Mojave Desert Air Quality Management District
Governing Board Meeting

Agenda

LOCATION
MOJAVE DESERT AQMD BOARD CHAMBERS
14306 PARK AVENUE VICTORVILLE, CA 92392
www.mdaqmd.ca.gov
MONDAY, APRIL 23, 2018
10:00 AM

TELECONFERENCE LOCATION(S)

San Bernardino County Government Center
385 N. Arrowhead Ave., Fifth Floor
San Bernardino, CA 92415

Riverside County Board of Supervisors
73-710 Fred Waring Drive, Ste. 222
Palm Desert, CA 92260

Blythe City Hall, Conference Room A
235 N. Broadway
Blythe, CA 92225

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE LISTED PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE GOVERNING BOARD AT, OR PRIOR TO, THE PUBLIC HEARING.

DUE TO TIME CONSTRAINTS AND THE NUMBER OF PERSONS WISHING TO GIVE ORAL TESTIMONY, PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES PER SPEAKER. YOU MAY WISH TO MAKE YOUR COMMENTS IN WRITING TO ASSURE THAT YOU ARE ABLE TO EXPRESS YOURSELF ADEQUATELY.

Except where noted, all scheduled items will be heard in the Chamber of the Governing Board, Mojave Desert AQMD Offices, 14306 Park Avenue, Victorville, CA and the teleconference location(s). Please note that the Board may address items in the agenda in a different order than the order in which the item has been posted.

CALL TO ORDER 10:00 A.M.

Pledge of Allegiance.

Roll Call.

Items with potential Conflict of Interests - for information only.

A. Item #4. Parties to the agreement will be the District and the law firm of Caldwell, Kennedy & Porter. Potential Conflict: District Board Members/Officers and Caldwell, Kennedy & Porter Principals/Agents.

B. Item #5. The parties to the agreements will be the District, District Board members and Officers, and CEMEX, ComAv Technical Services, Hinkley Dairy, Valley Wide Construction Services, Inc, Luz Solar Partners Ltd III, FPL Solary Energy Solar Partners III-IV, LLC, Joseph Deconinck Farming, each with their principals and agents.

PUBLIC COMMENT

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Name of Case: Michele Baird vs MDAQMD et. al CIVDS 1612446 San Bernardino County Superior Court (Government Code Section 54956.9).

OPEN SESSION

Disclosure of any Reportable action taken in Closed Session; and the Vote and Abstention of every Member Present in the Closed Session

CONSENT CALENDAR

2. Approve Minutes from Regular Governing Board Meeting of March 26, 2018.

3. Amend Governing Board Policy 93-2, "Provision and Retention of Public Records." Presenter: Karen K. Nowak.

4. Approve contract with Caldwell, Kennedy & Porter for services as Special Counsel to the MDAQMD Hearing Board and authorize Chair to sign the agreement. Presenter: Karen K. Nowak.

5. 1) Award grant funds to eligible projects as shown on Exhibit A; 2) Authorize the Executive Director/APCO to assign alternate grant funding to eligible projects if and when additional funding becomes available; and 3) authorize the Executive Director/APCO to negotiate target time frames and technical project details and

execute an agreement, approved as to legal form by the District Counsel. Presenter: Jean Bracy.

6. Authorize the acceptance of $828,000 under the FY 17-18 Community Air Protection (CAP) Program for the expenses necessary to implement AB 617 (C. Garcia, Chapter 136, Statues of 2017), and authorize the Executive Director/APCO to execute the agreement, approved as to legal form. Presenter: Jean Bracy.

7. Receive and file the Financial Report for FY18, through the month of February 2018, which provides financial information and budget performance concerning the fiscal status of the District. Presenter: Jean Bracy.

8. Receive and file the Legislative Report for April 6, 2018. Presenter: Brad Poiriez.

ITEMS FOR DISCUSSION

9. DEFERRED ITEMS.

10. PUBLIC COMMENT.

11. Conduct a public hearing to consider the amendment of Rule 102 – Definition of Terms: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending Rule 102 and directing staff actions. Presenter: Alan De Salvio.

12. Conduct a public hearing to consider the amendment of Rule 1104 – Organic Solvent Degreasing Operations: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending the Rule and directing staff actions. Presenter: Alan De Salvio.

