



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

A G E N D A

MEETING, APRIL 5, 2013

A meeting of the South Coast Air Quality Management District Board will be held at 9:00 a.m., in the Auditorium at AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California.

Questions About an Agenda Item

- The name and telephone number of the appropriate staff person to call for additional information or to resolve concerns is listed for each agenda item.
- In preparation for the meeting, you are encouraged to obtain whatever clarifying information may be needed to allow the Board to move expeditiously in its deliberations.

Meeting Procedures

- The public meeting of the AQMD Governing Board begins at 9:00 a.m. The Governing Board generally will consider items in the order listed on the agenda. However, any item may be considered in any order.
- After taking action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

Questions About Progress of the Meeting

- During the meeting, the public may call the Clerk of the Board's Office at (909) 396-2500 for the number of the agenda item the Board is currently discussing.

The agenda and documents in the agenda packet will be made available upon request in appropriate alternative formats to assist persons with a disability. Disability-related accommodations will also be made available to allow participation in the Board meeting. Any accommodations must be requested as soon as practicable. Requests will be accommodated to the extent feasible. Please telephone the Clerk of the Boards Office at (909) 396-2500 from 7:00 a.m. to 5:30 p.m. Tuesday through Friday.

All documents (i) constituting non-exempt public records, (ii) relating to an item on the agenda, and (iii) having been distributed to at least a majority of the Governing Board after the agenda is posted, are available prior to the meeting for public review at the South Coast Air Quality Management District Clerk of the Board's Office, 21865 Copley Drive, Diamond Bar, CA 91765.

The Agenda is subject to revisions. For the latest version of agenda items herein or missing agenda items, check the District's web page (www.aqmd.gov) or contact the Clerk of the Board, (909) 396-2500. Copies of revised agendas will also be available at the Board meeting.

Cleaning the air that we breathe...™

CALL TO ORDER

- Pledge of Allegiance
- Opening Comments: William A. Burke, Ed.D., Chair
Other Board Members
Barry R. Wallerstein, D. Env., Executive Officer
- Presentation of Retirement Awards **Burke**

Staff/Phone (909) 396-

CONSENT CALENDAR (Items 1 through 20)

Note: Consent Calendar items held for discussion will be moved to Item No. 21

1. Approve Minutes of March 1, 2013 Board Meeting **McDaniel/2500**

2. Set Public Hearings May 3, 2013¹ to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations **Wallerstein/3131**
 - (A) Amend Rule 219 – Equipment Not Requiring a Written Permit Pursuant to Regulation II and Amend Rule 222 – Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II **Tisopulos/3123**

The proposed amendments add additional categories to the streamlined filing/registration program of Rule 222 and clarify and enhance the enforceability and the ability to appeal operating conditions issued pursuant to the provisions of that rule. Rule 219 is proposed to be expanded to exclude several categories of equipment with de minimis emissions from the requirement to obtain written permits. The proposed amendments will further facilitate the streamlining of the District's permitting system. (Reviewed: Stationary Source Committee, July 27, 2012 and March 15, 2013)

¹ Note: At the March 1, 2013 Board meeting, the Board set a public hearing for May 3, 2013 to Adopt Proposed Rule 1114 – Petroleum Refinery Coking

- (B) Amend Rule 445 – Wood-Burning Devices and Amend Rule 444 – Open Burning Tisopulos/3123

The 2012 Air Quality Management Plan (AQMP) was adopted by the SCAQMD Board in December 2012 and was subsequently approved by CARB in January 2013. In conjunction with the AQMP, modeling has indicated the benefits of episodic day fine particle emission reductions for attaining the federal 24-hour PM2.5 standard by 2014. The proposed rule amendments are intended to implement 2012 AQMP control measures BCM-01 [Further Reductions from Residential Wood-Burning Devices] and BCM-02 [Further Reductions from Open Burning]. PAR 445 – Wood Burning Devices will lower the threshold for a wintertime wood burning curtailment, establish criteria for a basin-wide curtailment, and set standards for solid-fuel labeling for wood and wood-based products by commercial firewood sellers. Additionally, PAR 444 – Open Burning will incorporate the winter season burn restriction consistent with PAR 445 and prohibit open burning in beach areas. Other minor amendments to both rules are proposed to improve rule implementation clarity relative to existing requirements. (Reviewed: Stationary Source Committee, March 15, 2013)

Budget/Fiscal Impact

3. Amend Charter and Appoint Members for Local Government & Small Business Assistance Advisory Group Committees Alatorre/3122

There are currently five committee member vacancies and four members whose terms have expired for a total of nine vacancies. This action is to amend the Charter to adjust the membership parameters and recommend approval of memberships. (Reviewed: Administrative Committee, March 8, 2013; Recommended for Approval)

4. Recognize Revenue and Execute Contracts to Develop and Demonstrate Catenary Zero Emissions Goods Movement System Miyasato/3249



The development and demonstration of zero emissions technologies for goods movement is one of SCAQMD's top priorities. This project will initiate the development and demonstration of a catenary, zero emissions goods movement corridor. This action is to recognize \$500,000 from U.S. EPA, \$3,000,000 from CEC and transfer \$16,117,887 from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61). This action is to also execute contracts with Siemens Industry Inc. to construct one mile of catenary system and to demonstrate a diesel catenary hybrid electric class 8 truck in an amount not to exceed \$13,500,000, contingent upon receiving up to \$8,000,000 from other sponsors including the Port of Los Angeles, the Port of Long Beach and other entities, and with Transportation Power to develop and demonstrate a CNG catenary hybrid electric class 8 truck and integrate a catenary pantograph system on an existing battery electric class 8 truck in the amount not to exceed \$2,617,887 from the Advanced Technology Goods Movement Fund (61). (Reviewed: Technology Committee, March 15, 2013; Recommended for Approval)

5. Issue Purchase Order for Dedicated CNG Sedans **Johnson/3018**

On January 4, 2013, the Board approved release of an RFQ for the purchase and/or lease of dedicated CNG sedans and a dedicated CNG 4X4 truck. The bidders responded for both purchase and lease with CNG Honda Civics for the CNG sedan category and only a lease for the 4X4 CNG truck category. This action is to authorize issuance of purchase order(s) for up to 32 dedicated CNG Honda Civics. These vehicles will replace high-mileage vehicles that are more than 13 years old, have more than 125,000 miles, and have expiring CNG tanks. The cost of these purchases will not exceed \$844,640, and funds are available in the FY 2012-13 General Fund Capital Outlay Budget. (Reviewed: Administrative Committee, March 8, 2013; Recommended for Approval)

6. Approve New Terms and Conditions of Employment for Non-Represented Employees **Johnson/3018**

New terms and conditions of employment are proposed for the unrepresented employees in the Management, Confidential and Designated Deputy classifications. Through amendments to the Salary Resolution and the Administrative Code, these proposed new terms include a one-time payment equal to one percent (1%) of each employee's annual base salary; continuation of an existing additional contribution for medical insurance premium increases effective September 2011; implementing the provisions of the California Public Employees' Pension Reform Act of 2013 for newly hired employees; and expanding the provisions for donating leave for employees with catastrophic illnesses. The net budgetary impact of these changes is approximately \$200,286, and sufficient funds are available in the FY 2012-13 Budget. (No Committee Review)

7. Authorize Purchase of Desktop Operating System and Office Suite Upgrades **Marlia/3148**

SCAQMD has existing desktop workstations with Microsoft Windows Vista Operating System and Microsoft Office 2007 Suite. These products will no longer be supported by Microsoft and need to be replaced with Microsoft Windows 8 Professional Operating System and Microsoft Office Professional Plus 2013. This action is to authorize the purchase of desktop Microsoft Windows 8 Professional Operating System and Office Professional 2013 upgrades in the amount of \$483,524. These replacements are in accord with SCAQMD's Information Management Strategic Plan. (Reviewed: Administrative Committee, March 8, 2013; Recommended for Approval)

8. **Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services** **Marlia/3148**

SCAQMD currently has contracts with several companies for short- and long-term systems development, maintenance and support services. These contracts are periodically amended to add budgeted funds as additional needs are defined. This action is to amend the contracts approved by the Board to add additional funding of \$435,000 for needed development and maintenance work. The amount of \$308,000 in funding for this work is included in the FY 2012-13 Budget and the additional \$127,000 will come from the General Fund Undesignated Fund Balance. (Reviewed: Administrative Committee, March 8, 2013; Recommended for Approval)

9. **Authorize Purchase of Phone Switch Maintenance Services** **Marlia/3148**

On January 8, 2013, SCAQMD released an RFP to select a vendor capable of providing high quality and reliable phone switch maintenance services in the most cost-effective manner. The overall goal is to reduce current expenses for phone switch maintenance services, optimize the use of the SCAQMD's current voice communication network, and provide the SCAQMD with the necessary flexibility to take full advantage of new telecommunication technologies as they evolve. This action is to obtain approval to purchase phone switch maintenance services for one year. Funds (\$49,047) for this purchase are included in the FY 2012-13 Budget. (Reviewed: Administrative Committee, March 8, 2013; Recommended for Approval)

10. **Establish and Transfer Monies to Infrastructure Improvement Fund for Replacement of SCAQMD Phone System** **O'Kelly/2828**

Establish the Infrastructure Improvement Fund for the purpose of separately accounting for large-scale and/or multi-year infrastructure improvement projects. Transfer monies from General Fund Designations to provide funding to replace the SCAQMD Phone System. (Reviewed: Administrative Committee, March 8, 2013; Recommended for Approval)

11. **Adopt Resolution and Transfer Monies to Prepay Installment Purchase Payments for SCAQMD Headquarters Facilities** **O'Kelly/2828**

On June 3, 1988, the Board authorized the Chairman to execute an Installment Purchase Agreement with the SCAQMD Building Corporation for the Headquarters Facilities in Diamond Bar. This Agreement was amended on July 8, 1988 to identify the Diamond Bar Site as the property to be purchased, and further amended on October 1, 1992 and May 3, 2002 for the purpose of refinancing. This action is to adopt a resolution and transfer monies to the Debt Service Fund for the purpose of prepaying the remaining installment purchase payments for the SCAQMD Headquarters Facility. (Reviewed: Administrative Committee, March 8, 2013; Recommended for Approval)

12. Remove Various Fixed Assets from SCAQMD Inventory **O'Kelly/2828**

SCAQMD Administrative Policies and Procedures No. 20 requires each organizational unit to review fixed assets for obsolescence and disposal every six months. This action is to approve removal of surplus equipment and motor vehicles determined to be obsolete, non-operational and not worth repairing. (Reviewed: Administrative Committee, March 8, 2013; Recommended for Approval)

13. ***This item was withdrawn by staff.***

14. Approve Contract Awards under FYs 2012-14 AB 2766 Discretionary Fund Work Program **Winterbottom**

As part of their FYs 2012-14 Work Program, the MSRC approved multiple awards under the Event Center Transportation Program. These include a contract to provide bus service to Dodger games, a contract to provide bus service to the Orange County Fair, and a contract to provide special Metrolink service to Angel Stadium. At this time the MSRC seeks approval of these contract awards. (Reviewed: Mobile Source Air Pollution Reduction Review Committee, March 21, 2013; Recommended for Approval)

Items 15 through 20 - Information Only/Receive and File

15. Legislative and Public Affairs Report **Smith/3242**

This report highlights the February 2013 outreach activities of Legislative & Public Affairs, which include Environmental Justice Update, Community Events/Public Meetings, Business Assistance, and Outreach to Business and Federal, State and Local Government. (No Committee Review)

16. Hearing Board Report **Camarena/2500**

This reports the action taken by the Hearing Board during the period of February 1 through February 28, 2013. (No Committee Review)

17. Civil Filings and Civil Penalties Report **Wiese/3460**

This reports the monthly penalties from February 1 through February 28, 2013, and legal actions filed by the District Prosecutor during February 1 through February 28, 2013. An Index of District Rules is attached with the penalty report. (Reviewed: Stationary Source Committee, March 15, 2013)

18. **Lead Agency Projects and Environmental Documents Received by SCAQMD** **Chang/3186**

This report provides, for the Board's consideration, a listing of CEQA documents received by the SCAQMD between February 1, 2013 and February 28, 2013 and those projects for which the SCAQMD is acting as lead agency pursuant to CEQA. (No Committee Review)

19. **Rule and Control Measure Forecast** **Chang/3186**

This report highlights SCAQMD rulemaking activity and public workshops potentially scheduled for the year 2013. (No Committee Review)

20. **Status Report on Major Projects for Information Management Scheduled to Start During Last Six Months of FY 2012-13** **Marlia/3148**

Information Management is responsible for data systems management services in support of all SCAQMD operations. This action is to provide the monthly status report on major automation contracts and projects to be initiated by Information Management during the last six months of FY 2012-13. (No Committee Review)

21. **Items Deferred from Consent Calendar**

BOARD CALENDAR

Note: The regular meeting of the Mobile Source Committee was cancelled; the next meeting is scheduled for April 19, 2013.

22. **Administrative Committee (Receive & File)** **Chair: Burke** **Wallerstein/3131**

23. **Legislative Committee** **Chair: Gonzales** **Smith/3242**

Receive and file; and adopt the following positions as recommended:

Agenda Item	Recommended Position
SB 389 (Wright) South Coast Air Quality Management District: Electric Generating Facilities: Emissions Offsets	Oppose
SB 736 (Wright) Electrical Generation Facility: Upgrades: Permit Fees	Oppose

SB 760 (Wright) Electrical Generation Facility: Emission Reduction Credits	Oppose
AB 818 (Blumenfield) Air Pollution Control: Penalties	Oppose
SB 691 (Hancock) Nonvehicular Air Pollution Control: Penalties	Support with Amendments
SB 286 (Yee) Vehicles: High-Occupancy Vehicle Lanes	Support

24. Refinery Committee **Chair: Parker** **Tisopoulos/3123**
25. Stationary Source Committee (Receive & File) **Chair: Yates** **Nazemi/2662**
26. Technology Committee (Receive & File) **Chair: Benoit** **Miyasato/3249**
27. Mobile Source Air Pollution Reduction Review Committee (Receive & File) **Board Liaison: Antonovich** **Hogo/3184**
28. California Air Resources Board Monthly Report **Board Rep: Vacant** **McDaniel/2500**
(No Written Material – Transcripts of the meetings are available at CARB's website, www.arb.ca.gov)
29. California Fuel Cell Partnership Steering Team Meeting Summary and Quarterly Update **E** (Receive & File) **Miyasato/3249**

This report summarizes the California Fuel Cell Partnership Steering Team meeting held February 12-13, 2013 and provides a quarterly update for the period beginning October 2012. (Reviewed: Technology Committee, March 15, 2013)

Staff Presentation/Board Discussion

30. Annual Meeting of Brain & Lung Tumor and Air Pollution Foundation **Wiese/3460**

This item is to conduct the annual meeting of the Brain & Lung Tumor and Air Pollution Foundation. The Foundation staff will present a summary detailing the research supported by the Foundation over the past year, the Foundation's plan for the future, and a financial report. (No Committee Review)

PUBLIC HEARING

31. Adopt Proposed Rule 1148.2 - Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

Chang/3186

Proposed Rule 1148.2 establishes requirements for owners or operators of onshore oil and gas wells within SCAQMD's jurisdiction to notify the Executive Officer when conducting well drilling, well completion, and well reworking activities that involve production stimulation activities such as hydraulic fracturing, gravel packing and/or acidizing. The proposed rule also proposes emissions and chemical reporting requirements. This proposed rule will also impact suppliers of chemicals and additives used in drilling, rework, and well completion fluids. This action is to adopt the resolution: 1) Certifying the CEQA Notice of Exemption for Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers; and 2) Adopting Rule 1148.2. (Reviewed: Stationary Source Committee, January 18 and March 15, 2013)

OTHER BUSINESS

32. Issues Regarding Clean Air Act and Tribal Authority (*No Written Material*)

Baird/2302

Staff will present a brief summary of the applicability of the Clean Air Act and state law on tribal lands, and discuss several issues related to tribal authority under the Clean Air Act that have been presented by recent proposed EPA actions, including how those actions could affect the Basin and the Coachella Valley. (No Committee Review)

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3)

BOARD MEMBER TRAVEL – (No Written Material)

Board member travel reports have been filed with the Clerk of the Boards, and copies are available upon request.

CLOSED SESSION - (No Written Material)

Wiese/3460

It is necessary for the Board to recess to closed session pursuant to Government Code section 54956.9(a) to confer with its counsel regarding pending litigation which has been initiated formally and to which the District is a party. The actions are:

- Abayan, et al. v. SCAQMD, Los Angeles Superior Court Case No. BC499729;
- CBE, CCAT v. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-72353 (1315);

- Communities for a Better Environment, et al. v. U.S. EPA, et al., U.S. Court of Appeals, Ninth Circuit, Case No. 13-70167 (Sentinel);
- Communities for a Better Environment, California Communities Against Toxics, Desert Citizens Against Pollution, Natural Resources Defense Council, Inc., and Physicians for Social Responsibility-Los Angeles v. U.S. EPA, United States Court of Appeals, Ninth Circuit, Case No. 12-71340 (8-hr ozone SIP);
- Flashberg, et al. v. Dublin, et al., Los Angeles Superior Court Case No. BC463159;
- Friedman Marketing Corp. dba EZ Flo Nozzle & Equipment Co. v. SCAQMD, Los Angeles Superior Court Case No. BC495521;
- Medical Advocates for Healthy Air v. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-73386 (San Joaquin §185 Fees);
- NRDC, CBE v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 13-70544 (Rule 317);
- Physicians For Social Responsibility, et al. v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-56175 (1-hour ozone);
- Physicians for Social Responsibility, et al. v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-70016 (Monitoring);
- Physicians for Social Responsibility, et al. v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-70079 (PM2.5); and
- State of Alaska v. Clinton; U.S. EPA, No. 3:12-cv-00142 (D. AK. Filed July 16, 2012).

It is also necessary for the Board to recess to closed session under Government Code section 54956.9(c) to consider initiation of litigation (two cases).

In addition, it is also necessary for the Board to recess to closed session pursuant to Government Code section 54957.6 to confer regarding upcoming labor negotiations with:

- designated representatives regarding represented employee salaries and benefits or other mandatory subjects within the scope of representation [Negotiator: William Johnson; Represented Employees: Teamsters Local 911].

ADJOURNMENT

*****PUBLIC COMMENTS*****

Members of the public are afforded an opportunity to speak on any listed item before or during consideration of that item. Please notify the Clerk of the Board, (909) 396-2500, if you wish to do so. All agendas are posted at SCAQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the meeting. At the end of the agenda, an opportunity is also provided for the public to speak on any subject within the SCAQMD's authority. Speakers may be limited to three (3) minutes each.

Note that on items listed on the Consent Calendar and the balance of the agenda any motion, including action, can be taken (consideration is not limited to listed recommended actions). Additional matters can be added and action taken by two-thirds vote, or in the case of an emergency, by a majority vote. Matters raised under Public Comments may not be acted upon at that meeting other than as provided above.

Written comments will be accepted by the Board and made part of the record, provided 25 copies are presented to the Clerk of the Board. Electronic submittals to cob@aqmd.gov of 10 pages or less including attachment, in MS WORD, plain or HTML format will also be accepted by the Board and made part of the record if received no later than 5:00 p.m., on the Tuesday prior to the Board meeting.

ACRONYMS

AQIP = Air Quality Investment Program	NESHAPS = National Emission Standards for Hazardous Air Pollutants
AVR = Average Vehicle Ridership	NGV = Natural Gas Vehicle
BACT = Best Available Control Technology	NO _x = Oxides of Nitrogen
Cal/EPA = California Environmental Protection Agency	NSPS = New Source Performance Standards
CARB = California Air Resources Board	NSR = New Source Review
CEMS = Continuous Emissions Monitoring Systems	PAMS = Photochemical Assessment Monitoring Stations
CEC = California Energy Commission	PAR = Proposed Amended Rule
CEQA = California Environmental Quality Act	PHEV = Plug-In Hybrid Electric Vehicle
CE-CERT =College of Engineering-Center for Environmental Research and Technology	PM ₁₀ = Particulate Matter ≤ 10 microns
CNG = Compressed Natural Gas	PM _{2.5} = Particulate Matter ≤ 2.5 microns
CO = Carbon Monoxide	PR = Proposed Rule
CTG = Control Techniques Guideline	RFP = Request for Proposals
DOE = Department of Energy	RFQ = Request for Quotations
EV = Electric Vehicle	SCAG = Southern California Association of Governments
FY = Fiscal Year	SIP = State Implementation Plan
GHG = Greenhouse Gas	SO _x = Oxides of Sulfur
HRA = Health Risk Assessment	SOON = Surplus Off-Road Opt-In for NO _x
IAIC = Interagency AQMP Implementation Committee	SULEV = Super Ultra Low Emission Vehicle
LEV = Low Emission Vehicle	TCM = Transportation Control Measure
LNG = Liquefied Natural Gas	ULEV = Ultra Low Emission Vehicle
MATES = Multiple Air Toxics Exposure Study	U.S. EPA = United States Environmental Protection Agency
MOU = Memorandum of Understanding	VMT = Vehicle Miles Traveled
MSERCs = Mobile Source Emission Reduction Credits	VOC = Volatile Organic Compound
MSRC = Mobile Source (Air Pollution Reduction) Review Committee	ZEV = Zero Emission Vehicle
NATTS =National Air Toxics Trends Station	

[↑ Back to Agenda](#)

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the March 1, 2013 meeting.

RECOMMENDED ACTION:

Approve Minutes of the March 1, 2013 Board Meeting.

Sandra McDaniel,
Clerk of the Boards

SM:dp

FRIDAY, MARCH 1, 2013

Notice having been duly given, the regular meeting of the South Coast Air Quality Management District Board was held at District Headquarters, 21865 Copley Drive, Diamond Bar, California. Members present:

William A. Burke, Ed.D., Chairman
Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman
Cities of San Bernardino County

Supervisor Michael D. Antonovich (arrived at 10:05 a.m.)
County of Los Angeles

Councilmember Ben Benoit
Cities of Riverside County

Councilmember Michael A. Cacciotti
Cities of Los Angeles County – Eastern Region

Supervisor Josie Gonzales
County of San Bernardino

Dr. Joseph K. Lyou
Governor's Appointee

Supervisor Shawn Nelson
County of Orange

Dr. Clark E. Parker
Senate Rules Committee Appointee

Mayor Miguel A. Pulido
Cities of Orange County

Member Absent:

Supervisor John J. Benoit
County of Riverside

Mayor Pro Tem Judith Mitchell
Cities of Los Angeles County – Western Region

Councilmember Jan Perry
City of Los Angeles

CALL TO ORDER: Chairman Burke called the meeting to order at 9:05 a.m.

- Pledge of Allegiance: Led by Chairman Burke.

- Opening Comments

Dr. Lyou. Expressed concern with the lack of a sufficient response by the Port of Los Angeles regarding the District's comments about the Southern California International Gateway project.

Dr. Wallerstein responded that staff has been reviewing the Port's response in order to prepare a final comment letter and they will also be attending the adoption hearing for the EIR to comment as appropriate.

Dr. Lyou. Announced that he attended both the Verde Exchange Conference on February 4 and 5, which included informative sessions on alternative fuels and goods movement issues, and the UV/EB West Conference in Redondo Beach on February 26 and 27. He showed a video of ultraviolet/electron beam technology being used to refinish wood surfaces, citing the benefits of a one-day curing process, as opposed to five days, and nearly immeasurable VOC emissions.

- Presentation to Outgoing Board Member Ronald O. Loveridge

Mr. Loveridge reflected upon his experiences while serving on the Board and identified the challenges that the District will face in the coming years.

Chairman Burke presented an award to Ronald Loveridge for his service on the Board from January 1995 to February 2013 as the representative for the Cities of Riverside County.

Dr. Lyou presented an award to Ronald Loveridge on behalf of the Coalition for Clean Air in honor of his commitment to air quality issues.

- Swearing In of Newly Appointed Board Member Ben Benoit

Chairman Burke administered the oath of office to Councilman Ben Benoit, who was appointed to the Board by the Cities of Riverside County, for a term ending January 15, 2015.

Dr. Barry R. Wallerstein, Executive Officer. Announced that there was a retrofitted electric bus, developed by Complete Coachworks in Riverside, on display in the parking lot and invited the public and Board Members to visit it after the meeting. He noted that errata sheets for Item Nos. 5, 27 and 29 were distributed to Board members and copies made available to the public; and

explained that staff is recommending that Item No. 2A, the public hearing to consider adoption of Proposed Rule 1114, be set for the May 3, 2013 Board Meeting.



CONSENT CALENDAR

1. Approve Minutes of February 1, 2013 Board Meeting
2. Set Public Hearing April 5, 2013¹ to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations
Adopt Proposed Rule 1114 – Petroleum Refinery Coking Operations

Budget/Fiscal Impact

3. Execute Contract for Public Opinion Survey Research
4. Amend Contract for Development of New Annual Emissions Reporting System
5. Adopt Resolution Recognizing Funds and Accepting Terms and Conditions for FY 2012-13 Carl Moyer Program Award, Issue Carl Moyer Program Announcement for FY 2012-13 and Execute Contract

An errata sheet attaching Form D-2: Marine Vessels, Shore Power to the Board Letter was provided to the Board Members and copies made available to the public.

6. Execute Contract for School Bus Retrofit Project
7. Approve Expenditures for Activities and Projects during FYs 2012-13 and 2013-14, and Recognize Funding from Participating Members of California Natural Gas Vehicle Partnership 
8. Execute Contracts to Demonstrate Biogas Emission Control Technology and Conduct Nationwide Survey of Biogas Cleanup Technologies 
9. Approve SCAQMD Annual Investment Policy and Delegation of Authority to Appointed Treasurer to Invest SCAQMD Funds
10. Issue Solicitation and Approve Contract Modifications Approved by MSRC

¹ Note: At the February 1, 2013 Board meeting, the Board set a public hearing for April 5, 2013 to Adopt Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers.

Items 11 through 19 - Information Only/Receive and File

11. Legislative and Public Affairs Report
12. Hearing Board Report
13. Civil Filings and Civil Penalties Report
14. Lead Agency Projects and Environmental Documents Received by SCAQMD
15. Rule and Control Measure Forecast
16. Report of RFPs and RFQs Scheduled for Release in March
17. FY 2012-13 Contract Activity
18. Status Report on Major Projects for Information Management Scheduled to Start During Last Six Months of FY 2012-13
19. Status of Rule 1111 Technology Assessment and Demonstration Projects for Residential Furnaces

BOARD CALENDAR

21. Administrative Committee
22. Investment Oversight Committee
23. Legislative Committee
24. Stationary Source Committee
25. Technology Committee
26. Mobile Source Air Pollution Reduction Review Committee

Dr. Lyou announced his abstention on Item No. 7 because Gladstein, Neandross & Associates is a potential source of income to him. Councilmember Benoit announced his abstention on Item No. 1 because he was not present at the February 1, 2013 meeting. Dr. Burke announced his abstention on Item 2A because ExxonMobil is a potential source of income to him.

Agenda Item Nos. 6 and 15 were withheld for comment and discussion.

MOVED BY YATES, SECONDED BY PULIDO, AGENDA ITEMS 1 THROUGH 5, 7 THROUGH 14 AND 16 THROUGH 26 APPROVED AS RECOMMENDED: ADOPTING RESOLUTION NO. 13-2 RECOGNIZING FUNDS AND ACCEPTING TERMS AND CONDITIONS OF THE FY 2012-13 CARL MOYER GRANT PROGRAM; ADOPTING RESOLUTION NO. 13-3 DELEGATING AUTHORITY TO THE TREASURER OF THE COUNTY OF LOS ANGELES TO INVEST AND REINVEST FUNDS OF THE SCAQMD; RECEIVING AND FILING THE BOARD COMMITTEES AND MSRC REPORTS AND ADOPTING THE POSITIONS ON LEGISLATION AS SET FORTH BELOW, WITH THE MODIFICATION TO ITEM NO. 2A TO SET THE PUBLIC HEARING TO ADOPT PROPOSED RULE 1114 FOR THE MAY 3, 2013 MEETING; AND MODIFICATION TO ITEM NO. 5 AS STATED IN THE ERRATA SHEET TO INCLUDE FORM D-2: MARINE VESSELS, SHORE POWER, WHICH WAS INADVERTENTLY LEFT OUT OF THE APPLICATION PACKAGE, BY THE FOLLOWING VOTE:

AYES: B. Benoit (*except Item #1*), Burke (*except Item #2A*), Cacciotti, Gonzales, Lyou (*except Item #7*), Nelson, Parker, Pulido and Yates.

NOES: None.

ABSTAIN: B. Benoit (*Item #1 only*), Burke (*Item #2A only*), and Lyou (*Item #7 only*).

ABSENT: Antonovich, J. Benoit, Mitchell and Perry.

Agenda Item	Recommended Action
AB 122 (Rendon) Energy: Energy Assessment: Nonresidential Buildings Financing	Support
AB 147 (V.M. Perez) Environment: Salton Sea: Dust Mitigation	Support, if Amended
AB 148 (V.M. Perez) Renewable Energy: Salton Sea	Watch

20. Items Deferred from Consent Calendar

6. Execute Contract for School Bus Retrofit Project

Councilman Cacciotti asked for clarification regarding the problem with the DPFs on the buses in question.

Dr. Chung Liu, DEO of Science and Technology Advancement, replied that the seal failure was an isolated incident occurring only on the buses in this specific school district.

MOVED BY CACCIOTTI, SECONDED BY
B. BENOIT, AGENDA ITEM 6 APPROVED
AS RECOMMENDED, BY THE FOLLOWING
VOTE:

AYES: B. Benoit, Burke, Cacciotti,
Gonzales, Lyou, Nelson, Parker,
Pulido and Yates.

NOES: None.

ABSENT: Antonovich, J. Benoit, Mitchell,
and Perry.

15. Rule and Control Measure Forecast

Mayor Yates noted that the Board will consider amendments to Rule 444 – Open Burning at the May 3 meeting and requested that staff present amended rule language that eliminates the exemption for fire rings on beaches or in parks if the local city council or County Board of Supervisors has decided against allowing those activities within their jurisdictions.

MOVED BY YATES, SECONDED BY CACCIOTTI, AGENDA ITEM 15 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: B. Benoit, Burke, Cacciotti, Gonzales, Lyou, Nelson, Parker, Pulido and Yates.

NOES: None.

ABSENT: Antonovich, J. Benoit, Mitchell, and Perry.

PUBLIC HEARING

- 27. Receive Public Input on Executive Officer’s Draft Goals and Priority Objectives for FY 2013-14

Dr. Wallerstein gave the staff presentation.

The public hearing was opened, and there being no requests to speak, the public hearing was closed.

MOVED BY YATES, SECONDED BY LYOU, AGENDA ITEM NO. 27 APPROVED AS RECOMMENDED BY STAFF, WITH THE MODIFICATION AS STATED IN THE ERRATA SHEET AND SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: B. Benoit, Burke, Carney, Cacciotti, Gonzales, Lyou, Nelson, Pulido and Yates.

NOES: None.

ABSENT: Antonovich, J. Benoit, Mitchell, and Perry.

Amend Item No. 6 under Goal No. 1 as follows:

6. Demonstrate projects achieving zero tailpipe emissions container transport and shore power	Initiate contracts/projects with clear tie-in and pathway to achieving regional technologies identified in the RTP Goods Movement Plan and I710 EIR including battery electric, fuel cell, catenary and natural gas class 8 drayage trucks. Work closely with the ports, and CARB, technology manufacturers , and stakeholders to ensure that the projects are initiated in 2013.
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28. Amend Rule 102 - Definition of Terms

Staff waived the presentation on Item No. 28.

The public hearing was opened and the following individual addressed the Board on Agenda Item 28.

DOUG RAYMOND, Honeywell Specialty Materials

Expressed support for the staff proposal to include the HFO-1234ze compound into Rule 102 as an exempt VOC material.

There being no further public testimony on this item, the public hearing was closed.

MOVED BY YATES, SECONDED BY LYOU,
AGENDA ITEM NO. 28 APPROVED AS
RECOMMENDED BY STAFF, ADOPTING
RESOLUTION NO. 13-4 CERTIFYING THE
NOTICE OF EXEMPTION AND AMENDING
RULE 102, BY THE FOLLOWING VOTE:

AYES: B. Benoit, Burke, Cacciotti,
Gonzales, Lyou, Nelson, Parker,
Pulido and Yates.

NOES: None.

ABSENT: Antonovich, J. Benoit, Mitchell
and Perry.

29. Annual RECLAIM Audit Report for 2011 Compliance Year

Mohsen Nazemi, DEO/Engineering and Compliance, gave the staff presentation.

(Supervisor Antonovich arrived at 10:05 a.m.)

The public hearing was opened, and there being no requests to speak, the public hearing was closed.

Chairman Burke inquired about the potential to lease credits instead of giving them to businesses for free and letting businesses reap the benefits of the increasing value of the credits, since emission credits should belong to the public and not individual businesses.

Dr. Wallerstein suggested the inclusion of an item on the agenda for the Board's upcoming retreat in Palm Desert for a more involved discussion regarding RECLAIM program allocations and credits in general.

MOVED BY PULIDO, SECONDED BY CACCIOTTI, AGENDA ITEM NO. 29 APPROVED AS RECOMMENDED BY STAFF, WITH THE MODIFICATION AS STATED IN THE ERRATA SHEET AND SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, Burke, Cacciotti, Gonzales, Lyou, Nelson, Parker, Pulido and Yates.

NOES: None.

ABSENT: J. Benoit, Mitchell and Perry.

Revise the second paragraph on Page 7-12 as follows:

There have been concerns voiced regarding the potential that trading of RTCs can allow for higher production at a RECLAIM facility which may indirectly cause higher secondary emissions of toxic air contaminants, and thereby, make worse the health risk in the vicinity of the facility. If any facility significantly experiences such circumstances, the above described requirements related to toxic emissions under the AB2588 program and/or Rule 1402 would be triggered and the appropriate risk reduction measures would be required. Also, based on the results of recent MATES studies, the region-wide cumulative air toxic impacts on residents and workers in Southern California have been declining. Nonetheless, air toxic risk did increase in a few areas and, in particular, for those living near the San Pedro Bay ports between 1997 and 2005, those risk increases can be primarily attributed to goods movement related sources that are not part of RECLAIM. Therefore, staff has not found any evidence that would suggest that the substitution of NO_x and SO_x RECLAIM for the command-and-control rules and the measures RECLAIM subsumes caused a significant increase in public exposure to air toxic emissions relative to what would have happened if the RECLAIM program was not implemented. Staff will continue to monitor and assess toxic impacts as part of future annual audits.

30. Approve and Adopt Technology Advancement Office Clean Fuels Program Annual Report and Plan Update 

Matt Miyasato, Assistant DEO of Science and Technology Advancement, gave the staff presentation.

The public hearing was opened, and there being no requests to speak, the public hearing was closed.

Councilman Cacciotti expressed support for investments in alternatively-fueled locomotive technology. He commented on the need to provide additional assistance to entities for electric vehicle fueling infrastructure, and provided the City of South Pasadena as an example, in that they had received grant funds, but were still unsuccessful in installing an electric vehicle meter because of the additional funds required to support the installation of the unit.

Chairman Burke noted the need for development of a model to make the electric vehicle charging business economically appealing.

Supervisor Gonzales noted the importance of continuing to explore private-public partnership opportunities in an effort to meet the community's needs while promoting air quality improvement.

Dr. Burke suggested the possibility of passing a bill through the legislature that would mandate the installation of a charging station in every newly constructed strip mall within the South Coast Basin.

MOVED BY YATES, SECONDED BY PULIDO, AGENDA ITEM NO. 30 APPROVED AS RECOMMENDED BY STAFF, ADOPTING RESOLUTION NO. 13-5 APPROVING THE TECHNOLOGY ADVANCEMENT OFFICE CLEAN FUELS PROGRAM ANNUAL REPORT FOR 2012 AND ADOPTING THE CLEAN FUELS PROGRAM PLAN UPDATE FOR 2013, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, Burke, Cacciotti, Gonzales, Lyou, Nelson, Parker, Pulido and Yates.

NOES: None.

ABSENT: J. Benoit, Mitchell and Perry.

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3)

There was no public comment on non-agenda items.

CLOSED SESSION

The Board recessed to closed session at 10:40 a.m. to confer with its counsel, pursuant to Government Code sections:

- 54956.9(a) regarding pending litigation which has been initiated formally and to which the District is a party, as follows:

Flashberg, et al. v. Dublin, et al., Los Angeles Superior Court Case No. BC463159;

Abayan, et al. v. SCAQMD, Los Angeles Superior Court Case No. BC499729.

- 54956.9(c) to consider initiation of litigation (one case).
- 54957.6 regarding upcoming labor negotiations with:

designated representatives regarding represented employee salaries and benefits or other mandatory subjects within the scope of representation [Negotiator: William Johnson; Represented Employees: Teamsters Local 911];

and to confer with:

labor negotiators regarding unrepresented employees [Agency Designated Representative: William Johnson; Unrepresented Employees: Designated Deputies and Management and Confidential employees].

Following closed session, General Counsel Kurt Wiese announced that a report of any reportable actions taken in closed session will be filed with the Clerk of the Board and made available upon request.

ADJOURNMENT

There being no further business, the meeting was adjourned by Kurt Wiese at 11:15 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on March 1, 2013.

Respectfully Submitted,

Denise Pupo
Senior Deputy Clerk

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan
CARB = California Air Resources Board
DPF = Diesel Particulate Filter
EIR = Environmental Impact Report
FY = Fiscal Year
NOx = Oxides of Nitrogen
PM_{2.5} = Particulate Matter \leq 2.5 microns
RFP = Request for Proposals
RFQ = Request for Quotations
RTC = RECLAIM Trading Credit
RTP = Regional Transportation Plan
SOx = Oxides of Sulfur
U.S. EPA = United States Environmental Protection Agency



BOARD MEETING DATE: April 5, 2013

AGENDA NO. 2

PROPOSAL: Set Public Hearings May 3, 2013 to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations:

- (A) Amend Rule 219 – Equipment Not Requiring a Written Permit Pursuant to Regulation II and Amend Rule 222 – Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II. The proposed amendments add additional categories to the streamlined filing/registration program of Rule 222 and clarify and enhance the enforceability and the ability to appeal operating conditions issued pursuant to the provisions of that rule. Rule 219 is proposed to be expanded to exclude several categories of equipment with de minimus emissions from the requirement to obtain written permits. The proposed amendments will further facilitate the streamlining of the District’s permitting system. (Reviewed: Stationary Source Committee, July 27, 2012 and March 15, 2013)

- (B) Amend Rule 445 – Wood-Burning Devices and Amend Rule 444 – Open Burning. The 2012 Air Quality Management Plan (AQMP) was adopted by the SCAQMD Board in December 2012 and was subsequently approved by CARB in January 2013. In conjunction with the AQMP, modeling has indicated the benefits of episodic day fine particle emission reductions for attaining the federal 24-hour PM_{2.5} standard by 2014. The proposed rule amendments are intended to implement 2012 AQMP control measures BCM-01 [Further Reductions from Residential Wood-Burning Devices] and BCM-02 [Further Reductions from Open Burning]. PAR 445 – Wood Burning Devices will lower the threshold for a wintertime wood burning curtailment, establish criteria for a basin-wide curtailment, and set standards for solid-fuel labeling for wood and wood-based products by commercial firewood sellers. Additionally, PAR 444 – Open Burning will incorporate the winter season burn restriction consistent with PAR 445 and prohibit open

burning in beach areas. Other minor amendments to both rules are proposed to improve rule implementation clarity relative to existing requirements. (Reviewed: Stationary Source Committee, March 15, 2013)

The complete text of the proposed amendments, staff reports, and other supporting documents are available from the District's Public Information Center, (909) 396-2550, and on the Internet (www.aqmd.gov) as of April 3, 2013.

RECOMMENDED ACTION:

Set Public Hearings May 3, 2013 to amend Rules 219, 222, 444, and 445.

Barry R. Wallerstein, D.Env.
Executive Officer

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 3

PROPOSAL: Amend the Charter and Appoint Members for Local Government & Small Business Assistance Advisory Group Committees

SYNOPSIS: There are currently five committee member vacancies and four members whose terms have expired for a total of nine vacancies. This action is to amend the Charter to adjust the membership parameters and recommend approval of memberships.

COMMITTEE: Administrative, March 8, 2013, Recommended for Approval

RECOMMENDED ACTION:

Amend the Charter for the Local Government & Small Business Assistance Advisory Group (LGSBA) in accordance with Attachment A and appoint members to the advisory group.

Barry R. Wallerstein, D.Env.
Executive Officer

LBS:DJA:GS:jf:jns

Background

The Board established several advisory groups in 1997 and from time to time has modified charters for those groups to meet the needs of SCAQMD and the public. In 2002, the Board approved a Blue Ribbon Panel recommendation regarding the operation of the various groups.

One such group is the Local Government and Small Business Assistance Advisory Group (LGSBA). The membership of this advisory group allows for greater participation from local government, business interests, as well as concerned public members established within SCAQMD jurisdiction. Attention was also given to geographic and regional diversity in terms of representation on the advisory group. SCAQMD Governing Board Vice-Chair Dennis Yates currently serves as chair of the LGSBA Advisory Group.

It is recommended that the Charter be amended to remove the one-term limit for members. Such change would make the LGSBA charter consistent with the charters of other SCAQMD advisory groups. It is further recommended that the Charter be updated and further amended to remove “Honorary Membership” from the advisory group Charter as no one has served as an honorary member for many years. There are additional minor revisions proposed to update the Charter.

The current five (5) committee member vacancies combined with the four (4) members whose terms have expired create a total of nine (9) vacancies on the LGSBA Advisory Group. Four (4) members have expressed their desire to continue serving on the committee, and the Committee Chair has recommended that they be reappointed given their experience and willingness to serve on the committee. In addition, recommendations for membership have been solicited, and Board Members have made recommendations for the five (5) vacancies for a total of nine (9) appointments.

Proposal

Amend the Local Government & Small Business Assistance Advisory Group Charter in accordance with Attachment A and to appoint and reappoint members in Attachment B.

Fiscal Impacts

None

Attachments

- A - Local Government & Small Business Assistance Advisory Group Charter
- B – Recommended Membership for LGSBA Advisory Group

LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE
ADVISORY GROUP CHARTER ~~(modified 12-5-2003)~~
Modified April 5, 2013

Synopsis of History:

A Local Government & Small Business Assistance Committee (LGSBA) –was established by SCAQMD in 1996 to enhance outreach to and assist local governments and small businesses on matters relating to air quality. The Interagency AQMP Implementation Committee (IAIC) and its Technical Advisory Committee (TAC) were established by the Governing Board in 1989. The IAIC provided ongoing policy-level coordination between the SCAQMD Board and key local government entities that either must implement the AQMP or which may be affected by AQMP implementation. The TAC was comprised of staff representatives from any interested local government, including special districts. In December, 2002, the Board received recommendations of the Blue Ribbon Panel Regarding Operations of Advisory Groups and made changes to the SCAQMD Advisory Group and the Ethnic Community Advisory Group which has since evolved into the Environmental Justice Advisory Group.

LGSBA Advisory Group Mission:

Provide input on the implementation of the AQMP, public outreach, the role of local government in achieving clean air, and small business issues; review and make recommendations regarding (a) public outreach activities related to the impacts of existing and proposed regulations on small business and local government; (b) source education; (c) small business loan and assistance programs; and (d) proposed draft rules including those most significantly impacting local government and small businesses. ~~and (e) a policy for first time offenders – a no penalty “fix it” notice (Notice to Comply) unless violations are flagrant or intentional.~~

This Group will provide policy level recommendations on issues within the Agency’s jurisdiction which impact local governments and small businesses. Specifically, the Group shall:

- a) Review the emissions attributable to small business, local government, and community activities and the AQMP’s overall approach to reducing them and make recommendations regarding these;
- b) Review and make recommendations regarding the SCAQMD’s communication with small businesses, local governments, and community based organizations;
- c) Review and make recommendations regarding the SCAQMD’s small business, local government, source education and community outreach programs and materials, enforcement policies and rules; and
- d) Act as a resource to the SCAQMD for innovative problem solving, resource leveraging, and partnership building.

Membership:

The number of standing members shall be no more than 20 individuals consisting of: seven local government representatives, three SCAQMD Board Members, five small business representatives, and five members of the general public. Members may serve staggered terms of four years, ~~and may serve not more than one consecutive four year term.~~ Members appointed as of December 5, 2003 who were previous members of this Advisory Group shall serve an initial term of two years to facilitate rotation of membership. The group membership shall reflect the geographic, ethnic, and cultural diversity of the region. ~~Honorary Membership terms of four years may be extended from time to time at the discretion of the Chairman of the AQMD Governing Board, with the concurrence of the Administrative Committee.~~

Appointment of Members

Upon recommendation by the Advisory Group Chair, and subsequent recommendation for approval by the Administrative Committee:

- a) The Chairman of the Board will appoint/reappoint members, with consideration for Board Member recommendations.
- b) The ~~s~~Same process as above applies for re-appointing a member to fill any vacancy.

Chair: Chairman of the Board or designee.

Reporting:

The Governing Board's Administrative Committee shall be the Board's liaison with this Advisory Group. The business of the Group shall be conducted through monthly or quarterly meetings of the committee as whole and monthly meetings of subcommittees established by the committee as a whole. The meeting frequency shall be determined by the Chairman of the Advisory Group. The Group shall report monthly to the Administrative Committee on its activities and results and shall provide the Governing Board with a written annual report outlining its goals and accomplishments and proposing its agenda for the coming year.

Compensation:

Effective July 1, 1997 the standing members of this Advisory Group shall be eligible to claim per diem of \$100 and reimbursement of mileage and parking expenses, in accordance with District policy, associated with attendance at meetings of this Advisory Group.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

EXECUTIVE OFFICE

MEMORANDUM

DATE: March 8, 2013
TO: Administrative Committee
FROM: Barry Wallerstein
SUBJECT: Local Government & Small Business Assistance Advisory Group

The District's Local Government & Small Business Assistance Advisory Group (LGSBA) is comprised of 20 members representing local government (7), small business (5) and general public (5), as well as three Governing Board members. Currently, LGSBA has five [5] vacancies, and four [4] members who are seeking reappointment.

LGSBA Chair, Mayor Dennis Yates, has reviewed the nominations and recommends your approval to add the below candidates as new LGSBA members, and renew the membership term for five current members.

NEW Candidate	Affiliation	Representing
Robert Ming	Councilmember, Laguna Niguel	Local Government
Chad Wanke	Councilmember, Placentia	Local Government
Lupe Ramos Watson	Councilmember, Indio State Assembly, Field Representative	Local Government
John Hill		Public
Grey Frandsen		Public
REAPPOINTMENT		
Felipe Aguirre	Councilmember, Maywood	Local Government
Paul Avila	Paul Avila & Associates	Small Business
Todd Campbell	Clean Energy	Public
Maria Elena Kennedy	Kennedy Communications	Public


The new members will serve a four-year term, which will be April 2013 – April 2017. Attached for your review is the resume for each candidate.

LBS:DJA:GS:jns

Attachment
Resumes

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 4

PROPOSAL: Recognize Revenue and Execute Contracts to Develop and Demonstrate Catenary Zero Emissions Goods Movement System 

SYNOPSIS: The development and demonstration of zero emissions technologies for goods movement is one of SCAQMD's top priorities. This project will initiate the development and demonstration of a catenary, zero emissions goods movement corridor. This action is to recognize \$500,000 from U.S. EPA, \$3,000,000 from CEC and transfer \$16,117,887 from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61). This action is to also execute contracts with Siemens Industry Inc. to construct one mile of catenary system and to demonstrate a diesel catenary hybrid electric class 8 truck in an amount not to exceed \$13,500,000, contingent upon receiving up to \$8,000,000 from other sponsors including the Port of Los Angeles, the Port of Long Beach and other entities, and with Transportation Power to develop and demonstrate a CNG catenary hybrid electric class 8 truck and integrate a catenary pantograph system on an existing battery electric class 8 truck in the amount not to exceed \$2,617,887 from the Advanced Technology Goods Movement Fund (61).

COMMITTEE: Technology, March 15, 2013, Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize upon receipt \$500,000 from the U.S. EPA into the Clean Fuels Fund (31).
2. Recognize upon receipt \$3,000,000 from CEC into the Clean Fuels Fund (31).
3. Recognize upon receipt up to \$8,000,000 from the Port of Los Angeles, the Port of Long Beach, and other entities into the Advanced Technology Goods Movement Fund (61).

4. Transfer \$16,117,887 from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61).
5. Transfer any unspent funds from the Advanced Technology Goods Movement Fund (61) to the Clean Fuels Fund (31) upon project completion.
6. Authorize the Chairman to execute contracts with the following entities from the Advanced Technology Goods Movement Fund (61):
 - a. Siemens Industry Inc. to construct one mile of a catenary system and to develop and demonstrate a diesel catenary hybrid electric class 8 truck in an amount not to exceed \$13,500,000 contingent upon receiving up to \$8,000,000 from the entities listed in action 3 above; and
 - b. Transportation Power (TransPower) to develop and demonstrate a CNG catenary hybrid electric class 8 truck and integrate a catenary pantograph system on an existing battery electric class 8 truck in the amount not to exceed \$2,617,887.

Barry R. Wallerstein, D.Env.
Executive Officer

CSL:MMM:DS:JI

Background

The SCAQMD has identified the development and deployment of zero emissions goods movement transportation systems as one of the agency's top priorities in order to attain federal air quality standards. Zero emission transportation and goods movement technologies are also being proposed in SCAG's 2012 *Goods Movement Appendix to the Regional Transportation Plan* as well as the joint CARB, SCAQMD and SJVAPCD *Vision for Clean Air: A Framework for Air Quality and Climate Planning*. Zero emission truck lanes are also being considered for the I-710 freeway expansion, which is an approximately 20 mile north-south trade corridor.

The primary goal of this project is to promote the implementation of zero emission goods movement technologies, and the secondary goal is to demonstrate the most viable technology to be adopted for a future, regional zero-emissions corridor. Although this project is for a one-mile demonstration, the potential next phase is to build out the remaining route from the ports to the near-dock rail yard which is approximately 5 miles. Subsequent phases would be to initiate the design and build the same or similar technology for the I-710 expansion, and a east-west trade corridor for containers going to the Inland Empire warehouses.

Siemens Proposal

Siemens Industry Inc. (Siemens) has designed and demonstrated a catenary truck technology, eHighway, in Germany on a European truck chassis. For this project, Siemens proposes to bring the eHighway technology to southern California with their partner Volvo and develop and demonstrate a catenary plug-in hybrid electric truck technology. The hybrid drive system will extend the operating range of the truck beyond the all-electric range of the catenary system, enabling the truck to perform regional drayage operations and bridge gaps in catenary infrastructure as it is deployed on a regional level.

Siemens and Volvo propose to develop and integrate two Mack Granite Vision diesel hybrid electric class 8 trucks configured to operate on the catenary system. The first truck will be used for integration and testing of the pantograph and electrical hybrid drive and will be evaluated on Siemens catenary test track in Germany. The second truck will leverage the same plug-in hybrid electric architecture being developed by Volvo under a separate SCAQMD project. The vehicle will use Volvo's current hybrid 150kW electro-mobility propulsion system will be upgraded with a pantograph to operate on the eHighway system.

Volvo will integrate the Siemens pantograph system into their class 8 heavy duty truck. The Siemens pantograph system will allow for seamless connection and detachment from the catenary power source. When entering the catenary system corridor, the pantograph system will verify the presence of catenary lines and allow the driver to raise the pantograph from within the cab of the truck. Upon leaving the catenary lane, the pantograph will automatically retract and the truck will switch to on-board power systems. The on-board power systems could be a range of technologies, including batteries, fuel cells, or internal combustion engines.

Siemens will design and provide 5 adaptable pantograph systems for the project. Two of the pantographs will be used for the Volvo trucks described above and three of the systems will be provided to third party integrators designated by SCAQMD. Two of the pantographs will be designated for TransPower's CNG hybrid electric truck and their battery electric truck both described below. The fifth pantograph will be reserved for a third party integrator to be named later in the course of the project.

The infrastructure portion of the project is proposed along Alameda Street in the city of Carson. The approximate one mile segment extends north to south from E. Lomita Blvd to the Dominguez Channel. Corresponding with the operational range of the pantographs, two parallel catenary wires will be installed above the roadway one mile in each direction. The height of the system will be designed to be above standard vehicle dimensions and clearances. The horizontal position of the overhead contact line along the roadway is supported by tensioning devices installed inside the poles supporting the overhead catenary system. The connection to the grid will occur at the middle of the

system where a power supply will be placed. SCE will assist Siemens in designating a location for the connection to a supply voltage compatible with the catenary system. It is anticipated that design and permitting of the system will take a conservative 12-15 months followed by another 12 months of construction. The pantograph trucks will then be tested and demonstrated on the system for a period of up to 12 months. If prototype trucks are available sooner than the infrastructure is available, the project team will evaluate if there is value in testing the trucks at another site, e.g., the eHighway test track in Germany.

TransPower Proposal

TransPower proposes to deliver two trucks with catenary accessibility. The first truck is an existing vehicle that utilizes a battery electric drive system and will be converted to operate on the catenary system. The second truck will be a CNG-hybrid truck that incorporates TransPower's electric drive system on a major OEM chassis. TransPower will integrate pantographs and associated components into both vehicles. TransPower will do design, develop, and test new components that enable trucks using their electric drive architecture to acquire and convert power from overhead catenary lines.

Specifically, they will modify one truck currently being built with their electric drive system to operate on catenary power. The current electric truck has 2 100 kW motors and 700 Ah battery pack (modified truck will have a 300 Ah battery pack). Adding the Siemens pantograph system will enable the truck to operate on wayside power while also recharging the batteries. The second truck will be a new truck with a CNG hybrid drive system architecture that enables the vehicle to operate in three modes –battery-only, catenary and CNG to extend the operating range. The battery-only mode will allow the truck to have a small all-electric range to operate without the engine for short durations while the CNG hybrid will allow the truck to have regional applicability as well.

Other truck manufacturers have also been invited to submit proposals to integrate a pantograph system on their trucks, in particular Vision and Balqon. Staff has also required the engineering of such a system to be provided as part of a previous DOE zero emission truck awards. These different truck architectures may be considered during the course of the project, and would be brought back for recommendation at that time.

Benefits to SCAQMD

SCAQMD's Clean Fuels Program has been active in funding the development and demonstration of zero-emission and near zero-emission electric transportation and goods movement technologies. The SCAQMD has also supported a number of activities directed to the commercialization of electric vehicles and associated infrastructure. This proposed project is included in the *Technology Advancement Office 2012 Plan Update* under "Electric and Hybrid Technologies."

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified when project funding does not come from federal monies. For the Siemens contract, a sole source recommendation is made under provision B.2.d.: Other circumstances exist which in the determination of the Executive Officer require such waiver in the best interest of the SCAQMD. Specifically, these circumstances are: B.2.d.(1) Project involving cost sharing by multiple sponsors. The multiple sponsors contributing to the Siemens project include CEC and anticipated co-funding by other entities which have yet to officially go to their governing boards for authority as listed under Resource Impacts. Additional circumstances are B.2.c.(1) the unique experience and capabilities of the proposed contractor or contractor team; and B.2.c.(2) the project involves the use of proprietary technology; for the TransPower contract, funded in part with federal funds, the circumstance is: B.3.c.: The awarding federal agency authorizes noncompetitive proposals.. Staff has requested EPA approval of a sole source contract with TransPower for this project.

Resource Impacts

The total cost for the Siemens contract will not exceed \$13,500,000. SCAQMD's cost share shall not exceed \$3,900,000 from the Advanced Technology Goods Movement Fund (61). The other funding partners are CEC and U.S. EPA. The funding sources and amounts for this project are identified in the table below:

Table 1: Funding Sources for Siemens

Funding Source	Amount	Percent
CEC	\$1,600,000	12%
Port of Los Angeles *	\$2,000,000	15%
Port of Long Beach *	\$2,000,000	15%
China Shipping Settlement *	\$4,000,000	30%
SCAQMD Requested	\$3,900,000	28%
Total	\$13,500,000	100%

* Contingent upon approval from their authorizing entity.

As mentioned previously, additional project funds have been identified from the Port of Los Angeles, the Port of Long Beach, and non SCAQMD emission mitigation settlement funds for a total of up to \$8 million subject to approval by the respective authorizing entity. The other members of the Southern California Zero Emission Freight Movement Regional Collaborative, in particular the Gateway Cities Council of Governments and Los Angeles Metropolitan Transit Authority, have expressed interest

in supporting the project as has CARB, however, these commitments have not been finalized or approved by the different organizations' governing boards. It is also anticipated that Siemens will provide some amount of in-kind cost-share, however, at the time of proposal, they cannot commit due to the uncertainties still surrounding the engineering and permitting required at the Alameda location.

The total cost for the TransPower project will not exceed \$3,182,795. SCAQMD's cost share shall not exceed \$717,887 from the Advanced Technology Goods Movement Fund (61). The other funding partner is TransPower. The funding sources and amounts for this project are identified in the table below:

Table 2: Funding for TransPower

Funding Source	Amount	Percent
EPA	\$500,000	16%
TransPower (in-kind)	\$564,908	18%
CEC	\$1,400,000	44%
SCAQMD Requested	\$717,887	22%
Total	\$3,182,795	100%

Sufficient funds for the proposed projects will be transferred from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61). The Clean Fuels Fund was established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program. The Advanced Technology Goods Movement Fund (61) was established to facilitate the development and deployment of low- and zero-emission goods movement technologies.

ERRATA SHEET FOR AGENDA #4

Recognize Revenue and Execute Contracts to Develop and Demonstrate Catenary Zero Emission Goods Movement System

The Energy Commission has contacted us on April 3, 2013 and directed us to use their funds exclusively on the Siemens projects; total project costs do not change.

Consequently, Table 1 and Table 2 in the Resource Impacts section of the Board Letter is modified as follows:

The total cost for the Siemens contract will not exceed \$13,500,000. SCAQMD's cost share shall not exceed \$2,500,000 from the Advanced Technology Goods Movement Fund (61). The other funding partner is CEC. The anticipated funding sources and amounts for this project are identified in the table below:

Table 1: Funding Sources for Siemens

Funding Source	Amount	Percent
CEC	\$3,000,000	22%
Port of Long Beach *	\$2,000,000	15%
Port of Los Angeles *	\$2,000,000	15%
China Shipping Settlement *	\$4,000,000	30%
SCAQMD Requested	\$2,500,000	18%
Total	\$13,500,000	100%

*Contingent upon approval from their authorizing entity

The total cost for the TransPower project will not exceed \$3,182,795. SCAQMD's cost share shall not exceed \$2,117,887 from the Advanced Technology Goods Movement Fund (61). The other funding partners are U.S. EPA and TransPower. The anticipated funding sources and amounts for this project are identified in the table below:

Table 2: Funding for TransPower

Funding Source	Amount	Percent
EPA	\$500,000	16%
TransPower (in-kind)	\$564,908	18%
SCAQMD Requested	\$2,117,887	66%
Total	\$3,182,795	100%

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 5

PROPOSAL: Issue Purchase Order for Dedicated CNG Sedans

SYNOPSIS: On January 4, 2013, the Board approved release of an RFQ for the purchase and/or lease of dedicated CNG sedans and a dedicated CNG 4X4 truck. The bidders responded for both purchase and lease with CNG Honda Civics for the CNG sedan category and only a lease for the 4X4 CNG truck category. This action is to authorize issuance of purchase order(s) for up to 32 dedicated CNG Honda Civics. These vehicles will replace high-mileage vehicles that are more than 13 years old, have more than 125,000 miles, and have expiring CNG tanks. The cost of these purchases will not exceed \$844,640, and funds are available in the FY 2012-13 General Fund Capital Outlay Budget.

COMMITTEE: Administrative, March 8, 2013; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Executive Officer to further negotiate and issue a Purchase Order or Purchase Orders for the purchase of 32 dedicated CNG Honda Civics for SCAQMD's fleet from one or more of the vendors shown on Attachment A, in an amount not to exceed \$844,640 from the FY 2012-13 General Fund Capital Outlay Budget.

Barry R. Wallerstein, D.Env.
Executive Officer

WJ:SO:tc

Background

To reduce the number of high-mileage, high-maintenance-cost vehicles in the fleet, SCAQMD budgets annually for replacement vehicles. SCAQMD is also coming upon the expiration of the CNG tanks with the older, high-mileage vehicles which average about 13 years old in age. The Board-approved RFQ released in January 2013 solicited bids for purchase and/or lease of 10 dedicated CNG sedans and a dedicated CNG 4X4 truck. The proposers all responded with CNG Honda Civics for the 10 CNG sedans specified in the RFQ. Due to unanticipated cost savings and/or deferral of other Capital

Outlay projects originally budgeted this fiscal year, an additional 22 vehicles may be purchased bringing the total purchase to 32 vehicles. Staff reviewed the two lease proposals that were received and determined that it would not be cost effective to lease vehicles due to the mileage and length of time SCAQMD has historically been able to utilize CNG sedans. The base cost for each lease is either equal to or more than the lowest bid cost to purchase in addition to the associated lease costs.

Proposal

Four of the five purchase bids received were responsive. Based on bids received, as shown on the attachment, staff recommends the Board to authorize the Executive Officer to negotiate price and other incentives and issue a purchase order or purchase orders with the one or more of the vendors on Attachment A for an amount not to exceed \$844,640 for the purchase of 32 dedicated CNG Honda Civics.

Resource Impacts

Sufficient funds for the purchase of these 32 replacement vehicles exist in the FY 2012-13 General Fund Capital Outlay Budget.

Attachment

Bid Evaluation

Attachment A

Bid Evaluation

For Purchase Name of Bidder	2012 Dedicated CNG Honda Civics				Total Unit Cost
	Unit Cost	Calif. Tire Fee	Tax	Delivery	
Goudy Honda	\$ 25,995.00	\$ 8.75	\$ 2,339.55	\$ 100.00	\$ 28,443.30
Unicars Honda	\$ 26,995.00	\$ 8.75	\$ 2,429.55	\$ 100.00	\$ 29,533.30
DCH Gardena Honda	\$ 24,480.00	\$ 8.75	\$ 2,203.20	\$ -	\$ 26,691.95
Fladeboe Automotive Group	\$ 24,207.00	\$ 8.75	\$ 2,178.66	\$ -	\$ 26,394.41

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 6

PROPOSAL: Approve New Terms and Conditions of Employment for Non-Represented Employees

SYNOPSIS: New terms and conditions of employment are proposed for the unrepresented employees in the Management, Confidential and Designated Deputy classifications. Through amendments to the Salary Resolution and the Administrative Code, these proposed new terms include a one-time payment equal to one percent (1%) of each employee's annual base salary; continuation of an existing additional contribution for medical insurance premium increases effective September 2011; implementing the provisions of the California Public Employees' Pension Reform Act of 2013 for newly hired employees; and expanding the provisions for donating leave for employees with catastrophic illnesses. The net budgetary impact of these changes is approximately \$200,286, and sufficient funds are available in the FY 2012-13 Budget.

COMMITTEE: No Committee Review

RECOMMENDED ACTIONS:

Adopt the Resolution in Attachment A, amending SCAQMD's *Administrative Code* and *Salary Resolution*, for all non-represented employees, as shown in Attachments B and C.

Barry R. Wallerstein, D.Env.
Executive Officer

WJ

Background

On April 6, 2012, the Board approved changes to the Administrative Code and Salary Resolution providing for 1) an increased contribution for health insurance in an amount equal to the monthly premium increases effective September 1, 2011; and, 2) newly hired management and confidential employees and Designated Deputies hired on or after July 1, 2012, would be responsible for paying the full employee's portion towards their retirement costs.

Proposal

This action is to approve a one-time payment equal to one percent (1%) of each employee's base salary, and the continuation of the existing additional contribution for management and confidential employees and Designated Deputies towards health insurance premium increases effective September 1, 2011, but not for premium increases effective January 1, 2013. Additionally, new management and confidential employees and Designated Deputies hired on or after January 1, 2013, will be subject to the provisions of the California Public Employees' Pension Reform Act of 2013 and will be responsible for paying the full employee's contribution towards their retirement costs. Lastly, proposed changes include expanding the current provisions for donating leave to employees with catastrophic injuries or illnesses.

Attachments B and C reflect revisions to the *Administrative Code* and *Salary Resolution* which reflect the new terms and conditions of employment for the non-represented employees.

Resource Impacts

The cost for FY 2012-13 of these proposed changes for the non-represented employees is approximately \$200,286. Sufficient funding for these changes is included in the FY 2012-13 Budget.

Attachments

Attachment A – Resolution

Attachment B – *Administrative Code* Amendments

Attachment C – *Salary Resolution* Amendments

ATTACHMENT A

RESOLUTION NO. 13-

A Resolution of the South Coast Air Quality Management District Governing Board amending AQMD's *Administrative Code* and *Salary Resolution* to adopt, for management, confidential, attorney classes and Designated Deputies: 1) one-time payment equal to one percent (1%) of each employee's annual base salary; 2) continuation of SCAQMD's contribution towards increased health benefit premiums effective September 1, 2011, but not for insurance premium increases effective January 1, 2013; 3) implementing the provisions of the California Public Employees' Pension Reform Act of 2013 for employees hired on or after January 1, 2013; and, 4) expanding the provisions for donating leave to employees with catastrophic illnesses.

WHEREAS, the Governing Board of the South Coast Air Quality Management District exercises its duty to review and determine appropriate wages, hours, and other terms and conditions of employment provided to employees.

THEREFORE, BE IT RESOLVED that the Board of the South Coast Air Quality Management District, State of California, in regular session assembled on April 5th, 2013, does hereby amend AQMD's *Administrative Code* and *Salary Resolution* to adopt 1) one-time payment equal to one percent (1%) of each employee's annual base salary; 2) continuation of SCAQMD's contribution towards increased health benefit premiums effective September 1, 2011, but not for insurance premium increases effective January 1, 2013; 3) implementing the provisions of the California Public Employees' Pension Reform Act of 2013 for employees hired on or after January 1, 2013; and, 4) expanding the provisions for donating leave to employees with catastrophic illnesses.

Date

Clerk of the Board

ATTACHMENT B

**SOUTH COAST
AIR QUALITY MANAGEMENT DISTRICT**

ADMINISTRATIVE CODE

Revised April 6~~5~~2, 201~~2~~3

Section 115.3 - Insurance Contribution Amount

Effective September 1, 2010, the maximum health insurance contribution amount for management and confidential employees is \$2,060.84. AQMD shall also pay to the health insurance providers, on behalf of each management and confidential employee, an amount equal to the monthly premium increases for the health plan(s) selected by each employee, such that there is no change to the premium amount paid by the employee from the rates in effect prior to September 1, 2011, but not for premium increases effective January 1, 2013. ~~This monthly amount shall be retroactive to health insurance premiums effective September 1, 2011.~~ This payment to the health insurance company does not increase the existing health benefit cap of \$2,060.84.

Section 116.1 - Employee Contributions

For Mmanagement and confidential employees hired prior to July 1, 2012, contributions to retirement shall be computed on the same basis as represented employees hired before July 1, 1979. That is, for employees who are active members of the San Bernardino County Employees' Retirement Association (SBCERA), AQMD will pick up, on employees' behalf, payment of 11.34 percent of the employee contribution rates established for AQMD by SBCERA's actuary. For those employees who are active members of the Los Angeles County Employees' Retirement Association, employee contribution rates shall be 6.05 percentage points less than those determined in the most recent actuarial study. Irrespective of the employee contribution rate determined after applying this 6.05 percentage point reduction, those employees with less than thirty years' retirement service credit shall pay a minimum of one dollar per month in employee retirement contributions. Beginning December 13, 1999, employee retirement contributions will be withheld on a pretax basis, within Internal Revenue Service requirements.

Effective January 2, 2006, except for those management, confidential, and attorney employees exempt from making retirement contributions pursuant to SBCERA by-laws, management, confidential, and attorney employees will contribute an additional 3.25% of "compensation earnable" as defined by SBCERA.

All new management, confidential and attorney employees hired on or after July 1, 2012, shall pay the full General Member Contribution Rate towards their retirement through SBCERA.

Pursuant to the California Public Employees' Pension Reform Act of 2013, a new employee hired on or after January 1, 2013, who is being employed for the first time by any public employer, had a break in service of more than six months, or was employed by another public employer but not subject to reciprocity with SBCERA, shall pay the employee contribution rate as determined by SBCERA. (As of January 1, 2013, the rate is 7.75% and is subject to change as determined by SBCERA's actuary according to the most recently completed valuation.)

For management, confidential, and attorney employees hired on or after January 1, 2006, only that portion of AQMD's benefits contribution that is taken as cash is "compensation earnable" for purposes of retirement.

Section 117 - Deferred Compensation

AQMD shall provide all regular full-time employees, employees exempted for a medical condition from the 4/10 schedule who are regularly scheduled to work a minimum of four 8-hour days per week, and Board Member Assistants and Board Member Consultants who are contract AQMD employees with the opportunity to voluntarily participate in an AQMD-sponsored Section 457 deferred compensation plan. Effective January 1, 2003, for all management and confidential employees choosing to participate, AQMD shall make a contribution equal to 50% of the total regular, non catch-up contribution, up to the 2012 maximum total contribution rate established by the Internal Revenue Service. The maximum annual total contribution made to the plan for each employee shall be as stipulated by law.

ATTACHMENT C

SOUTH COAST

AIR QUALITY MANAGEMENT DISTRICT

SALARY RESOLUTION

REVISED April 6~~5~~, 201~~2~~3

CHAPTER I, Article 10, Leaves of Absence

Section 45. OTHER LEAVES OF ABSENCE

- g. Catastrophic Leave. Designated Deputies, Management employees, attorneys, and confidential employees may request paid catastrophic leave for personal emergencies once they have exhausted all their own available paid leave time. If approved, paid leave time will be drawn from a catastrophic leave fund comprised of donated ~~paid vacation~~ accrued leave (except sick leave) time. Donations of leave time shall be permitted from unrepresented employees to other unrepresented employees or to represented employees in a bargaining group. Designated Deputies, Management, confidential, and attorney employees may donate any ~~vacation~~ accrued leave (except sick leave) hours in excess of 200 hours. ~~Effective April 1, 2011, Designated Deputies also may donate any vacation hours in excess of 200 hours to this fund.~~ Donations may be made twice yearly, during the last pay period that begins in December, and during the first pay period that begins in July, or during any other pay period in the year, as needed, with the approval of the Executive Officer. The dollar value of donated vacation hours in the fund will be computed by multiplying the number of hours donated by the donating employee's current regularly hourly pay rate. The catastrophic leave fund balance may not exceed \$50,000. Catastrophic leave requests must be approved by the committee established to review catastrophic leave requests.

CHAPTER II, Article 1

Section 54. MANAGEMENT AND CONFIDENTIAL CLASSIFICATION SALARIES

Effective ~~July 14~~ April 5, 2008 13

Effective with pay period 1310, or as soon as practicable, each management or confidential employee shall receive a one-time payment equal to one percent (1%) of their annual base salary.

CHAPTER III, Article 2

Section 55. SALARY

Effective with pay period 1310, or as soon as practicable, each Designated Deputy shall receive a one-time payment equal to one percent (1%) of their annual base salary.

ARTICLE 3

Section 56. FRINGE BENEFITS

- a. Retirement. Designated Deputies shall participate in the San Bernardino County Employees' Retirement Association. ~~For employees hired prior to July 1, 2013, The District shall~~

contribute the same percentage of Designated Deputy's base salary on behalf of a Designated Deputy to the San Bernardino County Employees' Retirement Association as it contributes for management employees.

All new Designated Deputies hired on or after July 1, 2012, shall pay the full General Member Contribution Rate for their retirement through SBCERA.

Pursuant to the California Public Employees' Pension Reform Act of 2013, a new employee hired on or after January 1, 2013, who is being employed for the first time by any public employer, had a break in service of more than six months, or was employed by another public employer but not subject to reciprocity with SBCERA, shall pay the employee contribution rate as determined by SBCERA. (As of January 1, 2013, the rate is 7.75% and is subject to change as determined by SBCERA's actuary according to the most recently completed valuation.)

- b. Health Insurance. Designated Deputies participate in the same health insurance program offered by the District to management employees and are subject to all of the terms and conditions of the insurance contract with the provider chosen. Designated Deputies may choose "family" coverage and the District agrees to pay a maximum monthly contribution sufficient to permit Designated Deputies to have "family" coverage without necessitating employee contribution, in accordance with prevailing District policy for management employees. AQMD shall pay to the health insurance providers, on behalf of each Designated Deputy, an amount equal to the monthly premium increases for the health plans selected by each Designated Deputy, such that there is no change to the premium amount paid by the Designated Deputy from the rates in effect prior to September 1, 2011, but not for premium increases effective January 1, 2013. This monthly amount shall be retroactive to health insurance premiums effective September 1, 2011. This payment to the health insurance company does not increase the existing health benefit cap of \$2,060.84.
1. Other
 - (4) Deferred Compensation. Designated Deputies are eligible to participate in the District's deferred compensation plan. The District shall fund a contribution equal to three times the Designated Deputy's contribution to a combined maximum permitted by law, and, in addition, shall fund a contribution equal to three times the Designated Deputy's contribution as permitted under the pre-retirement "catch-up" provision of the law, up to the 2012 maximum contribution rate established by the Internal Revenue Service.

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 7

PROPOSAL: Authorize Purchase of Desktop Operating System and Office Suite Upgrades

SYNOPSIS: SCAQMD has existing desktop workstations with Microsoft Windows Vista Operating System and Microsoft Office 2007 suite. These products will no longer be supported by Microsoft and need to be replaced with Microsoft Windows 8 Professional Operating System and Microsoft Office Professional Plus 2013. This action is to authorize the purchase of desktop Microsoft Windows 8 Professional Operating System and Office Professional 2013 upgrades in the amount of \$483,524. These replacements are in accord with SCAQMD's Information Management Strategic Plan.

COMMITTEE: Administrative, March 8, 2013, Recommended for Approval

RECOMMENDED ACTIONS:

1. Appropriate \$483,524 from the General Fund, Undesignated Fund Balance to the FY 2012-13 Budget, District General, Office Expense for the purchase of desktop operating systems and office suite upgrades.
2. Authorize the Procurement Manager to purchase Microsoft Windows 8 Professional Operating System and Microsoft Office Professional Plus 2013 licenses from Peacock Systems at a cost not to exceed \$483,524.

Barry R. Wallerstein, D.Env.
Executive Officer

Background

The SCAQMD has become increasingly dependent on desktop computers for its operational efficiency. Existing desktop computers use Microsoft Windows Vista Business operating system and Microsoft Office 2007 suite (word processing,

spreadsheets, graphics, presentation, and desktop database management). These products will no longer be supported by Microsoft and need to be replaced with Microsoft Windows 8 Professional Operating System and Microsoft Office Professional Plus 2013.

Bid Evaluation

In accordance with the SCAQMD's Purchasing Policy and Procedure No. 35, bids were solicited from firms on the List of Prequalified Vendors to Provide Computer, Network, Printer Hardware and Software, and Desktop Computer Hardware Upgrades in order to achieve the best available price. The prequalified vendor list was approved by the Board on February 3, 2012, and is in effect for a period ending February 3, 2014. Of the fourteen vendors on the list, one was a disabled veteran-owned enterprise, three were women-owned business enterprises, nine were minority-owned business enterprises, six were local business enterprises, and nine were small business enterprises.

The lowest preference percentage adjusted bid was from Peacock Systems. Attachment A reflects the evaluation of the bids and the respective costs.

Proposal

This action is to authorize the Procurement Manager to purchase 1,000 Microsoft Windows 8 Professional Operating System and Microsoft Office Professional Plus 2013 licenses.

Resource Impacts

Funds for this expense are available in the General Fund Undesignated Fund Balance.

Attachment

Evaluation of Bids from Prequalified Vendor List

Attachment
Evaluation of Bids from Prequalified Vendor List

Vendor	Total Bid Amount with tax	*DVBE or DBVBE Joint Venture (5%)	Small Business (5%)	Local Business (2%)	Total Bid Amount with Preference Points*
Peacock Systems	\$483,524	No	Yes	Yes	\$412,548
California Integrated Solutions	\$513,063	No	Yes	Yes	\$439,648
EDX	\$506,622	No	Yes	No	\$442,610
Genesis Computer Systems	\$521,020	No	Yes	Yes	\$446,948
Computer 1 Products	\$521,925	No	Yes	Yes	\$447,778
En Pointe Technologies	\$491,524	No	No	No	\$450,940
DI Technology	\$528,803	No	Yes	Yes	\$454,088
Nth Generation	\$529,740	No	Yes	Yes	\$454,948
Business Services	\$754,236	Yes	Yes	No	\$647,600
SigmaNet	No Bid	No	Yes	Yes	No Bid

* DVBE - disabled veteran-owned business enterprise.

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 8

PROPOSAL: Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services

SYNOPSIS: SCAQMD currently has contracts with several companies for short- and long-term systems development, maintenance and support services. These contracts are periodically amended to add budgeted funds as additional needs are defined. This action is to amend the contracts approved by the Board to add additional funding of \$435,000 for needed development and maintenance work. The amount of \$308,000 in funding for this purchase is included in the FY 2012-13 Budget and the additional \$127,000 will come from the General Fund Undesignated Fund Balance.

COMMITTEE: Administrative, March 8, 2013, Recommended for Approval

RECOMMENDED ACTIONS:

1. Authorize the Executive Officer to execute amendments to the contracts for systems development services in the amount of \$50,000 to CMC Americas, \$25,000 to Prelude Systems, \$183,000 to Sierra Cybernetics, and \$177,000 to Varsun eTechnologies for the specific task orders listed in Attachment 1.
2. Transfer \$15,000 from Information Management's FY 2012-13 Budget, Services and Supplies, Professional and Specialized Services account to Information Management's FY 2012-13 Budget, Capital Outlays Major Object, Computer Software Account.
3. Appropriate \$110,000 from the General Fund, Undesignated Fund Balance, to Information Management's FY 2012-13 Budget, Capital Outlays Major Object, Computer Software Account.
4. Appropriate \$17,000 from the General Fund, Undesignated Fund Balance, to Information Management's FY 2012-13 Budget, Services and Supplies Major Object, Professional and Special Services Account.

Barry R. Wallerstein, D.Env.
Executive Officer

Background

At the September 9, 2011 meeting, the Board authorized staff to initiate level-of-effort contracts with several vendors for systems development, maintenance and support services. At the time these contracts were executed, it was expected that they would be modified in the future to add funding from approved budgets as system development requirements were identified and sufficiently defined so that task orders could be prepared.

The contracts are Basic Ordering Agreements: Individual task orders are issued on both a competitive and sole-source basis (depending on the size and complexity of the systems), after review of prior successful experience of the company and associated administrative costs of the bid process relative to the costs associated with the work effort.

System development and maintenance efforts are currently needed (see Attachment 1) to enhance system functionality and to provide SCAQMD staff with additional automation for improving productivity and to ensure financial system compliance with recent pension legislation. The estimated cost to complete the work on these additional tasks exceeds the amount of funding in the existing contracts.

The current contracts are for one year with the option to renew for two one-year periods. Renewal of these contracts is contingent upon performance, competitiveness, percent of tasks bid and overall customer satisfaction. This item is listed on the “Status Report on Major Projects for Information Management.”

Proposal

Staff proposes the contracts be amended to add additional funding of \$435,000 in the amount of \$50,000 to CMC Americas, \$25,000 to Prelude Systems, \$183,000 to Sierra Cybernetics, and \$177,000 to Varsun eTechnologies for the specific task orders listed in Attachment 1.

Resource Impacts

\$308,000 in funding is included in the FY 2012-13 Budget. \$110,000 for the New Source Review, Title V, Permitting and Compliance will come from the General Fund, Undesignated Fund Balance and will be partially recouped from contributions received from other air districts participating in the software development of a regional greenhouse gas exchange. The additional \$17,000 for unbudgeted financial system upgrades related to recently enacted pension legislation will come from the General Fund, Undesignated Fund Balance.

Attachment

Attachment 1: Task Order Summary

Attachment 1

TASK ORDER SUMMARY

CONTRACTOR	PREVIOUS FUNDING	THIS ADDITION	TOTAL FUNDING
CMC Americas, Inc.	\$174,700	\$50,000	\$224,700
Prelude Systems, Inc.	\$50,000	\$25,000	\$75,000
Sierra Cybernetics	\$433,900	\$183,000	\$616,900
Varsun eTechnologies	\$315,300	\$177,000	\$492,300
TOTAL	\$973,900	\$435,000	\$1,408,900

Section B – Task Orders Scheduled for Award

TASK	DESCRIPTION	ESTIMATE	AWARDED TO
GHG Offset Exchange	Develop an exchange website to create and maintain lists of GHG offset projects within participating air districts	\$110,000	Varsun
Permitting and Plan System Enhancements	Modify Web and Windows-based systems as needed to implement user requested permit/plan-related business process modifications	\$50,000	CMC Americas
Compliance System Modifications	Modify Web and Windows-based systems as needed to implement user requested compliance-related business process modifications	\$20,000	Sierra
CLASS/PeopleSoft System Enhancements and Support	SBCERA program modifications for benefits buy-down, PEPRA compliance and SBCERA XML file transmittal system upgrade	\$31,000	Varsun
Finance System Enhancements and Support	Electronic receivables, ACH implementation, special reporting and other financial system enhancements	\$36,000	Varsun
GIS Infrastructure	Multi-year project to implement core GIS infrastructure	\$25,000	Prelude
CLASS Maintenance for Web Application and Website Support	Ongoing maintenance and support for AQMD's suite of Web Applications and Web Services	\$88,000	Sierra
CLASS Maintenance for Database and Client/Server System Support	Ongoing maintenance and support for AQMD's CLASS systems and special enterprise database information extracts	\$75,000	Sierra
TOTAL		\$435,000	

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 9

PROPOSAL: Authorize Purchase of Phone Switch Maintenance Services

SYNOPSIS: On January 8, 2013, SCAQMD released an RFP to select a vendor capable of providing high quality and reliable phone switch maintenance services in the most cost-effective manner. The overall goal is to reduce current expenses for phone switch maintenance services, optimize the use of the SCAQMD's current voice communication network, and provide the SCAQMD with the necessary flexibility to take full advantage of new telecommunication technologies as they evolve. This action is to obtain approval to purchase phone switch maintenance services for one year. Funds (\$49,047) for this purchase are included in the FY 2012-13 Budget.

COMMITTEE: Administrative, March 8, 2013; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Executive Officer to execute contract to purchase phone switch maintenance services for one year from Integrated Technology in the amount of \$49,047.

Barry R. Wallerstein, D.Env.
Executive Officer

CJM: MH: RG: AT:AGG

Background

On January 8, 2013, the SCAQMD released RFP #P2013-17 for its phone switch maintenance services. The purpose of this RFP is to solicit and identify vendors capable of providing high quality and reliable phone switch maintenance services to the SCAQMD in the most cost-effective manner. The overall goal is to reduce current expenses for phone switch maintenance services, optimize the use of the SCAQMD's current voice communication network, and provide the SCAQMD with the necessary flexibility to take full advantage of new telecommunications technologies as they

evolve. Phone switch maintenance services solicited under this RFP will include phone switch maintenance and any related maintenance cost associated with the voice communication network system.

Outreach

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

Additionally, potential bidders were notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP was e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<http://www.aqmd.gov>). Information was also available on SCAQMD's bidder's 24-hour telephone message line (909) 396-2724.

Bid Evaluation

Forty-eight copies of the RFP were mailed out and three bids were received in response to the RFP when final bidding closed at 1:00 p.m. on February 8, 2013.

Attachment 1 reflects the evaluation of the proposals and the respective ratings for contract bids. The evaluation committee rated Integrated Technology the highest for phone switch maintenance services. Staff recommends Integrated Technology be awarded the purchase of SCAQMD's phone switch maintenance services for one year.

Panel Composition

The panel consisted of four staff from Information Management: a Systems & Programming Supervisor, two Telecommunications Supervisors, and a Telecommunication Technician II. Of these four panelists, one is Asian-Indian, one is Asian-Pacific Islander, one is Caucasian, and one is Hispanic; one female, three male.

Resource Impacts

Sufficient funds are included in the FY 2012-13 Budget, Services and Supplies Major Object, under the Communications Account.

Attachment(s)

Attachment 1 - Summary of Evaluation of Respondents to RFP #P2013-17

ATTACHMENT 1

Summary of Evaluation of Respondents to RFP #P2013-71

Standard Services Criteria (50 points maximum)

	Proposer		
	Integrated Technology	Black Box Network Services	VOX Network Solutions
Panel Average	48	50	48

Cost (50 points maximum)

	Proposer		
	Integrated Technology	Black Box Network Services	VOX Network Solutions
(Actual \$ Amount per Year)	\$49,047	\$50,547	\$81,829
Panel Average	50	49	30

Additional Points (15 points maximum)

Criteria	Proposer		
	Integrated Technology	Black Box Network Services	VOX Network Solutions
Small Business or Small Business Joint Ventures Points (Maximum = 10)	10	0	10
DVBE or DVBE Joint Ventures Points (Maximum = 10)	0	0	0
Use of DVBE or Small Business Subcontractors Points (Maximum = 7)	0	0	0
Low-Emission Vehicle Business Points (Maximum = 5)	N/A	N/A	N/A
Local Business (Non-EPA Funded Projects Only) Points (Maximum = 5)	5	5	0
Panel Average	15	5	10
Total	113	104	88

[↑ Back to Agenda](#)

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 10

PROPOSAL: Establish and Transfer Monies to Infrastructure Improvement Fund for Replacement of SCAQMD Phone System

SYNOPSIS: Establish the Infrastructure Improvement Fund for the purpose of separately accounting for large-scale and/or multi-year infrastructure improvement projects. Transfer monies from General Fund Designations to provide funding to replace SCAQMD's phone system.

COMMITTEE: Administrative, March 8, 2013; Recommended for Approval

RECOMMENDED ACTIONS:

1. Establish the Infrastructure Improvement Fund to separately account for large-scale and/or multi-year infrastructure improvement projects, and
2. Transfer \$1,200,000 from General Fund Designations (\$296,516 Equipment Replacement, \$800,000 Info Systems Improvements, and \$103,484 Budget Stabilization) to the Infrastructure Improvement Fund to provide financing for the replacement of SCAQMD's phone system.

Barry R. Wallerstein, D.Env.
Executive Officer

MBO:lg

Background

SCAQMD currently finances and accounts for infrastructure improvement projects exclusively through Capital Outlay expenditures in the General Fund. Many of these projects in the recent past have been of a size, scope, and timeframe that is well-suited for this financing and accounting process. SCAQMD's Headquarters facilities and information technology infrastructure (building, auditorium, phone system, audio/visual equipment, etc.) has now reached the age where improvement projects of a larger size and

scope that may extend over one or more fiscal years are here, or are on the horizon. The establishment of the Infrastructure Improvement Fund will allow for separate financing and accounting for these types of large-scale and/or multi-year infrastructure improvement projects. The Infrastructure Improvement Fund will be established and reported as a Capital Projects Fund in SCAQMD's annual audited financial statements, in accordance with Generally Accepted Accounting Principles (GAAP). In addition, all future activities financed and accounted for in the Infrastructure Improvement Fund will be approved by the Governing Board and will follow all existing Governing Board Policies and Procedures.

SCAQMD has an existing phone system consisting of several components. The Avaya/Nortel CS1000M (Release 5.5) and CS1000S/M (Release 4.5) phone systems are antiquated and becoming difficult to maintain and upgrade. The CS1000M system is located at the Headquarters Building and the CS1000S/M system is located at the Long Beach office. SCAQMD also relies on the Call Pilot voicemail system which is at Release 5 and the vendor has no plans for future development to a higher Release. Additionally, Avaya/Nortel Contact Center is at Release 6 and is becoming more difficult to service. Release 6 has been discontinued by the manufacturer as of June 2010. Due to the age, functionality, and issues with continued vendor support, SCAQMD needs to replace this antiquated phone system with another long-term platform that scales for size and future applications.

Proposal

This action is to establish the Infrastructure Improvement Fund to separately account for large-scale and/or multi-year infrastructure improvement projects and to transfer monies (\$1,200,000) from the General Fund to provide estimated financing for the replacement of SCAQMD's phone system.

Additionally, a review of the existing phone system and available options for a replacement phone system will be conducted over the next several weeks. A recommendation to the Governing Board to issue an RFQ/RFP for a replacement phone system is planned for June/July 2013, with a recommendation for contract execution planned to follow in October/November 2013, and installation of the replacement phone system to begin in January 2014.

Resource Impacts

The estimated cost of \$1,200,000 associated with replacement of SCAQMD's phone system will be transferred from the General Fund Designations (\$296,516 Equipment Replacement, \$800,000 Info Systems Improvements, and \$103,484 Budget Stabilization) to the Infrastructure Improvement Fund with future RFQ/RFP issuance and contract execution being accounted for and reported through this Fund.

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 11

TITLE: Adopt Resolution and Transfer Monies to Prepay Installment Purchase Payments for SCAQMD Headquarters Facilities

SYNOPSIS: On June 3, 1988, the Board authorized the Chairman to execute an Installment Purchase Agreement with the SCAQMD Building Corporation for the Headquarters Facilities in Diamond Bar. This Agreement was amended on July 8, 1988 to identify the Diamond Bar Site as the property to be purchased, and further amended on October 1, 1992 and May 3, 2002 for the purpose of refinancing. This action is to adopt a resolution and transfer monies to the Debt Service Fund for the purpose of prepaying the remaining installment purchase payments for the SCAQMD Headquarters Facility.

COMMITTEE Administrative, March 8, 2013, Recommended for Approval

RECOMMENDED ACTIONS:

1. Adopt Resolution approving the prepayment of the remaining installment purchase payments for the SCAQMD Headquarters Facilities in an amount of \$9,815,013.75 from the Debt Service Fund,
2. Transfer \$6,415,014.00 from the General Fund Designation for Budget Stabilization to the Debt Service Fund, and
3. Transfer any remaining balance in the Debt Service Fund to the General Fund Unreserved Undesignated Fund Balance after the completion of the prepayment described in Recommended Action #1 above, in an estimated amount of \$12,068.15 plus accrued interest.

Barry R. Wallerstein, D.Env.
Executive Officer

MBO:lg

Background

On June 3, 1988 the Governing Board authorized the Chairman to execute an Installment Purchase Agreement with the SCAQMD Building Corporation for the Headquarters Facilities in Diamond Bar. The Installment Purchase Agreement requires SCAQMD to make the regularly scheduled principal and interest payments on bonds issued by the SCAQMD Building Corporation for the construction of the Headquarters Facilities. This

Agreement was amended on July 8, 1988 to identify the Diamond Bar Site as the property to be purchased, and further amended on October 1, 1992 and May 3, 2002 for the purpose of refinancing. The remaining scheduled principal and interest payments are \$9,615,000.00 and \$364,701.25, respectively, with a scheduled payoff date of July 25, 2014.

The Installment Purchase Agreement allows SCAQMD to exercise the option to prepay remaining payments in whole upon giving written notice to the trustee, US Bank, at least 45 days prior to a regularly scheduled Installment Purchase Payment date and by depositing monies in an amount sufficient to pay the unpaid principal amount of any outstanding bonds together with interest due on the bonds to be prepaid.

A prepayment of unpaid principal and interest due on the next regularly scheduled Installment Purchase Date of July 25, 2013 in an amount of \$9,615,000.00 and \$200,013.75, respectively, would result in a payoff of the Headquarters Facilities one year before the scheduled payoff date. The one year early payoff would result in interest payment savings to SCAQMD in an amount of \$164,687.50, or \$141,437.50 net of assumed foregone interest earnings.

In 2009, the Governing Board established the Debt Service Fund to replace a terminated Guaranteed Investment Contract due to changes in the financial markets. The purpose of the Debt Service Fund was for the defeasance of a portion of AQMD's debt service in future years. The Debt Service Fund has a fund balance of \$3,412,067.90 as of February 28, 2013.

Proposal

These recommendations include adopting a resolution to approve prepayment of the remaining principal and interest on the outstanding Headquarters Facilities bonds due as of July 25, 2013 in a total amount of \$9,815,013.75 from the Debt Service Fund and transferring \$6,415,014.00 from the General Fund Designation for Budget Stabilization to the Debt Service Fund to effect the prepayment.

The result of these recommendations will be completion of the purchase of SCAQMD's Headquarters Facilities one year earlier than required for a net cost savings of \$141,437.50.

Resource Impact

The prepayment will be paid from the Debt Service Fund, utilizing \$6,415,014.00 transferred from the General Fund Designation for Budget Stabilization along with existing Debt Service Fund balance of \$3,399,999.75. Net cost savings are estimated at \$141,437.50. Any remaining fund balance in the Debt Service Fund after the completion of the prepayment, in an estimated amount of \$12,068.15 plus accrued interest, will be transferred to the General Fund Unreserved Undesignated Fund Balance.

Attachment Resolution

RESOLUTION NO. 13-_____

A Resolution of the South Coast Air Quality Management District Board approving the prepayment of the remaining installment purchase payments for the SCAQMD Headquarters Facilities in an amount of \$9,815,013.75 from the Debt Service Fund.

WHEREAS, the South Coast Air Quality Management District entered into an Installment Purchase Agreement with the South Coast Air Quality Management District Building Corporation for the purchase of the Headquarters Facilities; and

WHEREAS, Section 315 of the Installment Purchase Agreement grants an option to prepay the Installment Purchase Payments by giving written notice and depositing cash to the Trustee in an amount sufficient to pay the unpaid principal and interest on the bonds to be prepaid at least forty-five days prior to an installment purchase payment date; and

WHEREAS, the South Coast Air Quality Management District Board desires to exercise the option to prepay the remaining balance of the outstanding installment purchase payments due on, or after, July 25, 2013.

THEREFORE, be it resolved that the South Coast Air Quality Management District Board approves the prepayment of the remaining installment purchase payments for the SCAQMD Headquarters Facilities in an amount of \$9,815,013.75 to be paid from the Debt Service Fund and authorizes its Executive Officer to execute and deliver all documents necessary to complete the prepayment.

AYES:

NOES:

ABSENT:

Date: _____

Clerk of the District Board

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 12

PROPOSAL: Remove Various Fixed Assets from SCAQMD Inventory

SYNOPSIS: SCAQMD Administrative Policies and Procedures No. 20 requires each organizational unit to review fixed assets for obsolescence and disposal every six months. This action is to approve removal of surplus equipment and motor vehicles determined to be obsolete, non-operational and not worth repairing.

COMMITTEE: Administrative, March 8, 2013; Recommended for Approval

RECOMMENDED ACTIONS:

1. Declare the items on Attachments A and B as surplus and authorize removal of these items from the fixed assets inventory through donation, auction process, salvage, or dismantlement for parts, and
2. Authorize the donation of seven non-operational microturbines and ancillary equipment to California State Polytechnic University in Pomona (Cal Poly) and the University of California at San Diego (UCSD) for educational purposes.

