraph (1) if the amount
13 of funds described in paragraph (2) of subdivision (a) is less than
14 or greater than five hundred eighty million dollars (\$580,000,000).

15 (3) The commission shall adopt guidelines to allocate the
16 funding described in subdivision (a) for trade infrastructure
17 improvements in a manner that (A) addresses the state's most
18 urgent needs, (B) balances the demands of various land ports of
19 entry, seaports, and airports, (C) provides reasonable geographic
20 balance between the state's regions, (D) places emphasis on
21 projects that improve trade corridor mobility and safety while
22 reducing emissions of diesel particulates, greenhouse gases, and
23 other pollutants and reducing other negative community impacts,
24 and (E) makes a significant contribution to the state's economy.
25 The commission shall adopt any amendments to the 2007 guidelines
26 no later than 90 days after the effective date of the act adding this
27 paragraph in the 2017–18 Regular Session.

28 (4) In adopting amended guidelines, and developing and
29 adopting the program of projects, the commission shall do all of
30 the following:

31 (A) Accept nominations for projects to be included in the
32 program of projects from regional and local transportation
33 agencies and the department.

34 (B) Recognize the key role of the state in project identification
35 and support integrating statewide goods movement priorities into
36 the corridor approach.

37 (C) Give the highest priority for funding allocations to projects
38 jointly nominated by the department and a regional or other public
39 agency.

40 (2)

1 (5) In addition, the commission shall also consider the following
2 factors when allocating ~~these funds~~: *funds under this section*:

3 (A) “Velocity,” which means the speed by which large cargo
4 would travel from the land port of entry or seaport through the
5 distribution system.

6 (B) “Throughput,” which means the volume of cargo that would
7 move from the land port of entry or seaport through the distribution
8 system.

9 (C) “Reliability,” which means a reasonably consistent and
10 predictable amount of time for cargo to travel from one point to
11 another on any given day or at any given time in California.

12 (D) “Congestion reduction,” which means the reduction in
13 recurrent daily hours of delay to be achieved.

14 SEC. 3. Section 1 of this act shall become operative upon the
15 adoption by the voters of the Goods Movement and Clean Trucks
16 Bond Act, as set forth in Section 1 of this act.

17 SEC. 4. The Secretary of State shall submit the Goods
18 Movement and Clean Trucks Bond Act, as set forth in Section 1
19 of this act, to the voters at the June 5, 2018, statewide primary
20 election.

AMENDED IN SENATE MARCH 15, 2017

SENATE BILL

No. 41

Introduced by Senator Galgiani

December 5, 2016

An act to add *and repeal* Section 39601.1 ~~to~~ of the Health and Safety Code, relating to *vehicular* air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 41, as amended, Galgiani. State Air Resources Board: *compliance*: regulations.

Existing law imposes various limitations on the emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. *The State Air Resources Board has adopted a regulation to significantly reduce emissions particulate matter, oxides of nitrogen, and other criteria air pollutants from existing diesel trucks and buses operating in the state, commonly known as the Truck and Bus Regulation.*

This bill would require the ~~State Air Resources Board~~ *state board*, until January 1, 2023, to deem a person, as defined, to be in compliance with ~~all applicable rules and regulations of the state board and, notwithstanding the inadequacy of any required equipment, technologies, or practices,~~ *the Truck and Bus Regulation* and would prohibit the state board from requiring a person to expend further moneys to achieve compliance with, or from seeking to enforce against that person, ~~the applicable rules and regulations,~~ *that regulation* if specified conditions are met.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 39601.1 is added to the Health and Safety
2 Code, to read:

3 39601.1. (a) For purposes of this section, ~~“person” has the~~
4 ~~same meaning as in Section 39047.~~ *the following terms have the*
5 *following meanings:*

6 (1) *“Equipment” means a Cleaire LongMile diesel particulate*
7 *matter filter that meets all of the following criteria:*

8 (A) *Purchased to comply with the regulation.*

9 (B) *The warranty failed during the warranty period.*

10 (C) *The manufacturer is no longer in business.*

11 (2) *“Person” has the same meaning as in Section 39047.*

12 (3) *“Regulation” means Section 2025 of Title 13 of the*
13 *California Code of Regulations, commonly known as the Truck*
14 *and Bus Regulation.*

15 (b) *A person who purchased equipment shall be deemed to be*
16 *in compliance with all applicable rules and regulations of the state*
17 *board and, notwithstanding the inadequacy of any required*
18 *equipment, technologies, or practices, the regulation, and the state*
19 *board shall not require a that person to expend further moneys to*
20 *achieve compliance with, or otherwise seek to enforce against that*
21 *person, the applicable rules and regulations the regulation if all of*
22 *the following occur:*

23 (1) *The regulation adopted by the state board adopts a rule or*
24 *regulation pursuant to statute that requires a person to comply*
25 *with that rule or the regulation by expending moneys on any*
26 *equipment, technologies, or practices.*

27 (2) *A person person, in order to comply with the regulation, in*
28 *fact expends has expended moneys on equipment, technologies,*
29 *or practices, including as part of any early compliance program*
30 *provided for in the rule or regulation.*

31 (3) *The equipment, technologies, or practices have equipment*
32 *had been approved by a state board verification or certification*
33 *program, process, or procedure at the time of the expenditure.*

34 (4) *The equipment, technologies, or practices subsequently*
35 *prove or are The equipment subsequently was proved or declared*
36 *by the state board to be inadequate to achieve compliance with*
37 *the rule or regulation regulation.*

1 (5) *The specific use and design of the vehicle subject to the*
2 *regulation make it ineligible for both of the following:*

3 (A) *To receive moneys pursuant to the Highway Safety, Traffic*
4 *Reduction, Air Quality, and Port Security Bond Act of 2006*
5 *(Chapter 12.49 (commencing with Section 8879.20), Div. 1, Title*
6 *2, Gov. C.).*

7 (B) *The grace period the state board made available to*
8 *purchasers of other equipment.*

9 (c) *This section shall remain in effect only until January 1, 2023,*
10 *and as of that date is repealed.*

O

AMENDED IN SENATE FEBRUARY 22, 2017

SENATE BILL

No. 49

Introduced by ~~Senator De León~~ *Senators De León and Stern*

December 5, 2016

~~An act relating to the Budget Act of 2016. An act to add Title 24 (commencing with Section 120000) to the Government Code, and to amend Sections 42501, 42504, 42505, and 42506 of the Health and Safety Code, relating to state prerogative.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 49, as amended, De León. ~~Budget Act of 2016. California Environmental, Public Health, and Workers Defense Act of 2017.~~

(1) The federal Clean Air Act regulates the discharge of air pollutants into the atmosphere. The federal Clean Water Act regulates the discharge of pollutants into water. The federal Safe Drinking Water Act establishes drinking water standards for drinking water systems. The federal Endangered Species Act of 1973 generally prohibits activities affecting threatened and endangered species listed pursuant to that act unless authorized by a permit from the United States Fish and Wildlife Service or the National Marine Fisheries Service, as appropriate.

Existing state law regulates the discharge of air pollutants into the atmosphere. The Porter-Cologne Water Quality Control Act regulates the discharge of pollutants into the waters of the state. The California Safe Drinking Water Act establishes standards for drinking water and regulates drinking water systems. The California Endangered Species Act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species and generally prohibits the taking of those species. The Protect California Air Act of

2003 prohibits air quality management districts and air pollution control districts from amending or revising their new source review rules or regulations to be less stringent than those rules or regulations that existed on December 30, 2002, except under certain circumstances. That act requires the state board to provide on its Internet Web site, and in writing for purchase by the public, a copy of the federal new source review regulations as they read on December 30, 2002, and a related document.

This bill would prohibit state or local agencies from amending or revising their rules and regulations implementing the above state laws to be less stringent than the baseline federal standards, as defined, and would require specified agencies to take prescribed actions to maintain and enforce certain requirements and standards pertaining to air, water, and protected species. The bill would make conforming changes to the Protect California Air Act of 2003. By imposing new duties on local agencies, this bill would impose a state-mandated local program.

(2) Existing law provides for the enforcement of laws regulating the discharge of pollutants into the atmosphere and waters of the state. Existing law provides for the enforcement of drinking water standards. Existing law provides for the enforcement of the California Endangered Species Act.

This bill would authorize a person acting in the public interest to bring an action to enforce certain standards and requirements implementing the above-mentioned state laws if specified conditions are satisfied. The bill would make the operation of this authorization contingent on the occurrence of certain events.

(3) Existing federal law generally establishes standards for workers' rights and worker safety.

Existing state law generally establishes standards for workers' rights and worker safety.

This bill would prohibit a state agency that implements those laws from amending or revising its rules and regulations in a manner that is less stringent in its protection of workers' rights or worker safety than standards established by federal law in existence as of January 1, 2016.

(4) Existing law authorizes a person to petition a court for the issuance of a writ of mandate to a public agency to compel the performance of an action required by law or to review a decision of the public agency.

This bill would expressly authorize a person to petition a court for a writ of mandate to compel a state or local agency to perform an act required by, or to review a state or local agency’s action for compliance with, this measure.

(5) This bill would require state agencies, on a semi-annual basis, to report to the Legislature on compliance with the above requirements.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2016.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. Title 24 (commencing with Section 120000) is
2 added to the Government Code, to read:

3
4 TITLE 24. CALIFORNIA ENVIRONMENTAL, PUBLIC
5 HEALTH, AND WORKERS DEFENSE ACT OF 2017

6
7 DIVISION 1. GENERAL PROVISION

8
9 120000. This title shall be known, and may be cited, as the
10 California Environmental, Public Health, and Workers Defense
11 Act of 2017.

12
13 DIVISION 2. ENVIRONMENT, NATURAL RESOURCES, AND
14 PUBLIC HEALTH

15

CHAPTER 1. FINDINGS AND DECLARATIONS

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120010. The Legislature finds and declares all of the following:

(a) For over four decades, California and its residents have relied on federal laws, including the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.), the Federal Water Pollution Control Act (Clean Water Act) (33 U.S.C. Sec. 1251 et seq.), the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.), and the federal Endangered Species Act (16 U.S.C. Sec 1531 et seq.), along with their implementing regulations and remedies, to protect our state's public health, environment, and natural resources.

(b) These federal laws establish standards that serve as the baseline level of public health and environmental protection, while expressly authorizing states like California to adopt more protective measures.

(c) Beginning in 2017, a new presidential administration and United States Congress will be in control of one party that has signaled a series of direct challenges to these federal laws and the protections they provide, as well as to the underlying science that makes these protections necessary, and to the rights of the states to protect their own environment, natural resources, and public health as they see fit.

(d) It is therefore necessary for the Legislature to enact legislation that will ensure continued protections for the environment, natural resources, and public health in the state even if the federal laws specified in subdivision (a) are undermined, amended, or repealed.

120011. The purposes of this division are to do all of the following:

(a) Retain protections afforded under the federal laws specified in subdivision (a) of Section 120010 and regulations implementing those federal laws in existence as of January 1, 2016, or January 1, 2017, whichever is more stringent, regardless of actions taken at the federal level.

(b) Protect public health and welfare from any actual or potential adverse effect that reasonably may be anticipated to occur from pollution, including the effects of climate change.

(c) Preserve, protect, and enhance the environment and natural resources in California, including, but not limited to, the state's national parks, national wilderness areas, national monuments,

1 national seashores, and other areas with special national or
2 regional natural, recreational, scenic, or historic value.

3 (d) Ensure that economic growth will occur in a manner
4 consistent with the protection of public health and the environment
5 and preservation of existing natural resources.

6 (e) Ensure that any decision made by a public agency that may
7 adversely impact public health, the environment, or natural
8 resources is made only after careful evaluation of all the
9 consequences of that decision and after adequate procedural
10 opportunities for informed public participation in the
11 decisionmaking process.

12
13 *CHAPTER 2. DEFINITIONS*

14
15 *120020. For purposes of this division, the following definitions*
16 *apply:*

17 (a) “Baseline federal standards” means the authorizations,
18 policies, objectives, rules, requirements, and standards contained
19 in federal laws or federal regulations implementing the federal
20 laws in existence as of January 1, 2016, or January 1, 2017,
21 whichever is more stringent.

22 (b) “Baseline federal standards for other federal laws” means
23 the authorizations, policies, objectives, rules, requirements, and
24 standards contained in other federal laws or federal regulations
25 implementing the other federal laws in existence as of January 1,
26 2016, or January 1, 2017, whichever is more stringent.

27 (c) “Federal law” means any of the following:

28 (1) The federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.).

29 (2) The federal Endangered Species Act (16 U.S.C. Sec. 1531
30 et seq.).

31 (3) The federal Safe Drinking Water Act (42 U.S.C. Sec. 300f
32 et seq.).

33 (4) The Federal Water Pollution Control Act (33 U.S.C. Sec.
34 1251 et seq.).

35 (d) “Other federal laws” means any other federal law not
36 specified in paragraphs (1) to (4), inclusive, of subdivision (c)
37 relating to environmental protection, natural resources, or public
38 health.

CHAPTER 3. OPERATIVE PROVISIONS

Article 1. General

120030. (a) Except as authorized by state law, a state or local agency shall not amend or revise its rules and regulations to be less stringent than the baseline federal standards.

(b) Except as otherwise provided in state law, a state or local agency may establish rules and regulations for California that are more stringent than the baseline federal standards.

120031. To the extent authorized by federal law and except as authorized by state law, a state or local agency that is delegated the authority to enforce other federal laws or that implements the state law that is an analogue to the other federal laws shall not amend or revise its rules and regulations to be less stringent than the baseline federal standards for other federal laws, but may establish rules and regulations for California that are more stringent than the baseline federal standards for other federal laws.

Article 2. Air

120040. The Legislature finds and declares the following:

(a) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) and the California Clean Air Act (Division 26 (commencing with Section 39000) of the Health and Safety Code) are the state analogue to the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.).

(b) The State Air Resources Board, air quality management districts, and air pollution control districts in California formulate and adopt the state implementation plans (SIPs) for California under the federal Clean Air Act as well as regional and local air quality regulations, and issue permits governing the emission of certain substances, including greenhouse gases, into the air.

120041. Except as otherwise authorized by state law, all of the following apply:

(a) To ensure no backsliding as a result of any change in the federal Clean Air Act or its implementing regulations, the State Air Resources Board, air quality management districts, and air

1 *pollution control districts shall maintain and enforce all air quality*
2 *requirements and standards that are at least as stringent as*
3 *required by the baseline federal standards, in addition to those*
4 *required under state law.*

5 *(b) To the extent that the state board has not established a*
6 *standard or requirement for an air pollutant for which a standard*
7 *or requirement exists in the baseline federal standards, the State*
8 *Air Resources Board shall adopt the standard or requirement to*
9 *be at least as stringent as the baseline federal standards.*

10 *(c) The State Air Resources Board, regional air quality*
11 *management districts, and air pollution control districts shall*
12 *adopt SIPs for California that meet requirements that are at least*
13 *as stringent as those required by the applicable baseline federal*
14 *standards, in addition to those required by state law.*

15 *(d) If the federal transportation conformity program becomes*
16 *less stringent than the applicable baseline federal standards, the*
17 *State Air Resources Board, air quality management districts, and*
18 *air pollution control districts shall adopt and implement equivalent*
19 *requirements that are at least as stringent as those required by*
20 *the applicable baseline federal standards, in addition to those*
21 *required by state law.*

22 *(e) If the United States Environmental Protection Agency no*
23 *longer implements the prevention of significant deterioration*
24 *program in accordance with the applicable baseline federal*
25 *standards, then, where an air quality management district or air*
26 *pollution control district has not received authority to issue*
27 *prevention of significant deterioration permits, the State Air*
28 *Resources Board shall immediately establish a state prevention*
29 *of significant deterioration program to issue permits that are at*
30 *least as stringent as the applicable baseline federal standards.*

31
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33

Article 3. Water

34 *120050. The Legislature finds and declares the following:*

35 *(a) The Porter-Cologne Water Quality Control Act (Division 7*
36 *(commencing with Section 13000) of the Water Code) is the state*
37 *analogue to the Federal Water Pollution Control Act (33 U.S.C.*
38 *Sec. 1251 et seq.), otherwise known as the federal Clean Water*
39 *Act.*

1 (b) *The California Safe Drinking Water Act (Chapter 4*
2 *(commencing with Section 116270) of Part 12 of Division 103 of*
3 *the Health and Safety Code) is the state analogue to the federal*
4 *Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.).*

5 (c) *The State Water Resources Control Board administers water*
6 *rights and, together with the regional water quality control boards,*
7 *implements the federal Clean Water Act and the Porter-Cologne*
8 *Water Quality Control Act to preserve, protect, enhance, and*
9 *restore water quality by setting statewide policy, formulating and*
10 *adopting water quality control plans, setting standards, issuing*
11 *permits and waste discharge requirements, determining compliance*
12 *with those permits and waste discharge requirements, and taking*
13 *appropriate enforcement actions.*

14 (d) *The State Water Resources Control Board regulates public*
15 *drinking water systems pursuant to the federal Safe Drinking Water*
16 *Act and the California Safe Drinking Water Act to ensure the*
17 *delivery of safe drinking water to Californians.*

18 120051. *Except as otherwise authorized by state law, the*
19 *following apply:*

20 (a) (1) *To ensure no backsliding as a result of any change in*
21 *the federal Clean Water Act, the State Water Resources Control*
22 *Board and regional water quality control boards shall maintain*
23 *and enforce all water supply and water quality standards that are*
24 *at least as stringent as required by the applicable baseline federal*
25 *standards, in addition to those required by state law.*

26 (2) *To ensure no backsliding as a result of any change in the*
27 *federal Safe Drinking Water Act, the State Water Resources*
28 *Control Board shall maintain and enforce all drinking water*
29 *standards that are at least as stringent as required by the*
30 *applicable baseline federal standards, in addition to those required*
31 *by state law.*

32 (b) (1) *To the extent that the State Water Resources Control*
33 *Board has not established a water supply or water quality standard*
34 *or requirement for which a standard or requirement exists in the*
35 *baseline federal standards, the State Water Resources Control*
36 *Board shall adopt the standard or requirement to be at least as*
37 *stringent as the baseline federal standards.*

38 (2) *To the extent that the State Water Resources Control Board*
39 *has not established a drinking water standard or requirement for*
40 *which a standard or requirement exists in the baseline federal*

1 standards, the State Water Resources Control Board shall adopt
2 the standard or requirement to be at least as stringent as the
3 baseline federal standards.

4 (c) (1) Waste discharge requirements and permits that are
5 issued on and after January 1, 2018, shall be at least as protective
6 of the environment and comply with all applicable water quality
7 standards, effluent limitations, and restrictions as required by the
8 applicable federal baseline standards, in addition to those required
9 by state law.

10 (2) Drinking water supply permits that are issued on and after
11 January 1, 2018, shall be at least as protective of public health
12 and comply with all applicable drinking water standards as
13 required by the applicable federal baseline standards, in addition
14 to those required by state law.

15 (d) A water quality control plan adopted on or after January 1,
16 2018, shall be at least as protective of the environment pursuant
17 to, and in compliance with, all applicable water quality standards,
18 effluent limitations, and restrictions as required by the applicable
19 baseline federal standards, in addition to those required by state
20 law.

21 (e) When a waste discharge requirement or water quality control
22 plan is renewed or amended, any water quality standards, effluent
23 limitations, restrictions, and conditions shall be at least as
24 protective of the environment pursuant to, and in compliance with,
25 all applicable water quality standards, effluent limitations, and
26 restrictions as required by the applicable baseline federal
27 standards, in addition to those required by state law.

28

29 *Article 4. Endangered and Threatened Species*

30

31 *120060. The Legislature finds and declares the following:*

32 (a) *The California Endangered Species Act (Chapter 1.5*
33 *(commencing with Section 2050) of Division 3 of the Fish and*
34 *Game Code) is the state analogue to the federal Endangered*
35 *Species Act (16 U.S.C. Sec. 1531 et seq.).*

36 (b) *The California Endangered Species Act prohibits the taking*
37 *of any species that the Fish and Game Commission determines to*
38 *be endangered or threatened, unless the Department of Fish and*
39 *Wildlife allows for take incidental to otherwise lawful activity*

1 pursuant to subdivision (b) of Section 2081 of the Fish and Game
2 Code.

3 120061. Except as otherwise authorized by state law, both of
4 the following apply:

5 (a) To ensure no backsliding as a result of any change to the
6 federal Endangered Species Act, all native species not already
7 listed pursuant to Article 2 (commencing with Section 2070) of
8 Chapter 1.5 of Division 3 of the Fish and Game Code that are
9 listed as endangered or threatened pursuant to the federal
10 Endangered Species Act as of January 1, 2017, shall be listed as
11 an endangered or threatened species, as appropriate, pursuant to
12 Article 2 (commencing with Section 2070) of Chapter 1.5 of
13 Division 3 of the Fish and Game Code. The Fish and Game
14 Commission may review and modify the listing of species pursuant
15 to this section.

16 (b) Any new or revised consistency determination or incidental
17 take permit issued to a permittee on or after January 1, 2018, shall
18 only authorize incidental take if it requires conditions at least as
19 stringent as required by the relevant baseline federal standards,
20 including, but not limited to, any federal incidental take statement,
21 incidental take permit, or biological opinion in effect and
22 applicable to a permittee or project as of January 1, 2016, or
23 January 1, 2017, whichever is more stringent. This subdivision
24 does not modify the requirements of Section 2081 of the Fish and
25 Game Code.

26 120062. To the extent authorized by the federal Reclamation
27 Act of 1902 (Public Law 57-161) and other federal law, the
28 California Endangered Species Act shall apply to the operation
29 of the federal Central Valley Project.

30

31 DIVISION 3. LABOR STANDARDS

32

33 CHAPTER 1. DEFINITIONS

34

35 120100. For purposes of this division, the following definitions
36 apply:

37 (a) "Federal law" means the federal Fair Labor Standards Act
38 of 1938, as amended (29 U.S.C. Secs. 201 et seq.), the federal
39 Occupational Safety and Health Act of 1970, as amended, (29
40 U.S.C. Secs. 651 et seq.), the federal Mine Safety and Health Act

1 of 1969, as amended, (30 U.S.C. Secs. 801 et seq.), and other
2 federal statutes relating to worker rights and protections and
3 regulations, policies, guidance, standards, requirements, and
4 specifications established pursuant to those federal statutes.

5 (b) “State agency” means a state agency designated by law to
6 implement the federal law or its state analogue.

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CHAPTER 2. OPERATIVE PROVISIONS

10 120110. Except as authorized by state law, a state agency shall
11 not amend or revise its rules or regulations in a manner that is
12 less stringent in its protection of workers’ rights or worker safety
13 than standards established pursuant to federal law in existence as
14 of January 1, 2016.

15 120111. Except as otherwise provided in state law, a state
16 agency may establish workers’ rights and worker safety standards
17 for California that are more stringent than those provided in
18 federal law in existence as of January 1, 2016.

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DIVISION 4. MISCELLANEOUS

22 120200. Every state agency, including the Department of
23 Justice, shall undertake all feasible efforts using its authority under
24 state and federal law to implement and enforce this title.
25 Notwithstanding Section 10231.5, every state agency that takes
26 steps to enforce this title shall submit a report to the Legislature,
27 in compliance with Section 9795 of the Government Code, at least
28 once every six months describing its compliance with this title.

29 120201. (a) (1) (A) In addition to the enforcement provisions
30 provided pursuant to the California Global Warming Solutions
31 Act of 2006 (Division 25.5 (commencing with Section 38500) of
32 the Health and Safety Code) or Division 26 (commencing with
33 Section 39000) of the Health and Safety Code, an action may be
34 brought by a person in the public interest to enforce the standards
35 or requirements adopted pursuant to subdivision (b) of Section
36 120041 or to impose civil penalties for a violation of those
37 standards or requirements pursuant to those acts, if both of the
38 following are satisfied:

39 (i) The private action is commenced more than 60 days from
40 the date that the person gave notice of an alleged violation that is

1 *the subject of the private action to the Attorney General and the*
2 *district attorney, city attorney, or prosecutor in whose jurisdiction*
3 *the violation is alleged to have occurred, and to the alleged*
4 *violation.*

5 *(ii) Neither the Attorney General, a district attorney, a city*
6 *attorney, nor a prosecutor commenced and is diligently prosecuting*
7 *an action against the violation.*

8 *(B) A person bringing an action in the public interest pursuant*
9 *to subparagraph (A) and a person filing an action in which a*
10 *violation of those acts is alleged shall notify the Attorney General*
11 *that the action has been filed.*

12 *(2) Paragraph (1) is operative only if either of the following*
13 *occurs:*

14 *(A) The United States Environmental Protection Agency revised*
15 *the standards or requirements described in subdivision (b) of*
16 *Section 120041 to be less stringent than the applicable baseline*
17 *federal standards.*

18 *(B) The federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.) is*
19 *amended to repeal the citizen suit provision set forth in Section*
20 *7604 of Title 42 of the United States Code.*

21 *(b) (1) (A) In addition to the enforcement provisions provided*
22 *pursuant to the Porter-Cologne Water Quality Control Act*
23 *(Division 7 (commencing with Section 13000) of the Water Code),*
24 *an action may be brought by a person in the public interest to*
25 *enforce the standards or requirements adopted pursuant to*
26 *paragraph (1) of subdivision (b) of Section 120051 or to impose*
27 *civil penalties for a violation of those standards or requirements*
28 *pursuant to that act, if the requirements set forth in clauses (i) and*
29 *(ii) of subparagraph (A) of paragraph (1) of subdivision (a) are*
30 *met.*

31 *(B) A person bringing an action in the public interest pursuant*
32 *to subparagraph (A) and a person filing an action in which a*
33 *violation of that act is alleged shall notify the Attorney General*
34 *that the action has been filed.*

35 *(2) Paragraph (1) is operative only if either of the following*
36 *occurs:*

37 *(A) The United States Environmental Protection Agency revised*
38 *the standards or requirements described in paragraph (1) of*
39 *subdivision (b) of Section 120051 to be less stringent than the*
40 *applicable baseline federal standards.*

1 (B) *The federal Clean Water Act (33 U.S.C. Sec. 1251 et seq.)*
2 *is amended to repeal the citizen suit provision set forth in Section*
3 *1365 of Title 33 of the United States Code.*

4 (c) (1) (A) *In addition to the enforcement provisions provided*
5 *pursuant to the California Safe Drinking Water Act (Chapter 4*
6 *commencing with Section 116270) of Part 12 of Division 104 of*
7 *the Health and Safety Code), an action may be brought by a person*
8 *in the public interest to enforce the standards or requirements*
9 *adopted pursuant to paragraph (2) of subdivision (b) of Section*
10 *120051 or to impose civil penalties for a violation of those*
11 *standards or requirements pursuant to that act, if the requirements*
12 *set forth in clauses (i) and (ii) of subparagraph (A) of paragraph*
13 *(1) of subdivision (a) are met.*

14 (B) *A person bringing an action in the public interest pursuant*
15 *to subparagraph (A) and a person filing an action in which a*
16 *violation of that act is alleged shall notify the Attorney General*
17 *that the action has been filed.*

18 (2) *Paragraph (1) is operative only if either of the following*
19 *occurs:*

20 (A) *The United States Environmental Protection Agency revised*
21 *the standards or requirements described in paragraph (2) of*
22 *subdivision (b) of Section 120051 to be less stringent than the*
23 *applicable baseline federal standards.*

24 (B) *The federal Safe Drinking Water Act (42 U.S.C. Sec. 300f*
25 *et seq.) is amended to repeal the citizen suit provision set forth in*
26 *Section 300j-8 of Title 42 of the United States Code.*

27 (d) (1) (A) *In addition to the enforcement provisions provided*
28 *pursuant to the California Endangered Species Act (Chapter 1.5*
29 *commencing with Section 2050) of Division 3 of the Fish and*
30 *Game Code), an action may be brought by a person in the public*
31 *interest to enforce the requirements of the California Endangered*
32 *Species Act for a species listed pursuant to subdivision (a) of*
33 *Section 120061 or to impose civil penalties for a violation of those*
34 *requirements, if the requirements set forth in clauses (i) and (ii)*
35 *of subparagraph (A) of paragraph (1) of subdivision (a) are met.*

36 (B) *A person bringing an action in the public interest pursuant*
37 *to subparagraph (A) and a person filing an action in which a*
38 *violation of that act is alleged shall notify the Attorney General*
39 *that the action has been filed.*

1 (2) Paragraph (1) is operative only if either of the following
2 occurs:

3 (A) The relevant federal agency revised the standards or
4 requirements for the protection of species described in subdivision
5 (a) of Section 120061 to be less protective than the applicable
6 baseline federal standards.

7 (B) The federal Endangered Species Act (16 U.S.C. Sec. 1531
8 et seq.) is amended to repeal the citizen suit provision set forth in
9 Section 1540 of Title 16 of the United States Code.

10 (e) An action or proceeding may be brought pursuant to Section
11 1085 or 1094.5 of the Code of Civil Procedure, as appropriate,
12 on the grounds that a state or local agency has violated the
13 requirements of this title or Section 42501 or 42504 of the Health
14 and Safety Code.

