



BOARD OF DIRECTORS
STATIONARY SOURCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

SCOTT HAGGERTY – CHAIRPERSON MICHAEL SHIMANSKY - VICE CHAIRPERSON
JOHN GIOIA JAKE MCGOLDRICK
NATE MILEY MARK ROSS
JOHN SILVA PAMELA TORLIATT
GAYLE B. UILKEMA

MONDAY
SEPTEMBER 15, 2008
9:30 A.M.

4th FLOOR CONFERENCE ROOM
DISTRICT OFFICES

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*)
Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to three (3) minutes each.
3. **APPROVAL OF MINUTES OF MAY 19, 2008**
4. **PROPOSED AMENDMENTS TO REGULATION 8, RULE 20: GRAPHIC ARTS PRINTING AND COATING OPERATIONS**
H. Hilken/4642
hhilken@baaqmd.gov

The Committee will receive a report on proposed amendments to Regulation 8, Rule 20: Graphic Arts Printing and Coating Operations.
5. **PROPOSED AMENDMENTS TO REGULATION 8, RULE 45: MOTOR VEHICLE AND MOBILE EQUIPMENT COATINGS OPERATIONS**
H. Hilken/4642
hhilken@baaqmd.gov

The Committee will receive a report on proposed amendments to Regulation 8, Rule 45: Motor Vehicle and Mobile Equipment Coating Operations.
6. **STATUS REPORT ON AMENDMENTS TO THE AIR DISTRICTS' DRY CLEANER RULES**
B. Bateman/4653
bbateman@baaqmd.gov

The Committee will receive an update on amendments to the Air Districts' Dry Cleaning Rules.

7. **STATUS REPORT ON FLARE MINIMIZATION PLAN ANNUAL UPDATE REQUIREMENTS**

K. Wee/4760
kwee@baaqmd.gov

The Committee will receive an update on the Flare Minimization Plan Annual Update requirements under Regulation 12, Rule 12: Flares at Petroleum Refineries.

8. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

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

9. **TIME AND PLACE OF NEXT MEETING – 9:30 A.M., MONDAY, DECEMBER 15, 2008**

10. **ADJOURNMENT**

CONTACT THE EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109

(415) 749-5127
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Executive Office should be given at least 3 working days prior to the date of the meeting, so that arrangements can be made accordingly.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the Air District's headquarters at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the Air District's website (www.baaqmd.gov) at that time.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
(415) 771-6000

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

SEPTEMBER 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Executive Committee Meeting <i>(Meets 2nd Wednesday Every Other Month)</i>	Wednesday	10	9:00 a.m.	Room 716
Advisory Council Regular Meeting <i>(Meets 2nd Wednesday Every Other Month)</i>	Wednesday	10	10:00 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee Meeting <i>(Meets 3rd Monday Quarterly)</i>	Monday	15	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month) - CANCELLED</i>	Wednesday	17	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee Meeting <i>(Meets 3rd Thursday Every Other Month)</i>	Thursday	18	9:30 a.m.	4 th Floor Conf. Room
Joint Policy Committee	Friday	19	10:00 a.m. – 12:00 p.m.	MTC 101 - 8 th Street Oakland, CA 94607
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month)</i>	Monday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>– (Meets 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday every other Month)</i>	Friday	26	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Executive Committee <i>- (At the Call of the Chair)</i>	Monday	29	9:45 a.m.	4 th Floor Conf. Room

OCTOBER 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	1	9:45 a.m.	Board Room
Advisory Council Air Quality Planning Committee <i>(Meets 1st Thursday Even Month)</i>	Thursday	2	9:30 a.m.	4 th Floor Conf. room
Advisory Council Technical Committee <i>(Meets 1st Monday of every even Month)</i>	Monday	6	9:30 a.m.	Board Room
Advisory Council Public Health Committee <i>– (Meets 2nd Wednesday Even Month)</i>	Wednesday	8	1:30 p.m.	Board Room

OCTOBER 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>– (Meets 4th Thursday of each Month)</i>	Thursday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month)</i>	Monday	27	9:30 a.m.	4 th Floor Conf. Room