13. Conduct a public hearing to consider the amendment of Rule 1162 – Polyester Resin Operations: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending the Rule and directing staff actions. Presenter: Alan De Salvio.

14. Conduct a public hearing to consider the adoption of the Federal Negative Declarations for Two Control Techniques Guidelines Source Categories: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the CEQA Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, adopting the Federal Negative Declarations for

Two Control Techniques Guidelines Source Categories and directing staff actions. Presenter: Alan De Salvio.

15. Receive and file the Annual Financial Report for FY 17. This item is continued from March 26, 2018. Presenter: Jean Bracy.

16. Reports: Executive Director

17. Board Members Comments and Suggestions for future agenda items.

In compliance with the Americans with Disabilities act, if special assistance is needed to participate in the Board Meeting, please contact Deanna Hernandez during regular business hours at 760.245.1661 x6244. Notification received 48 hours prior to the meeting will enable the District to make reasonable accommodations.

I hereby certify, under penalty of perjury, that this agenda has been posted 72 hours prior to the stated meeting in a place accessible to the public. Copies of this agenda and any or all additional materials relating thereto are available at the District Office at 14306 Park Avenue, Victorville, Ca 92392 or by contacting Deanna Hernandez at 760.245.1661 x6244 or by email at dhernandez@mdaqmd.ca.gov .

Mailed & Posted on: Tuesday, April 17, 2018.

Approved:

_____

Deanna Hernandez

The following page(s) contain the backup material for Agenda Item: Approve Minutes from Regular Governing Board Meeting of March 26, 2018.

MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
REGULAR GOVERNING BOARD MEETING
MONDAY, MARCH 26, 2018 - 10:00 A.M.
BOARD CHAMBERS, MDAQMD OFFICES
VICTORVILLE, CA

MINUTES

Board Members Present:

Jim Cox, Chair, City of Victorville
Jeff Williams, Vice Chair, City of Needles
John Cole, City of Twentynine Palms
Joseph "Joey" DeConinck, City of Blythe
Carmen Hernandez, City of Barstow
Robert Leone, Town of Yucca Valley
Robert Lovingood, San Bernardino County
V. Manuel Perez, Riverside County
Barb Stanton, Town of Apple Valley

Board Members Absent:

Ed Camargo, City of Adelanto
James Ramos, San Bernardino County
Barbara Riordan, Public Member
Paul Russ, City of Hesperia

CALL TO ORDER

Chair **JIM COX** called the meeting to order at 10:00 a.m. and asked Board Member **BARB STANTON** to lead the Pledge of Allegiance.

Chair **JIM COX** asked for roll call; roll was called.

Chair **JIM COX** called for items with potential conflict of interest – for information only: None

Chair **JIM COX** called for **PUBLIC COMMENT** – Public Comment made by Kevin Kane on Agenda Item #15. Mr. Kane spoke favorably of the Mobile Source Reduction Program (AB 2766). Public Comment made by David Rib on Agenda Item #16. Mr. Rib spoke favorably of the Mojave Environmental Education Consortium (MEEC) partnership with the District and publicly thanked the Board for their support to MEEC.

CLOSED SESSION

District Counsel Karen K. Nowak stated that there was no update on the one closed session item since the last meeting. Upon consensus of the Board, the Closed Session item was waived.

Agenda Item 1 - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Name of Case: Michele Baird vs MDAQMD et. al CIVDS 1612446 San Bernardino County Superior Court (Government Code Section 54956.9)**.**

OPEN SESSION - Disclosure of any Reportable Action(s) taken in Closed Session(s); and the Vote and Abstention of Every Member Present in the Closed Session.

No reportable action occurred as item was waived by consensus of the Board.

CONSENT CALENDAR - The following consent items were acted upon by the Board at one time without discussion, upon motion by Board Member **ROBERT LOVINGOOD**, Seconded by Board Member **BARB STANTON**, and carried by the following roll call vote, with nine **AYES** votes by Board Members **JOHN COLE, JIM COX, JOSEPH DECONINCK, CARMEN HERNANDEZ, ROBERT LEONE, ROBERT LOVINGOOD, V. MANUEL PEREZ, BARB STANTON and JEFF WILLIAMS** as follows:

Agenda Item 2 – Approve Minutes from Regular Governing Board Meeting of February 26, 2018.
Approved Minutes from Regular Governing Board Meeting of February 26, 2018.