15 (f) The court may award attorney’s fees pursuant to Section
16 1021.5 of the Code of Civil Procedure, and expert fees and court
17 costs pursuant to Section 1033 of the Code of Civil Procedure, as
18 appropriate, for an action brought pursuant to this section.

19 120202. The provisions of this title are severable. If any
20 provision of this title or its application is held invalid, that
21 invalidity shall not affect other provisions or applications that can
22 be given effect without the invalid provision or application.

23 SEC. 2. Section 42501 of the Health and Safety Code is
24 amended to read:

25 42501. The Legislature finds and declares all of the following:

26 (a) For over 25 years, the federal Clean Air Act (42 U.S.C. Sec.
27 7401, et seq.) has required major new and modified sources of air
28 pollution to be subject to a new source review program for
29 nonattainment areas and for the prevention of significant
30 deterioration, in order to ensure that those sources use the requisite
31 level of emission control, offset any new emissions, and comply
32 with other requirements, as a means of ensuring that those new
33 and modified sources do not adversely affect air quality.

34 (b) Requiring controls and emission offsets for new and
35 modified sources ensures that industrial growth does not result in
36 unacceptable levels of air pollution and that existing sources
37 operate more cleanly over time by applying emission controls
38 when those sources are overhauled or upgraded. Without these
39 limits, air quality would degrade over time, and industrial growth,
40 critical to the economic health of the state, would be foreclosed.

1 (c) The new source review program has been a cornerstone of
2 the state’s efforts to reduce pollution from new and existing
3 industrial sources by requiring those sources to use the requisite
4 level of emission controls based on the attainment status of the
5 area where the source is located.

6 (d) The U.S. Environmental Protection Agency (U.S. E.P.A.)
7 initially promulgated, and subsequently has revised, the new source
8 review program to carry out the requirements of the federal Clean
9 Air Act for preconstruction review of new and modified sources
10 of air pollutants by the states.

11 (e) On December 31, 2002, the U.S. E.P.A., under the direction
12 of the President of the United States, promulgated regulations that
13 substantially weaken the basic federal new source review program
14 (67 Fed.Reg. 80186-80289 (Dec. 31, 2002)). In promulgating the
15 regulatory amendments, the U.S. E.P.A. claims that the new source
16 review program has impeded or resulted in the cancellation of
17 projects that would maintain or improve reliability, efficiency, and
18 safety. This claim is contradicted by California’s experience under
19 the new source review programs of the air pollution control and
20 air quality management districts.

21 (f) The amendments promulgated December 31, 2002, will
22 drastically reduce the circumstances under which modifications
23 at an existing source would be subject to federal new source review.
24 The U.S. E.P.A. has also proposed a rule that will change the
25 definition of “routine maintenance, repair and replacement.” If
26 that rule is finalized, it will significantly worsen the situation.

27 (g) The newly revised and proposed federal new source review
28 reneges on the promise of clean air embodied in the federal Clean
29 Air Act, and threatens to undermine the air quality of the State of
30 California and thereby threaten the health and safety of the people
31 of the State of California.

32 (h) *Beginning in 2017, a new presidential administration and*
33 *United States Congress will be in control of one party that has*
34 *signaled a series of direct challenges to the federal Clean Air Act*
35 *and the programs and protections they provide, as well as to the*
36 *underlying science that makes these programs and protections*
37 *necessary, and to the rights of the states to protect their own*
38 *environment, natural resources, and public health as they see fit.*

39 (h)

1 (i) Section 107 of the federal Clean Air Act (42 U.S.C. Sec.
 2 7407) provides that the state has primary responsibility for meeting
 3 ambient air quality standards in all areas of the state, and that the
 4 means to achieve the standards shall be set out in the state
 5 implementation plan, or SIP.

6 (i)

7 (j) Section 116 of the federal Clean Air Act (42 U.S.C. Sec.
 8 7416) preserves the right of states to adopt air pollution control
 9 requirements that are more stringent than comparable federal
 10 requirements. Moreover, the recent revisions to the federal new
 11 source review regulations provide that the states may adopt
 12 permitting programs that are “at least as stringent” as the new
 13 federal “revised base program,” and that the federal regulations
 14 “certainly do not have the goal of ‘preempting’ State creativity or
 15 innovation.” (67 Fed.Reg. 80241 (Dec. 31, 2002)).

16 SEC. 3. Section 42504 of the Health and Safety Code is
 17 amended to read:

18 42504. (a) ~~No An air-quality management district or air~~
 19 ~~pollution control district may~~ shall not amend or revise its new
 20 source review rules or regulations to be less stringent than those
 21 that existed on ~~December 30, 2002, January 1, 2016, or January~~
 22 ~~1, 2017, whichever is more stringent.~~ If the state board finds, after
 23 a public hearing, that a district’s rules or regulations are not
 24 equivalent to or more stringent than the rules or regulations that
 25 existed on ~~December 30, 2002, January 1, 2016, or January 1,~~
 26 ~~2017, whichever is more stringent,~~ the state board shall promptly
 27 adopt for that district the rules or regulations that may be necessary
 28 to establish equivalency, consistent with subdivision (b).

29 (b) (1) In amending or revising its new source review rules or
 30 regulations, a district ~~may~~ shall not change any of the following
 31 that existed on ~~December 30, 2002, January 1, 2017,~~ if the
 32 amendments or revisions would exempt, ~~relax~~ relax, or reduce the
 33 obligations of a stationary source for any of the requirements listed
 34 in paragraph (2):

- 35 (A) The applicability determination for new source review.
- 36 (B) The definition of modification, major modification, routine
 37 maintenance, or repair or replacement.
- 38 (C) The calculation methodology, ~~thresholds~~ threshold, or other
 39 procedures of new source review.

1 (D) Any definitions or requirements of the new source review
2 regulations.

3 (2) (A) Any requirements to obtain new source review or other
4 permits to construct, prior to *the* commencement of construction.

5 (B) Any requirements for best available control technology
6 (BACT).

7 (C) Any requirements for air quality impact analysis.

8 (D) Any requirements for recordkeeping, monitoring and
9 reporting in a manner that would make recordkeeping, monitoring,
10 or reporting less representative, enforceable, or publicly accessible.

11 (E) Any requirements for regulating any air pollutant covered
12 by the new source review rules and regulations.

13 (F) Any requirements for public participation, including a public
14 comment period, public notification, public hearing, or other
15 opportunities or forms of public participation, prior to *the* issuance
16 of permits to construct.

17 (c) In amending or revising its new source review rules or
18 regulations, a district may change any of the items in paragraph
19 (1) of subdivision (b) only if the change is more stringent than the
20 new source review rules or regulations that existed on ~~December~~
21 ~~30, 2002~~, *January 1, 2016, or January 1, 2017, whichever is more*
22 *stringent*.

23 (d) Notwithstanding subdivisions (a), (b), and (c), a district may
24 amend or revise a rule or regulation if a district board, at the time
25 the amendments or revisions are adopted, makes its decision based
26 upon substantial evidence in the record, the amendments or
27 revisions are submitted to and approved by the state board after a
28 public hearing, and each of the following conditions is met:

29 (1) The amended or revised rule or regulation will do one of
30 the following:

31 (A) Will replace an existing rule or regulation that caused a risk
32 to public health or safety from exposure to a toxic material, a
33 dangerous condition, or an infectious disease with a rule or
34 regulation that provides greater protection to public health or safety.

35 (B) Will replace an existing rule or regulation that has been
36 found to be unworkable due to engineering or other technical
37 problems with a rule or regulation that is effective.

38 (C) Will allow an amendment to an existing rule or regulation
39 that otherwise will cause substantial hardship to a business,

1 industry, or category of sources, if all of the following criteria are
2 met:

3 (i) The amendment is narrowly tailored to relieve the identified
4 hardship.

5 (ii) The district provides equivalent reductions in emissions of
6 air contaminants to offset any increase in emissions of air
7 contaminants.

8 (iii) All reductions in emissions of air contaminants are real,
9 surplus, quantifiable, verifiable, enforceable, and timely. For the
10 purposes of this clause, reductions are timely if they occur no more
11 than three years prior to, and no more than three years following,
12 the occurrence of the increase in emissions of air contaminants.

13 (iv) Information regarding the reductions in emissions of air
14 contaminants is available to the public.

15 (D) Is a temporary rule or regulation necessary to respond to
16 an emergency consisting of a sudden, unexpected occurrence and
17 demanding prompt action to prevent or mitigate loss of or damage
18 to life, health, property, or essential services and the temporary
19 rule or regulation does not extend beyond the reasonably
20 anticipated duration of the emergency.

21 (E) Will not, if the district is in attainment with all national
22 ambient air quality standards, impair or impede continued
23 maintenance of those standards or progress toward achieving *the*
24 attainment of state ambient air quality standards.

25 (2) The amended or revised rule or regulation will not exempt,
26 relax, or reduce the obligation of any stationary source under the
27 rules or regulations of the district, as those rules or regulations
28 existed on ~~December 30, 2002~~, *January 1, 2017*, to obtain a permit
29 or to meet best available control technology requirements. This
30 paragraph only applies to a source that constituted a major source
31 under the rules or regulations of a district that existed on ~~December~~
32 ~~30, 2002~~, *January 1, 2017*, and does not apply to any individual
33 best available control technology determination.

34 (3) The amended or revised rule or regulation is otherwise
35 consistent with this division.

36 (4) The amended or revised rule or regulation is consistent with
37 any guidance approved by the state board regarding environmental
38 justice.

39 *SEC. 4. Section 42505 of the Health and Safety Code is*
40 *amended to read:*

1 42505. For purposes of this chapter, each district's ~~existing~~
2 new "new source review program" is comprised of those new
3 source review rules and regulations for both nonattainment and
4 prevention of significant deterioration for new, modified, repaired,
5 or replaced sources that have been adopted by the district governing
6 board on or prior to ~~December 30, 2002~~, *January 1, 2017*, that
7 have been submitted to the U.S. Environmental Protection Agency
8 by the state board for inclusion in the state implementation plan
9 and are pending approval or have been approved by the U.S.
10 Environmental Protection Agency.

11 *SEC. 5. Section 42506 of the Health and Safety Code is*
12 *amended to read:*

13 42506. ~~In order to~~ *To* assist in interpreting district rules and
14 regulations governing new source review for nonattainment areas
15 and for prevention of significant deterioration, the state board shall
16 provide on its *Internet* Web site and in writing for purchase by the
17 public, a copy of the federal new source review regulations as they
18 existed on December 30, 2002, *January 1, 2016*, and *January 1,*
19 *2017*, and the United States Environmental Protection Agency's
20 guidance document entitled, "New Source Review Workshop
21 Manual: Prevention of Significant Deterioration and Nonattainment
22 Area Permitting," (October 1990 Draft).

23 *SEC. 6. The provisions of this act are severable. If any*
24 *provision of this act or its application is held invalid, that invalidity*
25 *shall not affect other provisions or applications that can be given*
26 *effect without the invalid provision or application.*

27 *SEC. 7. No reimbursement is required by this act pursuant to*
28 *Section 6 of Article XIII B of the California Constitution because*
29 *a local agency or school district has the authority to levy service*
30 *charges, fees, or assessments sufficient to pay for the program or*
31 *level of service mandated by certain mandates in this act, within*
32 *the meaning of Section 17556 of the Government Code.*

33 *However, if the Commission on State Mandates determines that*
34 *this act contains other costs mandated by the state, reimbursement*
35 *to local agencies and school districts for those costs shall be made*
36 *pursuant to Part 7 (commencing with Section 17500) of Division*
37 *4 of Title 2 of the Government Code.*

1 SECTION 1. ~~It is the intent of the Legislature to enact statutory~~
2 ~~changes relating to the Budget Act of 2016.~~

O

Introduced by Senators Lara and LeyvaJanuary 23, 2017

An act to amend Section 4156 of, and to add Section 4000.15 to, the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 174, as introduced, Lara. Diesel-fueled vehicles: registration.

Existing law prohibits a person from driving, moving, or leaving standing upon a highway any motor vehicle, as defined, that has been registered in violation of provisions regulating vehicle emissions.

This bill, effective January 1, 2020, would require the Department of Motor Vehicles to confirm, prior to the initial registration or the transfer of ownership and registration of a diesel-fueled vehicle with a gross vehicle weight rating of more than 14,000 pounds, that the vehicle is compliant with, or exempt from, applicable air pollution control technology requirements, pursuant to specified provisions. The bill would require the department to refuse registration, or renewal or transfer of registration, for certain diesel-fueled vehicles, based on weight and model year, that are subject to specified provisions relating to the reduction of emissions of diesel particulate matter, oxides of nitrogen, and other criteria pollutants from in-use diesel-fueled vehicles. The bill would authorize the department to allow registration, or renewal or transfer of registration, for any diesel-fueled vehicle that has been reported to the State Air Resources Board, and is using an approved exemption, or is compliant with applicable air pollution control technology requirements, pursuant to specified provisions.

Existing law authorizes the department, in its discretion, to issue a temporary permit to operate a vehicle when a payment of fees has been accepted in an amount to be determined by the department and paid to

the department by the owner or other person in lawful possession of the vehicle.

This bill would additionally authorize the department to issue a temporary permit to operate a vehicle for which registration is otherwise required be refused under the provisions of the bill, as prescribed.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 4000.15 is added to the Vehicle Code,
2 to read:

3 4000.15. (a) Effective January 1, 2020, the department shall
4 confirm, prior to the initial registration or the transfer of ownership
5 and registration of a diesel-fueled vehicle with a gross vehicle
6 weight rating of more than 14,000 pounds, that the vehicle is
7 compliant with, or exempt from, applicable air pollution control
8 technology requirements pursuant to Division 26 (commencing
9 with Section 39000) of the Health and Safety Code and regulations
10 of the State Air Resources Board adopted pursuant to that division.

11 (b) Except as otherwise provided in subdivision (c), for
12 diesel-fueled vehicles subject to Section 43018 of the Health and
13 Safety Code, as applied to the reduction of emissions of diesel
14 particulate matter, oxides of nitrogen, and other criteria pollutants
15 from in-use diesel-fueled vehicles, and Section 2025 of Title 13
16 of the California Code of Regulations as if January 1, 2017, or as
17 subsequently amended:

18 (1) The department shall refuse registration, or renewal or
19 transfer of registration, for a diesel-fueled vehicle with a gross
20 vehicle weight rating of 14,001 pounds to 26,000 pounds for the
21 following vehicle model years:

22 (A) Effective January 1, 2020, vehicle model years 2004 and
23 older.

24 (B) Effective January 1, 2021, vehicle model years 2007 and
25 older.

26 (C) Effective January 1, 2023, vehicle model years 2010 and
27 older.

28 (2) The department shall refuse registration, or renewal or
29 transfer of registration, for a diesel-fueled vehicle with a gross

1 vehicle weight rating of more than 26,000 pounds for the following
2 vehicle model years:

3 (A) Effective January 1, 2020, vehicle model years 2000 and
4 older.

5 (B) Effective January 1, 2021, vehicle model years 2005 and
6 older.

7 (C) Effective January 1, 2022, vehicle model years 2007 and
8 older.

9 (D) Effective January 1, 2023, vehicle model years 2010 and
10 older.

11 (c) (1) As determined by the State Air Resources Board,
12 notwithstanding effective dates and vehicle model years identified
13 in subdivision (b), the department may allow registration, or
14 renewal or transfer of registration, for a diesel-fueled vehicle that
15 has been reported to the State Air Resources Board, and is using
16 an approved exemption, or is compliant with applicable air
17 pollution control technology requirements pursuant to Division
18 26 (commencing with Section 39000) of the Health and Safety
19 Code and regulations of the State Air Resources Board adopted
20 pursuant to that division, using an approved compliance option.

21 (2) The State Air Resources Board shall notify the department
22 of the vehicles allowed to be registered pursuant to this subdivision.

23 SEC. 2. Section 4156 of the Vehicle Code is amended to read:

24 4156. (a) Notwithstanding any other provision of this code,
25 and except as provided in subdivision (b), the department in its
26 discretion may issue a temporary permit to operate a vehicle when
27 a payment of fees has been accepted in an amount to be determined
28 by, and paid to the department, by the owner or other person in
29 lawful possession of the vehicle. The permit shall be subject to the
30 terms and conditions, and shall be valid for the period of time, that
31 the department shall deem appropriate under the circumstances.

32 (b) (1) The department shall not issue a temporary permit
33 pursuant to subdivision (a) to operate a vehicle for which a
34 certificate of compliance is required pursuant to Section 4000.3,
35 and for which that certificate of compliance has not been issued,
36 unless the department is presented with sufficient evidence, as
37 determined by the department, that the vehicle has failed its most
38 recent smog check inspection.

39 (2) ~~Not more than~~ *Only* one temporary permit may be issued
40 pursuant to this subdivision to a vehicle owner in a two-year period.

1 (3) A temporary permit issued pursuant to paragraph (1) is valid
2 for either 60 days after the expiration of the registration of the
3 vehicle or 60 days after the date that vehicle is removed from
4 nonoperation, whichever is applicable at the time that the temporary
5 permit is issued.

6 (4) A temporary permit issued pursuant to paragraph (1) is
7 subject to Section 9257.5.

8 (c) (1) *The department may issue a temporary permit pursuant*
9 *to subdivision (a) to operate a vehicle for which registration may*
10 *be refused pursuant to Section 4000.15.*

11 (2) *Only one temporary permit may be issued pursuant to this*
12 *subdivision for any vehicle.*

13 (3) *A temporary permit issued pursuant to paragraph (1) is*
14 *valid for either 90 days after the expiration of the registration of*
15 *the vehicle or 90 days after the date that vehicle is removed from*
16 *nonoperation, whichever is applicable at the time the temporary*
17 *permit is issued.*

18 (4) *A temporary permit issued pursuant to paragraph (1) is*
19 *subject to Section 9257.5.*

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2017

Re: Report of the Advisory Council Meeting of April 3, 2017

RECOMMENDED ACTION

The Advisory Council (Council) received only informational items and has no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Council met on Monday, April 3, 2017 and discussed the following items:

- A) Presentation on Regulation 11, Rule 18: Reduction of Risk from Air Toxic Remissions at Existing Facilities; Regulation 12, Rule 16: Petroleum Refining Facility-Wide Emissions Limits; and Regulation 13, Rule 1: Refinery Carbon Intensity Cap; and
- B) Advisory Council Next Area of Focus

Director/Ex-Officio Advisory Council member, Rod Sinks, will provide an oral report of the Council meeting to the Board of Directors.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 17A: 04/03/17 – Advisory Council Meeting Agenda #5
Attachment 17B: 04/03/17 – Advisory Council Meeting Agenda #6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Stan Hayes and Members
of the Advisory Council

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 24, 2017

Re: Presentation on Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities, Regulation 12, Rule 16: Petroleum Refining Facility-Wide Emissions Limits, and Regulation 13, Rule 1: Refinery Carbon Intensity Cap _____

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

District staff will update the Advisory Council on Regulation 11, Rule 18 (Rule 11-18), Regulation 12, Rule 16 (Rule 12-16) and Regulation 13, Rule 1 (Rule 13-1). These rules are relevant to the topic of greenhouse gas (GHG) and associated emissions reductions from refineries but also include requirements for limits on specific criteria pollutant emissions from refineries and the reduction of risk associated with industrial sources.

Rule 11-18 would significantly reduce potential health risks from toxic air pollutant emissions at hundreds of existing facilities. Staff would conduct site-specific health risk screening analyses for all facilities that report Toxic Air Contaminant (TAC) emissions and develop health prioritization scores based on TAC emissions, toxicity of those emissions and proximity of residents to these facilities. Health Risk Assessments (HRAs) would be conducted for all facilities above a specific prioritization score. Facilities where the HRA indicates a risk above 10 in 1 million or an acute hazard index greater than 1.0 would be required to reduce their risk below these thresholds or install Best Available Retrofit Control Technology on all sources of significant risk. (Draft Rule and Initial Draft Staff Report are available here under 2017 Rule Workshops: <http://www.baaqmd.gov/rules-and-compliance/rule-development/regulatory-workshops>)

Communities for a Better Environment and several associated organizations developed a concept and the Board of Directors have directed staff to develop regulatory language reflecting that concept into Rule 12-16. This rule would set numeric limits on GHG, oxides of nitrogen (NO_x), sulfur dioxide (SO₂) and particulate matter 10 microns or less and 2.5 microns or less (PM₁₀ and PM_{2.5}) for each of the five refineries in the Bay Area. (Draft Rule and Final Staff Report are available here under 2017 Rule Workshops: <http://www.baaqmd.gov/rules-and-compliance/rule-development/regulatory-workshops>)

Rule 13-1 would be the first step in the Air District's strategy to reduce combustion emissions across the region. Combustion of fossil fuels results in emissions of GHG, NO_x, SO₂ and PM. Rule 13-1 would cap GHG emissions on a per barrel basis from Bay Area refineries at a level consistent with their current, full-capacity operation. It would also require Bay Area refineries to implement cost-effective efficiency projects. (Draft Rule and Workshop Report are available here under 2017 Rule Workshops: <http://www.baaqmd.gov/rules-and-compliance/rule-development/regulatory-workshops>)

DISCUSSION

Staff will discuss the regulatory goals and likely outcomes, as well as potential issues associated with each rule.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Eric Stevenson
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Stan Hayes and Members
of the Advisory Council

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: April 3, 2017

Re: Advisory Council Next Area of Focus

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

After focusing on the global topic of climate change, the Advisory Council (Council) will be asked to deliberate on a set of challenges in the Bay Area Air Quality Management District's (District) efforts to protect local communities that are disproportionately impacted by multiple sources of emissions. The District has been addressing disparities in health impacts for many years, and wishes to further enhance its efforts in this regard. In addition, the District Board will be considering the 2017 Clean Air Plan at its April meeting, which includes a goal of eliminating disparities among Bay Area communities in health risk from air pollution.

DISCUSSION

In 2004, the District initiated its Community Air Risk Evaluation (CARE) program in order to be able to characterize and address the disproportionate air quality impacts on communities around the Bay Area.

The Council will receive a presentation on the District's Community Air Risk Evaluation (CARE) program as an initial introduction to this topic. CARE communities include areas that are disproportionately impacted by cumulative sources of air pollution and that experience the highest levels of pollution-related health impacts.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2017

Re: Report of the Stationary Source Committee Meeting of April 17, 2017

RECOMMENDED ACTION

The Stationary Source Committee (Committee) will receive only informational items and will have no recommendations of approval by the Board of Directors.

BACKGROUND

The Committee will meet on Monday, April 17, 2017, and receive the following report:

- A) Update on Draft Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities
- B) Update on Regulation 6: Particulate Matter Rule Development

Chairperson John Gioia will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None; and
- B) None

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 18A: 04/17/17 - Stationary Source Committee Meeting Agenda #4
Attachment 18B: 04/17/17 - Stationary Source Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: April 13, 2017

Re: Update on Draft Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions
at Existing Facilities

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District implements several programs that are designed to identify and reduce public exposure to toxic air contaminants (TACs). Staff is proposing Regulation 11, Rule 18 (Rule 11-18) to address the public's exposure to health risks associated with the emissions of TACs at existing facilities by reducing those risks to the lowest feasible levels.

DISCUSSION

Rule 11-18 would use the most up-to-date assumptions about the risk of compounds and would require the facility to act to reduce risk below a specified risk threshold, if the facility exceeds the risk thresholds. If the facility could not devise a means to reduce the risk below the specified risk level, the facility would be required to install best available retrofit control technology for toxic pollutants (TBARCT) on significant sources of TAC emissions at the facility.

Staff will provide an update on the status of proposed Rule 11-18, including a summary of comments from public workshops and technical working groups with various industry groups.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Staff anticipate the need to perform approximately 500 additional facility-wide Health Risk Assessments and review Risk Reduction Plans over the next 5 years. At the Board's direction, staff has requested \$1.2 million in the FYE 2018 budget to hire consultants to aid in executing the HRAs to accelerate the work. Staff has proposed additional fees for the regulated community for conducting the Health Risk Assessments and reviewing the Risk Reduction Plans to fully recover the costs associated with implementation of the rule.

Jack P. Broadbent

Executive Officer/APCO

Prepared by: Jaime Williams

Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 6, 2017

Re: Update on Regulation 6: Particulate Matter Rule Development

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Particulate matter (PM), especially PM that is 2.5 microns or less in diameter (PM_{2.5}), causes or contributes to a wide variety of serious health problems, including asthma, bronchitis, cardiovascular diseases, and cancer. The Bay Area is not yet in attainment of state standards for PM that is 10 microns or less in diameter (PM₁₀), or federal standards for PM_{2.5}. As a result, the region must implement all feasible measures to reduce PM emissions. As included in the Air District's 2010 Clean Air Plan and draft 2017 Clean Air Plan, the Air District is considering amendments to Regulation 6, Rule 1: General Requirements (Rule 6-1) in addition to considering new rules under Regulation 6 that address different types of PM emissions.

DISCUSSION

The Air District's Board of Directors committed to review Regulation 6, Rule 1: General Requirements, identified as Stationary Source Measure SSM-6 in the Air District's 2010 Clean Air Plan and SS31 in the draft 2017 Clean Air Plan. Air District staff further committed to taking additional steps to address the Bay Area's particulate matter challenges in a November 2012 report entitled *Understanding Particulate Matter: Protecting Public Health in the San Francisco Bay Area*. These draft amendments to Regulation 6, Rule 1 are the next of many steps needed to reduce particulate matter emissions and improve public health.

Draft amendments to Rule 6-1 include:

- Clarify exemptions for PM from operations covered by other existing Air District rules, and for sugar and salt manufacturing,
- Update PM emissions limits from general sources (both concentration and mass emission limits) to reflect the most stringent levels achievable, and
- Clarify testing requirements to determine compliance.

These amendments are proposed to ensure the Bay Area requirements are health-protective and are at least as stringent as other California air districts. Control technology is available that facilities can use to comply at a reasonable cost; and the revised requirements will obtain PM_{2.5} reductions that will help the Air District achieve its health-based PM_{2.5} goals.

Background work and analysis done during the development of amendments to Rule 6-1 provided the foundation for the Air District's efforts to further reduce public exposure to unhealthy levels of PM and led to additional opportunities to reduce PM. These new draft rules are:

1. Regulation 6, Rule 6: Prohibition of Trackout:

- Applies to large bulk material and construction sites, and disturbed surfaces greater than 1 acre.
- Prohibits significant trackout of dirt and other solids onto adjacent roadways.
- Prohibits significant visible emissions from vehicle traffic over trackout that exceeds 10% opacity more than 3 minutes in any hour observation period.
- Trackout and visible emissions must be monitored every 4 hours and abated, as required.
- Cleanup of trackout must meet stringent visible emissions limits.
- No trackout can remain at the end of each workday.

2. Regulation 6, Rule 7: Roofing Asphalt:

- Requires low-fuming roofing asphalt, effective one year after rule adoption.

3. Regulation 6, Rule 8: Bulk Material Storage and Handling:

- Applies to bulk material sites with an Air District permit that produce, handle or use more than 10 tons per year of material, or store material more than 3 feet high.
- Prohibits significant visible emissions from any source or activity that exceeds 10% opacity more than 3 minutes in any hour observation period.
- Requires prevention and cleanup of material spills.
- Limits vehicle traffic to control dust.
- Trackout and visible emissions must be monitored every 4 hours and abated, as required.

In addition, staff is proposing a new Regulation 6: General Provisions, Definitions and Test Methods to provide consistent administrative, monitoring and recordkeeping requirements, definitions, and test methods across all Regulation 6, Particulate Matter rules.

The Air District conducted eight workshops in late January and early February (in conjunction with the 2017 Clean Air Plan Open Houses) to share details of the draft rules with the public and affected parties, and to seek input. The comment period closed on March 10, and staff is currently evaluating the input received.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Eric Stevenson
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2017

Re: Public Hearing to Receive Testimony on Proposed Amendments to Air District
Regulation 3: Fees

RECOMMENDED ACTION

Staff recommends that the Board of Directors receive testimony on proposed amendments to District Regulation 3 that would apply in the upcoming Fiscal Year Ending (FYE) 2018. A second public hearing, which has been scheduled for June 21, 2017 is required prior to adoption.

BACKGROUND

Staff develops amendments to the District's fee regulation as a part of the annual budget preparation process. On March 7, 2012, the Board of Directors adopted a Cost Recovery Policy that established a goal of increasing fee revenue sufficient to achieve 85 percent recovery of regulatory program costs by FYE 2016.

DISCUSSION

Consistent with the Cost Recovery Policy, draft amendments to specific fee schedules were made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being proposed for the schedules that have larger cost recovery gaps.

Existing fee schedules would be amended as follows:

- 2.7 percent increase for fee schedules that are recovering 95 to 100 percent of costs.
- 7 percent increase for fee schedules that are recovering 85 to 95 percent of costs.
- 8 percent increase for fee schedules that are recovering 75 to 85 percent of costs.
- 9 percent increase for fee schedules that are recovering less than 75 percent of costs.

A number of fees that are administrative in nature; permit application filing fees, alternative compliance plan fees, permit to operate renewal processing fees, transfer fees, emissions banking filing and withdrawal fees, school public notice fees, toxic inventory maximum fees, and exemption fees would be increased by 2.7 percent. The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 2.7% from 2015 to 2016.