NOVEMBER 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	5	9:45 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday every other Month)</i>	Thursday	6	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Executive Committee Meeting <i>(Meets 2nd Wednesday Every Other Month)</i>	Wednesday	12	9:00 a.m.	Room 716
Advisory Council Regular Meeting <i>(Meets 2nd Wednesday Every Other Month)</i>	Wednesday	12	10:00 a.m.	Board Room
Joint Policy Committee	Friday	14	10:00 a.m. – 12:00 p.m.	MTC 101 - 8 th Street Oakland, CA 94607
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee Meeting <i>(Meets 3rd Thursday Every Other Month)</i>	Thursday	20	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month)</i>	Monday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	26	9:30 a.m.	4 th Floor Conf. Room

HL
9/4/08 (4:30 p.m.)
P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 1, 2008

Re: Stationary Source Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Stationary Source Committee meeting of May 19, 2008.

DISCUSSION

Attached for your review and approval are the draft minutes of the May 19, 2008 Stationary Source Committee meeting.

Respectfully submitted,



Jack P. Broadbent
Executive Officer/APCO

**Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 771-6000**

DRAFT MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
9:30 a.m., Monday, May 19, 2008

1. **Call to Order – Roll Call:** Chairperson Scott Haggerty called the meeting to order at 9:36 a.m.

Present: Scott Haggerty, Chair (9:53 a.m.), John Gioia, Jake McGoldrick, Michael Shimansky (9:47 a.m.) and Pamela Torliatt

Absent: Nate Miley, Mark Ross, John Silva, Gayle B. Uilkema
2. **Public Comment Period:** There were none.

Acting Chair Torliatt announced the receipt of a request to hear Item 6 ahead of Items 4 and 5.
6. **Status of Proposed Regulation 6; Rule 3: Wood-Burning Devices:** *The Committee received a status report on the proposed Regulation 6, Rule 3: Wood-Burning Devices. A public hearing on the rule is scheduled for July 9, 2008.*

Kelly Wee, Director of Compliance and Enforcement, said the proposed regulation seeks to achieve particulate matter from reductions of wood smoke. He presented an overview covering the Rule's development process, explaining that staff conducted extensive outreach and held 7 public workshops to introduce the Rule, held 9 information meetings to explain the new draft rule, modified the draft in response to workshop comments, coordinated the preparation of an extensive EIR to meet CEQA requirements, responded to comments received, prepared a draft staff report and final Draft Rule, and that a public hearing will be held to consider its adoption.

The Rule prohibits burning on nights with high PM forecast; it limits visible emissions from wood burning devices, requires cleaner burning technology for sale of new and used devices and in new construction, prohibits burning garbage in WBDs, and requires seasoned wood sales and solid fuel labeling. Comments received over the last six months include requests for a curtailment exemption for clean burning devices, allowing masonry heaters in new construction and remodels, smaller curtailment zones, for solid fuel labeling requirement not to be so costly, and request for replacement of existing non-certified devices. The Air District has responded to comments and has indicated clean burning masonry heaters can be allowed, labeling requirements can be simplified to reduce costs, and extensive upgrades to existing homes are not mandated.

The public comment period ends June 18, 2008 on the Draft EIR. Staff will draft its staff report and respond to comments. The socio-economic analysis has been completed and a public hearing is scheduled for the adoption of the rule and approval of the EIR on July 9, 2008.

Directors held discussion regarding how the regulation will be enforced in terms of notification to departments in cities and counties. Mr. Wee said many agencies are already familiar with how regulations are enforced and have adopted the model ordinance, which is similar. In answer to a question, Mr. Bunger said the regulation will only affect remodeling projects for which the permit is sought after the rule is adopted.

Mr. Wee reported receiving comments from companies regarding the high cost of re-labeling products and whether or not the District would offer economic incentives such as rebates for non-certified or outdated devices. He said the requirement would restrict sales for used devices; new devices are already certified. The Air District had previously participated in an incentive program which was highly successful and staff will look at this and modify it for the next year. Staff will also conduct a post-installation survey to obtain a baseline.

Directors thanked Mr. Wee for his outreach efforts and work on the Rule, and Chair Haggerty acknowledged receipt of a letter from Susan Goldsborough, Executive Director of Families for Clean Air, in support of the Air District's efforts to adopt the Rule, which was made part of the record.