Barry R. Wallerstein, D Env.
Executive Officer

MBO:SJ:lg

Background

SCAQMD Administrative Policies and Procedures No. 20 established procedures for the approval, purchasing, tagging, physical inventory, and disposal of fixed assets. This policy requires the review of the fixed assets and controlled items for obsolescence and disposal every six months. The list of equipment appearing on Attachment A represents old, obsolete and non-operational equipment that could not be repaired. The list of vehicles appearing on Attachment B represents vehicles that are non-operational and not worth repairing. Equipment and vehicles purchased with federal funds are being disposed of in accordance with applicable federal regulations.

In 2001, the Board authorized the use of various settlement funds and mitigation fees to install approximately 200 low-emission microturbines for distributed power generation

throughout the Basin in order to assist with the energy crisis and help prevent the need to use emergency backup generators with diesel engines. These microturbines consisted of 30-kW and 60-kW units burning natural gas with reported NOx emissions below 9 ppm (at 15% O2), which represented very low emissions for this type of equipment. Seven of these 60-kW microturbines were installed at SCAQMD's Headquarters Building as a source of distributed electric generation with waste heat recovery to supplement the hot water and space heating needs. Due to technical issues, the units are no longer operational, not scheduled for repair, not worth repairing and planned for removal to be replaced with new distributed electrical generation technology such as the 400kW Fuel Cell scheduled for installation this year.

Proposal

Staff is recommending that the assets on Attachments A and B, as in the past, be surplused through the surplus process and properly disposed of. Equipment will be auctioned, donated or dismantled for parts and the motor vehicles will be disposed of through auction.

Additionally, staff is recommending the donation of seven non-operational microturbines and ancillary equipment to Cal Poly and UCSD to be used as part of their educational curriculum.

Resource Impacts

The proposed action will have no significant impact on the General Fund, other than miscellaneous revenue from auction sales. The total original cost of the fixed assets in Attachments A and B was \$1,206,229.23 and was accounted for, fully depreciated, and reported in the annual audited financial statements.

Attachment

- A. Obsolete or Non-repairable Fixed Assets
- B. Obsolete or Non-repairable Motor Vehicles

**South Coast Air Quality Management District
ATTACHMENT A
Obsolete or Non-repairable Equipment**

Asset ID	Tag #	Description	Cost	Date Purchased	Net Book Value	Disposition
000000003945	E000374*	GENERATOR HYDROGENCHRYSALIS II	14,462.20	6/3/2008	\$0.00	Parts/Auction **
000000003954	0016757	TRACE GC MS UPGRADE KIT	16,319.11	6/5/2008	0.00	Parts/Auction **
00000155	0010637	GAS CAL - ENV 100	10,707.70	6/1/1990	0.00	Parts/Auction **
00000179	0010699	GAS CAL - ENV 100	10,708.81	5/3/1990	0.00	Parts/Auction **
00000268	0010899	GAS CAL - ENV 100	11,043.98	1/9/1990	0.00	Parts/Auction **
00000276	0010920	GAS CAL - ENV 100	11,043.98	2/12/1992	0.00	Parts/Auction **
00000294	0010957	ANALYZER CARBON	47,056.00	5/2/1991	0.00	Auction
00001108	0014207	SAMPLER	5,737.25	12/1/1995	0.00	Auction
00003378	0016566	GC/SPECTROMETER	82,470.70	5/28/2002	0.00	Parts/Auction **
00003424	0016532	GAS CHROMAT SIEVERS SSA 5504	35,348.66	1/1/2002	0.00	Auction
00001386	0015522	CONCENTRATOR, ENTECH 7100A	17,603.16	3/3/1998	0.00	Parts/Auction **
		Total Obsolete or Non-repairable Equipment	\$ 262,501.55			
		* Purchased with federal funds.				
		** Usable parts will be removed and the remainder will be auctioned.				



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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 14

PROPOSAL: Approve Contract Awards under FYs 2012-14 AB 2766 Discretionary Fund Work Program

SYNOPSIS: As part of their FYs 2012-14 Work Program, the MSRC approved multiple awards under the Event Center Transportation Program. These include a contract to provide bus service to Dodger games, a contract to provide bus service to the Orange County Fair, and a contract to provide special Metrolink service to Angel Stadium. At this time the MSRC seeks Board approval of these contract awards.

COMMITTEE: Mobile Source Air Pollution Reduction Review, March 21, 2013, Recommended for Approval

RECOMMENDED ACTIONS:

1. Approve a contract award to the Los Angeles County Metropolitan Transportation Authority in an amount not to exceed \$1,169,000 to provide bus service, as well as special Metrolink service for select games, for 2013 and 2014 Dodger games, from the funding previously allocated for the Event Center Transportation Program, as part of approval of FYs 2012-14 AB 2766 Discretionary Fund Work Program, as described in this letter;
2. Approve a contract award to the Orange County Transportation Authority in an amount not to exceed \$576,833 to provide bus service to the 2013 Orange County Fair, from the funding previously allocated for the Event Center Transportation Program, as part of approval of FYs 2012-14 AB 2766 Discretionary Fund Work Program, as described in this letter;
3. Approve a contract award to the Orange County Transportation Authority in an amount not to exceed \$194,235 to provide special Metrolink service for 2013 Angels games, from the funding previously allocated for the Event Center Transportation Program, as part of approval of FYs 2012-14 AB 2766 Discretionary Fund Work Program, as described in this letter;

4. Authorize MSRC the authority to adjust contract awards up to five percent, as necessary and previously granted in prior work programs; and
5. Authorize the Chairman of the Board to execute new contracts under FYs 2012-14 AB 2766 Discretionary Fund Work Programs, as described above and in this letter.

Greg Winterbottom
Chair, MSRC

CSL:HH:CR

Background

In September 1990 Assembly Bill 2766 was signed into law (Health & Safety Code Sections 44220-44247) authorizing the imposition of an annual \$4 motor vehicle registration fee to fund the implementation of programs exclusively to reduce air pollution from motor vehicles. AB 2766 provides that 30 percent of the annual \$4 vehicle registration fee subvented to the AQMD be placed into an account to be allocated pursuant to a work program developed and adopted by the MSRC and approved by the Board.

The MSRC chooses categories of projects which it seeks to fund for each Work Program. At its September 2012 retreat, the MSRC directed its Technical Advisory Committee (MSRC-TAC) to begin development of a two-year Work Program combining resources and AB 2766 revenues of FYs 2012-13 and 2013-14. To date the MSRC has selected one FYs 2012-14 Work Program category, for Event Center Transportation projects, with additional categories to be brought forward in the near future. At their March 21, 2013 meeting, the MSRC considered awards for Event Center Transportation projects submitted to date. Details are provided below in the Proposal section.

Outreach

In accordance with AQMD's Procurement Policy and Procedure, a public notice advertising the Program Announcement was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin. In addition, the solicitation was advertised in the Desert Sun newspaper for expanded outreach in the Coachella Valley.

Additionally, potential bidders may have been notified utilizing AQMD's own electronic listing of certified minority vendors. Notice of the solicitations was e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at AQMD's Website (<http://www.aqmd.gov>). Information is also available on AQMD's bidder's 24-hour telephone message line (909) 396-2724. Further, the solicitations were posted on the

MSRC's website at <http://www.cleantransportationfunding.org> and electronic notifications were sent to those subscribing to this website's notification service.

Proposals

At its March 21, 2013 meeting, the MSRC unanimously approved the following as part of FYs 2012-14 Work Program:

Dodger Stadium Express

As part of the FYs 2012-14 Work Program, the MSRC allocated \$4.0 million for event center transportation programs and released a Program Announcement to solicit projects for traffic-impacted centers. The Los Angeles County Metropolitan Transportation Authority (Metro) requested the MSRC to consider an award of \$1,169,000 to implement express bus and additional Metrolink service for Dodger Stadium for the 2013 and 2014 seasons. Service would be provided by CNG buses from Union Station for 82 scheduled home games, providing service from two hours prior to each game until 45 minutes after the game ends. In addition, special Metrolink trains will be added in support of "cross-town rivalry" games. For four games of each season, trains will depart from Oceanside and arrive at Union Station, enabling patrons to utilize the bus service to access Dodger Stadium. Furthermore, for the first time, the bus service will also include support for a dedicated bus lane on Sunset Boulevard. Outreach for the service would also promote the air quality benefits of ridesharing, public transportation, and alternative fuels, as well as promoting the MSRC. Metro would contribute at least \$1,169,000 towards the development and procurement of outreach and promotional materials. The MSRC approved a \$1,169,000 contract award to Metro to implement the 2013 and 2014 Dodger Stadium Express.

Orange County Fair Express

Also in response to the Event Center Transportation Program Announcement, the Orange County Transportation Authority (OCTA) requested the MSRC to consider an award of \$576,833 to implement express bus service for the 2013 Orange County Fair. The service will include hourly bus transportation to and from the Anaheim Canyon Metrolink Station/Tustin-Lincoln Park & Ride, Laguna Hills Transportation Center, Irvine Transportation Center, Junipero Serra Park & Ride, the Village at Orange, and the Newport Transportation Center. Additionally, due to higher than anticipated demand last year, the service will include bus transportation every 30 minutes to and from Fullerton Park & Ride, the Depot at Santa Ana, and Goldenwest Transportation Center. In addition to allowing Fair attendees to use public transportation for all or a portion of their trip, the service would also reduce vehicle traffic in and around the Fair. Elimination of traffic congestion, especially reductions in automobile stop and go driving and queuing, has a direct link to reduced vehicle exhaust emissions. OCTA and its project partners would collectively contribute \$582,500 in co-funding including fare box revenue, marketing design and production, and advertising and marketing purchases. The MSRC approved a \$576,833 contract award to OCTA to implement the 2013 Orange County Fair Express.

Angels Express

Also in response to the Event Center Transportation Program Announcement, OCTA requested the MSRC to consider an award of \$194,235 to implement special Metrolink service for the 2013 Angels season. The service would be provided in support of 48 Angels home games with two dedicated trains that would run along MetroLink's Orange County Line corridor from Oceanside in the south and Los Angeles Union Station in the north to the terminus at Anaheim station, approximately 700 feet from Angels Stadium. A portion of the southern trips will be regular MetroLink service, and OCTA will not seek reimbursement for those trips. In addition, limited service would be provided on MetroLink's Inland Empire-Orange County line from Riverside Downtown to Orange, followed by a transfer at Orange to Anaheim, for 13 Friday games. Service would promote the use of public transit, including bus and rail, in lieu of personal automobile. Elimination of traffic congestion, especially reductions in automobile stop and go driving and queuing, has a direct link to reduced vehicle exhaust emissions. OCTA would contribute at least \$208,000 in co-funding. To further increase emission benefits, OCTA would only seek reimbursement for rail trips performed using MetroLink's cleanest locomotives, rated at Tier 2. The MSRC approved a \$194,235 contract award to OCTA to implement the 2013 Angels Express service.

At this time the MSRC requests the AQMD Board to approve the contract awards as part of approval of FYs 2012-14 AB 2766 Discretionary Fund Work Program as outlined above. The MSRC also requests the Board to authorize the AQMD Chairman of the Board to execute all agreements described in this letter. The MSRC further requests the authority to adjust the funds allocated to each project specified in this Board letter by up to five percent of the project's recommended funding. The Board has granted this authority to the MSRC for all past Work Programs.

Resource Impacts

The AQMD acts as fiscal administrator for the AB 2766 Discretionary Fund Program (Health & Safety Code Section 44243). Money received for this program is recorded in a special revenue fund (Fund 23) and the contracts specified herein will be drawn from this fund.

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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 15

PROPOSAL: Legislative and Public Affairs Report

SYNOPSIS: This report highlights the February 2013 outreach activities of Legislative and Public Affairs, which include: Environmental Justice Update, Community Events/Public Meetings, Business Assistance, and Outreach to Business and Federal, State, and Local Government.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:
Receive and file.

Barry R. Wallerstein, D.Env.
Executive Officer

LBS:DJA:MC:DM

BACKGROUND

This report summarizes the activities of Legislative and Public Affairs for February 2013. The report includes four major areas: Environmental Justice Update, Community Events/Public Meetings (including the Speakers Bureau/Visitor Services, Communications Center, and Public Information Center), Business Assistance and Outreach to Business and Federal, State, and Local Governments.

ENVIRONMENTAL JUSTICE UPDATE

The following are key environmental justice-related activities in which staff participated during February 2013. These events involve communities that may suffer disproportionately from adverse air quality impacts.

- On February 5, staff attended a public meeting in Wildomar. Several public agencies including the California Department of Toxic Substances Control, Riverside County Department of Public Health and the South Coast Air

Quality Management District presented the results of soil and air quality tests from homes in the Autumnwood community. There was discussion as well as public comment from the approximately 50 community members in attendance. A summary of AQMD's test results is located on the SCAQMD website: <http://www.aqmd.gov/news1/2013/wildomarreportmainpage.htm>.

- On February 20, staff participated in the Riverside County Department of Health's "Healthy City Resolutions Workgroup" meeting. The goal of the Healthy Riverside County Initiative is to "build health into everyday life and make the healthy choice the easy choice."
- On February 23, staff participated in the Inaugural Summit Environmental Leadership Conference in the Coachella Valley. SCAQMD participated in this environmental justice event which brought together educators, policy-makers, government organizations, non-profits, community members and others to focus on health and environmental issues in Eastern Coachella Valley.
- On February 23, staff exhibited at the Center for Community Action and Environmental Justice (CCA EJ) "A Day in the Park" event to raise awareness on air quality and environmental issues in the Inland Empire.

COMMUNITY EVENTS/PUBLIC MEETINGS

Each year, thousands of residents engage in valuable information exchanges through events and meetings that SCAQMD sponsors either alone or in partnership with others. Attendees typically receive the following information:

- Tips on reducing their exposure to smog and its health effects.
- Clean air technologies and their deployment.
- Invitations or notices of conferences, seminars, workshops and other public events.
- Ways to participate in SCAQMD rule and policy development.
- Assistance in resolving air quality-related problems.

The events that SCAQMD staff attended and/or provided information and updates include:

- February 1 Southern California Edison's 11th Annual Connecting the Evolution of Electricity to Black History, Irwindale
- February 7 19th Annual Unity Awards Gala, held by Federal Loan Mortgage Loan Corporation Freddie Mac, Beverly Hills

- February 20 Children’s Hospital of Orange County Grand Rounds Event, Orange
- February 22 South Bay Cities Council of Governments Annual General Assembly, Carson
- February 28 La Ferta Elementary School’s Science Fair, Glendora
- February 29 Lone Hill Middle School’s Career Day, San Dimas

From December to February, staff contacted high schools within SCAQMD’s four-county jurisdiction, inviting their students to attend SCAQMD’s “A World We Can Change High School Conference and Expo” at the Long Beach Convention Center to be held on March 13. Over 8,000 students and staff were pre-registered by the end of February to attend the conference.

SPEAKERS BUREAU/VISITOR SERVICES

SCAQMD regularly receives requests for staff to speak on air quality-related issues from a wide variety of organizations, such as: trade associations, chambers of commerce, community-based groups, schools, hospitals and health-based organizations. SCAQMD also hosts visitors from around the world who meet with staff on a wide range of air quality issues.

- On February 14, staff provided an overview presentation on SCAQMD, and gave a tour of the laboratory, and demonstrated cleaner alternative fueled vehicles at SCAQMD’s Diamond Bar Headquarters to 26 students and staff from the Pasadena Art Center, Automotive Design Class.
- On February 22, staff provided an overview presentation on SCAQMD, gave a tour of the laboratory, and demonstrated cleaner alternative fueled vehicles at SCAQMD’s Diamond Bar Headquarters to 20 members of staff from the City of San Marino.
- On February 27, staff provided a tour of the laboratory and demonstrated cleaner alternative fueled vehicles at SCAQMD’s Diamond Bar Headquarters to 12 students and staff from the “Day One” after-school program in South Pasadena.
- On February 28, staff provided an overview presentation on SCAQMD, clean air technologies, and air quality regulations to 24 students at Corona High School.

COMMUNICATION CENTER STATISTICS

The Communication Center handles calls on the SCAQMD main line, 1-800-CUT-SMOG[®] line and Spanish line. Calls received in the month of February 2013 are summarized below:

Main Line Calls	2,491
1-800-CUT-SMOG [®] Line	1,438
After Hours Calls*	457
Spanish Line Calls	<u>42</u>
<i>Total Calls</i>	4,428

* Saturdays, Sundays, holidays, and after 7:00 p.m. Monday through Friday.

PUBLIC INFORMATION CENTER STATISTICS

The Public Information Center (PIC) handles phone calls and walk-in requests for general information. Information for the month February 2013 is summarized below:

Visitor Transactions	200
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Calls Received by PIC Staff	37
Calls to Automated System	<u>1,171</u>
<i>Total Calls</i>	1,208

E-mail Advisories Sent	30,646
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BUSINESS ASSISTANCE

SCAQMD assists businesses by notifying them of proposed regulations so they can participate in the development of these rules. SCAQMD also works with other agencies and governments to identify efficient, cost-effective ways to reduce air pollution and shares that information broadly. Additionally, staff provides personalized assistance to small businesses both over the telephone and by on-site consultation. The information is summarized below.

- Provided permit application assistance to 173 companies
- Issued 17 clearance letters

Types of business assisted:

- | | |
|---------------------------------|-----------------|
| ✓ Puppet repair & manufacturing | ✓ Metal coating |
| ✓ Shutter manufacturing | ✓ Restaurants |
| ✓ Auto body shops | ✓ Foundry |
| ✓ Vinyl record manufacturing | ✓ Machine shop |
| ✓ Gas stations | ✓ Dairy |

OUTREACH TO BUSINESS AND FEDERAL, STATE, AND LOCAL GOVERNMENTS

Field visits and communications were conducted with elected officials or staff from the following cities:

Alhambra	Cypress	La Quinta
Agoura Hills	Dana Point	La Verne
Aliso Viejo	Desert Hot Springs	Laguna Beach
Anaheim	Diamond Bar	Laguna Hills
Arcadia	Downey	Laguna Niguel
Artesia	Duarte	Laguna Woods
Avalon	Eastvale	Lake Elsinore
Azusa	El Monte	Lake Forest
Baldwin Park	El Segundo	Lakewood
Banning	Fontana	Lawndale
Beaumont	Fountain Valley	Loma Linda
Bell	Fullerton	Lomita
Bell Gardens	Garden Grove	Long Beach
Bellflower	Gardena	Los Alamitos
Beverly Hills	Glendale	Los Angeles
Big Bear Lake	Glendora	Lynwood
Bradbury	Grand Terrace	Malibu
Brea	Hawaiian Gardens	Manhattan Beach
Buena Park	Hawthorne	Maywood
Burbank	Hemet	Menifee
Calabasas	Hermosa Beach	Mission Viejo
Calimesa	Hidden Hills	Monrovia
Canyon Lake	Highland	Montclair
Carson	Huntington Beach	Montebello
Cathedral City	Huntington Park	Monterey Park
Cerritos	Indian Wells	Moreno Valley
Chino	Indio	Murrieta
Chino Hills	Industry	Newport Beach
Claremont	Inglewood	Norco
Coachella	Irvine	Norwalk
Colton	Irwindale	Ontario
Commerce	Jurupa Valley	Orange
Compton	La Cañada Flintridge	Palm Desert
Corona	La Habra	Palm Springs
Costa Mesa	La Habra Heights	Palos Verdes Estates
Covina	La Mirada	Paramount
Cudahy	La Palma	Pasadena
Culver City	La Puente	Perris

Pico Rivera	San Fernando	Temple City
Placentia	San Gabriel	Torrance
Pomona	San Jacinto	Tustin
Rancho Cucamonga	San Juan Capistrano	Upland
Rancho Mirage	San Marino	Vernon
Rancho Palos Verdes	Santa Ana	Villa Park
Rancho Santa Margarita	Santa Clarita	Walnut
Redlands	Santa Fe Springs	West Covina
Redondo Beach	Santa Monica	West Hollywood
Rialto	Seal Beach	Westlake Village
Riverside	Sierra Madre	Westminster
Rolling Hills	Signal Hill	Whittier
Rolling Hills Estates	South El Monte	Wildomar
Rosemead	South Gate	Yorba Linda
San Bernardino	South Pasadena	Yucaipa
San Clemente	Stanton	
San Dimas	Temecula	

Visits and/or communications were conducted with elected officials or staff from the following state and federal offices:

- U.S. Senator Dianne Feinstein
- U.S. Congressman John Campbell
- U.S. Congressman Edward Royce
- U.S. Congressman Gary Miller
- U.S. Congressman Mark Takano
- State Senator Bill Emmerson
- State Senator Mimi Walters
- State Senator Mark Wyland
- Assembly Member Cheryl Brown
- Assembly Member Diane Harkey
- Assembly Member Jose Medina
- Assembly Member Mike Morrell
- Assembly Member Don Wagner

Staff represented SCAQMD and/or provided a presentation to the following groups:

Anaheim Chamber of Commerce
 Association of California Cities, Orange County
 Yvonne Burke Senior & Community Center
 Corona Area Chamber of Commerce

Hemet/San Jacinto Chamber of Commerce
Irwindale Chamber of Commerce
Moreno Valley Government Affairs Council
Orange County Council of Governments
Redlands Chamber of Commerce
Riverside County Health Coalition
San Bernardino Association of Governments
San Bernardino Area Chamber of Commerce
San Gabriel Valley Council of Governments
San Gabriel Valley Economic Partnership
South Orange County Economic Coalition
West Orange County Chambers of Commerce
Western Riverside Council of Governments

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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 16

REPORT: Hearing Board Report

SYNOPSIS: This reports the actions taken by the Hearing Board during the period of February 1 through February 28, 2013.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:

Receive and file this report.

Edward Camarena
Chairman of Hearing Board

DP

Two summaries are attached: **Rules From Which Variances and Orders for Abatement Were Requested in 2013** and **February 2013 Hearing Board Cases**.

The total number of appeals filed during the period February 1 to February 28, 2013 is 1; and total number of appeals filed during the period of January 1 to February 28, 2013 is 1.

Report of February 2013 Hearing Board Cases

Case Name and Case No.	Rules	Reason for Petition	District Position/ Hearing Board Action	Type and Length of Variance or Order	Excess Emissions
1. Crockett Packaging Case No. 5913-1A (M. Reichert)	1146(c)(1)(I)	Petitioner operating boiler in violation of Rule 1146. Petitioner cannot meet compliance deadline in previously issued variance.	Not Opposed/Dismissed	EV dismissed for lack of good cause.	N/A
2. ExxonMobil Oil Corporation Case No. 1183-473 (N. Sanchez)	203(b) 2004(f)(1) 3002(c)(1)	Petitioner must shut down boiler serving refinery process for state mandated inspection and maintenance. On restart, excess NOx may occur before SCR achieves proper operating temperature.	Not Opposed/Granted	SV & AOC granted for 30 nonconsecutive hours in a window of time from 3/28/13 through 6/13/13.	NOx: 145 lbs over 30 hrs
3. Mitsubishi Cement Corporation Case No. 5545-3 (K. Manwaring)	203(b)	Petitioner seeks variance to take advantage of opportunity to import and unload slag in violation of its permit.	Not Opposed/Denied	RV denied.	N/A
4. Pasadena City, Dept Water & Power Case No. 2244-27 (J. Panasiti)	203(b) 2004(f)(1) 3002(c)(1)	Continuing problems with repair of damaged gas turbine has prevented the performance of annual NH3 slip emissions test of SCR.	Not Opposed/Granted	MFCD/EXT granted commencing 2/26/13 and continuing through 7/31/13.	None
5. Pioneer Americas LLC dba Olin Chlor Alkali Products Case No. 5924-1 (N. Sanchez)	202(a) 203(b)	Petitioner operates bleach production operation and needs to replace one of two NaOH tanks used to control chlorine emissions. Tank must be taken out of service for replacement.	Not Opposed/Granted	SV granted commencing upon notification given to the District and continuing for 90 days thereafter, but in no event later than 5/22/13.	None
6. SCAQMD vs. California State University, Los Angeles Case No. 5926-1 (N. Sanchez)	1146(c)(1)(I)	Respondent operating boiler in violation of Rule 1146.	Stipulated/Issued	O/A issued commencing 2/27/13 and continuing through 7/31/13. The Hearing Board shall retain jurisdiction over this matter until 12/31/13.	N/A

Case Name and Case No.	Rules	Reason for Petition	District Position/ Hearing Board Action	Type and Length of Variance or Order	Excess Emissions
7. SCAQMD vs. Colorcoat, Inc. Case No. 5915-2 (N. Sanchez)	203(b) 1145(c)(1)	Respondent using specialty coatings with VOC content in excess of Rule 1145(c)(1) limits.	Stipulated/Issued	O/A issued commencing 2/14/13 and continuing through 7/25/13. The Hearing Board shall retain jurisdiction over this matter until 9/30/13.	N/A
8. SCAQMD vs. Corsican Furniture, Inc, a California Corporation; and Martin Joseph Perfit and Jon Anderson as individuals Case No. 5919-1 (N. Feldman)	203(a) 1147	Respondent operating two paint spray booths and one powder coating booth without permit. Petitioner also operating powder baking oven without permit and in violation of NOx limit.	Not Stipulated/Issued	O/A issued commencing 2/13/13 and continuing through 8/15/13. The Hearing Board shall retain jurisdiction over this matter until 12/31/13.	N/A
9. SCAQMD vs. Guillermo Borjas, an individual dba Mancilla's Body Shop Case No. 5921-1 (N. Sanchez)	109(c)(1) 203(a)	Respondent operating paint spray booth without permit and fails to keep paint/VOC usage records.	Not Stipulated/Issued	O/A issued commencing 2/19/13 and continuing through 12/31/13. The Hearing Board shall retain jurisdiction over this matter until 12/31/13.	N/A
10. SCAQMD vs. Kaiser Foundation Hospitals Case No. 3765-6 (K. Manwaring)	1146	Respondent operating standby boilers in violation of Rule 1146.	Stipulated/Issued	O/A issued commencing 2/6/13 and continuing until 2/6/14. The Hearing Board shall retain jurisdiction over this matter until 2/6/14.	N/A
11. SCAQMD vs. Palm Springs Unified School District, James Workman Middle School, and Cathedral City High School Case No. 5922-1 (N. Sanchez)	203(a) 1470(c)(3)(C)(iii)	Respondent operating diesel ICEs near schools in violation of Rule 1470.	Stipulated/Issued	O/A issued commencing 2/5/13 and continuing through 7/31/13. The Hearing Board shall retain jurisdiction over this matter until 7/31/13.	N/A
12. SCAQMD vs. Valley Presbyterian Hospital Case No. 5920-2 (Consent Calendar K. Manwaring)	1146.1 1146.1(c)(2)	Respondent operating three boilers in violation of Rule 1146.	Stipulated/Issued	O/A issued commencing 2/28/13 and continuing through 6/30/13. The Hearing Board shall retain jurisdiction over this matter until 2/28/14.	N/A

Acronyms

AOC: Alternative Operating Conditions

CARB: California Air Resources Board

CO: Carbon Monoxide

EV: Emergency Variance

FCCU: Fluid Catalytic Cracking Unit

FCD: Final Compliance Date

H₂S: Hydrogen Sulfide

H&S: Health & Safety Code

ICE: Internal Combustion Engine

I/P: Increments of Progress

IV: Interim Variance

MFCD/EXT: Modification of a Final Compliance Date and Extension of a Variance

Mod. O/A: Modification of an Order for Abatement

NaOH: Sodium Hydroxide

NH₃: Ammonia

NOV: Notice of Violation

NO_x: Oxides of Nitrogen

N/A: Not Applicable

O/A: Order for Abatement

PM: Particulate Matter

RECLAIM: Regional Clean Air Incentives Market

ROG: Reactive Organic Gas

RV: Regular Variance

SCR: Selective Catalytic Reduction

SO_x: Oxides of Sulfur

SV: Short Variance

TBD: To be determined

VOC: Volatile Organic Compound

VRS: Vapor Recovery System

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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 17

REPORT: Civil Filings and Civil Penalties Report

SYNOPSIS: This reports the monthly penalties from February 1 through February 28, 2013, and legal actions filed by the District Prosecutor during February 1 through February 28, 2013. An Index of District Rules is attached with the penalty report.

COMMITTEE: Stationary Source, March 15, 2013, Reviewed

RECOMMENDED ACTION:
Receive and file this report.

Kurt R. Wiese
General Counsel

KRW:lc

Violations

Civil Actions Filed

3	ORCHARD SUPPLY HARDWARE Los Angeles Superior Court – Central Court Case No. BC499404; Filed: 2.1.13 (NAS) P57614, P57622, P55495 R. 1113 - Architectural Coatings Rule 1470 - Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines
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3 Violations

1 Case Filed

Attachments
February 2013 Penalty Report
Index of District Rules and Regulations

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
District Prosecutor's Office**

February 2013 Penalty Report

Total Penalties

Civil Penalties:	\$288,900.00
MSPAP Penalties:	\$42,875.00
Hearing Board Penalties:	\$53,000.00

Total Cash Penalties: \$384,775.00

Total SEP Value: \$0.00

Fiscal Year through February 2013 Cash Total:	\$6,421,659.37
Fiscal Year through February 2013 SEP Value Only Total:	\$1,176,661.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
<u>CIVIL PENALTIES:</u>							
163928	ADVANTAGE INKS	1130		2/22/2013	KCM	P58036	\$1,800.00
107884	ALLIANCE ENVIRONMENTAL GROUP INC	1403		2/20/2013	NSF	P55911	\$10,000.00
140373	AMERESCO CHIQUITA ENERGY LLC	3004		2/6/2013	MJR	P59573	\$5,500.00
21598	ANGELICA TEXTILE SERVICES	2004	Y	2/17/2013	NSF	P55665	\$1,500.00
800286	ARCO TERMINAL SERVICES CORP	221, 462, 3002		2/19/2013	JMP	P51978	\$4,600.00
9668	DELUXE LABORATORIES	3003, 3004		2/5/2013	NAS	P49296	\$8,000.00
166581	ESPINOZA CONSTRUCTION	1403		2/1/2013	JMP	P53076	\$2,200.00
146509	J & J OIL, INC. Small Claims filing.	461 (E) (1) 461		2/1/2013	NSF	P57011 P56762	\$800.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
128654	M FOR K INC/ARCO AM/PM Small Claims filing.	41960.6 461(C)(2)(B) 461, 41960.2 461(C)(2)(B) 461 (E) (1) 203 (A)		2/5/2013	PH3	P56146 P56149 P57014 P57005	\$1,000.00
168252	MING MANAGEMENT INC.	1403 1403 1403		2/5/2013	NSF	P53970 P53969 P53968	\$11,000.00
139733	OIL OPERATORS BELL LEASE	203 (B)		2/18/2013	NSF	P56965	\$14,500.00
166564	ORANGE AUTO DETAIL	109, 1171, 1151(E)(1)		2/6/2013	NSF	P53692	\$1,500.00
165816	RIVERSIDE MAGNUM RANGE INC Small Claims filing.	203 (B)		2/13/2013	PH3	P55909	\$500.00
140518	SHAN COR Settlement includes one year civil probation commencing on 3.1.13 through 2.28.14 whereas no violations of Rule 461 shall occur while conducting any fuel storage and dispensing facility performance reverification tests within the District's jurisdiction.	461		2/21/2013	NAS	P58116	\$1,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
800330	THUMS LONG BEACH	203 (A) 2004 1173 1176(E)(1) 1173 1176(E)(1) 1173, 2004(F)(1) 1176(E)(1)	Y	2/1/2013	JMP	P37224 P59154 P52612 P52616 P52611 P52615 P52613 P52614	\$217,000.00
43436	TST, INC.	3004(A)(4)	Y	2/1/2013	NSF	P56312	\$1,000.00
115130	VERTIS, INC	2004	Y	2/19/2013	NAS	P52184	\$3,000.00
171117	WESTCORE ALTON LLC	203 (A)		2/8/2013	NAS	P58874	\$4,000.00
TOTAL CIVIL SETTLEMENTS: \$288,900.00							
MSPAP SETTLEMENTS:							
135080	7ELEVEN INC #32938/NAVDEEP BASS	203 (B)		2/27/2013		P59881	\$420.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
168158	AMERICA OIL CO, INC., #3 DBA RAF	41960.2 461(C)(2)(B)		2/1/2013		P59132	\$900.00
121862	APRO OIL #11, APRO LLC	461(C)(2)(B) 41960.2		2/21/2013		P59975	\$1,050.00
147675	ARCO #06131/KHANH & VIVIAN NGUYE	461		2/21/2013		P59130	\$1,150.00
159666	ARCO FAC#09631HARSICO, LLC	203(B), 461		2/21/2013		P59240	\$500.00
130550	ARCO FACILITY #00108RADA ENTERP	461(C)(1)(A)		2/26/2013		P56793	\$890.00
169323	CIRCLE K STORES, WARNER SVCS INC	461		2/6/2013		P59968	\$650.00
113647	CITY OF SOUTHGATE WATER DEPT	203 (B)		2/20/2013		P56295	\$410.00
171379	CONSERVE LANDCARE	203(A)		2/13/2013		P59256	\$550.00
139335	COUNTRY HILLS INC	461(C)(2)(B) 41960.2		2/20/2013		P59972	\$630.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
170607	D.J. GUNITE, INC.	203(A)		2/5/2013		P59257	\$550.00
128278	DELAMO PETROLEUM	41960.2 461(C)(2)(B)		2/1/2013		P59131	\$990.00
69079	DORAL PALM SPRINGS RESORT	203, 1470		2/20/2013		P60016	\$960.00
76581	EASTERN MUNICIPAL WATER DISTRICT	1110.2		2/15/2013		P61156	\$1,100.00
79044	EL DORADO COUNTRY CLUB	461		2/21/2013		P60007	\$800.00
127568	ENGINEERED POLYMER SOLUTION, VAL	3002(C)(1)		2/21/2013		P59603	\$1,275.00
163177	FLEETWOOD HOMES, INC.	3002(C)(1)		2/15/2013		P58073	\$825.00
168194	FOOTHILL RANCH CARWASH	203 (B) 461(C)(2)(B)		2/19/2013		P59880	\$1,250.00
133720	FOOTHILL TRANSIT	203 (B), 1110.2		2/26/2013		P57674	\$1,600.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
133720	FOOTHILL TRANSIT	203 (B), 1110.2		2/26/2013		P57677	\$1,600.00
119316	G & S PARTNERSHIP	461, 41960.2		2/26/2013		P58536	\$850.00
146223	GOLDEN STATE PETROLEUM INC	203 (A)		2/13/2013		P58399	\$800.00
156018	GOOD SHEPHERD CEMETERY	461 (E) (2)		2/26/2013		P58261	\$1,600.00
143377	HERTZ EQUIPMENT RENTAL	461 (E) (2)		2/26/2013		P59651	\$2,250.00
145774	INDIAN RIDGE COUNTRY CLUB INC	461		2/21/2013		P60004	\$800.00
171271	KAISER F NORRIS	208 444		2/13/2013		P49601 P49602	\$2,750.00
139800	KAISER PERMANENTE/INDEPENDENCE P	1146.1		2/26/2013		P57277	\$4,500.00
161566	LA MODEE CLEANERS	201, 203, 1102		2/7/2013		P57974	\$750.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
171412	LAKEWOOD 76	203		2/27/2013		P59128	\$1,000.00
2493	MACY'S LOS CERRITOS MALL #49	203 (A)		2/20/2013		P59352	\$1,000.00
158779	NEWPORT C STORE & CARWASH, S RAH	203 (B), 41960.2 461(C)(2)(B)		2/19/2013		P59876	\$4,675.00
147091	PMB SPE SANTA CLARITA	1415		2/20/2013		P56888	\$1,000.00
17911	RIVERSIDE COMMUNITY COLLEGE DIST	461 (E) (2)		2/6/2013		P57138	\$600.00
138635	S/M TEXACO,S. FUEL, LLC, DBA	461(E)(2)(C)		2/15/2013		P59959	\$750.00
172307	SAN FERNANDO POST ACUTE HOSPITAL	203 (A)		2/6/2013		P57567	\$550.00
58670	SAN JUAN SERVICE	203 (B), 461		2/12/2013		P59875	\$400.00
172143	THE PALAZZO AT PARK LA BREA/AIMC	203 (A)		2/1/2013		P53944	\$500.00

TOTAL MSPAP SETTLEMENTS: \$42,875.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
HEARING BOARD SETTLEMENTS:							
24006	CAL STATE UNIVERSITY OF LOS ANGELES Hearing Board Case No. 5926-1 Civil penalties for failing to submit a District application for a Permit to Construct for boiler.	1146		2/20/2013	NAS	HRB2111	\$1,500.00
164009	COLOR COAT INC Hearing Board Case Nos. 5915-1 and 5915-2 Beginning 2.15.13 facility agrees to pay \$2500/month it operates in noncompliance with the general component coatings VOC limit and for operating the spraybooth in compliance of District Rule 1145.	1145		2/14/2013	NAS	HRB2106	\$2,500.00
24209	GEORGE INDUSTRIES Hearing Board Case No. 5905-2 Commencing 1.10.13, George Industries agrees to pay \$200/day for every day it operates RAMCO oven until it is brought into compliance. Penalty covers five days in January 2013.	1147		2/8/2013	NAS	HRB2104	\$1,000.00
147371	INLAND EMPIRE UTILITIES AGENCY Hearing Board Case No. 5209-4 IEUA shall pay \$1,000/month for operation of equipment in violation of permit conditions under Stipulated Order for Abatement. Penalty period covers February 2013.	203, 3002		2/5/2013	KCM	HRB2103	\$1,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
147371	INLAND EMPIRE UTILITIES AGENCY Hearing Board Case No. 5209-4 IEUA shall pay \$1,000/month for operation of equipment in violation of permit conditions under Stipulated Order for Abatement. Penalty period covers March 2013.	203, 3002		2/26/2013	KCM	HRB2115	\$1,000.00
49572	KAISER FOUNDATION HOSPITAL Hearing Board Case No. 4957-2 Penalty for operation of two standby boilers.	1146		2/20/2013	KCM	HRB2110	\$2,500.00
49111	SUNSHINE CANYON LANDFILL Hearing Board Case No. 3448-13 Settlement agreement states BFI agrees to pay sum of \$2,500/month for the ongoing of the facility temporary flare. Penalty is for January, February and March 2013.	402 1150		2/13/2013	NAS	HRB2105	\$7,500.00
800263	U.S. GOVT, DEPT OF NAVY Hearing Board Case No. 4518-7 Penalty for the installation and operation of four arresting gear engines without valid permits at the San Clemente Island Naval.	201, 203, 3002		2/1/2013	KCM	HRB2098	\$4,000.00
800026	ULTRAMAR INC (NSR USE ONLY) Hearing Board Case No. 3845-85 Penalties for the Wilmington Alkylolation Unit are: \$10,000 for the FCCU; \$5,000 for failing to conduct the 2012 source test; \$1,000 for 15 minute shutdown CO emissions and an additional \$5,000 for shutdown and startup flaring during January 2013.		Y	2/14/2013	KCM	HRB2108	\$21,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013	1470 203		2/1/2013	NAS	HRB2099	\$1,000.00
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013	1470 203		2/19/2013	NAS	HRB2109	\$3,000.00
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013	1470 203		2/22/2013	NAS	HRB2112	\$1,000.00
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013	1470, 203		2/22/2013	NAS	HRB2113	\$2,000.00
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013.			2/22/2013	NAS	HRB2114	\$1,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
167392	VICTORY 76, KBS INVESTMENTS, INC Collection by Small Claims filing.	461		2/5/2013	PH	HRB2101	\$1,000.00
165209	WESTCOAST PLATING, INC. Hearing Board Case No. 5840-1 Stipulated penalty until permit is obtained for plating line.	201 203 1469		2/1/2013	JMP	HRB2100	\$1,000.00
171117	WESTCORE ALTON LLC Hearing Board Case No. 5925-1 Beginning 1.11.13, Westcore shall pay the District the sum of \$1,000/month for each month it operates the boiler in noncompliance of District Rules.	203		2/15/2013	NAS	HRB2107	\$1,000.00

TOTAL HEARING BOARD SETTLEMENTS: \$53,00.00

DISTRICT RULES AND REGULATIONS INDEX FOR FEBRUARY 2013 PENALTY REPORTS

REGULATION I - GENERAL PROVISIONS

Rule 109 Recordkeeping for Volatile Organic Compound Emissions (*Amended 5/2/03*)

REGULATION II – PERMITS

List and Criteria Identifying Information Required of Applicants Seeking A Permit to Construct from the South Coast Air Quality Management - District (*Amended 4/10/98*)

Rule 201 Permit to Construct (*Amended 1/5/90*)
Rule 203 Permit to Operate (*Amended 12/3/04*)
Rule 208 Permit for Open Burning (*Amended 1/5/90*)
Rule 221 Plans (*Adopted 1/4/85*)

REGULATION IV - PROHIBITIONS

Rule 402 Nuisance (*Adopted 5/7/76*)
Rule 444 Open Fires (*Amended 10/2/87*)
Rule 461 Gasoline Transfer and Dispensing (*Amended 6/15/01*)
Rule 462 Organic Liquid Loading (*Amended 5/14/99*)

REGULATION X - NATIONAL EMISSION STANDARDS FOR HAZARDOUS AIR POLLUTANTS

REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1102 Petroleum Solvent Dry Cleaners (*Amended 11/17/00*)
Rule 1110.2 Emissions from Gaseous- and Liquid-Fueled Internal Combustion Engines (*Amended 11/14/97*)
Rule 1130 Graphic Arts (*Amended 10/8/99*)
Rule 1145 Plastic, Rubber and Glass Coatings (*Amended 2/14/97*)
Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters (*Amended Rule*)
Rule 1146.1 Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters (*Amended 5/13/94*)
Rule 1147 NOx Reductions from Miscellaneous Sources
Rule 1150 Excavation of Landfill Sites (*Adopted 10/15/82*)
Rule 1151 Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations (*Amended 12/11/98*)

- Rule 1171 Solvent Cleaning Operations (*Amended 10/8/99*)
- Rule 1173 Fugitive Emissions of Volatile Organic Compounds (*Amended 5/13/94*)
- Rule 1176 Sumps and Wastewater Separators (*Amended 9/13/96*)

REGULATION XIV - TOXICS

- Rule 1403 Asbestos Emissions from Demolition/Renovation Activities (*Amended 4/8/94*)
- Rule 1415 Reduction of Refrigerant Emissions from Stationary Refrigeration and Air Conditioning Systems
(*Amended 10/14/94*)
- Rule 1469 Hexavalent Chromium Emissions From Chrome Plating and Chromic Acid Anodizing Operations (*Adopted 10/9/98*)
- Rule 1470 Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

- Rule 2004 Requirements (*Amended 4/6/07*)

REGULATION XXX - TITLE V PERMITS

- Rule 3002 Requirements (*Amended 11/14/97*)
- Rule 3003 Applications
- Rule 3004 Permit Types and Content

CALIFORNIA HEALTH AND SAFETY CODE § 41700

- 41960 Gasoline Vapor Recovery

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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 18

REPORT: Lead Agency Projects and Environmental Documents Received by the SCAQMD

SYNOPSIS: This report provides, for the Board's consideration, a listing of CEQA documents received by the SCAQMD between February 1, 2013, and February 28, 2013, and those projects for which the SCAQMD is acting as lead agency pursuant to CEQA.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:
Receive and file.

Barry R. Wallerstein, D.Env.
Executive Officer

EC:LT:SN:SS:IM:AK

Background

CEQA Document Receipt and Review Logs (Attachments A and B) – Each month, the SCAQMD receives numerous CEQA documents from other public agencies on projects that could adversely affect air quality. A listing of all documents received during the reporting period of February 1, 2013 through February 28, 2013, is contained in Attachment A. A list of active projects from previous reporting periods for which SCAQMD staff is continuing to evaluate or prepare comments is included as Attachment B.

The Intergovernmental Review function, which consists of reviewing and commenting on the adequacy of the air quality analysis in CEQA documents prepared by other lead agencies, is consistent with the Board's 1997 Environmental Justice Guiding Principles and Initiative #4. Consistent with the Environmental Justice Program Enhancements for FY 2002-03 approved by the Board in September 2002, each of the attachments notes those proposed projects where the SCAQMD has been contacted regarding potential air quality-related environmental justice concerns. The SCAQMD has established an

internal central contact to receive information on projects with potential air quality-related environmental justice concerns. The public may contact the SCAQMD about projects of concern by the following means: in writing via fax, e-mail, or standard letters; through telephone communication; as part of oral comments at SCAQMD meetings or other meetings where SCAQMD staff is present; or submitting newspaper articles. The attachments also identify for each project the dates of the public comment period and the public hearing date, as reported at the time the CEQA document is received by the SCAQMD. Interested parties should rely on the lead agencies themselves for definitive information regarding public comment periods and hearings as these dates are occasionally modified by the lead agency.

At the January 6, 2006 Board meeting, the Board approved the Workplan for the Chairman's Clean Port Initiatives. One action item of the Chairman's Initiatives was to prepare a monthly report describing CEQA documents for projects related to goods movement and to make full use of the process to ensure the air quality impacts of such projects are thoroughly mitigated. In response to describing goods movement CEQA documents, Attachments A and B were reorganized to group projects of interest into the following categories: goods movement projects; schools; landfills and wastewater projects; airports; and general land use projects; etc. In response to the mitigation component, guidance information on mitigation measures were compiled into a series of tables relative to the following equipment: off-road engines, on-road engines, harbor craft, ocean-going vessels, locomotives, and fugitive dust. These mitigation measure tables are on the CEQA webpages portion of the SCAQMD's website. Staff will continue compiling tables of mitigation measures for other emission sources including airport ground support equipment, etc.

As resources permit, staff focuses on reviewing and preparing comments for projects: where the SCAQMD is a responsible agency; that may have significant adverse regional air quality impacts (e.g., special event centers, landfills, goods movement, etc.); that may have localized or toxic air quality impacts (e.g., warehouse and distribution centers); where environmental justice concerns have been raised; and those projects for which a lead or responsible agency has specifically requested SCAQMD review.

During the period February 1, 2013, through February 28, 2013, the SCAQMD received 54 CEQA documents. Of the total of 67 documents listed in Attachments A and B:

- 19 comment letters were sent;
- 13 documents were reviewed, but no comments were made;
- 33 documents are currently under review;
- 2 documents did not require comments (e.g., public notices, plot plans, Final Environmental Impact Reports); and
- 0 documents were not reviewed.

Copies of all comment letters sent to lead agencies can be found on the SCAQMD's CEQA webpage at the following internet address: www.aqmd.gov/ceqa/letters.html.

SCAQMD Lead Agency Projects (Attachment C) – Pursuant to CEQA, the SCAQMD periodically acts as lead agency for stationary source permit projects. Under CEQA, the lead agency is responsible for determining whether an Environmental Impact Report (EIR) or a Negative Declaration (ND) is appropriate for any proposal considered to be a “project” as defined by CEQA. An EIR is prepared when the SCAQMD, as lead agency, finds substantial evidence that the proposed project may have significant adverse effects on the environment. A ND or Mitigated Negative Declaration (MND) may be prepared if the SCAQMD determines that the proposed project will not generate significant adverse environmental impacts, or the impacts can be mitigated to less than significance. The ND and MND are written statements describing the reasons why proposed projects will not have a significant adverse effect on the environment and, therefore, do not require the preparation of an EIR.

Attachment C to this report summarizes the active projects for which the SCAQMD is lead agency and is currently preparing or has prepared environmental documentation. Through the end of February, the SCAQMD received no new requests to be the lead agency for stationary source permit application projects. No CEQA documents for permit application projects were certified in February. As noted in Attachment C, through the end of February 2013, the SCAQMD continued working on the CEQA documents for five active projects.

Through the end of February 2013, SCAQMD staff has been responsible for preparing or having prepared CEQA documents for five permit application projects, all five continuing from 2012. No CEQA documents for permit application projects have been certified so far in 2013.

Attachments

- A. Incoming CEQA Documents Log
- B. Ongoing Active Projects for Which SCAQMD Has or Will Conduct a CEQA Review
- C. Active SCAQMD Lead Agency Projects

ATTACHMENT A**
INCOMING CEQA DOCUMENTS LOG
FEBRUARY 1, 2013 TO FEBRUARY 28, 2013

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Airports <u>LAC130212-04</u> Los Angeles International Airport Midfield Satellite Concourse	The proposed project consists of the Midfield Satellite Concourse (MSC). The MSC was analyzed at a programmatic level and approved in the certified EIR approved in 2004 as part of the Master Plan for Los Angeles International Airport (LAX). The overall Midfield Satellite Concourse (MSC) Program, as documented in the LAX Master Plan, includes the following facilities: A satellite Concourse located west of Tom Bradley International Terminal; a new Central Terminal Processor (CTP) in the Central Terminal Area; a connector/conveyance system between the MSC and the CTP; and construction of new taxiways/taxi lanes, apron areas, and utilities to service the MSC. Comment Period: 2/12/2013 - 3/11/2013 Public Hearing: N/A	NOP/IS	City of Los Angeles	AQMD commented 2/22/2013
Airports <u>SBC130228-06</u> Final F-15 Aircraft Conversion Environmental Impact Statement, 144th Fighter Wing, California Air National Guard, Fresno-Yosemite International Airport	This document consists of Final EIS for the conversion of F-16 Fighting Falcon aircraft and operations to the F-15 Eagle aircraft and operations for the 144th Fighter Wing at Fresno-Yosemite International Airport in Fresno and the 144 FW Detachment 1 at March Air Reserve Base in Moreno Valley. Comment Period: N/A Public Hearing: N/A	FEIS	National Guard Bureau	Currently under review
General Land Use (residential, etc.) <u>LAC130212-03</u> Millennium Hollywood Project	The proposed project consists of the construction of approximately 1,052,667 net square feet of new residential and commercial space. The historic Capitol Records Building and Gogerty Building are within the Project Site and would be preserved and maintained to continue to operate as office and music facility. Comment Period: N/A Public Hearing: N/A	FEIR	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) <u>LAC130214-03</u> 45-Unit Affordable Housing Development	This document consists of a response to SCAQMD comments. The proposed project consists of a 45-unit affordable housing development and a proposed Development Agreement, General Plan, Zoning Code, and Map Amendments to facilitate this development. Comment Period: N/A Public Hearing: N/A	Other	City of Vernon	AQMD commented 2/22/2013
General Land Use (residential, etc.) <u>LAC130214-05</u> Eldercare Facility	The proposed project consists of constructing a four-story, 96-unit Eldercare Facility. The maximum building size is 71,210 square feet. Comment Period: N/A Public Hearing: N/A	Mitigated ND	City of Los Angeles	AQMD commented 2/20/2013

**Sorted by Land Use Type (in alpha order), followed by County, then date received.

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Other - Typically notices of public meetings

N/A - Not Applicable

- Project has potential environmental justice concerns due to the nature and/or location of the project.

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FEBRUARY 1, 2013 TO FEBRUARY 28, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) <u>SBC130228-07</u> Southern California National Forests Land Management Plan Amendment	The proposed project consists of an amendment that would revise land use zone allocations for select Inventoried Roadless Areas within the four forests and amend Land Management Plan monitoring protocols. Comment Period: 2/28/2013 - 5/16/2013 Public Hearing: N/A	Draft SupEIS	United States Department of Agriculture	Currently under review
Goods Movement <u>LAC130226-05</u> Southern California International Gateway Project	This document consists of a Final EIR and includes response to comments. The proposed SCIG Project involves constructing and operating a new near-dock intermodal rail facility by BNSF that would handle containerized cargo transported through the Ports of Los Angeles and Long Beach. Comment Period: N/A Public Hearing: 3/7/2013	FEIR	Port of Los Angeles	Currently under review*
Goods Movement <u>LAC130226-06</u> Port Master Plan Update	The proposed project consists of the Port Master Plan Update (PMPU). The PMPU serves as a long-range plan to establish policies and guidelines for future development at the Port of Los Angeles, located in San Pedro Bay approximately 20 miles south of downtown Los Angeles. Comment Period: 2/26/2013 - 4/8/2013 Public Hearing: 4/4/2013	Draft PEIR	Port of Los Angeles	Currently under review
Institutional (schools, government, etc.) <u>LAC130206-04</u> Diamond Ranch High School Track and Field Renovations	The proposed project consists of renovating the track and football field in the southwest part of Diamond Ranch High School. The natural turf field and dirt track would be replaced with synthetic turf and a 400-meter, nine-lane, all-weather, synthetic rubberized running track. Comment Period: 2/6/2013 - 3/5/2013 Public Hearing: N/A	Mitigated ND	Pomona Unified School District	Document reviewed - No comments sent
Institutional (schools, government, etc.) <u>ORC130206-03</u> Pacific Technology School	The proposed project consists of developing a charter school for 1,020 students in grades K-12 to be housed in one 47,200 square-foot classroom building with 34 classrooms, and one 5,923 square-foot gymnasium building. Comment Period: 2/6/2013 - 3/8/2013 Public Hearing: N/A	Mitigated ND	Magnolia Education & Research Foundation	Document reviewed - No comments sent

* The review was completed and a comment letter was submitted on March 6, 2013. AQMD staff testified at the hearing and the project was approved by the Board of Harbor Commissioners on March 7, 2013. The project has been appealed to the City Council by the City of Long Beach, an environmental group and a local business.

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FEBRUARY 1, 2013 TO FEBRUARY 28, 2013**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Plans and Regulations</i> <u>RVC130222-01</u> City of Banning Circulation Element General Plan Amendment Project	This document consists of responses to comments. The proposed project would amend the General Plan Circulation Element. The General Plan Amendment would include two components: a policy change to the acceptable Level of Service for roadway operating conditions from LOS C to LOS D throughout the City; and replacement of the future planned I-10/Highland Home Road Interchange with an overcrossing. Comment Period: N/A Public Hearing: N/A	Other	City of Banning	Document reviewed - No comments sent
<i>Plans and Regulations</i> <u>RVC130222-03</u> GPA No. 743, SP No. 364, CZ No. 7143, TTM No. 36450	This document consists of a case transmittal for General Plan Amendment No. 743, Specific Plan No. 364, Change of Zone No. 7143, and Tentative Tract Map No. 36450. The General Plan Amendment would change the land use designation to higher density residential. The Specific Plan consists of 126.4 acres featuring residential and commercial designations as well as open space, trails and recreation space with a maximum dwelling unit count of 490 dwelling units. The Change of Zone proposes to change the zoning on the site from Rural Residential to Specific Plan as well as formalize the Specific Plan boundary and create a zoning ordinance for the project. The Tentative Tract Map proposes a Schedule A subdivision of 126.4 acres into 245 residential lots with an average lot size of 6,518 square feet and 8 open space/basin lots. Comment Period: 2/22/2013 - 2/28/2013 Public Hearing: N/A	Other	County of Riverside	Document does not require comments
<i>Plans and Regulations</i> <u>SBC130226-02</u> Development Code Amendment DRC2013-00097	The proposed project consists of an ordinance that will amend Table 17.38.040.1 in Article III of the Development Code in order to permit attended carwashes to perform oil change services with a Conditional Use Permit within the Haven Avenue Overlay District, and to implement requirements for the minimum separation between service stations within the Haven Avenue Overlay District. Comment Period: 2/21/2013 - 3/20/2013 Public Hearing: N/A	Other	City of Rancho Cucamonga	Currently under review
<i>Retail</i> <u>LAC130201-02</u> IKEA Store Project	The proposed project consists of developing an approximately 470,000 square-foot IKEA retail building on an approximately 23-acre site in the City of Burbank. Comment Period: 2/1/2013 - 3/2/2013 Public Hearing: 2/4/2013	NOP/IS	City of Burbank	AQMD commented 2/6/2013

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<i>Retail</i> <u>LAC130206-02</u> Commerce Pad at 633 E. Washington Boulevard	The proposed project consists of constructing two fast food restaurants (Tommy's and Farmer Boys) on a 0.97-site. The site plan includes a 2,224 square-foot Tommy's restaurant with a drive-through and a 2,821 square-foot Farmer Boys restaurant with drive-through and 49 parking spaces. Comment Period: 2/6/2013 - 2/26/2013 Public Hearing: N/A	Mitigated ND	City of Commerce	Document reviewed - No comments sent
<i>Transportation</i> <u>LAC130219-01</u> State Route 57/State Route 60 Confluence at Grand Avenue Project	The proposed project consists of the reconfiguration of the approximately 2.5-mile confluence of SR-57 and SR-60, which includes the addition of auxiliary lanes and associated on-ramp/off-ramp reconfiguration. Comment Period: 2/19/2013 - 4/5/2013 Public Hearing: 3/6/2013	DEIR	City of Industry / California Department of Transportation	Currently under review
<i>Transportation</i> <u>RVC130212-02</u> State Route 79 Project	The proposed project consists of the realignment of approximately 18-miles of State Route 79 in the cities of Hemet and San Jacinto and unincorporated Riverside County. The project would begin approximately 1.26 miles south of Domenigoni Parkway and end at the intersection of SR-79 and Gilman Springs Road. Comment Period: 2/7/2013 - 3/25/2013 Public Hearing: 2/26/2013	DEIR	California Department of Transportation	Currently under review
<i>Utilities</i> <u>ORC130215-04</u> Chevron El Segundo Refinery Central Reliability Center and Central Tool Room/Instrument and Electric Shop (EA 974)	The proposed project site is currently occupied by several structures. The proposed project consists of demolishing seven of these structures in order to accommodate two new facilities that would be comprised of 101,185 square feet of new floor area. Comment Period: 2/15/2013 - 3/18/2013 Public Hearing: N/A	Mitigated ND	City of El Segundo	Currently under review
<i>Utilities</i> <u>RVC130212-06</u> Riverside Transmission Reliability Project	This document consists of a notice of determination for the Riverside Transmission Reliability Project. The proposed project consists of operation of a new, double-circuit 230 kilovolt (kV) transmission line and new 69 kV subtransmission lines including a new Southern California Edison 230 kilovolt electrical substation and a new Riverside Public Utilities 230/69 kV electrical substation. Comment Period: N/A Public Hearing: N/A	Other	City of Riverside	Document does not require comments

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<i>Warehouse & Distribution Centers</i> <u>RVC130215-02</u> Beaumont Distribution Center	The proposed project consists of an approximately 783,600 square-foot warehouse and 20,000 square feet of office space on a 38-acre site. Comment Period: 2/14/2013 - 3/15/2013 Public Hearing: N/A	NOP/IS	City of Beaumont	AQMD commented 2/22/2013
<i>Warehouse & Distribution Centers</i> <u>SBC130206-01</u> World Logistics Center Project	The proposed project consists of the World Logistics Center. The area covers 3,918 acres in eastern Moreno Valley. The entire area is covered by a General Plan Amendment that will designate 2,635 acres for logistics development. 20 acres for public utility uses, and 1,159 acres for permanent open space. The remaining 104 acres will be used for utility extensions to serve the World Logistics Center project. Within this area 2,710 acres are included in a proposed World Logistics Center Specific Plan which will contain all of the 2,635 acres of proposed logistics land uses and 75 acres of the Open Space. Within the Specific Plan area, up to 41.4 million square feet of high-cube logistics uses are proposed in the Logistics Development designation, as well as 200,000 square feet of warehouse and related uses to be included in the Light Logistics designation. Comment Period: 2/6/2013 - 4/8/2013 Public Hearing: N/A	DEIR	City of Moreno Valley	Currently under review
<i>Waste and Water-related</i> <u>LAC130201-01</u> Puente Hills Materials Recovery Facility	This document consists of an addendum to the FEIR for the Puente Hills Material Recovery Facility. The recommended project is to change the approved project to eliminate existing restrictions between 6:00 am and 9:00 am and between 4:00 pm and 7:00 pm on the inbound and outbound shipment of commodities, residuals and waste over public roads and on employee arrival and departure. There would be no other changes to the facility, its capacity, its operation, or any permit conditions. Comment Period: N/A Public Hearing: N/A	FEIR	Sanitation District of Los Angeles County	Currently under review
<i>Waste and Water-related</i> <u>LAC130207-01</u> AES - Huntington Beach Electric Generating Station	This document consists of a community notice of investigation and potential environmental cleanup related to historic operations at the AES - Huntington Beach Electric Generation Station. Comment Period: 2/7/2013 - 2/20/2013 Public Hearing: N/A	Other	Department of Toxic Substances Control	AQMD commented 2/22/2013
<i>Waste and Water-related</i> <u>LAC130207-04</u> High Spot Removal, Main Channel Deepening Project	The proposed dredging project consists of removing the remaining high points in the main channel within the Port of Long Beach left over from the previously approved Main Channel Deepening Project. This project will utilize the Slip 1 Confined Disposal Facility (CDF) Site that is a part of the Middle Harbor Project. Comment Period: 2/7/2013 - 2/20/2013 Public Hearing: N/A	Sup EA	Army Corps of Engineers	Document reviewed - No comments sent

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FEBRUARY 1, 2013 TO FEBRUARY 28, 2013**

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<i>Waste and Water-related</i> <u>LAC130212-05</u> Green Acres Biosolids Land Application Project	The proposed project consists of two interrelated "subsequent activities" in the City's biosolids program, as referenced in the 1989 Program EIR and the 1996 Program EIR. These two subsequent activities are: the City's approval in 2000 of Amendment No. 2 to City Contract C-94375, a pre-existing contract between the City and Responsible Biosolids Management for the loading, transportation and beneficial reuse of the City's biosolids at Green Acres Farm; and the City's 2000 purchase of the Farm. Comment Period: 2/12/2013 - 3/15/2013 Public Hearing: N/A	NOP/IS	City of Los Angeles	AQMD commented 2/22/2013
<i>Waste and Water-related</i> <u>LAC130214-02</u> PCCR, Inc. Facility	This document consists of response to SCAQMD comments. The proposed project consists of a workplan which includes removal and treating contaminated soil that resulted from previous releases of materials stored in underground tanks at the site in Lynwood. Comment Period: N/A Public Hearing: N/A	Other	Department of Toxic Substances Control	Currently under review
<i>Waste and Water-related</i> <u>LAC130220-01</u> Groundwater Reliability Improvement Program Recycled Water Project	The proposed project consists of allowing Water Replenishment District to offset the current use to imported water with a combined total of 21,000 acre-feet per year of both tertiary and advanced water treatment (AWT) recycled water for groundwater replenishment in the Central Basin via the Montebello Forebay. A new AWT plant would be constructed at or adjacent to the Los Angeles County Sanitation Districts' San Jose Creek Water Reclamation Plant (SJCWRP) site for treating recycled water from the SJCWRP prior to recharge. Comment Period: 2/20/2013 - 3/21/2013 Public Hearing: N/A	NOP (No IS Attached)	Water Replenishment District of Southern California	Currently under review
<i>Waste and Water-related</i> <u>LAC130226-01</u> Joint Powers Authority Solar Generation Project Recycled Water Pump Station	The proposed project consists of constructing a one-megawatt solar power electricity generation facility on approximately six acres along a segment between Meadow Creek Lane and A.E. Wright Middle School. The electricity generated by the facility would be used by the JPA to operate its recycled water pump station located at the Las Virgenes Municipal Water District headquarters. Comment Period: N/A Public Hearing: N/A	Mitigated ND	Las Virgenes Municipal Water District	Currently under review
<i>Waste and Water-related</i> <u>LAC130226-03</u> Los Angeles River Revitalization	This document consists of a public notice for the construction of a dual-use pedestrian/equestrian bridge across the Glendale Narrows reach of the Los Angeles River, approximately one-half mile upstream of the Los Feliz Boulevard river crossing near Atwater Village. Comment Period: 2/21/2013 - 3/8/2013 Public Hearing: N/A	Other	U.S. Army Corps of Engineers	Currently under review

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INCOMING CEQA DOCUMENTS LOG
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Waste and Water-related <u>LAC130226-04</u> Basin No. 2 Inlet/Turn-out Structure	The proposed project consists of increasing the operational flexibility of the San Gabriel Coastal Spreading Grounds and enhancing the ability to recharge more recycled water. The proposed project consists of one or two reinforced concrete turn-out structures with one being a connection to the existing recycled water pipeline (RWP) and proposed to be constructed on the existing RWP. Comment Period: 2/26/2013 - 3/27/2013 Public Hearing: N/A	Mitigated ND	Water Replenishment District of Southern California	Currently under review
Waste and Water-related <u>LAC130226-08</u> 001B Turn-out Structure	The proposed project consists of enhancing the ability of the Water Replenishment District to recharge recycled water to the Montebello Forebay. The proposed project consists of reinforced concrete turn-out structure with a connection to the existing recycled water pipeline. Comment Period: 2/26/2013 - 3/27/2013 Public Hearing: N/A	Mitigated ND	Water Replenishment District of Southern California	Currently under review
Waste and Water-related <u>LAC130227-08</u> City Ordinance: City-Wide Exclusive Franchise System for Municipal Solid Waste Collection and Handling	The proposed project consists of a City ordinance to establish and implement a city-wide exclusive franchise system for municipal solid waste collection and handling services for large multi-family residential units, commercial, industrial, and institutional. Comment Period: 2/20/2013 - 3/27/2013 Public Hearing: N/A	NOP/(No IS Attached)	City of Los Angeles	Currently under review
Waste and Water-related <u>LAC130228-02</u> Site Cleanup Activities to begin for Dominguez Hills Golf Course Site	This document consists of a work notice for the site cleanup activities to begin for the Dominguez Hills Golf Course site. The work will require earth moving and some excavation with heavy equipment. Comment Period: N/A Public Hearing: N/A	Other	Department of Toxic Substances Control	Currently under review
Waste and Water-related <u>RVC130207-03</u> Pyrite Creek Trunk Sewer Phase II, Sky County Trunk Sewer, and Force Main to the City of Riverside Wastewater Treatment Plant	The proposed project consists of changes to the approved and adopted Master Sewer Plan to modify the alignments of Pyrite Creek Trunk Sewer Phase II, Sky Country Trunk Sewer, and new Force Main to Riverside Wastewater Treatment Plant. Comment Period: 2/7/2013 - 3/8/2013 Public Hearing: N/A	Subsequent Mitigated ND	Jurupa Community Services District	Document reviewed - No comments sent

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<i>Waste and Water-related</i> <u>RVC130222-04</u> CUP No. 3252R4, Amended No. 1	This document consists of a case transmittal for the phased expansion of an existing outdoor recycling facility from 25 acres to 41 acres with total projected incoming volume of 380,000 tons per year which includes 316,720 tons per year from solid waste facilities. The project also includes re-defining of internal boundaries for inerts, green waste, and metal recycling areas, adding a 73,000 square feet equipment storage area, adding a 15,000 square-foot typical warehouse up to 25 feet in height, adding a 29,000 square-foot employee parking area, extending the life of permit by 20 years, long with additional street access emergency access, storm water improvements, and perimeter fencing. Comment Period: N/A Public Hearing: N/A	Other	County of Riverside	Currently under review
<i>Waste and Water-related</i> <u>RVC130222-05</u> CUP No. 3674, Amended No. 2, and Change of Zone No. 7771	This document consists of a case transmittal for a conditional use permit to stockpile concrete and asphalt for recycling purposes and the change of zone proposes to change the site from Manufacturing - Heavy to Manufacturing - Services Commercial. Comment Period: 2/22/2013 - 2/28/2013 Public Hearing: N/A	Other	County of Riverside	AQMD commented
<i>Waste and Water-related</i> <u>SBC130213-01</u> Proposed Permit Modification of Hazardous Waste Permit Filter Recycling Services	This document consists of a community notice for the proposed permit modification of the hazardous waste permit for Filter Recycling Services Inc. located in Rialto. If approved, the proposed modified permit would allow the management of new waste streams, double-stack cubic yard boxes and liquid totes, designate another area at the facility to store hazardous waste, increase the size of an existing storage area, and allow waste to be transferred from truck to truck. Comment Period: 2/13/2013 - 4/2/2013 Public Hearing: N/A	Other	Department of Toxic Substances Control	Currently under review
<i>Waste and Water-related</i> <u>SBC130214-01</u> Engineering Evaluation/Cost Analysis for the Dunn Asbestos Deposit Site, San Jacinto RD, San Bernardino National Forest	This document consists of an engineering evaluation/cost analysis of the Dunn Asbestos Deposit Site. Comment Period: N/A Public Hearing: N/A	Other	U.S. Department of Agriculture	Document reviewed - No comments sent

TOTAL DOCUMENTS RECEIVED THIS REPORTING PERIOD: 54

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**ATTACHMENT B
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS
OR WILL CONDUCT A CEQA REVIEW**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Airports <u>LAC121031-03</u> LAX Master Plan Mitigation Monitoring and Reporting Program 2011 Annual Progress Report	This document consists of the availability of the 2011 Annual Progress Report. Comment Period: N/A Public Hearing: N/A	Other	Los Angeles World Airports	Currently under review
Plans and Regulations <u>LAC130122-01</u> 2010 Bicycle Plan	The proposed project consists of 0.9 miles of new bicycle lanes that would be striped along Sunset Boulevard within the existing rights-of-ways between Figueroa Street and Douglas Street. Comment Period: 1/23/2013 - 3/4/2013 Public Hearing: N/A	DEIR	City of Los Angeles	Currently under review
Plans and Regulations <u>LAC130125-01</u> Single-Use Carryout Bag Ordinance	The proposed project consists of adoption and implementation of an ordinance to ban single-use plastic carryout bags, charge a fee on paper bags, and promote the use of reusable bags at specified retailers in the City of Los Angeles. Comment Period: 1/25/2013 - 3/11/2013 Public Hearing: N/A	DEIR	City of Los Angeles	Currently under review
Transportation <u>LAC130124-01</u> SR-710 Study Alternatives Analysis Report	This document consists of the State Route 710 Study Alternatives Analysis Report. The SR-710 project's purpose is to accommodate regional and local north-south travel demands in the western San Gabriel Valley and east/northeast Los Angeles. The build alternatives analyzed include Bus Rapid Transit, Light Rail Transit, and at-grade and tunnel roadways. Comment Period: N/A Public Hearing: N/A	Other	California Department of Transportation	Currently under review
Transportation <u>RVC130124-02</u> Mid County Parkway Project	The proposed project consists of a 16-mile transportation corridor designed to relieve local and regional traffic congestion between the cities of Perris and San Jacinto and surrounding Riverside County communities. Comment Period: 1/25/2013 - 4/10/2013 Public Hearing: N/A	Recirculated DEIR	Riverside County Transportation Commission	Currently under review
Waste and Water-related <u>LAC121004-01</u> Community Recycling and Resource Recovery	The proposed project consists of constructing an approximately 107,000 square-foot enclosure building with an air filtration system to be located over the existing source-separated green waste, supermarket trim and cull, and wood waste areas, with 40 parking spaces, and a revised Solid Waste Facilities Permit for the entire facility. Comment Period: N/A Public Hearing: N/A	FEIR	City of Los Angeles	Currently under review

DEIR - Draft Environmental Impact Report
FEIR - Final Environmental Impact Report
RDEIR - Revised Draft Environmental Impact Report
SEIR - Subsequent Environmental Impact Report
SupEIR - Supplemental EIR

NOI - Notice of Intent to prepare an EISI
NOP - Notice of Preparation
IS - Initial Study
DEA - Draft Environmental Assessment
EIS - Environmental Impact Statement

FONSI - Finding of No Significant Impact
ND - Negative Declaration
Other - Typically notices of public meetings
N/A - Not Applicable
- Project has potential environmental justice concerns due to the nature and/or location of the project.

**ATTACHMENT B
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS
OR WILL CONDUCT A CEQA REVIEW**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) <u>LAC130115-05</u> Domain Project, formerly the Formosa Specific Plan	The proposed project consists of constructing up to 166 residential units and approximately 9,300 square feet of commercial uses. The commercial uses would be restricted to the ground floor level and would front Santa Monica Boulevard. Comment Period: 1/11/2013 - 2/25/2013 Public Hearing: N/A	Recirculated DEIR	City of West Hollywood	AQMD commented 2/22/2013
General Land Use (residential, etc.) <u>LAC130125-02</u> II Villaggio Toscano	The proposed project consists of construction of a mixed-use project including 399 residential units and 52,000 square feet of retail space on a mostly vacant 4.5-acre property adjacent to the I-405 and US-101 interchange. Comment Period: N/A Public Hearing: 2/19/2013	FEIR	City of Los Angeles	AQMD commented 2/19/2013
General Land Use (residential, etc.) <u>RVC130103-05</u> Music Festivals Plan	The proposed project consists of holding the Coachella and Stagecoach Festivals annually every Spring and to hold two additional events annually every Fall on the grounds of the Empire and Eldorado Polo Clubs and adjacent property from 2014 through 2030. Comment Period: 12/28/2012 - 2/11/2013 Public Hearing: N/A	DEIR	City of Indio	AQMD commented 2/15/2013
Plans and Regulations <u>LAC130103-01</u> Old Town La Verne Specific Plan	The proposed project consists of a Specific Plan that would establish new land use designations and development standards as well as comprehensive urban design and sustainability programs to meet the community's vision for the Old Town area. Comment Period: 12/21/2012 - 2/4/2013 Public Hearing: N/A	DEIR	City of La Verne	AQMD commented 2/8/2013
Transportation <u>ORC130131-01</u> Brookhurst Street and Adams	The proposed project consists of widening the Brookhurst Street / Adams Avenue intersection in all directions. Two additional northbound right-turn lanes; one additional southbound right-turn lane; one additional eastbound through lane; and one additional westbound through lanes are proposed. Comment Period: 1/31/2013 - 3/1/2013 Public Hearing: N/A	NOP (No IS Attached)	City of Huntington Beach	AQMD commented 2/5/2013
Warehouse & Distribution Centers <u>LAC130115-02</u> Colton - DEXUS	The proposed project consists of demolishing the existing 28,000 square-foot truck terminal and 18,000 square-foot office building and the construction of a speculative high-cube warehouse building that includes 12,000 square feet of office and 588,048 square feet of warehouse space totaling 600,046 square feet of building area on a 34.36-acre property. Comment Period: 1/15/2013 - 2/4/2013 Public Hearing: N/A	Mitigated ND	City of Colton	AQMD commented 2/2/2013

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**ATTACHMENT B
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS
OR WILL CONDUCT A CEQA REVIEW**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Waste and Water-related</i> <u>RVC130130-03</u> Non-Potable Water Service Expansion in the Eastern Portion of the District	The proposed project consists of the expansion of new non-potable water pipelines; reuse of an existing 3 million gallon water reservoir; and new pump stations. Comment Period: 1/29/2013 - 2/27/2013 Public Hearing: N/A	Mitigated ND	Jurupa Community Services District	AQMD commented 2/15/2013

<p align="center">TOTAL NUMBER OF REQUESTS TO AQMD FOR DOCUMENT REVIEW THIS REPORTING PERIOD: 54 TOTAL NUMBER OF COMMENT LETTERS SENT OUT THIS REPORTING PERIOD: 19 TOTAL NUMBER OF DOCUMENTS REVIEWED, BUT NO COMMENTS WERE SENT: 13 TOTAL NUMBER OF DOCUMENTS CURRENTLY UNDER REVIEW: 33 TOTAL NUMBER OF DOCUMENTS THAT DID NOT REQUIRE COMMENTS: 2 TOTAL NUMBER OF DOCUMENTS THAT WERE NOT REVIEWED: 0</p>
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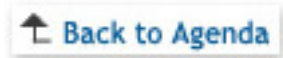
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 Other - Typically notices of public meetings
 N/A - Not Applicable
 # - Project has potential environmental justice concerns due to the nature and/or location of the project.

**ATTACHMENT C
ACTIVE AQMD LEAD AGENCY PROJECTS
THROUGH FEBRUARY 28, 2013**

PROJECT DESCRIPTION	PROPONENT	TYPE OF DOCUMENT	STATUS	CONSULTANT
Petro Diamond operators are proposing to change current permit conditions to allow an increase in the number of annual marine vessel visits to the terminal, but limit ship visits per month.	Petro Diamond Terminal Company	Not Yet Determined	Consultant preparing Initial Study.	SABS Environmental Services
Operators of the Ultramar Wilmington Refinery are proposing to construct and install a 49 MW cogeneration unit to reduce the Refinery's reliance on electricity from the Los Angeles Department of Water and Power and produce steam to meet internal needs. No other refinery modifications are proposed.	Ultramar Wilmington Refinery	ND	Notice of Preparation/Initial Study circulated for a 30-day public comment period on April 3, 2012. Comment period ended May 3, 2012. Preparation of the Draft EIR did not identify any significant adverse environmental impacts. The consultant has prepared an administrative ND and AQMD staff is reviewing the document.	Environmental Audit, Inc.
The Phillips 66 (formerly ConocoPhillips) Los Angeles Refinery Ultra Low Sulfur Diesel project was originally proposed to comply with federal, state, and SCAQMD requirements to limit the sulfur content of diesel fuels. Litigation against the CEQA document was filed. Ultimately, the California Supreme Court concluded that the SCAQMD had used an inappropriate baseline and directed the SCAQMD to prepare an EIR, even though the project has been built and has been in operation since 2006. The purpose of this CEQA document is to comply with the Supreme Court's direction to prepare an EIR.	Phillips 66 (formerly ConocoPhillips), Los Angeles Refinery	EIR	Notice of Preparation circulated for a 30-day public comment period on March 26, 2012. Comment period ended April 26, 2012. Consultant is revising the administrative Draft EIR.	Environmental Audit, Inc.
The Phillips 66 Los Angeles Refinery operators are proposing to install one new 500,000-barrel crude oil storage tank with a geodesic dome to accommodate larger marine vessels delivering crude oil. The proposed project also includes increasing the throughput on two existing tanks and adding geodesic domes to these tanks and installing one new 10,000-barrel water drain surge tank.	Phillips 66 Los Angeles Refinery Carson Plan	NYD	Consultant preparing Initial Study.	Environmental Audit, Inc.
The Tesoro Refining and Marketing Los Angeles Refinery operators are proposing to replace two existing tanks with two new larger tanks with fixed roofs and internal floating roofs. The proposed project also includes replacing an onsite eight-inch pipeline to the new tanks with a 24-inch diameter pipeline.	Tesoro Refining and Marketing Company Los Angeles Refinery	NYD	Consultant preparing Initial Study.	Environmental Audit, Inc.

A shaded row indicates a new project.

#=AQMD was contacted regarding potential environmental justice concerns due to the natural and/or location of the project.



BOARD MEETING DATE: April 5, 2013

AGENDA NO. 19

REPORT: Rule and Control Measure Forecast

SYNOPSIS: This report highlights SCAQMD rulemaking activity and public workshops potentially scheduled for the year 2013.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:
Receive and file.

Barry R. Wallerstein, D.Env.
Executive Officer

EC:LT:cg

The Rule and Control Measure Forecast Report provides the Board with a monthly update of SCAQMD's rulemaking and control measure implementation schedule.

1123	Improved Start-up, Shutdown and Turnaround Procedures (MCS-03)
Proposed Amended Rule 1123 is moved to September from July to allow additional time necessary to evaluate additional stakeholder input and scope of affected activities.	
1304.1	Electrical Generating Facility Annual Fee for Use of Offset Exemption
Staff is moving the public hearing for Proposed Rule 1304.1 to September from May to allow additional time for the development of the environmental analysis and to provide for additional input from stakeholders.	

2013 MASTER CALENDAR (continued)

Below is a list of all rulemaking activity scheduled for the year 2013. The last four columns refer to the type of rule adoption or amendment. A more detailed description of the proposed rule adoption or amendment is located in the Attachments (A through D) under the type of rule adoption or amendment (i.e. AQMP, Toxics, Other and Climate Change).

**An asterisk indicates that the rulemaking is a potentially significant hearing.*

+This proposed rule will reduce criteria air contaminants and assist toward attainment of ambient air quality standards.

¹Subject to Board approval

California Environmental Quality Act shall be referred to as "CEQA."

Socioeconomic Analysis shall be referred to as "Socio."

2013

May		AQMP	Toxics	Other	Climate Change
219	Equipment Not Requiring a Written Permit Pursuant to Regulation II			√	
222	Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II			√	
444	Open Burning (BCM-02)	√			
445	Wood Burning Devices (BCM-01)	√			
1114 ^{*+}	Control of Emissions from Refinery Coking Operations (MCS-07)	√			
June					
2301	Control of Emissions from New or Redevelopment Projects (EGM-01)	√			
September					
Reg. III	Fees			√	
1123 ¹	Improved Start-up, Shutdown and Turnaround Procedures (MCS-03)	√			
1304.1 ¹	Electrical Generating Facility Annual Fee for Use of Offset Exemption			√	
Reg. XX	Regional Clean Air Incentives Market (RECLAIM) (CMB-01)	√			

2013 MASTER CALENDAR (continued)

2013

October		AQMP	Toxics	Other	Climate Change
1168	Adhesive and Sealant Applications			√	
1420	Emissions Standard for Lead		√		
1420.2	Emission Standards for Lead from Medium Sources		√		
4010 ^{*+}	General Provisions and Requirements for Ports of Los Angeles and Long Beach (IND-01)	√	√		
4020 ^{*+}	Backstop Requirements for Ports of Los Angeles and Long Beach (IND-01)	√	√		
November					
1130	Graphic Arts (CTS-02)	√			
1146	Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters			√	
1146.1	Emissions of Oxides of Nitrogen from Small Industrial Institutional, and Commercial Boilers, Steam Generators and Process Heaters			√	
2305 [*]	Indirect Sources		√	√	
December					
415	Odors from Rendering Plants			√	

2013 TO-BE DETERMINED

TBD		AQMP	Toxics	Other	Climate Change
314	Fees for Architectural Coatings			√	
463	Storage of Organic Liquids			√	
1107 ⁺	Coating of Metal Parts and Products	√			

2013 MASTER CALENDAR (continued)

2013 TO-BE DETERMINED

TBD		AQMP	Toxics	Other	Climate Change
1118	Control of Emissions from Refinery Flares			√	√
1144	Metalworking Fluids and Direct-Contact Lubricants			√	
1147	NOx Reductions from Miscellaneous Sources			√	
1148	Thermally Enhanced Oil Recovery Wells		√		
1148.1	Oil and Gas Production Wells		√		
1151 ^{*+}	Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations			√	
1153.1	Emissions of Oxides of Nitrogen from Commercial Food Ovens			√	
1155	Particulate Matter (PM) Control Devices			√	
1166	Volatile Organic Compound Emissions from Decontamination of Soil			√	
1171	Solvent Cleaning Operations (CTS-02)	√			
1173	Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants			√	√
1190 Series	Fleet Vehicle Requirements			√	
Reg. XIII	New Source Review			√	
1469	Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations		√		
1469.1	Spraying Operations Using Coatings Containing Chromium		√		
1902	Transportation Conformity	√			

2013 MASTER CALENDAR (continued)

2013 TO-BE DETERMINED

TBD	(continued)	AQMP	Toxics	Other	Climate Change
Reg. XX	Regional Clean Air Incentives Market (RECLAIM)			√	
2511	Credit Generation Program for Locomotive Head End Power Unit Engines			√	
2512	Credit Generation Program for Ocean-Going Vessels at Berth			√	
Reg. XXVII	Climate Change				√
Reg. IV, IX, X, XI, XIV, XX and XXX Rules	Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits, or to seek additional reductions to meet the SIP short-term measure commitment. The Clean Communities Plan (CCP) has been updated to include new measures to address toxic emissions in the basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources. Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.	√	√	√	√

Note: SCAQMD may add control measures necessary to satisfy federal requirements, to abate a substantial endangerment to public health or welfare, state regulatory requirements or SIP commitment.

ATTACHMENT A

AQMP Rule Activity Schedule

This attachment lists those control measures that are being developed into rules or rule amendments for the Governing Board consideration that are designed to implement the amendments to the 2007 and 2012 Air Quality Management Plans.

2013

May	
444	<p>Open Burning (BCM-02) <i>[Projected Emission Reduction: TBD]</i></p>
445	<p>Wood Burning Devices (BCM-01) <i>[Projected Emission Reduction: up to 7.1 tons PM2.5 per day based on winter emissions inventory]</i></p> <p>Proposed amendments to Rule 444 (Open Burning) would implement control measure BCM-02 from the 2012 AQMP by aligning burn day restrictions to be consistent with SCAQMD Rule 445 residential burning restrictions in the winter. Additional revisions are intended to improve rule clarity and effectiveness.</p> <p>Proposed amendments to Rule 445 (Wood-Burning Devices) would implement Control Measure BCM-01 from the 2012 AQMP by lowering the ambient PM2.5 concentration threshold used for forecasting wood burning curtailment days and would also establish the criteria used to forecast a Basin-wide curtailment day. Additional revisions are intended to improve rule clarity and effectiveness.</p> <p><i>Phil Fine 909.396.2239 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1114 ^{*±}	<p>Control of Emissions from Refinery Coking Operations <i>[Projected Emission Reduction: TBD]</i></p> <p>Proposed Rule 1114 will establish emission limits and other requirements for the operation of coking units at petroleum refineries.</p> <p><i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT A

AQMP Rule Activity Schedule (continued)

2013

June	
2301	<p>Control of Emissions from New or Redevelopment Projects (EGM-01) <i>[Projected Emission Reduction: Committed to reduce 0.5 tons per day of VOC, 0.8 tons per day of NOx, and 0.5 tons per day of PM2.5 in 2023.]</i> The proposed rule will implement the 2007 AQMP Control Measure EGM-01 – Emission Reductions from New or Redevelopment Projects. Since the initial proposal was released for PR 2301, CARB in compliance with an SB 375 requirement has set greenhouse gas emission reduction targets for each metropolitan planning organization (MPO). SCAG’s 2012 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) contains the plan for how these target emission reductions will be met. In light of this development, PR 2301 will be drafted as a backstop/contingency measure to ensure that the co-benefits of VOC, NOx, and PM 2.5 emission reductions from the SCS will meet the 2007 AQMP targets. <i>Carol Gomez 909.396.3264 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
September	
1123 ¹	<p>Improved Start-up, Shutdown and Turnaround Procedures (MCS-03) <i>[Projected Emission Reduction: TBD]</i> Proposed Rule 1123 will, if needed, implement Phase 1 of control measure MCS-03 of the 2012 AQMP by establishing procedures that better quantify emission impacts from start-up, shutdown or turnarounds. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. XX	<p>Regional Clean Air Incentives Market (RECLAIM) <i>[Projected Emission Reduction: 3-5 TPD]</i> Proposed amendments to Regulation XX will seek to implement a minimum contingency measure CMB-01 of the 2012 AQMP and possibly Phase II of the control measure if the technology assessment can be completed within the allotted time for this rulemaking. <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT A

AQMP Rule Activity Schedule (continued)

2013

October	
4010 ^{*+}	General Provisions and Requirements for Ports of Los Angeles and Long Beach (IND-01)
4020 ^{*+}	Backstop Requirements for Ports of Los Angeles and Long Beach (IND-01) <i>[Projected Emission Reduction: TBD]</i> If triggered, the proposed rules will address cost-effective NO _x , SO _x , and PM _{2.5} emission reduction strategies from port-related sources to ensure emission reductions claimed or emission targets assumed in the AQMP are maintained. <i>Randall Pasek 909.396.2251 CEQA: Smith (3054) Socio: Lieu (3059)</i>
November	
1130	Graphic Arts (CTS-02) <i>[Projected Emission Reduction: TBD]</i> The proposed amendment will review fountain solutions and other technologies to align requirements with existing rules and U.S. EPA's CTG recommendations. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i>

ATTACHMENT A

AQMP Rule Activity Schedule (continued)

To-Be Determined 2013

To-Be Determined	
1107 ⁺	<p>Coating of Metal Parts and Products <i>[Projected Emission Reduction: TBD]</i> Amendments to Rule 1107 would further reduce VOC emissions and improve rule clarity and enforceability. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1902	<p>Transportation Conformity <i>[Projected Emission Reduction: TBD]</i> Amendments to Rule 1902 will bring the SCAQMD's Transportation Conformity rule in line with current U.S. EPA requirements. <i>Carol Gomez 909.396.3264 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. IV, IX, X, XI, XIV, XX and XXX Rules	<p>Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits, or to seek additional reductions to meet the SIP short-term measure commitment.</p>

ATTACHMENT B

Toxics Rule Activity Schedule

This attachment lists those rules or rule amendments for the Governing Board consideration that are designed to implement the Air Toxics Control Plan.

2013

October	
1420 1420.2	<p>Emissions Standard for Lead</p> <p>Emission Standards for Lead from Medium Sources <i>[Projected Emission Reduction: TBD]</i> In October 2008, U.S. EPA lowered the National Ambient Air Quality Standard for lead from 1.5 to 0.15 ug/m³. Proposed Amended Rule 1420 and Proposed Rule 1420.2 will apply to lead sources and will include requirements to ensure the Basin meets the new lead standard. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
4010 ^{*+} 4020 ^{*+}	<p>General Provisions and Requirements for Ports of Los Angeles and Long Beach (IND-01)</p> <p>Backstop Requirements for Ports of Los Angeles and Long Beach (IND-01) <i>[Projected Emission Reduction: TBD]</i> If triggered, the proposed rules will address cost-effective NO_x, SO_x, and PM_{2.5} emission reduction strategies from port-related sources to ensure emission reductions claimed or emission targets assumed in the AQMP are maintained. <i>Randall Pasek 909.396.2251 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
November	
2305 [*]	<p>Indirect Sources <i>[Projected Emission Reduction: TBD]</i> Proposed Rule 2305 will identify approaches to reduce exposure to diesel particulate emissions and localized NO₂ emissions from facilities associated with large indirect sources (i.e., facilities that attract mobile sources). <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT B

Toxics Rule Activity Schedule (continued)

To-Be Determined 2013

To-Be Determined	
<p>1148 1148.1</p>	<p>Thermally Enhanced Oil Recovery Wells Oil and Gas Production Wells <i>[Projected Emission Reduction: TBD]</i> Rules 1148 and 1148.1 will be evaluated to determine if additional requirements need to be added to address hydraulic fracturing activities. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
<p>1469 1469.1</p>	<p>Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations Spraying Operations Using Coatings Containing Chromium <i>[Projected Emission Reduction: TBD]</i> Staff will evaluate opportunities for reducing chrome emissions from various spray coating operations. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
<p>Reg. IV, IX, X, XI, XIV, XX and XXX Rules</p>	<p>Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits. Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.</p>

ATTACHMENT C

Other Rule Activity Schedule

This attachment lists those rules or rule amendments for the Governing Board consideration that are designed to improve rule enforceability, SIP corrections, or implementing state or federal regulations.

2013

May	
219	<p>Equipment Not Requiring a Written Permit Pursuant to Regulation II</p>
222	<p>Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II <i>[Projected Emission Reduction: N/A]</i> Staff will consider exempting low-emitting processes/equipment that require written permits, and include them under the Rule 222 Filing Program, thus streamlining the permitting process and reducing the cost for facilities and clarify permitting requirements for several other processes. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
September	
Reg. III	<p>Fees <i>[Projected Emission Reduction: N/A]</i> Proposed amendments to Reg. III are intended to align fee revenues to recover SCAQMD program costs. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1304.1 ¹	<p>Electrical Generating Facility Annual Fee for Use of Offset Exemption <i>[Projected Emission Reduction: N/A]</i> The proposed rule will establish an approach to assess fees for equipment, facilities, and processes currently exempted from the New Source Review Program offset requirements under Rule 1304, paragraph (a)(2). <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
October	
1168	<p>Adhesive and Sealant Applications (CTS-02) <i>[Projected Emission Reduction: N/A]</i> Amendments to Rule 1168 will partially implement CTS-02 and reflect improvements in adhesive and sealants technology. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT C

Other Rule Activity Schedule (continued)

2013

November	
1146	Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters
1146.1	Emissions of Oxides of Nitrogen from Small Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters <i>[Projected Emission Reduction: unknown]</i> Proposed amendments will address expected U.S. EPA comments on compliance issues. <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</i>
2305*	Indirect Sources <i>[Projected Emission Reduction: TBD]</i> Proposed Rule 2305 will identify approaches to reduce exposure to diesel particulate emissions and localized NO2 emissions from facilities associated with large indirect sources (i.e., facilities that attract mobile sources). <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i>
December	
415	Odors from Rendering Plants <i>[Projected Emission Reduction: TBD]</i> Proposed Rule 415 will address odors from rendering plants. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i>

To-Be Determined 2013

To-Be Determined	
314	Fees of Architectural Coatings <i>[Projected Emission Reduction: TBD]</i> The proposed amendments would improve clarity and reporting requirements as well as consider an exemption from fees for small manufacturers. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i>
463	Storage of Organic Liquids <i>[Projected Emission Reduction: TBD]</i> Staff will evaluate the opportunity of harmonizing Rules 463 and 1178 into one and be prepared to address any stakeholder feedback in response to recent amendments to Rule 463. <i>Susan Nakamura 909.396.3154 CEQA: Smith (3054) Socio: Lieu (3059)</i>

ATTACHMENT C

Other Rule Activity Schedule (continued)

To-Be Determined 2013

To-Be Determined	
1118	<p>Control of Emissions from Refinery Flares <i>[Projected Emission Reduction: TBD]</i> Amendments may be necessary to address results of the additional analysis required by the adopting resolution for the last amendment. Amendments may also be necessary to implement an AB 32 measure. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1144	<p>Metalworking Fluids and Direct-Contact Lubricants <i>[Projected Emission Reduction: N/A]</i> Proposed amendments may be necessary to incorporate results from ongoing technology assessments for specific facilities. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1147	<p>NOx Reductions from Miscellaneous Sources <i>[Projected Emission Reduction: N/A]</i> Proposed amendments will provide ongoing staff reports to committee relative to impacts to less-than-one-ton-per-day sources. <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1151 ^{*+}	<p>Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations <i>[Projected Emission Reduction: N/A]</i> Amendments to the rule may be necessary to reflect further findings relative to recordkeeping requirements for tertiary butyl acetate (TBAC). <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1153.1	<p>Emissions of Oxides of Nitrogen from Commercial Food Ovens <i>Projected Emission Reduction: N/A]</i> Proposed Rule 1153.1 will establish equipment specific nitrogen oxides emission limits and other requirements for the operation of commercial food ovens. <i>Joe Cassmassi 909.396.31553 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1155	<p>Particulate Matter (PM) Control Devices <i>[Projected Emission Reduction: TBD]</i> With the implementation of Rule 1155, amendments may be necessary to address the potential exemption of small PM emitters to minimize adverse impacts of the rule requirements where there is no real impact on visible emissions. <i>Philip Fine 909.396.2239 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1166	<p>Volatile Organic Compound Emissions from Decontamination of Soil <i>[Projected Emission Reduction: N/A]</i> Amendments to Rule 1166 may be necessary to clarify certain elements of the rule. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT C

Other Rule Activity Schedule (continued)

To-Be Determined 2013

To-Be Determined	(continued)
1171	<p>Solvent Cleaning Operations <i>[Projected Emission Reduction: N/A]</i> The proposed amendment may consider technology assessments for the cleanup of affected equipment. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1173	<p>Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants <i>[Projected Emission Reduction: TBD]</i> Amendment to Rule 1173 may be necessary to address greenhouse gas emissions from petroleum facilities and chemical plants and clarify other provisions of the rule. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1190 Series	<p>Fleet Vehicle Requirements <i>[Projected Emission Reduction: TBD]</i> Amendments to Rule 1190 series fleet rules may be necessary to address remaining outstanding implementation issues and in the event the court's future action requires amendments. In addition, the current fleet rules may be expanded to achieve additional air quality and air toxic benefits. <i>Dean Saito 909.396.2647 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. XIII	<p>New Source Review <i>[Projected Emission Reduction: TBD]</i> Proposed amendments will address U.S. EPA comments on SIP approvability issues and/or requirements that may result from U.S. EPA amendments, legislation or CARB requirements. Amendments may also be proposed for clarity and improved enforceability. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. XX	<p>Regional Clean Air Incentives Market (RECLAIM) <i>[Projected Emission Reduction: N/A]</i> Staff will explore opportunities to improve the administrative efficiency of the program. <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
2511	<p>Credit Generation Program for Locomotive Head End Power Unit Engines <i>[Projected Emission Reduction: TBD]</i> Develop a rule to allow generation of PM mobile source emission reduction credits from Locomotive Head End Power Unit Engines. Credits will be generated by retrofitting engines with PM controls or replacing the engines with new lower-emitting engines. <i>Randall Pasek 909.396.2251 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT C

Other Rule Activity Schedule (continued)

To-Be Determined 2013

To-Be Determined	(continued)
2512	Credit Generation Program for Ocean-Going Vessels at Berth <i>[Projected Emission Reduction: TBD]</i> Develop a rule to allow generation of PM, NOx and SOx emission reduction credits from ocean-going vessels while at berth. Credits will be generated by controlling the emissions from auxiliary engines and boilers of ships while docked. <i>Randall Pasek 909.396.2251 CEQA: Smith (3054) Socio: Lieu (3059)</i>
Reg. IV, IX, X, XI, XIV, XX and XXX Rules	Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits.