The following additional amendments are proposed: (1) New fees to help recover the costs for facility-wide Health Risk Assessments (HRAs) and Risk Reduction Plans required pursuant to proposed Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities; (2) A new fee equal to the risk screening fee to help recover the costs for each HRA scenario above three HRA scenarios in any permit application pursuant to Regulation 2, Rule 5; (3) Revise Fee Schedule A: Hearing Board Fees (Table I) to include diesel exhaust particulate matter in the schedule of toxic air contaminants subject to excess emissions fees; (4) Revise Fee Schedule H: Semiconductor and Related Operations, to directly calculate the fee based on the gross throughput of organic solvent processed; (5) Update the S_L factor in Fee Schedule N: Toxic Inventory Fees, to recover current costs and higher California Air Resources Board AB2588 annual fees for FYE 2017; (6) Change all Regulation 3 references of “health risk screening analysis” to “health risk assessment”; (7) Delete fees for Duplicate Permits and Duplicate Registrations in Section 3-309; and (8) Correct a few minor typographical errors.

A draft Staff Report that is attached to this memorandum provides additional details regarding the proposed fee amendments.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed fee amendments would increase fee revenue in FYE 2018 by an estimated \$1.85 million from revenue that would otherwise result without a fee increase.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Barry Young
Reviewed by: Jaime Williams

Attachment 19A: Draft Staff Report
Attachment 19B: Draft Regulation for the Proposed Amendments to Regulation 3: Fees



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

DRAFT STAFF REPORT

PROPOSED AMENDMENTS TO BAAQMD REGULATION 3: FEES

March 23, 2017

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1. EXECUTIVE SUMMARY

Air District staff has prepared proposed amendments to Air District Regulation 3: Fees for Fiscal Year Ending (FYE) 2018 (i.e., July 1, 2017 to June 30, 2018) that would increase revenue to enable the Bay Area Air Quality Management District (Air District) to continue to effectively implement and enforce regulatory programs for stationary sources of air pollution. The proposed fee amendments for FYE 2018 are consistent with the Air District's Cost Recovery Policy, which was adopted on March 7, 2012 by the Air District's Board of Directors (see Appendix A). This policy states that the Air District should amend its fee regulation, in conjunction with the adoption of budgets for FYE 2013 through FYE 2016, in a manner sufficient to increase overall recovery of regulatory program activity costs to 85 percent. The policy also indicates that amendments to specific fee schedules should continue to be made in consideration of cost recovery analyses conducted at the fee schedule level, with larger increases being adopted for the schedules that have the larger cost recovery gaps.

A recently completed 2017 Cost Recovery Study (a copy of which is available on request) shows that for the most-recently completed fiscal year (FYE 2016), fee revenue recovered 82 percent of program activity costs.

Over the past several years, the Air District has been developing the infrastructure for consistent and efficient permit evaluation and processing, and completing projects intended to develop and improve programs within the Engineering Division. To improve program efficiency, the Air District is actively transitioning to the Production System, an on-line permitting system for the regulated community for high-volume source categories including gas stations, dry cleaners, and auto-body shops, and is expanding this system for additional source categories. These tools will increase efficiency and accuracy by allowing customers to submit applications, report data for the emissions inventory, pay invoices and have access to permit documents.

In May 2016, the Air District moved into 375 Beale Street. The vision for 375 Beale Street includes the sharing of limited business operations and technology functions between the Air District, Metropolitan Transportation Commission, and the Association of Bay Area Governments. These shared services between the partner agencies may result in some cost savings.

The Air District continues to be fiscally prudent by building its reserves in an effort set to address future pension and other post-employment benefits obligations, future capital equipment and facility needs, and uncertain fiscal situations either at local or State or federal level or external factors affecting the economy that could impact the District's ability to balance its budgets to fund the day-to-day operations. Staff will continue to identify and maintain a level of effort to achieve Air District mandates and continually monitor the pattern of revenues versus expenditures.

Opportunities for further cost containment measures will be developed and documented in the next Air District Cost Recovery Study. The Air District expects to release a

Request for Proposals for this Air District Cost Recovery Study in the next few months.

The projected cost recovery percentage for FYE 2017 is expected to be approximately 82%. This is based on the FYE 2016 permit fees expected to be collected compared to the salary and other expenditures budgeted included filled vacancies and added new positions in order to support mandated stationary source programs, ensure that core functions will be maintained at levels necessary to adequately service the regulated community, and address key policy initiatives such as the Refinery Emissions Reduction Strategy and the Climate Action Work Program.

The results of the 2017 Cost Recovery Study were used to establish proposed fee amendments for each existing fee schedule based on the degree to which existing fee revenue recovers the regulatory program activity costs associated with the schedule. Based on this approach, the fee rates in certain fee schedules would be raised by the annual increase in the Bay Area Consumer Price Index (2.7%), while other fee schedules would be increased by 7, 8, or 9 percent. Several fees that are administrative in nature (e.g. permit application filing fees and permit renewal processing fees) would be increased by 2.7 percent.

The proposed fee amendments would increase annual permit renewal fees for most small businesses that require Air District permits by less than \$100, with the exception of gas stations with more than four, three-product gasoline dispensing nozzles, which would have larger fee increases (e.g., a typical gas station with 10, three-product gasoline dispensing nozzles would have an increase of \$263 in annual permit renewal fees. For larger facilities, increases in annual permit renewal fees would range between 3.5 and 15 percent due to differences in the facility's size, type of emission sources, pollutant emission rates and applicable fee schedules. In accordance with State law, the Air District's amendments to Regulation 3 cannot cause an increase in overall permit fees by more than 15 percent in any calendar year. The proposed fee amendments would increase overall Air District fee revenue in FYE 2017 by approximately \$1.85 million relative to fee revenue that would be expected without the amendments.

Air District staff recommends that the Board of Directors receive testimony on April 19, 2017 regarding the proposed amendments to Regulation 3: Fees. Air District staff also recommend that the Board of Directors consider adoption of the proposed amendments to Regulation 3: Fees with an effective date of July 1, 2017, and approve the filing of a CEQA Notice of Exemption following the 2nd public hearing scheduled to consider this matter on June 21, 2017.

2. BACKGROUND

State law authorizes the Air District to assess fees to generate revenue to recover the reasonable costs of regulatory program activities for stationary sources of air pollution. The largest portion of Air District fees is collected under provisions that allow the Air District to impose permit fees sufficient to recover the costs of program activities related

to permitted sources. The Air District is also authorized to assess fees for: (1) area-wide or indirect sources of emissions which are regulated, but for which permits are not issued by the Air District, (2) sources subject to the requirements of the State Air Toxics Hot Spots Program (Assembly Bill 2588), and (3) activities related to the Air District's Hearing Board involving variances or appeals from Air District decisions on the issuance of permits. The Air District has established, and regularly updates, a fee regulation (Air District Regulation 3: Fees) under these authorities.

The Air District has analyzed whether fees result in the collection of a sufficient and appropriate amount of revenue in comparison to the costs of related program activities. In 1999, a comprehensive review of the Air District's fee structure and revenue was completed by the firm KPMG Peat Marwick LLP (*Bay Area Air Quality Management District Cost Recovery Study, Final Report: Phase One – Evaluation of Fee Revenues and Activity Costs*, KPMG Peat Marwick LLP, February 16, 1999). This 1999 Cost Recovery Study indicated that fee revenue did not nearly offset the full costs of program activities associated with sources subject to fees as authorized by State law. Property tax revenue (and in some years, reserve funds) had been used to close this cost recovery gap.

The Air District Board of Directors adopted an across-the-board fee increase of 15 percent, the maximum allowed by State law for permit fees, for FYE 2000 as a step toward more complete cost recovery. The Air District also implemented a detailed employee time accounting system to improve the ability to track costs by program activities moving forward. In each of the next five years, the Air District adjusted fees only to account for inflation (with the exception of FYE 2005, in which the Air District also approved further increases in Title V permit fees and a new permit renewal processing fee).

In 2004, the Air District funded an updated Cost Recovery Study. The accounting firm Stonefield Josephson, Inc. completed this study in March 2005 (*Bay Area Air Quality Management District Cost Recovery Study, Final Report*, Stonefield Josephson, Inc., March 30, 2005). This 2005 Cost Recovery Study indicated that a significant cost recovery gap continued to exist. The study also provided cost recovery results at the level of each individual fee schedule based on detailed time accounting data. Finally, the contractor provided a model that could be used by Air District staff to update the analysis of cost recovery on an annual basis using a consistent methodology.

For the five years following the completion of the 2005 Cost Recovery Study (i.e., FYE 2006 through 2010), the Air District adopted fee amendments that increased overall projected fee revenue by an average of 8.9 percent per year. In order to address fee equity issues, the various fees were not all increased in a uniform manner. Rather, individual fee schedules were amended based on the magnitude of the cost recovery gap for that schedule, with the schedules with the more significant cost recovery gaps receiving more significant fee increases. In FYE 2009, the Air District's fee amendments also included a new greenhouse gas (GHG) fee schedule. The GHG fee schedule recovers costs from stationary source activities related to the Air District's Climate Protection Program. In FYE 2011, the Air District adopted an across-the-board 5 percent

fee increase, except for the Title V fee schedule (Schedule P) which was increased by 10 percent (the Air District's 2010 Cost Recovery Study indicated that Fee Schedule P recovered only 46 percent of program activity costs).

In September 2010, the Air District contracted with the firm Matrix Consulting Group to complete an updated analysis of cost recovery that could be used in developing fee amendments for FYE 2012 and beyond. This study also included a review of the Air District's current cost containment strategies, and provided recommendations to improve the management of the Air District's costs and the quality of services provided to stakeholders. The study was completed in March 2011 (*Cost Recovery and Containment Study, Bay Area Air Quality Management District, Final Report, Matrix Consulting Group, March 9, 2011*). The 2011 Cost Recovery and Containment Study concluded that, for FYE 2010, overall fee revenue recovered 64 percent of related program activity costs. The study also provided cost recovery results at the level of each individual fee schedule based on detailed time accounting data, and provided a methodology for Air District staff to update the analysis of cost recovery on an annual basis using a consistent methodology.

The results of the 2011 Cost Recovery and Containment Study were used to establish fee amendments for FYE 2012 that were designed to increase overall fee revenue by 10 percent (relative to fee revenue that would result without the fee amendments). In order to address fee equity issues, the various fees were not all increased in a uniform manner. Rather, existing fee schedules were amended based on the magnitude of the cost recovery gap for that schedule, with the schedules with the more significant cost recovery gaps receiving more significant fee increases. Based on this approach, the fee rates in several fee schedules were not increased, while the fee rates in other fee schedules were increased by 10, 12, or 14 percent.

One of the recommendations made by Matrix Consulting Group in their 2011 Cost Recovery and Containment Study indicated that the Air District should consider the adoption of a Cost Recovery Policy to guide future fee amendments. Air District staff initiated a process to develop such a Policy in May 2011, and a Stakeholder Advisory Group was convened to provide input in this regard. A Cost Recovery Policy was adopted by the Air District's Board of Directors on March 7, 2012 (see Appendix A). This policy specifies that the Air District should amend its fee regulation, in conjunction with the adoption of budgets for FYE 2013 through FYE 2016, in a manner sufficient to increase overall recovery of regulatory program activity costs to 85 percent. The policy also indicates that amendments to specific fee schedules should continue to be made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being adopted for the schedules that have the larger cost recovery gaps.

Staff has updated the cost recovery analysis for the most recently completed fiscal year (FYE 2016) using the methodology established by Matrix Consulting Group. The 2017 Cost Recovery Study indicates that the overall cost recovery rate in FYE 2016 was 82%.

3. PROPOSED FEE AMENDMENTS FOR FYE 2018

3.1 OVERVIEW OF PROPOSED AMENDMENTS

A 2017 cost recovery study was used to establish proposed fee amendments for existing fee schedules based on the degree to which existing fee revenue recovers the activity costs associated with the schedule. Based on this approach, the fee rates in certain fee schedules would be increased by 7, 8, or 9 percent. Other fee schedules would be raised by 2.7%, the annual increase from 2015 to 2016 in the Bay Area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as reported by the United States Bureau of Labor Statistics. The specific basis for these proposed fee amendments is summarized in Table 1 as follows:

Table 1. Proposed Fee Changes Based on Cost Recovery by Fee Schedule

Revenue from Fee Schedule as a Percentage of Program Activity Costs	Fee Increase	Affected Fee Schedules
95 – 100% of costs	2.7%	M, U
85 – 95% of costs	7%	F, G3, T
75 – 84% of costs	8%	D, P
Less than 75% of costs	9%	A, E, G1, G2, G4, H, I, K, R, S, V

In addition to the proposed amendments to fee schedules, Air District staff is proposing to increase several administrative fees that appear in the Standards section of Regulation 3 by 2.7 percent. This includes permit application filing fees and permit renewal processing fees. Existing permit fees are well below the point of full cost recovery, and these fee increases are proposed to help the Air District reduce its cost recovery gap.

New Fees for Proposed Rule 11-18: Reduction of Risk from Air Toxic Emissions at Existing Facilities

Proposed Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities (Rule 11-18) represents a continuation of the Air District's longstanding efforts to reduce health risk in the Bay Area resulting from the emission of toxic air contaminants from stationary sources. The Air District Board of Directors is scheduled to consider the adoption of Rule 11-18 in May 2017.

Under Rule 11-18, the Air District would use annual toxic emissions inventories from each affected facility to conduct a site-specific Health Risk Assessment (HRA) to assess the potential for adverse health effects to the public from exposure to emissions of toxic air contaminants from the facility.

Using the results of the HRAs, the Air District would determine whether a facility's health risk impact exceeds any risk action level established in the Rule. Facilities that pose a health risk in excess of any risk action level would be required either to demonstrate that all significant sources of toxic emissions at the facility are controlled by Best Available Retrofit Control Technology for Toxic Pollutants (TBARCT), or to reduce the health risk below the risk action level through the implementation of a Risk Reduction Plan. Any facility required to implement a Risk Reduction Plan would first submit the Plan to the Air District for staff review and public comment.

Proposed Rule 11-18 – Estimated Costs and Fees

The Air District proposes new fees to help recover the costs for facility-wide Health Risk Assessments (HRAs) and Risk Reduction Plans required pursuant to proposed Rule 11-18. These fees would only become effective upon Board adoption of proposed Rule 11-18, and would be charged only in the event a facility-wide HRA or a Risk Reduction Plan is required pursuant to proposed Rule 11-18.

Estimated Proposed Rule 11-18 Costs:

The Air District has prepared and distributed a Request for Qualifications and has reviewed proposals from several Facility-Wide Health Risk Assessment contractors.

Based on the proposals received:

- For major facilities with many or large toxic emissions sources (e.g., refineries, chemical plants, large power plants, etc.), the Facility-Wide HRA total cost ranges from \$75,000 to \$100,000.
- For other facilities, the Facility-Wide HRA total cost depends on the number of toxic emissions sources, and the time, materials, and personnel required to conduct the analyses.
 - Medium-sized facilities would range from \$10,000 to \$75,000.
 - Smaller-sized facilities would range from \$1,000 to \$10,000.

There are approximately 75 Facility-Wide Health Risk Assessments that are expected to be submitted and conducted during FYE 2018.

11 major facilities (refineries, large power plants):

- **11 facilities x \$87,500 = \$962,500**

18 medium facilities:

- **18 facilities x \$42,500 = \$765,000**

47 smaller facilities:

- **47 facilities x \$5,500 = \$258,500**

Total = \$1,986,000

No Risk Reduction Plans are scheduled for submittal and review in FYE 2018, so no costs are estimated for this for FYE 2018 costs. Future costs for Risk Reduction Plan review and approval will range from \$1,500 to \$32,000 per facility depending on the number of sources at the facility subject to risk reduction pursuant to proposed Rule 11-18. The maximum cost for Rule 11-18 Risk Reduction Plan review is estimated in the below table.

Table 2. Estimated Maximum Cost for Rule 11-18 Risk Reduction Plan Review

	\$/hr	+202% fringe benefits and indirect costs	Hours	Estimated Cost
Air Quality Engineer	\$53.01	\$107.08	250	\$26,770.05
Senior Air Quality Engineer	\$58.44	\$118.05	20	\$2,360.98
Supervising Air Quality Engineer	\$64.44	\$130.17	20	\$2,603.38
Air Quality Engineering Manager	\$73.17	\$147.80	2	\$295.61
Director of Engineering	\$88.35	\$178.47	1	\$178.47
Totals				\$32,208.48

Estimated Proposed Rule 11-18 Fee Revenues:

Based on the proposed Regulation 3 Amendments, the Air District estimates FYE 2018 fee revenue sufficient to recover the Air District's costs for the 75 Facility-Wide Health Risk Assessments that are planned to be submitted and conducted during FYE 2018.

In FYE 2018, no fee revenue due to the submittal of Risk Reduction Plans is expected, since no Risk Reduction Plans are scheduled for submittal associated with Rule 11-18. Future costs for Risk Reduction Plan review are expected to be approximately 100% recovered by the fee revenue calculated pursuant to proposed Section 3-341.

3.2 PROPOSED RULE AMENDMENTS

The complete text of the proposed changes to Air District Regulation 3: Fees, has been prepared in strikethrough (deletion of existing text) and underline (new text) format, and is included in Appendix B. Proposed fee increases have been rounded to the nearest whole dollar.

Additional details on the proposed fee amendments follow.

- Section 3-302: Fees for New and Modified Sources

The proposed amendment to Section 3-302 is a 2.7 percent increase in the filing fee for permit applications for new/modified sources and abatement devices, from \$462 to \$474.

Also, proposing a new fee equal to the risk screening fee to help recover the costs for each HRA scenario above three HRA scenarios in any permit application pursuant to Regulation 2, Rule 5.

- Section 3-302.3: Fees for Abatement Devices

The proposed amendment to Section 3-302.3 is a 2.7 percent increase in the filing fee, from \$462 to \$474, and the not to exceed value will be increased from \$10,000 to \$10,270.

- Section 3-309: Duplicate Permit or Registration

Staff proposes to delete fees for Duplicate Permits and Duplicate Registrations in Section 309, since these requests are increasingly fulfilled using email, which results in lower costs.

- Section 3-311: Banking

The proposed amendment to Section 3-311 is a 2.7 percent increase in the filing fee for banking applications, from \$462 to \$474.

- Section 3-318: Public Notice Fee, Schools

The proposed amendment to Section 3-318.1 and 3-318.2 is a 2.7 percent increase in the fee, from \$2,146 to \$2,204 per application.

- Section 3-320: Toxic Inventory Fees

The proposed amendment to Section 3-320 is a 2.7 percent increase from \$9,141 to \$9,388.

- Section 3-327: Permit to Operate, Renewal Fees

The processing fees for renewal of Permits to Operate specified in subsections 3-327.1 through 3-327.6 would be increased by 2.7 percent.

- Fees for Risk Screening
 - Staff proposes to replace all references in Regulation 3 to “health risk screening analysis” with the phrase “health risk assessment”.
 - Section 3-329

No change in regulatory language is proposed for Section 3-329: Fee for Risk Screening. Increases in risk screening fees are instead specified in Schedules B, C, D, E, F, G-1, G-2, G-3, G-4, G-5, H, I, and K. For each applicable fee schedule, the base fee for each application that requires a Health Risk Screening Analysis would be increased by 2.7 percent from \$441 to \$474. The portion of the risk screening fee that is based on the type of source involved would be changed along with the proposed changes in Permit to Operate renewal fees listed in Table 1 for sources in Schedules B, C, D, E, F, G-1, G-2, G-3, G-4, G-5, H, I, and K.

- Section 3-337: Exemption Fee

The proposed amendment to Section 3-337 is a 2.7 percent increase in the filing fee for a certificate of exemption, from \$462 to \$474.

Fee Schedules:

Schedule A: Hearing Board Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule A would be increased by 9 percent. The schedules of fees for excess emissions (Schedule A: Table I) and visible emissions (Schedule A: Table II) would also be increased by 9 percent.

Staff also proposes to amend Fee Schedule A: Hearing Board Fees (Table I) to include diesel exhaust particulate matter in the schedule of toxic air contaminants subject to

excess emissions fees. Diesel exhaust particulate matter is a subset of PM_{2.5} that is emitted by diesel engines. Although diesel PM accounts for a small portion (less than 10%) of the overall PM_{2.5} emission inventory, it has been called out for special attention by the ARB because of its toxicity. In 1998, in response to a comprehensive health assessment of diesel exhaust, ARB formally identified diesel PM as a toxic air contaminant (TAC), a special class of air pollutants that can impair public health even at very low exposures or dosages. TACs can cause both acute and chronic effects, including cancer. Diesel exhaust also contains more than 40 other TACs, including carcinogens such as benzene, arsenic, nickel, and formaldehyde. The Air District performed an analysis of TACs for its Community Risk Evaluation (CARE) program and found that diesel PM accounts for approximately 85% of the total cancer risk from TACs in the Bay Area. Diesel PM has been the focus of control efforts by both ARB and the Air District.

Schedule B: Combustion of Fuel

Based on the cost recovery methodology listed in Table 1, the fees in Schedule Q would not be increased.

Schedule C: Stationary Containers for the Storage of Organic Liquids

Based on the cost recovery methodology listed in Table 1, the fees in Schedule Q would not be increased.

Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals

Based on the cost recovery methodology listed in Table 1, the fees in Schedule D would be increased by 8 percent, except for the base fee for a health risk assessment for a source covered by Schedule D, which would be increased by 2.7 percent from \$462 to \$474.

Schedule E: Solvent Evaporating Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule E would be increased by 9 percent, except for the base fee for a health risk assessment for a source covered by Schedule E, which would be increased by 2.7 percent from \$462 to \$474.

Schedule F: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule F would be increased by 7 percent. The base fee for a health risk screening analysis for a source covered by Schedule F would be increased by 2.7 percent, from \$462 to \$474. The base fee for a health risk screening analysis in Schedule F is included in the RSF for the first TAC source in the application.

Schedule G-1: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-1 would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule G-1, which would be increased by 2.7 percent from \$462 to \$474. The base fee for a health risk screening analysis in Schedule G-1 is included in the RSF for the first TAC source in the application.

Schedule G-2: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-2 would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule G-2 which would be increased by 2.7 percent from \$462 to \$474. The base fee for a health risk screening analysis in Schedule G-2 is included in the RSF for the first TAC source in the application.

Schedule G-3: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-3 would be increased by 7 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule G-3, which would be increased by 2.7 percent from \$462 to \$474. The base fee for a health risk screening analysis in Schedule G-3 is included in the RSF for the first TAC source in the application.

Schedule G-4: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule G-4 would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule G-4, which would be increased by 2.7 percent from \$462 to \$474. The base fee for a health risk screening analysis in Schedule G-4 is included in the RSF for the first TAC source in the application.

Schedule G-5: Miscellaneous Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule Q would not be increased.

Schedule H: Semiconductor and Related Sources

Based on the cost recovery methodology listed in Table 1, the fees in Schedule H would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule H, which would be increased by 2.7 percent from \$462 to \$474.

The proposed amendments would revise Fee Schedule H: Semiconductor and Related Operations, to directly calculate the fee based on the gross throughput of organic solvent processed.

Schedule I: Dry Cleaners

Based on the cost recovery methodology listed in Table 1, the fees in Schedule I would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule I, which would be increased by 2.7 percent from \$462 to \$474.

Schedule K: Solid Waste Disposal Sites

Based on the cost recovery methodology listed in Table 1, the fees in Schedule K would be increased by 9 percent, except for the base fee for a health risk screening analysis for a source covered by Schedule K, which would be increased by 2.7 percent from \$462 to \$474.

Schedule L: Asbestos Operations

Based on the cost recovery methodology listed in Table 1, the fees in Schedule Q would not be increased.

Schedule M: Major Stationary Source Fees

Schedule M is an emissions-based fee schedule that applies to various permitted facilities emitting 50 tons per year or more of organic compounds, sulfur oxides, nitrogen oxides, and/or PM₁₀. Air District staff is proposing a 2.7 percent increase in the Schedule M fee rate based on the annual increase in the Bay Area Consumer Price Index.

Schedule N: Toxic Inventory Fees

Based on the cost recovery methodology listed in Table 1, the base fee in Sections 2 and 3 would not be increased. The value of the variable F_T , the total amount of fees to be collected, used to calculate fees for Schedule N is proposed to be remain unchanged for FYE 2018.

However, the SL factor in Fee Schedule N: Toxic Inventory Fees, would be updated to recover current costs and higher California Air Resources Board AB2588 annual fees for FYE 2017.

Schedule P: Major Facility Review Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule P would be increased by 8 percent.

Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks

Based on the cost recovery methodology listed in Table 1, the fees in Schedule Q would not be increased.

Schedule R: Equipment Registration Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule R would be increased by 9 percent.

Schedule S: Naturally Occurring Asbestos Operations

Based on the cost recovery methodology listed in Table 1, the fees in Schedule S would be increased by 9 percent.

Schedule T: Greenhouse Gas Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule T would be increased by 7 percent.

Schedule U: Indirect Source Review Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule U would be increased by 2.7 percent.

Schedule V: Open Burning

Based on the cost recovery methodology listed in Table 1, the fees in Schedule V would be increased by 9 percent.

Schedule W: Petroleum Refining Emissions Tracking Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule W would not be increased.

Schedule X: Major Stationary Source Community Air Monitoring Fees

Based on the cost recovery methodology listed in Table 1, the fees in Schedule X would not be increased.

4. FEE REVENUE AND COSTS OF PROGRAM ACTIVITIES

On an overall basis, the 2017 Cost Recovery Study (a copy of which is available on request) concluded that, for FYE 2016, fee revenue recovered 82 percent of regulatory program activity costs, with revenue of \$40 million and costs of \$49 million. This resulted

in a shortfall, or cost recovery gap, of \$9 million which was filled by county tax revenue. The proposed fee amendments for FYE 2018 are projected to increase overall Air District fee revenue by approximately \$1.85 million relative to fee revenue levels that would be expected without the amendments. Revenue in FYE 2018 is expected to remain below the Air District's regulatory program costs for both permitted and non-permitted sources.

The projected cost recovery percentage for FYE 2017 is expected to be approximately 82%. This is based on the FYE 2017 permit fees expected to be collected compared to the salary and other expenditures budgeted (plus new positions). This projected cost recovery of 82% is primarily due to filling vacancies and adding new positions to support mandated stationary source programs, ensure that core functions will be maintained at levels necessary to adequately service the regulated community, and address key policy initiatives such as the Refinery Emissions Reduction Strategy and the Climate Action Work Program.

For years, the Air District has implemented aggressive cost containment measures that included reducing capital expenditures and maintaining a hiring freeze that resulted in historically high staff vacancy rates.

In FYE 2018, the Air District proposes to fill more of these vacancies to support mandated stationary source programs, ensure that core functions will be maintained at levels necessary to adequately service the regulated community, and to further address key policy initiatives such as the Refinery Emissions Reduction Strategy and the Climate Action Work Program.

Over the past several years, the Air District has also been developing the infrastructure for consistent and efficient permit evaluation and processing, and complete projects intended to develop and improve programs within the Engineering Division. To improve program efficiency, the Air District is actively transitioning to the Production System, an on-line permitting system for the regulated community for high-volume source categories including gas stations, dry cleaners, and auto-body shops, and is expanding this system for additional source categories. These tools will increase efficiency and accuracy by allowing customers to submit applications, report data for the emissions inventory, pay invoices and have access to permit documents. The Division is currently working to design, test and deploy the next phase that will incorporate additional device types and functionality. Staff will continue to identify and maintain a level of effort to achieve Air District mandates and continually monitor the pattern of revenues versus expenditures.

In May 2016, the Air District moved into 375 Beale Street. The vision for 375 Beale Street includes the sharing of limited business operations and technology functions between the Air District, Metropolitan Transportation Commission, and the Association of Bay Area Governments. A shared services component was implemented prior to move-in, including personnel and shared business operations, IT license and maintenance agreements required for a shared services component for the agencies. The shared services component includes general services and technology functions,

personnel, conference room scheduling, conference room set-up, video conferencing, webcasting, copy/print/mail production and distribution, shared fleet management, shuttle service, wellness center, email, calendaring, telephone systems, wireless network, internet connectivity, printing, electronic file storage, and server rooms maintenance. These shared services between the partner agencies may result in some cost savings.

Future projections anticipate adequate revenue to meet projected expenditures with the assumption of continued attention to cost and permit fee analysis. The Air District continues to be fiscally prudent by building its reserves in an effort set to address future pension and other post-employment benefits obligations, future capital equipment and facility needs, and uncertain fiscal situations either at local or State level or external factors affecting the economy that could impact the District's ability to balance its budgets to fund the day-to-day operations. Staff will continue to identify and maintain a level of effort to achieve Air District mandates and continually monitor the pattern of revenues versus expenditures.

Opportunities for further cost containment measures will be developed and documented in the next Air District Cost Recovery Study. The Air District expects to release a Request for Proposals for this Air District Cost Recovery Study in the next few months.