Committee Action: None. The Committee received and filed the report.

3. **Approval of Minutes of March 17, 2008:** Director McGoldrick moved approval of the minutes; seconded by Director Shimansky; carried unanimously without objection.
4. **Overview of Process for Settlement of Notices of Violations:** *Staff presented an overview of the Air District's process for settlement of Notices of Violations.*

Brian Bunger, District Counsel, presented an overview of the process for settlement of Notices of Violation, stating that the Air District has authority to collect civil penalties. Health & Safety Code Section 42403 provides that civil penalties are pursued through civil actions. He discussed the issuance process for NOVs which are essentially an allegation of violation of a rule. Each case is handled individually and violators are given an opportunity to correct the violation.

Mr. Bunger further discussed the review of the facts in each case and said levels of culpability are determined which range from \$1,000 up to \$1 million in penalties. In evaluating the cases, Legal staff is also required to look at a number of factors which the statute Section 42403 sets out 9 factors the court or the Air District examines in setting the appropriate penalty, including, among other factors are set forth in frequency of past violations, the extent of harm caused and record of maintenance, any action taken by the defendant to mitigate the violation and the financial ability to pay.

Mr. Bunger discussed the staff who handle settlement and prosecution of NOVs: 1) Mutual settlement staff that address routine cases and those without attorney representation; and 2) Attorney staff who address larger cases such as Title V facilities. Small claims court is used for cases with values under \$5,000 and Superior Court is used for cases above that limit.

In closing, he said the effective settlement is one that all parties agree to and as long as they believe the numbers were reached legitimately by applying principles, the Air District ends up with a program that is viewed as credible and effective.

Director Haggerty confirmed with Mr. Bungler that civil penalties are embodied in State legislation under the Health and Safety Code.

Director Gioia acknowledged that enforcement is through civil litigation and often times there can be an agreement with the violator in order to avoid litigation the ceilings on civil penalties set forth in the Health and Safety Code. He confirmed with Mr. Bungler that the standard of proof in litigation is preponderance and the last time were increased was approximately 10 years ago.

Committee Action: Chair Haggerty recommended, and the Committee agreed, that penalty caps and public nuisance multiplier issues be referred to the Legislative Committee for further discussion.

Committee Action: None. The Committee received and filed the report.

5. Status of Selected Bay Area Projects: *The Committee received a status report on selected Bay Area projects.*

Mr. McKay said the Air District issues approximately 2500 permits per year. Some generate more interest than others, and he would review for the Committee, 5 permits which have generated particular interest in the community, as well as Lennar, a project operating under an air toxic control measure for asbestos.

He provided an overview of each of the project, as follows:

1. Chevron Energy & Hydrogen Renewal Project – a large project to replace the refinery’s hydrogen generation and a variety of other elements. Chevron is seeking authority to construct and the Air District should be ready to move forward, given the City of Richmond’s adoption of the EIR.
2. Alco Iron & Metals Pyrolysis Furnace – a small furnace in San Leandro. The District has issued a temporary permit to operate, but San Leandro subsequently determined that a use permit is required for the furnace and the future status of it is in question.
3. Hayward Power Plants: Russell City Energy Center and Eastshore Energy Center –two power plants approximately ½ mile apart from each other in Hayward. The CEC has approved the Russell City Energy Center, the Air District has issued the authority to construct and it has not yet begun. The CEC has not approved the proposed Eastshore Energy Center.
4. Hanson Permanente Cement Plant: Increase in Petroleum Coke Usage – The Air District has approved a change in Hanson’s fuel ratio to stop using coal and use petroleum coke. There is a somewhat related topic of the quarry’s reclamation plan and the fact that it expires in 2010.
5. Lennar Bay View Hunters Point Shipyard Parcel A Redevelopment Project – This project is a plan to build rental and for-purchase housing, shops, parks, industrial and commercial space, a public housing project, and potentially a new 49er stadium. There is naturally occurring asbestos

in the area and of concern is compliance for the work with the Air District-approved Asbestos Dust Mitigation Plan.

6. San Francisco Electric Reliability Project – Three gas turbines are proposed in Potrero and one at the Airport. The City has requested an authority to construct, which is in process.

Dr. McKay reviewed the District's permit authority, power plant permitting process; permit applications that require publication and public comment and public concern over projects.