Agenda Item 3 – Amend Governing Board Policy 11-02, Designation of Ethics Training and Recordkeeping Requirements.
Amended Governing Board Policy 11-02, Designation of Ethics Training and Recordkeeping Requirements.

Agenda Item 4 – Ratify the actions of the Executive Director/APCO to: 1) establish commercial revolving bank accounts to disburse funds for eligible projects for the Mobile Source Emissions Reduction Program (AB 2766) and the Carl Moyer Program; 2) appoint signatures on the account; 3) transfer funds; and 4) negotiate and execute any necessary agreements to establish the accounts and disbursement mechanisms, approved as to legal form.
Ratified the actions of the Executive Director/APCO to: 1) establish commercial revolving bank accounts to disburse funds for eligible projects for the Mobile Source Emissions Reduction Program (AB 2766) and the Carl Moyer Program; 2) appoint signatures on the account; 3) transfer funds; and 4) negotiate and execute any necessary agreements to establish the accounts and disbursement mechanisms, approved as to legal form.

Agenda Item 5 – Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 102 – Definition of Terms and approval of California Environmental Quality Act (CEQA) documentation.
Approved set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 102 – Definition of Terms and approval of California Environmental Quality Act (CEQA) documentation.

Agenda Item 6 – Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1104 – Organic Solvent Degreasing Operations and approval of California Environmental Quality Act (CEQA) documentation.
Approved set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1104 – Organic Solvent Degreasing Operations and approval of California Environmental Quality Act (CEQA) documentation.

Agenda Item 7 – Set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1162 – Polyester Resin Operations and approval of California Environmental Quality Act (CEQA) documentation.
Approved set date of April 23, 2018 to conduct a public hearing to consider the amendment of Rule 1162 – Polyester Resin Operations and approval of California Environmental Quality Act (CEQA) documentation.

Agenda Item 8 – Set date of April 23, 2018 to conduct a public hearing to consider the adoption of the Federal Negative Declarations for Two Control Techniques Guidelines Source Categories and approval of CEQA documentation.
Approved set date of April 23, 2018 to conduct a public hearing to consider the adoption of the Federal Negative Declarations for Two Control Techniques Guidelines Source Categories and approval of CEQA documentation.

Agenda Item 9 – Receive and file the Financial Report for FY18, through the month of January 2017, which provides financial information and budget performance concerning the fiscal status of the District.
Received and filed the Financial Report for FY18, through the month of January 2017, which provides financial information and budget performance concerning the fiscal status of the District.

Agenda Item 10 – Receive and file the Legislative Report for March 9, 2018.
Received and filed the Legislative Report for March 9, 2018.

Agenda Item 11 – DEFERRED ITEMS:
None.

Agenda Item 12 – PUBLIC COMMENT.
Public Comment made by Kevin Kane on Agenda Item #15. Mr. Kane spoke favorably of the Mobile Source Reduction Program (AB 2766). Public Comment made by David Rib on Agenda Item #16. Mr. Rib spoke favorably of the Mojave Environmental Education Consortium (MEEC) partnership with the District and publicly thanked the Board for their support to MEEC.

Agenda Item 13 – Adopt resolution amending the Conflict of Interest Code for the Mojave Desert Air Quality Management District (MDAQMD) and direct staff action.
Upon motion by Board Member **JEFF WILLIAMS**, Seconded by Board Member **CARMEN HERNANDEZ**, and carried by the following roll call vote, with nine **AYES** votes by Board Members **JOHN COLE, JIM COX, JOSEPH DECONINCK, CARMEN HERNANDEZ, ROBERT LEONE, ROBERT LOVINGOOD, V. MANUEL PEREZ, BARB STANTON and JEFF WILLIAMS** the Board **adopted Resolution 18-09, "A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT ADOPTING AMENDMENTS TO THE MDAQMD CONFLICT OF INTEREST CODE AND DIRECTING STAFF ACTION."**