5. STATUTORY AUTHORITY FOR PROPOSED FEE INCREASES

The Air District is a regional regulatory agency, and its fees are used to recover the costs of issuing permits, performing inspections, and other associated regulatory activities. The Air District's fees fall into the category specified in Section 1(e) of Article XIII C of the California Constitution which specifies that charges of this type assessed to regulated entities to recover regulatory program activity costs are not taxes. The amount of fee revenue collected by the Air District has been clearly shown to be much less than the costs of the Air District's regulatory program activities both for permitted and non-permitted sources.

The Air District's fee regulation, with its various fee schedules, is used to allocate regulatory program costs to fee payers in a manner which bears a fair or reasonable relationship to the payer's burden on, or benefits received from, regulatory activities. Permit fees are based on the type and size of the source being regulated, with minimum and maximum fees being set in recognition of the practical limits to regulatory costs that exist based on source size. Add-on fees are used to allocate costs of specific regulatory requirements that apply to some sources but not others (e.g., health risk screening fees, public notification fees, alternative compliance plan fees). Emissions-based fees are used to allocate costs of regulatory activities not reasonably identifiable with specific fee payers.

Since 2006, the Air District has used annual analyses of cost recovery performed at the fee-schedule level, which is based on data collected from a labor-tracking system, to adjust fees. These adjustments are needed as the Air District's regulatory program

activities change over time based on changes in statutes, rules and regulations, enforcement priorities, and other factors.

State law authorizes air districts to adopt fee schedules to cover the costs of various air pollution programs. California Health and Safety Code (H&S Code) section 42311(a) provides authority for an air district to collect permit fees to cover the costs of air district programs related to permitted stationary sources. H&S Code section 42311(f) further authorizes the Air District to assess additional permit fees to cover the costs of programs related to toxic air contaminants. H&S Code section 41512.7(b) limits the allowable percentage increase in fees for authorities to construct and permits to operate to 15 percent per year.

H&S Code section 44380(a) authorizes air districts to adopt a fee schedule that recovers the costs to the air district and State agencies of the Air Toxics Hot Spots Program (AB 2588). The section provides the authority for the Air District to collect toxic inventory fees under Schedule N.

H&S Code section 42311(h) authorizes air districts to adopt a schedule of fees to cover the reasonable costs of the Hearing Board incurred as a result of appeals from air district decisions on the issuance of permits. Section 42364(a) provides similar authority to collect fees for the filing of applications for variances or to revoke or modify variances. These sections provide the authority for the Air District to collect Hearing Board fees under Schedule A.

H&S Code section 42311(g) authorizes air districts to adopt a schedule of fees to be assessed on area-wide or indirect sources of emissions, which are regulated but for which permits are not issued by the air district, to recover the costs of air district programs related to these sources. This section provides the authority for the Air District to collect asbestos fees (including fees for Naturally Occurring Asbestos operations), soil excavation reporting fees, registration fees for various types of regulated equipment, for Indirect Source Review, and fees for open burning.

The proposed fee amendments are in accordance with all applicable authorities. The Air District fees subject to this rulemaking are in amounts no more than necessary to cover the reasonable costs of the Air District's regulatory activities, and the manner in which the Air District fees allocate those costs to a payer bear a fair and reasonable relationship to the payer's burdens on the Air District regulatory activities and benefits received from those activities. Permit fee revenue (after adoption of the proposed amendments) would still be well below the Air District's regulatory program activity costs associated with permitted sources. Similarly, fee revenue for non-permitted area wide sources would be below the Air District's costs of regulatory programs related to these sources. Hearing Board fee revenue would be below the Air District's costs associated with Hearing Board activities related to variances and permit appeals. Fee increases for authorities to construct and permits to operate would be less than 15 percent per year.

6. ASSOCIATED IMPACTS AND OTHER RULE DEVELOPMENT REQUIREMENTS

6.1 EMISSIONS IMPACTS

There will be no direct change in air emissions as a result of the proposed amendments.

6.2 ECONOMIC IMPACTS

The Air District must, in some cases, consider the socioeconomic impacts and incremental costs of proposed rules or amendments. Section 40728.5(a) of the California H&S Code requires that socioeconomic impacts be analyzed whenever an air district proposes the adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations. The proposed fee amendments will not significantly affect air quality or emissions limitations, and so a socioeconomic impact analysis is not required.

Section 40920.6 of the H&S Code specifies that an air district is required to perform an incremental cost analysis for a proposed rule, if the purpose of the rule is to meet the requirement for best available retrofit control technology or for a feasible measure. The proposed fee amendments are not best available retrofit control technology requirements, nor are they a feasible measure required under the California Clean Air Act; therefore, an incremental cost analysis is not required.

The financial impact of the proposed fee amendments on small businesses is expected to be minor. Many small businesses operate only one or two permitted sources, and generally pay only the minimum permit renewal fees. For the facilities shown in Table 4, increases in annual permit and registration renewal fees would be under \$100, except for a typical service station with ten, multiproduct gasoline nozzles.

Table 4. Changes in Annual Permit/Registration Renewal Fees for Typical Small Businesses

Facility Type	Facility Description	Fee Increase	Total Fee
Gas Station	10 multi-product gasoline nozzles	\$263	\$3,614
Dry Cleaner (permitted)	One machine: 1,400 lb/yr Perc emissions	\$39	\$666
Dry Cleaner (registered)	One machine: 800 lb/yr VOC emissions	\$19	\$225
Auto Body Shop	one spray booth: 400 gal/yr paint 100 gal/yr cleanup solvent	\$46	\$622
Back-up Generator	One 365 hp engine	\$2*	\$332

*Represents a 2.7% increase in the Permit Renewal Processing Fee.

For reference, Air District permit fees are generally well below that of the South Coast AQMD, the other major metropolitan air district in the state with a cost of living similar to that of the Bay Area. South Coast AQMD staff have indicated that their fee revenue recovers a much higher percentage of associated program activity costs (i.e., over 90 percent) relative to the Bay Area AQMD.

For larger facilities, such as refineries and power plants, increases in annual permit renewal fees would cover a considerable range due to differences in the facility's size, mix of emission sources, pollutant emission rates and applicable fee schedules. As shown in Table 5, the FYE 2018 annual permit fee increase for the five Bay Area refineries would range from approximately 13.1 to 15.0 percent. The annual permit fee increase for power generating facilities shown in Table 6 would range from approximately 3.5 to 3.7 percent. Projected FYE 2018 fee increases are based on TYE 2017 material throughput data. Table 5 and 6 also include current Permit to Operate fees paid and historical annual fee increases.

Table 5. Refinery Permit to Operate Fee Comparison

	Annual % Permit Fee Increase (Fiscal Year Ending)					Current Permit Fee (in millions)
	2014	2015	2016	2017	2018 Projected	
Chevron	3.4	12.1	9.3	14.7	13.1	\$3.64
Shell	1.2	12.4	5.8	15.0	15.0	\$3.12
Phillips 66	1.2	9.3	3.4	14.6	13.9	\$1.59
Valero	7.2	8.4	11.9	15.0	15.0	\$1.87
Tesoro	5.5	13.0	21.7	13.3	15.0	\$2.42

Table 6. Power Plant Permit to Operate Fee Comparison

	Annual % Fee Increase (Fiscal Year Ending)					Current Permit to Operate Fee
	2014	2015	2016	2017	2018 Projected	
Delta Energy	13.5	16.9	12.6	4.8	3.7	\$ 459,600
Los Medanos	11.3	15.0	15.0	4.8	3.5	\$ 326,900
Gateway	3.3	15.0	19.8	4.5	3.6	\$ 320,300
Crockett Cogen	2.1	15.0	11.5	7.9	3.5	\$ 222,700

6.3 ENVIRONMENTAL IMPACTS

The California Environmental Quality Act (CEQA), Public Resources Code section 21000 et seq., and the CEQA Guidelines, 14 CCR 15000 et seq., require a government agency that undertakes or approves a discretionary project to prepare documentation addressing the potential impacts of that project on all environmental media. Certain types of agency actions are, however, exempt from CEQA requirements. The proposed fee amendments are exempt from the requirements of the CEQA under Section 15273 of the CEQA Guidelines, which state: "CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies...." (See also Public Resources Code Section 21080(b) (8)).

Section 40727.2 of the H&S Code imposes requirements on the adoption, amendment, or repeal of air district regulations. It requires an air district to identify existing federal and air district air pollution control requirements for the equipment or source type affected by the proposed change in air district rules. The air district must then note any differences

between these existing requirements and the requirements imposed by the proposed change. This fee proposal does not impose a new standard, make an existing standard more stringent, or impose new or more stringent administrative requirements. Therefore, section 40727.2 of the H&S Code does not apply.

6.4 STATUTORY FINDINGS

Pursuant to H&S Code section 40727, regulatory amendments must meet findings of necessity, authority, clarity, consistency, non-duplication, and reference. The proposed amendments to Regulation 3:

- Are necessary to fund the Air District's efforts to attain and maintain federal and state air quality standards, and to reduce public exposure to toxic air contaminants;
- Are authorized by H&S Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9;
- Are clear, in that the amendments are written so that the meaning can be understood by the affected parties;
- Are consistent with other Air District rules, and not in conflict with any state or federal law;
- Are not duplicative of other statutes, rules or regulations; and
- Reference H&S Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9.

7. RULE DEVELOPMENT PROCESS

On February 1, 2017, the Air District issued a notice for a public workshop to discuss with interested parties an initial proposal to amend Regulation 3, Fees. Distribution of this notice included all Air District-permitted and registered facilities, asbestos contractors, and a number of other potentially interested stakeholders. The notice was also posted on the Air District website. On February 14, 2017, the Air District issued a revised notice and posted it on the Air District website. A public workshop and simultaneous webcast was held on February 22, 2017 to discuss the initial Regulation 3 fee proposal.

On March 22, 2017 Air District staff is scheduled to provide a briefing on the proposed fee amendments to the Air District Board of Directors' Budget and Finance Committee.

Under H&S Code section 41512.5, the adoption or revision of fees for non-permitted sources requires two public hearings that are held at least 30 days apart from one another. This provision applies to Schedule L: Asbestos Operations, Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks, Schedule R: Equipment Registration Fees, Schedule S: Naturally Occurring Asbestos Operations, Schedule U: Indirect Source Fees, and Schedule V: Open Burning. A Public Hearing Notice for the proposed Regulation 3 will be published on March 17, 2017. An initial public hearing to consider testimony on the proposed amendments has been scheduled for April 19, 2017. A second public hearing, to consider adoption of the proposed fee amendments, has been scheduled for June 7, 2017, or as soon thereafter as the matter may be heard. If adopted, the amendments would be made effective on July 1, 2017.

8. PUBLIC COMMENTS

The District held a public workshop on February 22, 2017 to discuss draft amendments to Regulation 3: Fees. There was one attendee plus the webcast audience. Written comments were received on the Regulation 3, Fees proposal as follows: (1) Janet Whittick of the California Council for Environmental and Economic Balance (CCEEB), (2) Sue Gustafson of Valero Refining Company – California (Valero), and (3) Manraj Natt and Kweal Krishan of the American Petroleum and Convenience Store Association (APCA).

Workshop Comment 1: CCEEB and Valero

- Requested for more information on cost and fee estimates for proposed Rule 11-18.

Air District Response to Comment 1:

- Prepared, posted, and distributed to the commenters a Supplementary Supporting Information document that provides the requested information.

Workshop Comment 2: CCEEB and Valero

- Requested for more information on cost assessment and cost containment efforts.

Air District Response to Comment 2:

- Prepared, posted, and distributed to the commenters a Supplementary Supporting Information document that provides the requested information.

Workshop Comment 3: CCEEB

- Asked whether the 15% limit on annual permit fee increases found in California Health and Safety Code section 41512.7 applies to the proposed Rule 11-18 fees.

Air District Response to Comment 3:

- Air District responded at the public workshop that the 15% limit on permit fee increase applies only to existing permit fees, and therefore does not apply to the proposed Rule 11-18 fees.

Workshop Comment 4: APCA

- Requested for justification for increase in Fee Schedule D, Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals.

Air District Response to Comment 4:

- The proposed amendments to Fee Schedule D would increase fee revenue to help the District recover a greater share of the costs the District incurs in implementing and enforcing its regulatory programs. Last year, the Air District only recovered about 79% of the costs for regulating Schedule D facilities. For a typical gasoline dispensing facility, we estimate that the fee increase would be \$263 per year.

9. CONCLUSIONS

Air District staff finds that the proposed fee amendments meet the findings of necessity, authority, clarity, consistency, non-duplication and reference specified in H&S Code section 40727. The proposed amendments:

- Are necessary to fund the Air District's efforts to attain and maintain federal and state air quality standards, and to reduce public exposure to toxic air contaminants;
- Are authorized by H&S Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9;
- Are clear, in that the amendments are written so that the meaning can be understood by the affected parties;
- Are consistent with other Air District rules, and not in conflict with any state or federal law;
- Are not duplicative of other statutes, rules or regulations; and
- Reference H&S Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9.

The proposed fee amendments will be used by the Air District to recover the costs of issuing permits, performing inspections, and other associated regulatory activities. The Air District fees subject to this rulemaking are in amounts no more than necessary to cover the reasonable costs of the Air District's regulatory activities, and the manner in which the Air District fees allocate those costs to a payer bear a fair and reasonable relationship to the payer's burdens on the Air District regulatory activities and benefits received from those activities. After adoption of the proposed amendments, permit fee revenue would still be below the Air District's regulatory program activity costs associated with permitted sources. Similarly, fee revenue for non-permitted sources would be below the Air District's costs of regulatory programs related to these sources. Fee increases for authorities to construct and permits to operate would not exceed 15 percent per year as required under H&S Code section 41512.7. The proposed amendments to Regulation 3 are exempt from the requirements of the CEQA under Section 15273 of the CEQA Guidelines.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

DRAFT STAFF REPORT

**PROPOSED AMENDMENTS TO
BAAQMD REGULATION 3: FEES**

APPENDIX A

COST RECOVERY POLICY
(Adopted March 7, 2012)

COST RECOVERY POLICY FOR BAY AREA AIR QUALITY MANAGEMENT DISTRICT REGULATORY PROGRAMS

PURPOSE

WHEREAS, the District has the primary authority for the control of air pollution from all sources of air emissions located in the San Francisco Bay Area, other than emissions from motor vehicles, in accordance with the provisions of Health & Safety Code sections 39002 and 40000.

WHEREAS, the District is responsible for implementing and enforcing various District, State, and federal air quality regulatory requirements that apply to non-vehicular sources.

WHEREAS, the District's regulatory programs involve issuing permits, performing inspections, and other associated activities.

WHEREAS, the District is authorized to assess fees to regulated entities for the purpose of recovering the reasonable costs of regulatory program activities, and these authorities include those provided for in California Health and Safety Code sections 42311, 42364, and 44380.

WHEREAS, the District's fees fall within the categories provided in Section 1(e) of Article XIII C of the California Constitution, which indicates that charges assessed to regulated entities to recover regulatory program activity costs, and charges assessed to cover the cost of conferring a privilege or providing a service, are not taxes.

WHEREAS, the District has adopted, and periodically amends, a fee regulation for the purpose of recovering regulatory program activity costs, and this regulation with its various fee schedules, is used to allocate costs to fee payers in a manner which bears a fair or reasonable relationship to the payer's burden on, or benefits received from, regulatory activities.

WHEREAS, the District analyzes whether assessed fees result in the collection of sufficient revenue to recover the costs of related program activities; these analyses have included contractor-conducted fee studies completed in 1999, 2005, and 2011, and annual District staff-conducted cost recovery updates completed in 2006 through 2010. Each fee study and cost recovery update completed revealed that District fee revenue falls significantly short of recovering the costs of related program activities.

WHEREAS, the District's most recently completed fee study (*Cost Recovery and Containment Study, Bay Area Air Quality Management District*, Final Report, Matrix Consulting Group, March 9, 2011) concluded that in Fiscal Year Ending (FYE) 2010, the District recovered approximately 62 percent of its fee-related activity costs, resulting in an under-recovery of costs (i.e., a cost recovery gap), and a subsidy to fee payers, of approximately \$16.8 million, and that this cost recovery gap resulted despite the

implementation of a number of strategies to contain costs.

WHEREAS, cost recovery analyses have indicated that the District's Fee Schedule P: Major Facility Review Fees, which establishes fees for program activities associated with the Title V permit program, has under-recovered costs by an average of \$3.4 million per year over the period FYE 2004 through FYE 2010.

WHEREAS, the District's Board of Directors has recognized since 1999 that the District's cost recovery gap has been an issue that needs to be addressed, and since that time has adopted annual fee amendments in order to increase fee revenue.

WHEREAS, in addition to fee revenue, the District receives revenue from Bay Area counties that is derived from property taxes, and a large portion of this tax revenue has historically been used on an annual basis to fill the cost recovery gap.

WHEREAS, the tax revenue that the District receives varies on a year-to-year basis, and cannot necessarily be relied on to fill the cost recovery gap and also cover other District expenses necessitating, in certain years, the use of reserve funds.

WHEREAS, tax revenue that the District receives, to the extent that it is not needed to fill the cost recovery gap, can be used to fund initiatives or programs that may further the District's mission but that lack a dedicated funding source.

WHEREAS, it may be appropriate as a matter of policy to establish specific fee discounts for small businesses, green businesses, or other regulated entities or members of the public, where tax revenue is used to cover a portion of regulatory program activity costs, and the District's existing fee regulation contains several fee discounts of this type.

POLICY

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bay Area Air Quality Management District that:

(1) Cost Containment –In order to ensure that the costs of its regulatory programs remain reasonable, the District should continue to implement feasible cost containment measures, including the use of appropriate best management practices, without compromising the District's effective implementation and enforcement of applicable regulatory requirements. The District's annual budget documents should include a summary of cost containment measures that are being implemented.

(2) Analysis of Cost Recovery – The District should continue to analyze the extent to which fees recover regulatory program activity costs, both on an overall basis, and at the level of individual fee schedules. These cost recovery analyses should be periodically completed by a qualified District contractor, and should be updated on an annual basis by District staff using a consistent methodology.

(3) Cost Recovery Goals – It is the general policy of the District, except as otherwise noted below, that the costs of regulatory program activities be fully recovered by assessing fees to regulated entities. In order to move towards this goal, the District should amend its fee regulation over the next four years, in conjunction with the adoption of budgets for Fiscal Year Ending (FYE) 2013 through FYE 2016, in a manner sufficient to increase overall recovery of regulatory program activity costs to 85 percent. Amendments to specific fee schedules should also be made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being adopted for the schedules that have the larger cost recovery gaps. This includes Fee Schedule P: Major Facility Review Fees, which has been determined to under-recover costs by a significant amount. Newly adopted regulatory measures should include fees that are designed to recover increased regulatory program activity costs associated with the measure, unless the Board of Directors determines that a portion of those costs should be covered by tax revenue. Tax revenue should also continue to be used to subsidize existing fee discounts that the District provides (e.g., for small businesses, green businesses, and third-party permit appeals), and to cover the cost of the District’s wood smoke enforcement program.

BE IT FURTHER RESOLVED that this resolution is non-binding in the case of unforeseen financial circumstances, and may also be reconsidered or updated by the District’s Board of Directors.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

STAFF REPORT

PROPOSED AMENDMENTS TO BAAQMD REGULATION 3: FEES

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REGULATION 3 FEES

(Adopted June 18, 1980)

3-100 GENERAL

3-101 Description: This regulation establishes the regulatory fees charged by the District.
(Amended 7/6/83; 11/2/83; 2/21/90; 12/16/92; 8/2/95; 12/2/98; 5/21/03; 5/21/08; 5/20/09; 6/19/13)

3-102 Deleted July 12, 1989

3-103 Exemption, Abatement Devices: Installation, modification, or replacement of abatement devices on existing sources are subject to fees pursuant to Section 3-302.3. All abatement devices are exempt from annual permit renewal fees. However, emissions from abatement devices, including any secondary emissions, shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, P, and T.

(Amended 6/4/86; 7/1/98; 6/7/00; 5/21/08)

3-104 Deleted August 2, 1995

3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Fees shall not be required, pursuant to Section 3-322, for operations associated with the excavation of contaminated soil and the removal of underground storage tanks if one of the following is met:

105.1 The tank removal operation is being conducted within a jurisdiction where the APCO has determined that a public authority has a program equivalent to the District program and persons conducting the operations have met all the requirements of the public authority.

105.2 Persons submitting a written notification for a given site have obtained an Authority to Construct or Permit to Operate in accordance with Regulation 2, Rule 1, Section 301 or 302. Evidence of the Authority to Construct or the Permit to Operate must be provided with any notification required by Regulation 8, Rule 40.

(Adopted 1/5/94; Amended 5/21/03)

3-106 Deleted December 2, 1998

3-107 Exemption, Sources Exempt from Permit Requirements: Any source that is exempt from permit requirements pursuant to Regulation 2, Rule 1, Sections 103 through 128 is exempt from permit fees. However, emissions from exempt sources shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Adopted June 7, 2000)

3-200 DEFINITIONS

3-201 Cancelled Application: Any application which has been withdrawn by the applicant or cancelled by the APCO for failure to pay fees or to provide the information requested to make an application complete.

(Amended 6/4/86; 4/6/88)

3-202 Gasoline Dispensing Facility: Any stationary facility which dispenses gasoline directly into the fuel tanks of vehicles, such as motor vehicles, aircraft or boats. The facility shall be treated as a single source which includes all necessary equipment for the exclusive use of the facility, such as nozzles, dispensers, pumps, vapor return lines, plumbing and storage tanks.

(Amended February 20, 1985)

3-203 Filing Fee: A fixed fee for each source in an authority to construct.

(Amended June 4, 1986)

3-204 Initial Fee: The fee required for each new or modified source based on the type and size of the source. The fee is applicable to new and modified sources seeking to obtain an authority to construct. Operation of a new or modified source is not allowed until the permit to operate fee is paid.

(Amended June 4, 1986)

- 3-205 Authority to Construct:** Written authorization from the APCO, pursuant to Section 2-1-301, for a source to be constructed or modified or for a source whose emissions will be reduced by the construction or modification of an abatement device.
(Amended June 4, 1986)
- 3-206 Modification:** See Section 1-217 of Regulation 1.
- 3-207 Permit to Operate Fee:** The fee required for the annual renewal of a permit to operate or for the first year of operation (or prorated portion thereof) of a new or modified source which received an authority to construct.
(Amended 6/4/86; 7/15/87; 12/2/98; 6/7/00)
- 3-208 Deleted June 4, 1986**
- 3-209 Small Business:** A business with no more than 10 employees and gross annual income of no more than \$750,000 that is not an affiliate of a non-small business.
(Amended 6/4/86; 6/6/90; 6/7/00; 6/15/05; 6/16/10)
- 3-210 Solvent Evaporating Source:** Any source utilizing organic solvent, as part of a process in which evaporation of the solvent is a necessary step. Such processes include, but are not limited to, solvent cleaning operations, painting and surface coating, rotogravure coating and printing, flexographic printing, adhesive laminating, etc. Manufacture or mixing of solvents or surface coatings is not included.
(Amended July 3, 1991)
- 3-211 Source:** See Section 1-227 of Regulation 1.
- 3-212 Deleted August 2, 1995**
- 3-213 Major Stationary Source:** For the purpose of Schedule M, a major stationary source shall be any District permitted plant, building, structure, stationary facility or group of facilities under the same ownership, leasehold, or operator which, in the base calendar year, emitted to the atmosphere organic compounds, oxides of nitrogen (expressed as nitrogen dioxide), oxides of sulfur (expressed as sulfur dioxide), or PM₁₀ in an amount calculated by the APCO equal to or exceeding 50 tons per year.
(Adopted 11/2/83; Amended 2/21/90; 6/6/90; 8/2/95; 6/7/00)
- 3-214 Deleted October 20, 1999, effective March 1, 2000**
- 3-215 Deleted October 20, 1999, effective March 1, 2000**
- 3-216 Deleted October 20, 1999, effective March 1, 2000**
- 3-217 Deleted October 20, 1999, effective March 1, 2000**
- 3-218 Deleted October 20, 1999, effective March 1, 2000**
- 3-219 Deleted October 20, 1999, effective March 1, 2000**
- 3-220 Deleted October 20, 1999, effective March 1, 2000**
- 3-221 Deleted October 20, 1999, effective March 1, 2000**
- 3-222 Deleted October 20, 1999, effective March 1, 2000**
- 3-223 Start-up Date:** Date when new or modified equipment under an authority to construct begins operating. The holder of an authority to construct is required to notify the APCO of this date at least 3 days in advance. For new sources, or modified sources whose authorities to construct have expired, operating fees are charged from the startup date.
(Adopted 6/4/86; Amended 6/6/90)
- 3-224 Permit to Operate:** Written authorization from the APCO pursuant to Section 2-1-302.
(Adopted 6/4/86; Amended 6/7/00)
- 3-225 Deleted June 3, 2015**
- 3-226 Air Toxics "Hot Spots" Information and Assessment Act of 1987:** The Air Toxics "Hot Spots" Information and Assessment Act of 1987 directs the California Air Resources Board and the Air Quality Management Districts to collect information from industry on emissions of potentially toxic air contaminants and to inform the public about such emissions and their impact on public health. It also directs the Air Quality Management District to collect fees sufficient to cover the necessary state and District costs of implementing the program.
(Adopted 10/21/92; Amended 6/15/05)
- 3-227 Toxic Air Contaminant, or TAC:** An air pollutant that may cause or contribute to an increase in mortality or in serious illness or that may pose a present or potential hazard to human health. For the purposes of this rule, TACs consist of the substances listed in Table 2-5-1 of Regulation 2, Rule 5.
(Adopted 10/21/92; Amended 6/15/05)
- 3-228 Deleted December 2, 1998**

- 3-229 Deleted December 2, 1998
- 3-230 Deleted December 2, 1998
- 3-231 Deleted December 2, 1998
- 3-232 Deleted December 2, 1998
- 3-233 Deleted December 2, 1998
- 3-234 Deleted December 2, 1998
- 3-235 Deleted December 2, 1998
- 3-236 Deleted December 2, 1998
- 3-237 **PM₁₀**: See Section 2-1-229 of Regulation 2, Rule 1.
(Adopted June 7, 2000)
- 3-238 **Risk Assessment Screening Fee**: Fee for a new or modified source of toxic air contaminants for which a ~~health risk screening analysis~~ **health risk assessment (HRSAHRA)** is required under Regulation 2-5-401, for an HRA required under Regulation 11, Rule 18, or for an **HRSAHRA** prepared for other purposes (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402).
(Adopted June 15, 2005)
- 3-239 **Toxic Surcharge**: Fee paid in addition to the permit to operate fee for a source that emits one or more toxic air contaminants at a rate which exceeds a chronic trigger level listed in Table 2-5-1.
(Adopted June 15, 2005)
- 3-240 **Biogenic Carbon Dioxide**: Carbon dioxide emissions resulting from materials that are derived from living cells, excluding fossil fuels, limestone and other materials that have been transformed by geological processes. Biogenic carbon dioxide originates from carbon (released in the form of emissions) that is present in materials that include, but are not limited to, wood, paper, vegetable oils, animal fat, and food, animal and yard waste.
(Adopted May 21, 2008)
- 3-241 **Green Business**: A business or government agency that has been certified under the Bay Area Green Business Program coordinated by the Association of Bay Area Governments and implemented by participating counties.
(Adopted June 16, 2010)
- 3-242 **Incident**: A non-routine release of an air contaminant that may cause adverse health consequences to the public or to emergency personnel responding to the release, or that may cause a public nuisance or off-site environmental damage.
(Adopted June 19, 2013)
- 3-243 **Incident Response**: The District's response to an incident. The District's incident response may include the following activities: i) inspection of the incident-emitting equipment and facility records associated with operation of the equipment; ii) identification and analysis of air quality impacts, including without limitation, identifying areas impacted by the incident, modeling, air monitoring, and source sampling; iii) engineering analysis of the specifications or operation of the equipment; and iv) administrative tasks associated with processing complaints and reports.
(Adopted June 19, 2013)
- 3-244 **Permit to Operate Renewal Date**: The first day of a Permit to Operate's Permit Renewal Period.
(Adopted June 19, 2013)
- 3-245 **Permit Renewal Period**: The length of time the source is authorized to operate pursuant to a Permit to Operate.
(Adopted June 19, 2013)
- 3-300 **STANDARDS**
- 3-301 **Hearing Board Fees**: Applicants for variances or appeals or those seeking to revoke or modify variances or abatement orders or to rehear a Hearing Board decision shall pay the applicable fees, including excess emission fees, set forth in Schedule A.
(Amended June 7, 2000)
- 3-302 **Fees for New and Modified Sources**: Applicants for authorities to construct and permits to operate new sources shall pay for each new source: a filing fee of ~~\$462474~~, the initial fee, the risk ~~screening assessment~~ fee, the permit to operate fee, and toxic surcharge (given in Schedules B, C, D, E, F, H, I or K). Applicants for authorities to construct and permits to operate

modified sources shall pay for each modified source, a filing fee of ~~\$462474~~, the initial fee, the risk ~~screeningassessment~~ fee, and any incremental increase in permit to operate and toxic surcharge fees. Where more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. If any person requests more than three HRA scenarios required pursuant to Regulation 2, Rule 5 in any single permit application, they shall pay an additional risk assessment fee for each of these scenarios. Except for gasoline dispensing facilities (Schedule D) and semiconductor facilities (Schedule H), the size to be used for a source when applying the schedules shall be the maximum size the source will have after the construction or modification. Where applicable, fees for new or modified sources shall be based on maximum permitted usage levels or maximum potential to emit including any secondary emissions from abatement equipment. The APCO may reduce the fees for new and modified sources by an amount deemed appropriate if the owner or operator of the source attends an Industry Compliance School sponsored by the District.