ATTACHMENT D

Climate Change

This attachments lists rules or rule amendments for the Governing Board consideration that are designed to implement South Coast Air Quality Managements District’s Climate Change Policy or for consistency with state or federal rules.

To-Be Determined 2013

To-Be Determined	
1118	<p>Control of Emissions from Refinery Flares <i>[Projected Emission Reduction: TBD]</i> Amendments may be necessary to address findings from the additional analysis required by the adopting resolution for the last amendment. Amendments may also be necessary to implement an AB 32 measure. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1173	<p>Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants <i>[Projected Emission Reduction: TBD]</i> Amendment to Rule 1173 may be necessary to address greenhouse gas emissions from petroleum facilities and chemical plants and clarify other provisions of the rule. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. XXVII	<p>Climate Change <i>[Projected Emission Reduction: TBD]</i> Additional protocols may be added to Rules 2701 and 2702. <i>Philip Fine 909.396.2239 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. IV, IX, X, XI, XIV, XX and XXX Rules	<p>Various rule amendments may be needed to meet the requirements of state and federal laws to address variance issues/technology-forcing limits.</p>

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 20

PROPOSAL: Status Report on Major Projects for Information Management Scheduled to Start During Last Six Months of FY 2012-13

SYNOPSIS: Information Management is responsible for data systems management services in support of all SCAQMD operations. This action is to provide the monthly status report on major automation contracts and projects to be initiated by Information Management during the last six months of FY 2012-13.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:
Receive and file.

Barry R. Wallerstein, D.Env.
Executive Officer

JCM:MAH:OSM:nv

Background

Information Management (IM) provides a wide range of information systems and services in support of all SCAQMD operations. IM's primary goal is to provide automated tools and systems to implement Board-approved rules and regulations, and to improve internal efficiencies. The annual Budget specifies projects planned during the fiscal year to develop, acquire, enhance, or maintain mission-critical information systems.

Summary of Report

The attached report identifies each of the major projects/contracts or purchases that are expected to come before the Board between January 1 and June 30, 2013. Information provided for each project includes a brief project description, FY 2012-13 Budget, and the schedule associated with known major milestones (issue RFP/RFQ, execute contract, etc.).

Attachment

Information Management Major Projects for Period January 1 through June 30, 2013

ATTACHMENT
April 5, 2013 Board Meeting
Information Management Major Projects
for the Period of January 1 through June 30, 2013

Item	Brief Description	Budgeted Funds	Schedule of Board Actions	Status
Auditorium Audio-Visual System Upgrade	Select vendor to upgrade the audio-visual equipment in the auditorium and conference center.	TBD	Release RFP December 7, 2012; Award Contract May 3, 2013	On Schedule
Phone Switch Upgrade	Select vendor to upgrade the Nortel legacy PBXs phone systems (Diamond Bar and Long Beach office) to the new Avaya Aura phone systems. Provide enhancements for: <ul style="list-style-type: none"> • Communications SIP based hardware • Replacement Contact Center server hardware • SIP based voice mail for the Communication Manager • One-X client Unified Communications - Mobility, Communicator, Portal VoIP telephone sets	\$163,000	Release RFP March 1, 2013; Award Contract June 7, 2013	On Schedule
Phone Switch Maintenance	Select vendor to provide high quality and reliable phone switch maintenance services to the SCAQMD in the most cost-effective manner. Phone switch maintenance services will include phone switch maintenance and any related maintenance cost associated with the voice communication network system.	\$69,330	Award Contract April 5, 2013	On Schedule
Systems Maintenance and Enhancements	Provide enhancements for: <ul style="list-style-type: none"> • CLASS Systems • eGovernment Applications & Infrastructure • Software, Server & Database Version Upgrades 	\$435,000	April 5, 2013	On Schedule
Desktop Operating System and Office Suite Upgrade	Upgrade all desktop operating systems from Windows Vista to Windows 8 Professional, and all Office Suites from Office 2007 to Office 2013.	\$483,524	April 5, 2013	On Schedule

Double-lined Rows - Board Agenda items current for this month
Shaded Rows - activities completed

 [Back to Agenda](#)

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 22

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met on Friday, March 8, 2013. The Committee discussed various issues detailed in the Committee report. The next Administrative Committee meeting is scheduled for Friday, April 12, 2013, at 10:00 a.m.

RECOMMENDED ACTION:
Receive and file.

Dr. William A. Burke, Chair
Administrative Committee

drw

Attendance: Attending the March 8, 2013 meeting were Committee Members Chairman William Burke via teleconference and Mayor Dennis Yates and Supervisor Josie Gonzales at SCAQMD. Dr. Clark E. Parker, Sr., was unable to participate due to a previous commitment.

ACTION/DISCUSSION ITEMS:

1. **Board Members' Concerns:** None.
2. **Chairman's Report of Approved Travel:** None.
3. **Approval of Compensation for Board Member Assistant(s)/Consultant(s):** None.
4. **Report of Approved Out-of-Country Travel:** None.

APRIL AGENDA ITEMS

5. **Transfer Funds Within the Legal Division Budget to Provide for Temporary Agency Services in the Legal Division:** Upon the request of staff, this item was removed from the agenda.

6. **Remove Various Fixed Assets from AQMD Inventory:** Chief Financial Officer Michael O’Kelly advised that the Committee regularly considers these requests to surplus various fixed assets from the agency’s inventory, and requested approval to surplus 5-to-20-year-old lab equipment and 6-to-24-year-old District vehicles which are either non-operational, obsolete or not worth the cost of repair. Mr. O’Kelly also reported the request for donation of seven non-operational microturbines, to be donated to CalPoly Pomona and UCSD. Upon inquiry by Chairman Burke of the disposition of the other fixed assets scheduled for surplus, Mr. O’Kelly advised that surplus furniture is generally donated to non-profit agencies or school districts and that surplus vehicles are sent to auction. These vehicles, which would have approximately 200,000 miles on average and/or expired CNG tanks, command approximately \$500-\$700 per vehicle. Chairman Burke commented on his preference to know the disposition of the equipment and vehicles as they are removed from the inventory, whereupon Executive Officer Barry Wallerstein advised that as this item moves to consideration by the Governing Board, staff would add a column to the tables to indicate such disposition, whether donation or auction; and, that future items, planned for surplus would contain such information.

Moved by Gonzales; seconded by Yates; unanimously approved.

7. **Establish and Transfer Monies to Infrastructure Improvement Fund for Replacement of SCAQMD Phone System:** Mr. O’Kelly reported that the District currently accounts for infrastructure improvement projects through the general fund operating budget. Since the building infrastructure, audiovisual systems, and phone systems are aging, the creation of this fund is recommended so that the projects may be accounted for outside of the general fund operating budget to deal specifically with large-scale, multi-year infrastructure projects. These will be paid outside of the operating budget by a separate fund, which may be accounted for and reported on separately, and shown as a capital projects fund within the agency’s audited financial statements. Mr. O’Kelly further advised there will be an additional infrastructure improvement project before the Governing Board in June or July proposed by Information Management staff regarding the agency’s phone system. The requested \$1.2 million will be utilized to finance contracts granted via RFP for the referenced infrastructure improvements including the phone system. Dr. Wallerstein further commented that this action will address the Board’s requests for a balanced budget, rather

than using reserves for specific projects and paying down its reserves. Mayor Yates advised that the City of Chino recently replaced its phone system, including the satellite offices, at a cost of over a million dollars.

Moved by Gonzales; seconded by Yates; unanimously approved.

8. **Adopt Resolution and Transfer Monies to Prepay Installment Purchase Payment for SCAQMD Headquarters Facilities:** Chairman Burke noted the tangential relation to the previous matter, and requested a motion on this agenda item.

Moved by Gonzales; seconded by Yates; unanimously approved.

9. **Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services:** Assistant DEO for Information Management Chris Marlia reported that staff brings this item to the Committee periodically and intends to add funds to the agency's outsource companies for software development and maintenance work. Chairman Burke commented that Supervisor Antonovich would appreciate staff's repair of the Auditorium's electronic voting system. Mr. Marlia responded that an RFP has been issued for proposals to upgrade the conference center to digital technology, which is scheduled for consideration by the Committee next month, and would also address the voting system.

Moved by Yates; seconded by Gonzales; unanimously approved.

10. **Authorize Purchase of Phone Switch Maintenance Services:** Chairman Burke requested a motion on this agenda item, whereupon Mr. Marlia noted there would be a several-month conversion effort to the previously discussed new phone system, which requires the maintenance and support of the current system.

Moved by Yates; seconded by Gonzales; unanimously approved.

11. **Authorize Purchase of Desktop Operating System and Office Suite Upgrades:** Mr. Marlia advised that this plan to purchase and upgrade the five-year-old desktop operating system bypassed Windows 7 and will upgrade to Windows 8, and bypassed Office 2010 to upgrade to Office 2013, thus achieving savings by skipping a version of the software each time. A brief discussion followed on the compatibility of various versions of software, and Dr. Wallerstein directed that the most recent available software be installed on all Board Members' computers. Thereafter, Chairman Burke requested a motion on this item.

Moved by Gonzales; seconded by Yates; unanimously approved.

12. **Issue Purchase Order for Dedicated CNG Sedans:** Assistant DEO for Administrative Services and Human Resources Bill Johnson reported on this item to issue purchase orders for up to 32 dedicated CNG sedans for the District's fleet. Chairman Burke reported on recent news items involving Tesla's planned delivery of 40,000 electric vehicles in 2013, and inquired how many vehicles were intended for California and the South Coast Air Basin? He surmised that if Tesla, as the high-end electric vehicle manufacturer, can deliver that many vehicles, then the lower-priced manufacturers should be delivering significantly more. Therefore, Chairman Burke suggested that if a specific manufacturer is taking a significant lead in sales, the agency should support that manufacturer, as well. He added that the agency should follow the reported sales figures to determine what the public is accepting, rather than try to inform the public what they *should* accept.

Moved by Yates; seconded by Gonzales; unanimously approved.

13. **Amend Contract for Continuation of Air Quality Institute:** Upon the request of staff, this item was continued to the April meeting of the Administrative Committee.
14. **Recommendation to Amend the Charter and Appoint Members for Local Government and Small Business Assistance Advisory Group Committee:** Public Advisor Derrick Alatorre reported that the revisions to the Local Government and Small Business Assistance Advisory Group Charter were needed to make it consistent with the agency's other advisory groups in allowing reappointment of members and removing "honorary membership" from the Charter. In addition, five new members for this Advisory Group are being recommended by staff, as well as reappointments sought by four existing members.

Moved by Yates; Seconded by Gonzales; unanimously approved.

15. **Local Government and Small Business Assistance Advisory Group Minutes for the December 14, 2012 and January 11, 2013 Meetings:** The attached are for information only from the Local Government and Small Business Assistance Advisory Group, minutes for the December 14, 2012 and January 11, 2013 meetings.
16. **Environmental Justice Advisory Group Draft Minutes for the January 25, 2013 Meeting:** The attached are for information only from the Environmental Justice Advisory Group, draft minutes for the January 25, 2013 meeting.

17. **Review April 5, 2013 Governing Board Agenda**

18. **Other Business:** None.

19. **Public Comment:** None.

Meeting adjourned at 10:35 a.m.

Attachments

Local Government and Small Business Assistance Advisory Group Minutes for the December 14, 2012 and January 11, 2013 Meetings;

Environmental Justice Advisory Group Draft Minutes for the January 25, 2013 Meeting



South Coast
Air Quality Management District

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**LOCAL GOVERNMENT &
SMALL BUSINESS ASSISTANCE ADVISORY GROUP
FRIDAY, DECEMBER 14, 2012
MEETING MINUTES**

MEMBERS PRESENT:

Dennis Yates, Mayor, City of Chino and LGSBA Chairman
Greg Adams, L.A. County Sanitation District
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California/All Metals
Daniel Cunningham, Metal Finishing Association of Southern California
Jacob Haik, Office of Councilmember Joe Buscaino
Maria Elena Kennedy, Kennedy Communications
Rita Loof, RadTech International
Mary Ann Lutz, Mayor, City of Monrovia
Kelly Moulton, Paralegal
Steve Mugg, South Orange County Representative, City of Mission Viejo

MEMBERS ABSENT:

Ronald Loveridge, Mayor, City of Riverside and LGSBA Vice Chairman
Felipe Aguirre, Councilmember, City of Maywood
Todd Campbell, Clean Energy
Lucy Dunn, Orange County Business Council
Angelo Logan, East Yard Communities for Environmental Justice

OTHERS PRESENT:

Earl Elrod, Board Member Assistant (*Yates*)

AQMD STAFF:

Derrick Alatorre, Assistant Deputy Executive Officer/Public Advisor
Ruby Fernandez, Senior Deputy District Counsel
Lori Langrell, Secretary
William Sanchez, Senior Public Affairs Manager
Jeanette Short, Senior Administrative Secretary

Agenda Item #1 – Call to Order/Opening Remarks

Mayor Dennis Yates called the meeting to order at 11:45 a.m.

Agenda Item #2 – Approval of July 20, 2012 and September 14, 2012 Meeting Minutes/Review of Follow-Up /Action Items

Mayor Yates called for approval of the meeting minutes. The July 14, 2012 and September 14, 2012 meeting minutes were approved.

Action Item: Check into actions by AQMD staff relating to intellectual property rights.

- ✓ *The District has not negotiated with any grant recipient for a share of revenues generated from intellectual properties pursuant to SB 170.*

Action Item: Check into the passage of the Fire Parcel Tax, and the parameters that fall under it.

- ✓ *Last summer the Legislature passed and the Governor signed into law ABX1 29 (Blumenfield). The bill imposes an annual \$150 fire prevention fee on structures located in the State Responsibility Areas (SRA); requires fee revenues to be available to the Board of Forestry (Board) and California Department of Forestry and Fire Protection (CDF), upon appropriation by the Legislature, for fire prevention and protection activities in SRAs.*

In August, the state began mailing the first of more than 825,000 “Fire Prevention Fee” bills to Californians who own property with a habitable structure in a State Responsibility Area (SRA)- those 31 million acres where CalFire has primary responsibility for fire prevention and suppression. (Overwhelmingly rural areas not on federal land and not within Local Fire Responsibility areas.) Of these, 125,000 notices were sent to property owners within South Coas’s four county region.

Agenda Item #3 – Overview of the 2012 Sustainable Communities Strategy, Pursuant to SB 375

Mr. Grieg Asher of Southern California Association of Governments (SCAG) provided an update on the 2012 Sustainable Communities Strategy, pursuant to SB 375.

Mr. Greg Adams asked if there was an analysis as to the impact on greenhouse gas goals and whether the plan has achieved them. Mr. Asher replied yes. Mr. Adams further asked whether there was an analysis as to what what happens/ happened with redevelopment agency monies, if there have been an analysis on that. Mr. Asher responded that analysis has not been specifically done. He explained that it is difficult to include within the model as cities have not come to grips with the funding shift. Moreover, they are just now looking now at where they see their housing and jobs growth will be under different scenarios that need to be tested and modeled next time around. That is one of the key areas that we will focus on in the next RTP in approximately a year. We (SCAG) was in the middle of forecasting as the redevelopment agencies went away. SCAG has been working with the cities, which is needed to see if they are beginning to back down, or maybe redirect where the growth is.

Ms. Mary Ann Lutz inquired regarding the logistics of the RTP. Now that it (RTP) has been adopted, for those who have issues with it, she asked if there is an appeal process or is it a done deal. Mr. Asher indicated the RTP is adopted; therefore, it is a done deal. Mr. Asher added that the RTP is a plan, which can be reanalyzed, remodeled, and issues can be revisited in the next plan. The schedule for the next RTP is already on their website.

Mr. Paul Avila asked what percentage of analysis was done by consultants, and what portion was done by in-house staff. Mr. Asher responded that it was approximately 50/50 outside consultants versus internal staff were engaged in working with the different chapters in place.

Ms. Rita Loof asked about the economic benefits section figures for 174,500 jobs and the 354,000 jobs per year being projected from the plan is there a figure that takes into consideration the net job gain in the area laying all the factors, for example, the economy. Mr. Asher answered that the figures on the fact sheet come from a table in the plan that's much more extensive, but in the text, three or four pages before the table in the same section, there is discussion about total employment and total growth, net increases and decreases. There is also another chart or table with further breakdown by industry types and growth. If you can't find it on the website, Mr. Asher indicated to contact him and he will help out.

Agenda Item #4 – Local Government & Small Business Assistance Advisory Group 2012 Accomplishments/2013 Goals & Objectives

Mr. Alatorre presented the 2012 Accomplishments, the 2013 proposed Goals & Objectives, and sought input on further items to include in the Goals & Objectives.

Mr. Adams recommended that item number two, "Review and comment regularly on the 2012 Air Quality Management Plan," be moved up to item number one, and that we add the word "implementation." Mr. Alatorre replied that the items are in no particular order, and they can be presented at any time. Mr. Adams indicated one more request, to add the word "implementation" on the Regional Transportation Plan as well.

Ms. Lutz recommended that we add SB 535 as it is going to need some recommendations, and board members are talking about how to be more proactive. Mr. Avila asked if this bill refers to cap & trade fees, which Ms. Lutz replied yes.

Agenda Item #5 – Monthly Report on Small Business Assistance Activities

No comments.

Agenda Item #6 – Other Business

No comments.

Agenda Item #7 – Public Comment

No comments.

Adjournment

The meeting adjourned at 12:33 p.m.



South Coast
Air Quality Management District

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**LOCAL GOVERNMENT &
SMALL BUSINESS ASSISTANCE ADVISORY GROUP
FRIDAY, JANUARY 11, 2013
MEETING MINUTES**

MEMBERS PRESENT:

Dennis Yates, Mayor, City of Chino and LGSBA Chairman
Greg Adams, L.A. County Sanitation District
Paul Avila, P.B.A. & Associates
Daniel Cunningham, Metal Finishing Association of Southern California
Jacob Haik, Office of Councilmember Joe Buscaino
Rita Loof, RadTech International
Mary Ann Lutz, Mayor, City of Monrovia
Steve Mugg, South Orange County Representative, City of Mission Viejo

MEMBERS ABSENT:

Ronald Loveridge, Mayor, City of Riverside and LGSBA Vice Chairman
Felipe Aguirre, Councilmember, City of Maywood
Geoffrey Blake, Metal Finishers of Southern California/All Metals
Todd Campbell, Clean Energy
Lucy Dunn, Orange County Business Council
Maria Elena Kennedy, Kennedy Communications
Angelo Logan, East Yard Communities for Environmental Justice
Kelly Moulton, Paralegal

OTHERS PRESENT:

Robert Ulloa, Board Member Assistant (*Yates*)
Mark Abramowitz, Board Member Assistant (*Lyou*)

AQMD STAFF:

Derrick Alatorre, Assistant Deputy Executive Officer/Public Advisor
Naveen Berry, Planning & Rules Manager
Ruby Fernandez, Senior Deputy District Counsel
Elaine Hills, Air Quality Inspector II
Lori Langrell, Secretary
John Olvera, Principal Deputy District Counsel
William Sanchez, Senior Public Affairs Manager
Jeanette Short, Sr. Administrative Secretary
Jill Whynot, Assistant Deputy Executive Officer

Agenda Item #1 – Call to Order/Opening Remarks

Derrick Alatorre called the meeting to order at 11:35 a.m.

Agenda Item #2 – Approval of December 14, 2012 Meeting Minutes/Review of Follow-Up /Action Items

Mr. Alatorre called for approval of the meeting Minutes, but due to a lack of quorum, the Minutes will be approved at the February 8, 2013 meeting.

There were no follow-up/action items arising out of the December 14, 2012 meeting.

Agenda Item #3 – Local Government & Small Business Assistance Advisory Group 2013 Goals & Objectives

Mr. Alatorre discussed the 2013 Goals & Objectives. The topic of SB 535 has been added to the Goals & Objectives for 2013.

Agenda Item #4 – Proposed Amended Rule 219 – Equipment Not Requiring a Written Permit to Regulation II and Proposed Amended Rule 222 – Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II

Mr. Naveen Berry presented on Proposed Amended Rule 219 and Proposed Amended Rule 222.

Mr. Paul Avila asked if there is a salvage value in the large machines once the equipment had been used. Mr. Berry replied that they definitely have some value.

Mr. Greg Adams asked if the proposed amended rules would apply to fuel cells and micro turbines irrespective of the fuels they run on. Mr. Berry replied that most of the technology runs mainly on landfill gas. Mr. Adams asked if these applications would be eligible for Rule 222. Mr. Berry responded that they would be eligible for the more simplified filing system under Rule 222. Micro turbines are fairly efficient systems running on landfill gas. Similar to fuel cells, most have small heaters that create emissions for the first 24 hours, but no additional combustion is required to keep the fuel cells running. Since the emission profiles are fairly low, it makes sense to put them in a simplified filing program.

Mr. Adams asked if pressure washers would be excluded irrespective of the fuel used. Mr. Berry replied they are actually diesel-fueled, a major concern in terms of retrofitting the burners. Staff is proposing to include anything up to 550,000 BTU per hour, so long as less than 50 gallons per day are used.

Mr. Avila asked who, in addition to roofing contractors, uses tar kettles or tar pots. Mr. Berry responded that roofing is typically the most common application, but there are also heated asphaltic pavement sealers and others that use similar types of equipment.

Mr. Stephen Mugg asked what the overall compliance rates are. Mr. Berry responded that he could not recall the exact data, but for certain 1147-type equipment we have had some variance requests and are also alleviating some NOx obligations through Rule 219. Mr. Mugg asked if the District envisions an increase in compliance. Mr. Berry replied he believed so. Ms. Jill Whynt replied that registrations would have similar conditions as permits so compliance does not change. The approach is more streamlined, and it can encourage people to register. Mr. Mugg asked if the objective is to bring in more compliance by dropping the expense of permitting. Mr. Berry indicated it is a transition to 1147 based on technology reviews. The objective is to incorporate technology assessments into this permitting

system. Mr. Adams asked when inspection forces are assigned, does equipment falling under rule 222 get allocated less resources. Ms. Whynot replied they get allocated different resources because Engineering & Compliance [E&C] inspectors focus on mostly permitted equipment while Planning and Rules inspectors handle the 222 equipment. E&C inspectors will, however, inspect the 222 equipment if the equipment is at a facility they are inspecting.

Agenda Item #5 – Legislative Update

Mr. Guillermo Sanchez provided an update on key legislative issues relevant to the SCAQMD.

Mr. Avila asked with the exception of industry, what is the source of bills that negatively impact SCAQMD? Mr. Sanchez indicated that on occasion a bill may be intended to address jurisdictional issues or government reorganization efforts, not necessarily intended as anti-air districts. In other instances, some reform might be focused on a particular element or process without taking into consideration the larger issue.

Mr. Adams asked whether there was any information regarding who the new EPA Administrator might be. Mr. Sanchez replied that there were no nominations yet. Mr. Alatorre also responded that staff will be in Washington D.C. the following week and can report back at the next meeting.

Action Item: Agendize a report to the LGSBA Group on the recent trip to Washington D.C.

In regards to the potential regulations on hydraulic fracturing (fracking), Ms. Mary Ann Lutz asked if there was opposition from environmental groups with regard to water - she can see the water board saying underground water is the concern. Mr. Sanchez replied that the concern with environmentalists is that the proposed discussion points are not strong enough. The agency's focus was narrowly centered on well case integrity but that is only a small portion of issues involved. Ms. Lutz asked if the regulations addressed the chemicals used and pressure applied. Mr. Sanchez indicated that it requires public notice, disclosure of chemicals used, and some trade secret protection requiring disclosure of information to relevant agencies. Ms. Lutz asked if DOGGR will incorporate each agency's needs. Mr. Sanchez replied that it is supposed to be comprehensive regulations developed and promulgated together with every affected agency.

Mr. Avila asked if the District can give a presentation on fracking in three to four months.

Action Item: Agendize a presentation to the LGSBA Group on the topic of fracking

Agenda Item #6 – Monthly Report on Small Business Assistance Activities

No comments.

Agenda Item #7 – Other Business

Mr. Rita Loof indicated there are flyers regarding the UV-EB West event being held on February 26th to February 27th in Southern California. The event is being sponsored by the Coalition for Clean Air.

Agenda Item #8 – Public Comment

No comments.

Adjournment

The meeting adjourned at 12:18 p.m.



South Coast Air Quality Management District

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ENVIRONMENTAL JUSTICE ADVISORY GROUP FRIDAY, JANUARY 25, 2013 MEETING MINUTES

MEMBERS PRESENT:

Dr. Joseph Lyou, AQMD Governing Board Member, EJAG Chairman
Rhetta Alexander, San Fernando Valley Interfaith Council
Lawrence Beeson, Loma Linda University, School of Public Health
Judy Bergstresser, Member of the Public
Suzanne Bilodeau, Knott's Berry Farm
Arnold Butler, Inglewood Unified School District
Paul Choe, Korean Drycleaners & Laundry Association
Afif El-Hasan, American Lung Association
Maria Elena Kennedy, Quail Valley Task Force
Rudy Gutierrez, Member of the Public
Evelyn Knight, Long Beach Economic Development Commission
Brenda LaMothe, S. Los Angeles Service Representative for L.A. Mayor
Daniel Morales, National Alliance for Human Rights
John Moretta, Resurrection Church
Lizette Navarette, University of California, Riverside
Raymond Turner, Member of the Public
Rafael Yanez, Member of the Public

MEMBERS ABSENT:

Alycia Enciso, Small Business Owner
Mary Figueroa, Riverside Community College
Mimi Holt, SEIU Local 121 Registered Nurses
Andrea Hricko, Southern California Environmental Health Sciences
Pat Kennedy, Greater Long Beach Interfaith Community
Angelo Logan, East Yard Communities for Environmental Justice
Margaret Mapes, St. Joseph Center
Elina Nasser, Center for Occupational and Environmental Health, UCLA
William Nelson, OC Signature Properties
Neal Richman, Breathe LA
Woodie Rucker-Hughes, NAACP – Riverside Branch

OTHERS PRESENT:

Mark Abramowitz, Board Member Assistant (*Lyou*)
Earl Elrod, Board Member Assistant (*Yates*)
Greg Adams, Los Angeles County Sanitation District
Danielle Fasse, Southern California Edison
Adam Smith, Southern California Edison
Susan Strath, BP

AQMD STAFF:

Jill Whynot, Assistant Deputy Executive Officer
Veera Tyagi, Sr. Deputy District Counsel
Guillermo Sanchez, Sr. Public Affairs Manager
Lisa Tanaka O'Malley, Community Relations Manager
Philip Fine, Planning & Rules Manager
Tracy Goss, Program Supervisor
Nicole Soto, Secretary

Agenda Item #1 - Call to Order/Opening Remarks

Chair Dr. Joseph Lyou called the meeting to order at 12:04 PM.

Chair Lyou mentioned the California Environment Protection Agency (Cal EPA), Office of Environmental Health Hazard Assessment (OEHHA), for the first time developed a screening tool that will help identify disadvantaged communities and has extended the comment period on the draft document.

Chair Lyou also mentioned that Governor Jerry Brown during his State of the State Address discussed climate change and concerns about the California Environmental Quality Act (CEQA).

Agenda Item #2 – Approval of October 26, 2012 Meeting Minutes

Chair Lyou called for the approval of the meeting minutes. The October 26, 2012 meeting minutes were approved.

Agenda Item #3 – Review of Follow-Up/Action Items

Ms. Lisa Tanaka O'Malley reviewed the action items from the October 26, 2012 meeting.

Ms. O'Malley provided information on the Trans Pacific Partnership Trade Agreement.

Agenda Item #4 – Member Updates

Mr. Rafael Yanez heard on the news about the expansion at the Port of Long Beach and Port of Los Angeles. He is concerned over the truck traffic from the 110/710 freeway corridor and transfers at the Commerce railyard. Chair Lyou said there is a lot of activity going on at the Ports. He also mentioned that at the next Governing Board meeting on February 1, 2013, there would be discussion on the proposed PM 2.5 Indirect Source Rule Measure for the Ports in the 2012 Air Quality Management Plan (AQMP).

Ms. Evelyn Knight asked if there is a way to hold a discussion on Port-related issues to facilitate the dissemination of information. Ms. Brenda LaMothe suggested inviting the Port of Los Angeles Commissioner Cynthia Ruiz to a meeting to discuss the issues. Chair Lyou pointed to the February Governing Board meeting in which representatives of the Ports would be attending.

Ms. Maria Kennedy suggested that now would be a good time to have a regional discussion to address environmental justice issues related to the 710 freeway expansion since the traffic will travel from the Ports through the Inland Empire. Chair Lyou said goods movement and the 710 freeway expansion can be discussed at the next meeting.

Action Item: Add the 710 freeway expansion and goods movement to the next meeting agenda.

Mr. Arnold Butler said he has received inquiries and meeting invitations on the expansion at the Los Angeles World Airports (LAWA), as well as fracking at the Baldwin Hills drilling site. He asked if there is information he can take back to the community. Chair Lyou said the LAWA study isn't finalized yet. But, mentioned that the State of California Division of Oil, Gas & Geothermal Resources is reviewing draft regulations on hydraulic fracturing and there is currently legislation being discussed in Sacramento. Chair Lyou also said that the SCAQMD Stationary Source Committee drew up a list of proposals on how to address hydraulic fracturing from an air quality perspective. Ms. Veera Tyagi added there is a working group that meets regularly on the issue and is open to the public.

***Action Item:** Provide hydraulic fracturing information discussed during the Stationary Source Committee and add Mr. Butler to the working group notification list.*

Mr. Gutierrez expressed concerns about EJAG meeting only on a quarterly basis. Chair Lyou explained that when they reformed the advisory group, it was decided to meet quarterly and have longer meetings versus shorter meetings. He added that it may be possible to form subcommittees to facilitate the exchange of information, but any meetings must comply with Brown Act requirements.

Ms. LaMothe said the current issue in South Los Angeles is the Crenshaw rail line. She said there are various groups in opposition of having two lines in a heavily populated area of South Los Angeles. Chair Lyou said he isn't sure where they are in the process of the Environmental Impact Report, but CEQA staff normally provides comments.

***Action Item:** Check the status of CEQA comments on the Crenshaw rail line.*

Ms. Judy Bergstresser said terminal operators are the landlords at the Ports and said it is important to encourage them to hold their tenants to standards. Chair Lyou said that at the Indirect Source Rule for the Ports is on the agenda for the February Governing Board meeting.

Ms. Knight asked if there is anyone responsible for the regulation of pollution coming from the Ports. Chair Lyou stated that SCAQMD has responsibility for some of the air quality related issues at the Ports, but doesn't have all the authority.

Mr. Yanez asked if additional funding for the green trucks program at the Ports can be recommended. Chair Lyou said the Ports are willing partners in the green trucks program, but that two important sources of money, AB 923 Carl Moyer program and AB 118 are scheduled to sunset in the next couple years. He explained that there are legislative proposals in Sacramento to extend the funding, but it is a complicated issue.

Agenda Item #5 – Draft 2012 Environmental Justice Advisory Group Accomplishments

Ms. O'Malley reviewed the 2012 EJAG Accomplishments. The 2012 EJAG Accomplishments were approved.

Agenda Item #6 – Update on the AB 1318 Mitigation Fees Fund Program

Dr. Philip Fine provided an overview and update on the AB1318 Mitigation Fees Fund Program.

Msgr. John Moretta asked how big the power plant is. Dr. Fine replied it's around an 800 megawatt peaker plant. Dr. Fine continued to say it has the cleanest technology available, but there are still emissions that require a certain amount of offsets.

Ms. Kennedy said she is surprised that the Salton Sea Authority did not participate in the Request for Proposals (RFP) process. Dr. Fine said there were other proposals submitted in the Salton Sea area for dust and paving projects. Dr. Fine added that as a result of the incident last October, the Governing Board approved a sulfide hydrogen monitoring station to be placed at the Salton Sea. Dr. Fine indicated that they are also looking into what can be done for dust mitigation due to the residing shoreline.

Ms. Alexander asked if there were any wind projects proposed. Dr. Fine said there was a wind proposal, but the Administrative Committee ranked nonprofits above large Fortune 500 companies in the grant process. Ms. Alexander asked if any of the solar projects supported residential areas. Dr. Fine said some solar projects were funded for government and city buildings, as well residential projects.

Ms. Navarette asked if any of the proposals or future resources might be used for the Salton Sea. Dr. Fine replied that if the Governing Board decides to go back out for additional Requests for Proposals with any remaining funds, it might be possible. Dr. Fine continued that there is other work being done in the area including a permanent PM 10 air monitoring station in Mecca, school air filters at two of the elementary schools, and paving near the Torres-Martinez Indian Reservation.

Ms. Knight asked if there is any permanent air monitoring stations being placed in Long Beach. Dr. Fine said there is a permanent air monitoring station at Hudson Elementary and there are also monitors at Long Beach City College, as well as six spread throughout the Ports area.

Mr. Butler asked how the sum of \$53 million dollars was determined for the AB1318 Mitigation Fee Fund. Chair Lyou said the SCAQMD set a price per pound for the offsets which the state legislators took and multiplied by the number of pounds of pollutants. Mr. Butler inquired if the format for these mitigation grants is the standard process for any program. Dr. Fine said this project process was unique due to the parameters set in the legislation. Mr. Butler asked if the process would be applicable for mitigation efforts related to LAWA. Chair Lyou said if there were mitigation funds for LAWA, staff would make a recommendation to the Governing Board on the process.

Dr. El-Hasan asked if the natural gas vehicles funded in the proposal would be required to stay and operate in the area. Dr. Fine said they utilized the traditional requirement, which is 75% operation in that area. Dr. Fine also said that the grantees are also required to track mileage and where they operate, so emission reductions can be calculated. Dr. El-Hasan also asked if there are any restrictions on the operation of the power plant. Ms. Jill Whynot said the state has authority to go beyond SCAQMD's permit conditions and can assign a specific operating time. Dr. Fine added some power plants have limitations on operating hours with their permit.

Ms. Bergstresser asked about the definition of grid scale project. Dr. Fine explained it's a very large solar and wind project. He also expressed that a grid scale project is designed to feed right into the power grid; and, not provide distributed energy or individual use.

Mr. Morales asked if the weatherization project was for low income homes; and, if they know how many low income homes are in the area. Dr. Fine said there are two weatherization projects both in generally low income areas, one in the 6-mile vicinity of the peaker plant, and the other in the environmental justice area.

Ms. Alexander asked why the money can't be used for mitigation at the power plant itself. Dr. Fine said the plant utilizes the best available control technology (BACT), so additional funds applied to the power plant would not result in much.

Mr. Yanez asked if this power plant and all other power plants are required to report annual emissions. He also asked for an explanation on the rules on credits. Ms. Whynot responded that new power plants or increases at current power plants have to comply with BACT and offset their emissions, which means there is no increase overall. If a plant shuts down or goes beyond the rule requirements, they are issued credits. Ms. Whynot further explained that when a facility applies for an emissions reduction credit, they are only allowed to use actual emissions for the last two-years. Chair Lyou explained that the program was structured to motivate people to come up with new technology that would become the new BACT. Chair Lyou expressed that there is significant discussion on-going about emission reduction credits. Dr. Fine added all large facilities report their emissions which are audited and available on the FIND system on SCAQMD's website.

Mr. Gutierrez asked about the parkway that received a grant. Dr. Fine said the proposal is from Desert Hot Springs all the way to Mecca, approximately 40 miles. Dr. Fine expressed that he did not have details on the specific plans for constructing the parkway. Chair Lyou said Mr. Gutierrez can stay in contact with Dr. Fine or contact the Coachella Valley Association of Governments directly for additional information.

Dr. El-Hasan asked if there was a detectable increase of pollution as a result of other power plants compensating for San Onofre Nuclear Power Plants' shutdown. Chair Lyou said he's not sure if there was a detectable increase, but it was recognizable. Chair Lyou explained there are very little criteria pollutants and green gas emissions with a nuclear power plant; and, the electricity being generated now to supplement San Onofre has to come from other sources. Chair Lyou said staff can follow-up to provide information.

***Action Item:** Have staff look into the breakdown of emissions generated to supplement the shutdown of the San Onofre nuclear power plant.*

Agenda Item #7 – Update on the Status of SB 535 and Prop 39

Mr. Guillermo Sanchez provided an overview and update on SB 535 and Prop 39.

Ms. Kennedy stated that there is a challenge in identifying small disadvantaged communities because they get lost in the larger census tract data. Chair Lyou responded that the OEHHA tried to approach this issue, but census block data is not available. He added that, OEHHA has been able to get it down to zip code level. Mr. Sanchez said that these issues need to be resolved now through the public workshops. Chair Lyou said he could get the details on the workshops from Nidia Bautista at Coalition for Clean Air.

***Action Item:** Provide information on workshops to members.*

Dr. Beeson asked what the logic is on the proposed indicators and how they determine the thresholds. Chair Lyou said the intent of the screening tool is to provide decision makers with data, so they can do a more in depth analysis to establish criteria for making decisions.

Msgr. Moretta asked why the communities haven't been approached yet. Mr. Sanchez said there isn't a schedule of meetings yet, but they anticipate the meetings beginning around March.

Mr. Butler asked about the deferrals to the school districts. Mr. Sanchez said it has a double benefit; it will directly benefit the school by up to \$550 million and also help satisfy the legislature's debt related to Prop 98 which guarantees school funding.

Ms. Alexander asked if the \$550 million for schools is for energy efficiency projects at the schools. Mr. Sanchez said the energy efficiency funds are for the schools to bring them up to current standards and to help with energy costs.

Agenda Item #8 – Other Business

No Comments.

Agenda Item #9 – Public Comment

Mr. Greg Adams commented that the Sentinel power plant was an act of the Legislature which may be the only way to garner permission to build a new power plant these days.

Agenda Item #10 – Adjournment

The meeting adjourned at 2:27 PM.

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 23

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, March 8, 2013. The next Legislative Committee is scheduled for Friday, April 12, 2013, at 9 a.m. in Conference Room CC8.

The Committee deliberated on agenda items for Board consideration and recommended the following actions:

Agenda Item	Recommendation Action
SB 389 (Wright) South Coast Air Quality Management District: Electric Generating Facilities: Emissions Offsets	Oppose
SB 736 (Wright) Electrical Generation Facility: Upgrades: Permit Fees	Oppose
SB 760 (Wright) Electrical Generation Facility: Emission Reduction Credits	Oppose
AB 818 (Blumenfield) Air Pollution Control: Penalties	Oppose
SB 691 (Hancock) Nonvehicular Air Pollution Control: Penalties	Support with Amendments
SB 286 (Yee) Vehicles: High-Occupancy Vehicle Lanes	Support

RECOMMENDED ACTION:

Receive, file this report, and approve agenda items as specified in this letter.

Josie Gonzales
Chair
Legislative Committee

LBS:DJA:GS:jf

Attendance [Attachment 1]

The Legislative Committee met on March 8, 2013. Committee Chair Supervisor Josie Gonzales was present at SCAQMD's Diamond Bar headquarters. Committee Members Supervisor Michael Antonovich, Mayor Pro Tem Judy Mitchell, Councilmember Jan Perry, and Dr. Clark Parker, Sr. also attended via teleconference. In addition, Dr. William Burke was appointed to the committee and attended via teleconference.

Update on Federal Legislative Issues

Mark Kadash of Kadash & Associates, SCAQMD federal legislative consultant, updated the Committee on key Washington D.C. legislative issues. He reported to the Committee that the federal government's current budget lasts through March 27, 2013. Congress is now working on a new Continuing Resolution (CR) to continue federal funding through the end of the federal fiscal year. The U.S. House of Representatives has passed a CR that includes incorporation of the \$85 billion in sequester cuts and provides some flexibility for defense, veterans, and homeland security. The U.S. Senate is now working on a CR that will also include some flexibility in how spending cuts can be made for a few of the federal departments, such as Science and Commerce. The Senate will not be agreeing to the House CR but will continue preparing their own version and send it back to the House for consideration. However, the U.S. EPA and Department of Energy (DOE) will not be granted additional spending cut flexibility as part of the Senate's CR, and thus they will experience about a 5% cut in each of their programs.

For example, the DOE zero-emission technologies funding that SCAQMD applied for in the past will likely have the \$5 million portion (that is to be available in the second half of the fiscal year) reduced 5%, or \$250,000, for FY 2013. Congress will be going on recess in the last week of March and the expectation is that the CR will be passed before the March deadline.

Once that process is complete, Congress will turn to the FY 2014 budget. The expectation is that the President will release his budget in early April, rather than the

usual time of February. The Chairman of the House Budget Committee, Congressman Paul Ryan, is expected to release a Republican budget proposal, which is not required, in the next week or two. Ultimately, the budget resolution will set the funding levels for FY 2014.

Senator Barbara Boxer will be working on a climate change bill. She has introduced a bill and will likely be marking it up during the summer.

Governing Board Chairman Dr. William Burke asked whether there was any indication that an agreement had been reached between Congressman Ryan and President Obama. Mr. Kadesh responded in the negative but reported that the understanding is that they are trying to work together to reach an agreement.

Mia O'Connell of the Carmen Group, SCAQMD federal legislative consultant, also provided the Committee with updates on key Washington D.C. issues.

Ms. O'Connell reported on specific impacts of sequestration funding cuts as it relates to SCAQMD. Ms. O'Connell reported that both the DOE and the U.S. EPA would have their budgets cut by 5%, including cuts to the DERA program. DERA's \$30 million in funding would be cut by \$1.5 million in FY 2013. The U.S. DOT would also have its programs cut by 5% including TIGER grants.

Ms. O'Connell also reported that:

- Gina McCarthy, the current Assistant Administrator of the Office of Air and Radiation, has been nominated as the next U.S. EPA Administrator and confirmation hearings are likely to happen in the near future;
- Ernest Moniz, a prominent MIT physicist who served as Undersecretary of DOE under President Clinton, was nominated as the next DOE Secretary; and
- Sylvia Mathews Burwell was nominated as Director of the White House Office of Management and Budget (OMB).

Pursuant to the discussion with Board Chairman Burke and Legislative Committee Chair Supervisor Gonzales, Ms. O'Connell will report back on who potentially may be the next Secretary of Labor and will prepare background summaries of potential nominees for all the various positions.

Update on Sacramento Legislative Issues

Will Gonzalez, SCAQMD state legislative consultant, briefed the Committee on state legislative issues. In regards to the Carl Moyer reauthorization bills, he reported that the hearings have been set for AB 8 and SB 11 for early April, but that the dates will probably change given the availability of the authors. In preparation for the committee hearings, SCAQMD staff and consultants have worked closely with the coalition in

support of the bills and have visited every member of the committees from SCAQMD's delegation and have received positive responses.

In regards to reform of the California Environmental Quality Act (CEQA), Senator Rubio's resignation from the Senate marked the end of the major impetus for reform. In anticipation of planned legislation, a variety of bills were introduced as alternatives. With Senator Rubio's departure, the future of those bills remains uncertain and any real reform seems unlikely. Governor Brown does remain a vocal supporter for significant CEQA reform, but it is unknown whether he will directly engage on the issue and/or champion any specific proposals.

Mr. Gonzalez also noted for the Committee that a variety of renewable energy bills have been introduced; most notably, one by Assembly Member Bradford that would establish a \$108 million solar incentive program for low-income households.

Jason Gonsalves, SCAQMD state legislative consultant, also briefed the Committee on key Sacramento issues. In regards to legislation, the legislature continues to have an interest in regulating hydraulic fracturing in the state. At least five bills have been introduced and of those bills SCAQMD has taken a support position on two of them: SB 4 (Pavley) and AB 7 (Wieckowski). Mr. Gonsalves further reported that Senator Wright introduced three bills hostile to SCAQMD's mission, operations, and/or policy initiatives and its New Source Review rules.

Chairman Burke stressed the critical importance of defeating these bills.

Recommend Position of the following State Bills [Attachment 2]

Guillermo Sánchez, Public Affairs Senior Manager for Legislative and Public Affairs, presented Senator Wright's three bills for the Committee's consideration.

SB 389 prohibits SCAQMD from charging a fee for offsets from its internal emissions offsets account – a public asset – to offset any emissions increase from the replacement of electric utility steam boilers. If enacted, this bill would preempt proposed Rule 1304.1, which would require electrical generating facilities to pay for those offsets provided by the SCAQMD and those funds would be used for further air pollution improvement strategies.

Staff recommended a position of OPPOSE.

The Legislative Committee approved staff's recommendation to OPPOSE SB 389.

SB 736 would prohibit the SCAQMD from recovering its costs in processing a permit in instances where a modification would result in increased thermal efficiency. If enacted,

this would be in violation of federal Clean Air Act requirements and would undermine the SCAQMD's ability to monitor and enforce its regulatory scheme to protect air quality, and could subject the region to federal sanctions.

Staff recommended an OPPOSE position.

The Legislative Committee approved staff's recommendation to OPPOSE SB 736.

SB 760 would prohibit SCAQMD from imposing any conditions to shut down or destroy existing equipment at a facility when the facility applies for emission reduction credits under SCAQMD Rules 1304 and 1309. If enacted, this bill would violate federal requirements that SCAQMD must verify that the existing equipment is shut down and permanently disabled. Moreover, it would subject the state and SCAQMD to citizen lawsuits to enforce federal requirements and potentially subject the region to federal sanctions.

Dr. Barry R. Wallerstein, SCAQMD Executive Officer, added that under the federal requirements “shut down” means permanently disabled with the permits surrendered, so the equipment will not be put into operation unless it goes through permitting again as a new source. He further shared that Senator Wright believes the federal government would not enforce its requirements; however, in the near term, Dr. Wallerstein explained it does not resolve the issue that we would be in violation of federal law.

Staff recommended an OPPOSE position.

The Legislative Committee approved staff's recommendation to OPPOSE SB 760.

Ms. Lisha B. Smith, Deputy Executive Officer for Legislative and Public Affairs, presented AB 818 (Blumenfield) for the Committee's consideration. Ms. Smith stated that this bill was a repeat of AB 2605, previously introduced by Assemblyman Cedillo in 2011 and at that time the Board took an OPPOSE position.

AB 818 would allow city prosecutors and district attorneys to prosecute air quality violations civilly without any coordination with the air district. Then, any penalties recovered would accrue to the city or county general fund, depending on whose behalf the judgment was entered. By contrast, under existing law, the money accrues to the air district to fund further air pollution mitigation and reduction efforts.

Ms. Smith explained that, if enacted, this bill would deprive air districts of funding necessary to fight air pollution and could result in inconsistent results between how the district attorney, prosecuting attorney and air districts enforce air quality requirements.

Staff recommended a position of OPPOSE.

The Legislative Committee approved staff's recommendation to OPPOSE AB 818.

Derrick Alatorre, Assistant Deputy Executive Officer, for Legislative and Public Affairs presented two bills for the Committee's consideration: SB 691 introduced by Senator Hancock and SB 286 introduced by Senator Yee.

SB 691 would increase the maximum amount of civil penalties that can be assessed against stationary sources of air pollution for single-day violations of air quality regulations affecting large amounts of individuals. Mr. Alatorre explained that this bill was prompted by a refinery fire and explosion that resulted in over 10,000 people who went to the hospital and the frustration that only a \$10,000 fine could be imposed. Had SB 691 been in effect, a fine of up to \$100,000 could have been imposed for the first day of violation.

Staff recommended a position of SUPPORT.

Committee members expressed their concern that the penalty enhancements authorized under this bill remained too low. However, Dr. Wallerstein explained that Senator Hancock and the bill's sponsor, the Bay Area Air Quality Management District, believed that this represented a degree of revision possible in the current political climate.

The Legislative Committee recommended a position of SUPPORT WITH AMENDMENTS SB 691 urging the author to further strengthen the penalty provisions to serve as a true deterrent.

Mr. Alatorre stated that SB 286 would extend the Clean Air Vehicle Sticker program, which allows zero- and low-emission vehicles to use the High Occupancy Vehicle (HOV) lanes, for three years until January 1, 2018. Thus, SB 286 would extend a current incentive for the early adoption of zero- and partial zero-emission vehicles, which would further the goals of reducing emissions and protecting public health.

Dr. Burke commented that Tesla is expected to manufacture 20,000 vehicles in 2013 and requested staff to determine how much of that production will be for California and the South Coast region. He further requested staff to see what could be done to encourage these zero-emission vehicles to be deployed within the South Coast region.

Supervisor Gonzales shared with the Committee recent discussions she had with taxi cab drivers in Washington D.C., most of whom were driving a Toyota Prius. She asked them whether they were able to pass on their fuel cost savings to their customers. They informed her that the maintenance and repair rates, as well as the \$5,000 battery

replacement charge, made that impossible and was leaving them with a less than favorable impression of low-emission vehicles.

Staff recommended a position of SUPPORT.

The Legislative Committee approved staff's recommendation to SUPPORT SB 286.

Report from SCAQMD Home Rule Advisory Group [Attachment 3]

Please refer to Attachment 3 for written report.

Other Businesses: None

Public Comment Period: None

Attachments

1. Attendance Record
2. Recommended Position on State Bills
3. Home Rule Advisory Committee Report

Attachment 1

ATTENDANCE RECORD – March 8, 2013

DISTRICT BOARD MEMBERS:

Dr. William A. Burke, Chairman of SCAQMD Governing Board (teleconference)
Supervisor Josie Gonzales, Committee Chair
Councilmember Jan Perry, Committee Vice Chair (teleconference)
Supervisor Michael D. Antonovich (teleconference)
Mayor Pro Tem Judy Mitchell (teleconference)
Clark E. Parker, Ph.D. (teleconference)

STAFF TO COMMITTEE:

Lisha B. Smith, Deputy Executive Officer
Derrick J. Alatorre, Assistant Deputy Executive Officer
Guillermo Sánchez, Senior Public Affairs Manager
Julie Franco, Senior Administrative Secretary

DISTRICT STAFF:

Barry Wallerstein, Executive Officer (teleconference)
Barbara Baird, District Counsel
Elaine Chang, Deputy Executive Officer
Nancy Feldman, District Prosecutor
Peter Greenwald, Senior Policy Advisor
Mohsen Nazemi, Deputy Executive Officer
Michael O’Kelly, DEO/Chief Financial Officer
Laki Tisopulos, Assistant Deputy Executive Officer
Kurt Wiese, General Counsel
Naveen Berry, Planning & Rules Manager
Sam Atwood, Media Manager
Marc Carrel, Program Supervisor
Philip Crabbe, Community Manager
Paul Wright, Audio Video Specialist

OTHERS PRESENT:

Mark Abramowitz, Board Member Assistant (Lyou)
Greg Adams, L.A. County Sanitation Districts
Candice Gantt, SCE
Paul Gonsalves, Gonsalves & Son (teleconference)
Will Gonzalez, Gonzalez, Quintana & Hunter (teleconference)
Tom Gross, SCE
Gary Hoitsma (teleconference)
Mark Kadash, Kadash & Associates
Vlad Kogan, Orange County Sanitation District
Bill LaMarr, California Small Business Alliance
Rita Loof, RadTech
Andy Silva, Board Member Assistant (Gonzales)
Debra Mendelsohn, Board Member Assistant (Antonovich)
Mia O’Connell, Carmen Group (teleconference)
Angela Ovalle, Los Angeles County CEO’s Office
Lee Wallace, SCG/SDG & E
Warren Weinstein, Kadash & Associates

Attachment 2a

SB 389 (Wright)

South Coast Air Quality Management District: Electric generating facilities: emission offsets

Summary:

If enacted, this bill will preempt SCAQMD's Proposed Rule 1304.1 and any other similar action by the Board which would require Electrical Generating Facilities (EGFs) which use the specific offset exemption described in Rule 1304(a)(2) [Electric Utility Steam Boiler Replacement] to pay fees for the amount of offsets provided by the SCAQMD. Under the proposed rule, those fees would be invested in air pollution improvement strategies for the pollutants for which the fee is paid, or their precursors or criteria pollutants to which they contribute, consistent with the needs of the Air Quality Management Plan.

Background:

SCAQMD's Regulation XIII New Source Review (NSR) Rules set forth review requirements for new, modified, or relocated facilities, to ensure that the operation of such facilities does not interfere with progress in attainment of the national and state ambient air quality standards, and that future economic growth within the SCAQMD is not unnecessarily restricted. The specific air quality goal of this regulation is to ensure the use of Best Available Control Technology (BACT) and to offset emission increases from new or modified permitted sources of nonattainment air contaminants or their precursors.

Under SCAQMD Rule 1304 "Exemptions" are provided to facilities from offsets and other requirements, if the new or modified source utilizes BACT and comply with other SCAQMD requirements. More specifically, Rule 1304 (a) (2) provides EGFs exemption from offsets for replacement of electric utility steam boiler(s) with combined cycle gas turbine(s), intercooled, chemically-recuperated gas turbines, other advanced gas turbine(s); solar, geothermal, or wind energy or other equipment; and there is no increase in basinwide megawatts on a per-utility basis. However, the SCAQMD still provides the offsets by withdrawing from its internal offset bank in order to comply with the offset obligations for such projects under federal and/or state NSR requirements.

Status: Introduced February 20, 2013.

Specific Provisions: SECTION 1. Section 40440.15 is added to the Health and Safety Code, immediately following Section 40440.11, to read:

40440.15. On and after February 1, 2013, the south coast district shall not charge a fee for the transfer of an emissions offset from the south coast district's internal emissions offset account to offset any emissions increase from the replacement of electric utility steam boilers at electric generating facilities pursuant to south coast district Rule 1304.

Impacts on SCAQMD's mission, operations or initiatives: Proposed Rule 1304.1 would require EGFs to pay a fee for offsets obtained under the Electric Utility Steam Boiler Replacement exemption [Rule 1304 (a)(2)] and those funds would be invested in air pollution improvement strategies. The existing exemption provides offsets for these facilities from SCAQMD's internal offset accounts. The proposed rule addresses two issues with the 25 year old existing Rule 1304(a)(2) exemption regulatory scheme that never envisioned Power Grid Deregulation or the lack of availability of some emission reduction credits. First, the proposed rule would make it more equitable between existing outdated power plants and potential new power plants in our region. The existing power plants in SCAQMD have a near monopoly because when they shut down their existing utility boilers they get an exemption and in turn obtain free offsets from SCAQMD internal offset bank under Rule 1304 (a)(2) and use them toward permitting of their new gas turbines.

As indicated above, the California electricity deregulation did not foresee the current situation, and indeed was intended to do the exact opposite by opening the electricity market to competitors. This near-monopoly has resulted in circumstance where companies having the ability to access the SCAQMD's internal offset have essentially profited by selling their access. For example, AES sold two of its utility boilers at Huntington Beach facility to Edison Mission Energy, which in turn shut down the old boilers and used the Rule 1304(a)(2) exemption to obtain offsets for their new Walnut Creek power plant in the City of Industry. While the amount paid for the AES boilers for the sole purpose to gain access to credits from AQMD, it is known that Edison Mission Energy was willing to invest \$50 million in creating offsets for the Walnut Creek combustion turbine plant. The revenue went to the AES, rather than to provide additional emission reductions in the South Coast region to help clean the air, as would occur under proposed Rule 1304.1.

In addition, current situation has resulted in proposals to reduce pollution at one location while increasing it at another. For example, AES is facing a significant opposition to building any new generating units at their Redondo Beach facility, so they are currently proposing to use Rule 1304(a) (2) to allow it access to SCAQMD's internal account offsets for new combustion turbines at Huntington Beach by shutting down old boilers at Redondo Beach. Again, this will be done at no cost for offsets to AES and with no similar environmental benefits such as would occur if the fees in proposed Rule 1304.1 are adopted. In addition, AES can then accrue revenue from the redevelopment of the land presently occupied by boilers in Redondo Beach, while using the SCAQMD's offset account to move their generation capacity to Huntington Beach and bring the facility back to almost the same size it was before, even though AES sold two of its boilers to Edison Mission Energy and shut them down by downsizing their Huntington Beach facility.

Similarly, NRG was able to repower its facility at El Segundo by shutting down its old boilers and accessing the SCAQMD's internal offset accounts through Rule 1304(a) (2) to

build a new power plant, giving it a competitive advantage over other companies who do not have existing boilers at their facilities that can be shut down.

By contrast, other private companies who do not have existing boilers that they could shut down would have to buy their offsets in the open market, where emission reduction credits are scarce and, even if available, very expensive, with prices for PM10 ranging from around \$90,000 to over \$350,000 per pound in the past five years. Also in the past five years, utility boiler replacements have used up in some cases six times more and other cases two orders of magnitude more offsets from SCAQMD's internal offset accounts compared to all other essential public service and other exempt projects added together.

Second, Proposed Rule 1304.1 acknowledges that the offsets in the SCAQMD's internal credit bank are a public good. As such, they should not be simply given away without a corresponding public benefit, which the proposed rule will provide by using the revenues to obtain emission reductions.

Moreover, the SCAQMD's experience has been that companies have been able to pay fees for the use of the SCAQMD's internal account offsets and still build their project. For example, pursuant to AB 1318, it should be noted that the CPV Sentinel Power Plant in the Coachella Valley, which didn't own any utility boilers, voluntarily paid approximately \$53 million in mitigation fees in order to have access to SCAQMD's internal offset bank. These fees in turn enabled SCAQMD to subsequently fund the significant air quality mitigation and improvement projects in the Coachella Valley. These projects included helping school districts replace or clean up dirty diesel school buses and install air filtration systems in classrooms and assisting local cities and communities with solar panel installations, cleaner vehicles and dust control projects.

Consequently, staff recommends a position of OPPOSE.

Recommended Position: OPPOSE

Attachment 2b

SENATE BILL

No. 389

Introduced by Senator Wright

February 20, 2013

An act to add Section 40440.15 to the Health and Safety Code, relating to the South Coast Air Quality Management District.

LEGISLATIVE COUNSEL'S DIGEST

SB 389, as introduced, Wright. South Coast Air Quality Management District: electric generating facilities: emissions offsets.

Existing law establishes the South Coast Air Quality Management District (district) vested with the authority to regulate air emissions from stationary sources located in the South Coast Air Basin and establishes a district board to govern the district. Existing regulations of the district exempt the replacement of specified electric utility steam boilers at electric generating facilities from specified emissions offset requirements and allow those facilities to use, at no cost, emissions offset credits from the district's internal emissions offset accounts to offset any emissions increase associated with those projects.

This bill would prohibit the district, on and after February 1, 2013, from charging a fee for the transfer of an emissions offset from the district's internal emissions offset account to offset any emissions increase from the replacement of electric utility steam boilers at electric generating facilities, pursuant to a specified south coast district regulation. By adding to the duties of a local agency, 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state,

Attachment 2b

reimbursement for those costs shall be made pursuant to these statutory provisions.

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 40440.15 is added to the Health and
- 2 Safety Code, immediately following Section 40440.11, to read:
- 3 40440.15. On and after February 1, 2013, the south coast
- 4 district shall not charge a fee for the transfer of an emissions offset
- 5 from the south coast district's internal emissions offset account to
- 6 offset any emissions increase from the replacement of electric
- 7 utility steam boilers at electric generating facilities pursuant to
- 8 south coast district Rule 1304.
- 9 SEC. 2. If the Commission on State Mandates determines
- 10 that this act contains costs mandated by the state, reimbursement
- 11 to local agencies and school districts for those costs shall be made
- 12 pursuant to Part 7 (commencing with Section 17500) of Division
- 13 4 of Title 2 of the Government Code.

Attachment 2c

SB 736 (Wright)

Electric generating facilities: upgrades: permit fees

Summary: If enacted, this bill would prohibit air districts from assessing a permit modification fee on the operator or owner of an electrical generating facility when a modification results in increased thermal efficiency.

Background: SCAQMD's Regulation XIII New Source Review Rules set forth review requirements for new, modified, or relocated facilities, to ensure that the operation of such facilities does not interfere with progress in attainment of the national and state ambient air quality standards, and that future economic growth within the SCAQMD is not unnecessarily restricted. The specific air quality goal of this regulation is to ensure the use of Best Available Control Technology (BACT) and to offset emission increases from new or modified permitted sources of nonattainment air contaminants or their precursors.

SCAQMD's Regulation III Fees allows SCAQMD to charge a fee for processing permits for new or modified equipment to recover the cost of permit evaluation and determination of compliance with all air quality rules and regulations prior to issuance of such a permit. California Health and Safety Code Section 40510 provides authority for the SCAQMD to adopt a fee schedule for the issuance of permits to cover the cost of evaluation, planning, inspection, and monitoring related to that activity. Moreover, the federal Clean Air Act [42 USC 7661a (b) (3) and 42 USC 7410 (a) (2) (L)] requires SCAQMD to assess fees calculated to be sufficient to cover the reasonable costs of processing any permit application and the costs of implementing and enforcing the terms and conditions of any such permit.

Specifically, the Clean Air Act requirement for State Implementation Plans (SIPs), Section 7410(a)(2)(L), requires each SIP to include provisions to

“require the owner or operator of each major stationary source to pay to the permitting authority, as a condition of any permit required under this subchapter, a fee sufficient to cover—
(i) the reasonable costs of reviewing and acting upon any application for such a permit, and
(ii) if the owner or operator receives a permit for such source, the reasonable costs of implementing and enforcing the terms and conditions of such permit (not including any court costs or other costs associated with any enforcement action,) until such fee requirement is superseded with respect to such sources by the Administrator's approval of a fee program under subchapter V of this chapter;”

In the SCAQMD, EPA has approved the Title V permit program, including its permit fees provisions, which are described below:

The Clean Air Act requires that all Title V operating permit programs include requirements that

“the owner or operator of all sources subject to the requirement to obtain a permit under this subchapter pay an annual fee, or the equivalent over some other period, sufficient to cover all reasonable (direct and indirect) costs required to develop and administer the permit program

requirements of this subchapter, including section 7661f of this title [i.e., the Small Business Assistance program] including the reasonable costs of—

- (i) reviewing and acting upon any application for such a permit,
- (ii) if the owner or operator receives a permit for such source, whether before or after November 15, 1990, implementing and enforcing the terms and conditions of such permit (not including any court costs or other costs associated with any enforcement action;
- (iii) emissions and ambient monitoring;
- (iv) preparing generally applicable regulations, or guidance;
- (v) modeling, analyses, and demonstrations; and
- (vi) preparing inventories and tracking emissions.

Under Title V, a source is required to obtain a revision to its permit when it makes any modification to the permit, including the type of equipment permitted, its operating conditions, etc. 40 C.F. R. Part 70, Section 70.7. Therefore, SCAQMD is required by Federal law to impose a fee to recover the costs of reviewing and acting upon the application for a revision.

Furthermore, the consequences of an inadequate Title V fee program are severe. First, EPA could find the program inadequate and impose sanctions if the inadequacy is not corrected and shall impose a Federal Implementation Plan under which EPA administers the program if the deficiency is not corrected within 24 months [42 U.S.C. section 7661a(i).] (Sanctions include first, increasing the offset ratio to two to one, and second, a withdrawal of federal transportation funding.)

If EPA determines that a Title V fee program does not meet its requirements, then the EPA itself may collect reasonable fees from the source to cover EPA's costs to administer the program in lieu of the state or local permitting authority. If a source does not timely pay these fees, it then must pay a penalty of 50% of the fee plus interest [42 U.S.C. section 7661a (b) (3) (C).]

Status: Introduced February 22, 2013.

Specific Provisions: SECTION 1. Section 41513.6 is added to the Health and Safety Code, to read:

41513.6. A district shall not assess a permit modification fee on the operator or owner of an electrical generation facility that participates in the transfer of an emissions offset from a district's internal emissions offset account when the modification of the electrical generation facility results in increased thermal efficiency for the electrical generating units and does not increase the gross generating capacity.

Impacts on SCAQMD's mission, operations or initiatives: If enacted, SB 736 would prevent SCAQMD from recovering its reasonable costs from processing a permit application under specified circumstances. This would violate the Clean Air Act, and subject the Region to sanctions. Moreover, the source would likely still have to pay fees, but to EPA rather than to the SCAQMD, as described above. Moreover, the cost of such permit processing would then have to be passed onto other permit applicants, which is not equitable and might be limited by the provisions of Proposition 26. Furthermore, it would set a bad precedent that could ultimately undermine the SCAQMD's ability to monitor and enforce its regulatory scheme to protect air quality. The total cost of permits for such modifications to electrical generating equipment such as utility boilers by replacing them with gas turbines that improves the thermal efficiency has ranged from about \$42,000 to \$134,000,

South Coast Air Quality Management District
SB 736 (Wright)
Bill Version: Introduced February 22, 2013
Analyst: GSA

depending on the size and complexity of such modifications. Depending on the timing of these projects, the SCAQMD could be processing anywhere from one to as many of half a dozen permits for such electrical generating facility modifications. To prohibit the SCAQMD from recovering its costs in instances where the electrical generating facility makes modifications resulting in increased thermal efficiency is particularly inequitable given that the modifications could in turn also generate significant cost savings for the applicant.

Staff recommends an OPPOSE position on SB 736.

Recommended Position: OPPOSE

Introduced by Senator Wright

February 22, 2013

An act to add Section 41513.6 to the Health and Safety Code, relating to nonvehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 736, as introduced, Wright. Electrical generation facility: upgrades: permit fees.

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 (districts) with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law authorizes the board of each air pollution control and air quality management district to establish a permit system that requires a person that uses certain types of equipment that may cause the emission of air contaminants to obtain a permit.

This bill would prohibit a district from assessing a permit modification fee on the operator or owner of a electrical generation facility that participates in a specified emission offset transfer when a modification of the electrical generation facility results in increased thermal efficiency for the electrical generating units and does not increase the gross generating capacity. By imposing new duties on 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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 41513.6 is added to the Health and Safety
- 2 Code, to read:
- 3 41513.6. A district shall not assess a permit modification fee
- 4 on the operator or owner of an electrical generation facility that
- 5 participates in the transfer of an emissions offset from a district's
- 6 internal emissions offset account when the modification of the
- 7 electrical generation facility results in increased thermal efficiency
- 8 for the electrical generating units and does not increase the gross
- 9 generating capacity.
- 10 SEC. 2. If the Commission on State Mandates determines
- 11 that this act contains costs mandated by the state, reimbursement
- 12 to local agencies and school districts for those costs shall be made
- 13 pursuant to Part 7 (commencing with Section 17500) of Division
- 14 4 of Title 2 of the Government Code.

Attachment 2e

SB 760 (Wright)

Electric generating facilities: emission reduction credits

Summary:

If enacted, this bill would prohibit SCAQMD from imposing any conditions to shut down or destroy existing equipment at a facility when the facility applies for emission reduction credits under Rule 1309 Emission Reduction Credits, or request to use offset exemptions under Rule 1304 (a)(1) Replacements, 1304(a)(2) Electric Utility Steam Boiler Replacement or 1304(c)(2) Concurrent Facility Modification.

Background:

SCAQMD's Regulation XIII New Source Review Rules set forth review requirements for new, modified, or relocated facilities, to ensure that the operation of such facilities does not interfere with progress in attainment of the national and state ambient air quality standards, and that future economic growth within the SCAQMD is not unnecessarily restricted. The specific air quality goal of this regulation is to ensure the use of Best Available Control Technology (BACT) and to offset emission increases from new or modified permitted sources of nonattainment air contaminants or their precursors.

SCAQMD Rule 1309 allows a facility operator to apply for and obtain Emission Reduction Credits (ERCs) for equipment that is modified or permanently taken out of service, which ERCs can then be used to offset emission increases of new or modified facilities, provided certain criteria are met, including:

- The existing permits issued by SCAQMD for the existing equipment being replaced are surrendered, when emission reductions are result of equipment or facility shutdown;
- The emission reductions are not only real, quantifiable, and surplus, but also permanent and federally enforceable.

The above requirements are in the SCAQMD's EPA-approved state implementation plan (SIP) and are federally enforceable. In order to ensure that the emission reductions are "permanent", the District must verify that the existing equipment is shut down and permanently disabled. If the equipment is not shut down, then there are no emission reductions to generate offsets. Therefore, the reductions would obviously not meet the federal requirements of being real, surplus, permanent and federally enforceable. Simply put, the emissions cannot be used to provide offsets to support a new source if the existing source is not permanently shut down. Thus, if the District were to issue an offset without requiring that the source generating the offset be permanently shut down, it would be in violation of the SIP and the source receiving the offset would be subject to citizen suit under the Clean Air Act. Moreover, EPA regulations include similar requirements. If the SCAQMD were required by state law to issue permits that violate the Clean Air Act, the

EPA could take over permitting authority in the region, and may itself bring a civil action or other remedy against persons receiving illegal permits. 42 U.S.C. section 7413.

SCAQMD Rule 1304 (a)(1) allows a facility to replace an existing piece of equipment with a functionally identical new piece of equipment without requiring additional offsets, provided certain criteria are met, including:

- The existing permit(s) issued by SCAQMD for the existing equipment being replaced are surrendered;
- The SCAQMD verifies that the existing equipment is shut down and permanently disabled;
- The new equipment shall have BACT;
- There is no increase in equipment maximum rating;
- The potential to emit (PTE) air pollution from the new source is no greater than it would have been from the replaced source, if current BACT were applied.

If the existing equipment is not shut down, then the new equipment would not qualify as a “replacement” of existing equipment. Since Rule 1304(a)(1) is part of the SCAQMD’s EPA-approved SIP, sources receiving permits in violation of that Rule would be subject to citizen and EPA enforcement as described above. In order to implement this bill, the SCAQMD would need to amend its rules, and submit that amended rule as a SIP revision for EPA approval. If EPA were to find the SCAQMD’s SIP inadequate, or disapprove such a SIP submittal, this would trigger a requirement to impose sanctions within a maximum 18 months of the EPA decision. The sanctions would be initially, if the defect is not corrected within, a doubling or near-doubling of the offset ratio (depending on pollutant) to two to one, and after 24 months, a cutoff of federal transportation funding.

SCAQMD Rule 1304 (a)(2) allows a facility to replace an existing electric utility steam boiler(s) with combined cycle gas turbine(s), intercooled, chemically-recuperated gas turbines, other advanced gas turbine(s) - solar, geothermal, or wind energy or other equipment without requiring offsets, provided certain criteria are met, including:

- The existing permit(s) issued by SCAQMD for the existing electric utility boilers being replaced are surrendered;
- The SCAQMD verifies that the existing equipment is shut down and permanently disabled;
- The above two requirements are necessary in order to ensure that the equipment actually “replaces” existing equipment.
- The new equipment shall have the BACT;
- The new equipment must have a maximum electrical power rating (in megawatts) that does not allow basin-wide electricity generating capacity on a per-utility basis to increase. (If there is an increase in basin-wide capacity, only the increased capacity must be offset by the applicant.)

If the existing utility boiler(s) is not shut down, then the new gas turbine(s) would not qualify as a “replacement” of existing utility boiler. Since Rule 1304(a)(2) is part of the SCAQMD’s EPA-approved SIP, sources receiving permits in violation of that Rule would be subject to citizen and EPA enforcement as described above. In order to implement this bill, the SCAQMD would need to amend its rules, and submit that amended rule as a SIP revision for EPA approval. If EPA were to find the SCAQMD’s SIP inadequate, or disapprove such a SIP submittal, this would trigger a requirement to impose sanctions within 18 months of the EPA decision. The sanctions would be initially, if the defect is not corrected within 18 months, a doubling or near-doubling of the offset ratio (depending on pollutant) to 2 to one, and after 24 months, a cutoff of federal transportation funding.

SCAQMD Rule 1304(c)(2) allows a facility to be modified without requiring offsets for new or modified equipment by causing emission reductions such as shutting down existing equipment operated at the facility, provided certain criteria are met, including:

- The facility modification results in a net emission decrease;
- The emission reductions occur after submittal of an application for a permit to construct a new or modified equipment;
- The same emission reductions are not required by any other federal, state or SCAQMD rule, regulation or statute.

Again, in this case the existing equipment must be shut down (or subject to federally-enforceable limits if only partial credit is being sought) in order for the facility modification to result in a “net emission decrease.” The same consequences described above would apply if the District were forced to violate its existing SIP approved Rule.

Status: Introduced February 22, 2013.

Specific Provisions:

SECTION 1. Section 40709.8 is added to the Health and Safety Code, to read:

40709.8. (a) Notwithstanding any other law, a district that has established a system pursuant to Section 40709 by which reductions in emissions may be banked or otherwise credited to offset future increases in the emissions of air contaminants, or which utilizes a calculation method that enables internal emission reductions to be credited against increases in emissions, shall not impose any conditions to shut down or destroy existing equipment that may be currently operating, not operating, or retired at an electrical generation facility that applies for an emission reduction credit.

(b) The owner or operator of equipment that has been retired pursuant to subdivision (a) that is subsequently activated for purposes of upgrading or repowering the electrical generation facility may be subject to fines but shall not be

subject to any penalty.

Impacts on SCAQMD's mission, operations or initiatives:

If enacted, SB 760 violates the requirements of federal and state Clean Air Acts and undermines the effectiveness of SCAQMD New Source Review Regulations. If a facility is going to enjoy applying the credit from an existing source to a new piece of equipment, SCAQMD needs to verify that the existing equipment was, in fact, shut down, its permits have been surrendered and that the equipment is permanently inoperable. Moreover, SB 760's proposed section 40709.8 (b) acknowledges that the equipment that was shut down could be subsequently activated which would also be a violation of the federal and state Clean Air Act for operating without a permit and inconsistent with the SCAQMD rules and regulations which have been approved by EPA into the SIP, and would prevent SCAQMD from assuring that facilities using these exemptions comply with federal and state offset requirements. As described above, this bill would subject facilities receiving permits under its provisions to enforcement by EPA and citizens for violating the SIP, and could potentially subject the SCAQMD to citizen suit, as well for issuing permits in violation of the SIP. For example, SCAQMD is currently involved in 5 lawsuits in which environmental plaintiffs challenge EPA approval of SCAQMD SIP revisions, and in the past has been subject to citizen suit at least twice for issuing permits allegedly in violation of the SIP. Finally, the proposed bill could result in an EPA takeover of the permitting program (to the extent governed by this bill) and the imposition of sanctions on the region (two to one offset ratio and cutoff of federal transportation funds).

The bill is also problematic insofar as it allows "fines" but prohibits "penalties" for equipment that was shutdown and subsequently reactivated without defining the terms to distinguish between them. This provision-while it is currently unclear- may also violate the Clean Air Act if it attempts to prevent the SCAQMD from enforcing its rules. (The SIP must demonstrate adequate legal authority to enforce its provisions 42 U.S.C. section 7410(a)(2)(E).).

Staff recommends an OPPOSE position on SB 760.

Recommended Position: OPPOSE

Introduced by Senator Wright

February 22, 2013

An act to add Section 40709.8 to the Health and Safety Code, relating to nonvehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 760, as introduced, Wright. Electrical generation facility: emission reduction credits.

Existing law requires every air pollution control and air quality management district board to establish a system by which all reductions in the emission of air contaminants that are to be used to offset certain future increases in the emission of air contaminants to be banked prior to use to offset future increases in emissions. Existing law designates the State Air Resources Board as the responsible agency for the preparation of the state implementation plan required by the federal Clean Air Act.

This bill would prohibit every air pollution control and air quality management district that has established an emission reduction credit program, as specified, from imposing any conditions to shut down or destroy existing equipment that may be currently operating, not operating, or retired at an electrical generation facility that applies for an emission reduction credit. The bill would authorize the owner or operator of equipment that has been retired and that is subsequently activated for purposes of upgrading or repowering the electrical generation facility to be subject to fines but would prohibit that owner or operator from being subject to any penalty. By imposing new duties on air pollution control and air quality management 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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 40709.8 is added to the Health and Safety
2 Code, to read:

3 40709.8. (a) Notwithstanding any other law, a district that has
4 established a system pursuant to Section 40709 by which reductions
5 in emissions may be banked or otherwise credited to offset future
6 increases in the emissions of air contaminants, or which utilizes a
7 calculation method that enables internal emission reductions to be
8 credited against increases in emissions, shall not impose any
9 conditions to shut down or destroy existing equipment that may
10 be currently operating, not operating, or retired at an electrical
11 generation facility that applies for an emission reduction credit.

12 (b) The owner or operator of equipment that has been retired
13 pursuant to subdivision (a) that is subsequently activated for
14 purposes of upgrading or repowering the electrical generation
15 facility may be subject to fines but shall not be subject to any
16 penalty.

17 SEC. 2. If the Commission on State Mandates determines that
18 this act contains costs mandated by the state, reimbursement to
19 local agencies and school districts for those costs shall be made
20 pursuant to Part 7 (commencing with Section 17500) of Division
21 4 of Title 2 of the Government Code.

Attachment 2g

AB 818 (Blumenfield) Air pollution control: penalties

Summary: This bill would allow city prosecutors to file civil actions for violations of air quality rules and regulations without the consent of the local air district. This bill would also provide that any penalties assessed in an action brought by the city prosecutor be paid to the city, and penalties assessed in other actions be paid to the county or district, depending on whose behalf the judgment was entered.

Background: Existing law requires civil penalties for violations of any rule, regulation, permit, or order of a district, a district hearing board, or CARB or any violation of Part 4 (Nonvehicular Air Pollution Control) of Division 26 (Air Resources) of the California Health & Safety Code. These civil penalties may be assessed and recovered in a civil action brought by the Attorney General, by any district attorney, or by the attorney for any air pollution control or air quality management district in which the violation occurs.

Under current law, if the Attorney General files the civil action for air quality violations on behalf of the air district, half of the penalties recovered go to the State's General Fund and half to the air district. If the civil action is brought by a district attorney or by an attorney for an air district, the entire amount of the penalty collected shall be paid to the air district on whose behalf judgment was entered.

Status: Introduced February 21, 2013.

Specific Provisions: This bill would allow a city prosecutor in any city with a full-time city prosecutor, with the consent of the district attorney, and without the consent of the local air district, to also file a civil action for air quality violations and to recover civil penalties for those violations. If any penalties are recovered from these civil actions, this bill would require that the full amount of the civil penalty be paid to the city on whose behalf the judgment was entered.

In addition, if a District Attorney files a claim for air quality violations and a judgment is filed on their behalf, the county shall receive the full amount of the civil penalty.

The law allows for civil penalties for reasons including the following:

- Intentionally or negligently violating an order of abatement.
- Violating any provision of Parts 1-4 of Division 26 (Air Resources) of the Health & Safety Code (i.e. those sections providing the authority for air districts and the regulation of stationary sources).

- Negligently emitting an air contaminant in violation of the law or any rule, regulation, permit, or order of CARB or of a district, including a district hearing board.
- Knowingly emitting an air contaminant in violation of the law or a rule or regulation and failing to take corrective action within a reasonable period of time under the circumstances.
- Owning or operating a source of air contaminants in violation of air district rules or regulations that causes great bodily injury to any person or that causes the death of any person.
- Willfully, intentionally, or with reckless disregard for the risk of great bodily injury or death of anyone person, emits an air contaminant in violation of the law or a rule or regulation

Impacts on SCAQMD’s Mission, Operations or Initiatives: AB 818 would share the authority to file civil actions with entities that do not have the same level of expertise in air quality matters or experience in air quality violation enforcement as air quality agencies, which are already experts at this specialized type of prosecution as part of their overall enforcement program. In addition, this bill could lead to unequal enforcement policies within the same air district, if city prosecutors took a different approach from that of the air district, or different city prosecutors within the same air district took different approaches. The bill would allow city prosecutors to “cherry-pick” violations to pursue, allowing them to select the cases with the potential for the largest civil penalties. On the other hand, city prosecutors could in some cases have a less aggressive enforcement policy resulting in lower penalties in some jurisdictions compared to others. There are currently 13 authorized city attorneys in the state of which 11 are located within the SCAQMD: Anaheim, Burbank, Hawthorne, Hermosa Beach, Inglewood, Long Beach, Los Angeles, Pasadena, Redondo Beach, Santa Monica, and Torrance.

Potentially, this bill may also create disputes concerning which office should more appropriately prosecute a given civil action. Both the city attorney and the SCAQMD could potentially initiate an action against the same entity for the same violation. Each agency –including each separate city attorney--may have different enforcement priorities and policies which could directly impact the prosecution and potential outcome of each case. This kind of disparity would adversely impact the regulated community and the public.

Furthermore, a critical problem with this bill is that it would result in reduced funding for air pollution reduction efforts. Under this bill, if air quality violations are prosecuted by a local government, the penalties collected go to the locality’s general fund. In contrast, penalties received by air quality agencies go to funding air pollution mitigation and reduction

measures, including planning and rule development. Thus, this bill would siphon away funds currently used to reduce air pollution and its impacts within the South Coast region that are paid by entities causing air pollution. This loss of funding would hurt the ability of the SCAQMD to maintain already limited resources used to fight air pollution. Fewer resources will likely cause an increase in public health risks, including respiratory ailments, cancer risk and premature deaths, and would hurt the ability of the South Coast region to attain state and federal air quality standards.

Recommended Position: OPPOSE

Attachment 2h

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 818

Introduced by Assembly Member Blumenfield

February 21, 2013

An act to amend Sections 42403, 42403.5, and 42405 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 818, as introduced, Blumenfield. Air pollution control: penalties.

Existing law designates the State Air Resources Board as the state agency charged with coordinating efforts to attain and maintain ambient air quality standards. Existing law also designates the state board as the state agency with the primary responsibility for the control of vehicular air pollution and air pollution control districts and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law requires specified civil penalties be assessed and recovered in a civil action for specified violations to be brought by the Attorney General, by any district attorney, or by the attorney for any air pollution control or air quality management district in which the violation occurs. Existing law requires, if the action for civil penalties resulting from specified violations is brought by a district attorney or by an attorney for a district, the entire amount of the penalty collected be paid to the treasurer of the district on whose behalf judgment was entered.

This bill would require any city attorney of a city having a population in excess of 750,000, any city attorney of a city and county, or a city prosecutor in any city with a full-time city prosecutor, with the consent of the district attorney, to recover specified civil penalties in a civil action for specified violations. The bill would require, if the action for

civil penalties resulting from specified violations is brought by a district attorney, an attorney for a district, a city attorney of a city having a population in excess of 750,000, a city attorney of a city and county, or a city prosecutor in any city with a full-time city prosecutor, with the consent of the district attorney, the entire amount of the penalty collected be paid to the treasurer of the city, county, or city and county in addition to the district on whose behalf judgment was entered.

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 42403 of the Health and Safety Code is
2 amended to read:

3 42403. (a) The civil penalties prescribed in Sections 39674,
4 42401, 42402, 42402.1, 42402.2, ~~and~~ 42402.3, *and* 42402.4 shall
5 be assessed and recovered in a civil action brought in the name of
6 the people of the State of California by the Attorney-~~General,~~
7 *General*; by any district-~~attorney,~~ *attorney*; *by any city attorney*
8 *of a city having a population in excess of 750,000*; *by any city*
9 *attorney of a city and county*; *by a city prosecutor in any city with*
10 *a full-time city prosecutor, with the consent of the district attorney*;
11 or by the attorney for any district in which the violation occurs in
12 any court of competent jurisdiction.

13 (b) In determining the amount assessed, the court, or in reaching
14 any settlement, the district, shall take into consideration all relevant
15 circumstances, including, but not limited to, the following:

- 16 (1) The extent of harm caused by the violation.
- 17 (2) The nature and persistence of the violation.
- 18 (3) The length of time over which the violation occurs.
- 19 (4) The frequency of past violations.
- 20 (5) The record of maintenance.
- 21 (6) The unproven or innovative nature of the control equipment.
- 22 (7) Any action taken by the defendant, including the nature,
23 extent, and time of response of the cleanup and construction
24 undertaken, to mitigate the violation.
- 25 (8) The financial burden to the defendant.

26 SEC. 2. Section 42403.5 of the Health and Safety Code is
27 amended to read:

1 42403.5. (a) Notwithstanding Section 42407, any violation of
2 Section 41700 resulting from the engine of any diesel-powered
3 bus while idling shall subject the owner to civil penalties assessed
4 under this article, which may be recovered pursuant to Section
5 42403 by the ~~Attorney General~~, *General*; by any ~~district attorney~~,
6 *attorney; by any city attorney of a city having a population in*
7 *excess of 750,000; by any city attorney of a city and county; by a*
8 *city prosecutor in any city with a full-time city prosecutor, with*
9 *the consent of the district attorney; or by the attorney for any*
10 *district in which the violation occurs in any court of competent*
11 *jurisdiction.*

12 (b) There is no liability under subdivision (a) if the person
13 accused of the violation establishes by affirmative defense that the
14 extent of the harm caused does not exceed the benefit accrued to
15 bus passengers as a result of idling the engine.

16 SEC. 3. Section 42405 of the Health and Safety Code is
17 amended to read:

18 42405. In an action brought pursuant to Section 42403 by the
19 Attorney General on behalf of a district, one-half of the penalty
20 collected shall be paid to the treasurer of the district on whose
21 behalf judgment was entered, and one-half of the penalty collected
22 shall be paid to the ~~State~~ Treasurer for deposit in the General Fund.

23 If the action is brought by the Attorney General on behalf of the
24 state board, the entire penalty collected shall be paid to the ~~State~~
25 Treasurer for deposit in the General Fund.

26 If the action is brought by a district attorney; *by any city attorney*
27 *of a city having a population in excess of 750,000; by any city*
28 *attorney of a city and county; by a city prosecutor in any city with*
29 *a full-time city prosecutor, with the consent of the district attorney;*
30 *or by an attorney for a district, the entire amount of the penalty*
31 *collected shall be paid to the treasurer of the city, county, city and*
32 *county, or district on whose behalf judgment was entered.*

Attachment 2i

SB 691 (Hancock) Nonvehicular air pollution control: penalties

Summary:

This bill would increase the maximum amount of civil penalties that can be assessed against stationary sources of air pollution for single-day violations of air quality regulations affecting large amounts of individuals.

Background:

Currently, in state law, single-day violations of air quality regulations that affect entire communities lack adequate financial consequences. In fact, these violations have the same maximum penalties as violations that affect only a few individuals. For many of these violations, even for those affecting the largest sources of air pollution, such as refineries or chemical manufacturing facilities, the maximum air penalties the violators may face are minimal and, arguably, are not adequate enough to create a disincentive to change their behavior.

This bill is a direct result of the August 6, 2012 fire at the Chevron refinery in Richmond. The incident caused 15,000 people who breathed emissions from the fire to seek medical attention, and many thousands more to stay indoors. But despite the severity, the maximum fine that could be assessed is \$25,000 if negligence can be demonstrated and only \$1,000 if it cannot be shown. In addition, current law does not take into account the numbers of individuals affected, only the number of days the violation occurred.

Under current law, maximum penalty ranges currently consist of \$1,000-\$15,000 per day of violation for strict liability violations. Strict liability violations (where negligence or worse intention cannot be shown), which comprise the vast majority of violations, are penalized up to \$1,000 per day for most sources, and up to \$10,000 for Title V sources (very large sources such as refineries or chemical manufacturing facilities).

Where negligence can be shown, penalties are assessed up to \$25,000 per day (or up to \$100,000 if a death or serious injury occurs). Penalties for violations involving failure to take corrective actions can be assessed only up to \$40,000 (or \$250,000 if a death or serious injury occurs) per day of violation. Penalties for intentional violations are up to \$75,000 per day of violation (or up to \$1 million if the source is a corporation and death or serious injury occurs).

Status:

Introduced February 22, 2013.

Specific Provisions:

- This bill would require, unless the original penalties prescribed are greater, that on the initial date of a violation, a person is liable for a civil penalty of not more than \$10,000, unless the violation results from a discharge from a Title V source, in which case the civil penalty is not more than \$100,000.
- This bill would require that the recovery of a civil penalty under these provisions precludes prosecution of a misdemeanor for the same offense.
- If a violation last longer than one day, then the penalties in current law would be applied for any day after the original day of occurrence.

Impacts on SCAQMD’s mission, operations or initiatives:

Having adequate penalties for non-compliance is essential to protecting public health and safety.

This bill narrowly targets one-day violations that affect great numbers of individuals affected by air quality violation with higher civil penalties. This bill could provide stationary sources with a greater incentive to prevent violations at their facilities.

Supporters

Bay Area Air Quality Management District (co-sponsor)
Breathe California (co-sponsor)

Opponents

None listed

Recommended Position: SUPPORT

Introduced by Senator Hancock
(Principal coauthors: Senators DeSaulnier, Hill, and Leno)
(Principal coauthor: Assembly Member Skinner)
(Coauthor: Senator Lara)

February 22, 2013

An act to amend Sections 41700, 42400.7, 42402, 42402.1, 42402.2, 42402.3, and 42403 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 691, as introduced, Hancock. Nonvehicular air pollution control: penalties.

Existing law, commencing January 1, 2014, prohibits a person from discharging from nonvehicular sources air contaminants or other materials that cause injury, detriment, nuisance, or annoyance to the public, or that endanger the comfort, repose, health, or safety of the public, or that cause injury or damage to business or property, as specified. Under existing law, a person who violates this provision is guilty of a misdemeanor, as specified, and is strictly liable for a civil penalty of not more than \$10,000, unless that person alleges by affirmative defense and establishes that the act was not the result of intentional or negligent conduct, in which case that person is strictly liable for a civil penalty of not more than \$1,000. A person who violates this provision and who acts negligently, knowingly, willfully and intentionally, or with reckless disregard, is liable for a civil penalty in a greater amount, as specified.

This bill would require, unless the original penalties prescribed are greater, that on the initial date of a violation of this provision, a person is liable for a civil penalty of not more than \$10,000, unless the violation

results from a discharge from a Title V source, in which case the civil penalty is not more than \$100,000. This bill would require that the recovery of a civil penalty under these provisions precludes prosecution of a misdemeanor for the same offense.

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 41700 of the Health and Safety Code, as
2 added by Section 2 of Chapter 411 of the Statutes of 2010, is
3 amended to read:

4 41700. (a) Except as otherwise provided in Section 41705, a
5 person shall not discharge from any source whatsoever quantities
6 of air contaminants or other material that cause injury, detriment,
7 nuisance, or annoyance to any considerable number of persons or
8 to the public, or that endanger the comfort, repose, health, or safety
9 of any of those persons or the public, or that cause, or have a
10 natural tendency to cause, injury or damage to business or property.

11 (b) (1) *A penalty described in subdivision (c) shall apply on*
12 *the initial date a violation of subdivision (a) occurs, unless a*
13 *penalty prescribed in Section 42402, 42402.1, 42402.2, or 42402.3*
14 *is greater, in which case the greater penalty shall apply.*

15 (2) *If a violation of subdivision (a) continues to occur after the*
16 *initial date of violation, the penalty described in Section 42402,*
17 *42402.1, 42402.2, or 42402.3 shall apply to those subsequent days.*

18 (c) (1) *Except as provided in paragraph (2), a person who*
19 *violates subdivision (a) is liable for a civil penalty of not more*
20 *than ten thousand dollars (\$10,000).*

21 (2) *A person who violates subdivision (a), which results in a*
22 *discharge from a Title V source, is liable for a civil penalty of not*
23 *more than one hundred thousand dollars (\$100,000).*

24 ~~(b)~~

25 (d) This section shall become operative on January 1, 2014.

26 SEC. 2. Section 42400.7 of the Health and Safety Code is
27 amended to read:

28 42400.7. (a) The recovery of civil penalties pursuant to Section
29 39674, 41700, 42401, 42402, 42402.1, 42402.2, 42402.3, or
30 42402.4 precludes prosecution under Section 42400, 42400.1,
31 42400.2, 42400.3, 42400.3.5, or 42400.4 for the same offense.

1 When a district refers a violation to a prosecuting agency, the filing
2 of a criminal complaint is grounds requiring the dismissal of any
3 civil action brought pursuant to this article for the same offense.

4 (b) If the pending civil action described in subdivision (a)
5 includes a request for injunctive relief, that portion of the civil
6 action shall not be dismissed upon the filing of a criminal complaint
7 for the same offense.

8 SEC. 3. Section 42402 of the Health and Safety Code is
9 amended to read:

10 42402. (a) Except as provided in Sections 41700, 42402.1,
11 42402.2, 42402.3, and 42402.4, ~~any~~ a person who violates this
12 part, ~~any~~ an order issued pursuant to Section 42316, or ~~any~~ a rule,
13 regulation, permit, or order of a district, including a district hearing
14 board, or of the state board issued pursuant to Part 1 (commencing
15 with Section 39000) to Part 4 (commencing with Section 41500),
16 inclusive, is strictly liable for a civil penalty of not more than one
17 thousand dollars (\$1,000).

18 (b) (1) ~~Any~~ A person who violates ~~any provision of~~ this part,
19 ~~any~~ an order issued pursuant to Section 42316, or ~~any~~ a rule,
20 regulation, permit or order of a district, including a district hearing
21 board, or of the state board issued pursuant to Part 1 (commencing
22 with Section 39000) to Part 4 (commencing with Section 41500),
23 inclusive, is strictly liable for a civil penalty of not more than ten
24 thousand dollars (\$10,000).

25 (2) (A) If a civil penalty in excess of one thousand dollars
26 (\$1,000) for each day in which a violation occurs is sought, there
27 is no liability under this subdivision if the person accused of the
28 violation alleges by affirmative defense and establishes that the
29 violation was caused by an act that was not the result of intentional
30 nor negligent conduct.

31 (B) Subparagraph (A) shall not apply to a violation of federally
32 enforceable requirements that occur at a Title V source in a district
33 in which a Title V permit program has been fully approved.