Agenda Item 14 – The Annual Financial Report and Management Report (Audit) for Fiscal Year 2016-17 is being presented for review and approval. Fedak & Brown LLP of Riverside performed the audit services for the District.
After discussion and upon motion by Board Member **BARB STANTON**, Seconded by Board Member **CARMEN HERNANDEZ**, and carried by the following roll call vote, with nine **AYES** votes by Board Members **JOHN COLE, JIM COX, JOSEPH DECONINCK, CARMEN HERNANDEZ, ROBERT LEONE, ROBERT LOVINGOOD, V. MANUEL PEREZ, BARB STANTON and JEFF WILLIAMS** the Board **continued the item to the Regular Governing Board meeting of April 23, 2018.**

Agenda Item 15 – Approve the program structure for the MDAQMD Mobile Source Emission Reduction Program (AB2766); direct development of a Work Plan to implement this Program; and direct implementation immediately on approval of this Program structure.
After discussion and public comment the Board upon motion by Board Member **ROBERT LOVINGOOD**, Seconded by Board Member **ROBERT LEONE**, and carried by the following roll call vote, with nine **AYES** votes by Board Members **JOHN COLE, JIM COX, JOSEPH DECONINCK, CARMEN HERNANDEZ, ROBERT LEONE, ROBERT LOVINGOOD, V. MANUEL PEREZ, BARB STANTON and JEFF WILLIAMS** the Board **approved** the program structure for the MDAQMD Mobile Source Emission Reduction Program (AB2766); direct development of a Work Plan to implement this Program; and direct implementation immediately on approval of this Program structure.

Agenda Item 16 – Receive and file a presentation from the Mojave Environmental Educational Consortium (MEEC) describing the work and responsibilities associated with providing educational resources.
After discussion and public comment the Board **received and filed** a presentation from the Mojave Environmental Educational Consortium (MEEC) describing the work and responsibilities associated with providing educational resources.

Agenda Item 17 – Reports:
Executive Director Brad Poiriez:

- Mr. Poiriez recognized and congratulated staff members Guy Smith, MD AQMD Engineer and Vickie Rausch, AV AQMD Engineer, both for 10 years of service;
- Mr. Poiriez informed the Board that the District received and extra $22,000 for a PM Monitor, the District will purchase another portable Teledyne T640 mobile unit and we will be BETA testing our first unit in the near future.
- Mr. Poiriez informed the Board the vacant CRE Specialist and Grants Specialist positions have been filled and both incumbents start on March 30th.
- Mr. Poiriez notified the Board that the District has not been receiving Certificate of Occupancy from the majority of the surrounding cities and seeks assistance from Board Member to speak with their respective Planning Directors.

Mr. Poiriez updated the Board of past events:

- March 1st – call with Michael Sarbaz, representative Rancho Lucerne Development, regarding ongoing dust complaints. March 27th Mr. Poiriez will meet with Mr. Sarbaz on subject property;
- March 6th – toured the Barstow Railyard to understand operations and potential project for emission reduction grants;

- March 13th – 15th – the District hosted CARB training course on Health Risk Assessments – staff participated as well as outside agencies;
- March 13 – 15th – attended CAPCOA Board Meeting with a focus on legislature activity on air bills;
- March 15th – the District hosted a conference call regarding Southwest Regional Exceptional Events Workgroup – staff member Michelle Zumwalt lead this conference call;
- March 21st – hosted a LMTF working lunch between Management and the new union representative Natalie Harts;
- March 21st – attended MEEC Board Meeting as the District occupies a seat on the MEEC Board;
- March 22nd – Attended CARB Board Hearing in Riverside regarding the topic of freight strategies and AB 617.

Mr. Poiriez informed the Board of upcoming events:

- March 27th – call with Shawn Muir, Enviro Coordinator for Twentynine Palms Tribal, regarding air quality work, partner on grants, etc;
- March 28th – Community meeting to discuss AB 134 & AB 617 from 6 – 8 pm here at District office;
- March 30th – meeting with Joseph Brady, Bradco, regarding our continued cooperative work on newsletter;
- April 3rd – 6th – attending AAPCA Conference;
- April 14th – District hosting Lawn & Garden Equipment Program scheduled 8:00 am to 1:00 pm at the San Bernardino Fairgrounds.
- April 17th – call with EPA, CARB, SCAQMD on grant opportunities for Railyard & transportation projects;
- April 24th – 26th – attending WRAP Board of Directors Conference.