302.1 Small Business Discount: If an applicant qualifies as a small business and the source falls under schedules B, C, D (excluding gasoline dispensing facilities), E, F, H, I or K, the filing fee, initial fee, and risk ~~screeningassessment~~ fee shall be reduced by 50%. All other applicable fees shall be paid in full.

302.2 Deleted July 3, 1991

302.3 Fees for Abatement Devices: Applicants for an authority to construct and permit to operate abatement devices where there is no other modification to the source shall pay a ~~\$462474~~ filing fee and initial and risk ~~screeningassessment~~ fees that are equivalent to 50% of the initial and risk ~~screeningassessment~~ fees for the source being abated, not to exceed a total of ~~\$10,27040,000~~. For abatement devices abating more than one source, the initial fee shall be 50% of the initial fee for the source having the highest initial fee.

302.4 Fees for Reactivated Sources: Applicants for a Permit to Operate reactivated, previously permitted equipment shall pay the full filing, initial, risk ~~screeningassessment~~, permit, and toxic surcharge fees.

302.5 Deleted June 3, 2015

302.6 Green Business Discount: If an applicant qualifies as a green business, the filing fee, initial fee, and risk ~~screeningassessment~~ fee shall be reduced by 10%. All other applicable fees shall be paid in full.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15; 6/15/16)

3-303 Back Fees: An applicant required to obtain a permit to operate existing equipment in accordance with District regulations shall pay back fees equal to the permit to operate fees and toxic surcharges given in the appropriate Schedule (B, C, D, E, F, H, I or K) prorated from the effective date of permit requirements. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. The applicant shall also pay back fees equal to toxic inventory fees pursuant to Section 3-320 and Schedule N. The maximum back fee shall not exceed a total of five years' permit, toxic surcharge, and toxic inventory fees. An owner/operator required to register existing equipment in accordance with District regulations shall pay back fees equal to the annual renewal fee given in Schedule R prorated from the effective date of registration requirements, up to a maximum of five years.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87; 6/6/90; 7/3/91; 10/8/97; 6/15/05; 5/20/09)

3-304 Alteration: Except for gasoline dispensing facilities subject to Schedule D, an applicant to alter an existing permitted source shall pay the filing fee and 50% of the initial fee for the source, provided that the alteration does not result in an increase in emissions of any regulated air pollutant. For gasoline dispensing facilities subject to Schedule D, an applicant for an alteration shall pay a fee of 1.75 times the filing fee.

(Amended 6/4/86; 11/15/00; 6/2/04; 6/3/15, 6/15/16)

3-305 Cancellation or Withdrawal: There will be no refund of initial, risk ~~screeningassessment~~, and filing fees if an application is cancelled or withdrawn. However, if an application for identical equipment is submitted within six months of the date of cancellation or withdrawal, the initial fee will be credited in full against the fee for the new application.

(Amended 7/6/83; 4/6/88; 10/8/97; 6/15/05)

3-306 Change in Conditions: If an applicant applies to change the conditions on an existing authority to construct or permit to operate, the applicant will pay the following fees. There will

be no change in anniversary date.

306.1 Administrative Condition Changes: An applicant applying for an administrative change in permit conditions shall pay a fee equal to the filing fee for a single source, provided the following criteria are met:

1.1 The condition change applies to a single source or a group of sources with shared permit conditions.

1.2 The condition change does not subject the source(s) to any District Regulations or requirements that were not previously applicable.

1.3 The condition change does not result in any increase in emissions of POC, NPOC, NO_x, CO, SO₂, or PM₁₀ at any source or the emission of a toxic air contaminant above the trigger levels identified in Table 2-5-1

1.4 The condition change does not require a public notice.

306.2 Other Condition Changes: Applicant shall pay the filing, initial, and risk ~~screening~~assessment fees required for new and modified equipment under Section 3-302. If the condition change will result in higher permit to operate fees, the applicant shall also pay any incremental increases in permit to operate fees and toxic surcharges.

(Amended 7/6/83; 6/4/86; 6/6/90; 10/8/97; 6/7/00; 6/15/05)

3-307 Transfers: The owner/operator of record is the person to whom a permit is issued or, if no permit has yet been issued to a facility, the person who applied for a permit. Permits are valid only for the owner/operator of record. Upon submittal of a \$102 transfer of ownership fee, permits are re-issued to the new owner/operator of record with no change in expiration dates.

(Amended 2/20/85; 6/4/86; 11/5/86; 4/6/88; 10/8/97; 5/1/02; 5/21/03; 6/02/04; 6/19/13; 6/4/14, 6/15/16)

3-308 Change of Location: An applicant who wishes to move an existing source, which has a permit to operate, shall pay no fee if the move is on the same facility. If the move is not on the same facility, the source shall be considered a new source and subject to Section 3-302. This section does not apply to portable permits meeting the requirements of Regulation 2-1-220 and 413.

(Amended 7/6/83; 6/4/86; 6/15/05)

~~**3-309 Duplicate Permit or Registration:** An applicant for a duplicate permit to operate or registration shall pay a fee of \$78 per permit or registration. Deleted TBD~~

(Amended 5/19/99; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07;

5/21/08; 5/20/09; 6/16/10; 6/19/13; 6/4/14; 6/3/15, 6/15/16, TBD)

3-310 Fee for Constructing Without a Permit: An applicant for an authority to construct and a permit to operate a source, which has been constructed or modified without an authority to construct, shall pay the following fees:

310.1 Sources subject to permit requirements on the date of initial operation shall pay fees for new construction pursuant to Section 3-302, any back fees pursuant to Section 3-303, and a late fee equal to 100% of the initial fee. A modified gasoline dispensing facility subject to Schedule D that is not required to pay an initial fee shall pay fees for a modified source pursuant to Section 3-302, back fees, and a late fee equal to 100% of the filing fee.

310.2 Sources previously exempt from permit requirements that lose their exemption due to changes in District, state, or federal regulations shall pay a permit to operate fee and toxic surcharge for the coming year and any back fees pursuant to Section 3-303.

310.3 Sources previously exempt from permit requirements that lose their exemption due to a change in the manner or mode of operation, such as an increased throughput, shall pay fees for new construction pursuant to Section 3-302. In addition, sources applying for permits after commencing operation in a non-exempt mode shall also pay a late fee equal to 100% of the initial fee and any back fees pursuant to Section 3-303.

310.4 Sources modified without a required authority to construct shall pay fees for modification pursuant to Section 3-302 and a late fee equal to 100% of the initial fee.

(Amended 7/6/83; 4/18/84; 6/4/86; 6/6/90; 7/3/91; 8/2/95; 10/8/97; 6/02/04; 6/15/05; 6/6/12)

3-311 Banking: Any applicant who wishes to bank emissions for future use, or convert an ERC into an IERC, shall pay a filing fee of \$~~462474~~ per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Any applicant for the withdrawal of banked emissions shall pay a fee of \$~~462474~~.

(Amended 7/6/83; 6/4/86; 7/15/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

- 3-312 Emission Caps and Alternative Compliance Plans:** Any facility which elects to use an alternative compliance plan contained in:
- 312.1 Regulation 8 ("bubble") to comply with a District emission limitation or to use an annual or monthly emission limit to acquire a permit in accordance with the provisions of Regulation 2, Rule 2, shall pay an additional annual fee equal to fifteen percent of the total plant permit to operate fee.
- 312.2 Regulation 2, Rule 9, or Regulation 9, Rule 10 shall pay an annual fee of \$~~1,2014,169~~ for each source included in the alternative compliance plan, not to exceed \$~~12,00844,692~~.
(Adopted 5/19/82; Amended 6/4/86; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/23/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)
- 3-313 Deleted May 19, 1999**
- 3-314 Deleted August 2, 1995**
- 3-315 Costs of Environmental Documentation:** An applicant for an Authority to Construct shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, the District's costs of performing any environmental evaluation and preparing and filing any documents pursuant to the California Environmental Quality Act (Public Resources Code, Section 21000, et seq), including the costs of any outside consulting assistance which the District may employ in connection with the preparation of any such evaluation or documentation, as well as the District's reasonable internal costs (including overhead) of processing, reviewing, or filing any environmental evaluation or documentation.
(Adopted 12/18/85; Amended 5/1/02; 6/3/15)
- 3-316 Deleted June 6, 1990**
- 3-317 Asbestos Operation Fees:** After July 1, 1988, persons submitting a written plan, as required by Regulation 11, Rule 2, Section 401, to conduct an asbestos operation shall pay the fee given in Schedule L.
(Adopted 7/6/88; Renumbered 9/7/88; Amended 8/2/95)
- 3-318 Public Notice Fee, Schools:** Pursuant to Section 42301.6(b) of the Health and Safety Code, an applicant for an authority to construct or permit to operate subject to the public notice requirements of Regulation 2-1-412 shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, a fee to cover the expense of preparing and distributing the public notices to the affected persons specified in Regulation 2-1-412 as follows:
- 318.1 A fee of \$~~2,2042,146~~ per application, and
- 318.2 The District's cost exceeding \$~~2,2042,146~~ of preparing and distributing the public notice.
- 318.3 The District shall refund to the applicant the portion of any fee paid under this Section that exceeds the District's cost of preparing and distributing the public notice.
(Adopted 11/1/89; Amended 10/8/97; 7/1/98; 5/19/99; 6/7/00; 5/21/03; 6/2/04; 6/16/10, 6/15/16)
- 3-319 Major Stationary Source Fees:** Any major stationary source emitting 50 tons per year of organic compounds, sulfur oxides, nitrogen oxides, or PM₁₀ shall pay a fee based on Schedule M. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.
(Adopted 6/6/90; Amended 8/2/95; 6/7/00)
- 3-320 Toxic Inventory Fees:** Any facility that emits one or more toxic air contaminants in quantities above a minimum threshold level shall pay an annual fee based on Schedule N. This fee will be in addition to permit to operate, toxic surcharge, and other fees otherwise authorized to be collected from such facilities.
- 320.1 An applicant who qualifies as a small business under Regulation 3-209 shall pay a Toxic Inventory Fee as set out in Schedule N up to a maximum fee of \$~~9,3889,141~~ per year.
(Adopted 10/21/92; Amended 5/19/99; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/20/09; 6/16/10; 5/4/11, 6/15/16)
- 3-321 Deleted December 2, 1998**
- 3-322 Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees:** Persons submitting a written notification for a given site to conduct either excavation of contaminated soil or removal of underground storage tanks as required by Regulation 8, Rule 40, Section 401, 402, 403 or 405 shall pay a fee based on Schedule Q.
(Adopted 1/5/94; Amended 8/2/95; 5/21/03)

3-323 Pre-Certification Fees: An applicant seeking to pre-certify a source, in accordance with Regulation 2, Rule 1, Section 415, shall pay the filing fee, initial fee and permit to operate fee given in the appropriate schedule.

(Adopted June 7, 1995)

3-324 Deleted June 7, 2000

3-325 Deleted December 2, 1998

3-326 Deleted December 2, 1998

3-327 Permit to Operate, Renewal Fees: After the expiration of the initial permit to operate, the permit to operate shall be renewed on an annual basis or other time period as approved by the APCO. The fee required for the renewal of a permit to operate is the permit to operate fee and toxic surcharge listed in Schedules B, C, D, E, F, H, I, and K, prorated for the period of coverage. When more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. This renewal fee is applicable to all sources required to obtain permits to operate in accordance with District regulations. The permit renewal invoice shall also specify any applicable major stationary source fees based on Schedule M, toxic inventory fees based on Schedule N, major facility review fees based on Schedule P, and greenhouse gas fees based on Schedule T. Where applicable, renewal fees shall be based on actual usage or emission levels that have been reported to or calculated by the District. In addition to these renewal fees for the sources at a facility, the facility shall also pay a processing fee at the time of renewal that covers each Permit Renewal Period as follows:

327.1 \$~~9394~~ for facilities with one permitted source, including gasoline dispensing facilities,
327.2 \$~~185480~~ for facilities with 2 to 5 permitted sources,
327.3 \$~~369359~~ for facilities with 6 to 10 permitted sources,
327.4 \$~~554539~~ for facilities with 11 to 15 permitted sources,
327.5 \$~~734745~~ for facilities with 16 to 20 permitted sources,
327.6 \$~~919895~~ for facilities with more than 20 permitted sources.

(Adopted 6/7/00; Amended 6/2/04; 6/16/04; 6/15/05; 6/7/06; 5/2/07; 5/2/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

3-328 Fee for OEHHA Risk Assessment Reviews: Any facility that submits a health risk assessment to the District in accordance with Section 44361 of the California Health and Safety Code shall pay any fee requested by the State Office of Environmental Health Hazard Assessment (OEHHA) for reimbursement of that agency's costs incurred in reviewing the risk assessment.

(Adopted June 7, 2000)

3-329 Fees for New Source Review Health Risk Assessment~~Risk Screening~~: Any person required to submit a health risk screening analysis health risk assessment (HRSAHRA) pursuant to Regulation 2-5-401 required pursuant to Regulation 2, Rule 5 shall pay be subject to an appropriate Risk Screening Assessment Fee pursuant to Regulation 3-302 and Schedules B, C, D, E, F, H, I or K. In addition, any person that requests that the District prepare or review an HRSAHRA (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402) shall pay a Risk Screening Assessment Fee. A Risk Assessment Fee shall be assessed for each source that is proposed to emit a toxic air contaminant (TAC) at a rate that exceeds a trigger level in Table 2-5-1: Toxic Air Contaminant Trigger Levels. If a project requires an HRA due to total project emissions, but TAC emissions from each individual source are less than the Table 2-45-1 trigger levels, a Risk Assessment Fee shall be assessed for the source in the project with the highest TAC emissions.

(Adopted June 15, 2005)

3-330 Fee for Renewing an Authority to Construct: An applicant seeking to renew an authority to construct in accordance with Regulation 2-1-407 shall pay a fee of 50% of the initial fee in effect at the time of the renewal. If the District determines that an authority to construct cannot be renewed, any fees paid under this section shall be credited in full against the fee for a new authority to construct for functionally equivalent equipment submitted within six months of the date the original authority to construct expires.

(Adopted June 15, 2005)

3-331 Registration Fees: Any person who is required to register equipment under District rules shall submit a registration fee, and any annual fee thereafter, as set out in Schedule R. The APCO may reduce registration fees by an amount deemed appropriate if the owner or operator of the

equipment attends an Industry Compliance School sponsored by the District.

(Adopted June 6, 2007; Amended 6/16/10)

3-332 Naturally Occurring Asbestos Fees: After July 1, 2007, any person required to submit an Asbestos Dust Mitigation Plan (ADMP) pursuant to Title 17 of the California Code of Regulations, Section 93105, Asbestos Air Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations shall pay the fee(s) set out in Schedule S.

(Adopted June 6, 2007)

3-333 Major Facility Review (MFR) and Synthetic Minor Application Fees: Any facility that applies for, or is required to undergo, an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit, a renewal of an MFR permit, an initial synthetic minor operating permit, or a revision to a synthetic minor operating permit, shall pay the applicable fees set forth in Schedule P.

(Adopted May 21, 2008)

3-334 Greenhouse Gas Fees: Any permitted facility with greenhouse gas emissions shall pay a fee based on Schedule T. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities, and shall be included as part of the annual permit renewal fees.

(Adopted May 21, 2008)

3-335 Indirect Source Review Fees: Applicants that must file an Air Quality Impact Assessment pursuant to District rules for a project that is deemed to be an indirect source shall pay a fee based on Schedule U.

(Adopted May 20, 2009)

3-336 Open Burning Operation Fees: Effective July 1, 2013, any person required to provide notification to the District prior to burning; submit a petition to conduct a Filmmaking or Public Exhibition fire; receive an acreage burning allocation to conduct a Stubble fire; or submit a smoke management plan and receive an acreage burning allocation to conduct a Wildland Vegetation Management fire or Marsh Management fire shall pay the fee given in Schedule V.

(Adopted June 19, 2013)

3-337 Exemption Fee: An applicant who wishes to receive a certificate of exemption shall pay a filing fee of \$462474 per exempt source.

(Adopted June 19, 2013; Amended 6/4/14; 6/3/15)

3-338 Incident Response Fee: Any facility required to obtain a District permit, and any District-regulated area-wide or indirect source, that is the site where an incident occurs to which the District responds, shall pay a fee equal to the District's actual costs in conducting the incident response as defined in Section 3-243, including without limitation, the actual time and salaries, plus overhead, of the District staff involved in conducting the incident response and the cost of any materials. (Adopted June 19, 2013)

3-339 Petroleum Refining Emissions Tracking Fees: Any person required to submit an Annual Emissions Inventory, Monthly Crude Slate Report, or air monitoring plan in accordance with Regulation 12, Rule 15 shall pay the applicable fees set forth in Schedule W.

(Adopted 6/15/16)

3-340 Major Stationary Source Community Air Monitoring Fees: Any major stationary source emitting 35 tons per year of organic compounds, sulfur oxides, nitrogen oxides, carbon monoxide or PM₁₀ shall pay a community air monitoring fee based on Schedule X. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

(Adopted 6/15/16)

3-341 Fee for Risk Reduction Plan: Any person required to submit a Risk Reduction Plan in accordance with Regulation 11, Rule 18 shall pay the applicable fees set forth below:

341.1 \$1,500 for facilities with one source subject to risk reduction pursuant to Regulation 11, Rule 18, including gasoline dispensing facilities;

341.2 \$3,000 for facilities with 2 to 5 sources subject to risk reduction pursuant to Regulation 11, Rule 18;

341.3 \$6,000 for facilities with 6 to 10 sources subject to risk reduction pursuant to Regulation 11, Rule 18;

341.4 \$12,000 for facilities with 11 to 15 sources subject to risk reduction pursuant to Regulation 11, Rule 18;

341.5 \$24,000 for facilities with 16 to 20 sources subject to risk reduction pursuant to Regulation 11, Rule 18;

341.6 \$32,000 for facilities with more than 20 sources subject to risk reduction pursuant to Regulation 11, Rule 18.

(Adopted TBD)

3-342 Fee for Facility-Wide Health Risk Assessment: Any person required to submit a health risk assessment (HRA) pursuant to Regulation 11, Rule 18 shall pay a risk assessment fee for each source pursuant to Regulation 3-329 and Schedules B, C, D, E, F, H, I or K. The maximum fee required for any single HRA of a facility conducted pursuant to Regulation 11, Rule 18 shall not exceed a total of \$150,000.

(Adopted TBD)

3-400 ADMINISTRATIVE REQUIREMENTS

3-401 Permits: Definitions, standards, and conditions contained in Regulation 2, Permits, are applicable to this regulation.

3-402 Single Anniversary Date: The APCO may assign a single anniversary date to a facility on which all its renewable permits to operate expire and will require renewal. Fees will be prorated to compensate for different time periods resulting from change in anniversary date.

3-403 Change in Operating Parameters: See Section 2-1-404 of Regulation 2, Rule 1.

3-404 Deleted June 7, 2000

3-405 Fees Not Paid: If an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the following procedure(s) shall apply:

405.1 Authority to Construct: The application will be cancelled, but can be reactivated upon payment of fees.

405.2 New Permit to Operate: The Permit to Operate shall not be issued, and the facility will be notified that operation, including startup, is not authorized.

2.1 Fees received during the first 30 days following the due date must include a late fee equal to 10 percent of all fees specified on the invoice.

2.2 Fees received more than 30 days after the due date must include a late fee equal to 50 percent of all fees specified on the invoice.

405.3 Renewal of Permit to Operate: The owner or operator of a facility must renew the Permit to Operate in order to continue to be authorized to operate the source. Permit to Operate Fees for the Permit Renewal Period shall be calculated using fee schedules in effect on the Permit to Operate Renewal Date. The permit renewal invoice will include all fees to be paid in order to renew the Permit to Operate, as specified in Section 3-327. If not renewed as of the date of the next Permit Renewal Period, a Permit to Operate lapses and further operation is no longer authorized. The District will notify the facility that the permit has lapsed. Reinstatement of lapsed Permits to Operate will require the payment of all unpaid prior Permit to Operate fees and associated reinstatement fees for each unpaid prior Permit Renewal Period, in addition to all fees specified on the permit renewal invoice.

405.4 Reinstatement of Lapsed Permit to Operate: To reinstate a Permit to Operate, the owner or operator must pay all of the following fees:

4.1 The applicable Permit to Operate Fees for the current year, as specified in Regulation 3-327, and the applicable reinstatement fee, if any, calculated as follows:

4.1.1 Fees received during the first 30 days following the due date must include all fees specified on the permit renewal invoice plus a reinstatement fee equal to 10 percent of all fees specified on the invoice.

4.1.2 Fees received more than 30 days after the due date, but less than one year after the due date, must include all fees specified on the permit renewal invoice plus a reinstatement fee equal to 50 percent of all fees specified on the invoice.

4.2 The applicable Permit to Operate Fees specified in Regulation 3-327 for each

prior Permit Renewal Period for which all Permit to Operate Fees and associated reinstatement fees have not been paid. Each year's Permit to Operate Fee shall be calculated at the fee rates in effect on that year's Permit to Operate Renewal Date. The reinstatement fee for each associated previously-unpaid Permit to Operate Fee shall be calculated in accordance with Regulation 3-405.4.1 and 4.1.2.

Each year or period of the lapsed Permit to Operate is deemed a separate Permit Renewal Period. The oldest outstanding Permit to Operate Fee and reinstatement fees shall be paid first.

405.5 Registration and Other Fees: Persons who have not paid the fee by the invoice due date, shall pay the following late fee in addition to the original invoiced fee. Fees shall be calculated using fee schedules in effect at the time of the fees' original determination.

5.1 Fees received during the first 30 days following the due date must include an additional late fee equal to 10 percent of all fees specified on the invoice.

5.2 Fees received more than 30 days after the due date must include an additional late fee equal to 50 percent of all fees specified on the invoice.

(Amended 7/6/83; 6/4/86; 11/5/86; 2/15/89; 6/6/90; 7/3/91; 8/2/95; 12/2/98; 6/15/05; 6/7/06; 6/6/12; 6/19/13; 6/4/14)

3-406 Deleted June 4, 1986

3-407 Deleted August 2, 1995

3-408 Permit to Operate Valid for 12 Months: A Permit to Operate is valid for 12 months from the date of issuance or other time period as approved by the APCO.

(Amended 6/4/86; Amended 6/7/00)

3-409 Deleted June 7, 2000

3-410 Deleted August 2, 1995

3-411 Advance Deposit of Funds: The APCO may require that at the time of the filing of an application for an Authority to Construct for a project for which the District is a lead agency under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.), the applicant shall make an advance deposit of funds, in an amount to be specified by the APCO, to cover the costs which the District estimates to incur in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation. In the event the APCO requires such an estimated advance payment to be made, the applicant will be provided with a full accounting of the costs actually incurred by the District in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation.

(Adopted 12/18/85; Amended 8/2/95)

3-412 Deleted December 2, 1998

3-413 Toxic "Hot Spots" Information and Assessment Act Revenues: No later than 120 days after the adoption of this regulation, the APCO shall transmit to the California Air Resources Board, for deposit into the Air Toxics "Hot Spots" Information and Assessment Fund, the revenues determined by the ARB to be the District's share of statewide Air Toxics "Hot Spot" Information and Assessment Act expenses.

(Adopted October 21, 1992)

3-414 Deleted December 2, 1998

3-415 Failure to Pay - Further Actions: When an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the APCO may take the following actions against the applicant or owner/operator:

415.1 Issuance of a Notice to Comply.

415.2 Issuance of a Notice of Violation.

415.3 Revocation of an existing Permit to Operate. The APCO shall initiate proceedings to revoke permits to operate for any person who is delinquent for more than one month. The revocation process shall continue until payment in full is made or until permits are revoked.

415.4 The withholding of any other District services as deemed appropriate until payment in full is made.

(Adopted 8/2/95; Amended 12/2/98; 6/15/05)

3-416 Adjustment of Fees: The APCO or designees may, upon finding administrative error by District staff in the calculation, imposition, noticing, invoicing, and/or collection of any fee set

forth in this rule, rescind, reduce, increase, or modify the fee. A request for such relief from an administrative error, accompanied by a statement of why such relief should be granted, must be received within two years from the date of payment.

(Adopted October 8, 1997)

3-417 Temporary Amnesty for Unpermitted and Unregistered Sources: The APCO has the authority to declare an amnesty period, during which the District may waive all or part of the back fees and/or late fees for sources that are currently operating without valid Permits to Operate and/or equipment registrations.

(Adopted June 16, 2010)

**SCHEDULE A
HEARING BOARD FEES¹**

Established by the Board of Directors December 7, 1977 Resolution No. 1046
(Code section references are to the California Health & Safety Code, unless otherwise indicated)

		Large Companies	Small Business	Third Party
1.	For each application for variance exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application in accordance with §42350, the additional sum of	\$4,6024 ,222 \$2,3042 ,114	\$6886 34 \$2322 13	
2.	For each application for variance not exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application, in accordance with §42350, the additional sum of	\$2,7632 ,535 \$1,3794 ,265	\$6886 34 \$2322 13	
3.	For each application to modify a variance in accordance with §42356 ... Plus, for each hearing in addition to the first hearing on said application to modify a variance, in accordance with §42345, necessary to dispose of the application, the additional sum of.....	\$1,8334 ,682 \$1,3794 ,265	\$2322 13 \$2322 13	
4.	For each application to extend a variance, in accordance with §42357 .. Plus, for each hearing in addition to the first hearing on an application to extend a variance, in accordance with §42357, necessary to dispose of the application, the additional sum of.....	\$1,8334 ,682 \$1,3794 ,265	\$2132 32 \$2132 32	
5.	For each application to revoke a variance	\$2,7632 ,535	\$2132 32	
6.	For each application for approval of a Schedule of Increments of Progress in accordance with §41703.....	\$1,8334 ,682	\$2132 32	
7.	For each application for variance in accordance with §41703, which exceeds 90 days Plus, for each hearing in addition to the first hearing on said application for variance in accordance with §41703, the additional sum of.....	\$4,6024 ,222 \$2,3042 ,114	\$6886 34 \$2132 32	
8.	For each application for variance in accordance with §41703, not to exceed 90 days Plus, for each hearing in addition to the hearing on said application for a variance in accordance with §41703, the additional sum of	\$2,7632 ,535 \$1,3794 ,265	\$6886 34 \$2132 32	

		Large Companies	Small Business	Third Party
9.	For each Appeal (Permit, Banking, Title V).....	\$4,6024,22 per hearing day	\$2,3042,114 per hearing day	\$2,3042,114 for entire appeal period
10.	For each application for intervention in accordance with Hearing Board Rules §§2.3, 3.6 & 4.6.....	\$2,3042,114	\$4634,25	
11.	For each application to Modify or Terminate an abatement order	\$4,6024,22 per hearing day	\$2,3042,114 per hearing day	
12.	For each application for an interim variance in accordance with §42351	\$2,3042,114	\$4634,25	
13.	For each application for an emergency variance in accordance with §42359.5	\$1,1494,054	\$2132,32	
14.	For each application to rehear a Hearing Board decision in accordance with §40861	100% of previous fee charged	100% of previous fee charged	
15.	Excess emission fees.....	See Attachment I	See Attachment I	
16.	Miscellaneous filing fee for any hearing not covered above	\$2,3042,114	\$6886,31	\$6886,31
17.	For each published Notice of Public Hearing.....	Cost of Publication	\$0	\$0
18.	Court Reporter Fee (to be paid only if Court Reporter required for hearing)	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket	\$0	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket

NOTE 1 Any applicant who believes they have a hardship for payment of fees may request a fee waiver from the Hearing Board pursuant to Hearing Board Rules.
(Amended 10/8/97; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15)

**SCHEDULE A
ATTACHMENT I
EXCESS EMISSION FEE**

A. General

- (1) Each applicant or petitioner for a variance from these Rules and Regulations shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the other filing fees required in Schedule A, an emission fee based on the total weight of emissions discharged, per source or product, other than those described in division (B) below, during the variance period in excess of that allowed by these rules in accordance with the schedule set forth in Table I.
- (2) Where the total weight of emission discharged cannot be easily calculated, the petitioner shall work in concert with District staff to establish the amount of excess emissions to be paid.
- (3) In the event that more than one rule limiting the discharge of the same contaminant is violated, the excess emission fee shall consist of the fee for violation which will result in the payment of the greatest sum. For the purposes of this subdivision, opacity rules and particulate mass emissions shall not be considered rules limiting the discharge of the same contaminant.

B. Excess Visible Emission Fee

Each applicant or petitioner for a variance from Regulation 6 or Health and Safety Code Section 41701 shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the filing fees required in Schedule A and the excess emission fees required in (A) above (if any), an emission fee based on the difference between the percent opacity allowed by Regulation 6 and the percent opacity of the emissions allowed from the source or sources operating under the variance, in accordance with the schedule set forth in Table II.