34 (C) Subparagraph (A) does not apply to a person who is
35 determined to have violated an annual facility emissions cap
36 established pursuant to a market based incentive program adopted
37 by a district pursuant to subdivision (b) of Section 39616.

38 (c) ~~Any~~ A person who owns or operates ~~any~~ a source of air
39 contaminants in violation of Section 41700 that causes actual
40 injury, as defined in subdivision (d) of Section 42400, to the health

1 and safety of a considerable number of persons or the public, is
2 liable for a civil penalty of not more than fifteen thousand dollars
3 (\$15,000).

4 (d) Each day during any portion of which a violation occurs is
5 a separate offense.

6 SEC. 4. Section 42402.1 of the Health and Safety Code is
7 amended to read:

8 42402.1. (a) ~~Any~~ Except as provided in Section 41700, a
9 person who negligently emits an air contaminant in violation of
10 this part or ~~any~~ a rule, regulation, permit, or order of the state board
11 or of a district, including a district hearing board, pertaining to
12 emission regulations or limitations is liable for a civil penalty of
13 not more than twenty-five thousand dollars (\$25,000).

14 (b) ~~Any~~ A person who negligently emits an air contaminant in
15 violation of Section 41700 that causes great bodily injury, as
16 defined by Section 12022.7 of the Penal Code, to ~~any~~ a person or
17 that causes the death of ~~any~~ a person, is liable for a civil penalty
18 of not more than one hundred thousand dollars (\$100,000).

19 (c) Each day during ~~any~~ a portion of which a violation occurs
20 is a separate offense.

21 SEC. 5. Section 42402.2 of the Health and Safety Code is
22 amended to read:

23 42402.2. (a) ~~Any~~ Except as provided in Section 41700, a
24 person who emits an air contaminant in violation of ~~any~~ a provision
25 of this part, or ~~any~~ an order, rule, regulation, or permit of the state
26 board or of a district, including a district hearing board, pertaining
27 to emission regulations or limitations, and who knew of the
28 emission and failed to take corrective action, as defined in
29 subdivision (b) of Section 42400.2, within a reasonable period of
30 time under the circumstances, is liable for a civil penalty of not
31 more than forty thousand dollars (\$40,000).

32 (b) ~~Any~~ A person who owns or operates ~~any~~ a source of air
33 contaminants in violation of Section 41700 that causes great bodily
34 injury, as defined by Section 12022.7 of the Penal Code, to ~~any~~ a
35 person or that causes the death of ~~any~~ a person, and who knew of
36 the emission and failed to take corrective action, as defined in
37 subdivision (b) of Section 42400.2, within a reasonable period of
38 time under the circumstances, is liable for a civil penalty not to
39 exceed two hundred fifty thousand dollars (\$250,000).

1 (c) Each day during ~~any~~ a portion of which a violation occurs
2 is a separate offense.

3 SEC. 6. Section 42402.3 of the Health and Safety Code is
4 amended to read:

5 42402.3. (a) ~~Any~~ *Except as provided in Section 41700, a*
6 *person who willfully and intentionally emits an air contaminant*
7 *in violation of this part or ~~any~~ a rule, regulation, permit, or order*
8 *of the state board, or of a district, including a district hearing board,*
9 *pertaining to emission regulations or limitations, is liable for a*
10 *civil penalty of not more than seventy-five thousand dollars*
11 *(\$75,000).*

12 (b) ~~Any~~ *A person who willfully and intentionally, or with*
13 *reckless disregard for the risk of great bodily injury, as defined by*
14 *Section 12022.7 of the Penal Code, to, or death of, ~~any~~ a person,*
15 *emits an air contaminant in violation of Section 41700 that results*
16 *in an unreasonable risk of great bodily injury to, or death of, ~~any~~*
17 *a person, is liable for a civil penalty of not more than one hundred*
18 *twenty-five thousand dollars (\$125,000). If the violator is a*
19 *corporation, the maximum penalty may be up to five hundred*
20 *thousand dollars (\$500,000).*

21 (c) ~~Any~~ *A person who willfully and intentionally, or with*
22 *reckless disregard for the risk of great bodily injury, as defined by*
23 *Section 12022.7 of the Penal Code, to, or death of, ~~any~~ a person,*
24 *emits an air contaminant in violation of Section 41700 that causes*
25 *great bodily injury, as defined by Section 12022.7 of the Penal*
26 *Code, to ~~any~~ a person or that causes the death of ~~any~~ a person, is*
27 *liable for a civil penalty of not more than two hundred fifty*
28 *thousand dollars (\$250,000). If the violator is a corporation, the*
29 *maximum penalty may be up to one million dollars (\$1,000,000).*

30 (d) Each day during ~~any~~ a portion of which a violation occurs
31 is a separate offense.

32 SEC. 7. Section 42403 of the Health and Safety Code is
33 amended to read:

34 42403. (a) The civil penalties prescribed in Sections 39674,
35 41700, 42401, 42402, 42402.1, 42402.2, and 42402.3 shall be
36 assessed and recovered in a civil action brought in the name of the
37 people of the State of California by the Attorney General, by ~~any~~
38 *a district attorney, or by the attorney for ~~any~~ the district in which*
39 *the violation occurs in ~~any~~ a court of competent jurisdiction.*

- 1 (b) In determining the amount assessed, the court, or in reaching
2 ~~any~~ a settlement, the district, shall take into consideration all
3 relevant circumstances, including, but not limited to, the following:
4 (1) The extent of harm caused by the violation.
5 (2) The nature and persistence of the violation.
6 (3) The length of time over which the violation occurs.
7 (4) The frequency of past violations.
8 (5) The record of maintenance.
9 (6) The unproven or innovative nature of the control equipment.
10 (7) ~~Any~~ An action taken by the defendant, including the nature,
11 extent, and time of response of the cleanup and construction
12 undertaken, to mitigate the violation.
13 (8) The financial burden to the defendant.

Attachment 2k

Senate Bill 286 (Yee) Vehicles: High-occupancy vehicle lanes.

Summary: The bill will extend by an additional three years the expiration of California's Clean Air Vehicle Sticker program, which allows zero and low-emission vehicles to access the High Occupancy Vehicle (HOV) lanes.

Background: California law allows single-occupant use of HOV lanes by certain qualifying clean alternative fuel vehicles. Use of these lanes with a single occupant requires a Clean Air Vehicle Sticker issued by the Department of Motor Vehicles (DMV). Currently, the two types of stickers that are being distributed by the DMV are White and Green.

An unlimited number of White stickers are issued to vehicles that meet Federal Inherently Low Emission Vehicles (ILEVs). Vehicles that meet the requirements have zero emissions (100% battery electric or hydrogen fuel cell) or fueled by compressed natural gas (CNG). The expiration date for the White sticker is January 1, 2015.

Green stickers are available to the first 40,000 applicants that purchase or lease vehicles meeting California's Enhanced Advanced Technology Partial Zero Emission Vehicle (AT-PZEV) requirement. Examples of vehicles that meet this requirement are the Prius Plug-in Hybrid and the Low Emission Package Chevy Volt. The expiration date for the Green sticker is January 1, 2015.

The Yellow sticker issued for hybrid gas-electric vehicles are no longer valid. The program expired on July 1, 2011.

Status: Introduced February 14, 2013.

Specific Provisions:

- This bill would extend the expiration date of the program that allows zero and low-emission vehicles to access the HOV lanes to January 1, 2018 or until the Secretary of State receives a notice from the Director of Transportation that the program does not meet federal law.

Impacts on SCAQMD's mission, operations or initiatives: This bill provides an incentive for the early adoption of zero and partial zero emission vehicles.

Recommended Position: SUPPORT

Attachment 21

SENATE BILL

No. 286

Introduced by Senator Yee

February 14, 2013

An act to amend Sections 5205.5 and 21655.9 of the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 286, as introduced, Yee. Vehicles: high-occupancy vehicle lanes.

Existing law authorizes the Department of Transportation to designate certain lanes for the exclusive use of high-occupancy vehicles (HOVs), which lanes may also be used, until January 1, 2015, or until the Secretary of State receives a specified notice, by certain low-emission, hybrid, or alternative fuel vehicles not carrying the requisite number of passengers otherwise required for the use of an HOV lane, if the vehicle displays a valid identifier issued by the Department of Motor Vehicles. A violation of provisions relating to HOV lane use by vehicles with those identifiers is a crime.

This bill would extend the operation of those provisions to January 1, 2018, or until the Secretary of State receives that specified notice. By extending a crime that otherwise would be repealed, the 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 5205.5 of the Vehicle Code, as added by
2 Section 1 of Chapter 37 of the Statutes of 2010, is amended to
3 read:

4 5205.5. (a) For the purposes of implementing Section 21655.9,
5 the department shall make available for issuance, for a fee
6 determined by the department to be sufficient to reimburse the
7 department for the actual costs incurred pursuant to this section,
8 distinctive decals, labels, and other identifiers that clearly
9 distinguish the following vehicles from other vehicles:

10 (1) A vehicle that meets California's super ultra-low emission
11 vehicle (SULEV) standard for exhaust emissions and the federal
12 inherently low-emission vehicle (ILEV) evaporative emission
13 standard, as defined in Part 88 (commencing with Section
14 88.101-94) of Title 40 of the Code of Federal Regulations.

15 (2) A vehicle that was produced during the 2004 model-year or
16 earlier and meets California's ultra-low emission vehicle (ULEV)
17 standard for exhaust emissions and the federal ILEV standard.

18 (b) The department shall include a summary of the provisions
19 of this section on each motor vehicle registration renewal notice,
20 or on a separate insert, if space is available and the summary can
21 be included without incurring additional printing or postage costs.

22 (c) The Department of Transportation shall remove individual
23 HOV lanes, or portions of those lanes, during periods of peak
24 congestion from the access provisions provided in subdivision (a),
25 following a finding by the Department of Transportation as follows:

26 (1) The lane, or portion thereof, exceeds a level of service C,
27 as discussed in subdivision (b) of Section 65089 of the Government
28 Code.

29 (2) The operation or projected operation of the vehicles
30 described in subdivision (a) in these lanes, or portions thereof, will
31 significantly increase congestion.

32 The finding also shall demonstrate the infeasibility of alleviating
33 the congestion by other means, including, but not limited to,
34 reducing the use of the lane by noneligible vehicles, or further
35 increasing vehicle occupancy.

36 (d) The State Air Resources Board shall publish and maintain
37 a listing of all vehicles eligible for participation in the programs

1 described in this section. The board shall provide that listing to
2 the department.

3 (e) For purposes of subdivision (a), the Department of the
4 California Highway Patrol and the department, in consultation
5 with the Department of Transportation, shall design and specify
6 the placement of the decal, label, or other identifier on the vehicle.
7 Each decal, label, or other identifier issued for a vehicle shall
8 display a unique number, and that number shall be printed on, or
9 affixed to, the vehicle registration.

10 (f) If the Metropolitan Transportation Commission, serving as
11 the Bay Area Toll Authority, grants toll-free and reduced-rate
12 passage on toll bridges under its jurisdiction to any vehicle pursuant
13 to Section 30102.5 of the Streets and Highways Code, it shall also
14 grant the same toll-free and reduced-rate passage to a vehicle
15 displaying an identifier issued by the department pursuant to
16 paragraph (1) or (2) of subdivision (a).

17 (g) If the Director of Transportation determines that federal law
18 does not authorize the state to allow vehicles that are identified by
19 distinctive decals, labels, or other identifiers on vehicles described
20 in subdivision (a) to use highway lanes or highway access ramps
21 for high-occupancy vehicles regardless of vehicle occupancy, the
22 Director of Transportation shall submit a notice of that
23 determination to the Secretary of State.

24 (h) This section shall become operative on January 1, 2011.

25 (i) This section shall remain in effect only until January 1, ~~2015,~~
26 ~~2018~~, or only until the date the Secretary of State receives the
27 notice described in subdivision (g), whichever occurs first, and as
28 of that date is repealed.

29 SEC. 2. Section 5205.5 of the Vehicle Code, as amended by
30 Section 2 of Chapter 674 of the Statutes of 2012, is amended to
31 read:

32 5205.5. (a) For purposes of implementing Section 21655.9,
33 the department shall make available for issuance, for a fee
34 determined by the department to be sufficient to reimburse the
35 department for the actual costs incurred pursuant to this section,
36 distinctive decals, labels, and other identifiers that clearly
37 distinguish the following vehicles from other vehicles:

38 (1) A vehicle that meets California's super ultra-low emission
39 vehicle (SULEV) standard for exhaust emissions and the federal
40 inherently low-emission vehicle (ILEV) evaporative emission

1 standard, as defined in Part 88 (commencing with Section
2 88.101-94) of Title 40 of the Code of Federal Regulations.

3 (2) A vehicle that was produced during the 2004 model-year or
4 earlier and meets California ultra-low emission vehicle (ULEV)
5 standard for exhaust emissions and the federal ILEV standard.

6 (3) A hybrid vehicle or an alternative fuel vehicle that meets
7 California's advanced technology partial zero-emission vehicle
8 (AT PZEV) standard for criteria pollutant emissions and has a 45
9 miles per gallon or greater fuel economy highway rating.

10 (4) A hybrid vehicle that was produced during the 2004
11 model-year or earlier and has a 45 miles per gallon or greater fuel
12 economy highway rating, and meets California's ULEV, SULEV,
13 or partial zero-emission vehicle (PZEV) standards.

14 (5) A vehicle that meets California's enhanced advanced
15 technology partial zero-emission vehicle (enhanced AT PZEV)
16 standard.

17 (b) Neither an owner of a hybrid vehicle that meets the AT
18 PZEV standard, with the exception of a vehicle that meets the
19 federal ILEV standard, nor an owner of a hybrid vehicle described
20 in paragraph (4) of subdivision (a), is entitled to a decal, label, or
21 other identifier pursuant to this section unless the federal
22 government acts to approve the use of high-occupancy vehicle
23 (HOV) lanes by vehicles of the types identified in paragraph (3)
24 or (4) of subdivision (a), regardless of the number of occupants.

25 (c) The department shall include a summary of the provisions
26 of this section on each motor vehicle registration renewal notice,
27 or on a separate insert, if space is available and the summary can
28 be included without incurring additional printing or postage costs.

29 (d) The Department of Transportation shall remove individual
30 HOV lanes, or portions of those lanes, during periods of peak
31 congestion from the access provisions provided in subdivision (a),
32 following a finding by the Department of Transportation as follows:

33 (1) The lane, or portion thereof, exceeds a level of service C,
34 as discussed in subdivision (b) of Section 65089 of the Government
35 Code.

36 (2) The operation or projected operation of the vehicles
37 described in subdivision (a) in these lanes, or portions thereof, will
38 significantly increase congestion.

39 (e) The State Air Resources Board shall publish and maintain
40 a listing of all vehicles eligible for participation in the programs

1 described in this section. The board shall provide that listing to
2 the department.

3 (f) (1) For purposes of subdivision (a), the Department of the
4 California Highway Patrol and the department, in consultation
5 with the Department of Transportation, shall design and specify
6 the placement of the decal, label, or other identifier on the vehicle.
7 Each decal, label, or other identifier issued for a vehicle shall
8 display a unique number, which number shall be printed on, or
9 affixed to, the vehicle registration.

10 (2) Decals, labels, or other identifiers designed pursuant to this
11 subdivision for a vehicle described in paragraph (5) of subdivision
12 (a) shall be distinguishable from the decals, labels, or other
13 identifiers that are designed for vehicles described in paragraphs
14 (1), (2), (3), and (4) of subdivision (a).

15 (g) (1) (A) Except as provided in subparagraph (B), for
16 purposes of subdivision (a), the department shall issue no more
17 than 85,000 distinctive decals, labels, or other identifiers that
18 clearly distinguish the vehicles specified in paragraphs (3) and (4)
19 of subdivision (a).

20 (B) The department may issue a decal, label, or other identifier
21 for a vehicle that satisfies all of the following conditions:

22 (i) The vehicle is of a type identified in paragraph (3) or (4) of
23 subdivision (a).

24 (ii) The owner of the vehicle is the owner of a vehicle for which
25 a decal, label, or identifier described in subparagraph (A) was
26 previously issued and that vehicle for which the decal, label, or
27 identifier was previously issued is determined by the department,
28 on the basis of satisfactory proof submitted by the owner to the
29 department, to be a nonrepairable vehicle or a total loss salvage
30 vehicle.

31 (iii) The owner of the vehicle applied for a decal, label, or other
32 identifier pursuant to this subparagraph on or before March 31,
33 2009, or within six months of the date on which the vehicle for
34 which a decal, label, or identifier was previously issued is declared
35 to be a nonrepairable vehicle or a total loss salvage vehicle,
36 whichever date is later.

37 (2) The department shall notify the Department of Transportation
38 immediately after the date on which the department has issued
39 50,000 decals, labels, and other identifiers under this section for
40 the vehicles described in paragraphs (3) and (4) of subdivision (a).

1 (3) The Department of Transportation shall determine whether
2 significant HOV lane breakdown has occurred throughout the state,
3 in accordance with the following timeline:

4 (A) For lanes that are nearing capacity, the Department of
5 Transportation shall make the determination not later than 90 days
6 after the date provided by the department under paragraph (2).

7 (B) For lanes that are not nearing capacity, the Department of
8 Transportation shall make the determination not later than 180
9 days after the date provided by the department under paragraph
10 (2).

11 (4) In making the determination that significant HOV lane
12 breakdown has occurred, the Department of Transportation shall
13 consider the following factors in the HOV lane:

14 (A) Reduction in level of service.

15 (B) Sustained stop-and-go conditions.

16 (C) Slower than average speed than the adjacent mixed-flow
17 lanes.

18 (D) Consistent increase in travel time.

19 (5) After making the determinations pursuant to subparagraphs
20 (A) and (B) of paragraph (3), if the Department of Transportation
21 determines that significant HOV lane breakdown has occurred
22 throughout the state, the Department of Transportation shall
23 immediately notify the department of that determination, and the
24 department, on the date of receiving that notification, shall
25 discontinue issuing the decals, labels, or other identifiers for the
26 vehicles described in paragraphs (3) and (4) of subdivision (a).

27 (h) (1) Except as provided in paragraph (2), for purposes of
28 paragraph (5) of subdivision (a), the department shall issue no
29 more than 40,000 distinctive decals, labels, or other identifiers that
30 clearly distinguish a vehicle specified in paragraph (5) of
31 subdivision (a).

32 (2) The department may issue a decal, label, or other identifier
33 for a vehicle that satisfies all of the following conditions:

34 (A) The vehicle is of a type identified in paragraph (5) of
35 subdivision (a).

36 (B) The owner of the vehicle is the owner of a vehicle for which
37 a decal, label, or other identifier described in paragraph (1) was
38 previously issued and that vehicle for which the decal, label, or
39 other identifier was previously issued is determined by the
40 department, on the basis of satisfactory proof submitted by the

1 owner to the department, to be a nonrepairable vehicle or a total
2 loss salvage vehicle.

3 (C) The owner of the vehicle applied for a decal, label, or other
4 identifier pursuant to this paragraph within six months of the date
5 on which the vehicle for which a decal, label, or other identifier
6 was previously issued is declared to be a nonrepairable vehicle or
7 a total loss salvage vehicle.

8 (i) If the Metropolitan Transportation Commission, serving as
9 the Bay Area Toll Authority, grants toll-free and reduced-rate
10 passage on toll bridges under its jurisdiction to a vehicle pursuant
11 to Section 30102.5 of the Streets and Highways Code, it shall also
12 grant the same toll-free and reduced-rate passage to a vehicle
13 displaying an identifier issued by the department pursuant to
14 paragraph (1) or (2) of subdivision (a) and to a vehicle displaying
15 a valid identifier issued by the department pursuant to paragraph
16 (3) or (4) of subdivision (a) if the vehicle is registered to an address
17 outside of the region identified in Section 66502 of the Government
18 Code.

19 (j) An owner of a vehicle specified in paragraph (3) or (4) of
20 subdivision (a) whose vehicle is registered to an address in the
21 region identified in Section 66502 of the Government Code and
22 who seeks a vehicle identifier under subdivision (a) in order to
23 have access to an HOV lane within the jurisdiction of the Bay Area
24 Toll Authority shall do both of the following:

25 (1) Obtain and maintain an active account to operate within the
26 automatic vehicle identification system described in Section 27565
27 of the Streets and Highways Code and shall submit to the
28 department a form, approved by the department and issued by the
29 Bay Area Toll Authority, that contains the vehicle owner's name,
30 the license plate number and vehicle identification number of the
31 vehicle, the vehicle make and year model, and the automatic
32 vehicle identification system account number, as a condition to
33 obtaining a vehicle identifier pursuant to subdivision (a) that allows
34 for the use of that vehicle in HOV lanes regardless of the number
35 of occupants.

36 (2) Be eligible for toll-free or reduced-rate passage on toll
37 bridges within the jurisdiction of the Bay Area Toll Authority only
38 if, at time of passage, the vehicle meets the passenger occupancy
39 rate requirement established for that toll-free or reduced-rate
40 passage.

1 (k) (1) Notwithstanding Section 21655.9, and except as
2 provided in paragraph (2), a vehicle described in subdivision (a)
3 that displays a decal, label, or identifier issued pursuant to this
4 section shall be exempt from toll charges imposed on
5 single-occupant vehicles in high-occupancy toll lanes as described
6 in Section 149.7 of the Streets and Highways Code unless
7 prohibited by federal law.

8 (2) (A) Paragraph (1) does not apply to the imposition of a toll
9 imposed for passage on a toll road or toll highway, that is not a
10 high-occupancy toll lane as described in Section 149.7 of the
11 Streets and Highways Code.

12 (B) On or before March 1, 2014, paragraph (1) does not apply
13 to the imposition of a toll imposed for passage in lanes designated
14 for tolls pursuant to the federally supported value-pricing and
15 transit development demonstration program operated pursuant to
16 Section 149.9 of the Streets and Highways Code for State Highway
17 Route 10 or 110.

18 (C) Paragraph (1) does not apply to the imposition of a toll
19 charged for crossing a state-owned bridge.

20 (l) If the Director of Transportation determines that federal law
21 does not authorize the state to allow vehicles that are identified by
22 distinctive decals, labels, or other identifiers on vehicles described
23 in subdivision (a) to use highway lanes or highway access ramps
24 for high-occupancy vehicles regardless of vehicle occupancy, the
25 Director of Transportation shall submit a notice of that
26 determination to the Secretary of State.

27 (m) (1) This section shall remain in effect only until January
28 1, ~~2015~~, 2018, or until the date the Secretary of State receives the
29 notice described in subdivision (l), whichever occurs first, and as
30 of that date is repealed.

31 (2) However, with respect to a vehicle described in paragraph
32 (3) or (4) of subdivision (a), this section shall be operative only
33 until July 1, 2011, or only until the date the Secretary of State
34 receives the notice described in subdivision (l), whichever occurs
35 first.

36 (3) With respect to a vehicle described in paragraph (5) of
37 subdivision (a), this section shall become operative on January 1,
38 2012, and shall be operative only until January 1, ~~2015~~, 2018, or
39 until the date the Secretary of State receives the notice described
40 in subdivision (l), whichever occurs first.

1 SEC. 3. Section 21655.9 of the Vehicle Code is amended to
2 read:

3 21655.9. (a) (1) Whenever the Department of Transportation
4 or a local authority authorizes or permits exclusive or preferential
5 use of highway lanes or highway access ramps for high-occupancy
6 vehicles pursuant to Section 21655.5, the use of those lanes or
7 ramps shall also be extended to vehicles that are issued distinctive
8 decals, labels, or other identifiers pursuant to Section 5205.5
9 regardless of vehicle occupancy or ownership.

10 (2) A local authority during periods of peak congestion shall
11 suspend for a lane the access privileges extended pursuant to
12 paragraph (1) for those vehicles issued distinctive decals, labels,
13 or other identifiers pursuant to Section 5205.5, if a periodic review
14 of lane performance by that local authority discloses both of the
15 following factors regarding the lane:

16 (A) The lane, or a portion of the lane, exceeds a level of service
17 C, as described in subdivision (b) of Section 65089 of the
18 Government Code.

19 (B) The operation or projected operation of vehicles in the lane,
20 or a portion of the lane, will significantly increase congestion.

21 (b) A person shall not drive a vehicle described in subdivision
22 (a) of Section 5205.5 with a single occupant upon a high-occupancy
23 vehicle lane pursuant to this section unless the decal, label, or other
24 identifier issued pursuant to Section 5205.5 is properly displayed
25 on the vehicle, and the vehicle registration described in Section
26 5205.5 is with the vehicle.

27 (c) A person shall not operate or own a vehicle displaying a
28 decal, label, or other identifier, as described in Section 5205.5, if
29 that decal, label, or identifier was not issued for that vehicle
30 pursuant to Section 5205.5. A violation of this subdivision is a
31 misdemeanor.

32 (d) If the provisions in Section 5205.5 authorizing the
33 department to issue decals, labels, or other identifiers to hybrid
34 and alternative fuel vehicles are repealed, vehicles displaying those
35 decals, labels, or other identifiers shall not access high-occupancy
36 vehicle lanes without meeting the occupancy requirements
37 otherwise applicable to those lanes.

38 (e) (1) This section shall remain in effect only until January 1,
39 ~~2015~~, 2018, or until the date that the Secretary of State receives

1 the notice described in subdivision (*l*) of Section 5205.5, whichever
2 occurs first, and as of that date is repealed.

3 (2) However, with respect to a vehicle described in paragraph
4 (3) or (4) of subdivision (a) of Section 5205.5, this section shall
5 be operative only until July 1, 2011, or until the date the Secretary
6 of State receives the notice described in subdivision (*l*) of Section
7 5205.5, whichever occurs first.

8 (3) With respect to a vehicle described in paragraph (5) of
9 subdivision (a) of Section 5205.5, this section shall become
10 operative on January 1, 2012, and shall be operative only until
11 January 1, ~~2015~~, 2018, or until the date the Secretary of State
12 receives the notice described in subdivision (*l*) of Section 5205.5,
13 whichever occurs first.

14 SEC. 4. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.

ATTACHMENT 3

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE REPORT

FROM HOME RULE ADVISORY GROUP MEETING OF FEBRUARY 20, 2013

HRAG members present:

Dr. Joseph Lyou, Chairman

Dr. Laki Tisopulos on behalf of Dr. Elaine Chang, SCAQMD

Megan Lorenz on behalf of Barbara Baird, SCAQMD

Elizabeth Adams, EPA (participated by phone)

Greg Adams, L.A. County Sanitation Districts

Curtis Coleman, Southern California Air Quality Alliance

Jayne Joy, Eastern Municipal Water District

Bill LaMarr, California Small Business Alliance

Joy Langford, Mandeville Group

Tung Le on behalf of Chris Gallenstein, CARB (participated by phone)

Rongsheng Luo, SCAG (participated by phone)

Art Montez, AMA International

Bill Quinn, CCEEB (participated by phone)

Lee Wallace, SoCalGas and SDG&E

Mike Wang, WSPA

LEGISLATIVE UPDATE

Philip Crabbe provided an update on what was discussed at the Legislative Committee meeting held on February 8, 2013.

Federal

The consultants reported as follows: The fiscal cliff merely delayed sequestration from January 1 to March 1, 2013. Absent an agreement, the sequestration would result in eight percent automatic cuts across the board to discretionary defense and non-defense spending, with some exceptions. This would amount in approximately \$1.2 trillion in cuts over ten years. With no resolution in sight, the federal agencies, including U.S. EPA are preparing for potential cuts. On March 27, 2013, the six-month Continuing Resolution (CR) funding the federal government's budget comes to an end. It is likely that there will be another six-month continuing resolution which will keep everything basically the same. This is key, because the District is likely to be eligible to apply for \$10 million in zero emission technology funding that was included within the Energy & Water Appropriations bill. The first part of the funding (\$5 million) has been released, but the second part of the funding could potentially be affected by the budget cuts. The budget resolution will be due April 15. This is significant because, with a resolution, the reconciliation process to change entitlements or the tax code is possible with only 51 votes rather than 60 (a budget reconciliation bill cannot be filibustered). This could be a likely legislative vehicle for tax code or entitlement changes. The debt ceiling will be reached in mid-May, and another battle on that issue is expected. There are two EPA rulemakings that are being monitored by AQMD: (1) Tier 3 regulations that EPA sent to the White House for review. These regulations would lower the fuel sulfur content in gas from 30 ppm to 10 ppm, consistent with what California is doing and (2) EPA is in the final stages of rulemaking that would require carbon capture and storage for new coal-fired power plants. DOE Secretary Chu will be leaving his post at the end of February. EPA Administrator Lisa Jackson is leaving her post

in mid February. DOT Secretary LaHood will be leaving his post in several months after his successor is named.

State

The consultants reported that the state received \$5 billion more in revenues than anticipated in January. This is expected to be a one-time only windfall. There will be special elections held to fill the vacancies in the 32nd and 40th Senate Districts left by the departure for Congress by Gloria Negrete-McLeod and Juan Vargas, respectively. The primary is scheduled for March 12, 2013. Run-off elections will be on May 14, 2013, if required. The District's Executive Officer testified at the hearing on hydraulic fracturing that was held jointly in the Capitol Building by the Senate Committees on Natural Resources and Water and Environmental Quality on Tuesday, February 12, 2013. AB 8 (Perea and Skinner), which includes the reauthorization of the Carl Moyer Program, was scheduled to be heard in the Assembly Transportation Committee this month but was postponed until March. However, the consultant does not anticipate any problems. On the Senate side, there was a discussion about holding an informational hearing on the issues prior to a hearing on SB 11 (Pavley and Rubio), which is an identical version of AB 8. CEQA reform remains a hot topic in Sacramento despite the absence of specific legislative proposals. However, labor groups have joined with environmental groups to propose alternate CEQA reform legislation.

The following bills were taken to the Committee for consideration:

AB 122 (Rendon)

AB 122 establishes the Nonresidential Building Energy Retrofit Financing Act of 2012 to finance commercial energy efficiency retrofits in California to help reduce greenhouse gases and criteria pollutant emissions as well as to help stimulate California's economy. The Legislative Committee approved staff's recommendations to support the bill.

AB 147 (V.M. Perez) and AB 148 (V.M. Perez)

AB 147 requires the Secretary of Natural Resources Agency to develop a strategic plan to deal with air pollution resulting from the receding Salton Sea. To strengthen the bill, staff recommended the following amendments

- Redrafting the bill as part of the Health and Safety Code, as opposed to the Fish and Game Code as drafted;
- Requiring the Secretary to consult with the Energy Commission on how to best monetize the renewable energy potential of the Salton Sea;
- Identifying the necessary funding to carry out the purposes of the bill.

The Committee accepted staff's recommendations to support the bill, if amended.

AB 148 requires the Secretary of Natural Resources to establish the Salton Sea Renewable Energy and Biofuel Research and Development Program to provide grants for projects that reduce air pollution and help develop renewable energy and biofuel potential of the Salton Sea. The Legislative Committee approved staff's recommendation to watch the bill at this time and to monitor its progress.

Discussion

There was no discussion on the report.

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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 24

REPORT: Refinery Committee

SYNOPSIS: The Refinery Committee met Tuesday, March 12, 2013.
Following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and File

Clark E. Parker, Sr., Chair
Refinery Committee

EC:LT:NV:DO:CL

Dr. Clark E. Parker, Sr., Chair, called the meeting to order at approximately 10:30 AM. Present were Mayor Dennis Yates and Councilmember Ben Benoit with Mayor Pro Tem Judith Mitchell joining via videoconference.

Overview of Proposed Rule 1114 – Petroleum Refinery Coking Operations

Dr. Laki Tisopulos, Assistant Deputy Executive Officer, presented a summary of Proposed Rule 1114, and provided additional clarification in response to questions from Mayor Yates, Councilmember Benoit and Dr. Parker concerning the overall and per-refinery emission and cost impacts, and the current market and general uses of coke and coke-based products locally, domestically and as an export product. Mr. Stan Holm, consultant to ExxonMobil, responded to an open question from Mayor Yates to the attendees regarding worker safety and the reason why not all facilities managed to reduce emissions. Mr. Holm described the delayed coking depressurization process and precautions used for worker protection, and noted that existing federal regulations on emission limits are applicable only to new construction or modifications.

PUBLIC COMMENTS

Ms. Patty Senecal of Western Petroleum States Association provided public comments in general support of the overall effort, but with some continuing discussions with staff concerning alternative monitoring provisions. Mayor Yates and Dr. Parker requested that staff determine the reaction of the Environmental Justice groups regarding the revised compliance deadlines to address their concerns and associated follow-up explanation related to the extended interim period, including the consideration of additional assurances that could be incorporated into the proposal. Dr. Parker concluded that the proposal appeared reasonable and balanced.

Meeting adjourned at 11:20 a.m.

Attachment

Refinery Committee Meeting March 12, 2013 SCAQMD Presentation



Proposed Rule 1114

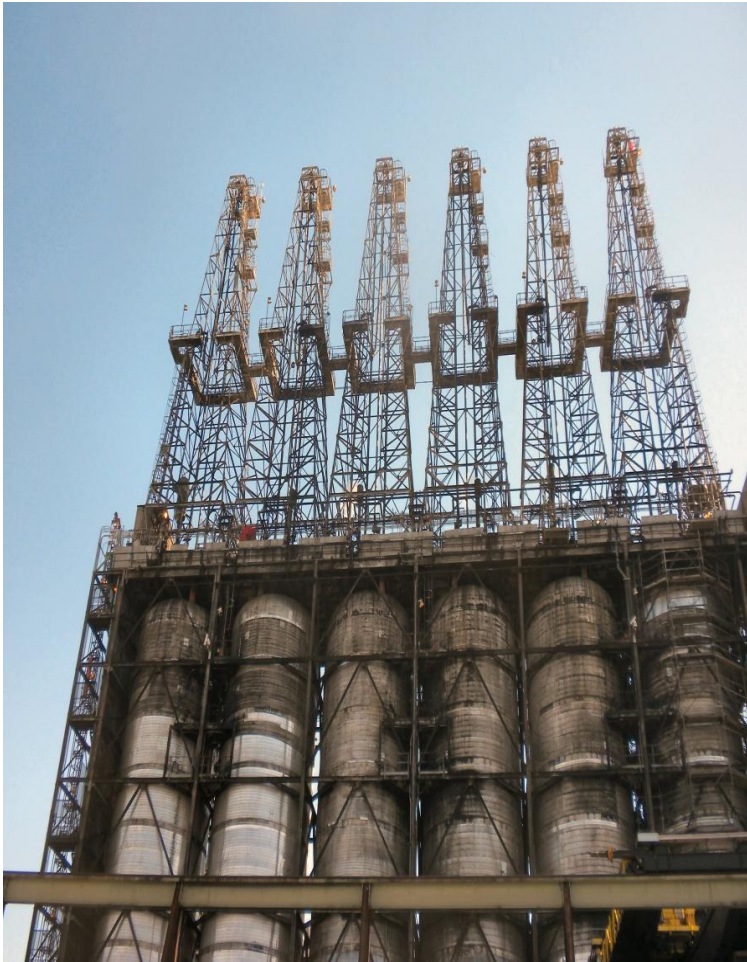
Petroleum Refinery Coking Operations

Refinery Committee

March 12, 2013

Background

Petroleum Refinery Delayed Coking



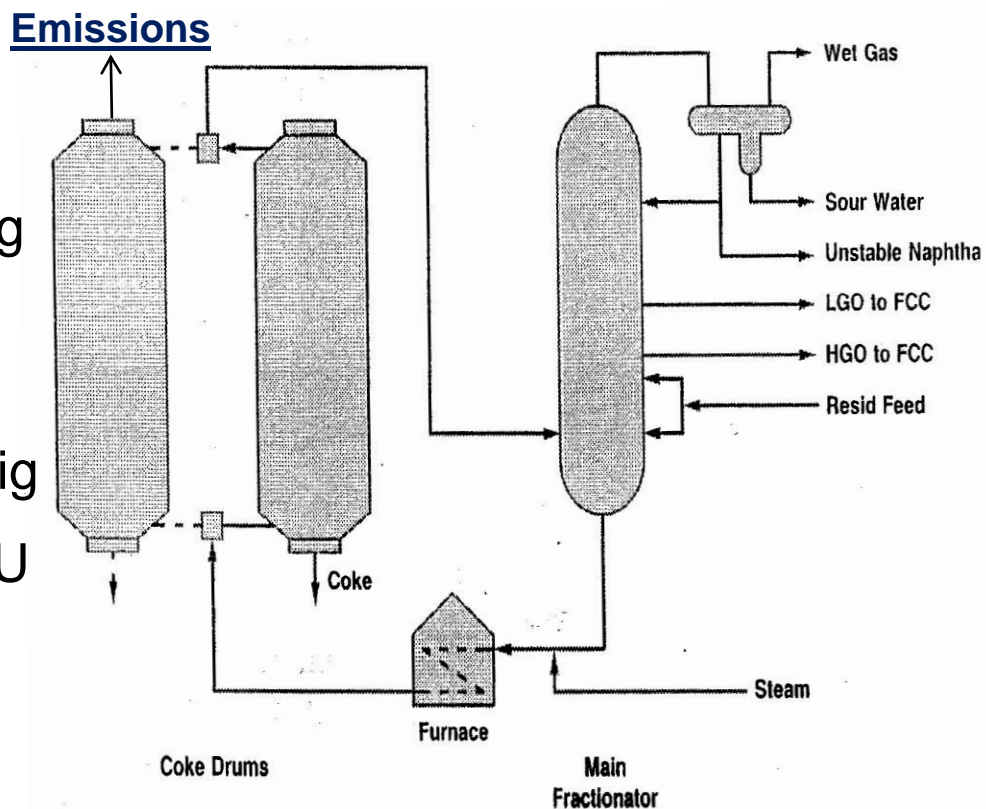
- Six Affected Refineries with Eight Delayed Coking Units
- District Source Testing
 - 2003-2009
- EPA Source Testing
 - Establish Emission Inventory
 - 2008-2011
- Five Working Group Meetings
 - Western States Petroleum Association
 - Environmental Groups
- Numerous Individual Refinery Meetings and Site Visits



Delayed Coking (DCU)

Description/Emission Profile

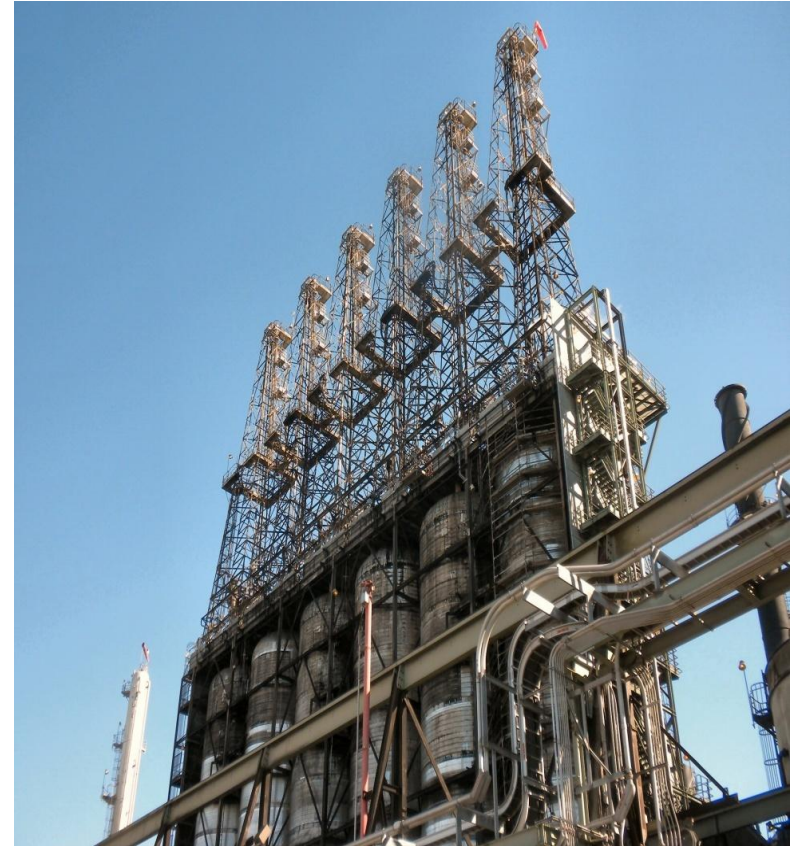
- Maximizes the Conversion of a Barrel of Oil into Valuable Products
- Semi-Continuous Process Involves the Thermal Cracking of Long Hydrocarbon Chains into Lighter Molecules and Petroleum Coke Inside Coke Drums at 850 F and 30-60 psig
- Multiple Coke Drums in a DCU
- Facilities Have 4 to 12 Drums



Delayed Coking Units

Emission Control Strategy

- Emissions Consist of VOC, PM, Methane (a Greenhouse Gas), Sulfur Compounds and Hazardous Air Pollutants (HAPs)
- Set Future Pressure Limits for Depressurizing Coke Drums
- Control Approaches
 - Steam Ejectors – Achieved in Practice
 - Compressors
 - Process Optimization
- Scheduling Allowances for Process/Equipment Modifications
 - Ensure Operational Safety
 - Minimize Environmental Impacts
 - Consider Maintenance (Turnaround) Schedules



Proposed Rule

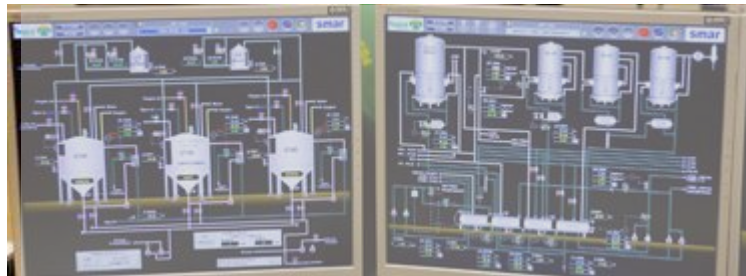
Control Requirements

- Depressurize Coke Drums in DCUs to < 2 psig Prior to Venting within 6 Months from Rule Adoption
- If Modifications Are Needed for < 2 psig Limit:
 - Single DCU
 - Comply with Interim Pressure Threshold of < 5 psig within 12 Months
 - Achieve < 2 psig by Next Turnaround or 12/31/2016, whichever is earlier
 - Multiple DCUs
 - Comply with Interim Pressure Threshold within 12 Months < 5 psig or < 110% of 2012 Baseline (30-Day Average)
 - Achieve < 5 psig by next Turnaround or 12/31/2016, whichever is earlier
 - Achieve < 2 psig within 24 months following next Turnaround



Proposed Rule

Administrative Provisions



- Submit Air Permit Applications Nine Months Prior to Effective Dates
- Continuous Monitoring and Associated Recordkeeping
 - Coke Drum Internal Pressure
 - Atmospheric Vent Valve Positioning (Open / Closed)
 - Downtime Provisions
 - 72 Hours per Year per DCU
 - Manual Recording During Downtime
- Exemption from Rule 404



Emissions Inventory/Reductions*

Estimated Inventory (Tons Per Year)

VOC	HAP	Methane
268	54	1,140

Estimated Reductions (~ 50%, Tons Per Year)

VOC	HAP	Methane
129	26	547

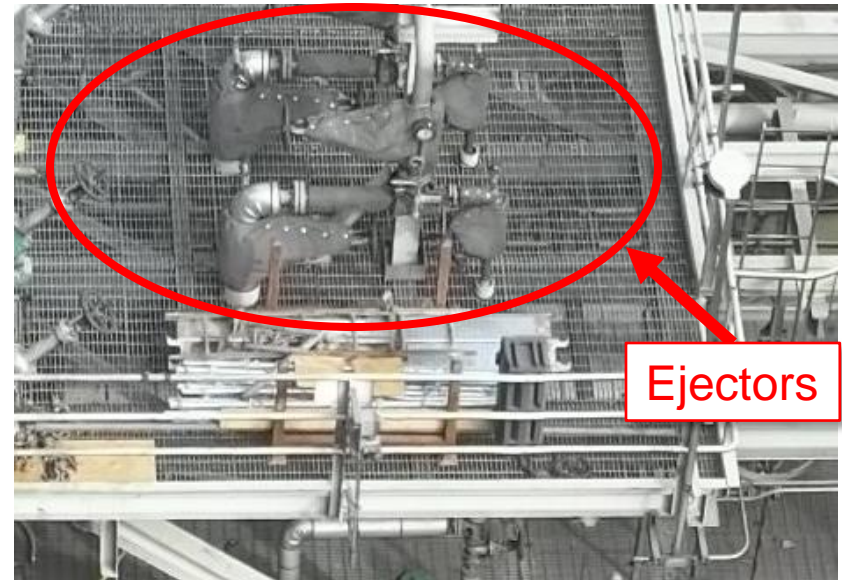
* Based on 99% Moisture in Vent Gas

Concurrent Emission Reductions of Particulate Matter and Sulfur Compounds



Proposed Rule Impacts

- Cost Impact
 - Capital Costs ~ \$13.3 Million
 - Annual Costs ~ \$933,000
- Cost Effectiveness
 - ~ \$8,700 Per Ton VOC
- No Significant Socioeconomic or Environmental Impacts
- CEQA Document Circulated February 28, 2013
- Socio-Economic Impact Analysis Prepared



Key Issues / Responses

Issue	Proposed Resolution
Earlier Implementation Dates	<ul style="list-style-type: none"> ▪ One Year Earlier ▪ Linked to Turnaround Activity
Cost Estimates	<ul style="list-style-type: none"> ▪ Based on Actual Installation Costs ▪ Revised to Include 30% Contingency
Monitoring System Downtime	<ul style="list-style-type: none"> ▪ 72 Hour Per Year Per DCU ▪ Manual Recording During Downtime
Alternative Parameter Monitoring	<ul style="list-style-type: none"> ▪ Interim for Vent Valve Monitoring ▪ Final Installation at Turnaround
Exemption from Regulation IV	Exemption for Rule 404 Based on Applicability Review



Rule Development Schedule

Milestone	Date
Working Group Meeting (#1)	October 6, 2010
Public Workshop	December 12, 2012
Working Group Meeting (#5)	February 13, 2013
Set Hearing	March 1, 2013
Refinery Committee	March 12, 2013
Public Hearing	May 3, 2013



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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 25

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee met Friday, March 15, 2013 in Palm Desert. Following is a summary of that meeting. The next meeting will be April 19, at 10:30 a.m. in Conference Room CC8.

RECOMMENDED ACTION:
Receive and file.

Dennis Yates, Chair
Stationary Source Committee

MN:am

Attendance

The meeting began at 11:50 a.m., immediately following the Governing Board Retreat in Palm Desert. Present were Mayor Dennis Yates, Dr. Joseph Lyou, Councilman Ben Benoit and Supervisor Shawn Nelson. Absent was Mayor Pro Tem Judith Mitchell.

INFORMATIONAL ITEM

1. Rule 444 – Open Burning & Rule 445 – Wood Burning Devices

The staff presentation was given by Dr. Philip Fine, Planning and Rule Development Manager. Proposed Amended Rules 445 – Wood Burning Devices and 444 – Open Burning will implement two key control measures from the 2012 AQMP (BCM-01 & BCM-02) in order to meet the federal 24-hour PM_{2.5} ambient air quality standard of 35 µg/m³. Amended Rule 445 will lower the threshold for sub-regional Mandatory Winter Burning Curtailment from the current 35 down to 30 µg/m³. The amendments also include requirements by which a Basin-wide curtailment can be called. Specifically, when 30 µg/m³ is forecast at any monitoring station, to present exceeding the federal 24-hour standard, a Basin-wide curtailment will be called.

Modeling conducted during the development of the 2012 AQMP demonstrated that such episodic controls will bring the Basin into attainment. Proposed amendments to Rule 445 also include a new definition for wood-based fuel and wood-fired cooking device for the purpose of excluding commercial cooking operations. In addition, a labeling requirement for wood-based products is established, consistent with other air districts, and includes a two-year sell-through provision for currently packaged products. Rule 444 is proposed for amendment to include consistent Mandatory Winter Burning Curtailment forecasting as in Rule 445, which will be applicable to open burning (i.e., agricultural and prescribed burning below 3,000 feet MSL). A definition of product testing is also added to clarify an existing product testing exemption. Finally, the proposed amendments to Rule 444 also include a prohibition to open burning in beach areas, excluding cooking with charcoal or gaseous- or liquid-fueled devices. Other rule clarifications are included to aid in rule implementation and compliance. Lowering the curtailment threshold will potentially increase the number of winter burning curtailment by an estimated ten days under Rule 445 and up to five additional days under Rule 444. As air quality continues to improve, the number of sub-regional curtailment days will decrease. When the Basin reaches attainment, there will be no need for Basin-wide winter curtailment days. Relative to the prohibition on beach burning activities, a public consultation meeting is being held on March 28, 2013 to receive additional comments on the staff proposal. Staff is proceeding to bring both of these proposed rules to the May 2013 Governing Board meeting for adoption consideration.

Two members of the public addressed the proposed amendments before the committee. Kaity Van Amersfort, HPBA (Hearth, Patio, and Barbecue Association) Pacific, provided comments on the proposed amendments to Rule 445. Ms. Amersfort stated that the most recent rule language addressed their concern regarding the labeling requirements, adding that they were agreeable to labeling requirements consistent with that of BAAQMD. HPBA has 3 outstanding issues. First, the association believes the Basin-wide curtailment is not warranted, the SCAQMD should focus on key areas of concern, and it makes more sense to issue on a county basis (similar to San Joaquin). Second, outdoor wood-fired cooking should not be included under the curtailment; it makes more sense to be device specific. Lastly, U.S. EPA Qualified fireplaces should be allowed in new homes above 3,000 feet elevation. U.S. EPA has a list of qualified fireplaces on their website.

Brenda Wisneski, City of Newport Beach, provided comments on the amendments to Rule 444. Specifically, the city has 60 fire rings on two beaches and their use is affecting the health of residents and visitors. The City Council voted to remove the fire rings and the Coastal Commission has delayed action on the City's application to remove the fire rings pending SCAQMD's final decision on this proposal. The

city intends to replace the rings with other recreational activities to remove this hazard to the public. The city supports the staff recommendation.

Dr. Lyou asked for clarification of the prohibition, to which Dr. Fine stated that it applies to all beaches year around. Dr. Lyou also stated that it made more sense to protect the residents, however beaches such as Dockweiler beach near LAX, which is widely used, is not located near residents. Executive Officer, Dr. Wallerstein, stated that a number of alternatives are being considered and that this was the best option to protect public health for not only the residences near the fire rings but also other beach goers. He also added that the Coastal Commission is relying in large part on the Rule 444 exemption for their decision and that many jurisdictions have adopted analogous measures to protect public health, such as to prevent smoking in public places. When considering fire rings, they are not well policed for what type of material other than untreated wood is being burned and there are a large number of rings in our two coastal counties.

Supervisor Nelson stated that the residents at the beach tend to be wealthy and beach goers are of a lower socio-economic status. He expressed concern regarding who is being pushed off the beaches. Dr. Lyou added that he assumes that these are polluting and any inventory or monitoring data would be helpful for Board's consideration. He also stated that he assumed this was not needed for attainment. Dr. Wallerstein stated that this was correct and that the amendment addresses a public health, local exposure, issue, but will also provide a benefit in the way of NOx and PM reductions at the same time providing a public health benefit.

Mayor Yates stated that his recollection of beach burning is that it can be suffocating. He also stated that those that use the fire rings are generally from out of town and bring needed revenue. He further stated that his preference was to leave this up to the local jurisdiction to prohibit or limit the number of fire rings, adding that the City of Newport Beach has a right to regulate its beaches. He would entertain local control of regulating beaches and whether to have fire rings. He also imagined that maintenance can be expensive. Before closing on this item, Dr. Lyou asked for alternative language so that the Board can consider other options.

2. Rule 1148.2 Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

Susan Nakamura, Planning and Rules Manager, presented a summary of Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers along with key issues raised from stakeholders.

Suzanne Noble from Western State Petroleum Association (WSPA) commented that industry continues to be concerned that the scope of Proposed Rule 1148.2 goes

beyond hydraulic fracturing. Ms. Noble also commented that the pace of this rulemaking was extremely brisk, and even though it had been delayed, she questioned necessity of this rulemaking. She stated that information requested by the proposed rule could be gathered by staff in coordination with the petroleum industry (without a rule).

Supervisor Nelson commented that he would feel more comfortable if other scientists found air quality issues from the operations applicable under Proposed Rule 1148.2. Supervisor Nelson commented that SCAQMD staff should first determine if there is a risk, and then proceed with rulemaking. He asked Dr. Wallerstein if there is some information on the air quality risk from these operations. Dr. Wallerstein replied that there are some chemicals used, that are considered to be toxics and could pose a risk. He explained that potential impacts of the chemicals that are potentially toxic depend on the quantities and concentrations used. Dr. Lyou asked how the SCAQMD staff handles trade secret information and how that process works in terms of claims of trade secret that could actually be released to the public. General Counsel Kurt Wiese said the SCAQMD has been managing trade secrets virtually since its inception, and that the SCAQMD has a Public Records Act policy stating that anytime there is a request for material that constitutes trade secret, 1) the company that claimed the trade secret will be notified and will be given the opportunity to object to our release of the information, 2) if they do object, then the SCAQMD would make an evaluation on whether the material is considered as trade secret, and 3) if it is concluded that it is not trade secret, then would give the claimant the opportunity to challenge the determination in court.

3. Rule 219 – Equipment not Requiring a Written Permit Pursuant to Regulation II & Rule 222 – Filing Requirements for Specific Emission Sources

Naveen Berry, Planning & Rules Manager, presented an overview of the proposed amendments for both rules. The proposal includes exempting certain low-emission equipment from permit requirements and transitions other equipment, including certain equipment currently regulated under Rule 1147 – NO_x Reductions from Miscellaneous Sources, from the permitting to the simplified filing program. Rita Loof of RadTech requested additional consideration for Ultraviolet/Electron Beam equipment from permit requirements similar to the provisions in the BAAQMD rules. There were no committee comments.

4. CARB’s Consumer Products Regulation – Low Vapor Pressure (LVP) Exemption

Naveen Berry presented the letter to be signed by Dr. Burke to Chairman Mary Nichols of the California Air Resources Board pertaining to the current exemption of low vapor pressure solvents in the Consumer Products Regulation, as well as

collaborative follow-up studies to be conducted. No public or committee comments were made.

WRITTEN REPORTS

All written reports were acknowledged by the Committee.

PUBLIC COMMENTS

There were no public comments. The meeting was adjourned at 12:55 p.m.

Attachments

Attendance Roster

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATIONARY SOURCE COMMITTEE
March 15, 2013
ATTENDANCE ROSTER (Voluntary)**

NAME	AFFILIATION
Mayor Dennis Yates	AQMD Governing Board
Dr. Joseph Lyou	AQMD Governing Board
Councilman Ben Benoit	AQMD Governing Board
Supervisor Shawn Nelson	AQMD Governing Board
Mark Abramowitz	AQMD Governing Board (Lyou)
Mohsen Nazemi	AQMD Staff
Elaine Chang	AQMD Staff
Jill Whynot	AQMD Staff
Laki Tisopulos	AQMD Staff
Phillip Fine	AQMD Staff
Tracy Goss	AQMD Staff
Susan Nakamura	AQMD Staff
Naveen Berry	AQMD Staff
Kurt Wiese	AQMD Staff
Rita Loof	Radtech International
Lee Wallace	Southern California Gas
Curtis Coleman	So Cal AQ Alliance
Bill LaMarr	Small Business Alliance
Susan Stark	BP Consultant
Peter Whittingham	Curt Pringle & Assoc.
Patty Senecal	Western States Petroleum Association
Suzanne Noble	Western States Petroleum Association
Shams Hasan	E & B Natural Resources

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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 26

REPORT: Technology Committee

SYNOPSIS: The Technology Committee met on March 15, 2013. Major topics included Technology Advancement items reflected in the regular Board Agenda for the April Board meeting. A summary of these topics with the Committee's comments is provided. The next Technology Committee meeting will be on April 19, 2013.

RECOMMENDED ACTION:

Receive and file.

John J. Benoit
Technology Committee Chair

CSL:pmk

Attendance: Councilman Ben Benoit, Supervisor John J. Benoit, Councilwoman Jan Perry, and Mayor Dennis Yates were in attendance at the JW Marriott Desert Springs Hotel in Palm Desert. Mayor Pro Tem Judith Mitchell and Mayor Miguel Pulido were absent. Chair Supervisor Benoit appointed Councilman Michael Cacciotti as a one-time Committee member for today's meeting.

APRIL BOARD AGENDA ITEMS

1. Recognize Revenue and Execute Contracts to Develop and Demonstrate Catenary Zero Emissions Goods Movement System

The development and demonstration of zero emissions technologies for goods movement is one of SCAQMD's top priorities. This project will initiate the development and demonstration of a catenary, zero emissions goods movement corridor. This action is to recognize \$500,000 from U.S. EPA, \$3,000,000 from CEC and transfer \$8,117,887 from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61). This action is to also execute contracts with Siemens Industry Inc. to construct one mile of catenary system and to demonstrate a diesel catenary hybrid electric class 8 truck in an amount not to exceed \$13,500,000 and Transportation Power to develop and demonstrate a CNG catenary hybrid electric class 8 truck and integrate a catenary pantograph system on

an existing battery electric class 8 truck in the amount not to exceed \$2,617,887 from the Advanced Technology Goods Movement Fund (61) contingent upon receiving up to \$8,000,000 from other sponsors including the Port of Los Angeles, the Port of Long Beach and other entities.

Moved by Mayor Yates; seconded by Councilman Benoit; unanimously approved.

2. California Fuel Cell Partnership Steering Team Meeting Summary and Quarterly Update 

This report summarizes the California Fuel Cell Partnership Steering Team meeting held February 12-13, 2013 and provides a quarterly update for the period beginning October 2012.

This was a receive and file item.

Public Comment Period – *There was no public comment.*

Other Business – *Councilman Cacciotti brought up the potential of electrifying hybrid police vehicles.*

The next meeting will be April 19, 2013.

Attachments

Attendance

Attachment A – Attendance

Councilman Ben Benoit	SCAQMD Governing Board
Supervisor John J. Benoit.....	SCAQMD Governing Board
Councilman Michael Cacciotti.....	SCAQMD Governing Board
Councilwoman Jan Perry.....	SCAQMD Governing Board
Mayor Dennis Yates	SCAQMD Governing Board
Mark Abramowitz	Board Assistant (Lyou)
Ruthanne Taylor Berger	Board Assistant (Benoit, B.)
Jeff Catalano.....	Board Assistant (Perry)
Buford Crites	Board Assistant (Benoit, J.)
Bob Ulloa	Board Assistant (Yates)
Barry Wallerstein, Executive Officer.....	SCAQMD
Peter Greenwald, Senior Policy Advisor.....	SCAQMD
Kurt Wiese, General Counsel.....	SCAQMD
Mohsen Nazemi, E&C	SCAQMD
Lisha Smith, L&PA.....	SCAQMD
Henry Hogo, STA.....	SCAQMD
Matt Miyasato, STA.....	SCAQMD
Fred Minassian, STA.....	SCAQMD
Paul Wright, IM.....	SCAQMD
Pat Krayser, STA.....	SCAQMD
Danielle Robinson	ARB
Susan Stark	BP Consultant



BOARD MEETING DATE: April 5, 2013

AGENDA NO. 27

REPORT: Mobile Source Air Pollution Reduction Review Committee

SYNOPSIS: Below is a summary of key issues addressed at the MSRC's meeting on March 21, 2013. The MSRC's next meeting is scheduled for Thursday, April 18, 2013, at 2:00 p.m. in Conference Room CC8.

RECOMMENDED ACTION:
Receive and file.

Michael D. Antonovich
AQMD Representative on MSRC

CSL:HH:CR

Meeting Minutes Approved

The MSRC unanimously approved the minutes from its February 21, 2013 meeting. Those approved minutes are attached for your information (*Attachment 1*).

Awards to Implement Event Center Transportation Programs

As part of their FYs 2012-14 Work Program, the MSRC allocated \$4,000,000 towards the implementation of programs to provide transportation service for venues not currently served by sufficient transportation service. Three applications have been submitted to date. The Los Angeles County Metropolitan Transportation Authority (Metro) applied for \$1,169,000 to implement express bus and additional Metrolink service for Dodger Stadium for the 2013 and 2014 baseball seasons. Service would be provided by CNG buses from Union Station for 82 scheduled home games, providing service from two hours prior to each game until 45 minutes after the game ends. In addition, special Metrolink trains would be added in support of "cross-town rivalry" games for four games of each season. Furthermore, for the first time, the bus service will also include support for a dedicated bus lane on Sunset Boulevard. Metro would contribute at least \$1,169,000 towards the development and procurement of outreach and promotional materials.

The Orange County Transportation Authority (OCTA) applied for \$576,833 to implement express bus service for the 2013 Orange County Fair. The service would include hourly bus transportation to and from the Anaheim Canyon Metrolink Station/Tustin-Lincoln Park & Ride, Laguna Hills Transportation Center, Irvine Transportation Center, Junipero Serra Park & Ride, the Village at Orange, and the Newport Transportation Center. Additionally, due to higher than anticipated demand last year, the service would include bus transportation every 30 minutes to and from Fullerton Park & Ride, the Depot at Santa Ana, and Goldenwest Transportation Center. OCTA and its project partners would collectively contribute \$582,500 in co-funding including fare box revenue, marketing design and production, and advertising and marketing purchases.

OCTA also applied for \$194,235 to implement special Metrolink service for the 2013 Angels season. The service would be provided in support of 48 Angels home games with two dedicated trains that would run along MetroLink's Orange County Line corridor from Oceanside in the south and Los Angeles Union Station in the north to the terminus at Anaheim station. In addition, limited service would be provided on MetroLink's Inland Empire-Orange County line from Riverside Downtown to Orange, followed by a transfer at Orange to Anaheim, for 13 Friday games. OCTA would contribute at least \$208,000 in co-funding. To further increase emission benefits, OCTA would only seek reimbursement for rail trips performed using MetroLink's cleanest locomotives, rated at Tier 2.

At its March 21, 2013 meeting, the MSRC unanimously awarded \$1,169,000 to Metro for the Dodger Stadium Express, \$576,833 to OCTA for the Orange County Fair Express, and \$194,235 to OCTA for the Angels Express. The AQMD Board will consider these awards at its April 5, 2013 meeting.

Contracts Administrator's Report

The MSRC's AB 2766 Contracts Administrator provides a written status report on all open contracts from FY 2003-04 through the present. The Contracts Administrator's Report for February 2013 is attached (*Attachment 2*) for your information.

Attachments

Attachment 1 – Approved February 21, 2013 Meeting Minutes

Attachment 2 – February 2013 Contracts Administrator's Report



**MEETING OF THE
MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE
THURSDAY, FEBRUARY 21, 2013 MEETING MINUTES
21865 Copley Drive, Diamond, Bar, CA 91765- Conference Room CC-8**

MEMBERS PRESENT:

(Chair) Greg Winterbottom, representing OCTA
April McKay (Alt.), representing LA County MTA (via v/c)
Larry McCallon, representing SANBAG
Ron Roberts, representing SCAG
Adam Rush (Alt.), representing RCTC
Ric Teano, (Alt.), representing OCTA
Steve Veres, rep. LA County MTA (via v/c)
Earl Withycombe, representing CARB (via v/c)

MSRC MEMBERS ABSENT:

(Vice Chair) Greg Pettis, rep. RCTC
Michael Antonovich, representing SCAQMD

MSRC-TAC MEMBERS PRESENT:

(MSRC-TAC Chair) Gretchen Hardison, rep. City of Los Angeles (via v/c)
Rongsheng Luo (Alt.), representing SCAG
Kelly Lynn, representing SANBAG
Dean Saito, representing SCAQMD

OTHERS PRESENT:

Debra Mendelsohn, SCAQMD Board Asst (Antonovich)

SCAQMD Staff

Ray Gorski, MSRC Technical Advisor
Drue Hargis, MSRC Administrative Liaison
Henry Hogo, Asst. DEO/Science and Technology Advancement
John Kampa, Financial Analyst
Matt MacKenzie, MSRC Contracts Assistant
John Olvera, Principal Deputy District Counsel
Ana Ponce (Alt.), MSRC Administrative Liaison
Cynthia Ravenstein, MSRC Contracts Administrator
Rachel Valenzuela, MSRC Contracts Assistant
Paul Wright, Audio-Visual Specialist

CALL TO ORDER

- Opening Comments

MSRC Chair Greg Winterbottom called the meeting to order at 2:02 p.m.

MSRC Member Earl Withycombe commented that he had trouble hearing some of the dialog at the last meeting, but only when the speaker was off-camera. Chair Winterbottom indicated that they would try to overcome that problem.

PUBLIC COMMENT PERIOD

Public comments were allowed during the discussion of each agenda item. No comments were made on non-agenda items.

STATUS REPORTS

- Clean Transportation Policy Update

Cynthia Ravenstein, MSRC Contracts Administrator indicated that the Clean Transportation Policy Update was distributed at the meeting and will be emailed to the MSRC members so that they can access the links for further information.

[MSRC TAC Chair Gretchen Hardison arrived at the meeting at 2:06 p.m.]

MSRC-TAC Chair Gretchen Hardison indicated that there is legislation being proposed, SCA 8 (Corbett), that would allow 55% voter approval for funding local transportation projects, rather than the 2/3 majority currently required. It is one to watch.

CONSENT CALENDAR (Items 1 through 7)**Receive and Approve Items****Agenda Item #1 – Minutes of the January 17, 2013 MSRC Meeting**

The minutes of the January 17, 2013 MSRC meeting were distributed under separate cover.

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND SECONDED BY MSRC MEMBER RON ROBERTS, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY APPROVED THE JANUARY 17, 2013 MINUTES.

ACTION: AQMD staff will include the January 17, 2013 minutes in the MSRC Committee Report for the March 1, 2013 AQMD Board meeting, as well as on the MSRC website.

Receive and File Items**Agenda Item #2 – MSRC Contracts Administrator's Report**

The MSRC AB 2766 Contracts Administrator's Report for January 3 through January 30, 2013 was included in the agenda package.

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND SECONDED BY MSRC MEMBER RON ROBERTS, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY APPROVED THE CONTRACTS ADMINISTRATOR'S REPORT FOR JANUARY 3 THROUGH JANUARY 30, 2013.

ACTION: SCAQMD staff will include the MSRC Contracts Administrator's Report in the MSRC Committee Report for the March 1, 2013 AQMD Board meeting.

Agenda Item #3 – Financial Report on AB 2766 Discretionary Fund

A financial report on the AB 2766 Discretionary Fund for the month of January 2013 was included in the agenda package.

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND SECONDED BY MSRC MEMBER RON ROBERTS, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY APPROVED THE FINANCIAL REPORT ABOVE.

No further action is required.

For Approval – As Recommended**Agenda Item #4 – Consider 18-Month No-Cost Term Extension, Vehicle Substitution, and Reduction in Scope and Value by County of Los Angeles, Department of Public Works, Contract #MS08018 (\$90,000 – Purchase 3 Advanced Technology Heavy-Duty CNG Vehicles)**

The County requests an 18-month no-cost term extension, a reduction in the number of vehicles to be purchased, and substitution of street sweepers for trucks. The MSRC-TAC reviewed the request and recommends approval (with one abstention).

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND SECONDED BY MSRC MEMBER RON ROBERTS, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY APPROVED AN 18-MONTH NO-COST TERM EXTENSION, VEHICLE SUBSTITUTION, AND REDUCTION IN SCOPE AND VALUE BY COUNTY OF LOS ANGELES, DEPARTMENT OF PUBLIC WORKS, CONTRACT #MS08018.

ACTION: MSRC staff will modify the contract above accordingly.

Agenda Item #5 – Consider 18-Month No-Cost Term Extension, Vehicle Substitution, and Reduction in Scope and Value by County of Los Angeles, Department of Public Works, Contract #ML09026 (\$250,000 – Repower 5 Off-Road Vehicles)

The County requests an 18-month no-cost term extension, a reduction in the number of vehicles to be repowered, and substitution of rubber tired loaders for wheel loaders. The MSRC-TAC reviewed the request and recommends approval (with one abstention).

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND SECONDED BY MSRC MEMBER RON ROBERTS, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY APPROVED AN 18-MONTH NO-COST TERM EXTENSION, VEHICLE SUBSTITUTION, AND REDUCTION IN SCOPE AND VALUE BY COUNTY OF LOS ANGELES, DEPARTMENT OF PUBLIC WORKS, CONTRACT #ML09026.

ACTION: MSRC staff will modify the contract above accordingly.

Agenda Item #6 – Consider 6-Month No-Cost Term Extension by Elham Shirazi, Contract #MS10025 (\$199,449 – Telework Demonstration Program)

Ms. Shirazi requests a 6-month term extension to allow time to complete telework demonstrations at all enrolled employers. The MSRC-TAC reviewed the request and recommends approval (with one abstention).

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND SECONDED BY MSRC MEMBER RON ROBERTS, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY APPROVED A 6-MONTH NO-COST TERM EXTENSION BY ELHAM SHIRAZI, CONTRACT #MS10025.

ACTION: MSRC staff will modify the contract above accordingly.

Agenda Item #7 – Consider Substitution of School Bus Fleet by A-Z Bus Sales, Contract #MS11002 (\$1,660,000 Plus \$45,000 Awarded – Incentives for Alternative Fuel School Buses)

In January 2013, A-Z Bus Sales requested a \$45,000 contract value increase and three-month contract term extension to fulfill part of an order from Murrieta Valley Unified School District (MVUSD). The MSRC approved this request. Subsequently, MVUSD decided to delay their purchase. A-Z Bus requests approval to substitute the purchase of one additional CNG bus by Tumbleweed Transportation. The MSRC-TAC reviewed the request and unanimously recommends approval.

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND SECONDED BY MSRC MEMBER RON ROBERTS, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY APPROVED A SUBSTITUTION OF SCHOOL BUS FLEET BY A-Z BUS SALES, CONTRACT #MS11002.

ACTION: MSRC staff will modify the contract above accordingly.

ACTION CALENDAR (Items 8 through 10)

Agenda Item #8 – Exercise First Two-Year Option with Mineral Studios for Hosting and Maintenance of the MSRC's Website

Cynthia Ravenstein, MSRC Contracts Administrator, reported that this item is to consider the two-year option for hosting the maintenance of the MSRC website. In 2011 there was an open RFP process and MSRC entered into its current contract with Mineral Studios for design, maintenance, and hosting of the MSRC website. That contract includes two two-year extension options contingent upon allocation of funds by the MSRC and approval by the SCAQMD Board. We are coming up toward the end of the contract term, April 30. The staff reviewed the performance of Mineral. They did a good job on the re-development of the website. They have done a very good job working out subsequent bugs in terms of anything that has come up that has been identified as a little problem. They have also done some modifications to the website, per task order, and they have done a good job on those. Staff recommended that the MSRC exercise the option to have them continue the website maintenance and hosting for another two years. Based on their original proposal, it gave a cost amount for each additional year of \$8,600. For the two-year option, it would be an additional cost of \$17,200. The MSRC-TAC recommended approval. There is funding available in the unallocated fund balance.

ON MOTION BY MSRC MEMBER LARRY McCALLON, AND SECONDED BY MSRC MEMBER STEVE VERES, THE MSRC UNANIMOUSLY APPROVED TO EXECUTE THE FIRST TWO-YEAR OPTION FOR MINERAL STUDIOS, CONTRACT #MS11001, EXTENDING THE TERM UNTIL APRIL 30, 2015 AND INCREASING THE CONTRACT AMOUNT BY \$17,200.

ACTION: MSRC staff will modify the contract above accordingly.

Agenda Item #9 – Consider Potential Modifications Regarding Throughput Requirements, MSRC FYs 2005-06, 2006-07, 2007-08, 2010-11, and 2011-12 Alternative Fuel Infrastructure Programs

Ray Gorski, MSRC Technical Advisor, reported that this is a complex item. This is a follow-on to an item which was before the MSRC on the November, 2012 MSRC agenda. It was a contract modification request from Clean Energy for a refueling station contract. At the time, in November, while this item was on the agenda, there was not a quorum of MSRC members present to discuss the item, and therefore, there was no action taken.

What that item would have presented to the MSRC, had a quorum been present, was an issue with Clean Energy and a contract they have to construct a refueling station. The contract has a provision in it based upon the contractor's representation as to what the station utilization will be that they provided to the MSRC and the SCAQMD. The way staff quantifies that utilization is in terms of a fuel throughput, a number of equivalent gallons of fuel that will be utilized over a specified period of time. Because oftentimes the MSRC makes their funding awards, in part, based upon the utilization potential of a station, it is a contractual provision that they perform that utilization, and should they be unable to perform, there are penalties in their contract. In the case of the Clean Energy contract, when staff evaluated it, it was determined that because they were unable to meet their fuel utilization, they would be required to pay back 60% of the total contract award value. However, from staff's perspective, it appeared that their fuel shortfall was actually for only a very small period and not necessarily reflective of the life of the station. It caused concern that the MSRC was going to be asked to take away 60% of Clean Energy's total project award, when they only had a shortfall for a relatively small period of performance. The action which was before the MSRC in November was to change that contract language to have the penalty as a function of the percentage of fuel throughput that they did not achieve. Instead of having 60% of their total taken away, it would have been, for that period of time, a percentage based upon their shortfall, and it would have, to a large extent, mitigated their liabilities.

Subsequent to that November meeting, staff, as part of their regular work effort, was receiving reports from other recipients of MSRC funds for the implementation of alternative fuel stations. It was becoming increasingly apparent that an unprecedented number of contractors were in fact not meeting their obligations. Mr. Gorski notified the leadership of the MSRC and TAC that this was occurring. He was asked to work with

Cynthia and the SCAQMD Program and Legal Staff, to, first of all, identify why this was happening; and secondly, to quantify what the impact would be overall and, if necessary, come up with alternative remedies. When they went back and started to discuss with the contractors what their own understanding was of why they weren't meeting their fuel throughput, they had a relatively consistent answer, and that was that the contracts, for the most part, were let in the period of approximately 2007-2008. During that time, those contractors anticipated that they would have utilization of the stations, which ultimately did not come to pass, and they are representing that the economic downturn, in large part, thwarted their ability to either purchase the vehicles that would have put the load on the station, or diminished other anchor tenants from purchasing the anticipated number of vehicles which would have utilized their facility. In essence, the majority of the contractors who have not met their obligations are claiming that they were unaware of the economic downturn which would occur and that because of their inability to purchase vehicles or attract fleets, their stations' throughput had suffered. Staff has been made aware that these contractors have, in large part, spent the money. During staff discussions it was apparent that the contractors have, for all intents and purposes, fulfilled the majority of their contract obligations which were to firstly construct the station, and secondly put the station in position where it could dispense fuel. They have not faltered on those contract areas; they have been unable to hit a number.

Staff tried to, as best they could, quantify what this impact is, and their best estimate is that of the 29 contracts which the MSRC currently has open, approximately 15, or a little over 50%, would be impacted by penalties because they have not met their fuel throughput obligation and the amount of money which would be levied against them in total would be on the order of \$1.7 million. That would be approximately a maximum of \$240,000 per contract. The magnitude of the liability that these entities would be subjected to varies as a function of the size of their contract and how they've performed. However, there are several which would be most likely required to pay back approximately 60% of their contract award.

The recommendation today is to allow the MSRC staff, working closely with the SCAQMD Legal and Program staff, to look at each contract that has run into an issue; to determine what their shortfall is, have Legal and MSRC staff work out a legal remedy which would allow alternative performance which could include, but is not limited to, having the station contractual period of performance extended; having currently privately accessible stations be configured to also offer some level of public accessibility; having a station implement an expanded marketing and outreach campaign to attract additional users to that station to meet the objective, which is to have the station utilized; and additional ideas which are set forth in the staff report. However, they are suggesting that each case needs to be looked at individually and they would try to tailor a mutually-acceptable remedy that is alternative to having the contractors pay back a financial penalty. It has been recommended by the SCAQMD that staff utilize the Administrative Report, to keep the MSRC apprised of the progress.

Mr. Gorski also conveyed that they don't anticipate this happening again for this work program category. A couple of years ago the MSRC changed the way alternative fuel

infrastructure was implemented. MSRC liability is limited by the amount of funding they give; but also we are going back and we will ensure that the contract is structured with a reasonable system of remedies which does not put anyone in a position where they are going to lose 60% of their money for a relatively small breach.

[Adam Rush joined the meeting during the discussion of this item, at 2:28 p.m.]

Mr. Gorski stated that the contracts themselves are SCAQMD contracts. The MSRC does not have legal authority because the MSRC is not a legal entity. This is being presented as an advisory item, but it was so unprecedented and had potentially severe implications, that staff felt it was important to bring this back to the MSRC to apprise them of the problem; let them know why it happened, to the extent possible; assure them that it has been corrected from a program implementation perspective; and to present the MSRC with some alternative options in the event that they would not want the SCAQMD to levy monetary penalties on these contracts.

Among other comments made at the meeting, MSRC Member Earl Withycombe indicated that he participated in this discussion in the TAC meeting and so he had some advance notice and has been spending some time subsequent to that meeting thinking about the issues. He stated that what is before the MSRC, because the outcome will be managed by SCAQMD staff, is that we are being asked to make a policy statement and recommendations to SCAQMD staff. The policy statement essentially is: does the MSRC aggressively go after recovery of the funds because of the language of the contract, or do we pursue some other resolutions. The alternative resolution is highly desirable, to work out some agreement on a case-by-case basis with each contract that is in default. Also, the list of potential solutions which are available to the contractor to offer or support in negotiations with SCAQMD staff is reasonable. He hoped that SCAQMD staff would be considerate of these alternatives. He thinks that MSRC staff did a good job investigating this and a good job putting together a resolution and a solution that works for all parties. He agreed that a private entrepreneur has more flexibility to undertake some of these alternative solutions than a government agency and therefore the government agency should be given more leeway because they have to operate under many more strictures. On that basis, MSRC Member Earl Withycombe moved the staff recommendations.

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND
SECONDED BY LARRY MCCALLON, THE MSRC UNANIMOUSLY
VOTED TO ALLOW STAFF TO WORK WITH THE SCAQMD AND
THE SCAQMD LEGAL COUNSEL TO IMPLEMENT ALTERNATIVE
PERFORMANCE FOR ONLY THOSE CONTRACTS WHICH HAVE
AN ISSUE; TO IDENTIFY AND DOCUMENT WHAT THE ISSUE(S)
ARE; TO COME UP WITH A MUTUALLY ACCEPTABLE
ALTERNATIVE PERFORMANCE WHICH WOULD NOT REQUIRE
THEM TO PAY BACK MONEY, BUT WOULD REQUIRE OTHER
ALTERNATIVE REMEDIES. STAFF WILL MODIFY THOSE
CONTRACTS ON A CASE-BY-CASE BASIS, AND UTILIZE THE

ADMINISTRATIVE REPORT TO KEEP THE MSRC APPRISED OF
PROGRESS.

ACTION: MSRC Staff will work with SCAQMD and SCAQMD Legal Counsel to implement the above recommendations.

FYs 2012-14 WORK PROGRAM

**Agenda Item #10 – Consider Program Announcement for Event Center
Transportation Services**

MSRC-TAC Member Kelly Lynn indicated that she is coming before the MSRC today to ask for approval to move forward with the release of an RFP for the Major Event Center Transportation Programs. This has been part of the TCM Subcommittee work program for a few years, and it has been very popular. Shuttle programs that have used this grant before are the Dodgers games, Angels, NASCAR in San Bernardino, and Coachella Valley Music Festival. The whole idea is to assist those major event centers where public transit is not adequately servicing those events. The event center must be able to hold at least 5,000; and have an average attendance of 2,000. A number of the events which have submitted proposals before are coming up pretty quickly. In January, the MSRC was asked to direct the MSRC-TAC to move this particular RFP a little quicker than the other work program projects. This is a little different than years before. This will cover a two-year work program: FY 2012-13 and 2013-14. Therefore, the budget is doubled. It is \$4 million versus \$2 million that we have had in the past. There are geographic minimums for the four counties: Orange, Los Angeles, San Bernardino and Riverside at \$250,000 each, with the remaining balance being for whatever major event centers submit proposals and are approved. It is also built in that no one transportation provider can take more than 50% and no one event could be more than 30% of the total sum. The proposers are encouraged to work toward being self-sustaining, as the money may not always be available. Ideally, the RFP would be released on March 1. There will be a 19-month submittal period to September 2014. Clean vehicles are required to be used; and advertising and promotion is required from the participants, as well.

ON MOTION BY MSRC MEMBER LARRY McCALLON, AND
SECONDED BY MSRC ALTERNATE ADAM RUSH, THE MSRC
UNANIMOUSLY APPROVED THE RELEASE OF THE PROGRAM
ANNOUNCEMENT FOR THE MAJOR EVENT CENTER
TRANSPORTATION PROGRAMS.

ACTION: Staff will include this item for consideration at the March 1, 2013 SCAQMD Board meeting.

OTHER BUSINESS

Item #11 – Other Business

No other business was introduced.

NEXT MEETING:

Thursday, March 21, 2013, 2 p.m., Conference Room CC-8

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS, THE MSRC MEETING
ADJOURNED AT 2:58 PM.

[Prepared by Ana Ponce]



MSRC Agenda Item No. 2

DATE: March 21, 2013

FROM: Cynthia Ravenstein

SUBJECT: AB 2766 Contracts Administrator's Report

SYNOPSIS: This report covers key issues addressed by MSRC staff, status of open contracts, and administrative scope changes from January 31 through March 13, 2013.

RECOMMENDATION: Receive and file report

WORK PROGRAM IMPACT: None

Contract Execution Status

2011-12 Work Program

On April 6, 2012, the AQMD Governing Board approved an award to the Los Angeles County Metropolitan Transportation Authority under the Event Center Transportation Program and an award to Mansfield Gas Equipment Systems under the Home Refueling Apparatus Purchase Incentive Program. The Event Center contract is executed. The award to Mansfield has been combined with AQMD funding and included in AQMD's contract, which is now executed.

On May 4, 2012, the AQMD Governing Board approved two awards to Orange County Transportation Authority under the Event Center Transportation Program. Both contracts are executed.

On June 1, 2012, the AQMD Governing Board approved nine awards under the Alternative Fuel Infrastructure Program and eleven awards under the Local Government Match Program. These contracts are under development, undergoing internal review, with the prospective contractor for signature, or executed.

On July 13, 2012, the AQMD Governing Board approved an award under the Alternative Fuel Infrastructure Program and twelve awards under the Medium-Duty and Medium-Heavy-Duty Vehicles Program. These contracts are under development, with the prospective contractor for signature or executed.

On September 7, 2012, the AQMD Governing Board approved 23 awards under the Local Government Match Program; one award under the Alternative Fuel Engines for On-Road Heavy-Duty Vehicles Program; one award under the Alternative Fuel Infrastructure Program; two awards under the Bikeshare Program; and one award to develop and implement a

“Rideshare Thursday” public awareness campaign. These contracts are under development, undergoing internal review, with the prospective contractor for signature, or executed.

On October 5, 2012, the AQMD Governing Board approved one award under the Alternative Fuel Infrastructure Program and two awards under the Event Center Transportation Program. These contracts are under development or with the prospective contractor for signature.

On November 2, 2012, the AQMD Governing Board approved one award under the Local Government Match Program. This contract is under development.

On December 7, 2012, the AQMD Governing Board approved one award under the “Showcase III” Off-Road Emission Reduction Technology Program; three awards under the Event Center Transportation Program; 15 awards under the Alternative Fuel Infrastructure Program and one award under the Medium-Duty and Medium-Heavy-Duty Vehicles Program. These contracts are under development, undergoing internal review, or executed.

2010-11 Work Program

On March 4, 2011, the AQMD Governing Board approved an award to the Los Angeles County Metropolitan Transportation Authority under the Event Center Transportation Program. This contract is executed.

On April 1, 2011, the AQMD Governing Board approved an award to the Orange County Transportation Authority for Orange County Fair service under the Event Center Transportation Program. This contract is executed.

On May 6, 2011, the AQMD Governing Board approved an award to the Orange County Transportation Authority for Angels game service under the Event Center Transportation Program, as well as two awards under the Alternative Fuel School Bus Incentive Program. These contracts are executed.

On June 3, 2011, the AQMD Governing Board approved 10 awards under the Alternative Fuel Infrastructure Program, as well as an award to Coachella Valley Association of Governments under the Local Government Match Program, as part of the MSRC’s FY 2010-11 Work Program. These contracts are negotiating terms or executed.

On September 9, 2011, the AQMD Governing Board approved: an award under the Alternative Fuel Infrastructure Program; 26 awards under the Local Government Match Program; 9 awards under the Alternative Fuel On-Road Engines Program; an award under the Off-Road Heavy-Duty Vehicles Program; an award to the Better World Group for programmatic outreach services; and two awards for development and implementation of 511 “smart phone” applications. These contracts are undergoing internal review, with the prospective contractor for signature, or executed.

On October 7, 2011, the AQMD Governing Board approved two awards under the Alternative Fuel Infrastructure Program and three awards under the “Showcase II” Off-Road After-treatment Demonstration Program. These contracts are executed.

On November 4, 2011, the AQMD Governing Board approved one award under the Alternative Fuel Infrastructure Program and one award under the Major Event Center Transportation Program, as part of the MSRC’s FY 2010-11 Work Program. These contracts are executed.

On December 2, 2011, the AQMD Governing Board approved: 10 awards under the Alternative Fuel Infrastructure Program; one award under the Major Event Center Transportation Program; and three awards under the “Showcase II” Off-Road After-treatment Demonstration Program. These contracts are with the prospective contractor for signature or executed.

On April 6, 2012, the AQMD Governing Board approved: five awards under the “Showcase II” Off-Road After-treatment Demonstration Program. These contracts are executed.

On June 1, 2012, the AQMD Governing Board approved nine awards under the “Showcase II” Off-Road After-treatment Demonstration Program. These contracts are under development, undergoing internal review, with the prospective contractor for signature or executed.

Work Program Status

Contract Status Reports for work program years with open and pending contracts are attached. MSRC or MSRC-TAC members may request spreadsheets covering any other work program year.

FY 2003-04 Work Program Contracts

One regular contract from this work program year is open. All Local Government Match Program contracts are now closed.

FY 2003-04 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2004-05 Work Program Contracts

All regular work program contracts are now closed. Two Local Match contracts from this work program year are open. All Diesel Exhaust After-treatment contracts are now closed.

FY 2004-05 Local Government Match Program Invoices Paid

No invoices were paid during this period.

FY 2005-06 Work Program Contracts

One regular and 7 Local Match contracts from this work program year are open; and 6 regular and 18 Local Match contracts are in “Open/Complete” status, having completed all obligations save ongoing operation. 4 contracts closed during this period: Clean Energy Fuels Corp., Contract #MS06042 – Install New CNG Station in Baldwin Park; Rossmoor Pastries, Contract #MS06050 – Install New CNG Station; City of Hemet, Contract #ML06052 – Purchase CNG Dump Truck; and City of Ontario, Contract #ML06066 – Purchase Five Heavy-Duty CNG Vehicles. All Diesel Exhaust After-treatment contracts are now closed.

FY 2005-06 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2005-06 Local Government Match Program Invoices Paid

No invoices were paid during this period.

FY 2006-07 Work Program Contracts

7 regular and 5 Local Match contracts from this work program year are open; and 15 regular and 14 Local Match contracts are in “Open/Complete” status.

FY 2006-07 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2006-07 Local Government Match Program Invoices Paid

No invoices were paid during this period.

FY 2007-08 Work Program Contracts

13 regular and 8 Local Match contracts from this work program year are open; and 21 regular and 13 Local Match contracts are in “Open/Complete” status. One contract closed during this period: Los Angeles County Department of Public Works, Contract #ML08027 – Install Remote Diagnostic Devices on 34 Vehicles.

FY 2007-08 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2007-08 Local Government Match Program Invoices Paid

One invoice in the amount of \$5,124.00 was paid during this period.

FY 2008-09 Work Program Contracts

One regular and 17 Local Match contracts from this work program year are open; and 10 Local Match contracts are in “Open/Complete” status. One contract closed during this period: Los Angeles County Department of Public Works, Contract #ML09027 – Freeway Detector Map Interface.

FY 2008-09 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2008-09 Local Government Match Program Invoices Paid

One invoice in the amount of \$150,000.00 was paid during this period.

FY 2009-10 Work Program Contracts

10 regular contracts from this work program year are open; and 7 regular contracts are in “Open/Complete” status.

FY 2009-10 Regular Work Program Invoices Paid

Two invoices totaling \$7,006.08 were paid during this period.

FY 2010-11 Work Program Contracts

29 regular and 21 Local Match contracts from this work program year are open; and one regular and 2 Local Match contracts are in “Open/Complete” status.

FY 2010-11 Regular Work Program Invoices Paid

5 invoices totaling \$447,390.00 were paid during this period.

FY 2010-11 Local Government Match Program Invoices Paid

3 invoices totaling \$184,651.86 were paid during this period.

FY 2011-12 Work Program Contracts

18 regular and 9 Local Match contracts from this work program year are open.

FY 2011-12 Regular Work Program Invoices Paid

2 invoices totaling \$67,500.00 were paid during this period.

FY 2011-12 Local Government Match Program Invoices Paid

No invoices were paid during this period.

Administrative Scope Changes

No administrative scope changes were initiated during the period of January 31 through March 13, 2013.

Infrastructure Throughput Resolution

Letters concerning the potential for negotiating alternative remedies have been sent to all MSRC Infrastructure Program contractors who:

- a. Have open contracts; and
- b. Have received reimbursements for their projects (i.e. stations have commenced operation).