Brian Bateman, Director of Engineering, made a presentation regarding the Chevron project, said it is an approximately \$1 billion project. Chevron has not requested an increase in the quantity of crude oil they are allowed to process as part of this project but have requested permits for replacement for a number of parts and processing units. A portion of the project is to replace a circa-1930s oiler plant with a more modern cogeneration plant, to replace an existing hydrogen plant built in the 1960s with a more modern facility, equipment changes focused on improving the purity of hydrogen, and plans to replace catalytic reformer units.

In terms of air quality, Mr. Bateman said on an overall basis, the project's net emissions generally decrease by 10% in the facility's NOx emissions, in excess of 100 tons per year. There are also decreases in sulfur dioxide and particulate matter emissions of 1%-2%. The project will not result in an increase in POC emissions, there are no significant health risks for toxic air contaminants, and there will be an increase in GHGs because the hydrogen plant has a much higher capacity to produce hydrogen than what is currently at the facility. Mr. Bateman said the approach used is through CEQA to mitigate the increases in GHGs, notably CO₂, by establishing a baseline. As emissions from the project begin to increase to the point where there would be a net increase in CO₂ the facility will begin to reduce emissions at the facility or elsewhere. There is also a hierarchy of reductions starting at the facility, then within the City of Richmond boundaries, within the Air District boundaries, and then within the State.

The Chevron project: did not trigger a formal public comment period because of its net air emissions decrease. However, there is a great deal of interest and a community meeting was held in Richmond on February 13th to discuss the permitting process. The Air District has been very involved in the EIR process and Air District staff has been working with the City of Richmond on their air quality mitigation measures and have attended all public hearings held on the project.

Issues raised by environmental groups include crude slate issues, processing crude oil with higher sulfur content and the need for greater specificity of measures used to reduce GHGs. The Planning Commission has asked City staff to address those two issues and report back on June 5th.

Alco Iron and Metals Pyrolysis Furnace: The project is located southeast of the Oakland Airport. The facility processes and recycles metals and other materials. The facility submitted a permit application for a propane-fired pyrolysis furnace which decomposes organic materials such as varnish and epoxy off of metals. The unit is equipped with an after-burner where all organic material is combusted at high temperatures. Upon receipt of the application, the District Engineers evaluated it and determined emissions were under the New Source Review (NSR) thresholds and qualify for an accelerated permit, which he briefly discussed.

In December of 2007, the Air District was contacted by community groups to discuss their concerns with the furnace. The Air District agreed to hold a public comment period and a source test. Twenty (20)

comment letters were received which mostly made the point that, even though furnace emissions would be very low, they are some emissions and a no emissions increase should be allowed. The City has confirmed the facility does require a use permit and must remove the source or apply for a use permit, which has not yet been made.

The Hayward Power Plants: The Russell City project is the larger of the two and is a 600-megawatt load-following combined cycle power plant with 2 gas turbines and heat recovery steam generators. The other is the Eastshore project which would produce 115 MW in a peaking load and features 14 large internal combustion engines. The emission controls on both projects are similar; they feature catalytic reduction for NOx emissions, oxidation catalysts for CO and the exclusive use of natural gas fuels.

Both projects are under the purview of the CEC and Mr. Bateman described the Notice of Determination of Compliance in June 2007, their license issued in September 2007, the District Authority to Construct issued in November 2007, and the Air District's issuance of FDOC for the Eastshore project in October 2007. The CEC has not finished their process and has recommended disapproval of the project based on an aviation safety issue. For both projects, the CEC has required PM emissions be reduced locally through fireplace retrofit programs and monies will be available within the City of Hayward or the County.

The Hanson Permanente Cement Plant: The project is at the only cement manufacturing plant in the Bay Area and is located in Cupertino and involves an increase in petroleum coke usage. The facility has been in place since 1939, but in 1980 their cement kiln was replaced and converted to a dry process. More recently in November of 2006, they applied to increase their permitted coke usage, to 100% petroleum coke. The Air District evaluated the permit and issued a permit to combust up to 20 tons per hour. The evaluation concluded that the increased coke usage would not significantly change the emissions from the facility.