In the event that an applicant or petitioner is exempt from the provisions of Regulation 6, the applicant or petitioner shall pay a fee calculated as described herein above, but such fee shall be calculated based upon the difference between the opacity allowed under the variance and the opacity allowed under the provisions of Health and Safety Code Section 41701, in accordance with the schedule set forth in Table II.

C. Applicability

The provisions of subdivision (A) shall apply to all variances that generate excess emissions.

D. Fee Determination

- (1) The excess emission fees shall be calculated by the petitioner based upon the requested number of days of operation under variance multiplied by the expected excess emissions as set forth in subdivisions (A) and (B) above. The calculations and proposed fees shall be set forth in the petition.
- (2) The Hearing Board may adjust the excess emission fee required by subdivisions (A) and (B) of this rule based on evidence regarding emissions presented at the time of the hearing.

E. Small Businesses

- (1) A small business shall be assessed twenty percent (20%) of the fees required by subdivisions (A) and (B), whichever is applicable. "Small business" is defined in the Fee Regulation.
- (2) Request for exception as a small business shall be made by the petitioner under penalty of perjury on a declaration form provided by the Executive Officer which shall be submitted to the Clerk or Deputy Clerk of the Hearing Board at the time of filing a petition for variance.

F. Group, Class and Product Variance Fees

Each petitioner included in a petition for a group, class or product variance shall pay the filing fee specified in Schedule A, and the excess emission fees specified in subdivisions (A) and (B), whichever is applicable.

G. Adjustment of Fees

If after the term of a variance for which emission fees have been paid, petitioner can establish, to the satisfaction of the Executive Officer/APCO, that emissions were actually less than those upon which the fee was based, a pro rata refund shall be made.

H. Fee Payment/Variance Invalidation

- (1) Excess emission fees required by subdivisions (A) and (B), based on an estimate provided during the variance Hearing, are due and payable within fifteen (15) days of the granting of the variance. The petitioner shall be notified in writing of any adjustment to the amount of excess emission fees due, following District staff's verification of the estimated emissions. Fee payments to be made as a result of an adjustment are due and payable within fifteen (15) days of notification of the amount due.
- (2) Failure to pay the excess emission fees required by subdivisions (A) and (B) within fifteen (15) days of notification that a fee is due shall automatically invalidate the variance. Such notification may be given by personal service or by deposit, postpaid, in the United States mail and shall be due fifteen (15) days from the date of personal service or mailing. For the purpose of this rule, the fee payment shall be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date.

**TABLE I
SCHEDULE OF EXCESS EMISSIONS FEES**

Air Contaminants	All at \$4.05 per pound
Organic gases, except methane and those containing sulfur Carbon Monoxide Oxides of nitrogen (expressed as nitrogen dioxide) Gaseous sulfur compounds (expressed as sulfur dioxide) Particulate matter	
Toxic Air Contaminants	All at \$20.12 per pound
Asbestos Benzene Cadmium Carbon tetrachloride Chlorinated dioxins and dibenzofurans (15 species) <u>Diesel exhaust particulate matter</u> Ethylene dibromide Ethylene dichloride Ethylene oxide Formaldehyde Hexavalent chromium Methylene chloride Nickel Perchloroethylene 1,3-Butadiene Inorganic arsenic Beryllium Polynuclear aromatic hydrocarbons (PAH) Vinyl chloride Lead 1,4-Dioxane Trichloroethylene	

**TABLE II
SCHEDULE OF EXCESS VISIBLE EMISSION FEE**

For each source with opacity emissions in excess of twenty percent (20%), but less than forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 20) \times \text{number of days allowed in variance} \times \$4.50$$

For each source with opacity emissions in excess of forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 40) \times \text{number of days allowed by variance} \times \$4.50$$

- * Where "Opacity" equals maximum opacity of emissions in percent (not decimal equivalent) allowed by the variance. Where the emissions are darker than the degree of darkness equivalent to the allowed Ringelmann number, the percentage equivalent of the excess degree of darkness shall be used as "opacity."

(Adopted 6/7/00; Amended 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

**SCHEDULE B
COMBUSTION OF FUEL
(Adopted June 18, 1980)**

For each source that burns fuel, which is not a flare and not exempted by Regulation 2, Rule 1, the fee shall be computed based on the maximum gross combustion capacity (expressed as higher heating value, HHV) of the source.

1. INITIAL FEE: \$63.11 per MM BTU/HOUR
 - a. The minimum fee per source is: \$337
 - b. The maximum fee per source is: \$117,733
2. RISK ~~SCREENING~~ASSESSMENT FEE (~~RSFRAF~~), if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-404.
 - a. ~~RSFRAF~~ for first (~~toxic air contaminant~~) (TAC) source in application: \$462474 plus \$63.11 per MM BTU/hr
 - b. Minimum ~~RSFRAF~~ for first TAC source: \$799
 - c. ~~RSFRAF~~ for each additional TAC source: \$63.11 per MM BTU/hr *
 - d. Minimum ~~RSFRAF~~ per additional TAC source: \$337 *
 - e. Maximum ~~RSFRAF~~ per source is: \$117,733
* ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$31.54 per MM BTU/HOUR
 - a. The minimum fee per source is: \$239
 - b. The maximum fee per source is: \$58,866
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.
5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.
6. Applicants for an authority to construct and permit to operate a project, which burns municipal waste or refuse-derived fuel, shall pay in addition to all required fees, an additional fee to cover the costs incurred by the State Department of Health Services, and/or a qualified contractor designated by the State Department of Health Services, in reviewing a risk assessment as required under H&S Code Section 42315. The fee shall be transmitted by the District to the Department of Health Services and/or the qualified contractor upon completion of the review and submission of comments in writing to the District.
7. A surcharge equal to 100% of all required initial and permit to operate fees shall be charged for sources permitted to burn one or more of the following fuels: coke, coal, wood, tires, black liquor, and municipal solid waste.

NOTE: MM BTU is million BTU of higher heat value
One MM BTU/HR = 1.06 gigajoules/HR

(Amended 6/5/85; 6/4/86; 3/4/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE C
STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS
(Adopted June 18, 1980)

For each stationary container of organic liquids which is not exempted from permits by Regulation 2 and which is not part of a gasoline dispensing facility, the fee shall be computed based on the container volume, as follows:

1. INITIAL FEE: 0.185 cents per gallon
 - a. The minimum fee per source is: \$204
 - b. The maximum fee per source is: \$27,858

2. RISK ~~SCREENING~~ASSESSMENT FEE (~~RSFRAF~~), if required pursuant to Regulation 3-329 or 3-342 ~~is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.~~
 - a. ~~RSFRAF~~ for first ~~(toxic air contaminant)~~ (TAC) source in application: \$~~462474~~ plus 0.185 cents per gallon
 - b. Minimum ~~RSFRAF~~ for first TAC source: \$666
 - c. ~~RSFRAF~~ for each additional TAC source: 0.185 cents per gallon *
 - d. Minimum ~~RSFRAF~~ per additional TAC source: \$204 *
 - e. Maximum ~~RSFRAF~~ per source is: \$27,858

* ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: 0.093 cents per gallon
 - a. The minimum fee per source is: \$147
 - b. The maximum fee per source is: \$13,928

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/20/09; 6/16/10; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE D
GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES,
BULK PLANTS AND TERMINALS
(Adopted June 18, 1980)

A. All gasoline dispensing facilities shall pay the following fees:

1. INITIAL FEE: \$~~306.42283.72~~ per single product nozzle (spn)
\$~~306.42283.72~~ per product for each multi-product nozzle (mpn)
2. PERMIT TO OPERATE FEE: \$~~117.36408.67~~ per single product nozzle (spn)
\$~~117.36408.67~~ per product for each multi-product nozzle (mpn)
3. Initial fees and permit to operate fees for hardware modifications at a currently permitted gasoline dispensing facility shall be consolidated into a single fee calculated according to the following formula:

$$\$~~423.78392.37~~ \times \{[(mpn_{proposed})(products\ per\ nozzle) + spn_{proposed}] - [(mpn_{existing})(products\ per\ nozzle) + spn_{existing}]\}$$

mpn = multi-product nozzles
spn = single product nozzles

The above formula includes a toxic surcharge.

If the above formula yields zero or negative results, no initial fees or permit to operate fees shall be charged.

For the purposes of calculating the above fees, a fuel blended from two or more different grades shall be considered a separate product.

Other modifications to facilities' equipment, including but not limited to tank addition/replacement/conversion, vapor recovery piping replacement, moving or extending pump islands, will not be subject to initial fees or permit to operate fees.

4. RISK ~~SCREENINGASSESSMENT~~ FEE (~~RSFRAF~~) of ~~\$462474~~ per application, ~~if required pursuant to Regulation 3-329 or 3-342 is only applicable to projects for which a health risk screening analysis is required under Regulation 2-5-401~~ [including increases in permitted throughput for which a ~~health risk screening analysis~~ health risk assessment is required.]
 5. Nozzles used exclusively for the delivery of diesel fuel or other fuels exempt from permits shall pay no fee. Multi-product nozzles used to deliver both exempt and non-exempt fuels shall pay fees for the non-exempt products only.
- B. All bulk plants, terminals or other facilities using loading racks to transfer gasoline or gasohol into trucks, railcars or ships shall pay the following fees:

1. INITIAL FEE: \$~~4,024.853,726.71~~ per single product loading arm
\$~~4,024.853,726.71~~ per product for multi-product arms
2. RISK ~~SCREENINGASSESSMENT~~ FEE (~~RSFRAF~~), ~~if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.~~
 - a. ~~RSFRAF~~ for first toxic air contaminant (TAC) source in application: ~~\$4,5574,249~~
 - b. ~~RSFRAF~~ for each additional TAC source: ~~\$4,0253,727~~ *

* ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$~~1,1214,038~~ per single product loading arm
\$~~1,1214,038~~ per product for multi-product arms
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

- C. Fees in (A) above are in lieu of tank fees. Fees in (B) above are in addition to tank fees.
- D. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

**SCHEDULE E
SOLVENT EVAPORATING SOURCES**

(Adopted June 18, 1980)

For each solvent evaporating source, as defined in Section 3-210 except for dry cleaners, the fee shall be computed based on the net amount of organic solvent processed through the sources on an annual basis (or anticipated to be processed, for new sources) including solvent used for the cleaning of the sources.

1. INITIAL FEE:
 - a. The minimum fee per source is: \$734673
 - b. If usage is not more than 1,000 gallons/year: \$734673
 - c. If usage is more than 1,000 gallons/year: \$1,4741,352 per 1,000 gallons
 - d. The maximum fee per source is: \$58,59053,752

2. RISK ~~SCREENING~~ASSESSMENT FEE (~~RSFRAF~~), ~~if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.~~
 - a. ~~RSFRAF~~ for first ~~(toxic air contaminant)~~(TAC) source in application: \$462474
plus initial fee
 - b. Minimum ~~RSFRAF~~ for first TAC source: \$1,2701,465
 - c. ~~RSFRAF~~ for each additional TAC source: equal to initial fee *
 - d. Minimum ~~RSFRAF~~ per additional TAC source: \$734673 *
 - e. Maximum ~~RSFRAF~~ per source is: \$58,59053,752
* ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. The minimum fee per source is: \$529485
 - b. If usage is not more than 1,000 gallons/year: \$529485
 - c. If usage is more than 1,000 gallons/year: \$734673 per 1,000 gallons
 - d. The maximum fee per source is: \$29,29326,874

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 5/19/82; 10/17/84; 6/5/85; 6/4/86; 10/8/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15; 6/15/16)

**SCHEDULE F
MISCELLANEOUS SOURCES**

(Adopted June 18, 1980)

For each source not governed by Schedules B, C, D, E, H or I, (except for those sources in the special classification lists, G-1 - G-5) the fees are:

1. INITIAL FEE: \$594,555
2. RISK ~~SCREENING~~ASSESSMENT FEE (~~RSFRAF~~), ~~if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.~~
 - a. ~~RSFRAF~~ for first (toxic air contaminant) TAC source in application: \$1,116,104
 - b. ~~RSFRAF~~ for each additional TAC source: \$594,555

* ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$432,404
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1. List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, G-4, and G-5.

G-1 FEES FOR SCHEDULE G-1. For each source in a G-1 classification, fees are:

1. INITIAL FEE: \$3,983,654
2. RISK ~~SCREENING~~ASSESSMENT FEE (~~RSFRAF~~), ~~if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.~~
 - a. ~~RSFRAF~~ for first (toxic air contaminant) (TAC) source in application: \$4,519,146
 - b. ~~RSFRAF~~ for each additional TAC source: \$3,983,654

* ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$1,988,182
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-2 FEES FOR SCHEDULE G-2. For each source in a G-2 classification, fees are:

1. INITIAL FEE: \$5,257,823
2. RISK ~~SCREENING~~ASSESSMENT FEE (~~RSFRAF~~), ~~if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.~~
 - a. ~~RSFRAF~~ for first (toxic air contaminant) (TAC) source in application: \$5,794,316
 - b. ~~RSFRAF~~ for each additional TAC source: \$5,257,823

- * ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$2,6272,410
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-3 FEES FOR SCHEDULE G-3. For each source in a G-3 classification, fees are:

1. INITIAL FEE: \$32,04829,954
2. RISK ~~SCREENINGASSESSMENT~~ FEE (~~RSFRAF~~) , ~~if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.~~
 - a. ~~RSFRAF~~ for first ~~(toxic air contaminant)~~(TAC) source in application: \$32,57030,439
 - b. ~~RSFRAF~~ for each additional TAC source: \$32,04829,954 *
 - * ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$16,02144,973
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-4 FEES FOR SCHEDULE G-4. For each source in a G-4 classification, fees are:

1. INITIAL FEE: \$69,51563,775
2. RISK ~~SCREENINGASSESSMENT~~ FEE (~~RSFRAF~~) , ~~if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.~~
 - a. ~~RSFRAF~~ for first ~~(toxic air contaminant)~~(TAC) source in application: \$70,05164,267
 - b. ~~RSFRAF~~ for each additional TAC source: \$69,51563,775
 - * ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$34,75631,886
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-5 FEES FOR SCHEDULE G-5. For each source in a G-5 classification, fees are:

1. INITIAL FEE: \$51,731
2. RISK ~~SCREENINGASSESSMENT~~ FEE (~~RSFRAF~~) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a ~~health risk screening~~

analysis health risk assessment is required under Regulation 2-5-401.

- a. RSFRAF for first TAC source in application: \$52,193
- b. RSFRAF for each additional TAC source: \$51,731

*

* RSFRAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

- 3. PERMIT TO OPERATE FEE: \$25,865
- 4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 5/19/82; 6/5/85; 6/4/86; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE G-1
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Dipping	Asphalt Roofing or Related Materials
Calcining Kilns, excluding those processing cement, lime, or coke (see G-4 for cement, lime, or coke Calcining Kilns)	Any Materials except cement, lime, or coke
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Reactors with a Capacity of 1000 Gallons or more	Any Inorganic Materials
Chemical Manufacturing, Organic – Latex Dipping	Any latex materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Reactors with a Capacity of 1000 Gallons or more	Any Organic Materials
Compost Operations – Windrows, Static Piles, Aerated Static Piles, In-Vessel, or similar methods	Any waste materials such as yard waste, food waste, agricultural waste, mixed green waste, bio-solids, animal manures, etc.
Crushers	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Electroplating Equipment	Hexavalent Decorative Chrome with permitted capacity greater than 500,000 amp-hours per year or Hard Chrome
Foil Manufacturing – Any Converting or Rolling Lines	Any Metal or Alloy Foils
Galvanizing Equipment	Any

Equipment or Process Description	Materials Processed or Produced
Glass Manufacturing – Batching Processes including storage and weigh hoppers or bins, conveyors, and elevators	Any Dry Materials
Glass Manufacturing – Mixers	Any Dry Materials
Glass Manufacturing – Molten Glass Holding Tanks	Any molten glass
Grinders	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Incinerators – Crematory	Human and/or animal remains
Incinerators – Flares	Any waste gases
Incinerators – Other (see G-2 for hazardous or municipal solid waste incinerators, see G-3 for medical or infectious waste incinerators)	Any Materials except hazardous wastes, municipal solid waste, medical or infectious waste
Incinerators – Pathological Waste (see G-3 for medical or infectious waste incinerators)	Pathological waste only
Loading and/or Unloading Operations – Bulk Plants and Bulk Terminals, excluding those loading gasoline or gasohol (see Schedule D for Bulk Plants and Terminals loading gasoline or gasohol)	Any Organic Materials except gasoline or gasohol
Petroleum Refining – Alkylation Units	Any Hydrocarbons
Petroleum Refining – Asphalt Oxidizers	Any Hydrocarbons
Petroleum Refining – Benzene Saturation Units/Plants	Any Hydrocarbons
Petroleum Refining – Catalytic Reforming Units	Any Hydrocarbons
Petroleum Refining – Chemical Treating Units including alkane, naphthenic acid, and naphtha merox treating, or similar processes	Any Hydrocarbons
Petroleum Refining – Converting Units including Dimersol Plants, Hydrocarbon Splitters, or similar processes	Any Hydrocarbons
Petroleum Refining – Distillation Units, excluding crude oil units with capacity > 1000 barrels/hour (see G-3 for > 1000 barrels/hour crude distillation units)	Any Hydrocarbons
Petroleum Refining – Hydrogen Manufacturing	Hydrogen or Any Hydrocarbons
Petroleum Refining – Hydrotreating or	Any Hydrocarbons

Equipment or Process Description	Materials Processed or Produced
Hydrofining	
Petroleum Refining – Isomerization	Any Hydrocarbons
Petroleum Refining – MTBE Process Units/Plants	Any Hydrocarbons
Petroleum Refining – Sludge Converter	Any Petroleum Waste Materials
Petroleum Refining – Solvent Extraction	Any Hydrocarbons
Petroleum Refining – Sour Water Stripping	Any Petroleum Process or Waste Water
Petroleum Refining – Storage (enclosed)	Petroleum Coke or Coke Products
Petroleum Refining – Waste Gas Flares (not subject to Regulation 12, Rule 11)	Any Petroleum Refining Gases
Petroleum Refining – Miscellaneous Other Process Units	Any Hydrocarbons
Remediation Operations, Groundwater – Strippers	Contaminated Groundwater
Remediation Operations, Soil – Any Equipment	Contaminated Soil
Spray Dryers	Any Materials
Sterilization Equipment	Ethylene Oxide
Wastewater Treatment, Industrial – Oil-Water Separators, excluding oil-water separators at petroleum refineries (see G-2 for Petroleum Refining - Oil-Water Separators)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment and excluding strippers at petroleum refineries (see G-2 for Petroleum Refining – Strippers)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial - Storage Ponds, excluding storage ponds at petroleum refineries (see G-2 for Petroleum Refining – Storage Ponds)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Municipal – Preliminary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Primary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Digesters	Municipal Wastewater
Wastewater Treatment, Municipal – Sludge Handling Processes, excluding sludge incinerators (see G-2 for sludge incinerators)	Sewage Sludge

(Amended 6/4/86; 6/6/90; 5/19/99; 6/7/00; 6/2/04; 6/15/05)

SCHEDULE G-2
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Blowing	Asphalt Roofing or Related Materials
Asphaltic Concrete Manufacturing – Aggregate Dryers	Any Dry Materials
Asphaltic Concrete Manufacturing – Batch Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Drum Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Other Mixers and/or Dryers	Any Dry Materials or Asphaltic Concrete Products
Concrete or Cement Batching Operations – Mixers	Any cement, concrete, or stone products or similar materials
Furnaces – Electric	Any Mineral or Mineral Product
Furnaces – Electric Induction	Any Mineral or Mineral Product
Furnaces – Glass Manufacturing	Soda Lime only
Furnaces – Reverberatory	Any Ores, Minerals, Metals, Alloys, or Related Materials
Incinerators – Hazardous Waste including any unit required to have a RCRA permit	Any Liquid or Solid Hazardous Wastes
Incinerators – Solid Waste, excluding units burning human/animal remains or pathological waste exclusively (see G-1 for Crematory and Pathological Waste Incinerators)	Any Solid Waste including Sewage Sludge (except human/animal remains or pathological waste)
Metal Rolling Lines, excluding foil rolling lines (see G-1 for Foil Rolling Lines)	Any Metals or Alloys
Petroleum Refining – Stockpiles (open)	Petroleum Coke or coke products only
Petroleum Refining, Wastewater Treatment – Oil-Water Separators	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Storage Ponds	Wastewater from petroleum refineries only
Pickling Lines or Tanks	Any Metals or Alloys
Sulfate Pulping Operations – All Units	Any
Sulfite Pulping Operations – All Units	Any

(Amended June 7, 2000)

SCHEDULE G-3
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Furnaces – Electric Arc	Any Metals or Alloys
Furnaces – Electric Induction	Any Metals or Alloys
Incinerators – Medical Waste, excluding units burning pathological waste exclusively (see G-1 for Pathological Waste Incinerators)	Any Medical or Infectious Wastes
Loading and/or Unloading Operations – Marine Berths	Any Organic Materials
Petroleum Refining – Cracking Units including hydrocrackers and excluding thermal or fluid catalytic crackers (see G-4 for Thermal Crackers and Catalytic Crackers)	Any Hydrocarbons
Petroleum Refining – Distillation Units (crude oils) including any unit with a capacity greater than 1000 barrels/hour (see G-1 for other distillation units)	Any Petroleum Crude Oils
Phosphoric Acid Manufacturing – All Units (by any process)	Phosphoric Acid

(Amended 5/19/82; Amended and renumbered 6/6/90; Amended 6/7/00; 6/15/05; 5/2/07)

SCHEDULE G-4
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Acid Regeneration Units	Sulfuric or Hydrochloric Acid only
Annealing Lines (continuous only)	Metals and Alloys
Calcining Kilns (see G-1 for Calcining Kilns processing other materials)	Cement, Lime, or Coke only
Fluidized Bed Combustors	Solid Fuels only
Nitric Acid Manufacturing – Any Ammonia Oxidation Processes	Ammonia or Ammonia Compounds
Petroleum Refining - Coking Units including fluid cokers, delayed cokers, flexicokers, and coke kilns	Petroleum Coke and Coke Products
Petroleum Refining - Cracking Units including fluid catalytic crackers and thermal crackers and excluding hydrocrackers (see G-3 for Hydrocracking Units)	Any Hydrocarbons
Petroleum Refining - Sulfur Removal including any Claus process or any other process requiring caustic reactants	Any Petroleum Refining Gas
Sulfuric Acid Manufacturing – Any Chamber or Contact Process	Any Solid, Liquid or Gaseous Fuels Containing Sulfur

(Amended June 7, 2000)

SCHEDULE G-5

Equipment or Process Description	Materials Processed or Produced
Petroleum Refinery Flares (subject to Regulation 12, Rule 11)	Any Petroleum Vent Gas (as defined in section 12-11-210 and section 12-12-213)

(Adopted May 2, 2007)

SCHEDULE H
SEMICONDUCTOR AND RELATED OPERATIONS
(Adopted May 19, 1982)

All of the equipment within a semiconductor fabrication area will be grouped together and considered one source. The fee shall be as indicated:

1. INITIAL FEE:

- a. The minimum fee per source is: \$639586
- b. The maximum fee per source is: \$51,18946,962

The initial fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

- i. ~~If gross throughput is not more than 3,000 gallons/year: _____ \$586~~
- ii. ~~If gross throughput is more than 3,000 gallons/year: _____ \$433397 per 1,000 gallon~~

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

- i. ~~If gross throughput is not more than 1,000 gallons/year: _____ \$586~~
- ii. ~~If gross throughput is more than 1,000 gallons/year: _____ \$1,2851,179 per 1,000 gallon~~

2. RISK ~~SCREENING~~ASSESSMENT FEE (RSFRAF) , if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.

- a. RSFRAF for first ~~(toxic air contaminant)~~ (TAC) source in application: \$462474 plus initial fee
- b. Minimum RSFRAF for first TAC source: \$1,1764,079
- c. RSFRAF for each additional TAC source: equal to initial fee *
- d. Minimum RSFRAF per additional TAC source: \$639586 *
- e. Maximum RSFRAF per source is: \$51,18946,962
* RSFRAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:

- a. The minimum fee per source is: \$463425
- b. The maximum fee per source is: \$25,59123,478

The permit to operate fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

- i. ~~If gross throughput is not more than 3,000 gal/year: \$425~~
- ii. ~~If gross throughput is more than 3,000 gallons/year: \$217499~~ per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

- i. ~~If gross throughput is not more than 1,000 gal/year: \$425~~
- ii. ~~If gross throughput is more than 1,000 gallons/year: \$639586~~ per 1,000 gallon

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. The fee for each source will be rounded to the whole dollar. Fees for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 1/9/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/20/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

**SCHEDULE I
 DRY CLEANERS
 (Adopted July 6, 1983)**

For dry cleaners, the fee shall be computed based on each cleaning machine, except that machines with more than one drum shall be charged based on each drum, regardless of the type or quantity of solvent, as follows:

1. INITIAL FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: \$~~609559~~
 - b. If the washing or drying capacity exceeds 100 pounds: \$~~609559~~ plus
 For that portion of the capacity exceeding 100 pounds: \$~~18.2246.72~~ per pound

2. RISK ~~SCREENING~~ASSESSMENT FEE (~~RSFRAF~~), if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-404.
 - a. ~~RSFRAF~~ for first ~~(toxic air contaminant)~~ (TAC) source in application: \$~~462474~~ plus initial fee
 - b. Minimum ~~RSFRAF~~ for first TAC source: \$~~1,1474,052~~
 - c. ~~RSFRAF~~ for each additional TAC source: equal to initial fee *
 - d. Minimum ~~RSFRAF~~ per additional TAC source: \$~~609559~~

* ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: \$~~444407~~
 - b. If the washing or drying capacity exceeds 100 pounds: \$~~444407~~ plus
 For that portion of the capacity exceeding 100 pounds: \$~~9.158.39~~ per pound

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 10/17/84; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE K
SOLID WASTE DISPOSAL SITES
(Adopted July 15, 1987)

1. INITIAL FEE:
 - a. Landfill (Decomposition Process) \$~~4,3914,028~~
 - b. Active Landfill (Waste and Cover Material Dumping Process) \$2,1952,014
 - c. Active Landfill (Excavating, Bulldozing, and Compacting Processes) \$2,1952,014

2. RISK ~~SCREENING~~ASSESSMENT FEE (RSFRAF), if required pursuant to Regulation 3-329 or 3-342 is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. ~~RSFRAF~~ for first (toxic air contaminant) (TAC) source in application: \$~~462474~~ plus initial fee
 - b. ~~RSFRAF~~ for each additional TAC source: equal to initial fee *

* ~~RSFRAF~~ for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. Landfill (Decomposition Process) \$2,1952,014
 - b. Active Landfill (Waste and Cover Material Dumping Process) \$1,0974,006
 - c. Active Landfill (Excavating, Bulldozing, and Compacting Processes) \$1,0974,006

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Evaluation of Reports and Questionnaires:
 - a. Evaluation of Solid Waste Air Assessment Test Report as required by Health & Safety Code Section 41805.5(g) \$~~2,4202,220~~
 - b. Evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$1,2134,113
 - c. Evaluation of Solid Waste Air Assessment Test Report in conjunction with evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$1,2134,113
 - d. Evaluation of Initial or Amended Design Capacity Reports as required by Regulation 8, Rule 34, Section 405 \$~~892818~~
 - e. Evaluation of Initial or Periodic NMOC Emission Rate Reports as required by Regulation 8, Rule 34, Sections 406 or 407 \$2,5522,341
 - f. Evaluation of Closure Report as required by Regulation 8, Rule 34, Section 409 \$~~892818~~
 - g. Evaluation of Annual Report as required by Regulation 8, Rule 34, Section 411 \$2,2332,049

6. Fees for each source will be rounded off to the nearest dollar. The fee for sources will be rounded up or down to the nearest dollar.

7. For the purposes of this fee schedule, landfill shall be considered active, if it has accepted solid waste for disposal at any time during the previous 12 months or has plans to accept solid waste for disposal during the next 12 months.

(Amended 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/6/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE L
ASBESTOS OPERATIONS
(Adopted July 6, 1988)

1. Asbestos Operations conducted at single family dwellings are subject to the following fees:
 - a. OPERATION FEE: \$185 for amounts 100 to 500 square feet or linear feet.
 \$679 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
 \$988 for amounts 1001 square feet or liner feet to 2000 square feet or linear feet.
 \$1,358 for amounts greater than 2000 square feet or linear feet.
 - b. Cancellation: \$90 of above amounts non-refundable for notification processing.

2. Asbestos Operations, other than those conducted at single family dwellings, are subject to the following fees:
 - a. OPERATION FEE: \$524 for amounts 100 to 159 square feet or 100 to 259 linear feet or 35 cubic feet
 \$754 for amounts 160 square feet or 260 linear feet to 500 square feet or linear feet or greater than 35 cubic feet.
 \$1,098 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
 \$1,620 for amounts 1001 square feet or liner feet to 2500 square feet or linear feet.
 \$2,309 for amounts 2501 square feet or linear feet to 5000 square feet or linear feet.
 \$3,169 for amounts 5001 square feet or linear feet to 10000 square feet or linear feet.
 \$4,031 for amounts greater than 10000 square feet or linear feet.
 - b. Cancellation: \$248 of above amounts non-refundable for notification processing.