Attachments

- FY 2003-04 through FY 2011-12 Contract Status Reports



AB2766 Discretionary Fund Program Invoices

January 31, 2013 to March 13, 2013

Contract Admin.	MSRC Chair	MSRC Liaison	Finance	Contract #	Contractor	Invoice #	Amount
<i>2007-2008 Work Program</i>							
2/14/2013	2/21/2013	2/21/2013	2/22/2013	ML08027	Los Angeles County Department of Public Work	1-Final	\$5,124.00
Total: \$5,124.00							
<i>2008-2009 Work Program</i>							
2/5/2013	2/6/2013	2/6/2013	2/13/2013	ML09027	Los Angeles County Department of Public Work	Final	\$150,000.00
Total: \$150,000.00							
<i>2009-2010 Work Program</i>							
3/7/2013				MS10025	Elham Shirazi	18	\$5,108.48
2/12/2013	2/21/2013	2/21/2013	2/22/2013	MS10007	Enterprise Rent-A-Car Company of Los Angeles,	2-Final	\$1,897.60
Total: \$7,006.08							
<i>2010-2011 Work Program</i>							
3/5/2013				MS11056	The Better World Group	1136	\$11,790.00
2/27/2013				ML11043	City of Hemet Public Works	1	\$30,000.00
2/20/2013	2/21/2013	2/21/2013	2/22/2013	MS11002	A-Z Bus Sales, Inc.	B1140	\$135,000.00
2/20/2013	2/21/2013	2/21/2013	2/22/2013	MS11002	A-Z Bus Sales, Inc.	B1139	\$300,000.00
2/19/2013	2/21/2013	2/21/2013	2/22/2013	ML11028	City of Glendale	2012-13	\$120,000.00
2/19/2013	2/21/2013	2/21/2013	2/22/2013	MS11001	Mineral LLC	104636	\$300.00
2/19/2013	2/21/2013	2/21/2013	2/22/2013	MS11001	Mineral LLC	104608	\$300.00
2/5/2013	2/6/2013	2/6/2013	2/13/2013	ML11041	City of Santa Ana	1	\$34,651.86
Total: \$632,041.86							
<i>2011-2012 Work Program</i>							
2/12/2013				MS12036	Jim & Doug Carter's Automotive/VSP Parking	1	\$45,000.00
2/5/2013	2/6/2013	2/6/2013	2/13/2013	MS12032	Fox Transportation	1	\$22,500.00
Total: \$67,500.00							

Total This Period: \$861,671.94

2003-04 AB2766 Contract Status Report

3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS04063	Riverside County Transportation Co	6/3/2011	6/3/2012		\$225,000.00	\$0.00	Regional Rideshare Database Enhancement	\$225,000.00	No
Total: 1									
Declined/Cancelled Contracts									
MS04002	City of Riverside				\$58,096.00	\$0.00	3 Refuse Trucks, 3 Dump Trucks, 2 Water T	\$58,096.00	No
MS04051	NorthStar, Inc.				\$250,000.00	\$0.00	New LNG Station	\$250,000.00	No
MS04053	Clean Energy Fuels Corp.				\$250,000.00	\$0.00	New CNG Station - Mid-Wilshire	\$250,000.00	No
MS04054	Clean Energy Fuels Corp.				\$250,000.00	\$0.00	New CNG Station - Mission Viejo	\$250,000.00	No
Total: 4									
Closed Contracts									
MS04001	City of Ontario	8/27/2004	9/26/2005		\$35,082.00	\$35,082.00	2 CNG Refuse Trucks	\$0.00	Yes
MS04003	Long Beach Transit	8/27/2004	6/26/2006		\$335,453.00	\$330,453.00	27 Gasoline-Electric Hybrid Buses/Mech. Tr	\$5,000.00	Yes
MS04005	City of Norwalk Transportation Dept.	11/27/2004	1/27/2007		\$118,052.00	\$88,539.00	4 Gas-Electric Hybrid Vehicles	\$29,513.00	Yes
MS04006	Orange County Transportation Autho	10/1/2004	4/30/2006	7/31/2008	\$405,000.00	\$405,000.00	2 Gas-Electric Hybrid and 20 CNG Transit B	\$0.00	Yes
MS04007	Foothill Transit Agency	6/24/2005	11/23/2006		\$715,000.00	\$714,100.00	75 CNG Buses, Fueling Station	\$900.00	No
MS04008	Los Angeles County MTA	11/1/2004	9/30/2007		\$854,050.00	\$854,050.00	50 CNG Buses	\$0.00	Yes
MS04017	Road Builders, Inc.	10/13/2004	4/12/2006	12/31/2006	\$953,080.00	\$953,080.00	Repower 12 Scrapers & 1 Loader	\$0.00	Yes
MS04027	Larry Jacinto Construction	9/13/2004	3/12/2006		\$454,510.00	\$454,510.00	Repower 6 Scrapers	\$0.00	Yes
MS04029	Herigstad Equipment Rental	9/16/2004	3/15/2006		\$1,190,024.00	\$830,172.00	Repower 10 Scrapers	\$359,852.00	Yes
MS04036	Sukut Equipment, Inc.	12/15/2004	2/15/2006		\$466,807.00	\$466,807.00	Repower 4 Scrapers & 3 Dozers	\$0.00	Yes
MS04039	CR&R, Inc.	1/25/2005	3/24/2007	2/24/2009	\$463,168.00	\$461,550.00	30 LNG Refuse Trucks	\$1,618.00	Yes
MS04041	CR&R, Inc.	7/25/2005	9/24/2007	9/24/2008	\$155,468.00	\$153,850.00	10 LNG Refuse Trucks, Mechanic Training	\$1,618.00	Yes
MS04050	R.F. Dickson Co., Inc.	6/3/2005	6/2/2006	10/2/2007	\$250,000.00	\$250,000.00	Upgrade CNG Station	\$0.00	Yes
MS04052	Downs Energy	5/6/2005	6/5/2006	6/30/2009	\$250,000.00	\$250,000.00	New LNG/L-CNG Station	\$0.00	Yes
MS04058	American Honda Motor Company	11/2/2005	6/30/2007	3/31/2008	\$300,000.00	\$4,000.00	Home Refueling Apparatus Lease Incentives	\$296,000.00	Yes
MS04059	FuelMaker Corporation	9/9/2005	6/30/2006	12/31/2006	\$100,000.00	\$100,000.00	Home Refueling Apparatus Incentives	\$0.00	Yes
MS04062	Los Angeles County MTA	10/1/2010	3/31/2011		\$53,500.00	\$53,500.00	Regional Rideshare Database Enhancement	\$0.00	Yes
Total: 17									
Closed/Incomplete Contracts									
MS04004	Athens Services, Inc.	9/3/2004	3/2/2006	9/2/2006	\$311,421.00	\$197,503.50	14 LNG Waste Haulers, Maint. Facility. Mod	\$113,917.50	No
MS04055	Riverside County Transportation Co	6/29/2006	8/28/2007	2/28/2008	\$225,000.00	\$0.00	Regional Rideshare Database Enhancement	\$225,000.00	No
MS04056	Los Angeles County MTA	6/13/2006	12/12/2007	1/12/2010	\$120,000.00	\$66,488.40	Regional Rideshare Database Enhancement	\$53,511.60	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS04061	Riverside County Transportation Co	6/29/2009	8/31/2010		\$225,000.00	\$0.00	Regional Rideshare Database Enhancement	\$225,000.00	No

Total: 4

2004-05 AB2766 Local Government Match Program Contract Status Report

3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML05013	Los Angeles County Department of	1/5/2007	7/4/2008	1/4/2013	\$313,000.00	\$0.00	Traffic Signal Synchronization	\$313,000.00	No
ML05014	Los Angeles County Department of	5/21/2007	11/20/2008	12/30/2013	\$204,221.00	\$0.00	Traffic Signal Synchronization	\$204,221.00	No
Total: 2									
Declined/Cancelled Contracts									
ML05005	City of Highland				\$20,000.00	\$0.00	2 Medium Duty CNG Vehicles	\$20,000.00	No
ML05008	Los Angeles County Department of				\$140,000.00	\$0.00	7 Heavy Duty LPG Street Sweepers	\$140,000.00	No
ML05010	Los Angeles County Department of				\$20,000.00	\$0.00	1 Heavy Duty CNG Bus	\$20,000.00	No
Total: 3									
Closed Contracts									
ML05006	City of Colton Public Works	7/27/2005	7/26/2006		\$30,000.00	\$30,000.00	3 Medium Duty CNG Vehicles	\$0.00	Yes
ML05011	Los Angeles County Department of	8/10/2006	12/9/2007	6/9/2008	\$52,409.00	\$51,048.46	3 Heavy Duty LPG Shuttle Vans	\$1,360.54	Yes
ML05015	City of Lawndale	7/27/2005	7/26/2006		\$10,000.00	\$10,000.00	1 Medium Duty CNG Vehicle	\$0.00	Yes
ML05016	City of Santa Monica	9/23/2005	9/22/2006	9/22/2007	\$350,000.00	\$350,000.00	6 MD CNG Vehicles, 1 LPG Sweep, 13 CNG	\$0.00	Yes
ML05017	City of Signal Hill	1/16/2006	7/15/2007		\$126,000.00	\$126,000.00	Traffic Signal Synchronization	\$0.00	Yes
ML05018	City of San Bernardino	4/19/2005	4/18/2006		\$40,000.00	\$40,000.00	4 M.D. CNG Vehicles	\$0.00	Yes
ML05019	City of Lakewood	5/6/2005	5/5/2006		\$10,000.00	\$10,000.00	1 M.D. CNG Vehicle	\$0.00	Yes
ML05020	City of Pomona	6/24/2005	6/23/2006		\$10,000.00	\$10,000.00	1 M.D. CNG Vehicle	\$0.00	Yes
ML05021	City of Whittier	7/7/2005	7/6/2006	4/6/2008	\$100,000.00	\$80,000.00	Sweeper, Aerial Truck, & 3 Refuse Trucks	\$20,000.00	Yes
ML05022	City of Claremont	9/23/2005	9/22/2006		\$20,000.00	\$20,000.00	2 M.D. CNG Vehicles	\$0.00	Yes
ML05024	City of Cerritos	4/18/2005	3/17/2006		\$10,000.00	\$10,000.00	1 M.D. CNG Vehicle	\$0.00	Yes
ML05025	City of Malibu	5/6/2005	3/5/2006		\$10,000.00	\$10,000.00	1 Medium-Duty CNG Vehicle	\$0.00	Yes
ML05026	City of Inglewood	1/6/2006	1/5/2007	2/5/2009	\$60,000.00	\$60,000.00	2 CNG Transit Buses, 1 CNG Pothole Patch	\$0.00	Yes
ML05027	City of Beaumont	2/23/2006	4/22/2007	6/22/2010	\$20,000.00	\$20,000.00	1 H.D. CNG Bus	\$0.00	Yes
ML05028	City of Anaheim	9/8/2006	9/7/2007	5/7/2008	\$85,331.00	\$85,331.00	Traffic signal coordination & synchronization	\$0.00	Yes
ML05029	Los Angeles World Airports	5/5/2006	9/4/2007		\$140,000.00	\$140,000.00	Seven CNG Buses	\$0.00	Yes
ML05071	City of La Canada Flintridge	1/30/2009	1/29/2011		\$20,000.00	\$20,000.00	1 CNG Bus	\$0.00	Yes
ML05072	Los Angeles County Department of	8/24/2009	5/23/2010	1/23/2011	\$349,000.00	\$349,000.00	Traffic Signal Synchronization (LADOT)	\$0.00	Yes
Total: 18									
Closed/Incomplete Contracts									
ML05007	Los Angeles County Dept of Beache	6/23/2006	6/22/2007	12/22/2007	\$50,000.00	\$0.00	5 Medium Duty CNG Vehicles	\$50,000.00	No
ML05009	Los Angeles County Department of	6/22/2006	12/21/2007	9/30/2011	\$56,666.00	\$0.00	2 Propane Refueling Stations	\$56,666.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML05012	Los Angeles County Department of	11/10/2006	5/9/2008	1/9/2009	\$349,000.00	\$0.00	Traffic Signal Synchronization (LADOT)	\$349,000.00	No
ML05023	City of La Canada Flintridge	3/30/2005	2/28/2006	8/28/2008	\$20,000.00	\$0.00	1 CNG Bus	\$20,000.00	No

Total: 4

2005-06 AB2766 Contract Status Report

3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS06002	Orange County Transportation Autho	11/7/2007	11/6/2013		\$928,740.00	\$902,341.50	New Freeway Service Patrol	\$26,398.50	No
Total: 1									
Declined/Cancelled Contracts									
MS06009	Clean Energy Fuels Corp.	6/23/2006	12/22/2012		\$250,000.00	\$0.00	New CNG Station - Laguna Niguel	\$250,000.00	Yes
MS06040	Capistrano Unified School District				\$136,000.00	\$0.00	New CNG Fueling Station	\$136,000.00	No
MS06041	Clean Energy Fuels Corp.	12/1/2006	3/31/2013	6/18/2009	\$250,000.00	\$0.00	New CNG Station-Newport Beach	\$250,000.00	No
MS06046	City of Long Beach, Dept. of Public				\$250,000.00	\$0.00	LNG Fueling Station	\$250,000.00	No
MS06051	Menifee Union School District	3/2/2007	7/1/2014		\$150,000.00	\$0.00	CNG Fueling Station	\$150,000.00	No
Total: 5									
Closed Contracts									
MS06001	Riverside County Transportation Co	8/3/2007	9/2/2011		\$825,037.00	\$825,037.00	New Freeway Service Patrol	\$0.00	Yes
MS06003	San Bernardino Associated Govern	10/19/2006	6/18/2010		\$804,240.00	\$804,239.87	New Freeway Service Patrol	\$0.13	Yes
MS06004	Los Angeles County MTA	8/10/2006	7/9/2010		\$1,391,983.00	\$1,391,791.98	New Freeway Service Patrol	\$191.02	Yes
MS06010	US Airconditioning Distributors	12/28/2006	6/27/2012		\$83,506.00	\$83,506.00	New CNG Station - Industry	\$0.00	Yes
MS06011	County Sanitation Districts of L.A. C	6/1/2006	7/31/2012		\$150,000.00	\$150,000.00	New CNG Station - Carson	\$0.00	Yes
MS06042	Clean Energy Fuels Corp.	1/5/2007	1/4/2013		\$150,000.00	\$150,000.00	New CNG Station-Baldwin Park	\$0.00	Yes
MS06043X	Westport Fuel Systems, Inc.	2/3/2007	12/31/2010	9/30/2011	\$2,000,000.00	\$2,000,000.00	Advanced Natural Gas Engine Incentive Pro	\$0.00	Yes
MS06050	Rossmoor Pastries	1/24/2007	10/23/2012		\$18,750.00	\$14,910.50	CNG Fueling Station	\$3,839.50	Yes
Total: 8									
Open/Complete Contracts									
MS06012	Consolidated Disposal Service	7/14/2006	9/13/2012	9/13/2013	\$297,981.00	\$297,981.00	New LNG Station & Facility Upgrades	\$0.00	Yes
MS06013	City of Commerce	1/9/2008	7/8/2014	7/8/2015	\$350,000.00	\$350,000.00	New L/CNG Station - Commerce	\$0.00	Yes
MS06045	Orange County Transportation Autho	8/17/2007	12/16/2013		\$200,000.00	\$200,000.00	CNG Fueling Station/Maint. Fac. Mods	\$0.00	Yes
MS06047	Hemet Unified School District	9/19/2007	11/18/2013		\$125,000.00	\$125,000.00	CNG Refueling Station	\$0.00	Yes
MS06048	Newport-Mesa Unified School Distric	6/25/2007	8/24/2013	8/24/2014	\$50,000.00	\$50,000.00	CNG Fueling Station	\$0.00	Yes
MS06049	Clean Energy Fuels Corp.	4/20/2007	7/19/2013		\$250,000.00	\$228,491.18	CNG Fueling Station - L.B.P.D.	\$21,508.82	Yes
Total: 6									

2005-06 AB2766 Local Government Match Program Contract Status Report

3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML06020	Los Angeles Department of Water a	3/19/2007	9/18/2013	4/18/2014	\$25,000.00	\$0.00	CNG Aerial Truck	\$25,000.00	No
ML06031	City of Inglewood	4/4/2007	6/3/2013	9/3/2015	\$150,000.00	\$65,602.40	Purchase 4 H-D LPG Vehicles & Install LPG	\$84,397.60	No
ML06035	City of Hemet, Public Works	11/10/2006	12/9/2012	10/9/2014	\$414,000.00	\$175,000.00	7 Nat Gas Trucks & New Nat Gas Infrastruct	\$239,000.00	No
ML06054	Los Angeles County Department of	6/17/2009	6/16/2016		\$150,000.00	\$0.00	3 CNG & 3 LPG HD Trucks	\$150,000.00	No
ML06058	City of Santa Monica	7/12/2007	7/11/2013		\$149,925.00	\$0.00	3 H.D. CNG Trucks & CNG Fueling Station	\$149,925.00	No
ML06060	City of Temple City	6/12/2007	6/11/2013		\$31,885.00	\$0.00	Upgrade existing CNG infrastructure	\$31,885.00	No
ML06070	City of Colton	4/30/2008	2/28/2015	4/30/2015	\$50,000.00	\$0.00	Two CNG Pickups	\$50,000.00	No
Total: 7									
Declined/Cancelled Contracts									
ML06018	Los Angeles County Dept of Beache				\$375,000.00	\$0.00	New CNG Station & 2 CNG Dump Trucks	\$375,000.00	No
ML06019	Los Angeles County Dept of Beache				\$250,000.00	\$0.00	New CNG Station & 2 CNG Dump Trucks	\$250,000.00	No
ML06023	City of Baldwin Park	6/16/2006	9/15/2012		\$20,000.00	\$0.00	CNG Dump Truck	\$20,000.00	No
ML06024	City of Pomona	8/3/2007	7/2/2013	7/2/2014	\$286,450.00	\$0.00	New CNG Station	\$286,450.00	No
ML06030	City of Burbank	3/19/2007	9/18/2011		\$287,700.00	\$0.00	New CNG Fueling Station	\$287,700.00	No
ML06037	City of Lynwood				\$25,000.00	\$0.00	1 Nat Gas Dump Truck	\$25,000.00	No
ML06039	City of Inglewood	2/9/2007	2/8/2008	4/8/2011	\$50,000.00	\$0.00	Modify Maintenance Facility for CNG Vehicle	\$50,000.00	No
ML06055	City of Los Angeles, Dept. of Genera				\$125,000.00	\$0.00	5 Gas-Electric Hybrid Buses	\$125,000.00	No
ML06059	City of Fountain Valley				\$25,000.00	\$0.00	One H.D. CNG Truck	\$25,000.00	No
Total: 9									
Closed Contracts									
ML06016	City of Whittier	5/25/2006	5/24/2012	11/24/2012	\$50,000.00	\$50,000.00	2 CNG Refuse Trucks	\$0.00	Yes
ML06017	City of Claremont	8/2/2006	4/1/2012		\$50,000.00	\$50,000.00	2 CNG Refuse Trucks	\$0.00	Yes
ML06026	City of Cerritos	10/27/2006	9/26/2010		\$60,500.00	\$60,500.00	CNG Station Upgrade	\$0.00	Yes
ML06027	City of Redondo Beach	9/5/2006	5/4/2012	10/4/2012	\$50,000.00	\$50,000.00	2 Heavy-Duty CNG Trucks	\$0.00	Yes
ML06029	City of Culver City Transportation De	9/29/2006	8/28/2012	12/28/2012	\$50,000.00	\$50,000.00	2 CNG Heavy-Duty Trucks	\$0.00	Yes
ML06034	City of South Pasadena	9/25/2006	9/24/2012		\$16,422.42	\$16,422.42	2 Nat. Gas Transit Buses	\$0.00	Yes
ML06052	City of Hemet, Public Works	4/20/2007	2/19/2013		\$25,000.00	\$25,000.00	Purchase One CNG Dump Truck	\$0.00	Yes
ML06056	City of Los Angeles, Dept. of Genera	11/30/2007	11/29/2008		\$350,000.00	\$350,000.00	Maintenance Facility Mods.	\$0.00	Yes
ML06063	City of Moreno Valley	3/23/2007	11/22/2012		\$25,000.00	\$25,000.00	One H.D. CNG Vehicle	\$0.00	Yes
ML06066	City of Ontario	5/30/2007	1/29/2013		\$125,000.00	\$125,000.00	5 H.D. CNG Vehicles	\$0.00	Yes
Total: 10									

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open/Complete Contracts									
ML06021	Los Angeles World Airports	9/13/2006	5/12/2013		\$150,000.00	\$150,000.00	6 CNG Buses	\$0.00	Yes
ML06022	City of Los Angeles, Bureau of Sanit	5/4/2007	1/3/2014		\$1,250,000.00	\$1,250,000.00	50 LNG Refuse Trucks	\$0.00	Yes
ML06025	City of Santa Monica	1/5/2007	11/4/2012	12/14/2014	\$300,000.00	\$300,000.00	12 H.D. CNG Vehicles	\$0.00	Yes
ML06028	City of Pasadena	9/29/2006	11/28/2012	3/28/2014	\$245,000.00	\$245,000.00	New CNG Station & Maint. Fac. Upgrades	\$0.00	Yes
ML06032	City of Rancho Cucamonga	2/13/2007	3/12/2013	2/12/2014	\$237,079.00	\$237,079.00	New CNG Station & 2 CNG Dump Trucks	\$0.00	Yes
ML06033	City of Cathedral City	11/17/2006	12/16/2012	12/16/2013	\$125,000.00	\$125,000.00	5 Heavy-Duty CNG Trucks	\$0.00	Yes
ML06036	City of Riverside	3/23/2007	3/22/2013		\$200,000.00	\$200,000.00	8 Heavy-Duty Nat Gas Vehicles	\$0.00	Yes
ML06038	City of Los Angeles, Department of	5/21/2007	1/20/2014		\$625,000.00	\$625,000.00	25 CNG Street Sweepers	\$0.00	Yes
ML06044	City of Pomona	12/15/2006	3/14/2013		\$50,000.00	\$50,000.00	2 CNG Street Sweepers	\$0.00	Yes
ML06053	City of Burbank	5/4/2007	7/3/2013		\$125,000.00	\$125,000.00	Five Nat. Gas Refuse Trucks	\$0.00	Yes
ML06057	City of Rancho Cucamonga	8/28/2007	6/27/2013	8/27/2014	\$100,000.00	\$100,000.00	4 H.D. Nat. Gas Vehicles	\$0.00	Yes
ML06061	City of Chino Hills	4/30/2007	4/29/2013		\$25,000.00	\$25,000.00	One H.D. CNG Vehicle	\$0.00	Yes
ML06062	City of Redlands	5/11/2007	5/10/2013		\$100,000.00	\$100,000.00	4 H.D. LNG Vehicles	\$0.00	Yes
ML06064	City of South Pasadena	1/25/2008	11/24/2013	11/24/2014	\$50,000.00	\$50,000.00	2 H.D. CNG Vehicles	\$0.00	Yes
ML06065	City of Walnut	6/29/2007	6/28/2013		\$44,203.00	\$44,203.00	Upgrade Existing CNG Infrastructure	\$0.00	Yes
ML06067	City of El Monte	3/17/2008	5/16/2014	11/16/2014	\$157,957.00	\$157,957.00	Upgrade existing CNG infrastructure	\$0.00	Yes
ML06068	City of Claremont	8/28/2007	6/27/2013		\$60,000.00	\$60,000.00	Expand existing CNG infrastructure	\$0.00	Yes
ML06069	City of Palos Verdes Estates	11/19/2007	11/18/2013		\$25,000.00	\$25,000.00	One H.D. CNG Vehicle	\$0.00	Yes

Total: 18

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Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS07008	City of Los Angeles, Department of T	9/18/2009	5/17/2020		\$2,040,000.00	\$1,710,000.00	Purchase 102 Transit Buses	\$330,000.00	No
MS07022	California State University, Los Ange	10/30/2009	12/29/2015	12/29/2016	\$250,000.00	\$0.00	New Hydrogen Fueling Station	\$250,000.00	No
MS07061	City of Los Angeles, Department of	10/31/2008	8/30/2010	2/28/2013	\$40,626.00	\$40,626.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	No
MS07070	Griffith Company	4/30/2008	2/28/2010	8/28/2012	\$168,434.00	\$125,504.00	Off-Road Diesel Equipment Retrofit Program	\$42,930.00	No
MS07071	Tiger 4 Equipment Leasing	9/19/2008	7/18/2010	1/18/2013	\$210,937.00	\$108,808.97	Off-Road Diesel Equipment Retrofit Program	\$102,128.03	No
MS07076	Reed Thomas Company, Inc.	8/15/2008	6/14/2010	3/14/2012	\$339,073.00	\$100,540.00	Off-Road Diesel Equipment Retrofit Program	\$238,533.00	No
MS07080	City of Los Angeles, Bureau of Sanit	10/31/2008	8/30/2010	2/28/2015	\$63,192.00	\$52,265.00	Off-Road Diesel Equipment Retrofit Program	\$10,927.00	No
Total: 7									
Declined/Cancelled Contracts									
MS07010	Palos Verdes Peninsula Transit Auth				\$80,000.00	\$0.00	Repower 4 Transit Buses	\$80,000.00	No
MS07014	Clean Energy Fuels Corp.				\$350,000.00	\$0.00	New L/CNG Station - SERRF	\$350,000.00	No
MS07015	Baldwin Park Unified School District				\$57,500.00	\$0.00	New CNG Station	\$57,500.00	No
MS07016	County of Riverside Fleet Services D				\$36,359.00	\$0.00	New CNG Station - Rubidoux	\$36,359.00	No
MS07017	County of Riverside Fleet Services D				\$33,829.00	\$0.00	New CNG Station - Indio	\$33,829.00	No
MS07018	City of Cathedral City				\$350,000.00	\$0.00	New CNG Station	\$350,000.00	No
MS07021	City of Riverside				\$350,000.00	\$0.00	New CNG Station	\$350,000.00	No
MS07050	Southern California Disposal Co.				\$320,000.00	\$0.00	Ten Nat. Gas Refuse Trucks	\$320,000.00	No
MS07062	Caltrans Division of Equipment				\$1,081,818.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$1,081,818.00	No
MS07065	ECCO Equipment Corp.				\$174,525.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$174,525.00	No
MS07067	Recycled Materials Company of Calif				\$99,900.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$99,900.00	No
MS07069	City of Burbank	5/9/2008	3/8/2010	9/8/2011	\$8,895.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$8,895.00	No
MS07074	Albert W. Davies, Inc.	1/25/2008	11/24/2009		\$39,200.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$39,200.00	No
MS07081	Clean Diesel Technologies, Inc.				\$240,347.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$240,347.00	No
MS07082	DCL International, Inc.				\$153,010.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$153,010.00	No
MS07083	Dinex Exhausts, Inc.				\$52,381.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$52,381.00	No
MS07084	Donaldson Company, Inc.				\$42,416.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$42,416.00	No
MS07085	Engine Control Systems Limited				\$155,746.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$155,746.00	No
MS07086	Huss, LLC				\$84,871.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$84,871.00	No
MS07087	Mann+Hummel GmbH				\$189,361.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$189,361.00	No
MS07088	Nett Technologies, Inc.				\$118,760.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$118,760.00	No
MS07089	Rypos, Inc.				\$68,055.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$68,055.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS07090	Sud-Chemie				\$27,345.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$27,345.00	No

Total: 23

Closed Contracts

MS07001	A-Z Bus Sales, Inc.	12/28/2006	12/31/2007	2/29/2008	\$1,920,000.00	\$1,380,000.00	CNG School Bus Buydown	\$540,000.00	Yes
MS07002	BusWest	1/19/2007	12/31/2007	3/31/2008	\$840,000.00	\$840,000.00	CNG School Bus Buydown	\$0.00	Yes
MS07005	S-W Compressors	3/17/2008	3/16/2010		\$60,000.00	\$7,500.00	Mountain CNG School Bus Demo Program-	\$52,500.00	Yes
MS07006	Coachella Valley Association of Gov	2/28/2008	10/27/2008		\$400,000.00	\$400,000.00	Coachella Valley PM10 Reduction Street Sw	\$0.00	Yes
MS07011	Los Angeles Service Authority for Fr	3/12/2010	5/31/2011	9/30/2011	\$700,000.00	\$700,000.00	"511" Commuter Services Campaign	\$0.00	Yes
MS07012	City of Los Angeles, General Service	6/13/2008	6/12/2009	6/12/2010	\$50,000.00	\$50,000.00	Maintenance Facility Modifications	\$0.00	Yes
MS07019	City of Cathedral City	1/9/2009	6/8/2010		\$32,500.00	\$32,500.00	Maintenance Facility Modifications	\$0.00	Yes
MS07058	The Better World Group	11/17/2007	11/16/2009	11/16/2011	\$247,690.00	\$201,946.21	MSRC Programmatic Outreach Services	\$45,743.79	Yes
MS07059	County Sanitation Districts of L.A. C	9/5/2008	9/4/2010	7/14/2012	\$231,500.00	\$231,500.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	Yes
MS07060	Community Recycling & Resource R	3/7/2008	1/6/2010	7/6/2011	\$177,460.00	\$98,471.00	Off-Road Diesel Equipment Retrofit Program	\$78,989.00	Yes
MS07063	Shimmick Construction Company, In	4/26/2008	2/25/2010	8/25/2011	\$80,800.00	\$11,956.37	Off-Road Diesel Equipment Retrofit Program	\$68,843.63	No
MS07064	Altfillisch Contractors, Inc.	9/19/2008	7/18/2010	1/18/2011	\$160,000.00	\$155,667.14	Off-Road Diesel Equipment Retrofit Program	\$4,332.86	Yes
MS07068	Sukut Equipment Inc.	1/23/2009	11/22/2010	5/22/2012	\$26,900.00	\$26,900.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	Yes
MS07072	City of Culver City Transportation De	4/4/2008	2/3/2010	8/3/2011	\$72,865.00	\$72,865.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	Yes
MS07075	Dan Copp Crushing	9/17/2008	7/16/2010	1/16/2012	\$73,600.00	\$40,200.00	Off-Road Diesel Equipment Retrofit Program	\$33,400.00	No
MS07079	Riverside County Transportation Co	1/30/2009	7/29/2013	12/31/2011	\$20,000.00	\$15,165.45	BikeMetro Website Migration	\$4,834.55	Yes
MS07091	BusWest	10/16/2009	3/15/2010		\$33,660.00	\$33,660.00	Provide Lease for 2 CNG School Buses	\$0.00	Yes
MS07092	Riverside County Transportation Co	9/1/2010	10/31/2011		\$350,000.00	\$350,000.00	"511" Commuter Services Campaign	\$0.00	Yes

Total: 18

Closed/Incomplete Contracts

MS07004	BusWest	7/2/2007	7/1/2009		\$90,928.00	\$68,196.00	Provide Lease for 2 CNG School Buses	\$22,732.00	No
MS07066	Skanska USA Civil West California D	6/28/2008	4/27/2010	10/27/2010	\$111,700.00	\$36,128.19	Off-Road Diesel Equipment Retrofit Program	\$75,571.81	No
MS07073	PEED Equipment Co.	10/31/2008	8/30/2010		\$11,600.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$11,600.00	No

Total: 3

Open/Complete Contracts

MS07003	Westport Fuel Systems, Inc.	11/2/2007	12/31/2011	6/30/2013	\$1,500,000.00	\$1,499,990.00	Advanced Nat. Gas Engine Incentive Progra	\$10.00	Yes
MS07007	Los Angeles World Airports	5/2/2008	11/1/2014		\$420,000.00	\$420,000.00	Purchase CNG 21 Transit Buses	\$0.00	Yes
MS07009	Orange County Transportation Autho	5/14/2008	4/13/2016		\$800,000.00	\$800,000.00	Purchase 40 Transit Buses	\$0.00	Yes
MS07013	Rainbow Disposal Company, Inc.	1/25/2008	3/24/2014		\$350,000.00	\$350,000.00	New High-Volume CNG Station	\$0.00	Yes
MS07020	Avery Petroleum	5/20/2009	7/19/2015		\$250,000.00	\$250,000.00	New CNG Station	\$0.00	Yes
MS07049	Palm Springs Disposal Services	10/23/2008	11/22/2014	9/22/2016	\$96,000.00	\$96,000.00	Three Nat. Gas Refuse Trucks	\$0.00	Yes
MS07051	City of San Bernardino	8/12/2008	12/11/2014		\$480,000.00	\$480,000.00	15 Nat. Gas Refuse Trucks	\$0.00	Yes
MS07052	City of Redlands	7/30/2008	11/29/2014		\$160,000.00	\$160,000.00	Five Nat. Gas Refuse Trucks	\$0.00	Yes
MS07053	City of Claremont	7/31/2008	12/30/2014		\$96,000.00	\$96,000.00	Three Nat. Gas Refuse Trucks	\$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS07054	Republic Services, Inc.	3/7/2008	9/6/2014	9/6/2016	\$1,280,000.00	\$1,280,000.00	40 Nat. Gas Refuse Trucks	\$0.00	Yes
MS07055	City of Culver City Transportation De	7/8/2008	9/7/2014		\$192,000.00	\$192,000.00	Six Nat. Gas Refuse Trucks	\$0.00	Yes
MS07056	City of Whittier	9/5/2008	3/4/2015		\$32,000.00	\$32,000.00	One Nat. Gas Refuse Trucks	\$0.00	Yes
MS07057	CR&R, Inc.	7/31/2008	8/30/2014	6/30/2015	\$896,000.00	\$896,000.00	28 Nat. Gas Refuse Trucks	\$0.00	No
MS07077	Waste Management Collection and	5/1/2009	12/31/2014		\$160,000.00	\$160,000.00	Five Nat. Gas Refuse Trucks (Santa Ana)	\$0.00	Yes
MS07078	Waste Management Collection and	5/1/2009	12/31/2014	12/31/2015	\$256,000.00	\$256,000.00	Eight Nat. Gas Refuse Trucks (Dewey's)	\$0.00	Yes

Total: 15

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Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML07023	City of Riverside	6/20/2008	10/19/2014	7/19/2016	\$462,500.00	\$350,000.00	CNG Station Expansion/Purch. 14 H.D. Vehi	\$112,500.00	No
ML07033	City of La Habra	5/21/2008	6/20/2014	7/31/2017	\$75,000.00	\$25,000.00	One H.D. Nat Gas Vehicle/Expand Fueling S	\$50,000.00	No
ML07043	City of Redondo Beach	9/28/2008	7/27/2014	10/27/2016	\$125,000.00	\$0.00	Five H.D. CNG Transit Vehicles	\$125,000.00	No
ML07044	City of Santa Monica	9/8/2008	3/7/2015		\$600,000.00	\$50,000.00	24 H.D. Nat. Gas Vehicles	\$550,000.00	No
ML07045	City of Inglewood	2/6/2009	4/5/2015		\$75,000.00	\$25,000.00	3 H.D. Nat. Gas Vehicles	\$50,000.00	No
Total: 5									
Declined/Cancelled Contracts									
ML07031	City of Santa Monica				\$180,000.00	\$0.00	Upgrade N.G. Station to Add Hythane	\$180,000.00	No
ML07032	City of Huntington Beach Public Wor				\$25,000.00	\$0.00	One H.D. CNG Vehicle	\$25,000.00	No
ML07035	City of Los Angeles, General Service				\$350,000.00	\$0.00	New CNG Refueling Station/Southeast Yard	\$350,000.00	No
ML07038	City of Palos Verdes Estates				\$25,000.00	\$0.00	One H.D. LPG Vehicle	\$25,000.00	No
Total: 4									
Closed Contracts									
ML07025	City of San Bernardino	8/12/2008	7/11/2010		\$350,000.00	\$350,000.00	Maintenance Facility Modifications	\$0.00	Yes
ML07042	City of La Quinta	8/15/2008	9/14/2010		\$100,000.00	\$100,000.00	Street Sweeping Operations	\$0.00	Yes
ML07048	City of Cathedral City	9/19/2008	10/18/2010		\$100,000.00	\$84,972.45	Street Sweeping Operations	\$15,027.55	Yes
Total: 3									
Open/Complete Contracts									
ML07024	City of Garden Grove	3/7/2008	9/6/2014	7/6/2016	\$75,000.00	\$75,000.00	Three H.D. CNG Vehicles	\$0.00	Yes
ML07026	City of South Pasadena	6/13/2008	6/12/2014		\$25,000.00	\$25,000.00	One H.D. CNG Vehicle	\$0.00	Yes
ML07027	Los Angeles World Airports	6/3/2008	7/2/2014		\$25,000.00	\$25,000.00	One H.D. LNG Vehicle	\$0.00	Yes
ML07028	City of Los Angeles, General Service	3/13/2009	3/12/2014		\$350,000.00	\$350,000.00	New CNG Refueling Station/Hollywood Yard	\$0.00	Yes
ML07029	City of Los Angeles, General Service	3/13/2009	3/12/2014		\$350,000.00	\$350,000.00	New CNG Refueling Station/Venice Yard	\$0.00	Yes
ML07030	County of San Bernardino Public Wo	7/11/2008	9/10/2015		\$200,000.00	\$200,000.00	8 Natural Gas H.D. Vehicles	\$0.00	Yes
ML07034	City of Los Angeles, General Service	3/13/2009	3/12/2014		\$350,000.00	\$350,000.00	New CNG Refueling Station/Van Nuys Yard	\$0.00	Yes
ML07036	City of Alhambra	1/23/2009	2/22/2015		\$50,000.00	\$50,000.00	2 H.D. CNG Vehicles	\$0.00	Yes
ML07037	City of Los Angeles, General Service	10/8/2008	10/7/2015		\$255,222.00	\$255,222.00	Upgrade LNG/LCNG Station/East Valley Yar	\$0.00	Yes
ML07039	City of Baldwin Park	6/6/2008	6/5/2014	8/5/2015	\$50,000.00	\$50,000.00	Two N.G. H.D. Vehicles	\$0.00	Yes
ML07040	City of Moreno Valley	6/3/2008	9/2/2014		\$25,000.00	\$25,000.00	One Heavy-Duty CNG Vehicle	\$0.00	Yes
ML07041	City of La Quinta	6/6/2008	6/5/2014		\$25,000.00	\$25,000.00	One CNG Street Sweeper	\$0.00	Yes
ML07046	City of Culver City Transportation De	5/2/2008	5/1/2014		\$25,000.00	\$25,000.00	One H.D. Nat. Gas Vehicle	\$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML07047	City of Cathedral City	6/16/2008	9/15/2014	3/15/2015	\$225,000.00	\$225,000.00	Two H.D. Nat. Gas Vehicles/New CNG Fueli	\$0.00	Yes

Total: 14

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Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS08001	Los Angeles County MTA	12/10/2010	6/9/2014		\$1,500,000.00	\$416,666.66	Big Rig Freeway Service Patrol	\$1,083,333.34	No
MS08007	United Parcel Service	12/10/2008	10/9/2014		\$300,000.00	\$0.00	10 H.D. Nat. Gas Vehicles	\$300,000.00	No
MS08013	United Parcel Service	12/10/2008	10/9/2014	10/9/2016	\$480,000.00	\$216,000.00	12 H.D. Nat. Gas Yard Tractors	\$264,000.00	No
MS08015	Yosemite Waters	5/12/2009	5/11/2015		\$180,000.00	\$117,813.60	11 H.D. Propane Vehicles	\$62,186.40	No
MS08018	Los Angeles County Department of	8/7/2009	10/6/2016		\$90,000.00	\$0.00	3 CNG Vehicles	\$90,000.00	No
MS08056	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$320,000.00	New LNG Station - POLB-Anah. & I	\$80,000.00	No
MS08058	Clean Energy Fuels Corp.	11/26/2009	3/25/2016	3/25/2017	\$400,000.00	\$80,000.00	New CNG Station - Ontario Airport	\$320,000.00	No
MS08061	Clean Energy Fuels Corp.	12/4/2009	3/3/2015		\$400,000.00	\$320,000.00	New CNG Station - L.A.-La Cienega	\$80,000.00	No
MS08066	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$320,000.00	New CNG Station - Palm Spring Airport	\$80,000.00	No
MS08068	The Regents of the University of Cali	11/5/2010	11/4/2017		\$400,000.00	\$0.00	Hydrogen Station	\$400,000.00	No
MS08070	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$320,000.00	New CNG Station - Paramount	\$80,000.00	No
MS08072	Clean Energy Fuels Corp.	12/4/2009	3/3/2015		\$400,000.00	\$301,571.52	New CNG Station - Burbank	\$98,428.48	No
MS08073	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$320,000.00	New CNG Station - Norwalk	\$80,000.00	No
Total: 13									
Declined/Cancelled Contracts									
MS08002	Orange County Transportation Autho				\$1,500,000.00	\$0.00	Big Rig Freeway Service Patrol	\$1,500,000.00	No
MS08008	Diversified Truck Rental & Leasing				\$300,000.00	\$0.00	10 H.D. Nat. Gas Vehicles	\$300,000.00	No
MS08010	Orange County Transportation Autho				\$10,000.00	\$0.00	20 H.D. Nat. Gas Vehicles	\$10,000.00	No
MS08011	Green Fleet Systems, LLC				\$10,000.00	\$0.00	30 H.D. Nat. Gas Vehicles	\$10,000.00	No
MS08052	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014	11/23/2015	\$100,000.00	\$0.00	New CNG Station - Fontana	\$100,000.00	No
MS08054	Clean Energy Fuels Corp.				\$400,000.00	\$0.00	New LNG Station - Fontana	\$400,000.00	No
MS08055	Clean Energy Fuels Corp.	11/26/2009	3/25/2016	3/25/2017	\$400,000.00	\$0.00	New LNG Station - Long Beach-Pier S	\$400,000.00	No
MS08059	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014		\$100,000.00	\$0.00	New CNG Station - San Bernardino	\$100,000.00	No
MS08060	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014		\$100,000.00	\$0.00	New CNG Station - Azusa	\$100,000.00	No
MS08062	Go Natural Gas	9/25/2009	1/24/2016	1/24/2017	\$400,000.00	\$0.00	New CNG Station - Rialto	\$400,000.00	No
MS08074	Fontana Unified School District	11/14/2008	12/13/2014		\$200,000.00	\$0.00	Expansion of Existing CNG station	\$200,000.00	No
MS08077	Hythane Company, LLC				\$144,000.00	\$0.00	Upgrade Station to Hythane	\$144,000.00	No
Total: 12									
Closed Contracts									
MS08003	A-Z Bus Sales, Inc.	5/2/2008	12/31/2008	2/28/2009	\$1,480,000.00	\$1,400,000.00	Alternative Fuel School Bus Incentive Progr	\$80,000.00	Yes
MS08004	BusWest	5/2/2008	12/31/2008		\$1,440,000.00	\$1,440,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS08016	TransVironmental Solutions, Inc.	1/23/2009	12/31/2010	9/30/2011	\$227,198.00	\$80,351.34	Rideshare 2 School Program	\$146,846.66	Yes
Total: 3									
Closed/Incomplete Contracts									
MS08079	ABC Unified School District	1/16/2009	12/15/2009	12/15/2010	\$50,000.00	\$0.00	Maintenance Facility Modifications	\$50,000.00	No
Total: 1									
Open/Complete Contracts									
MS08005	Burrtec Waste Industries, Inc.	10/23/2008	11/22/2014	10/22/2015	\$450,000.00	\$450,000.00	15 H.D. Nat. Gas Vehicles - Azusa	\$0.00	Yes
MS08006	Burrtec Waste Industries, Inc.	10/23/2008	11/22/2014	10/22/2015	\$450,000.00	\$450,000.00	15 H.D. Nat. Gas Vehicles - Saugus	\$0.00	Yes
MS08009	Los Angeles World Airports	12/24/2008	12/23/2014		\$870,000.00	\$870,000.00	29 H.D. Nat. Gas Vehicles	\$0.00	Yes
MS08012	California Cartage Company, LLC	12/21/2009	10/20/2015	4/20/2016	\$480,000.00	\$480,000.00	12 H.D. Nat. Gas Yard Tractors	\$0.00	Yes
MS08014	City of San Bernardino	12/5/2008	6/4/2015		\$390,000.00	\$360,000.00	13 H.D. Nat. Gas Vehicles	\$30,000.00	Yes
MS08017	Omnitrans	12/13/2008	12/12/2015	12/12/2016	\$900,000.00	\$900,000.00	30 CNG Buses	\$0.00	Yes
MS08019	Enterprise Rent-A-Car Company of L	2/12/2010	7/11/2016		\$300,000.00	\$300,000.00	10 CNG Vehicles	\$0.00	Yes
MS08020	Ware Disposal Company, Inc.	11/25/2008	2/24/2016		\$900,000.00	\$900,000.00	30 CNG Vehicles	\$0.00	Yes
MS08021	CalMet Services, Inc.	1/9/2009	1/8/2016	7/8/2016	\$900,000.00	\$900,000.00	30 CNG Vehicles	\$0.00	Yes
MS08022	SunLine Transit Agency	12/18/2008	3/17/2015		\$311,625.00	\$311,625.00	15 CNG Buses	\$0.00	Yes
MS08053	City of Los Angeles, Bureau of Sanit	2/18/2009	12/17/2015		\$400,000.00	\$400,000.00	New LNG/CNG Station	\$0.00	Yes
MS08057	Orange County Transportation Autho	5/14/2009	7/13/2015		\$400,000.00	\$400,000.00	New CNG Station - Garden Grove	\$0.00	Yes
MS08063	Go Natural Gas	9/25/2009	1/24/2016	1/24/2017	\$400,000.00	\$400,000.00	New CNG Station - Moreno Valley	\$0.00	Yes
MS08064	Hemet Unified School District	1/9/2009	3/8/2015		\$75,000.00	\$75,000.00	Expansion of Existing Infrastructure	\$0.00	Yes
MS08065	Pupil Transportation Cooperative	11/20/2008	7/19/2014		\$10,500.00	\$10,500.00	Existing CNG Station Modifications	\$0.00	Yes
MS08067	California Trillium Company	3/19/2009	6/18/2015		\$311,600.00	\$254,330.00	New CNG Station	\$57,270.00	Yes
MS08069	Perris Union High School District	6/5/2009	8/4/2015	8/4/2016	\$225,000.00	\$225,000.00	New CNG Station	\$0.00	Yes
MS08071	ABC Unified School District	1/16/2009	1/15/2015		\$63,000.00	\$63,000.00	New CNG Station	\$0.00	Yes
MS08075	Disneyland Resort	12/10/2008	2/1/2015		\$200,000.00	\$200,000.00	Expansion of Existing CNG Infrastructure	\$0.00	Yes
MS08076	Azusa Unified School District	10/17/2008	11/16/2014	11/16/2015	\$172,500.00	\$172,500.00	New CNG station and maint. Fac. Modificati	\$0.00	Yes
MS08078	SunLine Transit Agency	12/10/2008	6/9/2015	2/9/2016	\$189,000.00	\$189,000.00	CNG Station Upgrade	\$0.00	Yes
Total: 21									

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3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML08024	City of Anaheim	7/9/2010	7/8/2017	1/8/2018	\$425,000.00	\$225,000.00	9 LPG Buses and 8 CNG Buses	\$200,000.00	No
ML08028	City of Santa Monica	9/11/2009	9/10/2016		\$600,000.00	\$0.00	24 CNG Heavy-Duty Vehicles	\$600,000.00	No
ML08030	City of Azusa	5/14/2010	3/13/2016		\$25,000.00	\$0.00	1 CNG Heavy-Duty Vehicle	\$25,000.00	No
ML08038	Los Angeles Department of Water a	7/16/2010	7/15/2017		\$1,050,000.00	\$0.00	42 CNG Heavy-Duty Vehicles	\$1,050,000.00	No
ML08040	City of Riverside	9/11/2009	9/10/2016		\$505,500.00	\$0.00	16 CNG Vehicles, Expand CNG Station & M	\$505,500.00	No
ML08043	City of Desert Hot Springs	9/25/2009	3/24/2016		\$25,000.00	\$0.00	1 CNG Heavy-Duty Vehicle	\$25,000.00	No
ML08049	City of Cerritos	3/20/2009	1/19/2015	2/19/2017	\$25,000.00	\$0.00	1 CNG Heavy-Duty Vehicle	\$25,000.00	No
ML08080	City of Irvine	5/1/2009	5/31/2015		\$50,000.00	\$0.00	Two Heavy-Duty Nat. Gas Vehicles	\$50,000.00	No
Total: 8									
Declined/Cancelled Contracts									
ML08032	City of Irvine	5/1/2009	8/31/2010		\$9,000.00	\$0.00	36 Vehicles (Diagnostic)	\$9,000.00	No
ML08041	City of Los Angeles, Dept of Transpo	8/6/2010	7/5/2011	12/5/2011	\$8,800.00	\$0.00	73 Vehicles (Diagnostic)	\$8,800.00	No
ML08051	City of Colton				\$75,000.00	\$0.00	3 CNG Heavy-Duty Vehicles	\$75,000.00	No
Total: 3									
Closed Contracts									
ML08023	City of Villa Park	11/7/2008	10/6/2012		\$6,500.00	\$5,102.50	Upgrade of Existing Refueling Facility	\$1,397.50	Yes
ML08027	Los Angeles County Department of	7/20/2009	1/19/2011	1/19/2012	\$6,901.00	\$5,124.00	34 Vehicles (Diagnostic)	\$1,777.00	No
ML08033	County of San Bernardino Public Wo	4/3/2009	2/2/2010		\$14,875.00	\$14,875.00	70 Vehicles (Diagnostic)	\$0.00	Yes
ML08035	City of La Verne	3/6/2009	11/5/2009		\$11,925.00	\$11,925.00	53 Vehicles (Diagnostic)	\$0.00	Yes
ML08045	City of Santa Clarita	2/20/2009	6/19/2010		\$3,213.00	\$3,150.00	14 Vehicles (Diagnostic)	\$63.00	Yes
Total: 5									
Closed/Incomplete Contracts									
ML08025	Los Angeles County Department of	10/30/2009	3/29/2011		\$75,000.00	\$0.00	150 Vehicles (Diagnostic)	\$75,000.00	No
Total: 1									
Open/Complete Contracts									
ML08026	Los Angeles County Department of	7/20/2009	7/19/2016		\$250,000.00	\$250,000.00	10 LPG Heavy-Duty Vehicles	\$0.00	Yes
ML08029	City of Gardena	3/19/2009	1/18/2015		\$25,000.00	\$25,000.00	1 Propane Heavy-Duty Vehicle	\$0.00	Yes
ML08031	City of Claremont	3/27/2009	3/26/2013	3/26/2015	\$97,500.00	\$97,500.00	Upgrade of Existing CNG Station, Purchase	\$0.00	Yes
ML08034	County of San Bernardino Public Wo	3/27/2009	7/26/2015		\$150,000.00	\$150,000.00	8 CNG Heavy-Duty Vehicles	\$0.00	Yes
ML08036	City of South Pasadena	5/12/2009	7/11/2013		\$169,421.00	\$169,421.00	New CNG Station	\$0.00	Yes
ML08037	City of Glendale	5/20/2009	5/19/2015		\$325,000.00	\$325,000.00	13 CNG Heavy-Duty Vehicles	\$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML08039	City of Rancho Palos Verdes	6/5/2009	8/4/2015		\$50,000.00	\$50,000.00	2 LPG Transit Buses	\$0.00	Yes
ML08042	City of Ontario	5/1/2009	1/31/2016		\$175,000.00	\$175,000.00	7 CNG Heavy-Duty Vehicles	\$0.00	Yes
ML08044	City of Chino	3/19/2009	3/18/2015		\$25,000.00	\$25,000.00	1 CNG Heavy-Duty Vehicle	\$0.00	Yes
ML08046	City of Paramount	2/20/2009	2/19/2015		\$25,000.00	\$25,000.00	1 CNG Heavy-Duty Vehicle	\$0.00	Yes
ML08047	City of Culver City Transportation De	5/12/2009	8/11/2015		\$150,000.00	\$150,000.00	6 CNG Heavy-Duty Vehicles	\$0.00	Yes
ML08048	City of Santa Clarita	2/20/2009	6/19/2015		\$25,000.00	\$25,000.00	1 CNG Heavy-Duty Vehicle	\$0.00	Yes
ML08050	City of Laguna Beach Public Works	8/12/2009	4/11/2016	10/11/2016	\$75,000.00	\$75,000.00	3 LPG Trolleys	\$0.00	Yes

Total: 13

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Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS09001	Administrative Services Co-Op/Long	3/5/2009	6/30/2012	12/31/2013	\$225,000.00	\$150,000.00	15 CNG Taxicabs	\$75,000.00	No
Total: 1									
Declined/Cancelled Contracts									
MS09003	FuelMaker Corporation				\$296,000.00	\$0.00	Home Refueling Apparatus Incentives	\$296,000.00	No
Total: 1									
Closed Contracts									
MS09002	A-Z Bus Sales, Inc.	11/7/2008	12/31/2009	12/31/2010	\$2,520,000.00	\$2,460,000.00	Alternative Fuel School Bus Incentive Progr	\$60,000.00	No
MS09004	A-Z Bus Sales, Inc.	1/30/2009	3/31/2009		\$156,000.00	\$156,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	Yes
MS09005	Gas Equipment Systems, Inc.	6/19/2009	10/18/2010		\$71,000.00	\$71,000.00	Provide Temp. Fueling for Mountain Area C	\$0.00	Yes
MS09047	BusWest	7/9/2010	12/31/2010	4/30/2011	\$480,000.00	\$480,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	Yes
Total: 4									

2008-09 AB2766 Local Government Match Program Contract Status Report

3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML09008	City of Culver City Transportation De	1/19/2010	7/18/2016	7/18/2017	\$200,000.00	\$175,000.00	8 Nat. Gas Heavy-Duty Vehicles	\$25,000.00	No
ML09009	City of South Pasadena	11/5/2010	12/4/2016		\$152,000.00	\$0.00	CNG Station Expansion	\$152,000.00	No
ML09010	City of Palm Springs	1/8/2010	2/7/2016		\$25,000.00	\$0.00	1 Nat. Gas Heavy-Duty Vehicle	\$25,000.00	No
ML09013	City of Riverside Public Works	9/10/2010	12/9/2011	7/31/2013	\$144,470.00	\$0.00	Traffic Signal Synchr./Moreno Valley	\$144,470.00	No
ML09014	City of Riverside Public Works	9/10/2010	12/9/2011	7/31/2013	\$113,030.00	\$0.00	Traffic Signal Synchr./Corona	\$113,030.00	No
ML09015	City of Riverside Public Works	9/10/2010	12/9/2011	7/31/2013	\$80,060.00	\$0.00	Traffic Signal Synchr./Co. of Riverside	\$80,060.00	No
ML09023	Los Angeles County Department of	12/10/2010	12/9/2017		\$50,000.00	\$0.00	2 Heavy-Duty Alternative Fuel Transit Vehic	\$50,000.00	No
ML09024	Los Angeles County Department of	10/15/2010	12/14/2012	6/14/2013	\$400,000.00	\$0.00	Maintenance Facility Modifications	\$400,000.00	No
ML09025	Los Angeles County Department of	10/15/2010	12/14/2012	6/14/2013	\$50,000.00	\$0.00	Remote Vehicle Diagnostics/85 Vehicles	\$50,000.00	No
ML09026	Los Angeles County Department of	10/15/2010	10/14/2017		\$250,000.00	\$0.00	5 Off-Road Vehicle Repowers	\$250,000.00	No
ML09030	City of Los Angeles GSD/Fleet Servi	6/18/2010	6/17/2011		\$22,310.00	\$0.00	Remote Vehicle Diagnostics/107 Vehicles	\$22,310.00	No
ML09032	Los Angeles World Airports	4/8/2011	4/7/2018		\$175,000.00	\$0.00	7 Nat. Gas Heavy-Duty Vehicles	\$175,000.00	No
ML09033	City of Beverly Hills	3/4/2011	5/3/2017	5/3/2018	\$550,000.00	\$100,000.00	10 Nat. Gas Heavy-Duty Vehicles & CNG St	\$450,000.00	No
ML09035	City of Fullerton	6/17/2010	6/16/2017	12/16/2018	\$450,000.00	\$50,000.00	2 Heavy-Duty CNG Vehicles & Install CNG	\$400,000.00	No
ML09036	City of Long Beach Fleet Services B	5/7/2010	5/6/2017	5/6/2018	\$875,000.00	\$450,000.00	Purchase 35 LNG Refuse Trucks	\$425,000.00	No
ML09042	Los Angeles Department of Water a	12/10/2010	12/9/2017		\$1,400,000.00	\$0.00	Purchase 56 Dump Trucks	\$1,400,000.00	No
ML09043	City of Covina	10/8/2010	4/7/2017	4/7/2018	\$179,591.00	\$0.00	Upgrade Existing CNG Station	\$179,591.00	No
Total: 17									
Declined/Cancelled Contracts									
ML09017	County of San Bernardino Public Wo	1/28/2010	7/27/2016		\$200,000.00	\$0.00	8 Nat. Gas Heavy-Duty Vehicles	\$200,000.00	No
ML09018	Los Angeles Department of Water a	7/16/2010	9/15/2012		\$850,000.00	\$0.00	Retrofit 85 Off-Road Vehicles w/DECS	\$850,000.00	No
ML09019	City of San Juan Capistrano Public	12/4/2009	11/3/2010		\$10,125.00	\$0.00	Remote Vehicle Diagnostics/45 Vehicles	\$10,125.00	No
ML09022	Los Angeles County Department of				\$8,250.00	\$0.00	Remote Vehicle Diagnostics/15 Vehicles	\$8,250.00	No
ML09028	Riverside County Waste Manageme				\$140,000.00	\$0.00	Retrofit 7 Off-Road Vehicles w/DECS	\$140,000.00	No
ML09039	City of Inglewood				\$310,000.00	\$0.00	Purchase 12 H.D. CNG Vehicles and Remot	\$310,000.00	No
ML09040	City of Cathedral City				\$83,125.00	\$0.00	Purchase 3 H.D. CNG Vehicles and Remote	\$83,125.00	No
ML09044	City of San Dimas				\$425,000.00	\$0.00	Install CNG Station and Purchase 1 CNG S	\$425,000.00	No
ML09045	City of Orange				\$125,000.00	\$0.00	Purchase 5 CNG Sweepers	\$125,000.00	No
Total: 9									
Closed Contracts									
ML09007	City of Rancho Cucamonga	2/26/2010	4/25/2012		\$117,500.00	\$62,452.57	Maintenance Facility Modification	\$55,047.43	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML09020	County of San Bernardino	8/16/2010	2/15/2012		\$49,770.00	\$49,770.00	Remote Vehicle Diagnostics/252 Vehicles	\$0.00	Yes
ML09021	City of Palm Desert	7/9/2010	3/8/2012		\$39,450.00	\$38,248.87	Traffic Signal Synchr./Rancho Mirage	\$1,201.13	Yes
ML09027	Los Angeles County Department of	7/23/2010	3/22/2012	6/22/2012	\$150,000.00	\$150,000.00	Freeway Detector Map Interface	\$0.00	Yes

Total: 4

Open/Complete Contracts

ML09011	City of San Bernardino	2/19/2010	5/18/2016		\$250,000.00	\$250,000.00	10 Nat. Gas Heavy-Duty Vehicles	\$0.00	Yes
ML09012	City of Gardena	3/12/2010	11/11/2015		\$25,000.00	\$25,000.00	1 Nat. Gas Heavy-Duty Vehicle	\$0.00	Yes
ML09016	County of San Bernardino Public Wo	1/28/2010	3/27/2014		\$50,000.00	\$50,000.00	Install New CNG Station	\$0.00	Yes
ML09029	City of Whittier	11/6/2009	4/5/2016		\$25,000.00	\$25,000.00	1 Nat. Gas Heavy-Duty Vehicle	\$0.00	Yes
ML09031	City of Los Angeles, Department of	10/29/2010	10/28/2017		\$825,000.00	\$825,000.00	33 Nat. Gas Heavy-Duty Vehicles	\$0.00	Yes
ML09034	City of La Palma	11/25/2009	6/24/2015		\$25,000.00	\$25,000.00	1 LPG Heavy-Duty Vehicle	\$0.00	Yes
ML09037	City of Redondo Beach	6/18/2010	6/17/2016		\$50,000.00	\$50,000.00	Purchase Two CNG Sweepers	\$0.00	Yes
ML09038	City of Chino	9/27/2010	5/26/2017		\$250,000.00	\$250,000.00	Upgrade Existing CNG Station	\$0.00	Yes
ML09041	City of Los Angeles, Bureau of Sanit	10/1/2010	9/30/2017		\$875,000.00	\$875,000.00	Purchase 35 H.D. Nat. Gas Vehicles	\$0.00	Yes
ML09046	City of Newport Beach	5/20/2010	5/19/2016		\$162,500.00	\$162,500.00	Upgrade Existing CNG Station, Maintenance	\$0.00	Yes

Total: 10

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Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS10003	City of Sierra Madre	5/11/2012	3/10/2018		\$13,555.00	\$0.00	Purchase 1 H.D. CNG Vehicle	\$13,555.00	No
MS10004	Linde LLC	3/2/2012	6/1/2018		\$56,932.00	\$0.00	Purchase 6 H.D. CNG Vehicles	\$56,932.00	No
MS10005	Domestic Linen Supply Company, In	10/8/2010	7/7/2016		\$47,444.00	\$0.00	Purchase 5 Gas-Electric Hybrid Vehicles	\$47,444.00	No
MS10006	Nationwide Environmental Services	11/19/2010	4/18/2017	9/18/2018	\$94,887.00	\$0.00	Purchase Three Street Sweepers	\$94,887.00	No
MS10007	Enterprise Rent-A-Car Company of L	7/15/2011	10/14/2017		\$18,976.00	\$18,976.00	Purchase 2 H.D. CNG Vehicles	\$0.00	No
MS10009	Ware Disposal Company, Inc.	10/29/2010	3/28/2017		\$123,353.00	\$123,352.00	Purchase 4 CNG Refuse Trucks	\$1.00	No
MS10012	Foothill Transit Agency	3/9/2012	3/8/2019		\$85,399.00	\$0.00	Purchase 9 H.D. Electric Vehicles	\$85,399.00	No
MS10017	Ryder System Inc.	12/30/2011	6/29/2018	12/29/2018	\$651,377.00	\$0.00	Purchase 19 H.D. Natural Gas Vehicles	\$651,377.00	No
MS10021	City of Glendora	10/29/2010	11/28/2016		\$9,489.00	\$0.00	Purchase 1 H.D. CNG Vehicle	\$9,489.00	No
MS10025	Elham Shirazi	2/18/2011	10/17/2012	8/17/2013	\$199,449.00	\$158,654.15	Telework Demonstration Program	\$40,794.85	No
Total: 10									
Pending Execution Contracts									
MS10015	County of Los Angeles Department o				\$37,955.00	\$0.00	Purchase 4 H.D. CNG Vehicles	\$37,955.00	No
Total: 1									
Declined/Cancelled Contracts									
MS10013	City of San Bernardino				\$68,834.00	\$0.00	Purchase 9 H.D. LNG Vehicles	\$68,834.00	No
MS10014	Serv-Wel Disposal				\$18,977.00	\$0.00	Purchase 2 H.D. CNG Vehicles	\$18,977.00	No
MS10018	Shaw Transport Inc.				\$81,332.00	\$0.00	Purchase 6 H.D. LNG Vehicles	\$81,332.00	No
MS10022	Los Angeles World Airports				\$123,353.00	\$0.00	Purchase 13 H.D. CNG Vehicles	\$123,353.00	No
MS10023	Dix Leasing				\$105,000.00	\$0.00	Purchase 3 H.D. LNG Vehicles	\$105,000.00	No
Total: 5									
Closed Contracts									
MS10001	Los Angeles County MTA	3/19/2010	2/28/2011	4/28/2011	\$300,000.00	\$196,790.61	Clean Fuel Transit Bus Service to Dodger St	\$103,209.39	No
MS10002	Coachella Valley Association of Gov	6/18/2010	2/17/2011		\$400,000.00	\$400,000.00	Coachella Valley PM10 Reduction Street Sw	\$0.00	Yes
Total: 2									
Open/Complete Contracts									
MS10008	Republic Services, Inc.	12/10/2010	5/9/2017		\$123,354.00	\$123,354.00	Purchase 4 CNG Refuse Collection Vehicles	\$0.00	No
MS10010	New Bern Transport Corporation	10/29/2010	3/28/2017		\$113,864.00	\$113,864.00	Repower 4 Heavy-Duty Vehicles	\$0.00	Yes
MS10011	Foothill Transit Agency	3/9/2012	2/8/2018		\$113,865.00	\$113,865.00	Purchase 12 H.D. CNG Vehicles	\$0.00	Yes
MS10016	Rio Hondo Community College	11/5/2010	5/4/2017		\$16,077.00	\$16,077.00	Purchase 1 CNG Shuttle Bus	\$0.00	Yes
MS10019	EDCO Disposal Corporation	11/19/2010	2/18/2017		\$379,549.00	\$379,283.81	Purchase 11 H.D. CNG Refuse Trucks	\$265.19	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS10020	American Reclamation, Inc.	5/6/2011	2/5/2018		\$18,977.00	\$18,977.00	Purchase 1 H.D. CNG Vehicle	\$0.00	Yes
MS10024	Frito-Lay North America	7/29/2011	9/28/2017		\$47,444.00	\$47,444.00	Purchase 5 Electric Vehicles	\$0.00	No

Total: 7

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3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS11001	Mineral LLC	4/22/2011	4/30/2013		\$94,627.00	\$86,686.83	Design, Develop, Host and Maintain MSRC	\$7,940.17	No
MS11002	A-Z Bus Sales, Inc.	7/15/2011	12/31/2011	3/31/2013	\$1,660,000.00	\$1,660,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	No
MS11004	Los Angeles County MTA	9/9/2011	2/29/2012		\$450,000.00	\$174,529.50	Clean Fuel Transit Service to Dodger Stadiu	\$275,470.50	No
MS11006	Orange County Transportation Autho	10/7/2011	2/29/2012	8/31/2012	\$268,207.00	\$160,713.00	Metrolink Service to Angel Stadium	\$107,494.00	No
MS11010	Border Valley Trading	8/26/2011	10/25/2017	10/25/2018	\$150,000.00	\$0.00	New LNG Station	\$150,000.00	No
MS11011	EDCO Disposal Corporation	12/30/2011	4/29/2019		\$100,000.00	\$0.00	New CNG Station - Signal Hill	\$100,000.00	No
MS11012	EDCO Disposal Corporation	12/30/2011	4/29/2019		\$100,000.00	\$0.00	New CNG Station - Buena Park	\$100,000.00	No
MS11018	Orange County Transportation Autho	10/14/2011	1/31/2012		\$211,360.00	\$211,360.00	Express Bus Service to Orange County Fair	\$0.00	No
MS11019	City of Corona	11/29/2012	4/28/2020		\$225,000.00	\$0.00	Expansion of Existing CNG Station	\$225,000.00	No
MS11052	Krisda Inc	9/27/2012	6/26/2013		\$120,000.00	\$108,000.00	Repower Three Heavy-Duty Vehicles	\$12,000.00	No
MS11055	KEC Engineering	2/3/2012	8/2/2018		\$250,000.00	\$45,000.00	Repower 5 H.D. Off-Road Vehicles	\$205,000.00	No
MS11056	The Better World Group	12/30/2011	12/29/2013		\$98,418.00	\$78,574.50	Programmatic Outreach Services	\$19,843.50	No
MS11057	Riverside County Transportation Co	7/28/2012	3/27/2013		\$100,000.00	\$89,159.40	Develop and Implement 511 "Smart Phone"	\$10,840.60	No
MS11060	Rowland Unified School District	8/17/2012	1/16/2019		\$175,000.00	\$0.00	New Limited Access CNG Station	\$175,000.00	No
MS11061	Eastern Municipal Water District	3/29/2012	5/28/2015		\$11,659.00	\$1,450.00	Retrofit One Off-Road Vehicle under Showc	\$10,209.00	No
MS11062	Load Center	9/7/2012	1/6/2016		\$100,449.00	\$0.00	Retrofit Six Off-Road Vehicles under Showc	\$100,449.00	No
MS11064	City of Hawthorne	7/28/2012	8/27/2018		\$175,000.00	\$0.00	New Limited Access CNG Station	\$175,000.00	No
MS11065	Temecula Valley Unified School Distr	8/11/2012	1/10/2019		\$50,000.00	\$0.00	Expansion of Existing CNG Station	\$50,000.00	No
MS11066	Torrance Unified School District	11/19/2012	9/18/2018		\$76,850.00	\$0.00	Expansion of Existing CNG Station	\$76,850.00	No
MS11067	City of Redlands	5/24/2012	11/23/2018		\$85,000.00	\$0.00	Expansion of Existing CNG Station	\$85,000.00	No
MS11068	Ryder System Inc.	7/28/2012	10/27/2018		\$175,000.00	\$0.00	New Public Access L/CNG Station (Fontana	\$175,000.00	No
MS11069	Ryder System Inc.	7/28/2012	8/27/2018		\$175,000.00	\$157,500.00	New Public Access L/CNG Station (Orange)	\$17,500.00	No
MS11071	City of Torrance Transit Department	12/22/2012	1/21/2019		\$175,000.00	\$0.00	New Limited Access CNG Station	\$175,000.00	No
MS11076	SA Recycling, LLC	5/24/2012	9/23/2015		\$424,801.00	\$0.00	Retrofit of 13 Off-Road Diesel Vehicles with	\$424,801.00	No
MS11079	Bear Valley Unified School District	2/5/2013	10/4/2019		\$175,000.00	\$0.00	New Limited Access CNG Station	\$175,000.00	No
MS11081	Metropolitan Stevedore Company	9/7/2012	1/6/2016		\$45,416.00	\$0.00	Install DECS on Two Off-Road Vehicles	\$45,416.00	No
MS11082	Baumot North America, LLC	8/2/2012	12/1/2015		\$65,958.00	\$0.00	Install DECS on Four Off-Road Vehicles	\$65,958.00	No
MS11087	Cemex Construction Material Pacific,	10/16/2012	2/15/2016		\$448,766.00	\$0.00	Retrofit 13 H.D. Off-Road Vehicles Under Sh	\$448,766.00	No
MS11092	Griffith Company	2/5/2013	6/4/2016		\$390,521.00	\$0.00	Retrofit 18 H.D. Off-Road Vehicles Under Sh	\$390,521.00	No

Total: 29

Pending Execution Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS11008	USA Waste of California, Inc.				\$125,000.00	\$0.00	Expansion of Existing LCNG Station	\$125,000.00	No
MS11009	Waste Management Collection and				\$125,000.00	\$0.00	Expansion of Existing LCNG Station	\$125,000.00	No
MS11016	CR&R, Inc.				\$150,000.00	\$0.00	New CNG Station - Perris	\$150,000.00	No
MS11046	Luis Castro				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11058	Los Angeles Service Authority for Fr				\$123,395.00	\$0.00	Develop and Implement 511 "Smart Phone"	\$123,395.00	No
MS11073	Los Angeles Unified School District				\$175,000.00	\$0.00	Expansion of Existing CNG Station	\$175,000.00	No
MS11084	Ivanhoe Energy Services and Develo				\$66,750.00	\$0.00	Retrofit One H.D. Off-Road Vehicle Under S	\$66,750.00	No
MS11085	City of Long Beach Fleet Services B				\$159,012.00	\$0.00	Retrofit Seven H.D. Off-Road Vehicles Unde	\$159,012.00	No
MS11086	DCL America Inc.				\$500,000.00	\$0.00	Retrofit Eight H.D. Off-Road Vehicles Under	\$500,000.00	No
MS11088	Diesel Emission Technologies				\$32,750.00	\$0.00	Retrofit Three H.D. Off-Road Vehicles Under	\$32,750.00	No
MS11089	Diesel Emission Technologies				\$9,750.00	\$0.00	Retrofit One H.D. Off-Road Vehicle Under S	\$9,750.00	No
MS11090	Diesel Emission Technologies				\$14,750.00	\$0.00	Retrofit One H.D. Off-Road Vehicle Under S	\$14,750.00	No
MS11091	California Cartage Company, LLC				\$55,000.00	\$0.00	Retrofit Two H.D. Off-Road Vehicles Under	\$55,000.00	No

Total: 13

Declined/Cancelled Contracts

MS11013	Go Natural Gas, Inc.				\$150,000.00	\$0.00	New CNG Station - Huntington Beach	\$150,000.00	No
MS11014	Go Natural Gas, Inc.				\$150,000.00	\$0.00	New CNG Station - Santa Ana	\$150,000.00	No
MS11015	Go Natural Gas, Inc.				\$150,000.00	\$0.00	New CNG Station - Inglewood	\$150,000.00	No
MS11047	Ivan Borjas				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11048	Phase II Transportation				\$1,080,000.00	\$0.00	Repower 27 Heavy-Duty Vehicles	\$1,080,000.00	No
MS11049	Ruben Caceras				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11050	Carlos Arrue				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11051	Francisco Vargas				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11053	Jose Ivan Soltero				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11054	Albino Meza				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11059	Go Natural Gas				\$150,000.00	\$0.00	New Public Access CNG Station - Paramou	\$150,000.00	No
MS11063	Standard Concrete Products				\$310,825.00	\$0.00	Retrofit Two Off-Road Vehicles under Show	\$310,825.00	No
MS11070	American Honda Motor Company				\$100,000.00	\$0.00	Expansion of Existing CNG Station	\$100,000.00	No
MS11072	Trillium USA Company DBA Californi				\$150,000.00	\$0.00	New Public Access CNG Station	\$150,000.00	No
MS11077	DCL America Inc.				\$263,107.00	\$0.00	Retrofit of 13 Off-Road Diesel Vehicles with	\$263,107.00	No
MS11083	Catrac Construction, Inc.				\$500,000.00	\$0.00	Install DECS on Eight Off-Road Vehicles	\$500,000.00	No

Total: 16

Closed Contracts

MS11003	BusWest	7/26/2011	12/31/2011	12/31/2012	\$1,305,000.00	\$1,305,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	No
MS11074	SunLine Transit Agency	5/11/2012	7/31/2012		\$41,849.00	\$22,391.00	Transit Service for Coachella Valley Festival	\$19,458.00	Yes
MS11080	Southern California Regional Rail Au	4/6/2012	7/31/2012		\$26,000.00	\$26,000.00	Metrolink Service to Auto Club Speedway	\$0.00	Yes

Total: 3

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open/Complete Contracts									
MS11017	CR&R, Inc.	3/2/2012	2/1/2018		\$100,000.00	\$100,000.00	Expansion of existing station - Garden Grov	\$0.00	Yes

Total: 1

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3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML11020	City of Indio	2/1/2013	3/31/2019		\$30,000.00	\$0.00	Retrofit one H.D. Vehicles w/DECS, repower	\$30,000.00	No
ML11021	City of Whittier	1/27/2012	9/26/2018		\$210,000.00	\$30,000.00	Purchase 7 Nat. Gas H.D. Vehicles	\$180,000.00	No
ML11022	City of Anaheim	3/16/2012	7/15/2018		\$175,000.00	\$0.00	Install CNG Fueling Station, purchase 5 H.D	\$175,000.00	No
ML11023	City of Rancho Cucamonga	4/20/2012	12/19/2018		\$260,000.00	\$0.00	Expand Existing CNG Station, 2 H.D. Vehicl	\$260,000.00	No
ML11026	City of Redlands	3/2/2012	10/1/2018		\$90,000.00	\$0.00	Purchase 3 Nat. Gas H.D. Vehicles	\$90,000.00	No
ML11027	City of Los Angeles, Dept. of Genera	5/4/2012	7/3/2015		\$300,000.00	\$0.00	Maintenance Facility Modifications	\$300,000.00	No
ML11028	City of Glendale	1/13/2012	5/12/2018		\$300,000.00	\$180,000.00	Purchase 10 H.D. CNG Vehicles	\$120,000.00	No
ML11029	City of Santa Ana	9/7/2012	3/6/2020		\$262,500.00	\$0.00	Expansion of Existing CNG Station, Install N	\$262,500.00	No
ML11032	City of Gardena	3/2/2012	9/1/2018		\$102,500.00	\$30,000.00	Modify Maint. Facility, Expand CNG station,	\$72,500.00	No
ML11033	City of Los Angeles, Bureau of Sanit	3/16/2012	1/15/2019		\$1,080,000.00	\$570,000.00	Purchase 36 LNG H.D. Vehicles	\$510,000.00	No
ML11034	City of Los Angeles, Department of	5/4/2012	1/3/2019		\$630,000.00	\$0.00	Purchase 21 H.D. CNG Vehicles	\$630,000.00	No
ML11036	City of Riverside	1/27/2012	1/26/2019		\$670,000.00	\$0.00	Install New CNG Station, Purchase 9 H.D. N	\$670,000.00	No
ML11037	City of Anaheim	12/22/2012	12/21/2019		\$300,000.00	\$0.00	Purchase 12 Nat. Gas H.D. Vehicles	\$300,000.00	No
ML11038	City of Santa Monica	5/18/2012	7/17/2018		\$400,000.00	\$0.00	Maintenance Facility Modifications	\$400,000.00	No
ML11039	City of Ontario	1/27/2012	9/26/2018		\$180,000.00	\$0.00	Purchase 6 Nat. Gas H.D. Vehicles	\$180,000.00	No
ML11040	City of South Pasadena	5/4/2012	1/3/2019		\$30,000.00	\$0.00	Purchase 1 Nat. Gas H.D. Vehicle	\$30,000.00	No
ML11041	City of Santa Ana	9/7/2012	11/6/2018		\$265,000.00	\$34,651.86	Purchase 7 LPG H.D. Vehicles, Retrofit 6 H.	\$230,348.14	No
ML11042	City of Chino	2/17/2012	4/16/2018		\$35,077.00	\$30,000.00	Purchase 1 Nat. Gas H.D. Vehicle, Repower	\$5,077.00	No
ML11043	City of Hemet Public Works	2/3/2012	2/2/2019		\$60,000.00	\$30,000.00	Purchase 2 H.D. Nat. Gas Vehicles	\$30,000.00	No
ML11044	City of Ontario	1/27/2012	6/26/2019		\$400,000.00	\$0.00	Expand Existing CNG Station	\$400,000.00	No
ML11045	City of Newport Beach	2/3/2012	8/2/2018	8/2/2019	\$30,000.00	\$0.00	Purchase 1 Nat. Gas H.D. Vehicle	\$30,000.00	No
Total: 21									
Pending Execution Contracts									
ML11024	County of Los Angeles Department o				\$150,000.00	\$0.00	Purchase 5 Nat. Gas H.D. Vehicles	\$150,000.00	No
ML11025	County of Los Angeles Department o				\$150,000.00	\$0.00	Purchase 5 Nat. Gas H.D. Vehicles	\$150,000.00	No
Total: 2									
Closed Contracts									
ML11007	Coachella Valley Association of Gov	7/29/2011	7/28/2012		\$250,000.00	\$249,999.96	Regional PM10 Street Sweeping Program	\$0.04	Yes
ML11035	City of La Quinta	11/18/2011	11/17/2012		\$25,368.00	\$25,368.00	Retrofit 3 On-Road Vehicles w/DECS	\$0.00	Yes
Total: 2									
Open/Complete Contracts									

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML11030	City of Fullerton	2/3/2012	3/2/2018		\$109,200.00	\$109,200.00	Purchase 2 Nat. Gas H.D. Vehicles, Retrofit	\$0.00	No
ML11031	City of Culver City Transportation De	12/2/2011	12/1/2018		\$300,000.00	\$300,000.00	Purchase 10 H.D. Nat. Gas Vehicles	\$0.00	No

Total: 2

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3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS12001	Los Angeles County MTA	7/1/2012	4/30/2013		\$300,000.00	\$0.00	Clean Fuel Transit Service to Dodger Stadium	\$300,000.00	No
MS12002	Orange County Transportation Autho	9/7/2012	4/30/2013		\$342,340.00	\$333,185.13	Express Bus Service to Orange County Fair	\$9,154.87	No
MS12003	Orange County Transportation Autho	7/20/2012	2/28/2013		\$234,669.00	\$0.00	Implement Metrolink Service to Angel Stadium	\$234,669.00	No
MS12005	USA Waste of California, Inc.	10/19/2012	8/18/2013		\$75,000.00	\$0.00	Vehicle Maintenance Facility Modifications	\$75,000.00	No
MS12006	Waste Management Collection and	10/19/2012	8/18/2013		\$75,000.00	\$0.00	Vehicle Maintenance Facility Modifications	\$75,000.00	No
MS12012	Rim of the World Unified School Dist	12/20/2012	5/19/2014		\$75,000.00	\$0.00	Vehicle Maintenance Facility Modifications	\$75,000.00	No
MS12025	Silverado Stages, Inc.	11/2/2012	7/1/2018		\$150,000.00	\$0.00	Purchase Six Medium-Heavy Duty Vehicles	\$150,000.00	No
MS12028	Dy-Dee Service of Pasadena, Inc.	12/22/2012	1/21/2019		\$45,000.00	\$0.00	Purchase 2 Medium-Duty and 1 Medium-He	\$45,000.00	No
MS12029	Community Action Partnership of Or	11/2/2012	11/1/2018		\$25,000.00	\$0.00	Purchase 1 Medium-Heavy Duty Vehicle	\$25,000.00	No
MS12031	Final Assembly, Inc.	11/2/2012	11/1/2018		\$100,000.00	\$29,201.40	Purchase 4 Medium-Heavy Duty Vehicles	\$70,798.60	No
MS12032	Fox Transportation	12/14/2012	12/13/2018		\$500,000.00	\$22,500.00	Purchase 20 Medium-Heavy Duty Vehicles	\$477,500.00	No
MS12033	Mike Diamond/Phace Management	12/22/2012	12/21/2018		\$500,000.00	\$0.00	Purchase 20 Medium-Heavy Duty Vehicles	\$500,000.00	No
MS12034	Ware Disposal Company, Inc.	11/2/2012	11/1/2018		\$195,000.00	\$74,763.00	Purchase 2 Medium-Duty and 7 Medium-He	\$120,237.00	No
MS12035	Disneyland Resort	1/4/2013	7/3/2019		\$25,000.00	\$0.00	Purchase 1 Medium-Heavy Duty Vehicle	\$25,000.00	No
MS12036	Jim & Doug Carter's Automotive/VS	1/4/2013	11/3/2018		\$50,000.00	\$45,000.00	Purchase 2 Medium-Heavy Duty Vehicles	\$5,000.00	No
MS12062	Fraser Communications	12/7/2012	5/31/2014		\$998,669.00	\$0.00	Develop & Implement "Rideshare Thursday"	\$998,669.00	No
MS12068	Southern California Regional Rail Au	3/1/2013	9/30/2013		\$57,363.00	\$0.00	Implement Metrolink Service to Autoclub Sp	\$57,363.00	No
MS12Hom	Mansfield Gas Equipment Systems				\$296,000.00	\$0.00	Home Refueling Apparatus Incentive Progra	\$296,000.00	No
Total: 18									
Pending Execution Contracts									
MS12004	USA Waste of California, Inc.				\$175,000.00	\$0.00	Construct New Limited-Access CNG Station	\$175,000.00	No
MS12008	Bonita Unified School District				\$175,000.00	\$0.00	Construct New Limited-Access CNG Station	\$175,000.00	No
MS12009	Sysco Food Services of Los Angeles				\$150,000.00	\$0.00	Construct New Public-Access CNG Station	\$150,000.00	No
MS12010	Murrieta Valley Unified School District				\$244,000.00	\$0.00	Construct New Limited-Access CNG Station	\$244,000.00	No
MS12011	Southern California Gas Company				\$150,000.00	\$0.00	Construct New Public-Access CNG Station -	\$150,000.00	No
MS12024	Southern California Gas Company				\$150,000.00	\$0.00	Construct New Public-Access CNG Station -	\$150,000.00	No
MS12026	U-Haul Company of California				\$500,000.00	\$0.00	Purchase 23 Medium-Heavy Duty Vehicles	\$500,000.00	No
MS12027	C.V. Ice Company, Inc.				\$75,000.00	\$0.00	Purchase 3 Medium-Heavy Duty Vehicles	\$75,000.00	No
MS12030	Complete Landscape Care, Inc.				\$150,000.00	\$0.00	Purchase 6 Medium-Heavy Duty Vehicles	\$150,000.00	No
MS12058	Krisda Inc				\$25,000.00	\$0.00	Repower One Heavy-Duty Off-Road Vehicle	\$25,000.00	No
MS12059	Orange County Transportation Autho				\$75,000.00	\$0.00	Maintenance Facility Modifications	\$75,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS12060	City of Santa Monica				\$0.00	\$0.00	Transit-Oriented Bicycle Sharing Program	\$0.00	No
MS12061	Orange County Transportation Autho				\$0.00	\$0.00	Transit-Oriented Bicycle Sharing Program	\$0.00	No
MS12063	Custom Alloy Light Metals, Inc.				\$100,000.00	\$0.00	Install New Limited Access CNG Staiton	\$100,000.00	No
MS12064	Anaheim Transportation Network				\$127,296.00	\$0.00	Implement Anaheim Circulator Service	\$127,296.00	No
MS12065	Orange County Transportation Autho				\$43,933.00	\$0.00	Ducks Express Service to Honda Center	\$43,933.00	No
MS12067	Leatherwood Construction, Inc.				\$122,719.00	\$0.00	Retrofit Six Vehicles w/DECS - Showcase III	\$122,719.00	No
MS12069	City of Irvine				\$45,000.00	\$0.00	Implement Shuttle Service to Orange Count	\$45,000.00	No
MS12070	Valley Music Travel				\$99,000.00	\$0.00	Implement Shuttle Service to Coachella Mus	\$99,000.00	No
MS12071	Transit Systems Unlimited, Inc.				\$36,000.00	\$0.00	Expansion of Existing CNG Station	\$36,000.00	No
MS12072	99 Cents Only Stores				\$100,000.00	\$0.00	Construct New CNG Station	\$100,000.00	No
MS12073	FirstCNG, LLC				\$150,000.00	\$0.00	Construct New CNG Station	\$150,000.00	No
MS12074	Arcadia Unified School District				\$175,000.00	\$0.00	Expansion of Existing CNG Infrastructure	\$175,000.00	No
MS12075	CR&R, Inc.				\$100,000.00	\$0.00	Expansion of Existing CNG Infrastructure	\$100,000.00	No
MS12076	City of Ontario				\$75,000.00	\$0.00	Maintenance Facilities Modification	\$75,000.00	No
MS12077	City of Coachella				\$225,000.00	\$0.00	Construct New CNG Station	\$225,000.00	No
MS12078	Penske Truck Leasing Co., L.P.				\$75,000.00	\$0.00	Maintenance Facility Modifications - Vernon	\$75,000.00	No
MS12079	Penske Truck Leasing Co., L.P.				\$75,000.00	\$0.00	Maintenance Facility Modifications - Boyle H	\$75,000.00	No
MS12080	City of Pasadena				\$225,000.00	\$0.00	Expansion of Existing CNG Infrastructure	\$225,000.00	No
MS12081	Penske Truck Leasing Co., L.P.				\$75,000.00	\$0.00	Maintenance Facility Modifications - Santa A	\$75,000.00	No
MS12082	City of Los Angeles, Bureau of Sanit				\$175,000.00	\$0.00	Install New CNG Infrastructure	\$175,000.00	No
MS12083	Brea Olinda Unified School District				\$59,454.00	\$0.00	Install New CNG Infrastructure	\$59,454.00	No
MS12084	Airport Mobil Inc.				\$150,000.00	\$0.00	Install New CNG Infrastructure	\$150,000.00	No
MS12085	Bear Valley Unified School District				\$75,000.00	\$0.00	Maintenance Facility Modifications	\$75,000.00	No
MS12086	SuperShuttle International, Inc.				\$225,000.00	\$0.00	Purchase 23 Medium-Heavy Duty Vehicles	\$225,000.00	No
MS12087	Los Angeles County MTA				\$125,000.00	\$0.00	Implement Rideshare Incentives Program	\$125,000.00	No
MS12088	Orange County Transportation Autho				\$125,000.00	\$0.00	Implement Rideshare Incentives Program	\$125,000.00	No
MS12089	Riverside County Transportation Co				\$250,000.00	\$0.00	Implement Rideshare Incentives Program	\$250,000.00	No

Total: 38

Declined/Cancelled Contracts

MS12007	WestAir Gases & Equipment				\$100,000.00	\$0.00	Construct New Limited-Access CNG Station	\$100,000.00	No
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Total: 1

2011-12 AB2766 Local Government Match Program Contract Status Report

3/13/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML12013	City of Pasadena	10/19/2012	3/18/2015		\$200,000.00	\$0.00	Electric Vehicle Charging Infrastructure	\$200,000.00	No
ML12016	City of Cathedral City	1/4/2013	10/3/2019		\$60,000.00	\$0.00	CNG Vehicle & Electric Vehicle Infrastructur	\$60,000.00	No
ML12020	City of Los Angeles, Department of	9/27/2012	3/26/2019		\$450,000.00	\$0.00	15 H.D. Nat. Gas Vehicles	\$450,000.00	No
ML12021	City of Rancho Cucamonga	9/14/2012	1/13/2020		\$40,000.00	\$0.00	Four Medium-Duty Nat. Gas Vehicles	\$40,000.00	No
ML12039	City of Redlands	2/8/2013	10/7/2019		\$90,000.00	\$0.00	Three Heavy-Duty Nat. Gas Vehicles	\$90,000.00	No
ML12042	City of Chino Hills	1/18/2013	3/17/2017		\$87,500.00	\$0.00	Expansion of Existing CNG Station	\$87,500.00	No
ML12047	City of Orange	2/1/2013	1/31/2019		\$30,000.00	\$0.00	One Heavy-Duty Nat. Gas Vehicle	\$30,000.00	No
ML12048	City of La Palma	1/4/2013	11/3/2018		\$20,000.00	\$0.00	Two Medium-Duty LPG Vehicles	\$20,000.00	No
ML12055	City of Manhattan Beach	3/1/2013	12/31/2018		\$10,000.00	\$0.00	One Medium-Duty Nat. Gas Vehicle	\$10,000.00	No
Total: 9									
Pending Execution Contracts									
ML12014	City of Santa Ana				\$384,000.00	\$0.00	9 H.D. Nat. Gas & LPG Trucks, EV Charging	\$384,000.00	No
ML12015	City of Fullerton				\$90,000.00	\$0.00	HD CNG Vehicle, Expand CNG Station, & In	\$90,000.00	No
ML12017	City of Los Angeles, Bureau of Sanit				\$950,000.00	\$0.00	32 H.D. Nat. Gas Vehicles	\$950,000.00	No
ML12018	City of West Covina				\$300,000.00	\$0.00	Expansion of Existing CNG Station	\$300,000.00	No
ML12019	City of Palm Springs				\$38,000.00	\$0.00	EV Charging Infrastructure	\$38,000.00	No
ML12022	City of La Puente				\$110,000.00	\$0.00	7 Med. & Heavy-Duty Nat. Gas Vehicles	\$110,000.00	No
ML12023	County of Los Angeles Internal Servi				\$250,000.00	\$0.00	EV Charging Infrastructure	\$250,000.00	No
ML12037	Coachella Valley Association of Gov				\$250,000.00	\$0.00	Street Sweeping Operations	\$250,000.00	No
ML12038	City of Long Beach Public Works				\$26,000.00	\$0.00	Electric Vehicle Charging Infrastructure	\$26,000.00	No
ML12041	City of Anaheim Public Utilities Depa				\$68,977.00	\$0.00	EV Charging Infrastructure	\$68,977.00	No
ML12043	City of Hemet				\$60,000.00	\$0.00	Two Heavy-Duty Nat. Gas Vehicles	\$60,000.00	No
ML12044	County of San Bernardino Public Wo				\$250,000.00	\$0.00	Install New CNG Station	\$250,000.00	No
ML12045	City of Baldwin Park				\$400,000.00	\$0.00	Install New CNG Station	\$400,000.00	No
ML12046	City of Irvine				\$30,000.00	\$0.00	One Heavy-Duty Nat. Gas Vehicle	\$30,000.00	No
ML12049	City of Rialto Public Works				\$57,958.00	\$0.00	EV Charging Infrastructure	\$57,958.00	No
ML12050	City of Baldwin Park				\$463,650.00	\$0.00	EV Charging Infrastructure	\$463,650.00	No
ML12051	City of Bellflower				\$270,000.00	\$0.00	EV Charging Infrastructure	\$270,000.00	No
ML12052	City of Whittier				\$165,000.00	\$0.00	Expansion of Existing CNG Station	\$165,000.00	No
ML12053	City of Mission Viejo				\$60,000.00	\$0.00	EV Charging Infrastructure	\$60,000.00	No
ML12054	City of Palm Desert				\$77,385.00	\$0.00	EV Charging Infrastructure	\$77,385.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML12056	City of Cathedral City				\$25,000.00	\$0.00	Regional Street Sweeping Program	\$25,000.00	No
ML12057	City of Coachella				\$57,456.00	\$0.00	Purchase One Nat. Gas H.D. Vehicle/Street	\$57,456.00	No
ML12066	City of Manhattan Beach				\$15,202.00	\$0.00	Electric Vehicle Charging Infrastructure	\$15,202.00	No

Total: 23

Declined/Cancelled Contracts

ML12040	City of Duarte Transit				\$30,000.00	\$0.00	One Heavy-Duty Nat. Gas Vehicle	\$30,000.00	No
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Total: 1

[↑ Back to Agenda](#)

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 29

PROPOSAL: California Fuel Cell Partnership Steering Team Meeting Summary and Quarterly Update 

SYNOPSIS: This report summarizes the California Fuel Cell Partnership Steering Team meeting held during February 12-13, 2013 and provides quarterly update for the period beginning October 2012.

COMMITTEE: Technology, March 15, 2013, Reviewed

RECOMMENDED ACTIONS:

Receive and file the attached Steering Team meeting summary and quarterly update.

Matt Miyasato, Ph.D.
Assistant Deputy Executive Officer
(attended and summarized) for
Clark E. Parker, Ph.D.
AQMD Representative to CaFCP

CALIFORNIA FUEL CELL PARTNERSHIP

Summary of Steering Team Meeting
February 12-13, 2013

CARB MLD Conference Room
1927 13th Street
Sacramento, CA 95811

Steering Team
Representatives Attending:

Andreas Truckenbrodt, AFCC, member
Alberto Ayala, CARB, representative
Tim Olsen, CEC, representative
Reg Modlin (day 1), Chrysler, member
Ronald Grasman, Daimler, representative
Bob Babik, General Motors, member
Kevin Lee, Hyundai Motor, representative
Robert Bienenfeld, Honda R&D America, member
Lance Atkins, Nissan Motor, representative
Matt Miyasato (day 1), SCAQMD, representative
Justin Ward, Toyota, member, Jared Farnsworth,
representative
Sunita Satyapal, U.S. DOE, member, Fred Joseck,
representative
(Absent), U.S. DOT
Amy Zimpfer, U.S. EPA Region 9, member, John
Mikulin, representative
Frank Seyfried, Volkswagen, representative

SUMMARY OF AGENDA ITEMS

- The Steering Team meeting was chaired by Robert Bienenfeld (Honda) due to the absence of Dan Sperling (CARB). CaFCP members welcomed Ronald Grasman representing Christian Mohrdieck for Daimler.
- Catherine Dunwoody (CaFCP) thanked automakers for providing six different fuel cell vehicles for ride and drive on Thursday, February 14 for legislative outreach in support of proposed SB 11/AB 8 and encouraged additional members to participate and demonstrate support for hydrogen station funding.
- Sunita Satyapal (DOE) presented an overview of their Hydrogen & Fuel Cells program and considers CaFCP and member activities as critical to DOE discussions. Fuel cells top the list of the Clean Energy Patent Growth Index.
- Wade Crowfoot (California Office of Planning & Research) described the ZEV Action Plan to implement the Governor's Executive Order, meet long-term goals focused on 80% GHG reduction by 2050, and address the AB 32 goal of 33%

renewable electricity by 2020. The ZEV Action Plan involves working with both the CaFCP and the California PEV Collaborative to combine fuel cell and plug-in vehicle goals, instead of creating separate goals. The ZEV Action Plan addresses infrastructure, outreach, fleets, and jobs. The California Department of General Services started placing ZEVs on state purchasing schedule to help fleets meet the goal of 15% ZEVs in the state fleet by 2015.

- Amy Zimpfer (U.S. EPA Region 9) described the public health priority and need to attain air quality standards. California is the only state that can't attain PM2.5 requirements by 2020 without additional ZEV measures, especially in San Joaquin. Amy also highlighted the Clean Air Initiative with SCAQMD and CARB to demonstrate advanced technology.
- Analisa Bevan (CARB) said that CARB did not submit the Clean Fuels Outlet (CFO) regulation to the California Office of Administrative Law last year in order to focus on proposed SB 1455 incentive based strategy, reserving the CFO amendment as a backstop if needed. CARB is proposing revised CFO language for June hearing as a backstop measure if proposed legislation (AB 8 & SB 11) is not successful. There is currently a CFO in place with a 20,000 vehicle statewide trigger and different regulated parties. Mike Kashuba (CARB) provided a status update of CARB co-funded hydrogen stations.
- Current CEC funding through AB 118 for California Department of Measurement Standards (DMS) hydrogen activities expires January, 2014 and DMS is actively searching for additional co-funding sources. DMS corrected an equipment issue and will be testing hydrogen stations (non-regulatory) for "type evaluation," as an initial test in a process that can include a temporary use permit and then retests for reliability.
- Jim McKinney (CEC) encouraged member input to their Investment Plan meeting on February 28. Matt Miyasato (SCAQMD) said that APCI plans to rollout hydrogen stations together with their Wilmington plant upgrade this year.
- During member updates, Matt Miyasato described three priority activities for SCAQMD in 2013: AB 923 reauthorization (included in proposed SB 11/AB 8), support for hydrogen from renewable resources will be discussed at the next SCAQMD Technology committee meeting with contributions by Dr. Joan Ogden (U.C. Davis) and Bill Elrick (CaFCP), and funding for hydrogen infrastructure remains a high priority in the 2013 Clean Fuels funding plan.
- Tyson Eckerle (EIN) provided a status update about efforts to develop the Hydrogen Network Investment Plan (H2NIP). Analysis is intended to address two challenges: to get funding and timing right and improve incentive mechanisms. Conceptual framework for this model builds on UCI, UCD, and NREL models, plus adds incentive package options to get station specific output and network output.
- Eileen Bartley (Clear Edge, formerly UTC) presented the Fuel Cell Electric Bus Roadmap, which was approved by the members with edits including identifying

government funding agencies as the primary audience, and the investment needed to accomplish the Fuel Cell Electric Bus (FCEB) Roadmap leads toward cost reductions to achieve DOT/DOE 2016 targets. The FCEB Roadmap proposes two centers of excellence in California. Each center of excellence would support 40 buses with one hydrogen fueling station. A timeline to identify partners and locations may be added to address a concern raised by Matt Miyasato, since a southern California location has not been identified.

- CaFCP members were provided strategic overviews about natural gas and hydrogen by Amgad Elgowainy (Argonne National Lab) and Marc Melaina (National Renewable Energy Lab), and industry insights from Jeff Reed (SoCalGas), Rick Margolin (BenTek Energy), and Fred Joseck (DOE).
- CaFCP members plan to continue exploring natural gas and hydrogen synergies from the station operator point of view at the next meeting.
- CaFCP members approved the October Decisions & Assignments. The West Sacramento hydrogen station at CaFCP headquarters will close September 1, and a new station is planned to open in November, 2013.
- CaFCP staff provided project updates. Chris White reviewed the new 2013 milestone chart and mentioned that new staff member Elan Shore, based in southern California, will be meeting with local elected officials regarding community hydrogen readiness. Bill Elrick described the work involved to update national ER training and the need for funding for hydrogen station testing. Members were encouraged to express support for continued DOE support for ongoing codes and standards activities at the national labs.
- Chris White presented the 2013 -2016 CaFCP Implementation Plan to guide CaFCP priorities and staff activities, based on member input at several meetings. The Steering Team members approved the implementation plan which will be reviewed and updated regularly to enhance communication, support station deployment, and encourage future hydrogen station funding.
- Catherine Dunwoody reviewed potential new members with the Steering Team and will continue mutually beneficial discussions and collaborations.
- Steering Team members approved the meeting dates proposed for 2014 for three Steering Team meetings, three Executive Committee meetings, and four Working Group meetings.