There was source testing conducted at the Hanson facility and the Air District allowed them to conduct the testing for the permit change which was done in December 2007. The report was submitted to the Air District in February of 2008 and staff noticed that the level of hexavalent chromium was much higher than expected and had previously been measured differently at the facility with a different mix of fuels. Air District staff met with the facility, an error was found in their calculation methodology, and the facility submitted revised test reports showing much lower hexavalent chromium emissions and the Air District is in the process of evaluating that revision. The EPA has also requested a more in depth analysis of the changes in criteria pollutant emissions.

Mr. Bateman said there has been some community interest in the project, the County issued a proposed amendment to the quarry's Reclamation Plan which would allow for another 25 years of quarrying and also move the quarrying potentially closer to where people live. Air District staff met with residents to discuss their concerns in November relating to truck traffic and dust from the facility, and the Air District's Grants Section is obtaining information from independent truckers who use the facility to apply for diesel retrofits using I-Bond money and installing a particulate air monitor near the facility.

Lennar Bay View Hunters Point Shipyard Redevelopment Project: is in an area of serpentine rock and there is a California Air Resources Board Air Toxics Control Measure which regulates emissions when there are construction activities or grading in areas of naturally occurring asbestos. The facility is required to submit an Asbestos Dust Mitigation Plan (ADMP) to the District for approval which was

done in this case. Lennar's approved ADMP requires dust mitigation measures and the District required them to additionally install asbestos air monitoring.

Mr. Bateman said the project began in January 2006 with grading activities and a couple of compliance problems. The Air District issued two notices of violation for failure to properly conduct air monitoring for a period of time, failure to provide a truck wheel wash at an exit road, overfilling trucks, and improper maintenance of truck wheel wash station. Lennar is now in the infrastructure phase of construction and later this year hopes to start construction of the project.

In terms of health issues, the Air District reviewed all results and feels it is reasonable to conclude that there is no significant level of health risk from exposure to asbestos. Mr. Bungler reported that the Air District is currently in the settlement process on the NOVs and discussions are progressing.

The San Francisco Electric Reliability Project: The City has indicated the need for the existing Mirant Potrero Power Plant to shut down. The project consists of two parts; one is located within the boundaries of the City close to the existing plant and has 3 gas turbines. The other part is for a 4th gas turbine to be located at the airport. The emission controls are similar to the other power plants previously described and the health risk screening analysis conducted has shown health risks to be below significance levels. The SFPUC has recently submitted necessary Emission Reduction Credits needed for the Air District to issue an Authority to Construct. The airport project came later and staff is still working on evaluating it, but it seems to meet all necessary requirements.

Director Gioia questioned the District's response to public concerns over the range of crude slate for the Chevron project. Mr. Bateman said the Air District does not believe the project would allow Chevron a wider range of crude slate. But, if they were to go to heavy crudes they would need to make additional improvements to the refinery as well as apply for permits to make those physical changes. He further discussed Chevron's current processing of light to intermediate crudes which have somewhat higher sulfur contents and discussed hydrogen purity improvements.

Mr. Broadbent acknowledged concerns of the environmental community and said another issue made known is that the Air District typically does not condition the type of product a refinery will be able to process. However, if Chevron wishes to do so, it can voluntarily accept such a condition.

Public Comment:

Leslie Fowler, West Valley Citizens Air Watch, formally requested an EIR process be initiated for Hanson's increase of petroleum coke from 8 to 27 tons/hour, that Hanson be required to update their pollution control technology, and that Hanson kiln switch to natural gas for their main fuel.

Committee Action: None. The Committee received and filed the report.

7. **Committee Member Comments/Other Business:** There were none.

8. **Time and Place of Next Meeting:** Monday, 9:30 a.m. on Monday, September 15, 2008.
9. **Adjournment:** The meeting adjourned at 11:08 a.m.

/s/Lisa Harper
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 4, 2008

Re: Proposed Amendments to Regulation 8, Rule 20: Graphic Arts Printing
and Coating Operations

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

Regulation 8, Rule 20 limits volatile organic compound (VOC) emissions from printing operations such as lithographic presses, flexographic presses and silk screening. Control Measure SS 2 in the 2005 Ozone Strategy proposes to further reduce emissions from printing operations through reduced VOC limits for flexographic ink, reduced VOC limits for cleaning products and examination of the applicability limit in the rule to include more facilities. Workshops on proposed amendments were conducted on July 14 and 15, 2008.