3. Demolitions (including zero asbestos demolitions) conducted at a single-family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$90
 - b. Cancellation: \$90 (100% of fee) non-refundable, for notification processing.

4. Demolitions (including zero asbestos demolitions) other than those conducted at a single family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$372
 - b. Cancellation: \$248 of above amount non-refundable for notification processing.

5. Asbestos operations with less than 10 days prior notice (excluding emergencies) are subject to the following additional fee:
 - a. OPERATION FEE: \$619

6. Asbestos demolition operations for the purpose of fire training are exempt from fees.

7. Floor mastic removal using mechanical buffers and solvent is subject to the following fee:
 - a. OPERATION FEE: \$372
 - b. Cancellation: \$248 of above amount non-refundable for notification processing.

(Amended 9/5/90; 1/5/94; 8/20/97; 10/7/98; 7/19/00; 8/1/01; 6/5/02; 7/2/03; 6/2/04; 6/6/07; 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE M
MAJOR STATIONARY SOURCE FEES
(Adopted June 6, 1990)

For each major stationary source emitting 50 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, and/or PM₁₀, the fee shall be based on the following:

	1.	Organic Compounds	\$ 116.24413.18 per ton
	2.	Sulfur Oxides	\$ 116.24413.18 per ton
	3.	Nitrogen Oxides	\$ 116.24413.18 per ton
	4.	PM ₁₀	\$ 116.24413.18 per ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, or PM₁₀, if occurring in an amount less than 50 tons per year, shall not be counted.

*(Amended 7/3/91; 6/15/94; 7/1/98; 5/9/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05;
6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 6/4/14; 6/3/15, 6/15/16)*

SCHEDULE N
TOXIC INVENTORY FEES
(Adopted October 21, 1992)

For each stationary source emitting substances covered by California Health and Safety Code Section 44300 *et seq.*, the Air Toxics "Hot Spots" Information and Assessment Act of 1987, which have trigger levels listed in Table 2-5-1, a fee based on the weighted emissions of the facility shall be assessed based on the following formulas:

1. A fee of \$5 for each gasoline product dispensing nozzle in the facility, if the facility is a Gasoline Dispensing Facility; or
2. A fee of \$88 if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 50 weighted pounds per year and less than 1000 weighted pounds per year; or
3. A fee of \$88 + $S_L \times (w_i - 1000)$ if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 1000 weighted pounds per year;

where the following relationships hold:

w_i = facility weighted emissions for facility j; where the weighted emission for the facility shall be calculated as a sum of the individual emissions of the facility multiplied by either the inhalation cancer potency factor (CPF, in kilogram-day/milligram) for the substance times 28.6 if the emission is a carcinogen, or by the reciprocal of the inhalation chronic reference exposure level (REL_c) for the substance (in cubic meters/microgram) if the emission is not a carcinogen [use CPF and REL as listed in Table 2-5-1]:

w_j = Facility Weighted Emission = $\sum_{i=1}^n E_i * Q_i$ where

n = number of toxic substances emitted by facility
 E_i = amount of substance i emitted by facility in lbs/year
 Q_i = 28.6 * CPF, if i is a carcinogen; or
 Q_i = [REL]⁻¹, if i is not a carcinogen

F_T = Total amount of fees to be collected by the District to cover District and State of California AB 2588 costs as most recently adopted by the Board of Directors of the California Environmental Protection Agency, Air Resources Board, and set out in the most recently published "Amendments to the Air Toxics "Hot Spots" Fee Regulation," published by that agency.

N_L = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 1000 weighted pounds per year.

N_S = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 50 weighted pounds per year and less than 1000 weighted pounds per year.

N_{NOZ} = Number of gasoline-product-dispensing nozzles in currently permitted Gasoline Dispensing Facilities.

S_L = Surcharge per pound of weighted emissions for each pound in excess of 1000 weighted pounds per year, where S_L is given by the following formula:

$$S_L = \frac{F_T - (88 \times N_S) - (88 \times N_L) - (5 \times N_{NOZ})}{\sum_{j=1}^{N_L} (w_j - 1000)}$$

(Amended 12/15/93; 6/15/05; 5/2/07; 6/16/10; 5/4/11; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE P
MAJOR FACILITY REVIEW FEES
(Adopted November 3, 1993)

1. MFR / SYNTHETIC MINOR ANNUAL FEES

Each facility, which is required to undergo major facility review in accordance with the requirements of Regulation 2, Rule 6, shall pay annual fees (1a and 1b below) for each source holding a District Permit to Operate. These fees shall be in addition to and shall be paid in conjunction with the annual renewal fees paid by the facility. However, these MFR permit fees shall not be included in the basis to calculate Alternative Emission Control Plan (bubble) or toxic air contaminant surcharges. If a major facility applies for and obtains a synthetic minor operating permit, the requirement to pay the fees in 1a and 1b shall terminate as of the date the APCO issues the synthetic minor operating permit.

- a. MFR SOURCE FEE~~\$752696~~ per source
- b. MFR EMISSIONS FEE..... ~~\$29.602741~~ per ton of regulated air pollutants emitted

Each MFR facility and each synthetic minor facility shall pay an annual monitoring fee (1c below) for each pollutant measured by a District-approved continuous emission monitor or a District-approved parametric emission monitoring system.

- c. MFR/SYNTHETIC MINOR MONITORING FEE~~\$7,5186,964~~ per monitor per pollutant

2. SYNTHETIC MINOR APPLICATION FEES

Each facility that applies for a synthetic minor operating permit or a revision to a synthetic minor operating permit shall pay application fees according to 2a and either 2b (for each source holding a District Permit to Operate) or 2c (for each source affected by the revision). If a major facility applies for a synthetic minor operating permit prior to the date on which it would become subject to the annual major facility review fee described above, the facility shall pay, in addition to the application fee, the equivalent of one year of annual fees for each source holding a District Permit to Operate.

- a. SYNTHETIC MINOR FILING FEE ~~\$1,047969~~ per application
- b. SYNTHETIC MINOR INITIAL PERMIT FEE ~~\$734680~~ per source
- c. SYNTHETIC MINOR REVISION FEE..... ~~\$734680~~ per source modified

3. MFR APPLICATION FEES

Each facility that applies for or is required to undergo: an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit or a renewal of an MFR permit shall pay, with the application and in addition to any other fees required by this regulation, the MFR filing fee and any applicable fees listed in 3b-h below. The fees in 3b and 3g apply to each source in the initial or renewal permit, while the fees in 3d-f apply to each source affected by the revision or reopening.

- a. MFR FILING FEE ~~\$1,047969~~ per application
- b. MFR INITIAL PERMIT FEE..... ~~\$1,047939~~ per source
- c. MFR ADMINISTRATIVE AMENDMENT FEE ~~\$296274~~ per application
- d. MFR MINOR REVISION FEE ~~\$1,4871,377~~ per source modified
- e. MFR SIGNIFICANT REVISION FEE ~~\$2,7722,567~~ per source modified
- f. MFR REOPENING FEE ~~\$908844~~ per source modified
- g. MFR RENEWAL FEE..... ~~\$441408~~ per source

Each facility that requests a permit shield or a revision to a permit shield under the provisions of Regulation 2, Rule 6 shall pay the following fee for each source (or group of sources, if the requirements for these sources are grouped together in a single table in the MFR permit) that is covered by the requested shield. This fee shall be paid in addition to any other applicable fees.

- h. MFR PERMIT SHIELD FEE..... ~~\$1,5651,449~~ per shielded source or group of sources

4. MFR PUBLIC NOTICE FEES

Each facility that is required to undergo a public notice related to any permit action pursuant to Regulation 2-6 shall pay the following fee upon receipt of a District invoice.

MFR PUBLIC NOTICE FEE Cost of Publication

5. MFR PUBLIC HEARING FEES

If a public hearing is required for any MFR permit action, the facility shall pay the following fees upon receipt of a District invoice.

a. MFR PUBLIC HEARING FEE Cost of Public Hearing not to exceed \$~~12,793,411,845~~

b. NOTICE OF PUBLIC HEARING FEE Cost of distributing Notice of Public Hearing

6. POTENTIAL TO EMIT DEMONSTRATION FEE

Each facility that makes a potential to emit demonstration under Regulation 2-6-312 in order to avoid the requirement for an MFR permit shall pay the following fee:

a. PTE DEMONSTRATION FEE \$~~179,466~~ per source, not to exceed \$~~17,587,46,284~~

(Amended 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE Q
EXCAVATION OF CONTAMINATED SOIL AND
REMOVAL OF UNDERGROUND STORAGE TANKS
(Adopted January 5, 1994)

1. Persons excavating contaminated soil or removing underground storage tanks subject to the provisions of Regulation 8, Rule 40, Section 401, 402, 403 or 405 are subject to the following fee:
 - a. OPERATION FEE: \$168
(Amended 7/19/00; 8/1/01; 6/5/02; 7/2/03; 6/2/04; 6/6/07; 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/4/14; 6/3/15, 6/15/16)

**SCHEDULE R
EQUIPMENT REGISTRATION FEES**

1. Persons operating commercial cooking equipment who are required to register equipment as required by District rules are subject to the following fees:
 - a. Conveyorized Charbroiler REGISTRATION FEE: \$~~647594~~ per facility
 - b. Conveyorized Charbroiler ANNUAL RENEWAL FEE: \$~~182467~~ per facility
 - c. Under-fired Charbroiler REGISTRATION FEE: \$~~647594~~ per facility
 - d. Under-fired Charbroiler ANNUAL RENEWAL FEE: \$~~182467~~ per facility

2. Persons operating non-halogenated dry cleaning equipment who are required to register equipment as required by District rules are subject to the following fees:
 - a. Dry Cleaning Machine REGISTRATION FEE: \$~~323296~~
 - b. Dry Cleaning Machine ANNUAL RENEWAL FEE: \$~~225206~~

3. Persons operating diesel engines who are required to register equipment as required by District or State rules are subject to the following fees:
 - a. Diesel Engine REGISTRATION FEE: \$~~217499~~
 - b. Diesel Engine ANNUAL RENEWAL FEE: \$~~144432~~
 - c. Diesel Engine ALTERNATIVE COMPLIANCE PLAN FEE (for each plan submitted under District Regulation 11-17-402): \$~~217499~~

4. Persons operating boilers, steam generators and process heaters who are required to register equipment by District Regulation 9-7-404 are subject to the following fees:
 - a. REGISTRATION FEE \$~~119409~~ per device
 - b. ANNUAL RENEWAL FEE: \$~~10092~~ per device

5. Persons owning or operating graphic arts operations who are required to register equipment by District Regulation 8-20-408 are subject to the following fees:
 - a. REGISTRATION FEE: \$~~388356~~
 - b. ANNUAL RENEWAL FEE: \$~~242222~~

6. Persons owning or operating mobile refinishing operations who are required to register by District Regulation 8-45-4 are subject to the following fees:
 - a. REGISTRATION FEE \$~~182467~~
 - b. ANNUAL RENEWAL FEE \$~~10798~~

(Adopted 7/6/07; Amended 12/5/07; 5/21/08; 7/30/08; 11/19/08; 12/3/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

**SCHEDULE S
NATURALLY OCCURRING ASBESTOS OPERATIONS**

1. ASBESTOS DUST MITIGATION PLAN PROCESSING FEE:

Any person submitting an Asbestos Dust Mitigation Plan (ADMP) for review of a Naturally Occurring Asbestos (NOA) project shall pay the following fee (including NOA Discovery Notifications which would trigger an ADMP review): ~~\$535494~~

2. AIR MONITORING PROCESSING FEE:

NOA projects requiring an Air Monitoring component as part of the ADMP approval are subject to the following fee in addition to the ADMP fee: ~~\$4,7534,364~~

3. INSPECTION FEE:

The owner of any property for which an ADMP is required shall pay fees to cover the costs incurred by the District after July 1, 2012 in conducting inspections to determine compliance with the ADMP on an ongoing basis. Inspection fees shall be invoiced by the District on a quarterly basis, and at the conclusion of dust generating activities covered under the ADMP, based on the actual time spent in conducting such inspections, and the following time and materials rate: ~~\$140428~~ per hour

(Adopted 6/6/07; Amended 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

**SCHEDULE T
GREENHOUSE GAS FEES**

For each permitted facility emitting greenhouse gases, the fee shall be based on the following:

1. Carbon Dioxide Equivalent (CDE) Emissions \$~~0.10300~~~~0.0963~~ per metric ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. The annual emissions of each greenhouse gas (GHG) listed below shall be determined by the APCO for each permitted (i.e., non-exempt) source. For each emitted GHG, the CDE emissions shall be determined by multiplying the annual GHG emissions by the applicable Global Warming Potential (GWP) value. The GHG fee for each facility shall be based on the sum of the CDE emissions for all GHGs emitted by the facility, except that no fee shall be assessed for emissions of biogenic carbon dioxide.

Global Warming Potential Relative to Carbon Dioxide*

GHG	CAS Registry Number	GWP**
Carbon Dioxide	124-38-9	1
Methane	74-82-8	34
Nitrous Oxide	10024-97-2	298
Nitrogen Trifluoride	7783-54-2	17,885
Sulfur Hexafluoride	2551-62-4	26,087
HCFC-22	75-45-6	2,106
HCFC-123	306-83-2	96
HCFC-124	2837-89-0	635
HCFC-141b	1717-00-6	938
HCFC-142b	75-68-3	2,345
HCFC-225ca	422-56-0	155
HCFC-225cb	507-55-1	633
HFC-23	75-46-7	13,856
HFC-32	75-10-5	817
HFC-125	354-33-6	3,691
HFC-134a	811-97-2	1,549
HFC-143a	420-46-2	5,508
HFC-152a	75-37-6	167
HFC-227ea	431-89-0	3,860
HFC-236fa	690-39-1	8,998
HFC-245fa	460-73-1	1,032
HFC-365mfc	406-58-6	966
HFC-43-10-mee	138495-42-8	1,952
PFC-14	75-73-0	7,349
PFC-116	76-16-4	12,340
PFC-218	76-19-7	9,878
PFC-318	115-25-3	10,592

* Source: Myhre, G., et al., 2013: Anthropogenic and Natural Radiative Forcing (and Supplementary Material). In: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Stocker, T.F., et al. (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. Available from www.ipcc.ch.

** GWPs compare the integrated radiative forcing over a specified period (i.e.100 years) from a unit mass pulse emission to compare the potential climate change associated with emissions of different GHGs. GWPs listed include climate-carbon feedbacks.

(Adopted 5/21/08; Amended 5/20/09; 6/16/10; 6/4/14; 6/3/15; 6/15/16)

**SCHEDULE U
INDIRECT SOURCE REVIEW FEES**

The applicant for any project deemed an indirect source pursuant to District rules shall be subject to the following fees:

1. APPLICATION FILING FEE

When an applicant files an Air Quality Impact Assessment as required by District rules, the applicant shall pay a non-refundable Application Filing Fee as follows:

- a. Residential project: ~~\$615599~~
- b. Non-residential or mixed use project: ~~\$918894~~

2. APPLICATION EVALUATION FEE

Every applicant who files an Air Quality Impact Assessment as required by District rules shall pay an evaluation fee for the review of an air quality analysis and the determination of Offsite Emission Reduction Fees necessary for off-site emission reductions. The Application Evaluation fee will be calculated using the actual staff hours expended and the prevailing weighted labor rate. The Application Filing fee, which assumes eight hours of staff time for residential projects and twelve hours of staff time for non-residential and mixed use projects, shall be credited towards the actual Application Evaluation Fee.

3. OFFSITE EMISSION REDUCTION FEE

(To be determined)

(Adopted 5/20/09; Amended 6/16/10; 6/4/14; 6/3/15, 6/15/16)

**SCHEDULE V
OPEN BURNING**

1. Any prior notification required by Regulation 5, Section 406 is subject to the following fee:

a. OPERATION FEE: ~~\$129448~~

b. The operation fee paid as part of providing notification to the District prior to burning will be determined for each property, as defined in Regulation 5, Section 217, and will be valid for one year from the fee payment date when a given fire is allowed, as specified in Regulation 5, Section 401 for the following fires:

Regulation 5 Section – Fire	Burn Period
401.1 - Disease and Pest	January 1 – December 31
401.2 - Crop Replacement ¹	October 1 – April 30
401.3 - Orchard Pruning and Attrition ²	November 1 – April 30
401.4 - Double Cropping Stubble	June 1 – August 31
401.6 - Hazardous Material ¹	January 1 – December 31
401.7 - Fire Training	January 1 – December 31
401.8 - Flood Debris	October 1 – May 31
401.9 - Irrigation Ditches	January 1 – December 31
401.10 - Flood Control	January 1 – December 31
401.11 - Range Management ¹	July 1 – April 30
401.12 - Forest Management ¹	November 1 – April 30
401.14 - Contraband	January 1 – December 31

¹ Any Forest Management fire, Range Management fire, Hazardous Material fire not related to Public Resources Code 4291, or any Crop Replacement fire for the purpose of establishing an agricultural crop on previously uncultivated land, that is expected to exceed 10 acres in size or burn piled vegetation cleared or generated from more than 10 acres is defined in Regulation 5, Section 213 as a type of prescribed burning and, as such, is subject to the prescribed burning operation fee in Section 3 below.

² Upon the determination of the APCO that heavy winter rainfall has prevented this type of burning, the burn period may be extended to no later than June 30.

c. Any person who provided notification required under Regulation 5, Section 406, who seeks to burn an amount of material greater than the amount listed in that initial notification, shall provide a subsequent notification to the District under Regulation 5, Section 406 and shall pay an additional open burning operation fee prior to burning.

2. Any Marsh Management fire conducted pursuant to Regulation 5, Section 401.13 is subject to the following fee, which will be determined for each property by the proposed acreage to be burned:

a. OPERATION FEE: ~~\$462424~~ for 50 acres or less
~~\$629577~~ for more than 50 acres but less than or equal to 150 acres
~~\$792727~~ for more than 150 acres

b. The operation fee paid for a Marsh Management fire will be valid for a Fall or Spring burning period, as specified in Regulation 5, Subsection 401.13. Any burning subsequent to either of these time periods shall be subject to an additional open burning operation fee.

**SCHEDULE W
PETROLEUM REFINING EMISSIONS TRACKING FEES**

1. ANNUAL EMISSIONS INVENTORIES:

Any Petroleum Refinery owner/operator required to submit an Annual Emissions Inventory Report in accordance with Regulation 12, Rule 15, Section 401 shall pay the following fees:

- a. Initial submittal: \$54,000
- b. Each subsequent annual submittal: \$27,000

Any Support Facility owner/operator required to submit an Annual Emissions Inventory Report in accordance with Regulation 12, Rule 15, Section 401 shall pay the following fees:

- a. Initial submittal: \$3,300
- b. Each subsequent annual submittal: \$1,650

2. AIR MONITORING PLANS:

Any person required to submit an air monitoring plan in accordance with Regulation 12, Rule 15, Section 403 shall pay a one-time fee of \$7,500.

(Adopted 6/15/16)

**SCHEDULE X
MAJOR STATIONARY SOURCE COMMUNITY AIR MONITORING FEES**

For each major stationary source, emitting 35 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, Carbon Monoxide and/or PM₁₀ within the vicinity of a District proposed community air monitoring location, the fee shall be based on the following:

- | | | |
|----|-------------------|-----------------|
| 1. | Organic Compounds | \$60.61 per ton |
| 2. | Sulfur Oxides | \$60.61 per ton |
| 3. | Nitrogen Oxides | \$60.61 per ton |
| 4. | Carbon Monoxide | \$60.61 per ton |
| 5. | PM ₁₀ | \$60.61 per ton |

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, Carbon Monoxide, or PM₁₀, if occurring in an amount less than 35 tons per year, shall not be counted.

(Adopted: 6/15/16)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 13, 2017

Re: Public Hearing to Receive Testimony on and Consider Certifying the Final
Environmental Impact Report and Adopting the Proposed 2017 Clean Air Plan

RECOMMENDED ACTION

Staff recommends the Board of Directors approve a resolution certifying the Final Environmental Impact Report and approve a resolution adopting the proposed 2017 Clean Air Plan, entitled *Spare the Air, Cool the Climate*.

BACKGROUND

The proposed 2017 Clean Air Plan (2017 Plan) updates our regional air quality plan pursuant to ozone planning requirements defined in the California Health & Safety Code. In addition, the plan also proposes an ambitious and comprehensive regional climate protection strategy, as directed by the climate protection resolution adopted by the Board of Directors in November 2013.

Bay Area air quality has improved greatly over the past several decades. Emissions have been reduced from key sources, resulting in lower concentrations of ozone, particulate matter, and other criteria air pollutants. The improvement in air quality has provided tangible health benefits for Bay Area residents. Since 1990, the cancer risk from exposure to toxic air contaminants (TACs) has been slashed six-fold, and key health effects related to exposure to air pollution, such as emergency room visits to treat asthma, hospital admissions, and premature deaths, have been reduced three-fold. This improvement in air quality has increased the average lifespan of Bay Area residents by approximately one year since 1990.

Despite this progress, we need to do more. The Bay Area is still classified as nonattainment for the State one-hour and eight-hour ozone standards. State law requires regions that do not meet State ozone standards to prepare plans to adopt and implement “all feasible measures” to reduce emissions of ozone precursors so as to attain the standards as quickly as practicable and to reduce transport of ozone to neighboring air basins.

Studies show that fine particulate matter (PM_{2.5}) is the air pollutant most harmful to public health in the Bay Area. The population exposure of Bay Area residents to PM_{2.5} has been greatly reduced in recent years in response to aggressive efforts by the Air District and the Air Resources Board to control emissions from key sources such as diesel engines and wood-burning. Monitoring data for years 2014-2016 shows that the Bay Area currently meets the national 24-hour and annual average PM_{2.5} standards, as well as the State annual PM_{2.5}

standard. Nonetheless, it is important to further reduce PM levels because studies continue to discover additional health effects linked to PM, and researchers have not been able to identify a safe level of exposure to PM.

The Air District's Community Air Risk Evaluation (CARE) program has identified the Bay Area communities where air pollution poses the greatest health risk. By focusing the Air District's enforcement, grant, and other programs on these areas, we have made substantial progress in reducing the population exposure of residents in CARE communities to PM, TACs, and other air pollutants. However, we need to continue and enhance our efforts to eliminate the remaining disparities in health risk from air pollution among communities across the region.

Climate change caused by anthropogenic emissions of greenhouse gases (GHGs) represents a profound threat to the health and well-being of Bay Area residents. It will degrade air quality and endanger key ecosystems, water supply, economy, and key infrastructure. In the November 6, 2013 Climate Protection Resolution, the Board of Directors affirmed the Air District's commitment to aggressively reduce GHG emissions toward long-term targets and directed staff to prepare a regional climate protection strategy as an element of the Clean Air Plan update. In light of recent back-tracking at the national level, it is especially important that the Air District take action now to demonstrate leadership in reducing GHG emissions here in the Bay Area.

DISCUSSION

The 2017 Plan builds upon and enhances the Air District's long history of leadership and innovation in protecting air quality and the environment. The 2017 Plan has two primary goals which are tightly linked: to protect public health and to protect the climate.

Protecting Public Health: The 2017 Plan will continue and enhance our effort to improve air quality and reduce exposure of Bay Area residents to ozone, PM_{2.5}, and toxic air contaminants, in order to attain and maintain all State and national air quality standards and to eliminate disparities in health risks from air pollution among Bay Area communities.

Protecting the Climate: To guide the Air District's long-range effort to protect the climate and achieve GHG reduction targets for 2030 and 2050, the 2017 Plan defines a comprehensive regional strategy to reduce emissions of carbon dioxide and other GHGs, such as methane and other "super-GHGs" with high global warming potential (GWP). In addition to directly reducing GHG emissions, the 2017 Plan will support and complement climate protection efforts by key partners at the State, regional, and local levels, as embodied in the latest update to the State's AB 32 Scoping Plan; the regional transportation and land use strategy described in *Plan Bay Area*; and climate protection plans and programs that cities and counties are implementing throughout the Bay Area.

The 2050 Vision: Achieving the ambitious GHG reduction targets for 2030 and 2050 presents a major challenge, but it also offers a tremendous opportunity to solidify the Bay Area's leadership in technological and social innovation. To help guide this effort, the 2017 Plan describes a transformative vision for how Bay Area residents will live, travel, produce, and consume in 2050. The vision is based on a recognition that we need to eliminate fossil fuel combustion and transition to a post-carbon economy as quickly as possible.

Proposed Control Strategy: To protect public health and protect the climate, the 2017 Plan describes a comprehensive, multi-pollutant control strategy including 85 control measures which address the full range of economic sectors. The proposed control strategy will reduce emissions of criteria air pollutants and toxic air contaminants from all key sources, decrease emissions of methane and other super-GHGs, and decrease carbon dioxide emissions by reducing fossil fuel combustion. Individual control measures are described in Volume 2 of the plan. In developing the 2017 Plan, staff performed a rigorous evaluation of potential control measures, based upon review of sixty air quality plans and climate action plans both within and beyond California, as well as ideas for potential control measure suggested by Air District staff, other air districts, stakeholder groups, and members of the public. Appendix G of the plan provides a detailed description of the process used to evaluate potential control measures.

What the 2017 Plan will Accomplish: The proposed control measures are estimated to reduce emissions of ozone precursors (ROG and NOx) by at least 21 tons per day and PM_{2.5} by 3 tons per day. The proposed measures will also reduce GHG emissions by at least 4.4 million metric tons per year by 2030. These are conservative estimates, as emissions reductions were not calculated for all the measures. By improving air quality and reducing GHG emissions, the 2017 Plan will provide public health and climate protection benefits valued at more than \$1 billion per year to the Bay Area.

- The reduction in air pollution will save Bay Area residents and employers at least \$736 million per year, based upon the estimated dollar value of avoided costs related to health care, lost productivity, and premature death.
- Based upon a “social cost of carbon” value of \$62 per metric ton, the GHG reductions from the measures in the 2017 Plan will provide estimated climate protection benefits of at least \$350 million per year.

Public Process to Develop the 2017 Plan: In developing the plan, Air District staff reached out to a wide range of stakeholders, including environmental and community groups, business organizations, and government agencies, as described in Appendix B of the plan. Early on, staff convened experts to help identify emission reduction opportunities in each economic sector. These expert groups were later expanded into multi-stakeholder working groups to further inform the development of the Plan. Staff solicited input by hosting open houses throughout the region in January-February 2016 and again in January-February 2017. Input was also received via the District’s online civic engagement tool, Open Air Forum. In addition, staff conferred with MTC, ABAG, and neighboring air districts in preparing the 2017 Plan. Staff also worked closely with the Air Resources Board to ensure that the plan will support and enhance the State’s programs to protect air quality and reduce GHG emissions. District staff reviewed key State plans including the AB 32 Scoping Plan Update, the Short-Lived Climate Pollutant Strategy, and the 2016 Mobile Source Strategy; we also received input from ARB via direct discussion and ARB participation in our meetings with sector experts.

Public Comments and Revisions to Draft 2017 Plan: Approximately 370 individuals and organizations submitted comments on the public draft plan issued in January, 2017. The comments, along with staff responses, are provided in Attachment B. The full text of each comment letter or message is compiled in Attachment C. Most commenters expressed support for the ambitious vision and control strategy described in the plan, although many commenters were concerned that the plan does not achieve all long-term GHG reduction targets. Many

commenters also offered suggestions intended to maximize emission reductions from specific control measures and urged the Air District to move expeditiously to implement the plan.

Staff revised the draft 2017 Plan in response to the public comments, as well as to feedback from the Board of Directors and the Advisory Council. Changes were made to describe the proposed new \$4.5 million climate grant program; to highlight the role that the Air District's proposed new Technology Implementation Office will play in accelerating the deployment of transformative technologies; to emphasize the health and economic benefits of the plan; to make the plan more accessible and understandable to the public; and to highlight the key role that partnerships and collaborations with public agencies and other stakeholders, including the Bay Area Regional Collaborative (BARC), will play in implementation of the plan. In addition, staff revised the draft plan to update the GHG emissions forecasts; to update the description of the control measures to reduce emissions from oil refineries, based upon staff's latest proposals; and to acknowledge that, as demand for refinery products decreases, transition plans will be needed for the workforce and for the communities in which these facilities are located as we transition to a clean energy economy.