The next CaFCP Steering Team meeting is scheduled for June 4-5, 2013 in Diamond Bar. Additional information about the California Fuel Cell Partnership can be found at <http://www.fuelcellpartnership.org>.

Attachment

CaFCP Quarterly Activity Report: October – December 2012

CaFCP Quarterly Update
October-December 2012**Background**

The California Fuel Cell Partnership is a unique collaborative of auto manufacturers, energy companies, fuel cell technology companies, and government agencies, including SCAQMD. This report summarizes CaFCP activity in or related to Southern California, for October-December 2012.

In its fourth phase, 2013-2016, CaFCP members, individually or in groups, will focus on meeting these goals to achieve market launch:


- Prepare for larger-scale manufacturing, which encompasses cost reduction, supply chain and production.
- Work on the customer channel, including identifying and training dealers and service technicians.
- Reduce costs of station equipment, increase supply of renewable hydrogen at lower cost, and develop new retail station approaches.
- Support cost reduction through incentives and targeted RD&D projects
- Continue research, development and demonstration of advanced concepts in renewable and other low-carbon hydrogen.
- Provide education and outreach to the public and community stakeholders on the role of FCVs and hydrogen in the evolution to electric drive.

To successfully implement the vision, CaFCP activities must focus on technical, communications and business operations/strategies that require collaboration and coordination. A detailed CaFCP implementation plan is available as a separate document.

The following activities are examples of CaFCP's work toward achieving these goals.

Road Map Project for H2 Fueling Station Network

With the publication of "*A California Road Map: The Commercialization of Hydrogen Fuel Cell Vehicles*" CaFCP began outreach and education to variety of stakeholders, including news media, legislators and other policy makers. In Q4, much of this outreach and education activity is reflected in our legislative outreach activities. More information, in addition to copies of the overview and technical report, can be found at <http://cafc.org/carsandbuses/caroadmap>.

Public Events and Conferences	
<p>Sacramento Clean Cities Advanced Clean Technology Forum Oct. 18, 2012</p> <p>Annual exhibition for local government fleet managers. CEC, ARB, DGS spoke about increasing alternative vehicles to their fleet programs. The Forum reached more than 200 attendees</p>	
<p>Western Riverside Odyssey Day 2012: Alternative Fuel Vehicle Showcase, Oct. 20, 2012</p> <p>As part of Odyssey Day, the Clean Cities Coalition of Western Riverside hosted an alternative fuel vehicle showcase for the residents of Western Riverside and Moreno Valley. The showcase reached more than 100 attendees. CaFCP attended with a a Toyota FCHV-adv. Other alternative-fuel vehicles were present, too, including battery electric vehicles, hybrids and CNG. I</p>	
<p>SARTA CleanStart Showcase, Oct. 22, 2012</p> <p>SARTA CleanStart Showcasewasis an annual event that creates visibility for tech innovators, leaders, and solution providers in the Sacramento area. Catherine participated in a panel discussion with other experts to talk about "Opportunities in the New EV World." The showcase reached more than 800 attendees.</p>	
<p>Long Beach Community Meeting on Alternative Fuels, Oct. 25, 2012</p> <p>CaFCP gave an update about the state of hydrogen fuel cell vehicles in California and the road map for the early hydrogen fueling network at the quarterly meeting of the Long Beach Clean Cities Coalition. The workshop reached 100 Long Beach residents and more through a short news story on Long Beach TV, a city-owned cable station.</p>	

Odyssey -Wings Wheels Rotors and Expo, Oct. 28, 2012

The National Alternative Fuel Vehicle Day and Las Alamos Chamber of Commerce hosted the 2012 Wings Wheels Rotors and Expo to promote and educate about alternative fuel vehicles. More than 100 attendees visited CaFCP's booth.

**Fuel Cell Seminar 2012 - Nov. 5-8, 2012**

CaFCP presented the California FCEV Roadmap to an international audience, gave an update on the development of the SAE (J2601-2) Hydrogen Bus Fueling Guideline and shared the lessons learned about the gasoline retail market's perspective on the introduction of hydrogen as a fuel. In addition, CaFCP provided input to the "Northeast H2 Infrastructure Development Initiative" for the development of a US Northeast H2 infrastructure. Total registrations for this conference was about 1,000 people.

**Silicon Valley Leadership Group - Annual Luncheon. Nov. 11, 2012**

A gathering of 1,200 of the Valley's business and political leaders discussed public policy and presented the Spirit of Silicon Valley award. CaFCP sponsored a luncheon table during this fast-growing luncheon gathering.

Jet Propulsion Laboratory – JPL Green Club, Nov. 15, 2012

CaFCP presented to JPL's Green Club, which has 200 members (and who received the email announcement). Keith Malone and Jordan McRobie presented to a group of scientists and engineers, a number of whom have electric vehicles or have strong interest.

**Upcoming Events for Q1 2013**

- SIGMA Share Group, Feb. 12-13, Nashville, TN
- Legislative Outreach Ride & Drive, Feb. 14, State Capitol
- Western Petroleum Marketing Association conference, Feb. 19-21, Mirage Convention Center
- SAE 2013 Hybrid & Electric Vehicle Technologies Symposium, Feb. 19-21, Anaheim
- Firehouse World, Feb. 19-21, San Diego
- ACORE Transportation and National Defense Forum, March 12-13, San Diego

Emergency Responder Training

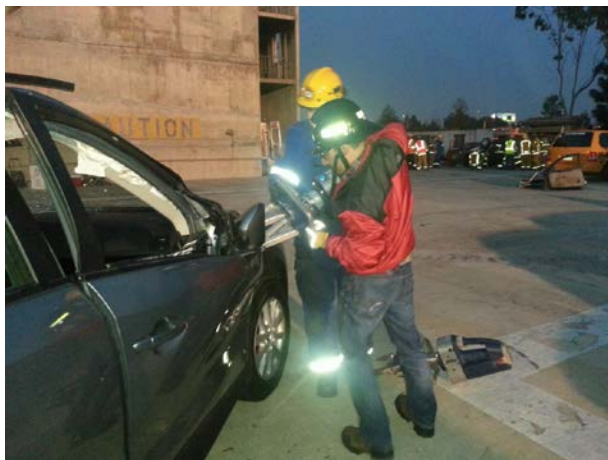
Emergency responder training and fire community outreach are important aspects of the goal to support member fleets and stations.

Jennifer Hamilton delivered three ER education courses to Alameda County and Oakland Fire Departments in support of the efforts to re-open the Emeryville station. By request of Captain Greg Casentini, Sac Metro FD, Juan Contreras and Jennifer presented to Bay Area Cal Trans Tow operators. Jaimie Levin provided photos of the FCB's on the Bay and Golden Gate Bridges which are their jurisdiction. Jennifer and Juan also participated in the 3rd Annual So-Cal Auto-X in Anaheim in early December. Toyota and Honda supported with fuel cell vehicles and Jennifer presented to the 120 participants from fire departments around California and out of state. Juan Contreras had the opportunity to shadow some firefighters in the drill pits and to use rescue tools (HURST Jaws of Life eDRAULIC battery operated hydraulic cutters and spreaders) to remove the door off of a late model Mitsubishi Gallant.

Year-end total for ER outreach and training, including those from out of CA is 1,165, with another 90 that were 'other participants' (non-first responders including facility staff, etc.) for a **grand total of 1,255 reached in 2012.**

Scheduled upcoming events:

- DOE Hydrogen Emergency Response for First Responders – February 6,7,8 and 12,13,14
- Firehouse World- February 20-21



Dec: Jeff Bonser (LN Curtis & Sons)
with Juan Contreras and the HURST
Jaws of Life eDRAULIC spreaders
taking the door off of a Mitsubishi

	Southern California Training	Northern California Training	Out of State	Total
Q4 2012	107	44	3	154
Q3 2012	30	102	20	152
Q2 2012	113	171	12	296
Q1 2012	465	28		493

Technical Program Updates

CaFCP has several technical projects with teams that meet regularly to work on interoperability issues, such as hydrogen quality, fueling systems, station implementation and testing, and public access. This work helps achieve the goal of enabling a California fueling infrastructure.

CaFCP Bus Team

U.S. Department of Transportation's Federal Transit Administration, in collaboration with the U.S. Department of Energy and with input from several Bus Team participants, published the commercialization targets for Fuel Cell Electric Buses. This performance, cost and durability targets document is available at: http://hydrogen.energy.gov/pdfs/12012_fuel_cell_bus_targets.pdf
A CaFCP project team is working on providing a Strategy Paper for the rollout of FCEBs in California, as input to the Governor's ZEV Action Plan.

Hydrogen Quality

HQSA: DMS is working to adopt SAE J2719 as the hydrogen fuel quality standard for the state. CaFCP supported update of hydrogen quality in NIST handbooks to be presented at July NCWM.

Codes and Standards

CaFCP staff support efforts for multiple codes and standards, including: ASTM, ASME, CSA, DMS, ISO, NIST, and SAE. The staff provides liaison reports to the standard development organizations, ensuring collaboration with, and feedback to, members.

ASTM: Standard Test Method for Determination of Trace Carbon Dioxide, Argon, Nitrogen, Oxygen and Water in Hydrogen Fuel by Jet Pulse Injection and Gas Chromatography/Mass Spectrometer Analysis is published (*D7649-10*), the ILS is being developed and samples are in process. Issues with going from 35 MPa to 70 MPa for particulates in high pressure hydrogen (*D7650-10*) were addressed at the meeting in Norfolk, VA the week of December 3, 2012. The ILS is completed for FITR of trace contaminants (*D7653-10*) and data is being collected. Editorial changes are being made to *D7675-11* (total hydrocarbons by FID). The Determination of Total Halocarbons contained in Hydrogen and other gaseous fuels led by Dr. JP Hsu is a new standard, pending some editorial changes.

See the attached document: **ASTM D03.14 Hydrogen and Fuel Cells Update**

CSA: Upcoming meetings for NGV 2/HGV 2 and HGV 4.9 documents. CSA presented to the CaFCP Working Group at the December in-person meeting on the HDTA and accompanying hardware for station compliance testing. HVG 4.6 and 4.7 have been approved by the Technical Committee and are pending final approval through ANSI; expected to publish in April. HGV 4.8 was ANSI approved and will be published in February, 2013. HPIT 1 is on hold due to issues with Sandia's involvement; hope to resolve and publish by May, 2013.

ISO: The ISO 17268:2012 “Gaseous hydrogen land vehicle refuelling connection devices” was published, which includes the geometry for a 35MPa high flow nozzle for filling hydrogen buses.

NFPA: January 4th was the deadline for submitting public comment to NFPA 2 Hydrogen Technologies Code. CaFCP participated on NFPA working groups for chapters on fueling, parking and repair facilities. Additionally, CaFCP participated on the FCHEA Hydrogen Codes Task Force which submitted proposals, along with the CaFCP Automotive OEM Workgroup. Proposals were submitted to the International Code Council for the International Fire Code through Bob Davidson, contractor to NREL, in the effort to correlate with NFPA 2.

NIST: The test apparatus for gravimetric field trials is being assembled; there is a struggle with acquiring certified tanks with the necessary fittings. The goal is to verify real dispensers in the field at both 35 and 70 MPa. March 2013 is the deadline for comments back to the secretariat for OIML R 139 (the international fuel quality standard).

SAE: J2601: Target date for draft document for voting is March; table validation to begin in February. J2601/2 (Fueling Protocol for Hydrogen Buses): a draft document is being written. A sister document to J2990 (Hybrid and EV First and Second Responder Recommended Practice) is commencing: J 2990/1 Hydrogen and Fuel Cell First and Second Responder Recommended Practice.

Media Outreach, Legislative Outreach, Website Activity and Materials

Outreach activities show how CaFCP works toward the goal of being a leading source of information. The media and outreach position was relocated to Southern California, providing greater outreach potential for the region.

CaFCP appeared in trade and community media in Q4. Several online columns penned by Thomas Elias and published by select newspaper chains mentioned CaFCP, among other stakeholders. The California Energy Commission has begun contacting editors to point out factual errors in his most recent column. These efforts will continue, ensuring that these and other news stories and editorials are factually correct.

Date	Media Organization	Article/Post	Reporter(s)
10/10/2012	Daily Republic	Hydro fuel plan tilts toward huge firms	Thomas Elias
10/16/2012	Fuel Cell Today	Webinar: California Fuel Cell Partnership's Roadmap to the Commercialization of Hydrogen Fuel Cell Electric Vehicles	na
10/11/2012	DOE Energy, Efficiency and Renewal Energy	DOE Announces Upcoming Energy Efficiency and Renewable Energy Webinars on the Commercialization of Fuel Cell Vehicles, the Renewable Energy Competency Model, and More	na

11/3/2012	Appeal Democrat	Clay Maynard: Fuel cell vehicles could be the better bet	Clay Maynard
11/7/2012	MIT Technology Review	Microgrids Keep Power Flowing Through Sandy Outages	Martin LaMonica
12/24/2012	Appeal Democrat and four other local papers	Hydrogen fuel plan still not competitive	Thomas Elias*

*Elias is a blogger who is critical of the California Energy Commission. Allison apRoberts, a CEC Communications Officer, is diligent about correcting his statements and most papers publish her corrections.

CaFCP online outreach

CaFCP's recent social media efforts have been to promote [A California Road Map](#). In four months of using social media to share the Road Map, the document has had more than 1,000 downloads. Social media and our blog drives traffic to our website.

www.cafcp.org	Oct-12	Nov-12	Dec-12
Number of visits	31,524	31,303	28,945
Average time spent on site	2:11	1:50	2:24
Most visited pages	Home page Station map FAQ Road Map Vehicle Progress	Home page Station map FAQ Station Progress Vehicle Progress	Home page FAQ Station map Employment Station Progress
Most searched keywords on Google to land on CaFCP website	where does hydrogen come from california fuel cell partnership cafcp fuel cell vehicles clean technology forum	where does hydrogen come from california fuel cell partnership cafcp difference between fuel cell and battery where did hydrogen come from	where does hydrogen come from california fuel cell partnership cafcp difference between fuel cell and battery fuel cell vs battery
Most searched keywords on cafcp.org search engine	roadmap job toyota 1000 stations A California Road Map	road map cost of hydrogen roadmap california road map cost	roadmap ground hydrogen road map 1989
Most referred websites	google.com hydrogenhighway.ca.gov bing.com yahoo.com links.govdelivery.com	google.com hydrogenhighway.ca.gov t.co arb.ca.gov bing.com	google.com facebook.com arb.ca.gov bing.com t.co

Facebook

Facebook is a social media network we have been using to post videos, articles, information, and to allow those with an interest in hydrogen and fuel cells to learn and connect. Facebook currently measures success by the number of post views.

FACEBOOK	Oct-12	Nov-12	Dec-12
New likes	40	60	94
Lifetime likes	2,026	2,074	2,131
Post Views*	8,601	35,175	101,512
Page Posts*	If you missed the Santa Monic... (429) CaFCP Blog: Cluster Snapshot... (421) We ran into this Mercedes-Benz... (381) We are at the Toyota headquarters... (331)	Fun facts from the SF South Bay... (10,160) Today, we handed off the keys of... (9,811) Back in the earlier part of the decade... (9744) Apple's corporate headquarters in... (8980)	Fun facts from the SF South Bay... (10,160) Today, we handed off the keys of... (9,811) Fun facts from the SF South Bay... (8,862) The U.S. Department of Energy... (7034)

Twitter

CaFCP uses Twitter to communicate real-time with factual information about CaFCP member activity and technology. Success is measured by number of followers and retweets, although no tool tracks retweets.

TWITTER	Oct-12	Nov-12	Dec-12
Followers	796	840	862
Tweets	5012	5300	5403

Legislative and Environmental Outreach

Legislative outreach increased in Q4, particularly with California legislators. The purpose of the meetings is to update them about FCEVs in California and share details of *A California Road Map*. With the introduction of SB 11 and AB 8, identical bills that extend the life of AB 118 and related programs, these meetings provide additional opportunities for education about CaFCP, the road map, hydrogen fuel and related topics.

Title	First	Last	Date	Staff (if not with elected)
Assembly Speaker	John	Perez	12/4/12, 2:30pm	Erica Martinez
Assembly Member	Nancy	Skinner	10/29, 1:30pm	
Assembly Member	Bonnie	Lowenthal	10/29/12, 2pm	
Governor	Jerry	Brown	11/13/12, 10am and 12/4/12, 1pm,	11/13/12, 10am Cliff Rechtschaffen; 12/4/12, 1pm, Cliff Rechtschaffen
Congressman	John	Garamendi	11/8/12, 1:30pm	District Office, with Brian Hooker and Karen Tedford
Congresswoman	Barbara	Lee	11/8/12, 11am,	Colin Foard, District Office
Assembly Member	Allan	Mansour	12/3/12, 1:30pm	Calvin Rusch
U.S. Senator	Barbara	Boxer	12/3/12, 4pm	Stacie Smith
Assembly Member	Steven	Bradford	12/3/2012, 2pm	Sue Kateley and Davina Flemings
State Senator	Ted	Lieu	12/3/2012, 3pm	Ray Sotero
State Senator	Curren	Price	12/4/12 10am	Reggie Fair
State Senator	Fran	Pavley	12/4/12, 10:30am	Henry Stern
State Senator	Michael	Rubio	12/4/12, 11:30am	
Assembly Member	Paul	Fong	12/4/12, 11am	Howard Quan
State Senator	Mark	Leno	12/4/12, 2pm	Barry Steinhart
Assembly Member	Rich	Gordon	12/4/12, 9:30	Lucas Frerichs

Upcoming CaFCP Activities for Q1, 2013

- HVAS optimized antenna project deliverables
- Strategy paper for rollout of fuel cell electric buses (FCEBs) in California
- CaFCP Steering Team, February 12-13, Sacramento, CA
- CaFCP Working Group meeting, March 6-7, Southern California
- New CaFCP website
- **Legislative briefing**
- As part of its educational outreach, CaFCP is organizing a legislative briefing on Thursday, February 14, 10:30am to 11:30am in the State Capitol, Room 2040. The briefing, "California's Leadership in the Commercialization of Fuel Cell Electric Vehicles and Hydrogen Infrastructure," will be presented by CaFCP and the National Fuel Cell Research Center, including Catherine Dunwoody, CaFCP executive director, Scott Samuelson, PhD., director, NFCRC, and others. After the briefing, legislators and their staff will be invited to learn more about fuel cell electric vehicles through a ride-and-

drive opportunity with fuel cell electric vehicles from several automakers. RSVP to Holly Escareno at (916) 492-2766 or Holly@politicalsolutions.us.

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BOARD MEETING DATE: April 5, 2013

AGENDA NO. 30

PROPOSAL: Annual Meeting of the Brain & Lung Tumor and Air Pollution Foundation

SYNOPSIS: This item is to conduct the annual meeting of the Brain & Lung Tumor and Air Pollution Foundation. The Foundation staff will present a summary of the research supported by the Foundation over the past year, the Foundation's plans for the future, and a financial report.

COMMITTEE: No Committee Review

RECOMMENDED ACTIONS:

Receive and file the annual report and ratify the Foundation disbursements described in the annual report.

Barry R. Wallerstein, D.Env.
Executive Officer

KRW:drw

2013 Annual Report

1. Background

In February, 2003, the Board established the Brain Tumor and Air Pollution Foundation. In March, 2004 the Foundation amended its Articles of Incorporation to change its name to Brain & Lung Tumor and Air Pollution Foundation (Foundation) and to specify that its purpose is related to the effects of air pollution on brain tumors and lung cancer. The mission of the Foundation is to support research studies on the association between air pollution and brain and lung tumors, as well as research for the development of novel therapeutics for such tumors. To carry out its purpose, the Foundation has funded research projects investigating the links between air pollution and brain and lung tumors. The dollar amount of the funding provided to date is \$4,722,568. The current projects are described below.

2. Directors and Officers

The Directors of the Foundation are:

Michael D. Antonovich, Chairman
Dennis Yates, Vice Chairman
Josie Gonzales
Dr. Thomas Godfrey

The Foundation's staff is:

Barry R. Wallerstein, Chief Executive Officer
Denise Whitcher, Secretary
Michael O'Kelly, Treasurer

3. Report on the Foundation's Activities

Current Research Projects

In 2010 the Foundation Board accepted \$1,000,000 from the SCAQMD's Health Effects Research Fund, and approved funding for the following project.

The Impact of Air Pollution on Brain Stem Cell Activation
Principal Investigator: Keith Black, M.D., Cedars Sinai Medical Center
Approved Funding: \$1,000,000
Funding Allocated to Date: \$1,000,000

This project was approved by the Foundation Board in October, 2010 as a follow up to previous laboratory studies conducted by Cedars Sinai. In the current study, laboratory animals are exposed to ambient particulate matter, including ultrafine particles, for additional investigation of the stem cell activation into cancer precursor cells. The elucidation of such molecular pathways involved in survival, proliferation and differentiation of cancer stem cells may be fundamental information to help develop therapies for brain tumors and to develop potential preventive measures. The research is being done in collaboration with the UC Irvine School of Medicine. A summary of activities is presented below.

Normal and tumor human brain tissue was assessed for stem cell markers for biochemical pathways related to tumor formation. Results showed that the expression of the evaluated stem cell markers along with an angiogenic marker correlates with an increase in grade of malignancy. The differential expression of the angiogenic marker in tumor and normal brain samples suggests an association with tumor progression.

Laboratory mice were exposed to particulate matter for one, three, and six months. The tissues from these exposures are being analyzed for expression of pathways that may be related to tumor formation, including stem cell markers and the angiogenic marker. A report of findings is expected in 2013.

Publications:

Ljubimova JY, Gangalum PR, Portilla-Arias J, Patil R, Konda B, Paff M, Markman J, Inoue S, Espinoza A, Chesnokova A, Kleinman M, Holler E, Black KL. Molecular Changes in Rat Brain Due to Air Nano Pollution. NSTI-Nanotech, www.nsti.org, ISBN 978-1-4665-6276-9, vol.3: 261-263, 2012

Ljubimova, Julia Y, Michael T Kleinman , Natalya M Karabalin, Satoshi Inoue, Bindu Konda, Alexander V Ljubimov, Keith L Black. Gene expression changes in rat brain after acute and chronic exposures to particulate matter in Los Angeles basin air: Correlation with human brain tumors, Submitted to Brain Research Bulletin, 2012

4. Financial Report

As of February 28, 2013, the Foundation had a cash balance of \$561,722. Following is an accounting of the Foundation's operations since its inception (7/23/03):

Revenue from Operations	
Contributions	\$ 4,722,568
Interest Income	\$ 38,881
Total Revenue from Operations	\$ 4,761,449
Operating Expenses	
Grants Awarded	
-Cedars Sinai	\$ 3,809,250
-USC	\$ 377,967
Corporation Filing Costs	\$ 1,180
Bank charges	\$ 530
Professional fees-audit	\$ 10,800
Total Operating Expenses	\$ 4,199,727
Cash Balance	\$ <u>561,722</u>

5. Plans for Upcoming Year

The Foundation will continue monitoring the progress of existing research projects. The Foundation will evaluate new projects and provide funding to the extent that additional funds become available.

BOARD MEETING DATE: April 5, 2013

AGENDA NO. 31

PROPOSAL: Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

SYNOPSIS: Proposed Rule 1148.2 establishes requirements for owners and operators of onshore oil and gas wells within SCAQMD’s jurisdiction to notify the Executive Officer when conducting well drilling, well completion, and well reworking activities that involve production stimulation activities such as hydraulic fracturing, gravel packing and/or acidizing. The proposed rule also proposes emissions and chemical reporting requirements. This proposed rule will also impact suppliers of chemicals and additives used in drilling, rework, and well completion fluids.

COMMITTEE: Stationary Source, January 18, 2013, March 15, 2013, Reviewed

RECOMMENDED ACTION:

Adopt the attached resolution:

1. Certifying the CEQA Notice of Exemption for Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers; and
2. Adopting Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers.

Barry R. Wallerstein, D.Env.
Executive Officer

EC:LT:SN:EE:EK

Background

On September 18, 2012, the South Coast Air Quality Management District (SCAQMD) staff conducted a symposium on hydraulic fracturing in the South Coast Air Basin. The symposium included participants from academia, government, industry, and

environmental groups and focused on environmental issues and potential hydraulic fracturing impacts.

At the October 5, 2012 Board meeting, SCAQMD staff provided a report on the symposium that included a summary and comments received. Based on the comments and input received at the symposium, the Governing Board directed staff to initiate rule development to include reporting on the chemicals used during hydraulic fracturing conducted in oil and gas production activities, and possible additional reporting and public notification requirements. The Governing Board also directed SCAQMD staff to determine whether existing SCAQMD regulations adequately cover oil and gas production activities when hydraulic fracturing is used. SCAQMD staff was given 120 days to report to the Stationary Source Committee on the initiation and progress of the rule development. SCAQMD staff briefed the Stationary Source Committee on January 18, 2013 on its findings and provided a summary of Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers (PR 1148.2).

Rule Approach

The SCAQMD staff will be implementing the Governing Board's directives in a two step approach. The first step is the development of Proposed Rule 1148.2 (PR 1148.2). The purpose of PR 1148.2 is to gather air quality-related information on oil and gas well drilling, well completion, and well rework activities in order to identify the magnitude, type, and frequency of emissions associated with these operations. The second step will include a report to the Governing Board on the information collected in the first step, in which SCAQMD staff will provide findings and recommendations to the Governing Board regarding data collection, emissions controls, and regulatory needs, if any.

Proposal

PR 1148.2 applies to operators of onshore oil and gas wells and chemical suppliers that provide chemicals used for well drilling, well completions, and well reworks. The proposed rule applies to production stimulation or treatment activities such as acidizing, gravel packing, hydraulic fracturing, or any combination thereof that are conducted during well completions or well reworks. There are two main elements to the proposed rule: (1) pre-notification of an activity; and (2) emissions and chemical use reporting.

The proposed rule requires the operator of an oil and gas well to submit a notification to the Executive Officer 10 days to 24 hours before they conduct drilling, well completion, or rework activities. The notification includes basic information about the operator, the well location, the type of activity that will be conducted, and the distance to the nearest sensitive receptor up to 1,500 feet from the well. The notification will be posted on the SCAQMD website within 24 hours of receipt.

The proposed rule requires the reporting of emission sources and chemical use during drilling, well completion, and rework activities. There are three emission source categories that the proposed rule identifies for emissions reporting: (1) exhaust emissions from combustion equipment; (2) fugitive dust emissions from on-site mixing operations; and (3) potential hydrocarbon and toxic emissions from drilling fluids and flowback fluids that return to the surface. PR 1148.2 also requires the reporting of all chemicals used, including trade secret chemicals, during any of the operations applicable under the proposed rule. While PR 1148.2 requires the disclosure of all chemicals to the SCAQMD, only the non-trade secret chemical ingredients will be posted on the SCAQMD's website. The chemical reporting requirements of the proposed rule applies to the chemical suppliers and to the operator.

Affected Sources

Based on an evaluation of District records of the Rule 222 Filing Program for the "Oil Production Well Group" category, there are 273 facilities operating approximately 4,614 onshore oil and gas wells in the South Coast Basin. Due to the geography of the region, the affected facilities are often located in urban areas, and sometimes located in close proximity to residential and other sensitive receptors.

Impact Assessment

Implementation of Proposed Rule 1148.2 will not result in emission reductions as it is an administrative rule with no pollution control requirements. The purpose of the proposed rule is collect information to better quantify and understand the intensity of air emissions associated with well drilling, well completion, and rework activities for oil and gas wells.

Public Process

Proposed Rule 1148.2 was developed through a public process. A Working Group was formed to discuss the proposed rule in greater detail and provide input to SCAQMD staff throughout the rule development process. The Working Group is comprised of a variety of industry representatives, environmental and community groups, and public agency representatives. The Working Group met six times on December 12, 2012, January 15, 2013, January 24, 2013, and February 14, 2013, March 6, 2013, April 2, 2013. PR 1148.2 was presented at the Stationary Source Committee on January 18, 2013, March 15, 2013. Additionally, a Public Workshop was held on January 30, 2013 at the SCAQMD headquarters to present the proposed rule and receive public comment. Two additional public consultation meetings were also held in the communities of Baldwin Hills and Wilmington on February 20, 2013.

The rule development process also includes coordination with the Natural Resources Agency of California, Department of Conservation, Division of Oil and Gas, and

Geothermal Resources (DOGGR). SCAQMD staff is consulting with DOGGR staff so that the proposed rule is not in conflict with DOGGR's regulations.

Key Outstanding Issues

Rule Approach – Industry representatives have commented that the SCAQMD staff should collect emissions data through a collaborative process with industry representatives rather than through a rule. The reporting requirements under the proposed rule were developed through a public process with input from all stakeholders. It also allows the SCAQMD staff to collect emissions and chemical use data in an efficient, consistent, and systematic manner. The SCAQMD staff believes that the results will be more comprehensive as all oil and gas wells conducting these operations will be required to submit emissions and chemical use reports. Additionally, voluntary surveys may not be able to gather all necessary data, nor is there any penalty for failure to provide data or providing false data where the report is required.

Scope of the Rule – Some industry representatives have commented that the proposed rule goes beyond the scope and directive of the Governing Board to focus on hydraulic fracturing-related activities. As directed, SCAQMD staff researched and analyzed hydraulic fracturing operations and found three main emission sources: (1) exhaust emissions from large diesel combustion equipment; (2) particulate emissions during mixing hydraulic fracturing fluids; and (3) hydrocarbons and possibly toxic emissions from flowback fluids that are injected into a well and return to the surface. Upon further analysis, the SCAQMD staff found that well drilling, well rework operations, and other well completion operations have the same emission sources. Emissions data from all of these emission sources is very limited or non-existent. Proposed Rule 1148.2 expanded the scope to collect emissions data to better understand potential air quality and health impacts from these sources for the first two years of rule implementation.

Trade Secret Information – Industry representatives have commented that the proposed rule requirement for providing trade secret information for chemicals used in drilling and well completion fluids, and the handling of this information under the District's Public Records Act Guidelines, are inconsistent with the State's Uniform Trade Secrets Act and risks the confidentiality of trade secret information. The SCAQMD staff believes that the District's Guidelines for Implementing the California Public Records Act, which were adopted by the Governing Board on May 6, 2005, adequately protect trade secret information from misappropriation. Pursuant to the District's Guidelines, in instances where the SCAQMD determines that the information claimed to be trade secret is clearly public record, the SCAQMD will immediately release information. In all other instances, the SCAQMD will request a justification from the entity claiming trade secret. The SCAQMD shall evaluate the justification, and any other information at its disposal, and determine if the justification supports the claim that the material is in fact trade secret under Gov. Code Sec. 6254 and Sec. 6254.7. If the SCAQMD

determines that the claim of trade secret is not meritorious or is inadequately supported by the evidence, the SCAQMD shall promptly notify, by certified mail and email, the entity who claimed trade secret status that the justification is inadequate and that the information will be released after 15 calendar days from the date of such notice. At this time the entity will also be advised of its right to bring appropriate legal action to prevent disclosure, and of its right to further respond.

The SCAQMD has strategies in place for protecting the confidentiality of information claimed as trade secret. The SCAQMD has been handling confidential and trade secret information for many years without incident. The SCAQMD's computer systems are protected from outside attackers, and access by internal staff is controlled and audited. A security assessment was recently conducted which found no vulnerabilities from outside attackers. Controls for internal access include strong passwords, domain account authentication, limiting access to authorized users with proper role, antivirus software with updates, security software updates, and physical security.

California Environmental Quality Act (CEQA)

The SCAQMD staff has reviewed PR 1148.2 and because it only consists of data collection of existing operations or planning studies for possible future actions, which have not been approved, adopted or funded, it is exempt from CEQA. PR 1148.2 will not cause the affected industry to alter its current operations. The SCAQMD staff has concluded that it is exempt from CEQA pursuant to CEQA Guidelines §15262 – Feasibility and Planning Studies, and CEQA Guidelines §15306 – Information Collection. If approved by the Governing Board a Notice of Exemption will be prepared for the proposed project pursuant to CEQA Guidelines §15062 – Notice of Exemption.

Socioeconomic Analysis

PR 1148.2 would affect 273 oil and gas wells operation facilities. Out of 273 facilities, 224 are located in Los Angeles County, and the remaining 49 are located in Orange County. Majority of the affected facilities belong to the sector of crude petroleum and natural gas extraction. The proposed rule would also affect a number of chemical suppliers, most of which are located outside of California.

The annual compliance cost of PR 1148.2 is estimated to be \$7,524 to \$41,521 for notifications, \$60,192 to \$498,250 for equipment reporting (for the first two years only), and another \$60,192 to \$498,250 for chemical reporting requirements.

AQMP and Legal Mandates

Pursuant to Health & Safety Code Section 40460 (a), the SCAQMD is required to adopt an Air Quality Management Plan (AQMP) demonstrating compliance with all federal regulations and standards. The SCAQMD is required to adopt rules and regulations that

carry out the objectives of the AQMP. Proposed Rule 1148.2 is not a control measure of the 2012 AQMP. However, it is needed to obtain information on the chemicals used in the affected processes since they may be released into the atmosphere. The SCAQMD staff will use emissions reporting, chemical use data, and emissions monitoring and sampling to quantify potential air quality impacts to determine if air pollution controls are needed, if any.

Implementation and Resource Impact

Existing SCAQMD resources will be used to implement Proposed Rule 1148.2.

Attachments

- A. Summary of Proposal
- B. Key Issues and Responses
- C. Rule Development Process
- D. Key Contacts List
- E. Resolution
- F. Proposed Rule 1148.2 Rule Language
- G. Proposed Rule 1148.2 Staff Report
- H. CEQA Notice of Exemption

ATTACHMENT A
SUMMARY OF PROPOSAL

Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas
Wells and Chemical Suppliers

- Purpose is to gather air quality-related information on oil and gas well drilling, well completion, and well reworks.
- Applies to any operator of an onshore oil or gas well located in the SCAQMD that is conducting oil or gas well drilling, well completion, or well reworks. Includes the following well production stimulation and treatment activities: acidizing, gravel packing, hydraulic fracturing, or any combination thereof.
- Proposed requirements effective 60 days after date of adoption.

Notification requirements

- Electronic notification required no more than 10 days and no less than 24 hours prior to the start of drilling, completion, or rework of an onshore oil or gas well, indicating:
 - well identification and owner/operator information;
 - location of the subject well(s) and the nearest sensitive receptor within 1,500 feet; and
 - expected start date(s) and identification of general activities to be conducted.
- SCAQMD will post notifications on website within 24 hours

Emission reporting

- Emission reporting requirements sunset two years after date of adoption
- Electronically report to the Executive Officer no later than 60 days after the completion of activity the following information:
 - well identification and owner/operator information;
 - combustion equipment (> 50 hp) used during activities;
 - type and amount of dry materials used for well drilling, well completion, and well reworks;
 - method of how dry material was mixed and any air pollution control techniques, devices, and/or practices used to control fugitive emissions or odors;
 - volume of well completion fluids used and volume of flowback fluid recovered;
 - method(s) used for collecting, storing, conditioning, separating, and/or treating drilling fluids and/or flowback fluids as they return to the surface, any air pollution controls; and final disposition of recovered drilling fluids and flowback fluids.

Chemical Use Reporting for Chemical Suppliers

- Supplier must provide the operator with the following information for non-trade secret chemicals within 10 days after the chemicals are delivered to the operator:

- name and chemical abstract service number of each chemical ingredient; and
 - purpose, amount, maximum concentration and identification if air toxic.
- Supplier must provide the operator with the following information for trade secret chemicals within 10 days after the chemicals are delivered to the operator:
 - identification of chemical information claimed protected as trade secret; and
 - basis for claim of trade secret, chemical family, and identification of whether a chemical ingredient within chemical family is an air toxic.
- Supplier must electronically report to the Executive Officer with the following information for trade secret chemicals within 60 days after the chemicals are delivered to the operator:
 - the operator, name and the API number of the affected well(s) associated with the well drilling, well completion, or well rework activity for which the chemicals are being used;
 - name and chemical abstract service number of each chemical ingredient, purpose of chemical, amount, maximum concentration and identification if air toxic; and
 - basis for claim of trade secret, chemical family, and identification if ingredient within chemical family is an air toxic.

Chemical Use Reporting Requirements for Operators

- Operator must electronically report to the Executive Officer with the following chemical information within 60 days after the last activity:
 - the operator, name and the API number of the affected well(s) associated with the well drilling, well completion, or well rework activity for which the chemicals are being used;
 - for non-trade secret chemicals, name and chemical abstract service number of each chemical ingredient, purpose of chemical, amount, maximum concentration and identification if air toxic; and
 - for trade secret chemicals identification of chemical information claimed protected as trade secret and the basis for claim of trade secret, chemical family, and identification if ingredient within chemical family is an air toxic.

SCAQMD Website Posting of Chemicals

- The following information would be available on the SCAQMD website for each event by operator name, well name and API number, location, and date of activity:
 - Non-trade secret chemicals: name and chemical abstract service number of each chemical ingredient, purpose of chemical, amount, maximum concentration and identification if air toxic;
 - Trade secret chemicals: chemical family, and identification if ingredient within chemical family is an air toxic

ATTACHMENT B KEY ISSUES AND RESPONSES

Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

- **Rule Approach:** The SCAQMD staff has received comments that the proposed rule is not be needed, and that the SCAQMD staff can acquire data and air quality related information through a collaborative approach with the affected industry rather than a rule.
 - By adopting Proposed Rule 1148.2, SCAQMD staff believes that information would be collected in a more timely fashion and would be more comprehensive. A rule approach would allow SCAQMD to collect more data and better standardize the data collection process. Additionally, voluntary surveys may not be able to gather all necessary data, nor is there any penalty for failure to provide data or providing false data where the report is required.

- **Scope of the Rule:** As Proposed Rule 1148.2 applies to oil and gas well drilling, well completion, and rework activities, some stakeholders have commented that the proposed rule goes beyond the scope and directive of the Governing Board to focus on hydraulic fracturing-related activities.
 - Some industry representatives have commented that the proposed rule goes beyond the scope and directive of the Governing Board to focus on hydraulic fracturing-related activities. As directed, SCAQMD staff researched and analyzed hydraulic fracturing operations and found three main emission sources: (1) exhaust emissions from large diesel combustion equipment; (2) particulate emissions during mixing hydraulic fracturing fluids; and (3) hydrocarbons and possibly toxic emissions from flowback fluids that are injected into a well and return to the surface. Upon further analysis, the SCAQMD staff found that well drilling, well rework operations, and other well completion operations have the same emission sources. Emissions data from all of these emission sources is very limited or non-existent. Proposed Rule 1148.2 expanded the scope to collect emissions data to better understand potential air quality and health impacts from these sources for the first two years of rule implementation.

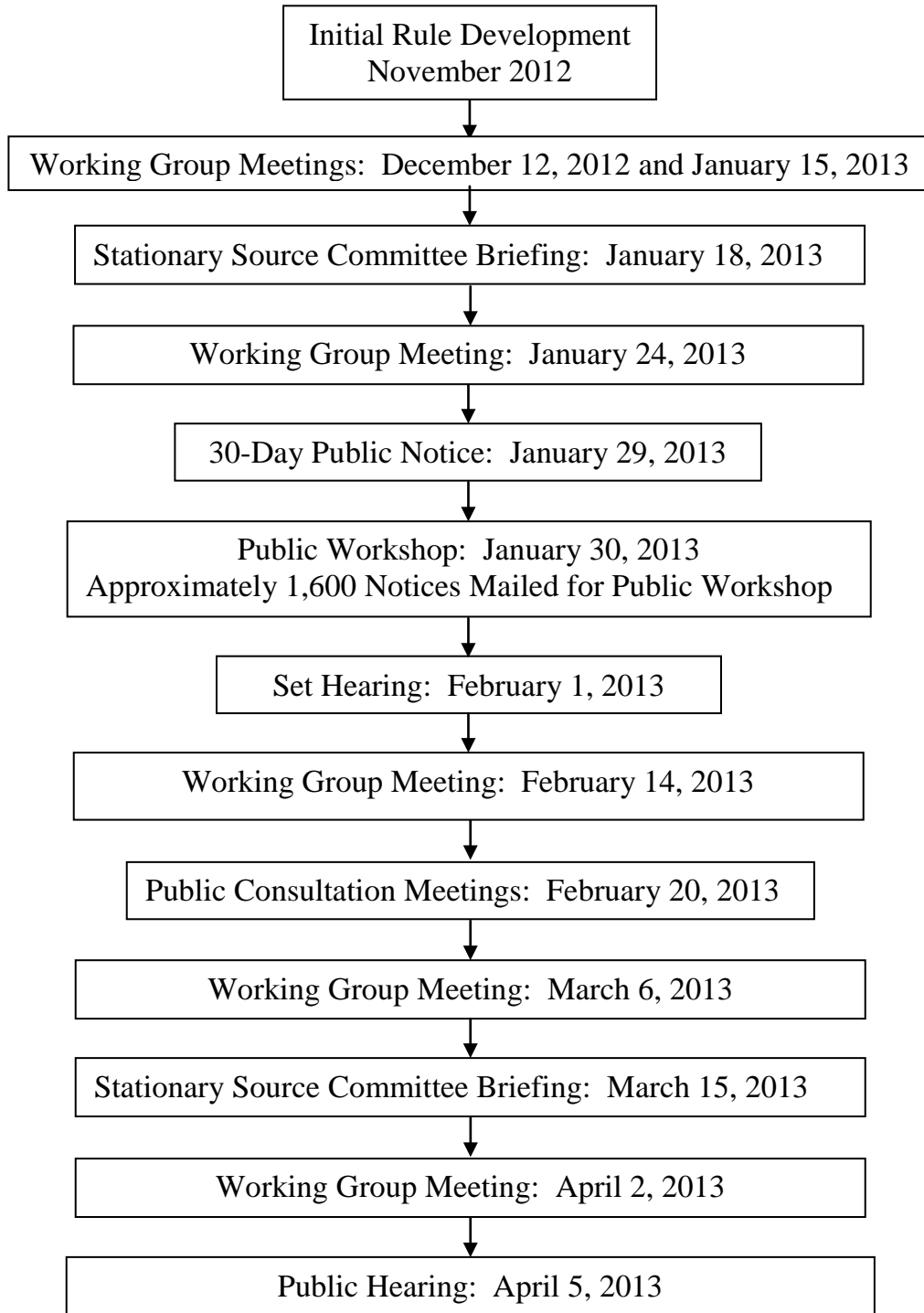
- **Trade Secret Information:** Industry representatives have commented that the proposed rule requirement for providing trade secret information for chemicals used in drilling and well completion fluids is inconsistent with the State’s Uniform Trade Secrets Act in that PR 1148.2 fails to establish how the SCAQMD will: 1) determine whether the claim of trade secret protection is valid; 2) how it will protect the confidentiality of information claimed as trade secret; 3) recognize that a supplier can seek judicial review of the SCAQMD’s actions that threaten disclosure, and thus misappropriation, of information it claims as trade secret; and 4) control the dissemination of claimed trade secret information to other state or federal agencies to which the SCAQMD may choose to disclose the

claimed trade secret information. Industry representatives further comment that deferral to the SCAQMD's Public Records Act Guidelines regarding handling of trade secret information received under PR 1148.2 is erroneous based on claims that the guidelines are legally flawed, and, if followed, may lead to trade secret misappropriation.

- The SCAQMD will determine whether a trade secret claim is valid pursuant to the SCAQMD's Guidelines for Implementing the California Public Records Act, which were adopted by the Governing Board on May 6, 2005.
- The SCAQMD has strategies in place for protecting the confidentiality of information claimed as trade secret. The SCAQMD has been handling confidential and trade secret information for many years without incident. The SCAQMD's computer systems are protected from outside attackers, and access by internal staff is controlled and audited.
- The SCAQMD's Guidelines for Implementing the California Public Records Act explain how a supplier can seek judicial review of the SCAQMD staff's determination of a supplier's trade secret claim. When the SCAQMD staff determines that the claim of trade secret is not meritorious or is inadequately supported by the evidence, and notifies the entity who claimed trade secret status that the justification is inadequate, the entity shall also be advised of its right to bring appropriate legal action to prevent disclosure, and of its right to further respond.
- Pursuant to the SCAQMD's Guidelines for Implementing the California Public Records Act, the SCAQMD staff will disclose trade secret information to other governmental agencies who request such information for purposes of carrying out their official responsibilities if such agencies agree to treat the disclosed material as confidential pursuant to a written confidentiality agreement with the SCAQMD. Moreover, the confidentiality agreement shall designate those persons authorized by the requesting governmental agency to obtain the information.

ATTACHMENT C
RULE DEVELOPMENT PROCESS

Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers



Five (5) months spent in rule development.
Six Working Group Meetings.

ATTACHMENT D
KEY CONTACTS LIST

Baldwin Hills Conservancy
Baker Hughes Incorporated
Breitburn Energy Company
British Petroleum
California Independent Oil Producers
Communities for a Better Environment
Division of Oil and Gas and Geothermal Resources
Halliburton
Los Angeles County Department of Environmental Health
Los Angeles Department of Water and Power
Linn Operating
Metropolitan Water District of Southern California
Natural Resources Defense Council
Occidental Petroleum
Physicians for Social Responsibility
Plains Exploration and Production Company
Save the Montebello Hills Task Force
Sempra Energy, Southern California Gas Company
Sierra Club
Signal Hill Petroleum
Thums Long Beach
Tidelands Oil Production Company
Western States Petroleum Association

ATTACHMENT E

RESOLUTION NO. 13-_____

A Resolution of the Governing Board of the South Coast Air Quality Management District (SCAQMD) certifying that Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers, is exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the SCAQMD Governing Board Adopting Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers.

WHEREAS, the SCAQMD Governing Board has determined with certainty that Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers, is a “project” pursuant to of the California Environmental Quality Act (CEQA); however, South Coast Air Quality Management District staff reviewed the proposed project and determined that PR 1148.2 would only require the gathering and reporting of data to SCAQMD staff for possible future actions, which have not been approved, adopted or funded, and therefore, is exempt from CEQA under the feasibility and planning studies statutory exemption (CEQA Guidelines §15262) and the information collection categorical exemption (CEQA Guidelines §15306); and

WHEREAS, SCAQMD staff has prepared a Notice of Exemption (NOE) for PR 1148.2 that is exempt from CEQA under the feasibility and planning studies statutory exemption (CEQA Guidelines §15262) and the information collection categorical exemption (CEQA Guidelines §15306); and

WHEREAS, a Mitigation Monitoring Plan pursuant to Public Resources Code Section 21081.6, has not been prepared since no significant impact and no feasible mitigation measures are necessary; and

WHEREAS, the SCAQMD Governing Board voting on Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers, has reviewed and considered the NOE prior to its certification; and

WHEREAS, the SCAQMD staff conducted a public workshop on January 30, 2013 and two public consultation meetings in Baldwin Hills and Wilmington on February 20, 2013 regarding Proposed Rule 1148.2; and

WHEREAS, California Health and Safety Code §40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report; and

WHEREAS, the SCAQMD Governing Board finds that a need exists to adopt Proposed Rule 1148.2 - Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers, because potential air emissions from activities associated with oil and gas well drilling, well completions, and well reworks are not adequately regulated by existing SCAQMD rules or other state or federal regulations. There is a lack of emissions data on the types of oil and gas production activities that are covered under the proposed rule. Additionally, the proposed rule is needed to collect sufficient emissions data and chemical use information in order to evaluate the type and amount of air emissions coming from these activities, as well as the current practices in the industry for controlling air emissions resulting from the processes used; and

WHEREAS, the SCAQMD Governing Board obtains its authority to adopt, amend or repeal rules and regulations from §§39002, 40000, 40701, 40702, 40725 through 40728, 41508, 41511, and 41700 of the Health and Safety Code; and

WHEREAS, the SCAQMD Governing Board has determined that Proposed Rule 1148.2 is written and displayed so that the meaning can be easily understood by persons directly affected by it. To ensure clarity in the proposed rule language, six working group meetings were conducted with significant input received from working group members made up of the oil and gas well production industry, environmental organizations, and the public at large; and

WHEREAS, the SCAQMD Governing Board has determined that Proposed Rule 1148.2 is in harmony with, and not in conflict with, or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the SCAQMD Governing Board has determined that Proposed Rule 1148.2 will not impose the same requirements as any existing state or federal regulations, and the proposed project is necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD. SCAQMD staff has reviewed existing and proposed rules promulgated by the California Department of Conservation/ Division of Oil, Gas, and Geothermal Resources (DOGGR) and found that the notification and reporting requirements in Proposed Rule 1148.2 differ from and are non-duplicative of DOGGR's regulations. Staff

has also reviewed EPA's NESHAPS 40CFR Part 63, which regulates hydraulic fracturing operations associated with natural gas wells, and found that Proposed Rule 1148.2 is non-duplicative of the EPA regulations.; and

WHEREAS, the SCAQMD Governing Board, by adopting Proposed Rule 1148.2, references the following statutes which SCAQMD hereby implements, interprets, or makes specific: California Health and Safety Code Sections 41700, 40460(c), 40913(a)(5), 41511, and Federal Clean Air Act Section 112; and

WHEREAS, the SCAQMD Governing Board specifies the Manager of Proposed Rule 1148.2 as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed project is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

WHEREAS, a public hearing has been properly noticed in accordance with all provisions of Health and Safety Code §40725; and

WHEREAS, the SCAQMD Governing Board has held a public hearing in accordance with all provisions of law; and

NOW, THEREFORE, BE IT RESOLVED, that the SCAQMD Governing Board directs staff to begin analyzing data no later than 60 days after the first emissions report is received; and

BE IT RESOLVED, that the SCAQMD Governing Board directs staff to report semi-annually to the Stationary Source Committee beginning 6 months after the first emissions report is received regarding notifications received, emissions reports, and chemical use reporting. No later than 2 years, SCAQMD staff shall make a report to the Stationary Source Committee, reporting findings and recommendations for the need, if any, for emission controls or regulatory efforts for well drilling, well completion, and well reworks; and

BE IT RESOLVED, that the SCAQMD Governing Board directs staff to conduct emissions monitoring and sampling to measure PM, H₂S, VOC, and toxics from a sufficient number of emission sources from well drilling, well completions, and well reworks to quantify emissions; and

BE IT RESOLVED that the SCAQMD Governing Board directs staff to convene a working group no later than 6 months after the first emissions report is received to discuss the results of the emissions and chemical use data and emissions monitoring and sampling results; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby certify the Notice of Exemption for Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers, that was completed in compliance with the CEQA statutes and Guidelines pursuant to under the feasibility and planning studies statutory exemption (CEQA Guidelines §15262) and the information collection categorical exemption (CEQA Guidelines §15306). This information was presented to the Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on the proposed amendments; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby adopt, pursuant to the authority granted by law, Proposed Rule 1148.2, as set forth in Attachment F.

DATE: _____

CLERK OF THE BOARDS

**PROPOSED RULE 1148.2 NOTIFICATION AND REPORTING REQUIREMENTS
FOR OIL AND GAS WELLS AND CHEMICAL
SUPPLIERS**

(a) Purpose

The purpose of this rule is to gather air quality-related information on oil and gas well drilling, well completion, and well reworks.

(b) Applicability

This rule applies to any ~~owner or~~ operator of an onshore oil or gas well located in the District that is conducting oil or gas well drilling, well completion, ~~and/or~~ well reworks. In addition, this rule applies to suppliers as defined in paragraph (c)(~~1412~~).

(c) Definitions

For the purposes of this rule, the following definitions shall apply:

- (1) ACIDIZING means a treatment of the wellbore or reservoir formation with an acid to either clean out scale, damage, or other debris in the well, or react with the soluble substances in the formation to improve permeability and enhance production of oil and gas.
- (2) AIR TOXIC means any substance identified on a list that is compiled and maintained by the California Air Resources Board pursuant to Health and Safety Code Section 44321.
- (~~3~~) CHEMICAL FAMILY means a group of chemicals with related physical and chemical properties.
- (~~4~~) DRILLING means digging or boring into the earth for the purpose of developing, extracting, or producing oil, gas, or other hydrocarbons, but does not include remediation efforts to clean-up or remove contamination.
- (~~5~~) DRILLING FLUID means fluid used to lubricate the drill string, line the walls of a well, flush cuttings to the surface, and create enough hydrostatic weight to prevent blowouts.
- (~~6~~) FLOWBACK FLUID means the fluid that flows from an oil or gas well following a well production stimulation or treatment activity, either in preparation for a subsequent phase of well production stimulation or treatment activity, or in preparation for a cleanup and returning the well to production. The flowback period begins when material introduced into the well during the well production stimulation or treatment activity

returns to the surface immediately following ~~the activity~~well completion ~~hydraulic fracturing or refracturing~~. The flowback period ends with either well shut in or when the well is producing continuously to the flow line or to a storage vessel for collection, whichever occurs first.

- (75) GRAVEL PACKING means a method ~~of well completion~~ that uses water, ~~gravel~~, and additives to place sand and gravel near the wellbore itself with the objective of limiting entry of formation sands and fine-grained material into the wellbore.
- (6) ~~HAZARDOUS AIR POLLUTANT~~ means ~~an air pollutant that causes or may cause cancer or other serious health effects, such as reproductive effects or birth defects, or adverse environmental and ecological effects, as identified by the U.S. Environmental Protection Agency (EPA).~~
- (87) HYDRAULIC FRACTURING means a technique used in stimulating a formation or zone that involves the pressurized injection of hydraulic fracturing fluid, which is a carrier fluid mixed with chemical additives, and typically a proppant, into an underground geologic formation in order to fracture the formation, thereby causing or enhancing the production of oil or gas from a well.
- (98) ONSHORE OIL OR GAS WELL means a well located on lands that are not submerged under ocean waters or inland bays during mean high tide.
- (10) OPERATOR means a person who actually drills a well or operates a well or production facility or a person who by virtue of ownership, or under the authority of a lease or any other agreement, has the right to drill, operate, maintain, or control a well or production facility.
- (119) PROPPANT means material inserted or injected into the underground) geologic formation that is intended to prevent fractures from closing.
- (124) REWORK means any operation subsequent to drilling that involves 0) deepening, ~~or~~ redrilling, or well production stimulation or treatment activity of an existing well ~~permanently altering in any manner the casing of a well or its function.~~
- (134) SENSITIVE RECEPTOR means any residence including private homes, 4) condominiums, apartments, and living quarters; education resources such as preschools and kindergarten through grade twelve (k-12) schools; daycare centers; and health care facilities such as hospitals or retirement and nursing homes. A sensitive receptor includes long term care hospitals, hospices, prisons, and dormitories or similar live-in housing.

- (14) ~~SUPPLIER~~ means, ~~for the purpose of this rule,~~ an entity selling or distributing a chemical to the owner or operator of an onshore oil or gas well for use as a drilling fluid, well completion fluid, or rework.
- (13) ~~TOXIC AIR CONTAMINANT~~ is ~~an air pollutant which may cause or contribute to an increase in mortality or serious illness, or which may pose a present or potential hazard to human health, as identified by the California Air Resources Board.~~
- (15) TRADE SECRET may include, but is not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to certain individuals within a commercial concern who are using it to fabricate, produce, or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it, as defined in California Government Code Section 6254.7(d).
- (16) WELL means an oil or gas well, a hole drilled for the purpose of producing oil or gas, or a well into which fluids are injected.
- (17) WELL COMPLETION means the activities and methods, including ~~gravel packing and~~ well production stimulation or treatment activities, of preparing a well for the production of oil or gas, by which one or more flow paths for hydrocarbons are established between the reservoir and the surface.
- (18) WELL COMPLETION FLUID means a carrier fluid mixed with physical and chemical additives used for the purpose of preparing a well for the production of oil ~~and~~ gas, or used in a well production stimulation or treatment activity.
- (19) WELL PRODUCTION STIMULATION OR TREATMENT ACTIVITY means ~~an activity performed on a well to improve its productivity~~ acidizing, gravel packing, hydraulic fracturing, or any combination thereof.
- (d) Notification Requirements
- (1) Beginning [90-60 days after date of adoption] the ~~owner or~~ operator of an onshore oil or gas well shall electronically notify the Executive Officer, using a format approved by the Executive Officer, of the following information, no more than ten (10) days and no less than 24 hours prior to

the start of drilling, well completion, or rework of an onshore oil or gas well:

- (A) name and contact information of the owner and ~~operator~~ of the subject well(s);
 - (B) well name(s) and API well number(s) (if available);
 - (C) geographical coordinates of the subject well(s);
 - (D) nearest sensitive receptor within 1,500 feet of the subject well(s), specifying the:
 - (i) sensitive receptor type (e.g., residence, school, hospital);
 - (ii) name of facility, if applicable;
 - (iii) location address; and
 - (iv) distance from the closest property line of the sensitive receptor to the subject well(s); and
 - (E) expected start date(s) and identification of general activities to be conducted (e.g., drilling, well completion, and reworking).
- (2) If the start date of the drilling, well completion, or rework as notified by the operator of an onshore oil or gas well pursuant to paragraph (d)(1) is modified, the ~~owner or operator of an onshore oil or gas well~~ shall electronically notify the Executive Officer: ~~that the start date for the well specified in the notice has been modified.~~
- (A) at least 24 hours prior to the new start date if rescheduled to occur earlier than the original start date; or
 - (B) within 24 hours prior to the original start date if canceled or rescheduled to occur after the original start date.
- (3) The notification time period in paragraph (d)(1) shall not apply to drilling, well completion, or rework operations that are necessary to avert a threat to life, health, property, or natural resources. The notification shall be submitted no later than 48 hours after~~of~~ the start of the operations specified in this paragraph.
- (4) Within 24 hours of receipt, the Executive Officer shall make all information as received under paragraphs (d)(1) through (d)(3) available to the public on a website.
- (e) Reporting Requirements
- (1) Beginning [~~90-60~~ days after date of adoption] and until [2 years after date of adoption], for each well, the ~~owner or operator of an onshore oil and~~

gas well shall electronically submit a report to the Executive Officer, using a format approved by the Executive Officer, no later than ~~thirty (30)~~ sixty (60) days after the completion of the last activity associated with drilling, well completion or rework, ~~or if more than one operation is being conducted, the last activity in the series of operations associated with drilling, well completion or rework,~~ specifying the following information:

- (A) name and contact information of the owner and ~~operator~~ of the subject well;
 - (B) well name(s) and API well number(s) (if available);
 - (C) identification of combustion equipment rated at greater than 50 brake horsepower that is used during the drilling, well completion, or reworks including the equipment type, engine size, fuel type, engine tier, and hours of operation;
 - (D) for dry materials used for drilling, well completion, and rework provide:
 - (i) type and amount of dry materials used;
 - (ii) method(s) in which dry materials are added and mixed onsite into the drilling and well completion fluid(s); and
 - (iii) any air pollution control techniques, devices, and/or practices used to control fugitive emissions or odors;
 - (E) for drilling fluids, well completion fluids, and flowback fluid, provide:
 - (i) volume of well completion fluids used and volume of flowback fluid recovered;
 - (ii) method(s) used for collecting, storing, conditioning, separating, and/or treating drilling fluids and/or flowback fluids as they return to the surface;
 - (iii) any air pollution techniques, devices, and/or practices used to control volatile organic compounds or odors; and
 - (iv) final disposition of recovered drilling fluids and flowback fluids.
- (2) Beginning ~~[90]~~ [60] days after date of adoption], a supplier that provides chemicals to the ~~owner or~~ operator of an oil or gas well for drilling, well completion, or rework shall provide the ~~owner or~~ operator with the following information in subparagraphs (e)(2)(A) through (e)(2)(E) ~~within~~

~~ten (10) days after the chemicals are sold to the owner or operator. If a supplier claims trade secret protection for a chemical ingredient, the supplier shall notify the operator and provide the operator only with the substitute information, as described in subparagraph (e)(2)(F). The information in this subparagraph shall be submitted within ten (10) days after the chemicals are delivered to the operator.:~~

- ~~(A) name and chemical abstract service (CAS) number of each chemical ingredient~~compound~~ and chemical abstract service (CAS) number;~~
 - ~~(B) purpose of the chemical ingredient;~~
 - ~~(C) for each chemical trade name product:

 - ~~(i) the total volume and density; or~~
 - ~~(ii) total mass;~~~~
 - ~~(D) for each chemical ingredient used in the chemical trade name product, the maximum concentration in percent by mass;~~
 - ~~(E) identification of whether the chemical ingredient is an air toxic;~~
 - ~~(F) identification of chemical information claimed as trade secret, the basis for the claim of trade secret, and the chemical family or similar descriptor; for chemical information claimed protected as trade secret, the following information shall be provided to the operator for each chemical ingredient the supplier claims trade secret protection:

 - ~~(i) statement that the supplier claims trade secret protection;~~
 - ~~(ii) basis for the claim of trade secret protection;~~
 - ~~(iii) chemical family or similar descriptor for the chemical ingredient that is claimed protected trade secret;~~
 - ~~(iv) identification of whether a chemical ingredient within the chemical family or similar descriptor is an air toxic.~~~~
 - ~~(E) identification of whether the chemical(s) are a hazardous air pollutant and/or toxic air contaminant.~~
- ~~(3) If a supplier claims trade secret and does not provide the owner or operator with the specified information, then the supplier shall provide the owner or operator of the oil or gas well with substitute information as provided in paragraph (f)(2).~~
- ~~(34) If the supplier claims trade secret protection pursuant to paragraph (e)(2), then within sixty (60) days after the chemicals are delivered to the~~

operator, the supplier shall electronically report, using a format approved by the Executive Officer, provide the following information to the Executive Officer: not made available to the owner or operator, as described in subparagraphs (e)(2)(A) through (e)(2)(E), to the Executive Officer.

- (A) name and the API number of the affected well(s) associated with the well drilling, well completion, or rework activity;
- (B) for chemical ingredients claimed as protected trade secret, information required in subparagraphs (e)(2)(A) through (e)(2)(F); and
- (C) company name, address, contact, and phone number of the operator that used the chemicals.

(45) Beginning [~~90~~60 days after date of adoption], the ~~owner or~~ operator of an onshore oil and gas well shall electronically report, using a format approved by the Executive Officer, chemical ingredientseompounds contained in the drilling and well completion fluids to the Executive Officer no later than ~~thirty (30)~~ sixty (60) days after the last activity, or if more than one operation is being conducted, the last activity in the series of operations associated with drilling, well completion, or rework specifying the following information:

- (A) name and API number of the affected well(s);
- (B) for chemical ingredients not claimed as protected trade secret, information required in subparagraphs (e)(2)(A) through (e)(2)(E);
- (C) for chemical ingredients claimed as protected trade secret, information required in subparagraph (e)(2)(F); and
- (D) company name, address, contact, and phone number of the suppliers of any chemical.
- ~~(A) name of each chemical compound and chemical abstract service (CAS) number;~~
- ~~(B) for each chemical trade name product:

 - ~~(i) the total volume and density; or~~
 - ~~(ii) total mass;~~~~
- ~~(C) for each chemical ingredient used in the chemical trade name product, the maximum concentration in percent by mass;~~
- ~~(D) identification of chemical information claimed as trade secret and the chemical family or similar descriptor;~~

- (E) ~~identification of whether the chemical(s) are a hazardous air pollutant and/or toxic air contaminant; and~~
- (F) ~~company name, address, contact, and phone number of the suppliers of any chemical.~~
- (5) Claims and any public requests to inspect records submitted under paragraph (e)(3) shall be subject to the California Public Records Act and the SCAQMD's Guidelines for Implementing the California Public Records Act, adopted on May 6, 2005, and any subsequent revisions, thereto.
- (6) For reports required pursuant to paragraphs (e)(1) and (e)(4), if the time between each individual activity within a series exceeds fourteen (14) days, then a separate report shall be submitted to the Executive Officer for each activity that occurred outside of the 14-day period.
- (f) SCAQMD Website Posting of Chemicals
Beginning [9060 days after date of adoption], the Executive Officer shall make the following information as received under subdivision (e) available to the public for each event by operator name, well name, API well number, location, and date of activity on a website:
- (1) For all non-trade secret chemical ~~ingredient~~compounds:
- (A) Name of the chemical ~~ingredient~~compound;
- (B) Chemical abstract service (CAS) number;
- (C) Purpose of the chemical ingredient;
- (D) For each chemical trade name product: Volume or mass of chemical used; and
- (i) the total volume and density; or
- (ii) total mass;
- (E) For each chemical ingredient used in the chemical trade name product, the maximum concentration in percent by mass; and
- (F) ~~E) Identification of chemical(s) that are an air toxic a hazardous air pollutant and/or toxic air contaminant.~~
- (2) For all trade secret chemical ~~ingredient~~compounds:
- (A) Chemical family or similar descriptor; and
- (B) Identification of chemical(s) that are an air toxic a hazardous air pollutant and/or toxic air contaminant.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Staff Report

Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

April 2013

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INTRODUCTION

The purpose of Proposed Rule 1148.2 is to collect information from oil and gas field production facilities to better quantify potential air emissions from well development activities including drilling, well completion, and well reworks. The proposed rule is the first step of a two-step approach. Proposed Rule 1148.2 requires ~~owners and~~ operators of oil and gas wells to notify the South Coast Air Quality Management District (SCAQMD) prior to conducting well drilling, well completion, and well reworks. The proposed rule also requires the submittal of reports to the SCAQMD after completion of these activities.

BACKGROUND

On September 18, 2012, the ~~South Coast Air Quality Management District (SCAQMD)~~ staff conducted a symposium on hydraulic fracturing in the South Coast Air Basin. The symposium included participants from academia, government, industry, and environmental groups and focused on environmental issues and potential hydraulic fracturing impacts.

At the October 5, 2012 Board meeting, SCAQMD staff provided a report on the symposium that included a summary and comments received. Based on the comments and input received at the symposium, the Governing Board directed staff to initiate rule development to include reporting on the chemicals used during hydraulic fracturing conducted in oil and gas production activities, and possible additional reporting and public notification requirements. The Governing Board also directed SCAQMD staff to determine whether existing SCAQMD regulations adequately cover oil and gas production activities when hydraulic fracturing is used. SCAQMD staff was given 120 days to report to the Board's Stationary Source Committee on the initiation and progress of the rule development. SCAQMD staff briefed the Stationary Source Committee on its findings and the rule development, and a summary of Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers.

During the evaluation of hydraulic fracturing for oil and gas well operations, the SCAQMD staff concluded that there are potential air emissions associated with hydraulic fracturing from particulate matter during mixing hydraulic fracturing fluids, and hydrocarbons and possibly toxic emissions from flowback fluids that return to the surface. Upon further analysis, the SCAQMD staff found that drilling and rework operations have similar emission sources as well completion activities such as hydraulic fracturing. The SCAQMD staff evaluated these emissions sources relative to existing rules and regulations. SCAQMD staff found regulatory gaps in existing SCAQMD rules ~~that either~~ did not cover these operations ~~or an existing rule could cover the operations, even though it was not the intent of that rule.~~

RULE APPROACH

The SCAQMD staff will be implementing the Governing Board's directives in a two step approach. The first step is the development of Proposed Rule 1148.2 (PR 1148.2). The purpose of PR 1148.2 is to gather air quality-related information on oil and gas well drilling, completions, and reworks activities in order to identify the magnitude and type of emissions associated with these operations. The proposed rule has a notification requirement and two reporting requirements for emission sources and chemical use during drilling, well completions, and well reworks. PR 1148.2 applies to ~~owner or~~ operators of oil and gas wells as well as chemical

suppliers that provide chemicals used for drilling, well completions, and well reworks. The second step will include a report to the Governing Board on the information collected in the first step, in which SCAQMD staff will seek guidance from the Governing Board regarding whether staff should continue with data collection and notification, and/or develop new requirements to reduce emissions from oil and gas well drilling, well completion, and well reworks.

PROPOSED RULE 1148.2

Proposed Rule 1148.2 applies to onshore oil and gas wells in the South Coast Air Basin. The proposed rule requires that ~~owner or~~ operators of oil and gas wells submit a notification to the Executive Officer 10 days to 24 hours before they conduct drilling, well completion, or rework activities. The notification includes basic information about the ~~owner or~~ operator, the well location, the type of activity that will be conducted, and the distance to the nearest sensitive receptor up to 1,500 feet ~~from~~ of the well.

Reporting requirements focus on emissions and chemical use during drilling, well completion, and rework activities. The proposed rule also includes two reporting requirements: (1) emission sources, and (2) chemical reporting. For emission sources there are three emission source categories subject to that the proposed rule ~~requires reporting~~: (1) ~~from~~ combustion equipment; (2) fugitive dust emissions from on-site mixing operations; and (3) potential hydrocarbon and toxic emissions from drilling fluids and flowback fluids that return to the surface. The proposed rule also includes chemical reporting requirements for ~~owner or~~ operator and suppliers of chemicals. The proposed rule includes specific requirements for non-trade secret and trade secret chemicals. In addition, the proposed rule specifies the type of chemical use information that will be posted on the SCAQMD's website. Chapter 2 of the Staff Report includes a summary of Proposed Rule 1148.2. For specific requirements, please refer to the proposed rule.

AFFECTED SOURCES

Based on an evaluation of ~~District~~ SCAQMD records of the Rule 222 Filing Program for the "Oil Production Well Group" category, there are 241 facilities operating approximately 4,321 onshore oil and gas wells in the South Coast Basin. Due to the geography of the region, the affected facilities are often located in urban areas, and sometimes located in close proximity to residential and other sensitive receptors. Activities covered in the proposed rule, such as drilling, have shown based on SCAQMD complaint information to be the source of nuisance complaints for odors.

IMPACT ASSESSMENT FOR PROPOSED RULE 1148.2

Implementation of Proposed Rule 1148.2 will not result in emission reductions as it is an administrative rule with no pollution control requirements for control measures. The purpose of the proposed rule is collect information to better quantify and understand the intensity of air emissions associated with drilling, completion, and rework activities for oil and gas wells.

SCAQMD staff has reviewed Proposed Rule 1148.2 and because it only consists of feasibility or planning studies for possible future actions, which have not been approved, adopted or funded, staff has concluded that it is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines §15262 – Feasibility and Planning Studies, and CEQA Guidelines

§15306 - Information Collection. If approved by the Governing Board a Notice of Exemption will be prepared for the proposed project pursuant to CEQA Guidelines §15062 - Notice of Exemption.

CHAPTER 1: BACKGROUND

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INTRODUCTION

The purpose of Proposed Rule 1148.2 is to collect information from oil and gas field production facilities to better quantify potential air emissions from well development activities including drilling, well completion, and well reworks. The proposed rule is the first step of a two-step approach. Proposed Rule 1148.2 requires ~~owners and operators~~ of oil and gas wells to notify the SCAQMD prior to conducting well drilling, well completion, and well reworks. The proposed rule also requires the submittal of reports to the SCAQMD after completion of these activities.

HYDRAULIC FRACTURING SYMPOSIUM

On September 18, 2012, the SCAQMD staff conducted a symposium on Hydraulic Fracturing in the South Coast Air Basin. The symposium was conducted in two sessions. The first session focused on environmental issues with presentations regarding local practice, chemicals used in the fluids, air quality related health impacts, and seismic impacts. The second session addressed potential hydraulic fracturing impacts and included a roundtable discussion. Participants included academic, governmental, industry, and environmental experts. Presentations were provided by U.S. EPA, California Division of Oil, Gas, and Geothermal Resources (DOGGR), SCAQMD staff, Western States Petroleum Association, and Senate Committee on Natural Resources and Waterstate legislative efforts.

At the October 5, 2012 Board meeting, SCAQMD staff provided a report on the symposium that included a summary and comments received. Based on the comments and input received at the symposium, the Governing Board directed staff to initiate rule development to include the following:

1. When hydraulic fracturing is used in oil and gas production activities to report the chemicals used. Additional reporting information will be determined as part of the rule development process. The proposed rule may include other reporting and public notification requirements.
2. Determine if existing SCAQMD regulations adequately cover oil and gas production activities when hydraulic fracturing is used. Develop additional provisions to ensure that air emission impacts are minimized. In determining the need for additional regulatory actions under No. 1 above, evaluate best available control technologies (BACT), toxic best available control technologies (T-BACT), and best management practices.
3. A report on the initiation and progress of rule development will be provided to the Board's Stationary Source Committee within 120 days.

RULEMAKING APPROACH

The SCAQMD staff will be implementing the Governing Board's directives in a two step approach. During the first step, SCAQMD staff will gather data on activities related to drilling, well and completions, and activities of oil and gas wells and well reworks through Proposed Rule 1148.2. In addition as part of the proposed rule, the SCAQMD staff will gather information identifying existing practices, if any, used to minimize air quality impacts from well drilling, completion, and rework activities. Lastly, the proposed rule will include requirements for ~~owners or operators~~ of onshore oil and gas wells, and suppliers of chemicals, to report the chemicals used in the drilling and well completion fluids.

The second step will include a report to the Governing Board on information collected in Step 1. It is expected that the SCAQMD staff will report to the Governing Board no later than 2 years after facilities are required to report information to the SCAQMD as required under Proposed Rule 1148.2. During this second step, the SCAQMD staff will analyze information collected Step 1 and present findings and recommendations to the Governing Board. The SCAQMD staff will seek guidance from the Governing Board regarding whether SCAQMD staff should continue with data collection and notification and/or develop new requirements to reduce emissions from oil and gas well drilling, completion, and rework activities.

PUBLIC PROCESS

Proposed Rule 1148.2 is being developed through a public process. A working group was formed to discuss the proposed rule in greater detail and provide input to SCAQMD staff throughout the rule development process. The working group is comprised of a variety of stakeholders including private business representatives, consultants, environmental and community groups, and public agency representatives. The Working Group met six times throughout the rulemaking process on December 12, 2012, January 15, 2013, ~~and~~ January 24, 2013, February 14, 2013, March 6, 2013, and April 2, 2013. ~~An additional working group meeting is scheduled for February 14, 2013.~~ PR 1148.2 was presented at the Stationary Source Committee on January 18, 2013 and March 15, 2013 where public testimony and further comments from several Governing Board members were heard. Additionally, a Public Workshop ~~was held on~~ ~~has been scheduled for~~ January 30, 2013. In response to public requests, two Public Consultation Meetings were held in the communities of Baldwin Hills and Wilmington on February 20, 2013, to present the proposed rule and receive public comment. Comments and responses to those comments are provided in Appendix A of this report.

The rule development process also includes coordination with the Natural Resources Agency of California, Department of Conservation, Division of Oil and Gas, and Geothermal Resources (DOGGR). Members of the working group urged SCAQMD staff to coordinate with DOGGR staff on PR 1148.2. Coordination with DOGGR staff is ongoing. SCAQMD staff is consulting with DOGGR staff so that the proposed rule is consistent with and not in conflict with DOGGR's regulations.

Rule development for PR 1148.2 began in November 2012 with the release of the first draft rule language on January 11, 2013. SCAQMD staff's efforts to provide multiple opportunities for participation in the rule development included three working group meetings, stationary source committee briefing, and a public workshop prior to the scheduled February 1, 2013 Set Hearing for PR 1148.2. Nonetheless, based on public comments, the SCAQMD staff recommended to the Governing Board at the February 1, 2013 Set Hearing that the hearing for PR 1148.2 be set for an additional 30 days with the hearing of the proposed rule on April 5, 2013.

Initial Comments

~~The public has expressed several concerns.~~ To date, ~~sixteen~~four comment letters have been received. There have been concerns that the rule may not be needed, and that the SCAQMD staff can acquire data and air quality related information through a collaborative process rather than a rule. By adopting PR 1148.2, SCAQMD staff believes that information would be collected in a more timely fashion and would be more complete. In addition, a rule approach would allow SCAQMD to collect more data and better standardize the data and information

collection process. Additionally, voluntary surveys may not be able to gather all necessary data, nor is there any penalty for failure to provide data or providing false data where the report is required. Falsification is subject to civil penalties under Health and Safety Code 42402.4.

Scope of PR 1148.2

~~Some industry representatives have commented. Another concern is that the proposed rule goes beyond the scope of the original Governing Board's directive. On October 5, 2012, the Governing Board directed staff to initiate rule development to (1) require reporting of chemicals used when hydraulic fracturing is conducted in the Basin; (2) determine if existing SCAQMD regulations adequately cover oil and gas production activities if conducting hydraulic fracturing; and (3) report on the initiation and progress of rule development at the Governing Board's Stationary Source Committee within 120 days (on or before February 15, 2013). During the evaluation process of hydraulic fracturing for oil and gas well operations, the SCAQMD staff concluded that other sources of potential air emissions existed during drilling, well completions and well reworks that were similar to hydraulic fracturing. The SCAQMD staff evaluated these emissions sources relative to existing rules and regulations. SCAQMD staff found regulatory gaps in existing SCAQMD rules that either did not cover these operations or an existing rule could cover the operations, even though it was not the intent of that rule. Emissions data is needed for these other emission sources as explained later in section "Oil and Gas Development Processes and SCAQMD Rules".~~

Need for Proposed Rule 1148.2

Proposed Rule 1148.2 is needed to collect sufficient data and information in order to evaluate the type and magnitude of air emissions coming from oil and gas well drilling, completion, and rework activities as well as the current practices in the industry for controlling air emissions resulting from the processes used. The SCAQMD does not have emissions data on the types of oil and gas production activities that are covered under the proposed rule. In a report from the Office of Inspector General, "EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector" released February 20, 2013, it was found there are deficiencies in emission data for well completions for oil and gas processes. EPA stated that with limited data, human health risks are uncertain, states may design incorrect or ineffective emission strategies, and EPA's decisions about regulating industry may be misinformed. The SCAQMD staff believes that the notification requirements, emissions reporting, and chemical use reporting under Proposed Rule 1148.2 combined with emissions monitoring and sampling will provide the SCAQMD with needed emissions data on drilling, well completion, and rework activities for oil and gas wells within the South Coast Air Basin.

Proposed Rule 1148.2 will also inform the SCAQMD staff and the public on the amount and type of well completion activities that are occurring. Under the proposed rule, the notification requires operators to pre-notify if an operator will be conducting drilling, well completion, or rework activities. Well completions include gravel packing, acidizing, and hydraulic fracturing, or any combination thereof. Notifications of these activities will give the SCAQMD staff and the public a sense of the number and types of well completion activities that are being conducted. As additional data is collected over time, the SCAQMD can monitor changes in the number and types of activities.

SCAQMD staff believes that a regulatory approach is the appropriate method to collect emissions and chemical use data. The SCAQMD staff believes that this approach allows for information to be collected in a more timely fashion and would be more complete than voluntary surveys. In addition, a rule approach would allow SCAQMD staff to collect more data and better standardize the data collection process. Additionally, voluntary surveys, as suggested by industry representatives, may not be able to gather all necessary data, nor is there any penalty for failure to provide data or providing false data where the report is required.

Meetings with WSPA and CIPA

A meeting between representative of Western States Petroleum Association (WSPA) and the California Independent Petroleum Association (CIPA) took place on January 3, 2013. Representatives from both associations expressed the desire for SCAQMD staff to participate in a ~~technology meetings seminar~~ where oil and gas well experts would further describe the drilling, well completion, well rework, and hydraulic fracturing process, as well as the practices typically employed to minimize the related air emission potential. The meeting was held on February 26, 2013 at the offices of THUMS Long Beach Company along with a site tour of their oil production facility on Island White located in the Long Beach Harbor. The presentation comprised of an overview of how drilling, well completion, and rework operations are conducted at the THUMS island sites, including historical oil production data and trends. The tour of the oil production facility included observation of a drilling operation and an injection well acidizing operation. A summary of this meeting and site visit was made available to the PR 1148.2 Working Group on March 6, 2013~~Though this seminar has not yet taken place, SCQAMD staff welcomes this invitation and is ready and willing to participate in any technical seminar or further site visits.~~

~~There has been an additional concern expressed that the rule development process is moving too quickly, and that affected parties may need additional time to evaluate and comment on the proposed rule. There is a belief that the SCAQMD staff would also benefit from a delay so as to gain better understanding of which processes involved need to be included in the proposed rule, and which ones do not have any significant air pollution potential. SCAQMD staff is committed to bringing the proposed rule to the Governing Board on March 1, 2013, but is open to a later date if it is concluded that additional time is warranted.~~

Review of Supporting Studies

SCAQMD staff has been made aware by the oil and gas industry of several supporting studies that were referenced in the Technical Support Document in the federal New Source Performance Standards (NSPS) for the recently adopted NSPS covering the crude oil and natural gas production source category. The newly revised NSPS covers primarily onshore natural gas well production undergoing hydraulic fracturing. There are supporting studies that assess the air emission potential from oil well production and well completion activities that would be covered under PR 1148.2. The SCAQMD has evaluated these studies to determine if they have an impact on the proposed rule development. See Appendix B for a summary of the studies reviewed by SCAQMD staff.

The U.S. EPA produced one main technical support document (TSD) and one supplemental technical document for the adopted NSPS. Emissions were estimated for completions and recompletions. Both oil and gas wells were evaluated. However, only gas wells were evaluated

with and without hydraulic fracturing. PM and NO_x emissions were not evaluated. Basic emissions methodology to estimate emissions used an approximate gas composition ratio of VOCs and HAPs in methane. Methane emissions were determined from EPA's GHG inventory, EPA's Inventory of Greenhouse Gas Emissions and Sinks: 1990-2008 (Inventory). The supplemental TSD document provides an evaluation of the emission factor for hydraulically fractured gas well completions and recompletions. The paper also evaluates changes to the NSPS for storage vessels

Contained in the primary technical support document is a listing of fifteen additional reports and studies that the U.S. EPA reviewed by the agency for consideration in the adopted regulation. Of the fifteen supporting studies, six specifically evaluated the green house gas emissions from the oil and gas development, production, and distribution process. Four studies evaluated either the economic, availability, and/or production side of the industry, and five out of the total fifteen studies evaluated non-GHG air emissions from some aspect of the oil or gas well processes.

In general, all five of the studies evaluating non-GHG emissions estimated VOC emissions. Of these, HAPs were estimated in two of the five. Both VOCs and HAPS were not calculated directly, but rather estimated using natural gas emissions as a surrogate. This is similar to what the U.S. EPA did in their TSD's. Exhaust emissions from drilling and well completion equipment were also estimated in three of the five studies.

In addition to the studies discussed above, WSPA submitted a study conducted by the Environmental Defense Fund (EDF). The EDF study is entitled *Greater Focus Needed on Methane Leakage from Natural Gas Infrastructure*. The SCAQMD reviewed this study and concluded that the study focuses on GHGs in the natural gas production and distribution network. There is no information in the study that ~~on the focus of PR 1148.2 which~~ deals with well drilling, well reworks, and well completions.

While there is some useful information from the TSDs and five of the studies the SCAQMD staff reviewed, the information is incomplete and lacks sufficient detail to fully assess the emissions from well drilling, well reworks, and well completions (including hydraulic fracturing on oil wells). Most of the studies dealt with natural gas development and production and did not focus on oil well development (the primary well activity in the Basin). In addition, natural gas was used as a surrogate for VOC and HAP emission estimates in both TSDs and at least one of the studies ~~to include VOC and HAP emissions~~. This not only omits the types of HAPs emitted, but is an indirect measurement tool that doesn't reflect the actual emissions. In fact in a response to a comment on why oil wells were not included in the Final NSPS for hydraulic fractured natural gas wells, U.S. EPA in their Federal Register Notice for the Final regulations stated that "... the EPA does not have sufficient data on VOC emissions during completion of hydraulically fractured oil wells to set standards for these operations at this time." Thus, the U.S. EPA concluded that the existing information, including the studies documented by industry for SCAQMD staff to consider, did not represent sufficient information to warrant setting emission controls on oil well completions using hydraulic fracturing.

The SCAQMD staff further concludes that the TSDs and studies evaluated showed significant gaps in the emissions provided. For instance, no studies evaluated PM emissions from the dry material mixing operations conducted for drilling, reworks, and well completion operations. One

study which included the emissions for hydraulic fracturing on oil and gas wells only included the emissions from the engines that drive the fracturing fluid pumps, and did not include the emissions from the flowback. In addition, while the TSDs for the NSPS estimated VOC and HAP emissions from oil well completions and recompletions, it did not estimate the emissions from oil wells undergoing hydraulic fracturing. In at least two of the five studies estimating non-GHG emissions, the SCAQMD staff could not obtain the referenced appendices in order to evaluate the detailed emission estimation methodologies (including emission factors). However, the SCAQMD is pursuing additional avenues to obtain the necessary supporting documentation. Finally, the SCAQMD staff noted that all the studies lacked detail on the specific emission sources covered under PR 1148.2 involved in the estimate. For instance, no information on the size, type, and hours of operation were provided for the equipment exhaust emissions provided.

SCAQMD staff also reviewed an additional U.S. EPA report (not part of the above studies) as part of the rulemaking for PR 1148.2. In February 2013, the U.S. EPA released “EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector” which was initiated by their Office of Inspector General to determine whether the U.S. EPA has the data needed to make key decisions regarding air emissions from oil and natural gas production. The Inspector General’s Office concluded that the “U.S. EPA has limited directly measured air emissions data for criteria and air toxic pollutants for several key oil and gas production processes and sources. For example U.S. EPA lacked data on well completions and evaporative ponds.” In addition, the Inspector General’s Office concluded that the majority of emission factors used by the agency to estimate emissions for the oil and gas production sector are of average or below average quality. This means that they are based on limited or insufficient data.¹ Finally, they stated that “with limited data, human health risks are uncertain, states may design incorrect or ineffective emission control strategies and EPA’s decisions about regulating industry may be misinformed.”²

OIL AND GAS DEVELOPMENT PROCESSES AND SCAQMD RULES

Staff has evaluated the following ~~five~~^{four} major activities occurring at oil and gas fields during development and production of a well: site preparation, drilling, well completion, ~~and~~ well production, and reworks and the potential emission sources within each of these activities. For each of the emission generating activities, the applicable rules or regulations were identified. As discussed below, the analysis shows that emission sources associated with site preparation and well production are adequately covered by existing SCAQMD rules or other regulatory programs. However, SCAQMD staff did find potential emission sources for drilling, well completions, and rework activities that existing SCAQMD rules did not fully regulate.

Site Preparation

The selected site for oil or gas well drilling requires a number of activities to prepare the site for drilling to begin. A pad, footings for equipment, and access roads in the area where the drilling will take place must be cleared and leveled with bulldozers, excavators, and other types of earth-moving equipment. On some drilling sites, a below-ground-level cellar may be excavated to provide space for pieces of equipment at the top of the wellbore.

1 U.S. Environmental Protection Agency, Office of Inspector General, EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector, Report No. 13-P-0161. February 20, 2013.

2 Ibid.

SCAQMD's Rule 403 regulates fugitive dust emissions that would occur during excavation and grading activities by requiring limits on visible emissions beyond the property line of the emission source along with opacity limits. Other requirements include watering and stabilization of soils during earth-moving activities. Off-road equipment and on-road vehicles used to support site preparation activities generate criteria pollutant emissions such as nitrogen oxides (NO_x) and respirable particulate matter (PM₁₀) and (PM_{2.5}). These types of equipment are required to meet specific engine exhaust emission limits based on applicable Tier standards pursuant to state and federal regulations for off-road equipment and on-road vehicles. State and federal regulations include requirements for new and in-use equipment.

There are currently no regulatory requirements that require use of the cleanest equipment for site preparation ~~planning preparation~~. Through the California Environmental Quality Act, some projects may require use of the cleanest equipment to minimize emissions from site preparation.

Drilling

Drilling a well requires the use of large amounts of equipment including a derrick, draw works, crown and traveling blocks, steel cables, mud pumps, a rotary table, drill pipes, drill collars, and a drill bit. Drilling can be done vertically or horizontally with the use of global positioning system equipment, and are done in stages based on the zones that are encountered. Based on information from the U.S. Energy Information Administration, the average well depth is approximately 5,000 ft for an oil well and 6,500 feet for a gas well. During drilling, the rotary drill bit chips away at the formation while strings of casing of multiple sizes are cemented in the drill hole in order to protect it from water and loose earth and to prevent contact with fresh water zones. Drilling fluid (drilling mud) is pumped into the hole through the drill pipe and serves a variety of functions including cooling the drilling bit, pushing the cuttings to the surface, controlling the formation pressure, and supporting the sides of the well. As the drilling mud reaches the surface, it travels through a shale shaker that screens and removes the cuttings, and then into a pit or tank from which it is pumped and re-circulated back down the well to repeat its purpose. The weight of the drilling mud also helps to prevent high-pressure gas, oil, or salt water from flowing out of the hole and is controlled or conditioned by using special weighting material, such as barite, salt, bentonite, etc. There are different chemicals that may be added to the drilling mud from time to time to achieve desired mud properties.

Re-circulated drilling mud may be a source of entrained contaminants and possible toxic compounds while drilling through hydrocarbon-bearing zones. There is a concern for potential volatile organic compound (VOC) and toxic emissions in the re-circulated drilling mud if it is open to the atmosphere as it returns to surface and into open pits or tanks during separation of cuttings and other conditioning activities. There are currently no existing SCAQMD rules that are intended to regulate these aspects of the drilling process at oil and gas field production facilities.

Well Completion

After multiple tests are performed to determine whether the formation contains enough oil or gas to warrant well completion, the final series of casing is cemented and sealed to the walls of the well. The casing is perforated by detonating explosive charges in the producing zone which allows the oil or gas from the producing formation to enter the well. In some cases, the

formation may not have optimal permeability properties or other conditions that either result in obstruction of flow or poor flow rates. In order to improve or stimulate well production, a number of well completion or stimulation techniques may be used. Below is a description of some of these techniques.

Acidizing – This method involves the introduction of acids into the wellbore. Acidizing can be used either as a maintenance process where the intent is to initiate a wellbore cleanup, or as a well completion technique such as well stimulation. When acidizing is used as a well completion technique, the process involves the injection of acids under pressure to remove an impediment to production by dissolving acid-soluble solids. This process is normally termed matrix acidizing and is performed at pressures below the formation fracturing pressure. When acidizing is used as a well stimulation technique, the intent is to fracture the surrounding formation by utilizing injection pressures above the formation fracturing pressure. This procedure is referred to as fracture acidizing or acid fracking. Fracture acidizing is similar to hydraulic fracturing in that it is designed to open up channels in the rock formation so as to provide additional conduits for oil or gas to flow into the well. Some of the most common acids used in either acidizing processes include Hydrochloric (HCl), Hydrofluoric (HF), and Acetic (CH₃COOH).

Gravel Packing – This sand-control method involves installation of a steel screen between the wellbore and the casing. This area is packed with prepared gravel of a specific size that is designed to prevent formation sand from entering and mixing with the produced fluids in the wellbore. The varying types and degrees of gravel packing depend on how the gravel is placed (using hydraulic pressure or circulation).

High-Rate Gravel Packing – This method involves the use of water, sand, gravel, and chemical additives to place sand and gravel near the well itself to limit entry of formation sands and fine-grained material into the wellbore. Gravel small enough in size to prevent formation of fine particles to enter and mix in the wellbore is pumped in at a high-rate of pressure and held in place by the well perforations. Although this method is not intended to increase the permeability of the producing formation, fractures are still created with similar fluids that are used in other well completion techniques intended to fracture formations.

Hydraulic Fracturing – This process involves the use of water, sand (proppant), and chemical additives under high pressures that are sufficient to create cracks or fractures in the formation. This mixture is injected down the well and out of the perforated holes of the well casing to create fractures in the formation. The chemical additives aid in the transport of the proppant down the well and into cracks, while the proppants prop the fractures open, thereby allowing the oil and gas to flow more easily out of the well.

Preparation of the fluids used in well completion techniques described above can involve onsite mixing of proppants or gravel with the carrier fluid, and may result in potential particulate matter emissions. Materials used for proppants varying in type (e.g., crystalline silica, ceramic beads) are commonly delivered by trucks and loaded into sand movers. The proppant is transferred by a conveyer belt and into hoppers where it is mixed with well completion fluids prior to being injected down the well. Fugitive dust may be released at hatches and ports of the sand movers during refilling operations, and from the transfer between open conveyor belts and transfer

points. SCAQMD Rules 403, 404, and 405 regulate particulate emissions. Although SCAQMD Rule 403 addresses fugitive dust, the rule's intent is to control fugitives from open storage piles, earth-moving activities, construction/demolition activities, disturbed surface areas, and vehicular movement. SCAQMD Rules 404 and 405 also relate to the control of particulate matter emissions, however, sets concentration and mass emission rate limits that can only be tested by source testing of point sources where there is a stack; and are not designed or intended to reduce emissions from fugitive particulate sources from well drilling, well completions and well reworks.

Another potential emission concern from well completion activities relates to the manner in which well completion fluids that return to the surface or “flowback” is collected, treated, and stored. As the well completion fluids come into contact with the formation and hydrocarbon-bearing zones, the resulting flowback may be entrained with a variety of formation materials, including brines, heavy metals, radionuclides, and organics. This is in addition to the chemical additives originally injected during the well completion used to prepare the well or fracture the formation. Although the chemical additives represents only a small percentage of the total makeup of the well completion fluid, the high volumes of the fluids used during the process can be translated to significant amounts of the chemicals overall. Flowback that returns to the surface and goes into pits or tanks that are open to the atmosphere has the potential to emit organic compounds and hazardous or toxic air pollutants into the air. SCAQMD Rule 1176 sets forth requirements for wastewater that is stored or collected in sumps that are a part of a facility's wastewater system, however, there is no existing SCAQMD rule for oil and gas field facilities that collect and store flowback wastewater in portable tanks or other containments that are not part of a wastewater system.

Well Production

Following drilling and well completion operations, the well is ready to begin the oil/gas extraction process referred to as “production.” Oil reservoirs contain varying amounts of oil, water, and gas, and the physical and chemical properties of these constituents varies greatly from one reservoir to another. While some wells are capable of producing oil or gas exclusively, the following discussion focuses on wells which produce both oil and gas. The major components of petroleum production involve bringing the well fluids to the surface, separating the liquids, solids, and gaseous constituents, and performing various treatments to remove impurities and prepare the petroleum products for sale.