DISCUSSION

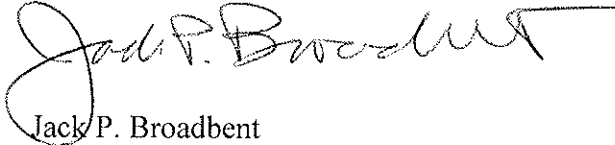
Staff will provide the Committee with information on:

- Proposed amendments to Regulation 8, Rule 20;
- Potential VOC emission reductions;
- Comments received at the July workshops; and
- Next steps in the rule development process.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT:

None.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jack P. Broadbent". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jack P. Broadbent
Executive Officer/APCO

Prepared by: William Thomas Saltz

Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Haggerty and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 3, 2008

Re: Proposed Amendments to Regulation 8, Rule 45: Motor Vehicle and
Mobile Equipment Coating Operations

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

Regulation 8, Rule 45, which applies to over 1100 auto refinishing facilities throughout the Air District, sets limits of VOCs for various types of paints and surface preparation solvents used in automotive refinishing operations. The rule also requires the use of high transfer efficiency spray guns and proper filtration systems. Control Measure SS 1, Auto Refinishing, in the Air District 2005 Ozone Strategy proposes to further reduce emissions from this source. In 2005, the ARB approved an Automotive Coating Suggested Control Measure that serves as a guideline to be used by California air districts in amending their automotive refinishing rules. Staff developed proposed amendments to Rule 8-45 based on the SCM. Three workshops were held on August 25, 26, and 27, 2008, in San Francisco, San Jose, and San Pablo to discuss the proposal with the affected industry and interested parties.

DISCUSSION

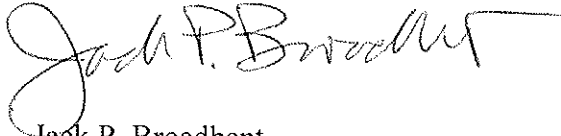
In this report, staff will provide the Committee with information on:

- Proposed amendments to Regulation 8, Rule 45;
- Potential VOC emission reductions;
- Comments received during the August workshops; and
- Next steps in the rule development process.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT:

None.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jack P. Broadbent". The signature is written in a cursive style with a long horizontal stroke at the end.

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Victor Douglas

Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 5, 2008

Re: Status Report on Amendments to the Air District's Dry Cleaner Rules

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

The California Air Resources Board (CARB) has amended the Airborne Toxic Control Measure (ATCM) for Emissions of Perchloroethylene from Dry Cleaning Operations, which became effective on December 27, 2007. Staff is preparing amendments to District Regulation 11, Rule 16: Perchloroethylene and Synthetic Solvent Dry Cleaning Operations, that would incorporate the requirements of the amended ATCM, and add several other requirements that would improve the effectiveness of the rule.

The primary component of the amended ATCM is a phase-out of Perc dry cleaning machines and related equipment. New installations and relocations of dry cleaning equipment using Perchloroethylene (Perc) are prohibited, as are dip tanks and drying cabinets that use Perc. Effective July 1, 2010, the ATCM also prohibits Perc equipment at Co-residential Facilities, converted Perc machines, and Perc equipment older than 15 years. The ATCM prohibits all Perc dry cleaning operations effective January 1, 2023.

The ATCM also includes additional operational requirements for Perc dry cleaning equipment, including requiring a spare set of gaskets, allowing a shorter time for repairs, additional reporting and recordkeeping, and requiring an on-site certified operator whenever Perc equipment is operated.

In addition to incorporating the requirements of the amended ATCM, staff is also proposing a District requirement that would prohibit the use of spotting solutions containing halogenated solvents (e.g., Perc and Trichloroethylene). Spotting solutions are used to pre-treat stains prior to dry cleaning, and a number of effective non-halogenated spotting solutions are widely available. Other provisions of the District's rule (e.g., operational requirements [e.g., leak check & repair program] and enhanced ventilation requirements) would also apply to halogenated solvents other than Perc.