Implementing the Plan: To implement the control strategy in the 2017 Plan, the Air District will employ the full range of available tools and resources at its disposal, including its regulatory, permitting, and enforcement authorities; grants and incentives; model ordinances and guidance documents to promote best practices; public outreach and education; advocacy; and air quality monitoring and research. The 2017 Plan includes an ambitious regulatory agenda to adopt and amend rules on stationary sources. Partnerships and collaborations with local agencies and other stakeholders will be essential to successfully implement measures to reduce GHG emissions from sectors where the District's regulatory authority is limited, such as buildings, energy, and agriculture. Near-term implementation priorities include:

- Adopt and amend Air District regulations
- Implement the new \$4.5 million climate protection grant program
- Establish the new Technology Implementation Office
- Provide technical guidance, model ordinances, best practices, and resources to support climate protection programs by local governments
- Support Community Choice Energy programs
- Provide grants and incentives to support electric vehicles, diesel emission reductions, and trip reduction programs
- Support regional and local land use and transportation strategies to reduce vehicle trips and emissions (e.g., *Plan Bay Area* and local climate action plans)

Socio-Economic Impacts: The District contracted with a consulting firm to prepare a Socio-Economic Analysis of the draft 2017 Plan. The analysis concludes that, taken as a whole, the proposed control strategy will provide a net economic benefit to the Bay Area. This net positive impact is based upon a combination of 1) the public health and climate protection benefits of the proposed control measures (the value of avoided health and climate impacts), and 2) economic stimulus from the transportation project investments that are included in the transportation measures in the plan. The analysis also found that the economic impacts of the proposed control measures on regulated sources would be relatively minor. Of 17 proposed control measures for which compliance costs can be estimated at this time, only two measures

(SS8 and SS22) could have a significant impact on regulated industries. The Socio-Economic Analysis is provided in Attachment D.

Environmental Review: The Air District analyzed the 2017 Plan for potential environmental impacts pursuant to the California Environmental Quality Act (CEQA). An Initial Study was issued in July 2016 for the project, and the Draft Program Environmental Impact Report was issued on February 17, 2017. The Air District provided the required 45-day period for public review and comment; staff responses to comments are provided in Appendix D of the attached Final Program Environmental Impact Report (FEIR). The FEIR analyzes potential environmental impacts of the proposed control measures. The analysis identifies one significant unavoidable impact on water demand due to the amount of water required for wet-gas scrubbers to control sulfur dioxide emissions. The FEIR includes mitigation measures to require the use of reclaimed water wherever possible; however, since reclaimed water may not be available for all new scrubbers, the impact remains significant and unavoidable. The FEIR is provided in Attachment E.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Resources to begin implementation of the 2017 Plan have been included in the FYE 2017 and the proposed FYE 2018 budgets.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Burch
Reviewed by: Henry Hilken

Attachment A: Proposed Final 2017 Clean Air Plan (Volumes I and II)
Attachment B: Summary of Public Comments with Staff Responses
Attachment C: Full Text of All Comments Submitted on the Public Review Draft 2017 Plan
Attachment D: Socio-Economic Analysis
Attachment E: Final Program Environmental Impact Report (including Responses to
Comments on Draft EIR)

The above referenced attachments can also be accessed by clicking here:
<http://www.baaqmd.gov/plans-and-climate/air-quality-plans/plans-under-development>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2017

Re: Executive Officer Report

RECOMMENDED ACTION

None; receive and file.

The Executive Officer will discuss the following two items: 1) federal administration actions and 2) a recent letter from the California Air Resources Board.

Since President Donald Trump took office in January 2017, efforts to combat climate change have been targeted by the administration. The new U.S. Environmental Protection Agency Administrator Scott Pruitt has publicly testified that he does not agree that CO₂ is a primary contributor to global climate change. Significant budget and staff cuts at the EPA have been proposed, with climate programs to be hardest hit. President Trump has announced his intention of abandoning the Paris Agreement, making the United States one of only four U.N. member nations to not sign on, joining Syria, Uzbekistan and Nicaragua.

Further, the Trump administration has signaled it will not defend lawsuits against more stringent National Ambient Air Quality Standards for ozone, will consider changing the current standard and will attempt to roll back achievable vehicle emissions standards.

On March 28, 2017, President Trump signed an executive order to roll back climate change regulations, specifically the Clean Power Plan, implemented by former President Barack Obama. President Trump said the regulations hinder U.S. energy production and eliminate jobs without providing meaningful environmental benefits. The order directs the EPA to review the Clean Power Plan and other greenhouse gas regulations for the electric power sector and encourages reconsideration of rules governing methane regulations, among others.

A coalition of 17 states, including California, have filed legal challenges against the Trump Administration's efforts to roll back climate regulations. Climate leaders have condemned the move as a misguided attempt to revive jobs in the fossil fuel industry.

The Bay Area leads the nation in innovative, effective climate initiatives, that will continue, even in the absence of science-based policies at the national level.

The day the executive order was signed, the Air District released the attached statement affirming our commitment to air quality and climate efforts in the Bay Area moving forward.

Last month, the attached letter was sent to EPA Administrator Scott Pruitt on behalf of the Air District. The letter praised Administrator Pruitt's comments supporting clean air and local regulatory control while also outlining ways the administration can support the actions necessary to meet this commitment.

California and the Bay Area are shining examples of how climate, air quality and public health regulations can coexist with a thriving economy. The progression from polluting fossil fuels to cleaner, renewable fuels has been propelled by policies, innovation and market-driven forces. It is universally understood in the scientific community that fossil fuels not only contribute to climate change, but to air pollution and related health impacts.

We recently released our vision to improve Bay Area air quality and reduce climate impacts: our clean air plan and regional climate strategy - *Spare the Air, Cool the Climate*. Through this ambitious plan, we will continue to focus on climate change and air quality issues.

Bay Area residents, by a wide margin, support policies for air quality and climate protections. Though the Air District now lacks the support for such policies from the federal government that we enjoyed over nearly the last decade, we cannot retreat and must stay the course to continue the Bay Area and California's climate protection progress.

The Executive Officer will discuss the attached letter dated April 5, 2017 from CARB to the Air District.

BUDGET CONSIDERATIONS/FINANCIAL IMPACTS

None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Attachment 24A: Statement of Federal Action
Attachment 24B: Air District letter to Scott Pruitt
Attachment 24C: CARB letter dated April 5, 2017



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

NEWS

FOR IMMEDIATE RELEASE
March 28, 2017

CONTACT: Kristine Roselius
415.519.5419

Bay Area Air District statement on Trump's rollback of policies limiting harmful greenhouse gas emissions

SAN FRANCISCO – Statement by Jack Broadbent, executive officer of the Bay Area Air Quality Management District, on President Donald Trump's executive order that rolls back policies to curb greenhouse gas emissions:

“President Trump signed an executive order today that rescinds climate regulations in the name of job creation. This is a false premise - they are not mutually exclusive. California and the Bay Area are shining examples of how climate, air quality and public health regulations can coexist with a thriving economy. The progression from polluting fossil fuels to cleaner, renewable fuels has been propelled by policies, innovation and market-driven forces. It is universally understood in the scientific community that fossil fuels not only contribute to climate change, but to choking air pollution and related health impacts. We have come too far to move backwards.

The Bay Area leads the nation in innovative, effective climate initiatives and that will continue, even in the absence of science-based policies at the national level. We recently released our vision to improve Bay Area air quality and reduce climate impacts, our clean air plan and regional climate strategy - Spare the Air, Cool the Climate. Through this ambitious plan, we will tackle climate change head-on - Bay Area residents expect nothing less.

Time will show that the president's policies are on the wrong side of history, the wrong side of the facts and do not represent the best interests of the people.”

The Bay Area Air Quality Management District (www.baaqmd.gov) is the regional agency responsible for protecting air quality in the nine-county Bay Area.

###



**BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT**

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Scott Haggerty
Rebecca Kaplan
Nate Miley

CONTRA COSTA COUNTY

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MARIN COUNTY

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Carole Groom
Doug Kim

SANTA CLARA COUNTY

Cindy Chavez
Liz Kniss
(Chair)
Rod G. Sinks

SOLANO COUNTY

Pete Sanchez
James Spering

SONOMA COUNTY

Teresa Barrett
Shirlee Zane

Jack P. Broadbent
EXECUTIVE OFFICER/APCO

Connect with the
Bay Area Air District:



March 15, 2017

The Honorable Scott Pruitt
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator Pruitt:

Congratulations on your appointment as the new Administrator of the U.S. Environmental Protection Agency (U.S. EPA). As Executive Officer/APCO of the Bay Area Air Quality Management District (BAAQMD), I am writing on behalf of the nearly 7.5 million people from the nine counties surrounding the San Francisco Bay to urge you to follow through on the President's commitment to ... *"promote clean air and clear water" ...*¹ and your own desire to empower local agencies to achieve their clean-air goals ... *"If we truly want to advance and achieve cleaner air and water, the States must be partners and not mere passive instruments of federal will" ...*² Some critical ways to follow through on these commitments would be to support:

- Current U.S. EPA grant programs that protect public health, reduce air pollution and support U.S. jobs and manufacturing;
- Development, implementation and enforcement of regulations that further reduce the emissions from sources under federal jurisdiction, specifically locomotives; and
- Greenhouse gas emissions reductions programs, climate science and research. These programs have had major clean air co-benefits and have spurred billions of dollars in new economic growth and U.S. manufacturing jobs in the State of California.

As you may know, the San Francisco Bay Area has some of the best air quality in the nation for a metropolitan region of its size, density and population. However, we are still a non-attainment area for the federal ambient air quality standards for ozone in the summer and for particulate matter in the winter. We also have several communities that are disproportionately impacted by emissions from goods movement and transportation. In fact, residents of West Oakland, the community that borders the Port of Oakland (the fifth largest container port in the United States), are subject to a cancer health risk from toxic air contaminants that is the second highest in the State of California. Additionally, Bay Area communities are subject to 20% of the toxic diesel particulate matter emissions from goods movement in the State of California and the region is home to 17% of the State's

¹ Presidential address to joint session of Congress - February 28, 2017

² U.S. Senate Environment and Public Works Committee Hearing - January 18, 2017

poorest residents, many of whom are impacted by these emissions. The Bay Area is also responsible for approximately 24% of the State of California's greenhouse gas emissions and without additional actions to curb these pollutants, their impacts will also disproportionately affect our most vulnerable populations.

Even in the face of these statistics, there is a significant chance that the Bay Area will attain its clean-air targets within the next decade but we cannot do it without federal help.

Federal funding from the Diesel Emission Reduction Act (DERA) and Clean Air Act Section 103 & Section 105 programs; programs supporting environmental justice; and the development of new standards on high emitting locomotives are all key in achieving clean-air in our region. Federal help is also needed to prevent climate change and its worst impacts. Therefore, it is vitally important to continue efforts that study and reduce emissions of greenhouse gases. Each of these concepts and their importance to the Bay Area are described in greater detail below:

Reauthorizing the Diesel Emission Reduction Act National Grant

The Diesel Emission Reduction Act National Grant, Rebate and Loan Program (Section 792 of Title VII, Subtitle G of the Energy Policy Act of 2005) (DERA) expired at the end of 2016 without being reauthorized by Congress. This program has been extremely successful in providing cost-effective public health and environmental benefits to areas across the nation. DERA was originally enacted in 2005, and then re-enacted in 2010 with overwhelming bipartisan support. It was designed to reduce emissions by as much as 90 percent from the 20 million existing diesel engines in use today.

The DERA program continues to be needed because of the long-lived nature of diesel vehicles. BAAQMD estimates that nearly 60% of the diesel trucks and buses on the road today are more than ten years old and emit much higher levels of pollution than the vehicles using today's technology. Without a program like DERA, these older vehicles will remain on the road until they wear out, emitting pollutants that could be significantly reduced if replaced with newer technology. In fact, a Report to Congress on the first year of the program estimated that for every dollar spent on the DERA program, an average of more than \$20 in health benefits is generated.

DERA also supports local industries such as trucking and provides manufacturing jobs through companies like Peterbilt, Cummings, Caterpillar, etc. Since 2009, DERA has provided \$4.5 million in funding to BAAQMD, which has retrofitted or replaced 168 trucks, thus allowing local businesses to comply with California regulations and to clean the air in our most impacted community, West Oakland.

BAAQMD urges you to work with the President and Congress to see that this program is re-authorized.

Supporting Clean Air Act Sections 103 and 105 Grants

Federal grants under Section 103 and Section 105 of the Clean Air Act also help state and local air pollution control agencies across the nation improve air quality. The Section 103 grants are used for specialized air monitoring programs and the Section 105 funds are used to implement programs to prevent and control air pollution and address primary and secondary ambient air quality standards.

BAAQMD is a recipient of both of these grant programs. Section 103 grant funds have been used to monitor fine particulate matter (PM 2.5) in order to determine reductions in air emission levels. These funds also support monitoring for ambient concentration of toxics compounds in San Jose, the heart of the Silicon Valley - an area whose economic output is extremely important locally and nationally. Additionally, BAAQMD uses Section 105 funds to provide continuing support for a variety of important activities including Title V permitting, monitoring and enforcement; and criteria pollutant air monitoring.

Both of these programs provide critical support to our front-line personnel and communities. This financial assistance helps BAAQMD with critical programs and altering or defunding these grants would significantly harm the ability of local and state agencies across the nation to improve air quality for their residents.

BAAQMD would urge you to ensure that these programs continue to receive funding.

Continuing Environmental Justice Programs

BAAQMD has invested significant time and resources into achieving environmental justice (EJ) for San Francisco Bay Area communities. BAAQMD founded its Community Air Risk Evaluation Program (CARE) in 2004, to investigate why some communities still experience higher pollution levels than others, even though overall air pollution continues to decrease. The goals of the CARE Program are to:

- Identify areas where air pollution contributes most to health impacts and where populations are most vulnerable to air pollution;
- Apply sound scientific methods and strategies to reduce health impacts in these areas; and
- Engage community groups and other agencies to develop additional actions to reduce local health impacts.

CARE has allowed BAAQMD to target hundreds of millions of dollars to impacted communities over the past decade and we have seen some improvements such as an

almost 70% reduction in air pollution from the Port of Oakland. However, the science of health risk has also changed during this time period to revise the health impacts of toxic diesel particulate matter upwards. This means that BAAQMD still has significant work to do in reducing emissions in those communities that are disproportionately impacted by air pollution.

U.S. EPA has been our constant partner in working with these communities by providing support and education on environmental and public health issues and ways to identify and address them; and by ensuring equal treatment for these communities relative to Federal programs and funding. This commitment has been a pivotal component in building strong relationships with local communities; ensuring that everyone has a healthy environment in which to live, learn, and work; and in measuring and reporting the impacts of BAAQMD and Federal programs to community members.

BAAQMD and our impacted communities need federal support and would encourage you to commit U.S. EPA resources to a partnership that is working to reduce health impacts.

Supporting New Federal Locomotive Regulations

In March 2008, U.S. EPA finalized a three-part program that dramatically reduces emissions from diesel locomotives of all types -- line-haul, switch, and passenger rail. The rule cuts PM emissions from these engines by as much as 90% and NO_x emissions by as much as 80% when fully implemented. The standards are based on the application of high-efficiency catalytic after treatment technology for freshly manufactured engines built in 2015 and later. The standards also apply for existing locomotives when they are remanufactured and the regulation put in place standards to reduce idling for new and remanufactured locomotives.

While BAAQMD believes these regulations are a significant step towards clean air in local communities, the timeline for their implementation needs to be accelerated. Locomotives, like all diesel engines, can have extraordinary lifespans lasting decades without remanufacturing. For communities where they operate, such as West Oakland and Richmond, CA – home to the Union Pacific (UP) and Burlington Northern Santa Fe railyards respectively- delay in remanufacture or in the purchase of a new locomotive will result in health impacts. These impacts are principally due to the proximity of the communities to, and the volume of, locomotive traffic at these facilities. The Port of Oakland is currently projecting significant increases in containerized cargo volumes that will be transported via rail in West Oakland - this will result in increased emissions of toxic air contaminants adjacent to the community. This is a significant concern for BAAQMD as that community is already overburdened by the health impacts of air pollution.

In order to help mitigate the situation, U.S. EPA needs to further examine whether or not the emissions reductions in the 2008 regulation are being achieved in as expedient a manner possible to protect public health. Therefore, BAAQMD requests that you instruct U.S. EPA to prioritize additional rulemaking for locomotives to

quickly reduce the health burden on impacted communities in the San Francisco Bay Area.

Supporting Greenhouse Gas Emissions Reductions Programs, Climate Science and Research

As part of the previous administration, U.S. EPA was developing standards for Greenhouse Gas Emissions (GHG) from mobile and stationary sources, performing monitoring and climate science and setting standards for sequestering GHG. These efforts included:

Stationary Sources

- **Municipal Solid Waste Landfill Air Pollution Standards:** New Source Performance Standards (NSPS) to reduce emissions of methane-rich landfill gas from new, modified and reconstructed municipal Solid Waste (MSW) Landfills.
- **Oil and Natural Gas Air Pollution Standards:** Regulations for the oil and natural gas industry help combat climate change and reduce air pollution that harms public health.
- **Clean Power Plan:** On August 3, 2015, EPA finalized the Clean Power Plan Rule to cut carbon pollution from existing power plants.
- **Clean Air Act Permitting for Greenhouse Gases:** Greenhouse gas (GHG) emissions from the largest stationary sources were, for the first time, covered by the Prevention of Significant Deterioration (PSD) and Title V Operating Permit Programs.

Transportation/Mobile Sources

- **Standards to cut GHG Emissions and Fuel Use for New Motor Vehicles:** U.S. EPA and the National Highway Traffic Safety Administration (NHTSA) are taking coordinated steps to enable the production of a new generation of clean vehicles - from the smallest cars to the largest trucks - through reduced greenhouse gas emissions and improved fuel use.
- **Renewable Fuel Standard Program:** U.S. EPA is also responsible for developing and implementing regulations to ensure that transportation fuel sold in the United States contains a minimum volume of renewable fuel.

Geological Sequestration of Carbon Dioxide

Geologic sequestration is the process of injecting carbon dioxide (CO₂) from a source, such as a coal-fired electric generating power plant, into a well thousands of feet underground and sequestering it underground indefinitely. Geologic

sequestration could play a major role in reducing emissions of CO₂. U.S. EPA has finalized requirements for geologic sequestration, including the development of a new class of wells, Class VI, under the authority of the Safe Drinking Water Act's Underground Injection Control Program.

Greenhouse Gas Emissions Reporting

The Greenhouse Gas Reporting Program collects greenhouse gas data from large emission sources across a range of industry sectors, as well as suppliers of products that would emit greenhouse gases if released or combusted. Greenhouse gas data are available through the Greenhouse Gas Reporting Program Data Publication Tool.

Advancing the Science

U.S. EPA contributes to world-class climate research through the U.S. Global Change Research Program and the Intergovernmental Panel on Climate Change. U.S. EPA's Office of Research and Development conducts research to understand the environmental and health impacts of climate change and to provide sustainable solutions for adapting to and reducing the impact from a changing climate.

BAAQMD's Climate Efforts

BAAQMD believes that climate change represents a profound threat to our health and well-being and that if left unchecked, climate change will have major impacts on our region's natural systems, water supply, economy, and infrastructure. A hotter climate will also degrade air quality, thus compromising the health of Bay Area residents. BAAQMD also believes that as atmospheric concentrations of GHG continue to increase, the negative impacts of climate change are expected to deepen and accelerate.

Economic progress in the modern era has been powered by cheap and abundant energy from fossil fuels. Combustion of fossil fuels is the primary source of air pollution that adversely affects public health and that produces the greenhouse gases that change the climate. To protect public health and stabilize the climate, BAAQMD believes that Federal, State and local governments must move quickly to eliminate our dependence on fossil fuel combustion and to embark on the transition to a post-carbon economy.

To achieve the deep emission reductions needed to protect public health and protect the climate, BAAQMD believes that we must address fundamental causes and focus on the core activities we engage in – as a nation, state, region and individually. To bring about this change, BAAQMD recently produced its draft 2017 Clean Air Plan - "Spare the Air Cool the Climate - A Blueprint for Clean Air and Climate Protection in the Bay Area." By 2050, BAAQMD envisions that here, in the San Francisco Bay Area:

- We will be powered by clean, renewable electricity. We will be a leading incubator and producer of clean energy technologies, and Bay Area industry will lead the world in the carbon-efficiency of our products;
- We will bicycle, walk and take transit for the majority of our trips. We will have autonomous public transit fleets that offer fixed-route and flexible-route service. When we do drive, we will travel by a combination of electric vehicles, both shared and privately-owned;
- We will live, work, learn, shop and socialize in buildings that are energy efficient, and that are heated, cooled, and powered by renewable energy; and
- We will practice a low-carbon lifestyle. We will further reduce our personal GHG footprint by eating low-carbon foods and purchasing goods and services with low carbon content. We will re-use and recycle our waste and put our organic waste to productive use.

BAAQMD strongly believes that for its efforts to be successful, they must be married with robust State and Federal actions. Therefore, BAAQMD requests that your administration task U.S. EPA with continuing its efforts to regulate GHG from mobile and stationary sources; to continue to perform monitoring and climate science and to continue to set standards for sequestering GHG.

It is also important that U.S. EPA work with the President and Congress to preserve States rights to regulate both GHG and criteria pollutants. BAAQMD understands that this is a main thrust of your policy direction. It is important that States like California and regions like the San Francisco Bay Area be able to continue on the path to a green economic future of their choosing and which may differ from other States.

Clean Air Comes with Economic Benefits

It is also important to understand that the actions described above come with significant economic benefit for the U.S. economy. The Clean Air Act in 1990 requires U.S. EPA to study the cumulative health and societal benefits resulting from improvements in air quality. In 2011, it released its Second Prospective Study on the current and projected benefits from the Clean Air Act Amendments of 1990. That study found that emissions control programs that reduce air pollution from smokestacks and tailpipes provide enormous air quality and health benefits, which will grow over time as programs take their full effect. There are also significant pollution-related health care savings by governments, private insurers, individuals, and families.

Based on the health benefits estimated in the U.S. EPA study, the analysis determined that between 2000 and 2020, the rules adopted pursuant to the Clean Air Act Amendments will save over \$612 billion combined in direct pollution-related health care expenditures, including \$313.5 billion from Medicare, Medicaid, and

other federal health programs and \$54.6 billion in out-of-pocket medical expenses for American families.

Not only are these cost savings significant, but the **Clean Air Act Amendments of 1990 were projected by U.S. EPA to prevent over 160,000 early deaths in 2010 rising to over 230,000 prevented deaths by 2020.** Most of the economic benefits (about 85 percent) are attributable to reductions in premature death due to reductions in air pollution (particularly ambient particulate matter). The study estimated that benefits exceed costs by a factor of more than 30 to one.

Here in California, the State's Climate Action Plan has generated the following results:

- A \$76 billion increase in our Gross State Product (GSP), \$48 billion increase in real household incomes, and the creation of 403,000 new efficiency- and climate-driven jobs. (Source: Energy Efficiency, Innovation, and Job Creation in California, David Roland-Holst, UC Berkeley)
- In 2009, while other sectors saw little or no investment, the clean technology sector in California received \$2.1 billion, 60% of the total in North America. Venture capital investments in the Golden State totaled nearly \$6.6 billion from 2006 to 2008. (Source: California Green Innovation Index, Next 10)
- Each \$100 million in venture capital funding helps create 2,700 jobs, \$500 million in annual revenues for two decades and many indirect jobs. (Source: Venture Impact 2004: Venture Capital Benefits To The U.S. Economy, Global Insight, National Venture Capital Association)
- From 2007 to 2008, jobs in green businesses grew 5% while total jobs in California fell 1%. The green economy could soon become the nation's fastest-growing job segment, accounting for roughly 10% of new jobs over the next 20 years – up to 4.2 million new green jobs – 500,000 in California. (Source: Many Shades of Green: Diversity and Distribution of California's Green Jobs, Next 10, U.S. Metro Economies: Current and Potential Green Jobs in the U.S. Economy, U.S. Conference of Mayors)

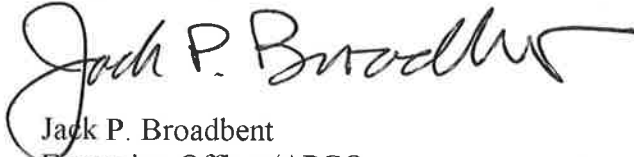
Conclusion

In conclusion, I want to welcome you again to your new position and wish you all the best for the future. I am strongly encouraged by your comments on clean air and local control. I'm hoping you will embrace the suggestions in this letter. Green jobs spurred by Federal investment and policy have a huge economic upside for the U.S. economy. I look forward to working with you to protect and improve public health, air quality and the global climate in the nine county San Francisco Bay Area region.

If you have any questions regarding this letter, please feel free to contact me at (415) 749-5052 or at jbroadbent@baaqmd.gov.

Thank you.

Respectfully,

A handwritten signature in black ink that reads "Jack P. Broadbent". The signature is written in a cursive style with a large initial "J" and a long horizontal flourish at the end.

Jack P. Broadbent
Executive Officer/APCO

CC:

The Honorable Dianne Feinstein, US Senate
The Honorable Kamala Harris, US Senate
The Honorable Edmund J. Brown Jr, California Governor
The Honorable Mark Desaulner, US House of Representatives
The Honorable Anna G. Eshoo, US House of Representatives
The Honorable John Garamendi, US House of Representatives
The Honorable Jared Huffman, US House of Representatives
The Honorable Ro Khanna, US House of Representatives
The Honorable Barbara Lee, US House of Representatives
The Honorable Zoe Lofgren, US House of Representatives
The Honorable Jerry Mcnerney, US House of Representatives
The Honorable Nancy Pelosi, US House of Representatives
The Honorable Jackie Speier, US House of Representatives
The Honorable Eric Swalwell, US House of Representatives
The Honorable Mike Thompson, US House of Representatives
Matthew Rodriguez, California Secretary for Environmental Protection, California
Environmental Protection Agency
Mary Nichols, Chair, California Air Resources Board
Richard Corey, Executive Officer, California Air Resources Board
Alice Reynolds, Senior Advisor, Climate and Energy Office for Gov. Edmund J.
Brown



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chair
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

April 5, 2017

Mr. Jack Broadbent
Executive Officer
Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, California 94105

Dear Mr. Broadbent:

We understand the Bay Area Air Quality Management District is considering three new rules to address air pollution from refineries and other industrial facilities. I am writing to assure you that we support the intent of these rules and agree more can and must be done to deliver real reductions in the pollutants that are impacting the health of residents living near refineries and other large industrial facilities. We view the draft rules as an important first step in that direction. Indeed, as you may be aware, the California Air Resources Board (ARB) also is developing additional statewide regulations on these matters. This letter provides our brief comments on the proposed rules and discusses how the District, the California Air Pollution Control Officers' Association, and the ARB can work together to implement a comprehensive solution.

ARB staff strongly supports District action to develop, adopt, and enforce more stringent rules to reduce the health risk from stationary sources of air toxics, especially in impacted communities that are more vulnerable due to existing pollution burdens and socioeconomic conditions. The District staff's Draft Regulation 11, Rule 18 would require facility-by-facility risk assessment and emission reductions to get each facility below a cancer risk of 10 chances in a million, as achievable with toxics best available retrofit control technology. Based on ARB staff's preliminary analysis, we believe the approach described in the draft rule would be an effective mechanism to cut stack and fugitive emissions at refineries and other facilities. Moreover, your actions complement efforts by ARB to develop tighter regulations for trucks and ships at berth to further reduce emissions of toxic diesel particulate matter and other pollutants from both marine tankers delivering crude oil to refineries and trucks carrying gasoline and diesel fuel to market.

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption.
For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

Mr. Jack Broadbent
April 5, 2017
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To augment the proposed air toxics rule, we encourage the District to continue investing in air monitoring enhancements (like remote sensing) and improving its emission inventories, which are critical given recent studies suggesting that fugitive emissions from refineries (and other sources) may be greater than current measurements indicate. ARB staff advocates aggressive enforcement at refineries and all stationary sources in the District. These efforts can help address toxic exposures, odors, and other community concerns. Your continued coordination with State and local authorities in targeted enforcement initiatives is essential to lessen the pollution burden in disadvantaged communities.

With regard to the District's draft Regulation 12, Rule 16, limiting emissions increases from refineries, and the new concept in Regulation 13, Rule 1, establishing a carbon intensity cap for refineries, we agree that both the approaches could help to ensure that these sources do not add to the state's overall emissions of greenhouse gases and criteria or toxic pollutants. Moreover, ARB is currently considering what actions might be taken to achieve additional reductions in toxic and criteria pollutants from refineries and we have identified that further action is needed throughout the state to expand public health protection for impacted communities. We would appreciate the opportunity to work with you and other affected air districts to develop complementary rules that can achieve the results that we and the communities want and expect.

To this end, we recommend establishing an industrial source action committee within the California Air Pollution Control Officers' Association, with an initial focus on refineries. The committee would be tasked with performing a rigorous engineering evaluation to identify measures to further cut emissions of all air pollutants from refineries, as well as coordinating and facilitating the implementation of such measures. You have my commitment that this effort will be a high priority for ARB staff.

Thank you for your consideration of the comments and issues raised here. If you have any questions or wish to discuss this letter, please contact me at (916) 322-7077.

Sincerely,



Richard W. Corey
Executive Officer

cc: See next page.

Mr. Jack Broadbent
April 5, 2017
Page 3

cc: Matt Rodriguez
Secretary for Environmental Protection
California Environmental Protection Agency
1001 I Street
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Honorable Liz Kniss, Chair
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Honorable Board Members
California Air Resources Board

California Environmental Justice Advisory
Committee Members
California Air Resources Board