In primary recovery, well fluids consisting of crude oil, natural gas, water (i.e., “produced water”), and solids (sediment, sand, etc.), are either pumped to the surface or flow to the surface from natural reservoir pressure. Primary recovery is employed during the initial stages of oil production from a particular reservoir, but typically around 30% of the original oil in place can be produced using these methods. In many cases, enhanced oil recovery methods are needed to improve hydrocarbon recovery efficiency. Secondary recovery methods improve the recovery of reservoir hydrocarbons by adding energy, in the form of pressure, to the reservoir, thereby reestablishing or supporting the natural reservoir pressure which pushes the oil through the reservoir to the producing wells. One common method of secondary recovery called a “waterflood” re-injects produced water (or water from other sources) into the reservoir through injection wells to pressurize the reservoir. Another method uses natural gas injection to pressurize the reservoir and prevent or slow the natural decline of reservoir pressure that occurs

as reservoir fluids and gas are recovered through producing wells. Tertiary recovery methods utilize materials not normally found in the reservoir to improve hydrocarbon recovery. In most cases, a substance is injected into the reservoir, where the substance reacts to help mobilize the oil or gas, and is removed from the reservoir with the hydrocarbons. Steam injection is an important method used in California due to the state's abundance of heavy crude oil. This method injects steam into the formation where heat from the steam lowers the viscosity of the heavy crude oil so it will flow more readily towards producing wells. Steam can be injected continuously in a "flood", or on an intermittent basis. Other examples of tertiary recovery methods include: "fireflooding," or in-situ combustion, whereby air is injected into the reservoir to support combustion of reservoir hydrocarbons, generating heat and pressure which helps improve oil/gas recovery; miscible injection, in which an oil-miscible fluid, such as carbon dioxide or an alcohol, is injected into the reservoir to reduce the oil density and cause it to rise to the surface more easily; and chemical flooding, which combines the waterflooding technique with the use of special chemicals such as polymers and surfactants, to reduce the capillary forces trapping the residual oil or to thicken the injected water to a viscosity similar to the oil it displaces. SCAQMD Rule 1148 regulates Thermally Enhanced Oil Recovery Wells and sets limits on VOC emissions from both wells that are connected to vapor recovery control systems and those that are not.

When the well fluids reach the wellhead, they may contain a wide variety of substances including, crude oil, natural gas, produced water, sand, silt, and any additives used to enhance extraction. The fluids are transported via pipeline to a treatment plant, where the crude oil, natural gas, produced water, and solid contaminants are separated and treated. During the treatment process, the gas is separated from the oil and water, and the solids and water are separated from the oil. Treatment plants vary in size and complexity, and may take many different forms depending on the treatment needs of each site. Typically, treatment plants include a well flow-line manifold in addition to separators, free water knockout vessels, heaters (for heavy crude oil), heater-treaters, wash tanks, stock tanks, wastewater separators or oil/water separators, sumps, pits, ponds, and a vapor recovery unit. Wastewater treatment and separation processes are regulated under SCAQMD Rule 1176 – VOC Emissions from Wastewater Systems. Rule 1176 requires that sumps and wastewater separators be covered with either a floating cover equipped with seals or a fixed cover, equipped with a closed vent system vented to an air pollution control system.

When well fluids reach the surface, they typically flow to a well manifold that connects with each well in a given field. From the manifold, the fluids are directed to either a test or a production separator. Under normal operating conditions, the fluids flow to a production separator where gas is separated from the mixture. The oil/water stream then flows to a free water knockout vessel, heater-treater, a wash tank, and an oil/water separation vessel where water is removed from the oil. Once sufficient water has been removed from the oil, the oil is piped to an oil storage or stock tank, and then transported via pipeline or tankers to refineries, where petroleum products are made. SCAQMD Rule 1148.1 – Oil and Gas Production Wells, reduces VOC emissions from well cellars as well as from sources of untreated process gas located at oil and gas production facilities. SCAQMD Rule 1173 – Fugitive Emissions of Volatile Organic Compounds, intends to limit emissions from VOC leaks from components such as valves, fittings, pumps, compressors, pressure relief devices, diaphragms, hatches, sight glasses, and meters at oil and gas production fields, natural gas processing plants, and pipeline

transfer stations. SCAQMD Rule 463 – Organic Liquid Storage, reduces volatile organic compounds (VOC) from the storage of organic liquids in stationary above-ground tanks with a minimum capacity of 19,815 gallons, and gasoline storage in stationary above-ground tanks with a capacity between 251 and 19,815 gallons.

Gases removed during the treatment process are typically treated and sold, however, they may also be used as fuel for onsite equipment, re-injected into the reservoir for pressure maintenance, or vented to the atmosphere (usually only during emergency upset conditions). Gas collected from separators and oil treaters, along with vapors from storage tanks, may be conditioned through the dehydration and sweetening processes, in which water, hydrogen sulfide, and sometimes carbon dioxide are removed from the gas stream. Following gas treatment, the gas may then be sold as “pipeline quality” dry natural gas, suitable for transmission.

Some of the equipment used in the production process that require SCAQMD permits include separators, tanks, vessels, heaters, boilers, vapor recovery units, internal combustion engines, and clean-out sumps. All wellheads, except for those with steam injection, are exempt from written permit requirements per SCAQMD Rule 219(n)(1) – Natural Gas and Crude Oil Production Equipment. However, oil and gas wells subject to SCAQMD Rule 1148.1 are required to file for equipment registration pursuant to SCAQMD Rule 222 – Filing Requirements for Specific Emissions Sources Not Requiring a Written Permit Pursuant to Regulation II.

Rework

As defined in PR 1148.2, rework means any operation subsequent to drilling that involves deepening or re-drilling, or well production stimulation or treatment activity of an existing well (i.e., acidizing, gravel packing, hydraulic fracturing, and any combination thereof such as frac-packing)~~permanently altering in any manner the casing of a well or its function.~~ Well rework operations, or workovers, are typically conducted to restore or improve oil and/or gas production from an existing formation when it has fallen off substantially or ceased altogether. Well rework operations may include production stimulation techniques such as hydraulic fracturing, completion of a new producing zone, or re-fracture of a previously fractured zone. An example of when a rework may be necessary is when the casing has been perforated and rock or sand particles clog the casing perforations ~~and~~ cutting off or reducing production. Rework would be necessary in this case to restore production from the well. Rework operations are often very similar to the operations performed during the initial well completion, and are usually performed by well service contractors specializing in well maintenance. Because rework operations are similar to typical well completion operations, it is expected that air quality impacts would be similar as well.

SUMMARY CONCLUSION OF OIL AND GAS PROCESSES AND SCAQMD RULES

Based on the SCAQMD staff’s review of oil and gas processes site preparation and production activities are generally covered under existing rules and regulations and other programs. Regarding site preparation, there are existing state and federal regulations for new and in-use equipment. Emissions can be further minimized by using the cleanest available construction equipment. As discussed above, there are a number of SCAQMD rules regulating emissions from oil and gas well production activities.

There were three areas where the SCAQMD staff found potential emission sources and regulatory gaps: (1) drilling, (2) well completions, and (3) well rework activities. The potential emission sources are combustion sources used during these three activities, particulate emissions from mixing dry materials, and hydrocarbon and possibly toxic emissions as drilling fluids and flowback fluids return from the well to the surface. As discussed in Chapter 2, the applicability Proposed Rule 1148.2 includes more than “hydraulic fracturing” since SCAQMD staff’s analysis found similar emission sources from other processes for oil and gas wells that are currently unregulated. Additional information is needed about these emission sources to assess the type and magnitude of emissions and existing emission control techniques or devices, if applicable.

OTHER PROPOSED REGULATORY ACTION

Senate Bill 4 and Assembly Bill 7

On December 3, 2012, Senator Fran Pavley (27th Senate District of California) and Assemblymember Bob Wieckowski (25th Assembly District) proposed Senate Bill 4 and Assembly Bill 7, respectively. The virtually identical bills would regulate hydraulic fracturing operations at oil and gas sites throughout the state. Both bills would require DOGGR to work in consultation with the Department of Toxic Substances Control (DTSC), the California Air Resources Board (CARB), and the State Water Resources Control Board (SWRCB) to adopt regulations specifically targeted at hydraulic fracturing operations. The principal differences in the bills are the proposed effective dates. AB 7 would require the proposed regulations to take effect January 1, 2014, while the proposed regulations under SB 4 would take effect January 1, 2015. Other minor differences exist between the proposed legislation, however, the main text of the bills are virtually identical.

The bills direct DOGGR to consider revisions to “the rules and regulations governing the construction of wells and well casings to ensure the integrity of wells, well casings, and the geologic and hydrologic isolation of the oil and gas formation during and following hydraulic fracturing, and full disclosure of the composition and disposition of hydraulic fracturing fluids.” Full disclosure of the composition and disposition of the hydraulic fracturing fluids would include such information as: the date of hydraulic fracturing operations; a complete listing of the chemical constituents of the hydraulic fracturing fluids used; the trade name, supplier and description of the intended purpose of each additive in the hydraulic fracturing fluid; total volume of fluids used; the source, volume, and disposition of all water used during hydraulic fracturing; disposition of all hydraulic fracturing fluids other than water; the presence of any radiological components or tracers; and the location and extent of the fracturing surrounding the well induced by the treatment. The bills would require hydraulic fracturing related information to be posted to a publicly available website, such as fracfocus.org, with some exceptions for information claimed to be subject to trade secret protections. Both bills would also require operators to notify DOGGR at least 30 days prior to performing hydraulic fracturing operations and complete the treatment within one year of the date of notice. The bills also require a post-hydraulic fracturing report to DOGGR, with the information being posted on the DOGGR website. DOGGR would also be required to provide an annual report to the legislature regarding hydraulic fracturing in the exploration and production of oil and gas throughout the state.

In addition to SB 4 and AB 7, a number of other similar California bills related to hydraulic fracturing have been proposed. These include AB 288 (Assemblyman Levine), AB 669

(Assemblyman Stone), AB 982 (Assemblyman Williams), and SB 395 (Senator Jackson). In summary, AB 288 would prohibit hydraulic fracturing activity until written approval is received from DOGGR and allow regulators to establish a fee for permits involving fracturing. AB 669 proposes that well operators must have a wastewater disposal plan approved by the regional water quality board prior to drilling. AB 982 would require drillers to include a groundwater monitoring plan with the notice of intent to drill, detailing their water use. SB 395 would require the Department of Toxic Substances Control to regulate wastewater from hydraulic fracturing as a hazardous substance.

DOGGR Discussion Draft of Regulations for Hydraulic Fracturing

On December 18, 2012, The Department of Conservation/Division of Oil, Gas, and Geothermal Resources (DOGGR) released a “discussion draft” of regulations for hydraulic fracturing (“fracking”). According to DOGGR, the “discussion draft” is an informal starting point for discussion by key stakeholders (including industry representatives, the environmental community, other regulatory agencies, and members of the public) in preparation for the formal rulemaking process. The formal rulemaking process is anticipated to begin in early 2013. The “discussion draft” regulation is similar in some respects to the proposed regulations in SB 4 and AB 7 and includes provisions for: pre-fracturing well testing; notification to DOGGR prior to hydraulic fracturing operations; posting of submitted hydraulic fracturing notification forms on the DOGGR website; monitoring during and after fracturing operations; posting chemicals used in fracturing fluid on a “Chemical Disclosure Registry” website (i.e., fracfocus.org website, or other similar website); disclosing trade secret chemical information to DOGGR and health professionals in response to a spill or release of hydraulic fracturing fluid or for the purpose of diagnoses or treatment of an individual; and storage and handling of hydraulic fracturing fluids.

In regard to how the proposed regulation ensures that hydraulic fracturing will not contaminate the air, DOGGR has stated in a document related to the public questions received on the “discussion draft” that the various air quality control districts are evaluating the need for regulations to address fugitive air emissions associated with hydraulic fracturing. DOGGR is in discussions with the Air Resources Board and the local air districts to ensure that the proposed regulations dovetail with their regulatory efforts. Similar to the discussion draft, PR 1148.2 contains provisions for notifications and reporting of hydraulic fracturing operations, however, differs in that the information required is related to air quality data that is not specified in the DOGGR’s discussion draft. PR 1148.2 covers other activities in addition to hydraulic fracturing, including well drilling, acidizing, gravel packing, and rework activities. It should be noted that the requirements in the DOGGR’s discussion draft are intended to ensure integrity of the well casing in order to protect groundwater and provide disclosure of chemicals used in hydraulic fracturing, whereas the purpose for PR 1148.2 is to collect and evaluate information on well activities that may have potential air quality impacts.

The SCAQMD staff has been following the rulemaking of DOGGR’s regulation for hydraulic fracturing. On February 12, 2013, the SCAQMD staff attended a workshop conducted by DOGGR regarding their discussion draft. Discussion and comments were given regarding provisions for pre-fracturing well testing, advance notification, monitoring during and after fracturing operations, disclosure of materials used in fracturing fluid, trade secrets, storage and handling of hydraulic fracturing fluids, and other topics not presently considered in the discussion draft. The rule is expected to be finalized by the end of the year.

AFFECTED SOURCES

SCAQMD Rule 222 currently requires owners and operators of oil and gas wells to register each well group (consisting of no more than four well pumps at a crude oil production and handling facility) subject to Rule 1148.1. Rule 1148.1 – Oil and Gas Production Wells, applies to onshore oil producing wells, well cellars and produced gas handling activities at onshore facilities where oil and gas are produced, gathered, separated, processed and stored. The Rule 222 equipment registration for oil wells is a streamlined alternative to the standard air quality permitting process.

Based on an evaluation of ~~District~~SCAQMD records of the Rule 222 Filing Program for the “Oil Production Well Group” category, there are ~~273241~~ facilities operating approximately ~~4,6144,321~~ onshore oil and gas wells in the South Coast Basin. Due to the geography of the region, the affected facilities are often located in urban areas, and sometimes located in close proximity to residential and other sensitive receptors. Based on well records from the California Division of Oil, Gas, and Geothermal Resources (DOGGR), there are approximately 6,136 oil, gas, and geothermal wells that are active or idle in the Los Angeles, Riverside, San Bernardino, and Orange County regions. The discrepancy between the number of wells accounted for by Rule 222 and DOGGR is mainly due to the fact that DOGGR’s program includes geothermal and injection wells.

Proposed requirements for reporting the chemicals used during well drilling, completion, and reworks ~~will~~may affect the suppliers of chemicals used during these processes. Under the proposed requirements, well ~~owners~~/operators and/or their chemical suppliers are required to submit to the ~~District~~SCAQMD a comprehensive listing of the chemicals contained in the drilling fluids, well completion fluids, and materials used during reworks. This information, excluding certain “trade secret” information, will then be reported by the ~~District~~SCAQMD on a publicly available website. There are various companies throughout the nation that supply the multitude of chemicals used during drilling, well completion, and well rework operations.

CHAPTER 2: SUMMARY OF PROPOSED RULE 1148.2

OVERVIEW

PROPOSED RULE 1148.2

OVERVIEW

The purpose of Proposed Rule 1148.2 is to gather air quality-related information on oil and gas well drilling, completion, and reworks activities in order to identify the magnitude and type of emissions associated with these operations. The proposed rule has a notification requirement and two reporting requirements regarding drilling, well completions, and well reworks. As discussed below, the proposed rule applies to ~~owner or~~ operators of oil and gas wells as well as chemical suppliers that provide chemicals used for drilling, well completions, and well reworks. The following describes the key elements of Proposed Rule 1148.2.

PROPOSED RULE 1148.2

As discussed in more detail below, PR 1148.2 sets forth requirements to allow SCAQMD staff to gather data necessary to assess the type and magnitude of potential emissions from oil and gas well drilling, well completion, and rework activities.

Applicability

Subdivision (b) specifies the applicability of Proposed Rule 1148.2. The proposed rule applies to any ~~owner or~~ operator of an onshore oil or gas well located in the ~~District~~ SCAQMD that is conducting drilling, well completion activities, and well reworks. In addition, the proposed rule applies to suppliers that are selling or distributing chemical ingredients ~~an additive directly~~ to the ~~owner or~~ operator of an onshore oil or gas well for use as a drilling fluid, well completion fluid, or rework.

Definitions

Subdivision (c) includes definitions of the following terms used in the proposed rule. Please refer to subdivision (c) of PR 1148.2 for the definitions. It should be noted that most of the definitions were taken from existing or proposed regulations of the Department of Conservation, Division of Oil and Gas and Geothermal Resources in order to maintain consistency with terms already used and accepted by the oil and gas production industry.

- Acidizing
- Air toxic
- Chemical family
- Drilling
- Drilling fluid
- Flowback fluid
- Gravel packing
- ~~Hazardous air pollutant~~
- ~~High rate gravel pack~~
- Hydraulic fracturing
- ~~Hydraulic fracturing fluid~~
- Onshore oil or gas well
- Owner or Operator
- Proppant
- Rework
- Sensitive Receptor
- ~~Supplier~~

- ~~Toxic Air Contaminant~~
- Trade secret
- Well
- Well ~~C~~completion
- Well ~~C~~completion ~~F~~fluid
- Well ~~P~~roduction ~~S~~stimulation or treatment ~~A~~activity

Notification Requirements

Subdivision (d) requires the ~~owner or~~ operator of an oil or gas well to notify the Executive Officer no more than 10 days and no less than 24 hours prior to drilling a well, completing a well, or reworking a well. The purpose of this provision is to provide notification to the Executive Officer prior to drilling, well completion, or rework activities. This provision would become effective ~~90-60~~ days from date of rule adoption.

Under this provision, the ~~owner or~~ operator is required to notify the Executive Officer with the following information:

- Name and contact information of the ~~O~~wner ~~or~~ and operator of the subject well(s);
- Well name(s) and API well number(s) (if available);
- Geographical coordinates of the subject well(s);
- Nearest sensitive receptor within 1,500 of the subject well(s); specifying the:
 - Sensitive receptor type (e.g., residence, school, hospital)
 - Name of facility, if applicable;
 - Location address; and
 - Distance from the closest property line~~outer boundary~~ of the sensitive receptor to the subject well(s);
- Expected start date(s) and identification of general activities to be conducted (e.g., drilling, well completion, and reworking).

Under the proposed rule, the ~~owner or~~ operator is required to identify the nearest sensitive receptor within 1,500 feet of the subject well. The ~~owner or~~ operator must provide the type of sensitive receptor such residence, school, day care, hospital, etc., and the name of the facility, if known. In addition, the proposed rule requires that the distance from the closest property line of the nearest sensitive receptor to the subject well be provided. ~~The outer boundary is the point closest to the subject well.~~

During the working group meetings and public workshops, some environmental and community groups commented that the notifications submitted to the SCAQMD should be made available to the public. As a result, the SCAQMD staff added a provision that requires the Executive Officer to make all notification information received under subdivision (d) available to the public on a website within 24 hours of receipt.

Reporting Requirements

Proposed Rule 1148.2, subdivision (e) includes two reporting requirements for: (1) emission sources and (2) chemical reporting. Both reporting requirements begin ~~60~~90 days after the date of adoption of the proposed rule. Reporting requirements specify that information be reported electronically using a format approved by the Executive Officer. Emission source reporting and

chemical use reporting ~~are~~ must be submitted no later than ~~60~~30 days after the last activity, or if more than one operation is being conducted, after the last activity in the series of operations associated with drilling, well completion or rework. One report may be submitted for a series of activities, unless the time between each individual activity within a series exceeds fourteen days. It should be noted that the reporting period was initially proposed to be 30 days, however, during working group meetings, some industry representatives commented that 30 days was not sufficient time to complete and submit reports. As a result, the SCAQMD staff extended the reporting period from 30 to 60 days.

Emission Source Reporting

The purpose of the emission source reporting is to gather specific information on drilling, well completions, and reworks to better quantify potential emissions from these activities. Emission source reporting focuses on the following three source categories that occur during drilling, well completions and reworks: (1) emissions from combustion equipment; (2) fugitive dust emissions from on-site mixing operations; and (3) potential hydrocarbon emissions from drilling fluids and flowback fluids that return to the surface.

Combustion Equipment – Drilling, well completion, and rework activities utilize a variety of non-road equipment. Although these activities are temporary, they can be intense due to the equipment size and the amount of equipment. Also, the frequency in which these operations are conducted may play a substantial role in understanding the magnitude of emissions from construction equipment used for drilling, well completion, and rework activities. Under subparagraph (e)(1)(C), the ~~owner or~~ operator must report the type of equipment, size, engine tier, fuel type, and hours of operation for combustion equipment used during drilling, well completion, and rework activities. The engine tier represents the emission standard that the engine is certified to meet by CARB and EPA. This information will allow the SCAQMD staff to quantify combustion emissions.

Fugitive Dust Emissions – Under subparagraph (e)(1)(D), the ~~owner or~~ operator is required to report on the amount and type of dry materials used on site when making drilling mud and ~~hydraulic fracturing well completion fluid~~. The purpose of this provision is to gather information on the potential fugitive dust emissions and their composition, that might occur when mixing dry materials, the techniques used to mix these fluids, and use of air pollution techniques, devices, and/or practices used to control fugitive emissions or odors. This provision applies to dry materials that are added and mixed onsite into drilling and well completion fluids.

Drilling Fluids, Well Completion Fluids and Flowback Fluids – Under subparagraph (e)(1)(E), the ~~owner or~~ operator is required to report information regarding drilling, well completion, and flowback fluids. Under this subparagraph, the ~~owner or~~ operator must provide the volume of well completion fluids used and volume of flowback fluids recovered. For drilling fluids and flowback fluids, the ~~owner or~~ operator must provide the methods used for collecting, storing, conditioning, separating, and/or treating drilling fluids and/or flowback fluids as it returns to the surface. The SCAQMD staff is interested in learning if fluids are collected in a closed or open system and any air pollution control techniques, devices, and/or practices used to control volatile organic compounds or odors. Lastly, the ~~owner or~~ operator must provide the final disposition of

recovered drilling and flowback fluids. The SCAQMD staff is interested in learning if the fluids are recycled and/or disposed of and the method in which recycling and/or disposal occurs.

SCAQMD Sampling and Monitoring – In order to supplement the data gathered under PR 1148.2, the SCAQMD staff will visit drilling, well completion, and rework activities to conduct sampling and monitoring specific activities. The site visits will also provide opportunities for SCAQMD staff to observe operations of concern and the types of air pollution control techniques that are utilized. Information received under the notification requirements of the proposed rule will help inform staff of the dates and times for various planned activities. The SCAQMD staff plans on using devices such as portable handheld vapor analyzers to measure PM, VOC, and H₂S emissions. Sampling methods may include the use of dust traps to capture particulate matter emissions and evacuated canisters to capture VOC emissions where they will be analyzed to determine information such as particle size and toxic compound composition. Findings from surveying and sampling activities will also help staff determine if more comprehensive air monitoring or sampling is necessary. Use of portable analyzers will allow the SCAQMD staff to collect more samples as there is minimal set up time involved and these methods are less resource intensive. Use of air monitoring data and air and chemical sampling will give the SCAQMD staff a sense of the concentration and type of air pollutants associated with the operations of concern, if any.

Supplier Requirements

Proposed Rule 1148.2 includes provisions for suppliers. Suppliers are entities selling or distributing a chemical directly to the ~~owner or~~ operator of an onshore oil or gas well for use as a drilling fluid, well completion fluid, or rework fluid. Under paragraph (e)(2), a supplier that provides a chemical directly to an ~~owner or~~ operator of an oil or gas well for drilling, well completion, or rework shall provide information on each chemical trade name product. Under PR 1148.2, chemical trade name products are considered to be any additive used in a drilling or well completion fluid, regardless of whether or not it is known under a trade or brand name in the oil and gas well production industry. The information required shall include the name of each chemical ~~compound~~ trade name product, and the chemical abstract service number, and purpose of the chemical trade name product. In addition, for each chemical trade name product, the supplier shall provide either the total mass, or volume and density, ~~or mass concentration,~~ of each chemical ingredient used in the chemical trade name product, and ~~The the~~ maximum concentration in percent by mass, and whether the chemical ingredient is an air toxic hazardous air pollutant or a toxic air contaminant shall also be provided. If the supplier claims chemical information protected as trade secret and does not provide the owner or operator with information needed to satisfy the chemical use reporting requirements of the proposed rule, the supplier must provide the ~~owner or~~ operator with the identity of any chemical information that is not being disclosed based on a claim of trade secret protection and the basis for the claim, as well as substitute information which includes the identification of the chemical family or similar descriptor of any chemical ingredient claimed as a trade secret, and whether or not the chemical ingredient is an air toxic hazardous air pollutant and/or toxic air contaminant. The supplier is required to provide this information to the ~~owner or~~ operator within ten days after the chemicals are ~~sold~~ delivered to the ~~owner or~~ operator.

If the supplier claims any chemical information protected as trade secret, the supplier must provide the detailed information referenced above for each chemical trade name product ~~claimed as trade secret~~, as well as the name and API number of the affected well to the Executive Officer within sixty days after the chemicals have been delivered to the operator. ~~The supplier must provide the Executive Officer with the name of each chemical compound and chemical abstract service number, trade name, volume and density or mass concentration, each chemical ingredient used in the trade name and the maximum concentration in percent by mass, the chemical family or similar descriptor, and whether the chemical is a hazardous air pollutant or a toxic air contaminant.~~

Operator Chemical Use Reporting Requirements

Under this provision, there are requirements for the ~~owner and~~ operator of a well ~~for to~~ identify chemicals that are used during drilling, well completion, and rework activities. Under paragraph (e)(54), the ~~owner or~~ operator of an onshore well is required to submit an electronic report, using a format that is approved by the Executive Officer that provides information on the chemicals used during each well activity, ~~that provides the~~ For chemical trade name products not claimed protected as trade secret, the information shall include: name of each chemical ~~compound~~ trade name product; chemical abstract service number, purpose of the chemical trade name product; either the total mass, or volume and density of each chemical ingredient used in the chemical trade name product; maximum concentration in percent by mass for each chemical ingredient; ~~trade name, volume and density or mass concentration, each chemical ingredient used in the trade name and the maximum concentration in percent by mass, whether or not the chemical is claimed as trade secret and if so the chemical family or similar descriptor of the chemicals being claimed as a trade secret,~~ and whether the chemical is a air toxic ~~hazardous air pollutant under the Clean Air Act or a toxic air contaminant under state law~~. In addition to identifying the well name and API number of the affected well, ~~The~~ the proposed rule also requires that the owner or operator report supplier information such as the company name, address, contact, and phone number.

Chemicals that are used during the drilling, well completion, and rework activities will return to the surface. As these chemicals return to the surface, it is important for the SCAQMD staff to understand the types of chemicals, the volume and density or mass, and maximum concentration in percent by mass to better assess if there are potential volatile organic compounds, toxic air contaminants, or hazardous air pollutants that may be a concern for air quality or public health. The SCAQMD staff is concerned that if specific information is omitted, the SCAQMD staff cannot fully assess potential air quality or public health issues.

~~The proposed rule requires that the owner or operator report all chemical ingredients used in a chemical trade name, including chemical information claimed as trade secret, to the Executive Officer. A reporting entity/supplier claiming trade secret must provide a justification for the basis for claiming trade secret. Trade secrets, with the exception of emission data, may include, but are not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to certain individuals within a commercial concern who are using it to fabricate, produce, or compound an article of trade or a service having commercial value, and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it. (Gov.~~

Code Sec. 6254.7(d)). When a member of the public requests to inspect a public record or the ~~District~~ SCAQMD makes information received under subdivision (f) available on its website, claims that certain information constitutes a trade secret will be subject to evaluation under the ~~District's~~ SCAQMD Public Records Act Guidelines and the California Public Records Act. If the ~~District~~ SCAQMD determines that the justification for claiming trade secret is inadequate, the ~~District~~ SCAQMD shall promptly notify the entity who claimed trade secret that the information will be released after 15 calendar days from the date of such notice. Such an entity shall also be advised of its right to bring appropriate legal action to prevent disclosure, and of its right to further respond.

~~For chemicals claimed as trade secret, the owner or operator must also provide the chemical family or similar descriptor.~~

SCAQMD Website Posting of Chemicals

Subdivision (f) identifies the information that the Executive Officer will make available on the SCAQMD website. Trade secret information is treated differently than non-trade secret information. For all non-trade secret chemical ~~compounds~~ ingredients, the proposed rule requires the following information be posted on the SCAQMD's website and made available to the public for each event by owner or operator name, well name and API well number (if available), location, and date of activity:

- Name of chemical ~~ingredient~~ compound;
- Chemical abstract service (CAS) number;
- Purpose of the chemical ingredient;
- ~~Volume or mass of chemical used; and~~
- For each chemical trade name product:
 - _____ - the total volume and density; or
 - _____ - total mass;
- For each chemical ingredient used in the chemical trade name product, the maximum concentration by mass; and
- Identification of the chemical(s) that are an air toxic ~~hazardous air pollutant and/or toxic air contaminant.~~

For all trade secret chemical compounds, the proposed rule requires the following information be posted on the SCAQMD's website and made available to the public for each event by owner or operator name, well name and API well number (if available), location, and date of activity:

- Chemical family or similar descriptor; and
- Identification of the chemical(s) that are an air toxic ~~hazardous air pollutant and/or toxic air~~ _____ ~~contaminant.~~

CHAPTER 3: IMPACT ASSESSMENT

EMISSION IMPACTS OF PROPOSED RULE 1148.2

SOCIOECONOMIC ASSESSMENT

CALIFORNIA ENVIRONMENTAL QUALITY ANALYSIS ACT

**DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE
SECTION 40727**

EMISSION IMPACTS OF PROPOSED RULE 1148.2

Implementation of Proposed Rule 1148.2 will not result in emissions reductions as it is an administrative rule with no proposed requirements for control measures. The purpose of the proposed rule is collect information to better quantify air emissions associated with drilling, completion, and rework activities for onshore oil and gas wells.

SOCIOECONOMIC ANALYSIS

PR 1148.2 would require ~~owners/operators~~ of an onshore oil or gas well to report air quality-related information on oil and gas well drilling, well reworking, and well completion activities. In addition, PR 1148.2 would require chemical suppliers to report any information required in the proposed rule regarding chemical ~~compounds-ingredients~~ contained in the drilling fluids, well completion fluids, and rework operations that is not provided to an ~~owner or operator~~ based on claims of trade secret.

Affected Industries

Based on the ~~District's~~ SCAQMD permitting database for registered wells, ~~the~~ proposed rule would affect ~~273241~~ oil and gas wells operation facilities. Out of ~~273241~~ facilities, ~~224206~~ are located in Los Angeles County, and the remaining ~~4935~~ are located in Orange County. Eighty ~~one~~three percent of the affected facilities belong to the sector of crude petroleum and natural gas extraction [North American Industrial Classification System (NAICS) 211111], and the remaining facilities belong to the sectors of petroleum and petroleum products merchant wholesalers (NAICS 424720), and support activities for oil and gas operations (NAICS 213112).

In addition, based on the ~~District~~ SCAQMD's research, the proposed rule would affect a number of chemical suppliers, who are mostly of which are located outside of California, but who supply chemicals to operators performing well drilling, completion and rework activities within the ~~District's~~ SCAQMD jurisdiction. The suppliers mainly belong to sectors of all other miscellaneous chemical product preparation (NAICS 325998), and other chemical and allied products merchant wholesalers (NAICS 424690). The suppliers cannot be individually identified.

Small Businesses

The SCAQMD defines a "small business" in Rule 102 as one that employs 10 or fewer persons and that earns less than \$500,000 in gross annual receipts. In addition to the SCAQMD's definition of a small business, the federal Small Business Administration (SBA), the federal Clean Air Act Amendments (CAAA) of 1990, and the California Department of Health Services (DHS) also provide definitions of a small business.

The SBA's definition of a small business uses the criteria of gross annual receipts (ranging from \$0.75 million to \$35.5 million), number of employees (ranging from 50 to 1,500), megawatt hours generated (4 million), or assets (\$175 million), depending on industry type (US SBA, 2013). The SBA definitions of small businesses vary by 6-digit North American Industrial Classification System (NAICS) code.

The CAAA classifies a facility as a "small business stationary source" if it: (1) employs 100 or fewer employees, (2) does not emit more than 10 tons per year of either VOC or NOx, and (3) is a small business as defined by SBA.

Oil or gas well facilities (NAICS 211111) with fewer than 500 employees and petroleum products merchant wholesalers (NAICS 424720) with fewer than 100 employees are considered small by SBA. Support activities for oil and gas operations (NAICS 213112) with gross annual sales of less than \$7 million are considered small by SBA.

Out of the ~~273244~~ oil or gas well operations in the ~~District~~ SCAQMD, information on employees and sales for ~~191469~~ facilities is available, based on the 2013 Dun and Bradstreet data. Under the SCAQMD definition of small business, ~~6664~~ facilities are considered small. Based on the SBA and CAAA definition of small businesses, there are ~~120405~~ and ~~118403~~ small businesses, respectively.

Compliance Cost

Under the proposed requirements, well ~~owners/operators~~ are required to notify the ~~District~~ SCAQMD of the start date of any activity covered under the proposed rule. These same operators and chemical suppliers have to submit reports of chemicals used in their operations. In addition, well ~~owners/operators~~ are required to report equipment usage and other information regarding the subject activities for the first two years after adoption of the proposed rule.

According to the California Division of Oil, Gas, and Geothermal Resources, there were about 380 notifications in 2009 and 710 in 2012 received for wells drilling and well reworks within Los Angeles, Orange, Riverside, and San Bernardino Counties. These estimates represent a higher-end estimate because they include injection notifications, as well as for off-shore wells which are not subject to PR 1148.2.

Based on staff's estimation, ~~each oil or gas well facility could spend from a half an hour to one~~ two hours is needed to complete a notification, and four to 12 hours to complete equipment and chemical reporting for each event. The estimated hourly wage to complete these tasks is assumed to be \$39.60 to \$58.48.¹ Based on the above assumptions, the annual compliance cost is estimated to be \$7,524 to \$41,521 for notifications, and \$60,192 to \$498,250 for equipment reporting (for the first two years), and another \$60,192 to \$498,250 for chemical reporting requirements, respectively. Since the cost for the proposed rule was estimated using the annual notification information from the California Division of Oil, Gas, and Geothermal Resources and not on the number of wells or facilities, the cost by industry based on facility or well count cannot be determined.

Reporting requirements for chemical suppliers would apply only if they choose not to report ~~such~~ information claimed as trade secret to the well ~~owner/operators~~. The cost for this requirement cannot be estimated at this time due to the lack of data on the number of suppliers and uncertainty related to amount of time spent to report ~~compounds-ingredients~~ contained in the drilling fluids, well completion fluids, and rework operations.

¹ Hourly wages are based on BLS May 2011 California State Occupational Employment and Wage Estimates (Retrieved from http://www.bls.gov/oes/current/oes_ca.htm#17-0000)

Lower-end wages are median hourly wages for the "Surveyors" occupational category, while higher-end wages are median hourly wages for "Petroleum Engineers" category.

Largely depending on the wages of the employees completing the reports, the total annual compliance cost of PR 1148.2 is estimated to be \$127,908 to \$1,038,021 for the first two years and \$67,716 to \$539,771 for every year thereafter.

Rule Adoption Relative to the Cost-Effectiveness Schedule

On October 14, 1994, the Governing Board adopted a resolution that requires staff to address whether proposed rules being considered for adoption are presented in rank order by cost-effectiveness as defined in the Air Quality Management Plan (AQMP). The proposed rule is not part of the 2012 AQMP; therefore, the ranking order of cost-effectiveness is not applicable here.

CALIFORNIA ENVIRONMENTAL QUALITY ANALYSIS ACT

SCAQMD staff has reviewed PR 1148.2 and because it only consists of feasibility or planning studies for possible future actions, which have not been approved, adopted or funded, staff has concluded that it is exempt from CEQA pursuant to CEQA Guidelines §15262 – Feasibility and Planning Studies, and CEQA Guidelines §15306 - Information Collection. If approved by the Governing Board a Notice of Exemption will be prepared for the proposed project pursuant to CEQA Guidelines §15062 - Notice of Exemption.

DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 40727

Requirements to Make Findings

California Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report.

Necessity

The SCAQMD Governing Board finds and determines that a need exists to adopt Proposed Rule 1148.2 because potential air emissions from activities associated with oil and gas well drilling, well completions, and well reworks are not adequately regulated by existing SCAQMD rules or other state or federal regulations. In addition, there is insufficient information available to know the air emission potential of these processes. The SCAQMD does not have emissions data on the types of oil and gas production activities that are covered under the proposed rule. In a report from the Office of Inspector General, “EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector” released February 20, 2013, it was found there are deficiencies in emission data for well completions for oil and gas processes. EPA stated that with limited data, human health risks are uncertain, states may design incorrect or ineffective emission strategies, and EPA’s decisions about regulating industry may be misinformed. The SCAQMD staff believes that the notification requirements, emissions reporting, and chemical use reporting under Proposed Rule 1148.2 combined with emissions monitoring and sampling will provide the SCAQMD with needed emissions data on drilling, well completion, and rework activities for oil and gas wells within the South Coast Air Basin. Consequently, Proposed Rule 1148.2 is needed to collect sufficient data and information in order to evaluate the type and amount of air emissions coming from the oil and gas well drilling, reworks, and completions, as well as the current practices in the industry for controlling air emissions resulting from the processes used.

Authority

The SCAQMD Governing Board has authority to adopt Proposed Rule 1148.2 pursuant to the California Health and Safety Code Sections 39002, 40000, 40701, 40702, 40725 through 40728, 41508, 41511, and 41700.

Clarity

The SCAQMD Governing Board finds and determines that Proposed Rule 1148.2 is written or displayed so that its meaning can be easily understood by the persons directly affected by the rule. Proposed Rule 1148.2 has gone through a public process to determine if there is sufficient clarity in the proposed rule language. This public process included establishing a working group made of the oil and gas well production industry, environmental organizations, and the public at large. Significant input from the participating stakeholders ensures that the proposed rule is clear and written in a manner that it can easily be understood by the affected industry.

Consistency

The SCAQMD Governing Board finds and determines that Proposed Rule 1148.2 is in harmony with and not in conflict with or contradictory to, existing statutes, court decisions or state or federal regulations. The SCAQMD staff worked with the California Department of Conservation/Division of Oil, Gas, and Geothermal Resources (DOGGR) to ensure consistency with their existing oil and gas well regulations and their proposed hydraulic fracturing discussion draft. This effort included consultations with DOGGR staff on industry practices, the implementation of DOGGR regulations, and on avoiding inconsistencies with DOGGR regulations and PR 1148.2. The SCAQMD staff also attended a public workshop on the DOGGR's proposed hydraulic fracturing discussion draft.

Non-Duplication

The SCAQMD Governing Board has determined that Proposed Rule 1148.2 will not impose the same requirements as any existing state or federal regulations. The pre-production activities applicable under Proposed Rule 1148.2 are also regulated by the California Department of Conservation/Division of Oil, Gas, and Geothermal Resources (DOGGR) and the U.S. EPA. Under California Code of Regulations, Title 14, Division 2, Chapter 4, DOGGR requires that all well drilling, reworks, and well abandonment and plugging not occur unless the well ~~owner or~~ operator files a notification with the state agency. Following the notification process, DOGGR issues a permit for the proposed action. These permits are posted on DOGGR's website, often well after the specific activity is conducted. The notification requirements under Proposed Rule 1148.2 would notify the SCAQMD staff and public before the specific activity is conducted. However, these notification provisions are a necessary undertaking since it is the mission of the SCAQMD to take all necessary steps to protect public health from air pollution, with sensitivity to the impacts of its actions on the community and businesses. This can only be accomplished through a comprehensive program of regulation requiring notification of the contents and materials used in activities specified in the proposed rule. DOGGR does not currently require such notification.

The PR 1148.2 requirements to report chemical usage and information on the well drilling, well completions, and well rework activities are not required under any existing DOGGR regulations. DOGGR's proposed hydraulic fracturing regulation scheduled for completion by the end of 2013, does require operators to report non-trade secret chemical ingredients used in hydraulic

fracturing fluids. In the case of hydraulic fracturing fluid chemicals, PR 1148.2 requires reporting directly the SCAQMD, while DOGGR's proposal only requires the operator to post the non-trade secret chemical ingredients on a chemical disclosure registry similar to FracFocus. PR 1148.2 goes beyond DOGGRs existing and proposed regulations by requiring chemicals used in well drilling and other well completion fluids. Therefore, the reporting requirements of PR 1148.2 are also non-duplicative with DOGGR's regulations.

Under U.S. EPA's NESHAPS 40CFR Part 63, U.S. EPA is requiring flowback controls, notification, reporting, and recordkeeping of operators whenever a natural gas well is hydraulically fractured. Oil production wells are excluded from the NESHAPS regulation. Similar to DOGGR's regulation, the notification provisions of the federal NESHAPS requires general ~~owner~~/operator and well identification information whereas Proposed Rule 1148.2 requires identification of the owner/operator and subject well, identification and location of the nearest sensitive receptor within 1,500 feet of the subject well, expected start date of the activity, and identification of the type of well activity performed. The reporting requirements of federal NESHAPS focus on compliance with the "green completion" provisions of the regulation but do not require ing chemical list reporting. These requirements are different than Proposed Rule 1148.2 and as a result, the proposed rule is not duplicative with the federal NESHAPS. Staff is committed to revisit the proposed rule to resolve potential conflicts or duplication, should similar regulations be adopted by other agencies that adequately address air quality/air toxic concerns.

Reference

By adopting Proposed Rule 1148.2, the SCAQMD Governing Board references the following statutes which SCAQMD hereby implements, interprets or makes specific: California Health and Safety Code Sections 41700 (nuisance), 40460(c) (emission inventory), 40913(a)(5) (emission inventory), 41511 (determination of emissions from a source); and Federal Clean Air Act Section 112 (Hazardous Air Pollutants).

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APPENDIX A: COMMENTS AND RESPONSES

The following responses to comments were included into the Staff Report after the February 1, 2013 Set Hearing. Underline formatting to reflect additions has been omitted for ease of reading.

Response to Comments

1. Comment: It is critical that key stakeholders with extensive operational experience in oil field operations play an active role in rule language development. It is suggested that SCAQMD staff conduct a consultation meeting where experts and representatives from such agencies as the California Division of Oil, Gas, and Geothermal Resources (DOGGR) discuss the basics of drilling, well completion, and associated hydraulic fracturing as well as the air emission aspect of these activities.

Response: A meeting with industry representatives and the City of Long Beach staff was held February 26, 2013. The meeting included a presentation by industry stakeholders and a tour of the THUMS oil production facility in Long Beach. A summary of this meeting and site visit was made available to the PR 1148.2 Working Group on March 6, 2013. Throughout the rule development process for PR 1148.2, the SCAQMD staff has been working with the PR 1148.2 Working Group to facilitate a discussion between stakeholders in order to develop affective rule language. In addition to industry representatives, the PR 1148.2 Working Group includes community, environmental, and agency members who have participated in providing input to the proposed rule language.

2. Comment: Reference was made of communications directly with industry representatives and the prospect of forthcoming technical meetings not open to all members of the Working Group. All members of the Working Group should have access to all technical discussions and presentations, correspondence, attendance sheets, and meeting notes.

Response: Industry representatives invited the SCAQMD staff to participate in a meeting to learn more about oil and gas drilling and well completions and associated air emissions. The SCAQMD staff presented a brief summary of the meeting to the PR 1148.2 Working Group on March 5, 2013 meeting. The SCAQMD staff requested the presentation materials from the meeting and will distribute these presentations to the working group once received. Since the meeting was scheduled by industry representatives and the invitation was directed to the SCAQMD staff, it was up to the industry whether to extend the invitation to other stakeholders. The SCAQMD staff suggests that working group representatives contact industry representatives if they would like to participate in a site tour similar to the tour the SCAQMD staff participated in.

For additional discussion, the commenter is referred to the response to comment #1.

- 3. Comment:** We are concerned with the timeliness of rule related documents. We received documents at 10:00 AM on the day of the public workshop, which is insufficient time to provide comments on the documents. The District should extend the public comment period to February 8, 2013 in order to allow sufficient time for public comments to be incorporated into the draft rule documents prior to the next Working Group meeting on February 14, 2013.

Response: Based on comments received, the SCAQMD staff recommended at the February 1, 2013 Set Hearing that the hearing for PR 11489.2 be delayed one month to allow additional time to work with stakeholders. In addition, two additional public consultation meeting were held on February 20, 2013 and the public comment period was extended to March 8, 2013. The Public Hearing for PR 1148.2 has been postponed to April 5, 2013; therefore, the written public comment period has been extended to March 8, 2013. Public comments may also be submitted verbally or in writing at the April 5, 2013 Governing Board meeting.

- 4. Comment:** Additional public workshops should be held in every city where oil and gas well operations are taking place. These cities include: Long Beach, Wilmington, Carson, Inglewood, Lawndale, Culver City, and Montebello. Also, we support a delay in the public hearing date for PR 1148.2, so that these additional public meetings can be held prior to the Board hearing.

Response: The Public Hearing for PR 1148.2 has been postponed until April 5, 2013. In addition, two Public Consultation Meetings were added in the Baldwin Hills and Wilmington area. The times and locations for the meetings are noted below:

February 20, 2013 - 2:00 P.M.

West Angeles Church of God in Christ
Multipurpose Building
3045 Crenshaw Blvd Los Angeles, CA

February 20, 2013 - 6:00 P.M.

Wilmington Senior Citizen Center
1371 Eubank Ave.
Wilmington, CA

- 5. Comment:** We are concerned that drilling equipment currently is not using the best available pollution control equipment because odors are present whenever drilling operations take place. We are concerned with environmental

impacts from equipment breakdowns and spills on drilling sites, which impact sidewalks, gutters, and storm drains in residential areas.

and

Ensure that oil and gas operations do not result in unsafe exposures for nearby communities or contribute to worsening air quality in the region. Require the use of best emissions control technology to minimize releases from wells, development and extraction processes, and associated equipment. Include green completions during well production, leak detection and control for all equipment and transmission lines, vapor recovery units and other BACT for all processing, treatment and transportation units.

Response: The purpose of PR 1148.2 is to gather air quality-related information on oil and gas well drilling, well completion, and well reworks. If the proposed rule is adopted, SCAQMD staff will analyze the data collected as part of the rule and conduct on-site observations and monitoring of oil and gas well operations to collect information on controls being used. Findings from the analysis and monitoring will be used to quantify emissions and potential health risks from these operations, and determine if any further regulatory actions, including implementation of best available control technologies, are necessary to reduce emissions from oil and gas well drilling, well completion, and well rework activities.

Existing SCAQMD regulations for public nuisances (e.g., Rule 402) continue to apply to any oil and gas well operations. Public concerns and/or complaints regarding odors or other air quality-related issues from oil/gas well operations may continue to be reported to the District via the 1-800-CUT-SMOG hotline or the online Complaint Reporting System on the SCAQMD website (www.aqmd.gov). Reports or complaints of chemical spills impacting drilling sites, public rights-of-way, or storm drains should be directed to the appropriate agencies having jurisdiction over such matters, such as the local fire department, law enforcement agency, and/or regional water quality control board.

6. Comment: The proposed rule should include requirements for establishment of an Environmental Justice Mitigation Fund in order to help compensate residents who are negatively impacted by oil and gas well activities.

Response: Proposed Rule 1148.2 does not include an Environmental Justice Mitigation Fund. The Governing Board will receive the commenter's request through this staff report. In addition, the commenter can make this comment to the Governing Board at the Public Hearing on April 5, 2013.

Scope and Applicability of PR 1148.2

- 7. Comment:** The proposed rule may go beyond the directive of the Governing Board which was specifically focused on hydraulic fracturing-related activities by including all pre-production processes.

Response: At the October 5, 2012 SCAQMD Governing Board meeting, staff was directed to initiate rule development to include the following: Require reporting of chemicals used when hydraulic fracturing is conducted in the Basin; determine if existing SCAQMD regulations adequately cover oil and gas production activities if conducting hydraulic fracturing; report on the initiation and progress of rule development at the Board's Stationary Source Committee within 120 days (on or before February 15, 2013).

As directed by the Board, SCAQMD staff researched and analyzed hydraulic fracturing operations related to oil and gas extraction and production. During this analysis, staff found that other activities related to oil and gas well drilling, well completion, and well reworks may have similar potential air quality impacts as hydraulic fracturing activities. For example, one of the potential sources of air emissions from hydraulic fracturing operations involves the pressurized injection of fracturing fluids into the wellbore and subsequent flowback of these fluids, which may contain VOCs, methane, and hydrogen sulfide carried back to the surface from the oil/gas reservoir, in addition to the myriad of chemicals contained in the base fracturing fluid. There is a potential for airborne emissions from the flowback fluids where these fluids may be open to the atmosphere upon returning to the surface. Other operations, such as well drilling, well acidizing, and gravel packing also involve the injection or placement of fluids into the wellbore, where they may come in contact and mix with reservoir fluids/gases, and return to the surface where there is a potential for airborne emissions when these fluids are exposed to the atmosphere. Based on these findings, staff recommended that oil and gas well drilling, well completion, and well rework activities occurring at any time during the life of an oil or gas well, including hydraulic fracturing, be included in the scope of the proposed rule so that additional data and information may be collected to further assess potential emissions from these operations. For further discussion of this issue, the commenter is referred to the response for comment # 9.

- 8. Comment:** We are concerned that the initial Board directive was for staff to prepare a report on progress regarding research on hydraulic fracturing operations, but the report has developed into a new rule. More timely and thoughtful consideration should be taken to develop an appropriately considered rule.

and

The pace of this rulemaking has been rushed. As a result, there has been insufficient time provided to ensure a well written rule or to adequately explore alternatives. Our concern is that the rule is likely to create unnecessary burdens without yielding the desired results. We urge the District to slow their rulemaking pace in order to adequately educate themselves on the activities they intend to regulate, which should involve further outreach to experts (DOGGR, other agencies, and industry).

Response:

At the October 5, 2012 Governing Board Meeting, staff presented a report on the Technology Symposium for Hydraulic Fracturing in the South Coast Air Basin. This report also included three recommendations. The third recommendation was for staff to provide a report on the *initiation and progress of rule development* to the Board's Stationary Source Committee within 120 days.

On January 18, 2013, the SCAQMD staff presented the progress of rule development on Proposed Rule 1148.2 to the Board's Stationary Source Committee. During the presentation, SCAQMD staff highlighted the proposed approach for rulemaking, the rulemaking process, the method used to establish the applicability of sources to under Proposed Rule 1148.2, and Proposed Rule 1148.2 requirements. The purpose of Proposed Rule 1148.2 is to gather air quality-related information on oil and gas wells and to identify existing practices, if any, used to minimize air quality impacts from drilling and well completion activities.

Proposed Rule 1148.2 has two main components: notification and reporting. The proposed rule does not include any pollution control requirements. The basic concepts of the proposed rule have not changed since the first draft was released on January 11, 2013. Many of the changes in the proposed rule are based on comments received during the working group meetings and public workshops.

Based on comments received, the SCAQMD staff recommended at the February Board Meeting to delay the hearing for 30 days so the proposed rule would be considered for adoption by the Governing Board on April 5, 2013. This will allow an additional month for the affected sources and the public to provide input into the development of the proposed rule. The commenter is referred to the response for comment #9 on the issue of expanding the scope of the proposed rule beyond hydraulic fracturing.

9. Comment:

We question the need to expand the scope of the rulemaking to some of the activities mentioned in the December 12, 2012 Working Group meeting, specifically activities such as post-production well completion stimulation, workovers, and routine well maintenance activities that occur later in the life of producing wells. The scope should be defined to address activities with significant emissions potential while keeping the

amount of data manageable and avoiding unnecessary and duplicative agency notification and reporting burdens for industry.

and

The need to expand the scope of the rulemaking beyond hydraulic fracturing and to well “reworks” is unsubstantiated since: 1) rework activities are generally much less significant in nature (i.e., smaller volumes of materials and shorter duration); and 2) the regulatory gaps identified by Staff (e.g., venting and flaring of flowback emissions) are generally not relevant to rework activities that occur in mature producing wells.

Response: The SCAQMD staff was directed by the Governing Board to initiate rule development to include reporting on the chemicals used during hydraulic fracturing conducted in oil and gas production activities, and possible additional reporting and public notification requirements. The Governing Board also directed the SCAQMD staff to determine whether existing SCAQMD regulations adequately cover oil and gas production activities when hydraulic fracturing is used.

During the evaluation of hydraulic fracturing for oil and gas well operations, the SCAQMD staff concluded that there are potential air emissions associated with hydraulic fracturing from particulate matter during mixing hydraulic fracturing fluids, and hydrocarbons and possibly toxic emissions from flowback fluids that return to the surface. Upon further analysis, the SCAQMD staff found that well drilling, well rework, and other well completion operations have similar emission sources as well completion activities such as hydraulic fracturing. The SCAQMD staff evaluated these emissions sources relative to existing rules and regulations. SCAQMD staff found existing SCAQMD rules either did not cover these operations or a rule existed, however, it was not the intent of the rule to cover such operations.

At the Stationary Source Board Committee meeting on January 18, 2013, SCAQMD staff presented these findings to the committee and recommended that additional operations beyond hydraulic fracturing be included in the proposed rule. One of the Committee members commented that it was not the intent to limit the scope to hydraulic fracturing if staff’s evaluation suggested that there are other emission sources with similar regulatory gaps.

10. Comment: Hydraulic fracturing is of great concern to the public and additional public notification requirements should be included in the proposed rule. The rule title is misleading to the public because it does not mention hydraulic fracturing.

Response: Proposed Rule 1148.2 includes a provision that requires posting of pre-project notification information on the District's website within 24 hours of receipt from the owner/operator (see paragraph (d)(4) of the proposed rule). The notification will specify the type of activity that is being conducted. So if a person is primarily concerned with "hydraulic fracturing" they can focus on those types of notices.

The title of the proposed rule is broad enough to include the various activities that are covered under the proposal while providing a sufficient description of the proposed rule. The proposed rule includes notification and reporting for a variety of activities. If the title were to include "hydraulic fracturing" it would also be appropriate to include the other activities that are covered under the proposed rule such as drilling, reworks, well completions which includes hydraulic fracturing, acidizing, and gravel packing or any combination thereof, making the rule title very lengthy.

11. Comment: Proposed Rule 1148.2 is not needed, because it duplicates existing regulations. Health and Safety Code section 42303 already requires sources to report air quality information and AQMD Rule 109 already contains requirements for recordkeeping. The reporting requirements in PR 1148.2 are not needed since industry already reports most of the same information to DOGGR and CARB. In addition, AB 32 already requires reporting of greenhouse gas emissions. The proposed rule's recordkeeping and reporting requirements place an unnecessary burden on industry.

and

We believe Proposed Rule 1148.2 is not needed because it does not meet the California Health and Safety Code requirements specifying that rules adopted by the District must be within the scope of the District's regulatory authority; and be consistent with existing laws and regulations. Additionally, the proposed rule is duplicative of comprehensive draft regulations of DOGGR that address the same topic of disclosure.

Response: We understand the commenter's When the SCAQMD staff evaluated the existing rules and regulations governing well drilling, reworks, and well completion activities, gaps were identified in the existing regulatory framework controlling the emissions from these activities. In addition, the information submitted to DOGGR and CARB is not sufficient to address the emission sources applicable under PR 1148.2. The DOGGR information is related to well integrity drilling requirements while the CARB information (through the PERP Registration Program) does not provide enough information to calculate the emissions from combustion

equipment used during each well event. Finally, while AB 32 does require reporting of green house gasses (GHG), the focus of PR 1148.2 is on VOC, NO_x, particulates, and air toxics emissions from well drilling, reworks, and well completions.

The information being reported under Proposed Rule 1148.2 is needed. The SCAQMD did extensive review to find emissions data on drilling, reworks, and well completion activities. As discussed in Chapter 2, there is some information available regarding oil and gas operations but very little to no information regarding particulate emissions from mixing operations and VOC and toxic emissions data from flowback fluids.

Health and Safety Code 42303 – Requirements for Information, provides the SCAQMD with the authority to collect information which discloses the nature and extent of air contaminants for a permitted source. While this authority could have been used to evaluate the emission potential of well operations from individual permit holders, the SCAQMD staff felt that a rule approach was the best mechanism to collect the necessary information. Drilling, well completion, and rework operations occur over a relatively short duration. However, these operations may be intense and may occur frequently. The notification requirements will provide the SCAQMD staff of when these operations will take place so staff can observe and conduct emissions monitoring and sampling. The reporting requirements under the proposed rule allow the SCAQMD to collect this information in an efficient and systematic manner. The SCAQMD staff believes that the results will be more comprehensive as all oil and gas wells conducting these operations will be required to submit emissions and chemical use reports.

In regards to the issue that PR 1148.2 places an unnecessary burden on industry, the SCAQMD Governing Board considers the operations conducted at oil and gas production facilities of sufficient concern to warrant an evaluation of their practices. In order to limit the impact on industry, the emissions reporting provisions of PR 1148.2 will sunset in two years after rule adoption.

12. Comment

PR1148.2 is unnecessary, overly burdensome to industry, and is not the best approach to gather data. Instead of the current approach, we recommend a cooperative approach, which would include data sharing between industry and District staff, and industry-hosted workshops on pre-production operations for District staff. The State Oil and Gas Supervisor, Tim Kustic, also proposed a similar alternate approach to gather data at the January 15 Working Group meeting.

Response:

The commenter is referred to the Response to Comment # 11. The SCAQMD staff believes that a rule approach to collect emissions data is

the appropriate approach. As discussed in Response #11, there is not sufficient emissions data. Oil and gas forecasts indicate that the potential for more oil production activities may substantially increase in California. Collecting data through a rule approach will allow the SCAQMD staff to collect emissions data more effectively and efficiently. Information is required to be submitted electronically using an approved format, ensuring that data will be submitted in a consistent format so SCAQMD staff can conduct analyses efficiently.

- 13. Comment:** We strongly recommend that SCAQMD focus the scope of the proposed rule and any voluntary data gathering on hydraulic fracturing, not all well completion techniques. Given the EPA's data and conclusions, SCAQMD should consider a more focused, phased approach starting with gas wells and then moving to oil wells if warranted. A summary of EPA's air emissions analysis that informed their decision to only address natural gas wells completed or recompleted with hydraulic fracturing in the NSPS is below:

Well Completion Category	Emissions (Mcf/event)	Emissions (tons/event)		
	Methane	Methane	VOC	HAP
Natural gas well completion without Hydraulic fracturing	38.6	0.8038	0.12	0.009
Natural gas well completion with hydraulic fracturing	7623	158.55	23.13	1.68
Oil well completions	0.34	0.0076	0.00071	0.0000006
Natural gas well recompletion without hydraulic fracturing	2.59	0.0538	0.0079	0.0006
Natural gas well recompletion with hydraulic fracturing	7623	158.55	23.13	1.68
Oil well recompletions	0.057	0.00126	0.001	0.0000001

EPA's air emissions analysis spanned several studies conducted over the past few decades and showed that emissions from natural gas wells completed or recompleted without hydraulic fracturing, and all oil well completions, had minimal emissions compared to natural gas wells completed or recompleted with hydraulic fracturing. EPA found that wells completed only with acidizing and/or high-rate gravel packing (i.e., not hydraulically fractured) generate significantly less air emissions.

High rate gravel packing should not be included in the scope of this rule because there are minimal air emissions relative to hydraulic fracturing (both conventional and high volume hydraulic fracturing) operations. In comparison to hydraulic fracturing operations, HRGP operations use less

water and sand, lower injection pressures, and have significantly lower flowback volumes. These differences result in minimal to no risk of emissions from the dry materials that are used and less potential for ingredients used in the process to be emitted. Equipment run time for HRGP operations are also reduced in comparison to hydraulic fracturing operations, resulting in fewer emissions from mobile and portable equipment.

Acidizing operations should also be excluded from the scope of this rule because there are minimal emissions from this process. The volumes of water, acid, and additives used are much lower than those used for hydraulic fracturing and HRGP operations, and the injected fluids are not intended to fracture the formation. The quantity of flowback from acidizing is minimal in comparison to hydraulic fracturing, and the flowback is more neutral because the acid is typically broken down or “spent” following the process of dissolving the basic minerals in the formation. Finally, acidizing is typically performed in a closed system in which the materials used or generated as flowback are not readily exposed to the atmosphere.

Response:

The SCAQMD staff has reviewed the Technical Support Document (TSD) in the federal New Source Performance Standards (NSPS) for the recently adopted NSPS covering the crude oil and natural gas production source category. The newly revised NSPS covers primarily onshore natural gas well production undergoing hydraulic fracturing. The U.S. EPA produced one main TSD and one supplemental TSD for the adopted NSPS. Emissions were estimated for completions and recompletions. Both oil and gas wells were evaluated. However, only gas wells were evaluated with and without hydraulic fracturing. PM and NO_x emissions were not evaluated. The supplemental TSD document provides an evaluation of the emission factor for hydraulically fractured gas well completions and recompletions. The paper also evaluates changes to the NSPS for storage vessels.

The emissions methodology to estimate emissions in the TSDs was based on methane emissions determined from U.S. EPA’s GHG inventory, EPA’s Inventory of Greenhouse Gas Emissions and Sinks: 1990-2008 (Inventory). U.S. EPA then used an approximate gas composition ratio of VOCs and HAPs in methane from previous studies as a multiplier to estimate VOC and HAP emissions. The reference for this gas composition ratio approximation (retrieved by SCAQMD staff from the NSPS rule development docket) provided documentation on data sources for gas well production, but lacked detail on oil well production. It was unclear to SCAQMD staff on how and where the oil well data was collected.

The SCAQMD staff considers the emission methodology for completions and recompletions in the TSD to be insufficient to warrant removing oil well drilling or well completions and recompletions from inclusion in the proposed rule. The methodology used by EPA is an indirect measurement tool that doesn't reflect the actual emissions at our local well sites. In addition, because the estimates for HAPs originate from a natural gas surrogate, it potentially omits certain HAPs not found or tested for in the surrogate gas. The SCAQMD staff further concluded that the TSDs showed significant gaps in the emissions provided. For instance, the TSD did not evaluate PM emissions from the dry material mixing operations conducted for drilling, reworks, and well completion operations. In addition, while the TSDs for the NSPS estimated VOC and HAP emissions from oil well completions and recompletions, it did not estimate the emissions from oil wells undergoing hydraulic fracturing.

The SCAQMD staff disagrees with the comment that high rate gravel packing should not be applicable under the proposed rule. This method involves the use of water, sand, gravel, and chemical additives to place sand and gravel near the well itself to limit entry of formation sands and fine-grained material into the wellbore. Gravel small enough in size to prevent formation of fine particles to enter and mix in the wellbore is pumped in at a high-rate of pressure and held in place by the well perforations. Although this method is not intended to increase the permeability of the producing formation, fractures are still created with similar fluids that are used in hydraulic fracturing and other well completion techniques intended to fracture formations. Since similar fluids are used, there is the potential for air emissions from the flowback process, regardless of the volumes injected.

The SCAQMD staff disagrees with the comment that acidizing should be excluded from the scope of the proposed rule. This method involves the introduction of acids into the wellbore. Acidizing can be used either as a maintenance process where the intent is to initiate a wellbore cleanup, or as a well completion technique such as well stimulation. When acidizing is used as a well completion technique, the process involves the injection of acids under pressure to remove an impediment to production by dissolving acid-soluble solids. This process is normally termed matrix acidizing and is performed at pressures below the formation fracturing pressure. When acidizing is used as a well stimulation technique, the intent is to fracture the surrounding formation by utilizing injection pressures above the formation fracturing pressure. This procedure is referred to as fracture acidizing or acid fracking. Fracture acidizing is similar to hydraulic fracturing in that it is designed to open up channels in the rock formation so as to provide additional conduits for oil or gas to flow into the well. Some of the most common acids used in either acidizing processes include Hydrochloric (HCl), Hydrofluoric (HF), and

Acetic (CH₃COOH). The SCAQMD staff is concerned with the potential air emissions from these operations and includes them in the proposed rule so we can gather additional information on the practices and chemical additives involved.

The SCAQMD staff disagrees with the comment that the information presented in TSDs strongly suggest that oil wells do not represent an air emission problem, and therefore the proposed rule should only focus on gas wells undergoing hydraulically fracturing. In fact in a response to a comment on why oil wells were not included in the Final NSPS for hydraulic fractured natural gas wells, U.S. EPA in their Federal Register Notice for the Final regulations stated that "... the EPA does not have sufficient data on VOC emissions during completion of hydraulically fractured oil wells to set standards for these operations at this time." Thus, the U.S. EPA concluded that the existing information, including the additional studies documented by industry for SCAQMD staff to consider, was incomplete and lacking sufficient information to warrant setting emission controls on oil well completions using hydraulic fracturing. In contrast, the goal of Proposed Rule 1148.2 is to close this information gap and provide the SCAQMD staff with enough knowledge to evaluate whether oil and gas well drilling, well reworks and well completion activities represent an air emission problem that needs further controls.

14. Comment: Storage tanks are a significant source of VOCs and greenhouse gases, and should be considered as emission sources for this rule. If tanks are included in the rule's applicability, then more detail will need to be included in rule requirements.

Response: The reporting of the number and sizes of storage tank is excluded from the proposed rule. However, the manner in which flowback fluids are collected and stored are part of the reporting requirements under PR 1148.2 (e)(1)(E)(ii). Through this data collection process, the SCAQMD staff plans on collecting emissions samples during the collection and handling of flowback fluids of which would include emissions samples from storage tanks that are used to collect flowback fluids.

Existing Regulations for Oil and Gas Wells

15. Comment: Many of the activities described in staff presentation for the December 12, 2012 Working Group as "pre-production" activities may already be covered by existing SCAQMD rules and/or existing CARB regulations for emission reporting and control. Emissions from these activities are negligible particularly considering stringent emission controls already in place.

Response: The reference to pre-production activities has been removed and the proposed rule is now applicable to all well drilling, well reworks, and well completions. The SCAQMD staff has determined that there are gaps in the applicability of existing SCAQMD rules to these processes and PR 1148.2 is needed in order to determine their emission potential. The SCAQMD staff considers it premature to conclude that the emissions from these processes are negligible. One of the purposes of PR 1148.2 is to determine the magnitude and type of emissions.

16. Comment: We believe Rules 401 and 403 apply to fugitive dust emissions from mixing of drilling mud and hydraulic fracturing fluid and that Rules 404 and 405 could also be interpreted to apply. Rule 401 imposes visible emissions limits on the “discharge into the atmosphere from any single source of emissions whatsoever” and Rule 403 imposes requirements on “any activity or man-made condition capable of generating fugitive dust.” It specifically prohibits “the emissions of fugitive dust from any active operation” if that dust “remains visible in the atmosphere beyond the property line of the emission source” and requires the use of “best available control measures” for activities described as (importing/exporting of bulk materials” and “stockpiles/bulk material handling.” Rules 404 and 405 limit, respectively, the concentration and the mass of particulate matter contained in a “discharge into the atmosphere from any source.” SCAQMD staff should conduct further investigation as to whether or not there is a “rule gap” related to this activity.

Response: SCAQMD staff agrees that Rule 401- Visible Emissions, would apply to any visible emissions from operations related to well drilling, well completion, and well rework operations. Potential sources of visible emissions during well drilling, well completion, and well rework operations may include internal combustion engines (used to power drilling equipment, pumps, compressors, and other related equipment) and particulate emissions from mixing/blending dry materials with drilling and/or well completion fluids. Rule 403 would also apply to certain activities related to oil and gas well operations, including site preparation activities (i.e., earth-moving, excavation, and grading activities) and dust emissions from motor vehicle movement. However, the intent of the rule is to control fugitive dust from open storage piles, earth-moving activities, construction/demolition activities, disturbed surface areas, and vehicular movement, and would generally not apply to fugitive dust emissions from well drilling, well completion, or well rework operations.

SCAQMD Rule 404- Particulate Matter- Concentration and Rule 405- Solid Particulate Matter- Weight, establish emission rate and concentration thresholds for particulate matter emissions from various sources. However, the rule thresholds can only be tested by source testing of point sources where there is a stack present, and are not designed or

intended to regulate or reduce emissions from fugitive sources. Review of existing SCAQMD regulations found that fugitive dust emissions from oil and gas well drilling, well completion, and well rework operations would not be subject to Rules 403, 404, or 405. Additionally, staff's review of oil and gas well operations found that crystalline silica (a known human carcinogen) is a common proppant added to hydraulic fracturing fluids. Typically, dry crystalline silica is added to the hydraulic fracturing fluid via conveyors/hoppers prior to the fluid being injected into the wellbore. Since crystalline silica is a known air toxic and emissions may occur during the mixing/blending process, staff believes that further evaluation of the processes is necessary in order to determine if visible emission limits are sufficiently health protective of nearby receptors, particularly in cases where air toxics may be present.

17. Comment: Emissions related to drilling and hydraulic fluid as it returns to the surface (flowback) may not be controlled by existing SCAQMD rules. However, these emissions are subject to reporting under two existing CARB regulations: Portable Equipment Registration Program (PERP) and the Greenhouse Gas (GHG) Mandatory Reporting Regulation (MRR). PERP annual reporting requires any emissions from drilling rigs that perform oil well drilling and completion activities, including venting or flaring. CARB's October 2010 revised MRR requires portable equipment emission to be reported annually and requires third-party verification.

Response: The PERP regulation requires registration of the portable equipment used at well sites during drilling and well completion operations. The SCAQMD staff evaluated the possibility of acquiring information on portable combustion engines used at well sites from the PERP registration program, but concluded that the information made available through the program was not sufficient to estimate emissions and a need still existed to require that this information be reported under the proposed rule. The PERP program does require operators to report the Tier level and engine family identification of each piece of equipment. However, due to a recent program change in 2011, CARB no longer requires operators to report annual activity data. As a result, emissions cannot be calculated for the available PERP information from each well drilling, rework or completion event was unavailable. In addition, the identity and specifications on each piece of equipment was not discernable from the PERP registration identity because rather than identify one unique piece of equipment with one registration permit, the PERP registration permits included multiple pieces of equipment under one permit.

The statewide GHG reporting regulation does require reporting of well drilling and completion operations. However, GHGs are not the focus of PR 1148.2. PR 1148.2 seeks to determine the magnitude of VOC, NO_x, particulate emissions and identify the type and amount of toxic emissions,

if any, emitted by oil and gas well drilling, reworks, and completion activities. Therefore, the statewide GHG reporting regulation cannot be used as a replacement for the reporting requirements in PR 1148.2.

18. Comment: Flowback fracturing fluids in the Los Angeles Basin are not directed to open pits as is common practice in other areas of the country, they are directed to fluid handling systems subject to the requirements of rules such as 463, 1173, 1176, and 1178. Flowback fluid is closely monitored for the first sign of hydrocarbons and is directed, if not already directed, to a closed system in compliance with the requirements of Rule 1148.1(d)(6). It is also closely monitored for safety reasons. Also, Rule 1148.1(h)(2) requires such activities to be conducted in a manner which minimizes emissions to the atmosphere. If gas is flared during flowback activities, it is with the use of a properly permitted flaring device. Therefore we believe emissions from fracturing fluid flowback are minimal and the operations are already regulated.

Response: Although some industry stakeholders have indicated that flowback fluids are not typically directed to open pits/tanks in operations conducted in Los Angeles, the SCAQMD does not have sufficient information about the standard procedures and practices of oil and gas well operators in the Basin to confirm these statements. The information and data to be gathered as part of PR 1148.2 will help the SCAQMD staff to determine the level and extent of any air pollution controls currently being implemented during oil and gas well drilling, well completion, and well rework operations. SCAQMD staff analysis of oil and gas well operations found potential emission sources of concern from well completion activities related to the collection, treatment, and storage of well completion fluids that return to the surface (i.e., “flowback”). As the well completion fluids come into contact with the formation and hydrocarbon-bearing zones, the resulting flowback may be entrained with a variety of formation materials, including brines, heavy metals, radionuclides, and organics. This is in addition to the chemical additives originally injected during the well completion activities used to prepare the well or fracture the formation. Flowback that returns to the surface and goes into pits or tanks that are open to the atmosphere has the potential to emit organic compounds and hazardous or toxic air pollutants into the air. SCAQMD Rule 1176 sets forth requirements for wastewater that is stored or collected in sumps that are a part of a facility’s wastewater system, however, there is no existing SCAQMD rule for oil and gas field facilities that collect and store flowback wastewater in portable tanks or other containments that are not part of a wastewater system.

19. Comment: SCAQMD staff should further investigate emission control requirements of SCAQMD Rules 1173 and 1148.1, both of which apply to oil and gas production to determine if there are gaps in the regulations.

Response: SCAQMD Rule 1148.1 – Oil and Gas Production Wells, reduces VOC emissions from well cellars as well as from sources of untreated process gas located at oil and gas production facilities. SCAQMD Rule 1173 – Fugitive Emissions of Volatile Organic Compounds, intends to limit emissions from VOC leaks from components such as valves, fittings, pumps, compressors, pressure relief devices, diaphragms, hatches, sight glasses, and meters at oil and gas production fields, natural gas processing plants, and pipeline transfer stations. Generally, these regulations apply to oil and gas production operations, which involve the actual extraction, separation, and treatment of crude petroleum and natural gas. PR 1148.2 focuses primarily on oil and gas well drilling, well completion, and well reworks, which are well development operations that typically occur prior to the extraction of oil or natural gas.

20. Comment: It is critical that the SCAQMD staff coordinate with DOGGR as it moves forward on hydraulic fracturing rulemaking to ensure that regulatory overlap or conflicting requirements are avoided. Many of the requirements proposed for PR 1148.2 duplicate DOGGR requirements.

Response: SCAQMD staff has coordinated efforts with DOGGR throughout the rulemaking process in order to avoid duplicative or conflicting requirements. While some aspects of the proposed requirements in PR 1148.2 may be similar to DOGGR’s initial discussion draft hydraulic fracturing rulemaking, it is important to note that the principal focus of PR 1148.2 is the air quality related impacts from oil and gas well operations. For example, while DOGGR’s draft requirements may require well owners or operators to report chemical usage only during hydraulic fracturing operations, the proposed requirements in PR 1148.2 would require well owners or operators to report chemical usage for all well drilling, well completion, and well rework operations, with an emphasis on information related to substances with potential for airborne emissions (i.e., particulates from mixing of dry materials, emissions from internal combustion engines, and emissions from well completion fluids).

21. Comment: With regard to confidentiality and trade secret information, the District should refer to Rule 403 for gas monitoring and inspection and use the same approach with this rule. Operators must keep records and report to the District, and then the District makes a determination. DOGGR has a similar process for well drilling operations. Operators must submit all chemical information and then highlight information that is to be excluded as confidential. The District should refer to existing procedures and rules for requirements for reporting of confidential information.

Response: Rule 403 – Fugitive Dust applies to dust emissions from construction and demolition activities crossing property lines. There are no confidentiality

and trade secret requirements in the rule. As a result, the SCAQMD staff is unclear what parts of this rule the commenter wants us to use in PR 1148.2.

The proposed rule has provisions for trade secrets. A source claiming trade secret protection must provide a justification for the basis for claiming trade secret. Trade secrets, with the exception of emission data, may include, but are not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to certain individuals within a commercial concern who are using it to fabricate, produce, or compound an article of trade or a service having commercial value, and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it. Gov. Code Sec. 6254.7(d). When a member of the public requests to inspect a public record or the SCAQMD makes information received under subdivision (f) available on its website, claims that certain information constitutes a trade secret will be subject to evaluation under the District's Guidelines for Implementing the California Public Records Act. If the District determines that the justification for claiming trade secret is inadequate, the District shall promptly notify, by certified mail, the entity who claimed trade secret that the information will be released after 15 calendar days from the date of such notice. Notice will also be provided by email. Such an entity shall also be advised of its right to bring appropriate legal action to prevent disclosure, and of its right to further respond.

22. Comment:

The fugitive dust emissions from mixing drilling mud and hydraulic fracturing fluid are expected to be minimal since the mixing processes involve a liquid with high water content. Hydraulic fracturing fluids are often mixed and prepared by third party suppliers off-site and not under the control of the operator of the well site where they are being used. Proppant materials (usually silica sand) are transported to the well site in closed containers and added to the fracturing fluids at the well site in a closed system with very limited potential to cause fugitive emissions. Mixing drilling muds generally occurs onsite and typically involves manual addition of bagged solid materials such as bentonite clay and barite to the liquid drilling mud stream through a mixing hopper and at a rate that minimizes dust. The dust issues from these operations are worker protection issues and subject to OSHA regulations.

Response:

The proposed rule requires that operators provide the identity, amount, and method of mixing and combining of dry materials used in well drilling, well reworks, and well completion operations. The SCAQMD staff is concerned about type, amount, and particle size of particulate emissions from the mixing operations. In the initial evaluation of these processes, SCAQMD staff concluded that dry mixing processes have the potential to

create fugitive dust emissions. The SCAQMD staff is also concerned with the potential toxicity of some dry materials such as crystalline silica used in the hydraulic fracturing process, which is a known air toxic. Emissions reporting, chemical use data, and emissions monitoring and sampling will be used to better understand the amount, type, particle size, and emission rate of fugitive dust emissions. Based on this information, the SCAQMD staff can better assess if existing practices are sufficient or additional measures are needed.

The SCAQMD staff agrees that worker exposure to fugitive dust from dry material mixing operations at the well site are subject to OSHA regulations. However, depending on the extent of these dust emissions, there may be localized air quality impacts that may impact nearby receptors.

Emissions from Oil and Gas Well Operations

23. Comment: The SCAQMD staff is encouraged to study the increasingly broad number of studies on Hydraulic Fracturing, including studies by the EPA and Environmental Defense Fund which comment specifically on air emissions.

Response: The SCAQMD staff has provided a summary of the TSDs and studies which had non-GHG emissions information in Appendix B of the Staff Report. In addition, the commenter is referred to the response for comment #13 for further discussion of our review of the TSDs and a recent report from the U.S. EPA titled “EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector” in February 2013.

SCAQMD staff has been made aware by the oil and gas industry of several supporting studies that were referenced in the Technical Support Document in the federal New Source Performance Standards (NSPS) for the recently adopted NSPS covering the crude oil and natural gas production source category. The newly revised NSPS covers primarily onshore natural gas well production undergoing hydraulic fracturing. There are supporting studies that assess the air emission potential from oil well production and well completion activities that would be covered under PR 1148.2. The SCAQMD has evaluated these studies to determine if they have an impact on the proposed rule development. We specifically evaluated whether the studies contained any estimates on: (1) PM emissions from dry mixing operations; (2) VOC and toxic emissions from flowback during well completions and when drilling fluids return to the surface; and (3) other air quality data related to well drilling, reworks, and well completions.

Contained in the primary technical support document is a listing of fifteen additional reports and studies that the U.S. EPA reviewed by the agency for consideration in the adopted regulation. Of the fifteen supporting studies, six specifically evaluated the green house gas emissions from the oil and gas development, production, and distribution process. Four studies evaluated either the economic, availability, and/or production side of the industry, and five out of the total fifteen studies evaluated non-GHG air emissions from some aspect of the oil or gas well processes. One study did not have emission information.

In general, all five of the studies evaluating non-GHG emissions estimated VOC emissions. Of these, HAPs were estimated in two of the five. Both VOCs and HAPS were not calculated directly, but rather estimated using natural gas emissions as a surrogate. This is similar to what the U.S. EPA did in their TSDs. Exhaust emissions from drilling and well completion equipment were also estimated in three of the five studies.

In addition to the studies discussed above, WSPA submitted a study conducted by the Environmental Defense Fund (EDF). The EDF study is entitled *Greater Focus Needed on Methane Leakage from Natural Gas Infrastructure*. The SCAQMD reviewed this study and concluded that the study focuses on GHGs in the natural gas production and distribution network. There is no information on the focus of PR 1148.2 which deals with well drilling, well reworks, and well completions.

The SCAQMD staff further concludes that the studies evaluated showed significant gaps in the emissions provided. For instance, no studies evaluated PM emissions from the dry material mixing operations conducted for drilling, reworks, and well completion operations. One study which included the emissions for hydraulic fracturing on oil and gas wells only included the emissions from the engines that drive the fracturing fluid pumps, and did not include the emissions from the flowback. In at least two of the five studies estimating non-GHG emissions, the SCAQMD staff could not obtain the referenced appendices in order to evaluate the detailed emission estimation methodologies (including emission factors). However, the SCAQMD is pursuing additional avenues to obtain the necessary supporting documentation. Finally, the SCAQMD staff noted that all the studies lacked detail on the specific emission sources covered under PR 1148.2 involved in the estimate. For instance, no information on the size, type, and hours of operation were provided for the equipment exhaust emissions provided.

- 24. Comment:** Emissions from drilling mud flowback are not significant. Hydrocarbons will only be present in the drilling fluid when the well has been drilled through a hydrocarbon-bearing zone, usually near the bottom of the well.

Even then, one of the primary purposes of drilling mud is to balance the pressure at the bottom of the well by preventing hydrocarbons from entering the wellbore and migrating to the surface. This is critical to maintain the safety of personnel and equipment in the vicinity of the drilling operations as well as to prevent excess emissions.

Response: We agree that the potential for emissions would most likely occur when the drilling equipment reaches the hydrocarbon production zone. However, the SCAQMD staff is concerned about the potential VOC emissions from the well drilling process when the drilling mud returns to the surface. SCAQMD staff does not yet know whether these emissions are significant. The notification requirements of PR 1148.2 will provide the opportunity for SCAQMD staff to be on-site during the drilling process to monitor or collect samples in order to determine the magnitude of emissions.

Comments Regarding Draft Rule Language (dated 1/29/2013) – Purpose and Applicability

25. Comment: We suggest the title of the rule should read: NOTIFICATION AND REPORTING REQUIRMENTS FOR ~~OF~~ ~~PRE PRODUCTION OPERATIONS OF OIL AND GAS WELLS AND CHEMICAL SUPPLIERS.~~

and

We suggest that the purpose of the rule should be to gather air quality-related information on oil and gas well drilling, completion, and rework activities.

and

We suggest the Applicability of the rule should read: “This rule applies to any owner or operator of an onshore oil or gas well located in the District that is conducting oil or gas well drilling, completion, and reworks. In addition, . . .”

Response: The proposed rule title, purpose and applicability have been revised to reflect the suggested revisions.

26. Comment: We propose amendments to the language in the PR 1148.2 “purpose” and “applicability” sections, for consistency with other recommended rule revisions and to ensure that hydraulic fracturing operations occurring during any time in the life of a well would be subject to the proposed rule. The proposed draft rule dated January 16, 2013 would not apply to wells hydraulically fractured after well completion. The proposed amendments are as follows: 1) Purpose- “The purpose of this rule is to gather air

quality-related information on oil and gas well drilling, well completion operations, rework, and hydraulic fracturing operations occurring at any time in the life of a well.”; 2) Applicability- “This rule applies to any owner or operator of an onshore oil or gas well located in the District that is conducting oil or gas well drilling, well completion operations, rework, or hydraulic fracturing operations occurring at any time in the life of a well. In addition, this rule applies to suppliers as defined in paragraph (c)(13).”

Response: The commenter’s recommended change will result in adding “at any time in the life of a well” in both the purpose and applicability provisions of the proposed rule. The SCAQMD staff considers the proposed addition is redundant and unnecessary because the notification and reporting provisions already apply any time a well is drilled, undergoes a well completion or well rework operation.

Comments Regarding Draft Rule Language (dated 1/29/2013) - Definitions

27. Comment: Definitions for hydraulic fracturing and flowback should be added and should be consistent with industry usage and with the proposed DOGGR definitions.

Response: The definition for hydraulic fracturing was based on the DOGGR definition, while the definition for flowback (or flowback fluid) was based on U.S. EPA’s NSPS. There are some minor differences between the proposed rules’ definitions and the original source’s definition, but there is basic consistency between the two sources.

28. Comment: Proposed Rule 1148.2 should include a definition for acidizing that says, “ACIDIZING means pressurized injection of acids into a well and surrounding rock units in order to induce removal of near-well formation damage and other damaging substances, or opening of the rock matrix and/or cemented fractures and thereby increase the rock unit fracture permeability.”

Response: A definition for acidizing has been added to the proposed rule. The definition was based on Schlumberger’s Oil Field Glossary and while not matching the commenter’s proposed definition, it is similar.

29. Comment: Proposed Rule 1148.2 should include a definition of contractors and subcontractors that says, “CONTRACTORS AND SUBCONTRACTORS means any legal entity having a specific agreement with the responsible owner or operator for well drilling, completion, or rework.”

Response: The definition for Owner or Operator has been modified to include contractors and therefore PR 1148.2 will now require any contractor or

subcontractor to be subject to the chemical reporting requirements of the proposed rule.

30. Comment: Proposed Rule 1148.2 should change the Drilling Fluid definition by adding the word “bore.” DRILLING FLUID means fluid used to lubricate the drill string, line; the bore walls of a well, . . .

Response: The addition of the word “bore” does not increase the clarity of the definition and is unnecessary. Thus, the definition remains unmodified.

31. Comment: The definition for “flowback fluid” should be change by adding “abandoned” to the last sentence. The definition of “flowback fluid” would state, “...The flowback period ends with either well shut in, abandoned, or when the well is producing...

Response: The proposed change to the definition has not been incorporated because the phrase “well is shut in” includes “abandoned” well.

32. Comment: Proposed Rule 1148.2 should include a definition for “Gravel Pack” that states that, “Gravel pack means a method of well completion that uses water, gravel, and additives to place sand and gravel near the well itself with the objective of limiting entry of formation sands and fine-grained material into the wellbore.

Response: The proposed definition has been added to the proposed rule.

33. Comment: Proposed Rule 1148.2 should change the definition of Hydraulic Fracturing by adding several words: HYDRAULIC FRACTURING means a technique used in stimulation a formation or zone during completion and reworking that involves the highly pressurized injection of hydraulic fracturing fluid, which is a carrier fluid mixed with chemical additives; and proppant into an underground geological formation . . . enhancing formation fracture permeability and perhaps the production of oil or gas from a well.

Response: The definition for Hydraulic Fracturing is based on the definition that DOGGR includes in their Discussion Draft for Hydraulic Fracturing. The SCAQMD has left the definition unmodified in order to remain consistent with the proposed DOGGR regulation.

34. Comment: Proposed Rule 1148.2 should include a definition of Hydrogen Sulfide and Sulfur-Containing Gases: HYDROGEN SULFIDE AND SULFUR-CONTAINING GASES means odorous gases which may be deadly to life and injurious to health and regulated for public and occupational health and safety.

- Response:** The definition proposed by the commenter is not needed since PR 1148.2 does specify any requirements or reference hydrogen sulfide or sulfur containing air contaminants. Although the proposed rule does not include emissions reporting for hydrogen sulfide, the SCAQMD staff does intend to conduct emissions monitoring for hydrogen sulfide.
- 35. Comment:** The proposed rule should include a definition of “owner or operator” that states that the, “Owner or operator means the owner and/or operator of a future or existing well and all agents, contractors, subcontractors, or consultants under any direct or indirect agreement between them and the owners and/or operators.”
- Response:** A definition for Operator has been added to the proposed rule. While, the definition included in the proposed rule does not match the one proposed by the commenter, it is consistent with DOGGR’s rules and would include contractors who perform operations at oil and gas wells.
- 36. Comment:** Proposed Rule 1148.2 should change the definition of “rework” to read, “REWORK means, for the purpose of this rule, any operation subsequent to drilling or reworking performed after the well is completed that involves deepening or, redrilling, or permanently altering in any manner the casing and/or bore walls of a well or its function, or other activities to restore or improve the ability of the well to produce oil or gas.”
- Response:** The definition for Rework has been modified, but does not match the commenter’s proposed language. The modified version included in the draft proposed rule is more focused on the SCAQMD’s intent to cover any redrilling or well production stimulation or treatment activity on an existing well.
- 37. Comment:** Proposed Rule 1148.2 should change the definition of “supplier” to read, “Supplier means, for the purpose of this rule, an entity selling or distributing an additive directly to the owner or operator or their contractors and subcontractors of an onshore oil or gas well for use as a well drilling fluid, well completing fluid, or rework fluids.”
- Response:** The definition for Supplier has been modified to remove the phrase “for the purpose of this rule.” Other proposed changes have not been made because they don’t change the intent of existing language and don’t add any additional clarification. The proposed rule includes a definition for operator that would apply to a contractor or subcontractor that is using chemicals for drilling, well completion, and/or rework activities.
- 38. Comment:** The “toxic air contaminant” should state that, “Toxic air contaminant means is an air pollutant . . .

- Response:** The definition “Toxic Air Contaminant” has been removed and replaced by “Air Toxic” which better reflects the existing terminology used to reflect “Air Toxic” and “Hazardous Air Pollutant.”
- 39. Comment:** The proposed rule should include a definition of “Trade Secret” that states, “Trade secret means any chemical claimed and verified by the District as exempt from the Public Records Act and is maintained as a secret and not made available to the public by the suppliers, contractors, owners, or operators.
- Response:** A definition for Trade Secret has been added to the proposed rule. While the definition does not match the commenter’s proposed language, it is consistent with the definition provided in the District’s Guidelines for Implementing the California Public Records Act and section 6254.7(d) of the California Government Code.
- 40. Comment:** Proposed Rule 1148.2 should change the definition of “Well Completion” to read, “Well Completion means the activities and methods, including gravel packing and well production stimulation activities, of preparing a well for the production of oil and gas, by which one or more flow paths for hydrocarbons are established between the producing units/reservoirs and the surface. ~~including but not limited to, hydraulic fracturing or refracturing, acidizing, and high rate gravel pack and the method by which one or more flow paths for hydrocarbons are established between the reservoir and the surface.~~
- Response:** The definition for Well Completion has been modified to remove any reference to a specific completion activity such as Gravel Packing, and instead references “Well Production Stimulation and Treatment”. Well Production Stimulation and Treatment Activity means acidizing, gravel packing, hydraulic fracturing, or any combination thereof.
- 41. Comment:** Proposed Rule 1148.2 should change the definition of “well completion fluid” to read, “WELL COMPLETION FLUID means a carrier fluid mixed with physical and chemical additives used for the purpose of preparing a well for the production of oil and gas, or used in a well production stimulation activity, ~~including but not limited to, hydraulic fracturing or refracturing, acidizing, and high rate gravel packing.~~
- Response:** The definition for Well Completion Fluid was modified as proposed.
- 42. Comment:** Proposed Rule 1148.2 should add a definition of “well production stimulation activity” that states, “well production stimulation or treatment activity means

Response: A definition for Well Production Stimulation *and Treatment* Activity was added to the proposed rule. Rather than use general terms to define the process, specific treatment activities were specified in the definition. The SCAQMD staff concluded that it was better to define it using the actual activities involved; acidizing, gravel packing, hydraulic fracturing, or any combination thereof.

43. Comment: We propose an amendment to the PR 1148.2 definition of “rework,” to be consistent with the existing definition used in Title 14 California Code of Regulations, Division 2, Chapter 4, Development Regulation and Conservation of Oil and Gas Resources. However, we propose that the following activities be excluded from the definition of “rework,” because they do not generate any significant air emissions (except from mobile and portable equipment, which are already adequately regulated under CARB’s PERP regulations): changing well type; perforating new or existing perforations in casing; running or removing liners; cementing liners; placing or drilling out any plug (cement, sand, mechanical); running a wireline tool that has the ability to drill through a cased borehole. These activities do not involve the injection of dry or liquid materials and do not result in fluid returning to the surface. These activities would not generate any of the data (with exception of mobile and portable equipment used) that SCAQMD staff proposes collecting in PR 1148.2 part (e). Additionally, to avoid duplicative reporting requirements, we propose that the owner/operator be required to submit only one report in cases where one rework event may involve multiple rework activities such as redrilling and plugging a well. Based on the discussion above, we propose the following definition: “Rework means any operation subsequent to drilling that involves deepening, redrilling, plugging, or permanently altering in any manner the casing of a well or its function. For the purposes of proposed rule 1148.2, rework includes the following activities: deepening a well, redrilling a well, and plugging a well. Only one notification or report needs to be submitted for each rework event even if multiple rework activities are performed.”

and

We propose adding clarification for what “plugging” refers to in the definition of “rework” as defined in the California Code of Regulations, Title 14, Division 2, Chapter 4, Section 1720 (“Rework means any operation subsequent to drilling that involves deepening, redrilling, plugging, or permanently altering in any manner the casing of a well or its function”). The rule should clarify that minor plugging activities during routine well maintenance operations (e.g., setting a temporary bridge plug), unless accompanied by other “rework” activities, are not subject to the notification and reporting requirements of the rule.

Response: The definition for Rework has been modified to include any operation subsequent to drilling that involves deepening, re-drilling, or well production stimulation or enhancement activity of an existing well. While this definition is not identical to DOGGR's definition it is necessary for the rework definition to be consistent with the purpose and applicability of PR 1148.2. Under the modified definition, activities that do not involve the injection of dry or liquid materials into the well, such as the examples the commenter lists, would not be applicable under the rework definition.

In regards to the comment concerning avoiding duplicative reporting requirements, PR 1148.2 (e) requires the submittal of a report within 60 days of the last activity, or if more than one operation is being conducted, the last activity in the series of operations on a single well, associated with drilling, well completion or rework. The intent of this language is to require one report for each well undergoing a drilling, well completion or rework event or any combination of events on the same well.

44. Comment: We propose an alternate definition of "well completion," based on EPA's definition (40 CFR Parts 60 and 63. Oil and Natural Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants) of "well completion" and part of the Colorado Oil and Gas Conservation Commission's definition of "completion," as follows: "Well completion means the process that allows for the flowback of petroleum or natural gas from newly drilled wells to expel drilling and reservoir fluids and tests the reservoir flow characteristics. This process ends when the well is capable of producing oil or gas through the wellhead equipment from the ultimate producing interval after the production string has been run."

Response: The definition for Well Completion has been modified to include activities and methods, including well production stimulation or treatment activities, of preparing a well for the production of oil or gas, by which one or more flow paths for hydrocarbons are established between the reservoir and the surface. While this definition is not identical to the U.S. EPA's definition in their NSPS, the definition for well completion definition is consistent with the purpose and applicability of PR 1148.2.

45. Comment: We propose the addition of a definition for "well completion operation" in order to clarify that SCAQMD's rule is intended to apply to completion operations, rather than well completion, which refers to a well development phase. The proposed definition is based on EPA's definition (which includes only hydraulic fracturing of gas wells, consistent with the results of EPA's extensive review that shows that air emissions from oil wells and gas wells completed without hydraulic fracturing do not cause significant air emissions), but has been modified to include both oil and gas wells, in order to suit the District's intention. The proposed definition

follows: “Well completion operation means any oil or gas well completion with hydraulic fracturing or refracturing.”

Response: The applicability PR 1148.2 includes oil and gas wells which undergo well drilling, well reworks, and well completions. The definition of well completion includes activities and methods, including well production stimulation or treatment activities, of preparing a well for the production of oil or gas, by which one or more flow paths for hydrocarbons are established between the reservoir and the surface. In order to further clarify this definition, a definition for Well Stimulation or Treatment Activities was added which specifically listed such activities to be acidizing, gravel packing, hydraulic fracturing, or any combination thereof. These changes address the commenter’s concern because it states what operations are actually covered.

46. Comment: We propose the following definition: “High rate gravel packing is a sand control completion technique that is designed to limit sand in the formation from entering the wellbore along with hydrocarbons.”

Response: The term “Gravel Pack” has been revised to “Gravel Packing” and the definition has been revised to mean, “a method that uses water, gravel, and additives to place sand and gravel near the well itself with the objective of limiting entry of formation sands and fine-grained material into the wellbore.” This definition is intended to be inclusive of both high rate gravel packing and traditional gravel packing activities.

47. Comment: We propose the following revision to the definition of “drilling”: “Drilling means digging or boring into the earth for the purpose of developing, extracting, or producing oil, gas, or other hydrocarbons but does not mean ~~include~~ remediation efforts to clean-up or remove contamination.”