The District is also proposing amendments to District Regulation 8, Rule 17: Petroleum Dry Cleaning Operations. These amendments are intended to strengthen requirements for the control of non-halogenated volatile dry cleaning solvents, the use of which will increase as a consequence of the mandated Perc phase-out.

Under the Staff proposal, Regulation 8, Rule 17 would be renamed "Non-Halogenated Solvent Dry Cleaning Operations" and apply to solvents such as high-flashpoint hydrocarbon, glycol ethers, and volatile methylated siloxanes. The amended rule would require that all new non-halogenated dry cleaning machines be closed-loop (i.e., prohibit the installation of the more highly emitting transfer and vented machines). The proposal also includes a leak check and repair program and new recordkeeping and reporting requirements. The use of halogenated solvents in spotting solutions would also be prohibited to establish consistency with Regulation 11, Rule 16.

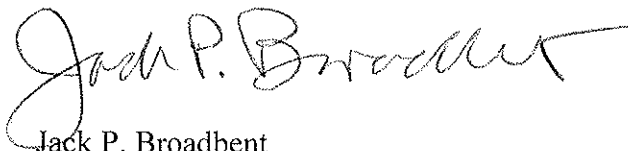
The staff proposal also includes amendments to the existing permit exemption for non-halogenated dry cleaners. Under this proposal, the permit exemption level for non-halogenated dry cleaning facilities would be reduced from 700 gallons per year to 200 gallons per year (gross consumption). This would impact only about 20 of the larger facilities. New equipment registration requirements would also be added for facilities that are subject to Regulation 8, Rule 17, but that are exempt from permit requirements.

Finally, staff is proposing to delete District Regulation 8, Rule 27: Synthetic Solvent Dry Cleaning Operations. This rule has been replaced by Regulation 11, Rule 16, and is obsolete.

DISCUSSION:

At the meeting on September 15, 2008, Staff will provide the Committee with additional details regarding the staff proposal for amending the District's dry cleaner rules, and provide an update on the rule development process.

Respectfully submitted,



Jack P. Broadbent
Executive Officer/APCO

Prepared by: Scott Lutz
Reviewed by: Brian Bateman

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 8, 2008

Re: Status Report on the Flare Minimization Plan Annual Update Requirement
Under Regulation 12, Rule 12: Flares at Petroleum Refineries

RECOMMENDED ACTION:

Informational Report. Receive and file.

BACKGROUND

In order to minimize the magnitude and frequency of flare use at refineries, the Air District Board of Directors adopted Regulation 12-12, which is structured to give refineries flexibility to reduce flaring emissions. The regulation recognizes that refinery flares are first and foremost a safety device and it allows refineries to develop plans to continuously minimize flaring without compromising safety. The regulation prohibits the non-emergency use of a refinery flare unless that use is consistent with an approved Flare Minimization Plan ("FMP" or "Plan"). Each Flare Minimization Plan approved by the Air District's APCO/EO must include:

- Information regarding the design and operation of the facility as it relates to flaring;
- Description of the prevention measures previously taken that permanently capture current emission reductions, and planned measures to further reduce flare emissions at the refinery; and
- Commitments to implement all additional feasible prevention measures expeditiously.

The regulation requires the refineries to update the FMPs annually to ensure emissions continue to be minimized and flaring reduction or prevention measures continually improve.

DISCUSSION

The first FMP Annual Updates were submitted July 16, 2008. In addition to the components mentioned previously, the FMP Annual Updates need to include all feasible prevention measures that were implemented as a result of the investigation into each

significant flaring event. Significant flaring is defined in the rule as an event in which the amount of vent gas sent to the flare is greater than 500,000 standard cubic feet per day (scfd) or in which the sulfur dioxide emissions are greater than 500 lbs of sulfur dioxide.

Staff has reviewed and analyzed flaring emissions based on the reported cause for each significant flaring event since the rule was adopted on July 20, 2005. These causes can include shutdowns and startups due to maintenance, emergency shutdowns & startups, fuel gas imbalances, and operator error.

Staff will update the Committee with the following information:

- Emission Trends
- Status of FMP Annual Updates
- Next Steps

Respectfully submitted,



Jack P. Broadbent
Executive Officer/APCO

Prepared by: Alex Ezersky
Reviewed by: Kelly Wee