Response: The change proposed by the commenter does not clarify or change the meaning of the definition for drilling and is left unmodified.

48. Comment: We propose the following revisions to the definition of “flowback fluids”: “FLOWBACK FLUID means the fluid that flows from an oil or gas well following a treatment, either in preparation for a subsequent phase of treatment or in preparation for a cleanup and returning the well to production. The flowback period begins when material introduced into the well during the treatment returns to the surface immediately following ~~well completion hydraulic fracturing or refracturing~~ the treatment. The flowback period ends with either well shut in, abandonment, or when the well is producing continuously to the flow line or to a storage vessel for collection, whichever occurs first.”

- Response:** The definition for flowback fluid had been modified to clarify the meaning. The portion of the commenter’s proposed change which deletes “well completion hydraulic fracturing or refracturing” has been incorporated.
- 49. Comment:** The definition of “gravel pack” should be revised to include reworking also, since gravel packing is conducted during rework operations as well as initial well construction. The current definition appears to limit gravel packing operations to the initial well construction and would not apply to gravel packing conducted during reworks.
- Response:** The definition for “rework” has been revised to mean, “any operation subsequent to drilling that involves deepening, redrilling, plugging, or well production stimulation or treatment activity of an existing well.” Well production stimulation or treatment activity has been defined to mean, “acidizing, gravel packing, hydraulic fracturing, or any combination thereof.” This revision clarifies that PR 1148.2 is applicable to acidizing, gravel packing, and/or hydraulic fracturing activities conducted during initial well completion and during well rework operations.
- 50. Comment:** We propose the following revision to the definition of “onshore oil or gas well”: “ONSHORE OIL OR GAS WELL means a well head located on...”
- Response:** The definition for onshore oil or gas well originates from the DOGGR definition for onshore well. Where possible, the SCAQMD staff is trying to maintain consistency with DOGGR definitions. Therefore, the definition is left unmodified.
- 51. Comment:** We propose the following revision to the definition of “rework”: “REWORK means any operation subsequent to drilling that involves deepening or redrilling, or permanently altering in any manner the casing and/or bore walls of a well or its function.”
- Response:** For explanation of the rework definition, the commenter is referred to the response to comment #43.
- 52. Comment:** We propose the following revisions to the definition of “sensitive receptor”: “SENSITIVE RECEPTOR means the property boundaries of any residence including....”
- Response:** The definition for sensitive receptor in PR 1148.2 is consistent with most recent AQMD rules and the definition CARB uses. Clarification has been added to require the of reporting the nearest sensitive receptor within 1,500 feet, by specifying that distance is measured from the sensitive receptor property line to the well.

53. Comment: We propose the following revisions to the definition of “well completion”:
“WELL COMPLETION means the activities and methods, including gravel packing and well production stimulation activities, of preparing a well for the production and/or injection of oil or gas, by which one or more flow paths for hydrocarbons are established between the ~~reservoir~~ producing unit(s) and the surface.”

Response: For explanation of the well completion definition, the commenter is referred to the response to comments #40 and #41.

Comments Regarding Draft Rule Language (dated 1/29/2013) – Subdivision (d) Notification Requirements

54. Comment: Change the Notification Requirements to allow notification to be no less than 72 hours prior to the start of drilling, completion, or rework rather than 24 hours. Notification information should include the API well number, if available and should include information on the nearest sensitive receptor.

Response: PR 1148.2 has been amended to require the operator of an oil or gas well to notify the Executive Officer no more than 10 days and no less than 24 hours prior to drilling a well, completing a well, or reworking a well. These requirements are consistent with DOGGR’s discussion draft for hydraulic fracturing and give sufficient time for the SCAQMD staff to plan for a site visit to conduct sampling or monitoring of the well for well operations applicable under PR 1148.2. The proposed rule specifies that the information submitted with the notification includes the API well number and identification of the nearest sensitive receptor within 1,500 feet, measured from the sensitive receptor property line and the subject well.

55. Comment: The proposed requirement for well operators to notify the District 24-hours prior to drilling, well completion, or rework operations is not feasible. 24 hours does not allow sufficient time for the District to post the information on the District website in order to notify the public of the well activities.

Response: The proposed rule requires the notification to be submitted electronically. This approach allows the SCAQMD staff to post the notifications of well operations applicable under PR 1148.2 to our website within 24 hours. It is expected that notifications will be posted well within the 24 hours. For

further discussion on the noticing requirements, please refer to the response to comment #54.

56. Comment: The 1,500 foot distance noted in the pre-notification requirements is not adequate. Many wells are located adjacent to houses, schools, child care centers, and transportation corridors.

Response: Under the proposed rule, the operator is required to identify the nearest sensitive receptor within 1,500 feet of the subject well. The operator must provide the type of sensitive receptor such residence, school, day care, hospital, etc., and the name of the facility, if known. In addition, the proposed rule requires that the distance from the closest property line of the nearest sensitive receptor to the subject well be provided. The outer boundary is the point closest to the subject well.

On the issue of whether 1,500 feet is the appropriate distance, the SCAQMD notes that most studies evaluating risk and distance show that risk from air toxics significantly drops off after 1,000 feet. The 1,500 feet distance was chosen because of the need to consider the exposure to odors from well operations applicable under PR 1148.2. Activities covered in the proposed rule, such as drilling, have shown to be the source of nuisance complaints for odor at distances up to 3,000 feet. The SCAQMD staff considers the 1,500 feet to reasonable based on health risk curves and odor complaints.

57. Comment: There are hundreds of oil wells in Wilmington which are located in residential areas and oil companies perform operations on these sites 24 hours per day, 7 days per week. We are concerned that well operators do not notify neighbors of upcoming well activities and the public does not get the opportunity to comment on oil drilling activities in their neighborhoods. We are concerned about traffic, noise, and odors from oil drilling operations and recommend coordination with various agencies to ensure that all permits are current and well operations are in compliance with applicable rules.

Response: The purpose of the proposed rule is to gather air quality-related information on oil and gas well drilling, well completion, and well rework operations. The proposed rule contains requirements for oil and gas well operators to notify the SCAQMD no more than 10 days and no less than 24 hours prior to the start of well drilling, well completion, or well rework operations. Proposed Rule 1148.2 also commits to posting these notification on the on the SCAQMD website within 24 hours of receipt. The operator would be required to provide the SCAQMD with information regarding the well, a description of activities to be conducted, and the identification of the nearest sensitive receptor within 1,500 feet of the subject well(s). While the SCAQMD staff is coordinating this rulemaking

effort with other regulatory agencies, particularly with the California Department of Conservation/Division of Oil, Gas, and Geothermal Resources (DOGGR), issues such as traffic and noise impacts are beyond the scope of the proposed rule.

58. Comment: We propose revision of the notification requirement in paragraph (d)(1) as follows: "...no more than 10 days and no less than ~~24~~ 72 hours prior to the start of drilling, well completion, or rework..."

Response: Please see the responses to comment # 54 and 55.

59. Comment: We propose the revision of subparagraphs (d)(1)(B) and (e)(1)(B) as follows: "API well number(s) ~~(if available)~~ and Operator's well name and number;"

Response: The subparagraphs (d)(1)(B) and (e)(1)(B) have been revised to require both the API well number and well name.

60. Comment: We propose the revision of paragraph (d)(2) as follows: "If the start date of the drilling, well completion, or rework as notified pursuant to paragraph (d)(1) is modified, the owner or operator of an onshore oil or gas well shall electronically notify the Executive Officer that the start date for the well specified in the notice has been modified and submit the updated start date."

Response: The SCAQMD staff considers the existing language in paragraph (d)(2) to be clear and has left the language unchanged.

61. Comment: To have a notice only to DOGGR and AQMD staff is unacceptable for an informed public and consent. We propose the addition of a new paragraph in subdivision (d): "The District shall post all notices within 24 hours of receipt, shall allow subscription to posting site, and shall directly notify subscribers of notice postings."

Response: Please refer to paragraph (d)(4) of the proposed rule. A provision was added where the SCAQMD will post notifications received on its website within 24 hours or receipt.

62. Comment: We propose the revision of paragraph (d)(3) as follows: "The notification time period in paragraph (d)(1) shall not apply to drilling, well completion, or rework operations that are necessary to avert a threat to life, health, property, or natural resources, and environmental quality."

Response: The SCAQMD staff considers the existing language in paragraph (d)(3) and has left the language unchanged. Paragraph (d)(3) is also consistent with DOGGR requirements.

Comments Regarding Draft Rule Language – Subdivision (e) Reporting Requirements

63. Comment: The proposed requirements for “suppliers” do not appear to be feasible, because chemical suppliers do not typically contract with the well owners or operators. Typically, the suppliers are contracted with the contractors of the owner/operator. The proposed rule should define “owners and operators” to include all agents (e.g., contractors and subcontractors) of each entity.

Response: Proposed Rule 1148.2 has been modified to add a definition for “operator.” This definition is consistent with DOGGR’s definition.

64. Comment: Does the SCAQMD intend to conduct any further quantification and/or monitoring beyond the proposed reporting requirements in PR 1148.2? If so, the SCAQMD should apply the Blue Sky Program to oil and gas operations.

Response: Additional sampling and/or testing in the field is planned in order to supplement the data gathered as part of PR 1148.2. Part of the purpose of the notification requirements in PR1148.2 is to give District staff advance notice in order to observe as well as monitor and collect air samples from well drilling, completion, and rework operations. Findings from monitoring and sampling of well drilling, well completion, and well rework activities will help staff determine if more comprehensive air monitoring or sampling may be necessary.

The use of “Blue Sky” inspections have normally been conducted at refineries and bulk-loading facilities, but recently have been expanded to other operations such as oil field production facilities. These types of inspections involve several inspectors and focus on determining compliance with SCAQMD rules within the entire facility. However, the SCAQMD staff will assess the most effective means to conduct field inspections once the data is being gathered.

65. Comment: Some companies will be using electric drilling rigs and emission collection devices but since they are not combustion devices or equipment, no notice or reporting requirements would apply unless they incinerate/burn gases. As such, we propose revision of subparagraph (e)(1)(C) as follows: “identification of combustion equipment rated at greater than 50 brake horsepower that is used during the drilling, well completion, or reworks including the equipment type, engine size, fuel type, engine tier, and hours of operation and any air pollution control techniques, devices, and/or practices used to control unburned hydrocarbons, fugitive emissions, or odors.”

- Response:** Subparagraphs (e)(1)(D) and (E) require the operator to report any air pollution control techniques, devices, and/or practices used to control volatile organic compounds, control fugitive emissions or odors. Electric drilling rigs would be part of a control technique that would be reported to the SCAQMD staff as part of PR 1148.2. The other portion of the reporting requirement is to gather information during mixing and flowback periods. Regardless of the type of equipment used, operators would be responsible for reporting this information.
- 66. Comment:** We propose revision of clause (e)(1)(D)(ii) as follows: “method(s) in which dry materials are delivered/transfer by/from carriers at the site and added and mixed onsite into the drilling, ~~and~~ well completion, and reworking fluid(s);”
- Response:** Proposed Rule 1148.t is focused on collecting air quality related information regarding mixing and combining of dry materials on-site. Further, it is unnecessary to add the phrase “and reworking” since the complete list of activities applicable under this clause, is stated in the introductory language under subparagraph (e)(1)(D).
- 67. Comment:** We propose a revision to clause (e)(1)(E)(i) as follows: “volume of well completion and rework fluids used and volume of flowback fluid recovered.”
- Response:** The revision proposed by the commenter is unnecessary because the proposed rule language in subparagraph (e)(1)(E) refers to flowback fluid which is defined to occur during well completion or well rework.
- 68. Comment:** We propose the addition of two new subparagraphs (e)(1)(F) and (e)(1)(G), as follows:
- “(F) for storage and collection equipment (e.g., tankage of greater than 400 gallons or mounted with air emissions control measures) used for well drilling, completion, and/or reworking provide:
 - (i) numbers and sizes of tanks and number of vents, hatches, and/or other openings to the atmosphere;
 - (ii) number of days/hours on site or in use, including idle and cleanout periods;
 - (iii) any air pollution control techniques, devices, and/or practices used to control fugitive emissions or odors.
 - (G) for surface wellhead piping/valves (e.g., Christmas tree), blowout preventer, and casings provide:
 - (i) numbers and sizes of piping, valves, flanges, vents, and other items typical of a fugitive emissions inventory and/or other openings to the atmosphere;

- (ii) number of days/hours on site or in use, including idle and changeover periods;
- (iii) any air pollution control techniques, devices, and/or practices used to control fugitive emissions or odors.”

Response: The reporting of the number and sizes of storage tanks and ancillary equipment such as piping and valves is not included in the proposed rule. However, the manner in which flowback fluids are collected and stored are part of the reporting requirements under PR 1148.2 (e)(1)(E)(ii). The SCAQMD staff has determined that the best approach in evaluating the emission potential of a collection and handling system used by operators can be investigated through our proposed inspection sampling and monitoring program. In addition, SCAQMD Rule 1176 sets forth requirements for wastewater that is stored or collected in tanks that are a part of a facility’s existing wastewater system.

69. Comment: We propose revision of subparagraph (e)(2)(A) as follows: “name of each chemical compound, ~~and~~ chemical abstract service (CAS) number, and chemical family;”

Response: For clarification purposes, a new subparagraph (e)(2)(F), has been added that states, “to identification of the chemical family or similar descriptor of any chemical information claimed protected as trade secret.”

70. Comment: We propose revision of subparagraph (e)(2)(D) as follows: “identification of chemical information claimed as trade secret, the basis and justification for the claim of trade secret, and the chemical family or similar descriptor.”

Response: The proposed change has been incorporated into subparagraph (e)(2)(E).

71. Comment: We propose the addition of a new subparagraph (e)(2)(F) as follows: “company name, address, contact, and phone number of the supplier(s) for any chemicals and the recipient(s).”

Response: The proposed change has been incorporated into subparagraph (e)(5)(H).

72. Comment: What is the penalty for chemical suppliers who do not comply with the reporting requirements under subdivision (e)?

Response: The maximum penalties for violating any SCAQMD rule are set by the provisions of California Health and Safety Code Section 42400 et seq.

73. Comment: We propose revision of paragraph (e)(5) as follows: “...chemical compounds contained in the drilling, ~~and~~ well completion, and rework fluids...”

Response: The proposed change is unnecessary because the term Well Completion Fluid is defined in terms of a Well Production Stimulation or Treatment activity which can occur either during a Well Completion or Rework operation.

74. Comment: We propose the addition of a new subparagraph under paragraph (e)(5) as follows: “name/number and API number of well, county, and location descriptors”

Response: The name and API well number have been added to subparagraph (e)(5)(A). The location descriptor suggested by the commenter is unnecessary since the well identification information will be used to keep track of the location of the well previously provided in the paragraphs (d)(1) and (e)(2).

Comments Regarding Draft Rule Language – Subdivision (f) Website Posting of Chemicals

75. Comment: We propose revision of subparagraph (f)(1)(A) as follows: “Name of the chemical compound and chemical family;”

Response: The use of chemical family is unnecessary because the proposed rule requires the SCAQMD to post both the chemical compound and CAS number which fully identifies the constituent. Chemical family is a more general identifier which is only used for chemical ingredients protected as trade secret.

76. Comment: We propose the addition of subparagraph (f)(2)(C) as follows: “Justification for designation as Trade Secret.”

Response: Paragraph (f)(2) remains unchanged because the basis for claiming a chemical ingredient is a trade secret is directly provided to the SCAQMD under paragraphs (e)(2) and (e)(5).

Comments Received at Public Consultation Meetings Held on February 20, 2013

77. Comment: We propose that the scope of PR 1148.2 should be expanded to include maintenance activities because these operations occur very frequently and some of these activities may use chemicals that may become airborne. We are also concerned about the truck/engine emissions that may occur during maintenance activities.

Response: Proposed Rule 1148.2 does cover some maintenance activities of oil or gas production wells if any well drilling, well completion, or rework operation occurs. This would include acidizing of an existing well. The information

on the type, size, fuel, tier, and activity of the combustion support equipment greater than 50 horsepower associated with each well activity is required to be reported to the SCAQMD no later than 60 days following the event.

78. Comment: We propose that the SCAQMD develop a more active notification process for the public when conducting meetings in the community. Some suggested alternative methods of communication include: radio announcements of public meetings (Spanish and English); flyers/posters posted at local schools/residences; information updates via online social media (e.g., Twitter); online data feed or listserv to which stakeholders can subscribe; reverse-911 phone announcements for local residents; outreach to local businesses and residents via the local Chamber of Commerce.

Response: The SCAQMD staff appreciates the input and suggestions. The SCAQMD staff will look into other forms of communication and outreach methods inform the public of community meetings.

79. Comment: We propose revisions to PR 1148.2 to include requirements for chemical reporting before oil/gas well operations begin. We believe the proposed rule should include requirements for operators to submit notification at least 3 months in advance of oil/gas well operations, in addition to the existing proposed requirements for submitting notification no more than 10 days and no less than 24 hours prior to well drilling, well completion, or well rework operations. Residents in communities affected by well operations are interested in knowing what chemicals will be used for drilling, hydraulic fracturing, etc. before the operations begin. Prior disclosure provides SCAQMD and members of the public with the opportunity to collect baseline air quality and other data, which can clarify the relationship between oil and gas extraction activities and decreases in air quality. Other states have demonstrated the feasibility of such a requirement: prior disclosure is required by existing regulations in Wyoming (Wyoming Admin. Code Oil Gen. Ch. 3 §45) and proposed regulations in New York (Proposed 6 NYCRR §§ 552.1(c), 560.3(a)).

Response: SCAQMD staff recognizes that existing regulations in Wyoming and proposed regulations in New York require disclosure of chemical constituents of well stimulation fluids prior to commencement of operations. During the rule development, the SCAQMD staff considered requiring the reporting of chemicals used in the operations applicable under PR 1148.2 prior to the actual activity. However, the SCAQMD staff has concerns that reporting before the activity takes place requires the operators to report twice; once before the activity with estimated identity and usage of the chemicals, and again following the activity with the actual identity and usage. This is not only a burden on industry, but requires additional resources from the SCAQMD which would have to

reconcile the expected and actual data. In addition, the SCAQMD staff expects that after a period of time, certain patterns will emerge that will help provide information on of what chemicals are being used during specific operations.

80. Comment: We propose the addition of “storage tanks” to the reporting requirements of PR 1148.2.

Response: As stated in Response to Comment #14, SCAQMD staff has determined that the emission potential from flowback fluid collection and handling systems used by operators can be investigated through our proposed sampling and monitoring program.

81. Comment: We propose revisions to the chemical reporting requirements of PR 1148.2 to include reporting of all “additives” and chemicals used in oil well drilling, well completion, and rework activities. The current proposed rule requirements may allow operators to avoid reporting the use of proppants such as gravel and sand.

Response: To clarify the intent of the proposed rule, the SCAQMD staff has added a discussion in the staff report that intent of the proposed rule is to require the identify, quantity, and purpose of all ingredients, chemicals, and substances used on in well operations applicable under PR 1148.2. This would include any additives and the chemical constituents (if applicable) of these additives.

82. Comment: We propose the addition of a provision in PR 1148.2 which prohibits the use of “trade secret” chemicals in oil/gas well operations.

Response: While the proposed rule does not prohibit the use chemicals claimed to be protected as trade secrets, it does require that the supplier report trade secret information to the SCAQMD so that the District can assess the air quality and public health impacts from the use of such chemicals. Moreover, a reporting entity claiming that chemical information is protected as trade secret must provide a justification for its claim that is subject to the District’s evaluation. Trade secrets, with the exception of emission data, may include, but are not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to certain individuals within a commercial concern who are using it to fabricate, produce, or compound an article of trade or a service having commercial value, and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it.

83. Comment: We propose the establishment of a fund consisting of monies collected by SCAQMD from rule violation fines, which can be used to assist

communities impacted by oil/gas well operations. Many Wilmington residents' are negatively impacted by pollution from oil/gas well operations, and would benefit from financial assistance for medical expenses incurred due to health effects from environmental pollution.

Response: Please see the response to comment #6.

84. Comment: We propose a ban on hydraulic fracturing operations until SCAQMD adopts a regulation for hydraulic fracturing. We believe that potential air emissions from hydraulic fracturing operations should be calculated and estimated based on existing data instead of the current rule approach, which allows operators to continue to conduct hydraulic fracturing while the SCAQMD evaluates the air emissions from these operations.

and

We support a ban on fracking because even the best regulations cannot eliminate the hazards of this inherently dangerous activity. Nevertheless, we support the District's efforts to further delineate the air quality impacts through the proposed rule so these emissions can then be reduced. It is critical that SCAQMD not only track chemicals and emissions, but bind itself to actually controlling harmful chemicals and emissions from fracking and other operations. SCAQMD must begin implementing controls as soon as possible.

Response: To propose a ban or moratorium hydraulic fracturing is not justified given the state of the SCAQMD's knowledge of potential air emissions from such operations. The SCAQMD staff is implementing the Governing Board's directives on oil and gas well hydraulic fracturing in a two step approach. The first step is the development of Proposed Rule 1148.2. The purpose of PR 1148.2 is to gather air quality-related information on oil and gas well drilling, completions, and reworks activity in order to identify the magnitude and type of emissions associated with these operations. The existing data and information available on the potential air emissions from hydraulic fracturing is not sufficient at this time to estimate the potential air emissions from these and other operations applicable under PR 1148.2. If the commenter has data and information on the potential air emissions from PR 1148.2 operations that the SCAQMD staff has not reviewed, we encourage the commenter to make this available to us for evaluation. However, we have concluded that the adoption of PR 1148.2 is an appropriate approach in order to collect the necessary information and data to quantify the magnitude of the potential emissions from hydraulic fracturing and the other operations applicable under the proposed rule. For further discussion of the studies and documents reviewed by the SCAQMD staff, please refer to the responses

to comments #13 and #23. Additionally, please refer to response to comment #79.

85. Comment: We believe that SCAQMD should ban the use of dangerous chemicals, such as hydrogen fluoride, in oil/gas well operations.

Response: The goal of PR 1148.2 is to collect data and information about the processes involved in well drilling, well completion, and well reworks. The SCAQMD staff will analyze data and evaluate the activities and make recommendations to the Governing Board. If there are any toxic or hazardous air issues, the SCAQMD staff will report that information to the Governing Board.

86. Comment: We recommend that the SCAQMD staff develop air pollution control requirements for hydraulic fracturing operations before the expiration of the 2-year sunset date for reporting requirements. We believe that SCAQMD should immediately move forward to develop more stringent regulations for hydraulic fracturing as well as conventional drilling operations instead of the current approach which consists only of information and reporting requirements. We are worried that the draft rule's long data gathering period (two years), without further control measures specified now, may actually encourage the industry to speed up well development in anticipation of later regulation. We are concerned about this unintended impact of the rulemaking, however, we also understand and appreciate that the District is considering taking additional actions sooner.

Response: The two-year sunset date represents the expiration of the reporting requirements under PR 1148.2 (e)(1). This two year reporting period does not mean that the SCAQMD staff will wait two years to begin analyzing emissions data. As information becomes available, the SCAQMD staff will begin analysis. The two-year sunset date was chosen because the SCAQMD staff concluded that receiving information on the operational practices of well drilling, well completion, and well reworks for two years was sufficient in order to properly evaluate the air emission potential from the applicable operations. It should be noted that the remaining provisions such as the notification and chemical reporting requirements of the proposed rule do not expire after two years.

87. Comment: Additional public meetings should be held in Wilmington within the next 6 months so that SCAQMD can provide stakeholders with updates regarding findings from the information gathered as part of PR 1148.2.

Response: The SCAQMD staff will consider additional follow-up meetings once sufficient data has been collected to evaluate the emission potential from the covered well operations. We anticipate this period will be longer than

6 months, but it is difficult to accurately estimate the time it will take to make a preliminary evaluation. Staff intends to periodically brief the SCAQMD Governing Board's Stationary Source Committee on the progress of PR 1148.2.

Comments Received After February 20, 2013

88. Comment: We support the expeditious adoption of Proposed Rule 1148.2 in order to immediately begin monitoring, but we urge strengthening the proposed rule by making the requirements effective upon the date of adoption by the SCAQMD Governing Board.

Response: Sufficient time is needed for the affected sources and SCAQMD staff to develop the necessary mechanisms for electronic reporting and web posting of notifications and reporting. Making the proposed rule effective immediately upon adoption does not allow sufficient time to develop the electronic support mechanisms to support implementation of the proposed rule. In addition, the proposed rule's effective date of adoption has been revised from 90-days to 60-days from adoption.

89. Comment: We believe the proposed rule should include requirements for operators to provide specific maps of drilling locations for the public, because street addresses do not always provide adequate detail to determine exact locations.

Response: The proposed rule requires the operator to provide the geographical coordinates (latitude/longitude) of the well site, in addition to the location, well name, and API well number. The SCAQMD staff considers this information to be sufficient to identify the location of the well.

90. Comment: We believe the proposed rule should include requirements for operators to provide full disclosure of all chemicals used in hydraulic fracturing operations.

and

Regarding full public disclosure, the proposed rule should be strengthened. Requirement to disclose chemical constituents by CAS number, disclose the mass, indicate whether it has been designated as a toxic, and provide public disclosure of the information through an agency website are all supported.

Response: The proposed rule does require full disclosure of the chemicals used in each operation applicable under the proposed rule. However, in order to be compliance with state law and the District's own existing

confidentiality guidelines, the proposed rule does contain provisions for chemicals claimed as trade secrets to be partially omitted from what is released to the public. For further discussion on this trade secret provision, please refer to the responses for comments #21 and #82.

91. Comment: We believe the proposed rule should include requirements for operators to retroactively report any hydraulic fracturing activities conducted in the District during the Proposed Rule 1148.2 rulemaking process.

Response: Retroactive reporting is very difficult to implement for affected facilities and the SCAQMD. Operators would be required to collect information that may not be available making it difficult, if not impossible for the SCAQMD staff to verify the information. Implementing a rule with future effective dates sends a clear message to operators of what is expected and what is required.

92. Comment: We request that, following adoption of Proposed Rule 1148.2, the District publish an ongoing comprehensive map showing the locations of all hydraulic fracturing activities and all conventional drilling activities taking place within SCAQMD's jurisdiction.

Response: The development of a map showing the locations of all hydraulic fracturing activities and all conventional drilling activities taking place within SCAQMD's jurisdiction will be considered during the implementation period of PR 1148.2.

93. Comment: Based on recent studies, we believe the potential harms from hydraulic fracturing activities are severe. We want to prevent such severe impacts in California and the South Coast District. The following studies provide information regarding the potential harms from hydraulic fracturing activities:

1) Science News, 3/19/2012, Lisa McKenzie, Ph.D., MPH, Colorado School of Public Health, "Air Emissions Near Fracking Sites May Pose Health Risk, Study Shows"- This study was based on 3 years of monitoring, which found toxic and smog forming petroleum hydrocarbons in the air near the wells including benzene, ethylbenzene, toluene, xylene, trimethylbenzenes, aliaphatic hydrocarbons, heptanes, octane, and diethylbenzene. The report showed higher health impacts for both non-cancer and cancer impacts for nearby residents during short-term but high emission well completion, including respiratory and neurological impacts, eye irritation, headaches, sore throat, difficulty breathing;

2) The Denver Post, 2/19/2013, Mark Jaffe, "Study finds oil and gas drilling caused air pollution in West"- This study found oil and gas drilling caused ground level ozone and criteria pollutant emissions in the West.

Ozone pollution has become a problem in the Uintah Basin, with levels in 2011 reaching nearly double the federal health standard. Leaks from pipes and tanks and fumes from pumps, dryers, and compressors were found as major VOC sources, drill rigs and fracking were sources of nitrogen oxides and methane;

3) Natural Resources Defense Council, May 2012, Rebecca Hammer and Larry Levine, and Jeanne Van Briesen, Ph.D., PE, Carnegie Mellon University, “In Fracking’s Wake: New Rules are Needed to Protect Our Health and Environment from Contaminated Wastewater”- The authors found that fracking generates massive amounts of polluted wastewater and brought radioactive materials to the surface, threatening drinking water, that federal and state regulations have not kept up with the dramatic growth in fracking, and must be significantly strengthened;

4) The Environmental Working Group found, “Across the United States, concerned citizens have brought to light the health and safety problems from fracking – such as air pollution and water pollution...It is unacceptable that state regulators have done almost nothing to govern, or even investigate, the risks...”

Response:

The SCAQMD staff thanks the commenter for bringing these articles and studies to our attention. We have reviewed them and concluded that (other than the NRDC study which dealt with waste water) they support our contention that hydraulic fracturing and other well completion techniques have the potential to release air contaminants and should be further evaluated. The commenter should be aware that the SCAQMD staff plans to conduct emissions monitoring of PM, H₂S, and VOCs from potential emission sources (e.g., mud tanks, mixing operations, flowback, storage tanks) utilizing portable handheld analyzers in order to supplement emissions data gathered through the reporting requirements of the proposed rule. Additional monitoring and sampling will be conducted if needed.

94. Comment:

The proposed rule should include additional data collection that would help future emissions inventories, emission estimating for air quality planning, and emission reduction rule development for oil and gas well drilling operations, which is a significant nitrogen oxides (NO_x) emitting activity. The proposed rule does not ask for all of the information that would be useful in assessing the impacts from future well drilling activities to fill the gaps noted in the February 14 Working Group presentation and the USEPA’s report, “EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector.”

Response:

The SCAQMD staff is unsure what information the commenter refers to when stating that the proposed rule does not require sufficient information

necessary to develop emission inventories for planning and rule development, as well as to fill the gaps specified in our Working Group presentation and the U.S. EPA report cited. The proposed rule requires operators to gather air quality-related information on oil and gas well drilling, well completion, and well reworks which would allow staff to evaluate the air emission potential of these processes. The intent behind the data and information that is requested is to provide sufficient data and information such as equipment activity, identity and quantity of materials and fluid flowback used in the well processes, air pollution controls and commonly used practices used in well operations, and identification of the possible air toxics involved. SCAQMD staff feels confident that PR 1148.2 will accomplish this. Gaps in emission data (e.g., emission factors) can be closed by conducting sampling and monitoring.

95. Comment: We believe it is likely that well drilling could increase in the future due to new or future methods for stimulating oil production (i.e., acidizing, gravel packing, hydraulic fracturing, etc.). Obtaining appropriate data will allow a determination of whether well drilling activities for these methods of stimulating oil and gas production are higher in comparison to traditional well drilling activities, and provide information on whether new rule development for emissions reductions, particularly for well rig engine emissions, should be considered.

Response: The processes the commenter cites are already occurring in the Basin, and the adoption of PR 1148.2 will allow the SCAQMD to document the activities, including well rig engine emissions.

96. Comment: Use of CARB's PERP for drill rigs is inappropriate where drill rigs are used on a continuous basis, year after year, in active oil fields. The effects of the emissions are tantamount to a stationary source and should be subject to the same requirements as stationary sources. We believe that requiring the use of high tier diesel engines (Tier 3 or 4) or alternatively fueled/electric engines would substantially reduce NOx and DPM emissions as compared to current practice.

Response: The PERP regulation requires registration of the portable equipment used at well sites during drilling and well completion operations. The SCAQMD staff is not proposing to rely on the PERP registration process to be used as a surrogate for additional emission reductions on drilling and well completion equipment. The comment regarding the use of Tier 3 or 4 equipment is not relevant for PR 1148.2. No emission controls are being proposed on any of the equipment or processes applicable under the proposed rule. The purpose of PR 1148.2 is to gather air quality-related information on oil and gas well drilling, well completion, and well reworks. The SCAQMD staff will analyze the data collected and conduct

on-site observations and monitoring of oil and gas well operations to collect information on controls being used.

97. Comment: We believe the following data collection items should be added to part (e)(1) of the proposed rule: fuel consumption (to augment the other engine use data requirements as hours of use is not completely adequate in determining emissions); depth/length of the well bore as compared to other wells in the field; and the specific type of oil production stimulation used, if any.

Response: Two methods are commonly used to estimate exhaust emissions from portable engines: engine operating hours and fuel usage. The SCAQMD uses both, depending on the availability of activity data. For purposes of engines used at well sites, the SCAQMD staff considers hours of operation-based emission estimates to be superior considering that all the components for estimating emissions will be known or provided by the operator. These include (1) hours of operation, horsepower, load factor (based on type of equipment), and emission factor (based on Tier level).

In regards to the two other types of data, the SCAQMD is unsure how depth/length information will help in estimating the emissions from well drilling, well completions, and reworks. In addition, the specific type of well stimulation will be requested in the notifications already required under PR 1148.2 (d)(1)(E).

98. Comment: In the absence of reliable emission factors for well drilling, well completion, and well rework activities, the rule should include requirements for monitoring source-specific emissions for a meaningful sample of wells within any specific oil field and for production within specific formations underlying such fields. The sample data can be used to calculate emissions from wells within the same field or formation (e.g., create field and formation specific emission factors). Where source testing or other pollutant monitoring is not reasonable or feasible to monitor well drilling emissions then other available source specific factors should be monitored and collected, such as: drilling rig engines model years and tiers, and engine age/hours of operation; use of gas collection and flares to reduce VOC emissions from the wellhead; and use of odor reduction control measures at the wellhead to improve the emissions estimates for each drilling action.

and

We believe that, in order to fulfill its mandate to protect the health of nearby communities and the Basin, the District must develop a clear and enforceable plan for District staff to conduct air quality and emissions monitoring at the fracking sites identified from the notifications required

under the proposed rule. Emissions testing and local air quality monitoring are fundamental components of the District's responsibility to evaluate and reduce threats to air quality and protect public health.

Response: Although the proposed rule does not contain any requirements for emission monitoring or sampling, the SCAQMD staff is committed to conduct monitoring and sampling during the initial two-year notification and reporting period. The type of monitoring and sampling will include hand-held analyzers which can measure both PM and VOC concentration, as well as grab samples which will be able to speciate out individual constituents. Additional monitoring will be done based on the results of the hand-held and grab sampling program. In regards to combustion equipment emission estimates, please refer to the response to comment #97.

99. Comment: We believe the focus of the rule may be too limiting. Other sources of emissions may exist including vehicle trips, dust from well pad construction, and fugitive emissions from the well itself (including VOCs, hydrogen sulfide, and methane), related piping or tanks and from natural or man-made fissures or other openings (particularly where high pressure liquids may be applied to formations) away from the top hole.

Response: Dust from well pad construction and vehicle activities is already regulated under SCAQMD Rule 403 – Fugitive Dust. Fugitive emissions from piping and tanks will be evaluated under PR 1148.2 during any well drilling, well completion, or well rework operation. Pipes and tanks used during the oil and gas production process are already regulated under existing SCAQMD rules. Releases of substances from natural fissures are not part of the proposed rule. Finally, any emissions from a manmade release point during any of the processes covered under the proposed rule will be evaluated under the proposed rule.

100. Comment: We believe that all wells located on contiguous property owned, leased or operated by a field operator should be considered a stationary source and all planned new wells should be considered, in the aggregate, as a modification triggering new source review and attendant requirements, including implementation of BACT and obtaining emission offsets.

Response: The BACT and offset provisions of Regulation XIII- New Source Review do apply to oil field production facilities. However, the well drilling, well completion, and well reworks covered under PR 1148.2 would not be covered under Regulation XIII unless some new construction or modification was conducted to the equipment not exempt under Rule 219 - Equipment Not Requiring a Written Permit Pursuant to Regulation II. This equipment that would be subject to Regulation XIII includes waste water treatment collection, storage, and treatment systems; gas recovery

plants, and flares. The inclusion of wells and equipment used to support drilling, well completion, and well reworks in Regulation XIII is beyond the scope of the proposed rule, and is not being considered.

101. Comment: SCAQMD needs to coordinate with DOGGR and the appropriate local jurisdictions to make sure they are receiving information for all of the wells that these agencies know are being drilled, completed, or reworked. Coordination with these agencies will aid in the enforcement of this regulation.

Response: The SCAQMD staff has been coordinating with DOGGR throughout the rulemaking process. DOGGR is aware of the information that the SCAQMD will be collecting through implementation of PR 1148.2. The SCAQMD staff will continue to coordinate with DOGGR and any other agencies that are interested in receiving information.

102. Comment: Proposed Rule 1148.2 part (e)(1) Reporting Requirements should include the following:

- a. Type and amount of fuel used, and the engine model year and tier level, by engine, for all of the stationary/portable equipment used for the drilling operation;
- b. identification of gas collection or flaring control measures associated with the well drilling action;
- c. identification of odor control measures associated with the well drilling action;
- d. an estimate of the number of trips and VMT by vehicle class required for the on-road vehicles supporting the drilling operation;
- e. injection pressure for wells where materials are injected into the formation;
- f. depth and length of the well bore, with a comparison of the average historic depth and length of well bores for wells drilled into the specific formation;
- g. whether horizontal drilling is being used and what percentage of wells currently active in the field are horizontally drilled wells;
- h. all sensitive receptors within 1,500 feet should be identified, not just the closest sensitive receptor. This need not be by property but by range of street addresses or other such summarizing techniques;
- i. identification of upsets and unintended releases;
- j. identification of complaints received related to air quality/odor.

Response: Responses to comments are addressed individually:
a. For discussion of combustion equipment data please refer to the response to comment #97.

- b. Information about gas collection and flaring devices is already required under 1148.2 (e)(1)(E).
- c. Odor control measures and systems are already required under 1148.2 (e)(1)(E).
- d. The offsite emissions from combustion equipment, including vehicles, is not the focus of PR 1148.2. CARB has primary authority over the direct emissions from vehicles.
- e. As with the well length/depth mentioned in the response to comment #83, the SCAQMD staff is unsure how injection pressures will help us evaluate the air emissions from well drilling, well completions, and well reworks.
- f. Please refer to the response to comment #97.
- g. As with the well length/depth and injection pressures, the SCAQMD staff is unsure on knowing whether horizontal drilling is being used will help us evaluate the air emissions from well drilling, well completions, and well reworks.
- h. It is sufficient for SCAQMD staff to know that at least one sensitive receptor is within the 1,500 feet radius. Once we know that one receptor is located within the 1,500 feet radius further evaluation can be conducted by SCAQMD staff to identify additional receptors.
- i. SCAQMD staff is unsure of the type of upsets and unintended releases the commenter is referring to. However, SCAQMD Rule 430 – Breakdown Provisions, Title V, and RECLAIM already applies to oil field production facilities. These regulations and rules specify notification provisions for breakdowns, emergencies, and process upsets which result in excess air emissions.
- k. Complaint information is readily available to SCAQMD staff from internal sources and is not needed as part of the reporting requirements of PR 1148.2.

103. Comment: Proposed Rule 1148.2 subdivision (f) SCAQMD Website Posting should include at a minimum, the well production stimulation activity used, and should also include all of the other non-confidential data collected through the proposed rule part (e).

Response: Proposed Rule 1148.2 already requires the posting of the notification notices for well drilling, well completion, and well reworks. The notification posted and available for public viewing will contain an identifier on what type of well completion or stimulation technique is being done. The proposed rule does require the chemical usage information prescribed under Proposed Rule 1148.2 subdivision (f) to be posted. However, trade secret information will not be posted.

104. Comment: We suggest that a “per well drilled” fee be added to this regulation that will provide funding necessary for SCAQMD to provide adequate staffing and monitoring equipment to enforce this regulation through on-site inspections and provide adequate staffing to complete the website posting notification in a timely manner.

Response: It is anticipated that the necessary resources for implementation of the proposed rule will be available with existing resources. Therefore, no fees are being added to the proposed rule. Should additional resources be necessary for implementation, staff will investigate supplemental sources of funding/staffing and, if necessary, make recommendations to the Board.

105. Comment: Our company is concerned with the potential duplication of reporting requirements with other government agencies and entities, potential delay in operations resulting from notification restrictions.

Response: The SCAQMD staff has structured the rule to ensure that PR 1148.2 is not duplicative and is consistent with other reporting requirements, where appropriate. The noticing and reporting requirements of PR 1148.2 ensure that only information involving potential air emissions from oil and gas well drilling, well completions and well reworks is included in the information requested. For instance, the proposed rule does not require information related to well depth, well casing information, well integrity data. However, it is inevitable that certain information such as well owner/operator and well location is common to both DOGGR’s and SCAQMD’s notification process. This type of well identification is necessary for both agencies to receive.

106. Comment: The proposed rule establishes a notification requirement for the purpose of collecting data to analyze the frequency of drilling, well completion, or rework of oil or gas wells in the District. However, it is not clear how making the information public, per paragraph (d)(4), assists the data collection or evaluation process. We believe it is appropriate for the SCAQMD to have access to all necessary information in order to conduct activities such as documenting work in sensitive areas, verifying the level of activity and potential emission sources, deploying inspectors to collect data, samples, verify appropriate workplace practices and insure that records are maintained on site. However, it is not clear how the public is expected to handle the information and what role the SCAQMD will play in clarifying its significance. We are concerned about the release of “raw” information to the public, who may not be able to evaluate the highly technical data and information. We are also concerned that the release of this information without proper context or explanation is likely to result in additional questions and frustration from the public. The SCAQMD must recognize its responsibility to assist the public to understand the data it provides, and to avoid creating unnecessary concern in the public at large.

In light of these concerns, we request that the SCAQMD consider modifying the notification portions of the rule by removing requirements to post reported information on the SCAQMD website.

and

We strongly object to the District's plans to make notification information required by Proposed Rule 1148.2 available to the public on the SCAQMD's website. The SCAQMD's "Guidelines for Implementing the California Public Records Act, Section III, Examples of Records available to the Public, section A) states that "All air and other pollution monitoring data, including data compiled from stationary sources" shall be public records. The SCAQMD is planning to disclose data that is clearly not "air and other pollution monitoring data." The SCAQMD should make certain data disclosed to the public is air emissions data and not just ordinary industry activity that the SCAQMD is exploring. The District has also not provided a rationale for singling out these particular activities.

Posting information regarding highly technical and complex activities that will not be easily understood by the general public may contribute to unnecessary and inappropriate opposition to lawful and safe activities that have occurred without significant impact for years.

Response:

The SCAQMD staff has received comments from the public, community groups, and environmental groups requesting that the notifications be posted on the SCAQMD website. The information in the notifications includes basic information about the well, contact information, well name, location, nearest sensitive receptor, the type of operation that is being conducted (drilling, well completion, and/or rework), and the start date of the activity. There are potential air quality issues associated with these activities (odors, fugitive dust, hydrocarbons, and possibly toxic emissions), the extent of these will be determined through the rulemaking process as emissions data, chemical use data, and monitoring and sampling occurs. The SCAQMD staff acknowledges these comments and has agreed to work with industry representatives to provide accompanying language on the SCAQMD website explaining how the information is to be interpreted.

107. Comment:

Adopt a resolution stating that the SCAQMD will not wait until the reporting requirement sunsets to begin to reduce air emissions from oil and gas well operations. Include a timeline to evaluate emissions data, pollution control technologies and air quality impacts from fracking sites. Make clear that the District will adopt regulations to reduce emissions as soon as there is sufficient information to impose effective regulations.

Response: Proposed Rule 1148.2 will include an accompanying resolution that the Governing Board will direct staff to begin the analysis evaluation process as soon as the information becomes available. The resolution will also require staff to report back to the Governing Board's Stationary Source Committee within six months from the time the first information is submitted.

It is premature to commit to developing rules to control emissions from well completion activities such as hydraulic fracturing at this point. The purpose of PR 1148.2 is to collect information and to base the analysis and evaluation on this information. The purpose of the evaluation process is to determine if there are significant air emissions that need to be controlled. Nevertheless, the SCAQMD staff has committed to return to the Governing Board with a summary of findings and recommendations and to decide if additional requirements are needed, if any.

108. Comment: Modify the rule to better provide information needed to assess air emissions and impacts to local and regional air quality:

- Section (d)(1)(E) – Language referring to “identification of general activities” is too vague to evaluate air quality threats. Require an inventory and description of all proposed activities in pre-drilling notification.
- Sections (d)(2)(D), (e)(5)(D) and (f)(2) – Restrict trade secret information to product formulas. Require disclosure of chemical names and CAS numbers.
- Sections (d)(2)(D), (e)(5)(D) and (f)(2)(B) – Where chemical names and CAS numbers are not reported, include whether the chemical is listed under Proposition 65 as a chemical known as a carcinogen, reproductive or developmental toxicant.

Response: SCAQMD staff believes that the notification requirements in subparagraph (d)(1)(E) are adequate for the proposed rule's purpose of assessing air quality impacts from oil and gas well operations. The notification requirements specify that the owner/operator submit the expected start dates of oil or gas operations and basic information regarding the activities to be conducted. The intent of the notification requirements is to enable SCAQMD staff and the public to have advance notice of oil/gas well activities. This information will allow SCAQMD compliance staff to periodically conduct site visits, and observe oil/gas well operations. Pre-notification of activities will also allow the SCAQMD staff the opportunity to collect air monitoring samples.

Subparagraph (d)(2)(D) no longer exists in the proposed rule. Additionally, there are no requirements related to the disclosure of trade secret information in the notification requirements of subdivision (d). Subdivision (e) of PR 1148.2 contains requirements for operators to

provide the SCAQMD with a comprehensive listing of all chemical compounds contained in drilling and well completion fluids. There are specific provisions for chemicals that chemical suppliers claim are protected as trade secret. The SCAQMD will retain records of all chemical information submitted and will post chemical information, with exceptions for trade secret information, on the SCAQMD website. For trade secret information, only the following will be posted to the SCAQMD website: chemical family or similar descriptor; and identification of whether or not the chemicals are air toxics.

PR 1148.2 relies on a list of toxic air contaminants that is representative of state and federal listings of air toxics. This is the same list of air toxics that is used in the SCAQMD's AB2588 Hot Spots program. The SCAQMD staff agrees that the list of chemicals used for Proposition 65 is more comprehensive, however, some of those chemicals are not air quality related. The focus of Proposed Rule 1148.2 is on air quality issues that can occur from drilling, well completion and rework activities. While staff agrees with the public's right-to-know regarding chemicals used in oil and gas well operations, staff does not believe that the Proposition 65 chemical list appropriately serves the intent of the proposed rule, which is to collect data on potential air quality impacts. For these reasons, staff believes it is appropriate to limit the identification of drilling and completion fluid chemicals as "air toxics", as defined in the California Health and Safety Code.

109. Comment:

A major hole in the Proposed Rule is the failure to control methane emissions from oil and gas operations, including fracking. Oil and gas operations are a major cause of climate change due to the large volume of methane emissions. Methane is a potent greenhouse gas with a global warming potential much higher than carbon dioxide.

and

SCAQMD should revise the Proposed Rule to require measurements of methane and to provide controls on methane emissions. If this is impractical, SCAQMD should initiate a separate rulemaking to monitor or control methane. SCAQMD does not presently have controls on methane, but instead controls only some sources of VOC emissions; this is incapable of achieving the level of methane emission reduction the state urgently needs.

Response:

The intent of Proposed Rule 1148.2 is to collect data regarding oil and gas well drilling, completion, and rework operations. The proposed rule does not contain any provisions to control emissions from these operations. Information collected as a result of the proposed rule will be analyzed by District staff to determine the type(s) and extent, if any, of air contaminant

emissions from oil and gas well drilling, completion, and rework operations. Based on the findings of the analysis, SCAQMD staff will determine the type and extent of any air pollution controls that may be necessary to minimize emissions. The SCAQMD anticipates that if it is determined that pollution controls are needed, that concurrent reductions in methane emissions and other air contaminants will be realized.

110. Comment: The oil and gas sector emits 40 percent of U.S. methane emissions. Generally, for natural gas operations, production operations generate the highest methane emissions. However, emissions occur in all sectors of the natural gas industry. Fracked wells leak an especially large amount of methane. Oil exploration, development and production activities also result in substantial methane emissions. Natural gas leakage also contributes significantly to ozone formation. Methane's effect on ozone concentrations can be substantial. To the extent SCAQMD controls methane by eliminating natural gas emissions, VOC emissions will be reduced. Ground level ozone pollution is associated with serious harms to human health.

Response: PR 1148.2 is a data collection and reporting rule for the oil and gas well industry. There are no controls being proposed in PR 1148.2. PR 1148.2 seeks to determine the magnitude of VOC, NOx, particulate emissions and identify the type and amount of toxic emissions, if any, emitted by oil and gas well drilling, reworks, and completion activities. Issues related to cracked casings and well integrity are being addressed in proposed regulations by DOGGR. Please also refer to the previous response to comment.

111. Comment: The proposed rule lacks a clear protocol for what data is to be gathered and how it will be analyzed and interpreted. The final rule should include an addendum clearly describing what data is to be gathered onsite, how it will be gathered, analyzed, and how the data will be used to determine off-site impacts and the need for additional rulemaking. We recommend creating a plan for how this will be done and allowing appropriate industry review and comment prior to implementing the rule. Without this guidance, operators cannot fully assess the time required to complete reporting or the practicability of the required reporting timeline. Alternatively, industry should have the opportunity to participate in the SCAQMD's process of analyzing and interpreting data resulting from implementation.

and

The rule should focus only on activities with significant emissions potential that are not subject to existing regulations. Protocol and testing plans should be developed with the cooperation of industry before

completion of this rulemaking. The rule should be carefully constructed to gather only the data that is necessary to support specific testing in order for staff to make sound decisions regarding additional rulemaking.

Response: The proposed rule contains a detailed listing of the data that is required to be reported by oil/gas well operators. The type, quantity, and format of data and information required in the rule is very specific, so it is unclear why the commenter states that operators “cannot fully assess the time required to complete reporting or the practicability of the required reporting timeline.” The SCAQMD staff will continue to work with key stakeholders during implementation of the proposed rule.

The purpose of PR 1148.2 is to gather air quality-related information on oil and gas well drilling, well completion, and well reworks. Based on research conducted for this rulemaking, SCAQMD staff identified oil/gas well drilling, completion, and rework operations as potential sources of air contaminants. Staff has determined that more information is needed to thoroughly assess the type(s) and extent of air emissions associated with these operations, hence, the proposed rule was developed. Based on the findings from the analysis of information collected as part of the proposed rule, SCAQMD staff will determine the type and extent of any air pollution controls that may be necessary, if any, to minimize emissions from the aforementioned processes.

112. Comment: We suggest the District remove the phrase “typically a” in front of the word “proppant” in the definition of hydraulic fracturing to make it consistent with the DOGGR definition in its “Pre-Rulemaking Discussion Draft” and with common industry usage.

Response: The SCAQMD staff disagrees with the suggestion to remove the words “typically a” in the definition of hydraulic fracturing. These words were added to the definition to ensure that the definition would encompass all types of hydraulic fracturing operations, including hydraulic fracturing operations which may not utilize proppants. For example, one type of hydraulic fracturing method involves the use of an acid solution in conjunction with high pressure injection of fluids into the reservoir to fracture and “etch” the fractured surfaces within the reservoir. This method of hydraulic fracturing does not use a proppant to hold the fractured geologic formation open, but instead the etching action of the acid solution creates open fissures in the formation which allow the flow of hydrocarbons toward the wellbore.

113. Comment: The District has not provided justification for lack of a sunset provision for notification requirements. The District has not determined if activities subject to the proposed rule have significant emissions. Therefore, a

sunset provision for the notification requirements would be prudent and, based on evaluation of the results, determine whether notification should continue for any activities in the second phase.

Response: The notification requirement will be helpful for District staff to compile information regarding the types and frequencies of oil and gas well operations taking place throughout the District. This information will be critical for any future rule development related to oil/gas well operations and will be an ongoing tool to assist District staff in continued research and analysis of these operations, if necessary. However, if at some point in the future, SCAQMD staff determines that the notification information is no longer necessary, the rule may be amended to remove the notification provisions.

114. Comment: District staff believes that not all operators interpret existing rules to necessarily apply to “pre-production” activities (which are not clearly defined). We believe it is inaccurate to say that there is no existing SCAQMD rule for oil and gas facilities that collect and store flowback wastewater in portable tanks or other contaminants that are not part of a wastewater system (January 2013 Draft Staff Report, page 1-7). Rule 203 requires a permit to operate for “any equipment or agricultural permit unit, which may cause the issuance of air contaminants.” Thus, unless a portable tank used to collect and store flowback wastewater can be shown to either (a) not cause the issuance of air contaminants or (b) qualify for an exemption in Rule 219 (e.g., (m)(4) or (m)(20)), is required to have a permit. The permit will include appropriate requirements to limit or control emissions.

Response: The SCAQMD staff agrees that wastewater systems, portable storage tanks, or other equipment which “may cause the issuance of air contaminants” may be subject to SCAQMD Rule 203. Staff also agrees that if a permit is required, the permit may contain conditions which may help limit or control emissions from the subject equipment. In many cases, permit conditions/requirements are based on source-specific rule requirements. However, some of the potential emissions sources identified in oil and gas operations do not have existing source-specific rules. Staff contends that since there are no existing source-specific regulations for some emission sources identified in oil and gas operations, applicable under PR 1148.2, these sources should be evaluated to quantify emissions and determine if additional controls are needed. The purpose of the proposed rule is to gather information and evaluate the potential emission sources in oil and gas well operations in order to determine if additional source-specific requirements are warranted. In addition, it is not uncommon for the SCAQMD to conduct an evaluation of permitted sources to determine if there is a need for further controls.

- 115. Comment:** Page 1-12 of the January 2013 Draft Staff Report states:
“Proposed requirements for reporting the chemicals used during well drilling, completion, and reworks may affect the suppliers of chemicals used during these processes.”
Paragraph (e)(2) of the proposed rule states:
“... a supplier that provides chemicals to the owner or operator of an oil or gas well for drilling, well completion, or rework shall provide the owner or operator . . .”
Because the rule states “shall”, there is no question that the rule affects chemical suppliers. Thus, the word “may” should be replaced with the word “will” in the above statement in the Staff Report.
- Response:** The SCAQMD staff agrees that paragraph (e)(2) of the rule affects chemical suppliers and has made the requested change to the Staff Report.
- 116. Comment:** The Pennsylvania Department of Environmental Protection (DEP) recently released its first annual report on air emissions data associated with unconventional natural gas development. The data represents 2011 emissions from wells and compressor stations and separates data by source categories which include completions, drilling rigs, tanks, and fugitive emissions. Emissions data on particulate matter and VOCs among others were calculated. Some of the compiled data could be useful in informing the District’s efforts, especially due to the focus on completions and drilling rig emissions. We recommend reaching out to Pennsylvania DEP for more information on its emissions inventory and the methods used to generate the data.
- Response:** The SCAQMD staff thanks the commenter for the information and suggestion to collaborate with the Pennsylvania DEP to gather more information on their emissions inventory. Based on a cursory review of the referenced information and as stated in the comment, the DEP data represents air emissions associated with unconventional natural gas development. While staff agrees that this information may be helpful in the analysis of unconventional gas development operations in the South Coast Basin, it is our understanding that the majority of oilfield development in Southern California targets crude oil, rather than natural gas. SCAQMD staff has found very limited information in existing studies or research which focus on air emissions from oil well drilling, completion, or reworks. As discussed in Response to Comments #13 and 23, SCAQMD staff has evaluated several studies air quality related to oil and gas well operations. The SCAQMD staff concludes that the studies evaluated showed significant gaps in the emissions provided. For instance, no studies evaluated PM emissions from the dry material mixing operations conducted for drilling, reworks, and well completion operations.

117. Comment: The proposed trade secret exemptions to disclosure are unnecessary and overbroad. If SCAQMD elects to adopt a trade secret exemption, trade secrets should be defined in accordance with California's Uniform Trade Secrets Act, Cal Civil Code §3426 *et seq.*, rather than by reference to California Government Code §6254.7(d). The former requires a party claiming trade secrecy to demonstrate that they are generally engaged in efforts to maintain the secrecy. If any trade secret exemptions are adopted SCAQMD must retain the proposed requirements that all information be reported to SCAQMD regardless of trade secret status, and that the public be informed of the chemical family and use of toxics.

Response: Exempting trade secret information from PR 1148.2's public disclosure requirements is necessary to protect trade secrets from misappropriation under California Uniform Trade Secrets Act. Under the District's Guidelines for Implementing the California Public Records Act, which sets out the District's procedures for accessing trade secret claims and protecting trade secret information, trade secrets are defined in accordance with the California Public Records Act. *See* Gov. Code Section 6254.7(d). Although efforts to maintain secrecy are not included in the definition of trade secret in section 6254.7(d) of the Government Code, the Guidelines require that any justification claiming trade secret status include a sworn declaration that addresses "the extent of measures taken by the person to guard the secrecy of the information." While trade secret information will not be disclosed publicly, the proposed rule requires that a supplier and/or operator nonetheless provide all chemical information, including trade secret information, to the District so that it can assess potential air quality and public health impacts. For the trade secret chemical ingredients, the District will post on its website the chemical family or a similar descriptor and identification of whether the chemical is an air toxic.

118. Comment: The proposed rule is inconsistent with the State's Uniform Trade Secrets Act (UTSA). Under PR 1148.2 the District recognizes that chemical information released by suppliers may contain trade secrets that must be protected and allows suppliers to submit trade secret information directly to the District instead of to owners/operators. The District will then refrain from posing the information on its website and will only post the chemical family name. However, the PR 1148.2 fails to establish how:

1. The District will determine whether the claim of trade secret protection is valid;
2. The District will protect the confidentiality of information claimed as trade secret;
3. A supplier can seek judicial review of the District's actions that threaten disclosure, and thus misappropriation, of information it claims as trade secret; and

4. The District will control the dissemination of claimed trade secret information to other state or federal agencies to which the District may choose to disclose the claimed trade secret information.

By failing to establish procedures, the District will put at risk the confidentiality of trade secret information submitted under the proposed rule. Simply submitting claimed trade secret information to the District may destroy a supplier's trade secret, because under the UTSA, a supplier must first make "efforts that are reasonable under the circumstances to maintain [the trade secret information's] secrecy." The proposed rule's treatment of trade secret information is so insufficient, therefore, that it is inconsistent with the UTSA and in violation of the Health and Safety Code

Response:

Consistent with the State's Uniform Trade Secrets Act, the proposed rule protects trade secret information from misappropriation. As both PR 1148.2 and the Staff Report explains, the District will determine whether a claim of trade secret protection is valid pursuant to the District's Guidelines for Implementing the California Public Records Act, which were adopted by the Governing Board on May 6, 2005. Pursuant to the District's Guidelines, the District will mail a notice, by certified mail, to the facility or entity claiming exempt or trade secret status. In addition, staff proposes to send notice by email to any person claiming trade secret who provides an email address. The notice will include a request for a detailed and complete justification of the bases for exempt or trade secret status. The facility or entity must make an appointment with Public Records Staff, within 15 calendar days of the date of the letter, to come in and review the records and highlight the portion exempt or containing trade secret. If no justification is timely received, the subject records shall be released as specified herein. Any justification claiming trade secret status must include a sworn declaration that should address the following six factors (Restatement of Torts Sec. 757.): (1) the extent to which the information is known outside of the person's business; (2) the extent to which it is known by employees and others involved in the person's business; (3) the extent of measures taken by the person to guard the secrecy of the information; (4) the value of the information to the person's business and to the person's competitors; (5) the amount of effort or money expended by the person in developing the information; and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

The District shall evaluate the justification and any other information at its disposal and shall determine if the justification supports the claim that the material is in fact exempt or is a trade secret under Gov. Code Sec. 6254 and Sec. 6254.7, or otherwise privileged. If the District determines that the claim of trade secret is not meritorious or is inadequately supported by the evidence, the District shall promptly notify, by certified mail, the entity who claimed exempt or trade secret status that the justification is

inadequate, and that the information will be released after 15 calendar days from the date of such notice. Again, notice will also be provided by email.

The District has strategies in place for protecting the confidentiality of information claimed as trade secret. SCAQMD has been handling confidential and trade secret information for many years without incident. Our computer systems are protected from outside attackers, and access by internal staff is controlled and audited. A security assessment was recently conducted which found no vulnerabilities from outside attackers. Internally, disclosure is limited to employees who require such information to perform their duties. Moreover, the amount and nature of trade secret information revealed to an employee depends solely upon their need to know. Controls for internal access include strong passwords, domain account authentication, limiting access to authorized users with proper roles, antivirus software with updates, security software updates, and physical security.

The District's Guidelines for Implementing the California Public Records Act explain how a supplier can seek judicial review of the District's determination of a supplier's trade secret claim. When the District determines that the claim of trade secret is not meritorious or is inadequately supported by the evidence, and notifies the entity who claimed trade secret status that the justification is inadequate, the entity shall also be advised of its right to bring appropriate legal action to prevent disclosure, and of its right to further respond.

As explained in the District's Guidelines for Implementing the California Public Records Act, the District will control the dissemination of claimed trade secret information to other state or federal agencies. The District will disclose trade secret information to other governmental agencies who request such information for purposes of carrying out their official responsibilities if such agencies agree to treat the disclosed material as confidential pursuant to a written confidentiality agreement with the District. The confidentiality agreement shall designate those persons authorized by the requesting governmental agency to obtain the information.

119. Comment:

We are not aware of any other recently proposed regulations that require the disclosure of product ingredient information in the same way the District has proposed. For example DTSC's proposed Green Chemistry regulations and the hydraulic fracturing regulations proposed by DOGGR contain detailed protections for trade secret information.

Response: The Department of Toxic Substance's Control's proposed Green Chemistry regulations' evaluation and protection of trade secrets are similar to the District's Guidelines for Implementing the California Public Records Act. Like the District's Guidelines, the proposed regulations provide a process whereby a person who asserts a claim of trade secret will receive a written request from the Department to furnish the Department with information supporting the trade secret claim. *See* Art. 9, section 69509 (available at:<http://www.dtsc.ca.gov/LawsRegsPolicies/Regs/upload/SCP-Revised-Text.pdf>)(last visited March 27, 2013).

Once the substantiating information is provided, the proposed regulations set up the review process the Department undertakes. *See* Art. 10, section 69510.1. Similar to the District's Guidelines, the proposed regulations set up a procedure whereby the Department notifies the entity if their justification does not satisfy the criteria for trade secret information and informs the entity of its right to seek judicial review to prevent the Department from releasing such information.

With respect to the commenter's second point, DOGGR's Pre-Rulemaking Discussion Draft Regulations differ from Proposed Rule 1148.2 in that DOGGR's proposed regulations require the disclosure of trade secret information in two limited situations. In the first situation, the draft regulations require the disclosure of trade secret information to DOGGR or to a public agency with lawful jurisdiction for either enforcement action or emergency response if the information is necessary to investigate or respond to evidence of a spill or release of hydraulic fracturing fluid or material or evidence that hydraulic fracturing fluid or material has escaped the intended zone or zones of the hydraulic fracturing operations. *See* section 1788.2(a) of DOGGR's draft regulations. In the second situation, DOGGR's draft regulations require the disclosure of trade secret information to a public health professional who, in the scope of her professional duties, requests the information and executes a confidentiality agreement. *See* section 1788.2(c) of DOGGR's draft regulations (last visited March 27, 2013). In those limited, ad hoc situations, DOGGR's proposed regulations provide for the trade secret holder and the public agency or health professional to enter into an agreement to prevent the disclosure of trade secret information.

In contrast, the District's proposed rules requires suppliers and/or operators to provide the District with the trade secret information of chemicals used in drilling, well completions or well reworks so that the District can evaluate the potential health impacts and air quality effects. As explained in response to comment #118 above, the District's Guidelines for Implementing the California Public Records Act contain

routine, systematic and detailed procedures for evaluating and protecting for trade secret information.

However, DOGGR's proposed regulation and proposed Rule 1148.2 are similar in that neither regulatory scheme require a supplier or operator to make trade secrets available to the public. *See* section 1788.1 of DOGGR's draft regulations.

120. Comment:

The belief that the proposed rule can remain silent on handling trade secret information because it is handled under the District's Public Records Act Guidelines is an erroneous belief because the Guidelines are legally flawed and, if followed, may lead to trade secret misappropriation. Flaws include:

1. The Guidelines state that even if a facility claims records are trade secret, they may still be "immediately released [in response to a Public Records Act Request if] the District determines they are clearly public records." The District may summarily decide that the information is "clearly" a public record and release it immediately without allowing the submitter to seek a judicial remedy preventing disclosure, therefore no person can reasonably assume that information submitted to the District will be kept a trade secret, meaning the Guidelines and the proposed rule are inconsistent with the UTSA and are likely to lead to the misappropriation of trade secret information.
2. The procedure allowing a claimant to protect its claimed trade secret information is so truncated it provides little protection. Under the Guidelines, if the District decides to release information claimed as trade secret, it will mail a notice to the claimant allowing 15 calendar days from the date of mailing to obtain a court order preventing disclosure. If the letter does not get to the claimant, the information will be released anyway. At best, a claimant would have only a few days to obtain a temporary restraining order and at worst, the information could be disclosed even before the claimant knows about the District's plans to release it.
3. The Guidelines, like the proposed rule, are silent on how the District will protect the confidentiality of information claimed as trade secret from physical or electronic disclosure. Failure to adequately protect claimed trade secret information is likely to lead to disclosure and misappropriation of trade secret information in violation of the UTSA. Therefore, the District must revise the Guidelines or augment its procedures within PR 1148.2 itself.

Response:

As with all other trade secret information the District receives, any information the District receives pursuant to PR 1148.2 that is claimed as trade secret will be handled in accordance with the District's Guidelines for Implementing the California Public Records Act.

As the commenter notes, the Guidelines allow the District to immediately release information claimed to be trade secret only if the District determines that the information is clearly a public record. Under this provision of the Guidelines, information that the District would determine is clearly a public record would be information that is already available to the public and therefore does not meet the definition of trade secret. For instance, emissions data that is reported to the District and made available on the District's website would be considered information that is clearly a public record. In all other instances, records that are claimed as trade secret will not be released until the District has determined that the trade secret claim is not meritorious or is inadequately supported by the evidence in accordance with the procedures set forth in the District's Guidelines. Because the Guidelines only allow the District to immediately release information that is clearly public record, implementation of the Guidelines will not lead to misappropriation of trade secret information and the Guidelines are not inconsistent with the Uniform Trade Secret Act.

The commenter argues that an entity might only have a few days to obtain a temporary restraining order to prevent the District from disclosing trade secret information under the District's Guidelines. The District believes that 15 days is a sufficient amount of time for an entity to bring appropriate legal action to prevent disclosure. As noted in response to comment #118 above, in addition to notifying a claimant by certified mail, the District will send notice by email, negating the likelihood that a claimant would have only a few days to obtain a temporary restraining order or that the information would be disclosed before the claimant even knew about the District's plans to release the information.

In response to the commenter's final point, the District's computer systems are protected from outside attackers and access by internal staff is controlled and audited. See response to comment #118 above for a more detailed explanation of the safeguards in place to protect the confidentiality of information claimed as trade secret from physical or electronic disclosure.

121. Comment:

The proposed rule exceeds the District's rule-making authority and is not consistent with existing statutes. PR 1148.2 requires disclosure of *all* ingredients of a hydraulic fracturing fluid product regardless of the ingredient's physical characteristics or effect on air quality. Requiring disclosure of all hydraulic fracturing fluid products without reference to concentration or physical properties is overboard and, at *de minimis* concentrations, infeasible. This would require disclosure of trade secret information for ingredients that have no effect on air quality creating unnecessary risk of misappropriation of trade secrets.

Under the Health and Safety Code, the District may only adopt regulations within its rule-making authority, meaning only regulations to control air pollution. Therefore, the District only has authority to require disclosure of chemicals that have the potential to affect air quality. Most chemicals in hydraulic fracturing fluids are not VOCs, Toxic Air Contaminants, or Hazardous Air Pollutants, and so do not have the potential to affect air quality. Furthermore, the broad disclosure of hydraulic fracturing constituents is inconsistent with the purpose of the proposed rule which is to “assess if there are potential volatile organic compounds, toxic air contaminants, or hazardous air pollutants that may be a concern for air quality of public health.” These shortcomings can be remedied by revising the regulation to include robust protections for trade secret information and by narrowing the disclosure obligation to constituents that are VOCs, TACs, or HAPs and are present at relevant concentrations. Failure to do so will harm the regulated community and violate the Health and Safety Code.

Response: Under the Health & Safety Code, the District may adopt rules to control air pollution and protect the public health. *See* Health and Safety Code Sections 39002, 40000, 40701, 40702, 40725 through 40728, 41508, 41511, 41700. PR 1148.2 requires the disclosure of all ingredients of a hydraulic fracturing fluid product because the District does not know what chemicals are contained in the product. Without knowing what chemicals are in the product, the District cannot make a determination that the chemicals in the product will not have a negative effect on public health or air quality. The alternative suggested by the commenter – that the District only ask the supplier to provide information for chemicals that the supplier believes will have an effect on air quality – would put the supplier in the position of the regulating entity by allowing them to determine what chemicals might have an effect on air quality or public health. For the District to fully assess the potential impacts on air quality and public health from the chemicals used in drilling, well completions and well reworks, it is necessary for the District to know what chemicals are being used.

Even though a chemical may not be a VOC or a toxic air contaminant, it may cause an air quality impact. One example is particulate. Use of dry materials can create particulate matter, and depending on the particle size and the type of material can cause an air quality and potentially health impact. Full disclosure of chemical use will complement emissions monitoring and sampling efforts and will be used to help identify and quantify emissions.

See response to comment #118 above about the protections for trade secret information contained in the District’s Guidelines for Implementing the California Public Records Act.

122. Comment: The District has the opportunity to rely upon the adoption of more extensive chemical disclosure regulations by DOGGR. It makes sense to leave adoption of disclosure regulations to DOGGR because: DOGGR has the authority to require disclosure of all constituents of hydraulic fracturing fluids rather than only those affecting air quality; DOGGR regulation would have state-wide applicability rather than just part of the state;

The Legislature has expressed the preference for DOGGR to be the state agency regulating hydraulic fracturing activities; and if both the District and DOGGR adopt similar but different disclosure regulations, the burden on the regulated community, and risk of trade secret misappropriation, will increase. Health and Safety Code Section 40727 is intended to prevent such duplication.

Response: As explained above in response to comment #119, DOGGR's draft regulations do not contain extensive chemical disclosure requirements. Rather, DOGGR's draft regulations only require disclosure of trade secret information if (1) the information is necessary to investigate or respond to evidence of a spill or release of hydraulic fracturing fluid or material or evidence that hydraulic fracturing fluid or material has escaped the intended zone or zones of the hydraulic fracturing operations or (2) the information is needed for the purpose of diagnosis or treatment of an individual by a medical professional. *See* section 1788.2(a),(c) of DOGGR's draft regulations. Therefore, the District cannot rely on DOGGR's regulations as a means of allowing the District to obtain the information it needs to determine if the chemicals used in drilling, well completions and well reworks will have an impact on air quality or public health.

While DOGGR is the state agency responsible for the safe exploration and development of energy resources, the District is the agency responsible for regulating air pollution and protecting the public health from such pollution. As noted above, the District and DOGGR are proposing to adopt very different disclosure regulations. Accordingly, the District's proposed regulation does not impose the same requirements as an existing state regulation. *See* Health and Safety Code 40727. However, to the extent feasible, the District has made efforts to streamline the requirements.

Throughout the rulemaking process, the SCAQMD staff has been in communication with DOGGR staff. As previously discussed, Proposed Rule 1148.2 is an information gathering rule. The purpose is to gather air quality-related information. The proposed rule requires pre-notification of

drilling, well completion, and rework activities. In addition, the proposed rule focuses on three emission sources: exhaust emissions from combustion sources, particulate emissions from mixing operations, and VOCs and potentially toxic emissions from flowback fluids. The proposed rule does not specify any pollution control requirements and is administrative in nature.

The proposed DOGGR regulations focus on well construction and integrity. The proposed DOGGR regulation does include notification for hydraulic fracturing only. Proposed Rule 1148.2 is focused on activities with potential air quality impacts and includes drilling, well completions, and rework activities. The proposed DOGGR regulation does include chemical disclosure requirements, however, the proposed DOGGR regulation does not include requirements to identify air toxics and all information that is claimed trade secret, including chemical family names or similar descriptors that maintain confidentiality of trade secret information yet inform the public about the general chemical family that is being used.

APPENDIX B: SUMMARY OF SCAQMD EVALUATED STUDIES

SCAQMD Staff's Review of TSDs for NSPS and Sixteen Additional Studies

As part of the development for Proposed Rule 1148.2, the SCAQMD reviewed a number of studies including those referenced in the Technical Support Document (TSD) in the federal New Source Performance Standards for the newly adopted New Source Performance Standards covering the crude oil and natural gas production source category. Below are the studies evaluated and a summary of findings by SCAQMD staff.

Document or Study Title	Summary
<p>Oil and Natural Gas Sector: Standards of Performance for Crude Oil and Natural Gas Production, Transmission, and Distribution, Background Technical Support Document for Proposed Standards</p>	<p>Emissions were estimated for completions and recompletions. Both oil and gas wells were evaluated. However, only gas wells were evaluated with and without hydraulic fracturing. PM and NO_x were not evaluated.</p> <p>Basic emissions methodology to estimate emissions used an approximate gas composition ratio of VOCs and HAPs in natural gas. These approximations were based on an EPA memo documenting previously obtained sources of gas composition data. According to the memo, gas composition from gas production basins throughout the U.S. was the basis for the data (presumably by sampling). It is not clear which if any oil well fields were used as a basis for the VOC/HAP composition ratios for oil well completions and recompletions. Specific natural gas basins included in the data sources did not specifically identify the South Coast region as being a source of data. For the most part, HAPs included BTEX only. Overall methane emissions were determined from EPA's GHG inventory, EPA's Inventory of Greenhouse Gas Emissions and Sinks: 1990-2008 (Inventory).</p> <p>Natural gas completions and recompletions without hydraulic fracturing are assumed to be uncontrolled at baseline. Fifteen percent of natural gas well completions with hydraulic fracturing are assumed as controlled at baseline. Oil well completions and recompletions are assumed to be uncontrolled at baseline. Fifteen percent of natural gas well recompletions with hydraulic fracturing are assumed to be controlled at baseline</p> <p>Based on the results, the VOC and HAP emissions from oil completions and recompletions are very low.</p>
<p>Federal Register Notice for Final NSPS and NESHAPS</p>	<p>It should be noted that in response to a comment, EPA stated that their agency did not have sufficient data on VOC emissions during well completion or recompletion operations involving hydraulically fractured oil wells to set standards for these operations.</p>
<p>Oil and Natural Gas Sector: Standards of Performance for Crude Oil and Natural Gas Production, Transmission, and Distribution. Background Supplemental Technical Support Document for the Final New Source Performance Standards</p>	<p>The paper is a supplemental TSD to the above background TSD on NSPS for the Oil and Gas Production sector published in July 2011 (EPA-453/R-11-002). The paper provides an evaluation of the emission factor for hydraulically fractured gas well completions and recompletions. The recent (2010) emission factor based on four data sets. The 2010 factor was developed using four data sources representing over 1000 well completions from 2004 – 2007. Significant quantities of gas are produced during completion process during flowback period. However, no breakdown is given in the document of gas produced during various stages of completion. The paper also provides a description of Reduced Emission Completions (REC). No evaluation of other well completions, reworks, or well drilling is provided.</p> <p>The paper also evaluates changes to the NSPS for storage vessels. The NSPS covers</p>

Document or Study Title	Summary
	<p>new storage vessels in crude oil and natural gas production with throughputs greater than 1 barrel per day (BPD) of condensate and 20 BPD of crude oil. The analysis looks at baseline emissions and cost of controls, though not specific to hydraulic fracturing operations.</p>
EDF Study from WSPA	<p>This article is focusing on the natural gas production and distribution network. There is no information on well drilling, well reworks, or well completions. In this article, the authors propose the use of technology warming potentials (TWPs) rather than global warming potential (GWP) as a means to compare the cumulative radiative forcing created by alternative technologies fueled by natural gas and oil or coal by using the best available estimates of greenhouse gas emissions from each fuel cycle (i.e., production, transportation, and use). The authors conclude that there is a need for the natural gas industry and science community to help obtain better emissions data and for increased efforts to reduce methane leakage in order to minimize the climate footprint of natural gas.</p> <p>The article briefly mentions how horizontal drilling and hydraulic fracturing technologies have expanded the country's extractable natural gas resources by accessing gas in deep shale formations. The article also discusses methane emissions through the natural gas supply network, but does not go into detail about the specific sources of natural gas leaks. The article cites a study that indicated that methane emissions from upstream leakage (leaks and venting in the natural gas network between production wells and the local distribution network) account for 3.6-7.9% of methane produced over the lifecycle of a well for shale gas, versus 1.7-6.0% for conventional gas. The article also discusses findings of methane leak rates at 250 well sites in Fort Worth, Texas to range from 0-5%, however, the article indicates that the leakage rates "...do not include such occasional events as well completions and blowdowns. Only 203 of the 254 sites had data for gas production."</p>
EDF - Emissions from Natural Gas Production in the Barnett Shale Area and Opportunities for Cost-Effective Improvements	<p>The objective of this study was to develop an emissions inventory of air pollutants from oil and gas production in the Barnett Shale area, and to identify cost-effective emissions control options. Study only examined natural gas well development and production. Emission sources from the oil and gas sector in the Barnett Shale area were divided into point sources, which included compressor engine exhausts and oil/condensate tanks, as well as fugitive and intermittent sources, which included production equipment fugitives, well drilling and fracking engines, well completions, gas processing, and transmission fugitives. The air pollutants considered in this inventory were smog-forming compounds (NO_x and VOC), greenhouse gases, and air toxic chemicals.</p> <p>The report refers to four previous studies which examined emissions of natural gas during well completions and found typical well completions could vent between 1,000 to 24,000 Mcf of natural gas. For emission estimation purposes, the report uses 5,000 Mcf of natural gas/well as representative of typical gas producers in the Barnett Shale, employing "green completion" techniques to reduce emissions during well completion. Estimated emissions of VOC, HAPs, methane, and CO₂ from well completion operations were calculated using unprocessed natural gas as the surrogate and an assumed natural gas composition of 74% methane, 8.2% VOC, 1.4% CO₂, and 0.20% HAPs, on a mass % basis (according to the study, natural gas composition was "based on data from gas producers" but does not provide a reference). Note that EPA in their TSD, used 14.6% for VOC and 1.1% for HAPs. The study indicates that HAPs in</p>

Document or Study Title	Summary
	<p>unprocessed natural gas can include low levels of n-hexane, benzene, or other compounds. The study included emission factors and an equation for calculating the mass emission rate of each pollutant.</p> <p>The study indicates that emissions from well completions can vary based on numerous site-specific factors, including the pressure of the fluids brought to the surface, the effectiveness of on-site gas capturing equipment, the control efficiency of any flaring that is done, the chemical composition of the gas and hydrocarbon liquids at the drill site, and the duration of drilling and completion work before the start of regular production. The study also mentions an EPA study which found that green completions were estimated to capture 70% of formerly released gases, and another report by Williams Corporation which found that 61% to 98% of gases formerly released during well completions were captured with green completions.</p> <p>The report does not provide a detailed breakdown of emissions from individual steps in the drilling or well completion processes. The sources they used as the basis for their emission estimates from these processes were diesel engines used to operate drilling rigs and hydraulic fracturing pumps, and natural gas releases during the well completion process. Aside from engine emissions, the study's discussion regarding emissions focuses on the flowback process during hydraulic fracturing. The study states, "After the wellbore is formed and the shale fractured, an initial mixture of gas, hydrocarbon liquids, water, sand, or other materials comes to the surface. The standard hardware typically used at a gas well, including the piping, separator, and tanks, are not designed to handle this initial mixture of wet and abrasive fluid that comes to the surface. Standard practice has been to vent or flare the natural gas during this "well completion" process, and direct the sand, water, and other liquids into ponds or tanks.... During well completions, the venting/flaring of the gas coming to the surface results in a loss of potential revenue and also in substantial methane and VOC emissions to the atmosphere."</p>
2011 Oil and Gas Emission Inventory Enhancement Project for CenSARA States (seven states).	<p>Source emission inventories were prepared for each oil and gas producing State within the CenSARA region (middle part of U.S.). Both oil and gas wells were estimated. These inventories are highly detailed and include emissions at basin, state and county levels. Inventories include 16 pollutants in 19 source categories. These include emissions from drilling equipment (no mixing operations or return mud), hydraulic fracturing pumps (no flowback), fugitive emissions, and well completion venting. A number of production activities were also included. There are a number of appendices (basically spreadsheet calculator tools) referenced in the report that are not publically available.</p>
Oil and Gas Emission Inventories for the Western States	<p>The report presents an emissions inventory of well completion sources, with the focus on larger sources of NO_x emissions. These consisted of drilling and gas compressor engines. NO_x and VOC emissions from minor wellhead process for which emission factors are available were also estimated. Most of the emissions estimated were for production activities, although some well completion estimates are provided. All estimates for California came from CARB's general emission inventory for oil and gas production. CARB's provides this information through the California Emission Inventory Development and Reporting System (CEIDARS). There are several categories listed in the CEIDARS report, but they are focused on the production, treatment, storage, and transmission sources of the activities.</p> <p>The support study reports emissions annually. The baseline year for the report is 2002.</p>

Document or Study Title	Summary
	<p>The introduction states “As this was the first effort to develop a regionally consistent emissions inventory for oil and gas area sources and resources were limited, this inventory is neither comprehensive nor as accurate as it might be. . . .” In addition, it states, “This inventory and the methodology used should be considered as a first step . . . and the basis for further work to improve the estimates.” Projections out to 2018 were also provided. Emission release points are not discussed or evaluated. No PM emissions are addressed from mixing operations.</p> <p>The report gives the following estimates for well completions:</p> <ul style="list-style-type: none"> • Flaring and venting emissions estimated from well completions <ul style="list-style-type: none"> ▪ No mention of whether hydraulic fracturing emissions were included in well completions • Default emission factors from the Wyoming DEQ were used for all states except Colorado to estimate emissions from well completions: <ul style="list-style-type: none"> ▪ 86.0 tons VOC/well completion ▪ 1.75 tons NOx/well completion • An alternative emission factor was provided by Colorado Dept of Public Health and Environment (CDPHE) <ul style="list-style-type: none"> ▪ 16.664 tons VOC/well completion ▪ 0.85 tons NOx/well completion
Emissions from Oil and Gas Well Production Facilities	<p>The purpose of this study was to compile a comprehensive emissions inventory for onshore and offshore oil and gas exploration and production facilities in Texas for the base year 2005. The inventory was compiled for criteria pollutant emissions. In addition to emission estimates from production sources, the report included estimates for drilling rigs (diesel engines, degassing of drilling muds in open pits or storage tanks), gas well completions (flaring, venting), and oil well completions (flaring, venting).</p> <p>While emission estimates are provided for the above source categories, the estimated emissions use general surrogate emission factors with no sampling to back up the factors. The drilling emissions are also based on daily activity, so they are not based on volume or mass of materials. In addition, the estimates do not provide detail on the specific emission points. Particulate matter emissions are based on diesel support equipment only. Dry material mixing is not covered. There is also a missing appendix that is unavailable for review which would shed light on the methodology for how the venting and flaring emissions were calculated.</p> <p>The report does not evaluate hydraulic fracturing. This would be included in the well completion category, but there was not mention of this process. In addition, no mention of emission controls was included in study. In fact the authors report that this was a major drawback of the report...”Essentially no useful information in regards to controls could be identified.”</p>
Supplemental Generic Environmental Impact Statement on the Oil, Gas and Solution Mining Regulatory Program	<p>The document analyzes potential environmental impacts from high-volume hydraulic fracturing on natural gas shale deposits, including impacts to: water resources, ecosystems and wildlife, air resources, greenhouse gas emissions, visual, noise and community character, transportation, naturally occurring radioactive materials (NORM), and seismicity.</p> <p>The report categorizes emissions sources into three types: 1- combustion from</p>

Document or Study Title	Summary
	<p>engines, compressors, line heaters, and flares; 2- short term venting of gas constituents which are not flared; 3- emissions from truck activities near the well pad. The report summarizes "Estimated wellsite emissions" (see page 6-106 of the dSGEIS) from flowback gas flaring and venting for dry gas (little or no VOC content) and wet gas (contains heavier hydrocarbons such as benzene) wells, but does not provide a detailed discussion of how the emissions estimates were derived, other than stating that the estimates are based on industry's response to the DEC's information requests (referred to as the Industry Information Report). The report identifies flowback venting (where "wet" gas is encountered) as the venting source with the most dominant emissions of toxics. The report refers to the Industry Information Report, which indicated that flowback venting has about two orders of magnitude higher emissions of benzene, hexane, toluene, xylene, and H₂S, than the other two sources of venting emissions, the mud-gas separator and the dehydrator. The report notes that venting is limited to a few hours before the flare is used, which reduces emissions by over 90%.</p> <p>The report indicates that engine manufacturer emissions data is the preferred method for calculating emissions from engine exhaust, where available. The report provides a few examples of common EPA AP42 emission factors for engines in order to characterize emissions from engines used in the drilling, hydraulic fracturing, and production processes. The report does not provide a detailed inventory of engines used in these processes, but does provide examples of engine sizes for a drilling rig engine (5400 hp), a hydraulic fracturing pump engine (2333 hp), and a natural gas compressor engine (2500 hp). The report also provides total Potential To Emit for each of the example engines, based on engine data specification sheet information and assuming continuous year-round engine operation.</p> <p>The report discusses emissions from flowback during hydraulic fracturing, stating that "a small amount of gas is vented for a period of time. Once the flow rate of gas is sufficient to sustain combustion in a flare, the gas is flared for a short period of time for testing purposes. Recovering the gas to a sales line is called a reduced emissions completion." The report goes on to state that normally, flowback gas is flared when there is insufficient pressure to enter a sales line or if a sales line is not available.</p> <p>The report discusses emissions during drilling when gaseous zones are encountered such that some gas is returned with the drilling fluid, which is referred to as a gas "kick." For safety reasons the drilling fluid is circulated through a mud-gas separator as the gas kick is circulated out of the wellbore. The separator diverts the gas away from the rig personnel and is vented to the main vent line or a separate line normally run adjacent to the main vent line. The report does not quantify the gas emissions during a "kick", but states that drilling in a shale formation does not result in significant gas adsorption into the drilling fluid as the shale has not yet been fractured. Also, the report states that experience in the Marcellus shale has shown few if any encounters with gas kicks during drilling.</p> <p>The report concludes that an air monitoring program should be undertaken in order to "fully address potential for adverse air quality impacts beyond those analyzed in the SGEIS related to associated activities which are either not fully known at this time or verifiable by the assessments to date." The report further states, " For example, the consequences of increased regional VOC and NO_x emissions on the resultant levels of ozone and PM_{2.5} cannot be fully addressed by only modeling at this stage due to the lack of detail on the distribution of wells and compressor stations. In addition, any</p>

Document or Study Title	Summary
	<p>potential emissions of certain VOCs at the well sites due to fugitive emissions, including possible endogenous level, and from the drilling and gas processing equipment at the compressor station (e.g. glycol dehydrators) are not fully quantifiable.</p> <p>The report contains detailed listings of chemical compositional information on many of the additives used in fracturing fluids. The tables contain alphabetical listings of products for which complete product composition information and MSDSs were provided, as well as a listing of products for which only partial chemical composition information was provided to the DEC. The information was collected directly from 15 chemical suppliers and 6 service companies and in some cases, represents "complete product composition disclosure", which includes the chemical names and associated CAS Numbers of every constituent within a product, as well as the percent by weight information associated with each constituent of a product. Compositional information for 235 products was collected, with complete product composition disclosures and MSDSs for 167 of those products. Within these products, there are 322 unique chemicals whose CAS numbers were disclosed and at least 21 compounds whose CAS numbers were not disclosed due to the fact that they are mixtures. Typically no more than 12 products consisting of far fewer chemicals than listed would be present at one time at any given site. The report includes a detailed discussion of fracturing fluid additives, including: chemical composition of fracturing fluids, properties of fracturing fluids, classes of additives, chemical categories and health effects. However, total amounts per frack job are not specified.</p> <p>The study discusses results of laboratory analyses of flowback fluids provided by the URS Corporation and the Marcellus Shale Coalition (MSC). The report contains detailed summaries of the parameters analyzed in the flowback fluid and the laboratory results. In summary, most samples were analyzed for conventional parameters, metals, VOCs, semi-volatile compounds, organochloride pesticides, PCBs, organophosphorous pesticide, alcohols, glycols, and acids. The study also discussed the changes in flowback composition over time during the course of the flowback process.</p>
Greenhouse Gas Mandatory Reporting Rule and Technical Supporting Documents	This study focused on GHG only. No criteria pollutants or HAPs/TACs evaluated.
Inventory of Greenhouse Gas Emissions and Sinks: 1990-2008	This study focused on GHG only. No criteria pollutants or HAPs/TACs evaluated.
Methane Emissions from the Natural Gas Industry	This study focused on GHG only. No criteria pollutants or HAPs/TACs evaluated.
Methane Emissions from the US Petroleum Industry (Draft)	This study focused on GHG only. No criteria pollutants or HAPs/TACs evaluated.
Methane Emissions	This study focused on GHG only. No criteria pollutants or HAPs/TACs evaluated.

Document or Study Title	Summary
from the US Petroleum Industry	
Oil and Gas Producing Industry in Your State	This study had no emission information/data
Availability, Economics and Production of North American Unconventional Natural Gas Supplies	This study focused on the production side of natural gas supplies
Petroleum and Natural Gas Statistical Data	This study focused on the production side of natural gas supplies
Preferred and Alternative Methods for Estimating Air Emissions from Oil and Gas Field Production and Processing Operations	This study focused on post production operations.
Natural Gas STAR Program	This study focuses on GHG only. No criteria pollutants or HAPs/TACs evaluated.



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

SUBJECT: NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

Project Title: PROPOSED RULE 1148.2 – NOTIFICATION AND REPORTING REQUIREMENTS FOR OIL AND GAS WELLS AND CHEMICAL SUPPLIERS

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (SCAQMD) is the Lead Agency and will prepare a Notice of Exemption for the project identified above.

Proposed Rule (PR) 1148.2 would establish notification and reporting requirements for all oil and gas well pre-production operations where air quality-related emissions may occur. Specifically, PR 1148.2 would require owners or operators of oil and gas wells to notify the SCAQMD when and where any well drilling, re-drilling, reworking, hydraulic fracturing, or other well stimulation activities will occur. Following completion of the pre-production activities, PR 1148.2 would require that information be submitted that identifies the names and quantities of chemicals and other process operation parameters in order for SCAQMD to assess the air pollution emission potential of each well pre-production activity. With the exception of trade secret information, PR 1148.2 also requires the SCAQMD to make specific information reported to the SCAQMD available to the public by posting relevant data on the SCAQMD's website.

PR 1148.2 would only require the gathering and reporting of data to SCAQMD staff for possible future actions, which have not been approved, adopted or funded, and therefore, is exempt from CEQA under the feasibility and planning studies statutory exemption (CEQA Guidelines §15262) and the information collection categorical exemption (CEQA Guidelines §15306). A Notice of Exemption (NOE) has been prepared for the proposed project pursuant to CEQA Guidelines §15062 - Notice of Exemption. Upon adoption, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Any questions regarding this Notice of Exemption should be sent to James Koizumi (c/o Planning, Rule Development & Area Sources) at the above address. Mr. Koizumi can also be reached at (909) 396-3234.

Date: April 5, 2013

Signature: Steve Smith

Steve Smith, Ph.D.
Program Supervisor
Planning, Rule Development &
Area Sources

Reference: California Code of Regulations, Title 14

NOTICE OF EXEMPTION

To: County Clerks of Los Angeles, Orange, Riverside, San Bernardino	From: South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765
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Project Title:

Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

Project Location:

South Coast Air Quality Management District (SCAQMD) area of jurisdiction consisting of the four-county South Coast Air Basin (Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin and the Mojave Desert Air Basin.

Description of Nature, Purpose, and Beneficiaries of Project:

Proposed Rule (PR) 1148.2 would establish notification and reporting requirements for all oil and gas well pre-production operations where air quality-related emissions may occur. Specifically, PR 1148.2 would require owners or operators of oil and gas wells to notify the SCAQMD when and where any well drilling, re-drilling, reworking, hydraulic fracturing, or other well stimulation activities will occur. Following completion of the pre-production activities, PR 1148.2 would require that information be submitted that identifies the names and quantities of chemicals and other process operation parameters in order for SCAQMD to assess the air pollution emission potential of each well pre-production activity. With the exception of trade secret information, PR 1148.2 also requires the SCAQMD to make specific information reported to the SCAQMD available to the public by posting relevant data on the SCAQMD's website.

Public Agency Approving Project:

South Coast Air Quality Management District

Agency Carrying Out Project:

South Coast Air Quality Management District

Exempt Status:

Statute Exemption [CEQA Guidelines §15262; and
Categorical Exemption [CEQA Guidelines §15306]

Reasons why project is exempt:

PR 1148.2 would only require the gathering and reporting of data to SCAQMD staff for possible future actions, which have not been approved, adopted or funded, and therefore, is exempt from CEQA under the feasibility and planning studies statutory exemption (CEQA Guidelines §15262) and the information collection categorical exemption (CEQA Guidelines §15306).

Certification Date:

SCAQMD Governing Board Hearing: April 5, 2013, 9:00 a.m.; SCAQMD Headquarters

CEQA Contact Person:	Phone Number:	Fax Number:	Email:
Mr. James Koizumi	(909) 396-3234	(909) 396-3324	jkoizumi@aqmd.gov

Rule Contact Person:	Phone Number:	Fax Number:	Email:
Mr. Eugene Kang	(909) 396-3524	(909) 396-3324	ekang@aqmd.gov

Date Received for Filing _____

Signature *Signed upon certification*
Steve Smith, Ph.D.
Program Supervisor
Planning, Rule Development
and Area Sources

ERRATA SHEET FOR AGENDA ITEM # 31

Proposed Rule 1148.2 – Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers

Kindly modify Proposed Rule 1148.2 section (c)(14) by deleting language as indicated in the ~~bold single~~ ~~strikeout~~.

(1412) SUPPLIER means, ~~for the purpose of this rule,~~ an entity selling or distributing a chemical to the ~~owner or~~ operator of an onshore oil or gas well for use as a drilling fluid, well completion fluid, or rework.

Kindly modify Attachment E, Resolution for Proposed Rule 1148.2 by adding the **bold single underlined** language as follows:

BE IT RESOLVED, that the SCAQMD Governing Board directs staff to report semi-annually to the Stationary Source Committee beginning 6 months after the first emissions report is received regarding notifications received, emissions reports, and chemical use reporting. No later than 2 years, SCAQMD staff shall make a report to the Stationary Source Committee, reporting findings and recommendations for the need, if any, for emission controls or regulatory efforts for well drilling, well completion, and well reworks, **and the frequency and need for notification and chemical reporting requirements under Proposed Rule 1148.2;** and

Kindly modify Attachment E, Resolution, for Proposed Rule 1148.2 by adding the **bold single underlined** language as follows:

BE IT FURTHER RESOLVED, that the Executive Officer is directed to bring the **District's Public Records Act Guidelines to the May 10, 2013 Administrative Committee for review and public comment.**