<u>Agenda Item 18 - Board Member Comments and Suggestions for Future Agenda Items.</u>

- Board Member **Leone** notified all that he will be absent for the next regular governing board meeting of April 23, 2018 but he would be actively working on the topic of re-introducing sponsor legislative proposal to allow cities and counties within the Mojave Desert Air Quality Management District (MDAQMD) to set speed limits on unpaved roads which are lower than the prima facie speed limits set forth in the vehicle code for the purposes of dust control.
- Board Member **Stanton** publicly complimented Samantha Murray of MEEC and former employees Christie Robinson and Violette Roberts for all their efforts with MEEC.

Being no further business, Chair **JIM COX** adjourned the meeting at **11:08 a.m.** to the next Regular Meeting of ***April 23, 2018.***

The following page(s) contain the backup material for Agenda Item: Amend Governing Board Policy 93-2, "Provision and Retention of Public Records." Presenter: Karen K. Nowak.

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #3

DATE: April 23, 2018

RECOMMENDATION: Amend Governing Board Policy 93-2 – Provision and Retention of Public Records

SUMMARY: This item amends existing Governing Board Policy 93-2 – Provision and Retention of Public Records to clarify the Board's policies on all public records and delegate specific implementation authority to the Air Pollution Control Officer.

CONFLICT OF INTEREST: None

BACKGROUND: In the effort to keep the Board familiar with the policies and practices which have been adopted to direct staff action and to facilitate the conduct of the business of the District Governing Board Policies will be brought before the Board from time to time with recommendations for amendments if such are needed.

The history of Governing Board Policy 93-2 – Provision and Retention of Public Records and the recommended revisions are further described in the following Exhibit 1. The recommended action clarifies the position of the Governing Board and directs the APCO to develop specific practices to implement the policy.

A redline copy of the proposed changes is attached.

REASON FOR RECOMMENDATION: The Governing Board action is necessary to approve changes to the policies of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Brad Poiriez, Executive Director on or about April 10, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Karen K. Nowak, District Counsel

Exhibit 1

Governing Board Policy 93-2 is the Governing Board Policy that sets forth the intent and policies of the District to comply with the California Public Records Act (CPRA). Staff is recommending that this be changed to cover the treatment of Public Records generally and to specifically reference records retention issues.

History

Governing Board Policy 93-2 was first adopted July 1, 1993 at the formation of the district. It was thereafter amended to conform to then current District practices on June 24, 1996, and February 23, 2004. It was last amended January 23, 2012.

Recommended Revisions

As the District moves forward into the digital age more and more of its documents are stored electronically. This shift requires some minor modifications to the District's overall policy statement regarding compliance with the CPRA. Since the specifics of compliance with the CPRA vary widely depending upon the particular document type and format in which it is stored the direction to the APCO to develop and maintain a Standard Practice for CPRA compliance is retained. The District does have an existing Standard Practice 4-12 for this purpose. This practice will be updated from time to time to reflect changes in both the law and District practices.

In addition the shift to digital formatting also requires some additions as well as a policy statement regarding the status and retention of public records. Currently the District Standard Practice 4-5 sets forth the record retention schedule for particular types of public records. Government Code section 60200 et. seq. allows official public records to be stored, maintained, retained, and ultimately disposed of in electronic format so long as certain conditions are met. A specific statement of intent regarding records retention and direction to the APCO will be helpful in meeting these conditions. Standard Practice 4-5 will be updated from time to time to reflect changes in law and District Practices.

GOVERNING BOARD POLICY

Mojave Desert Air Quality Management District

Policy No: 93-2
Amended: April 23, 2018

~~Policy No: 93-2~~
~~Effective Date: July 1, 1993~~

~~/s/~~

~~Brad Mitzelfelt,~~ James L. Cox
Governing Board Chair

Brad Poiriez
Executive Director/APCO
~~Adopted: July 1, 1993~~
~~Amended: June 24, 1996~~
~~February 23, 2004~~
~~January 23, 2012~~

~~Last Review: January 26, 2015~~

SUBJECT: ~~REQUESTS FOR INSPECTION AND/OR COPYING~~ PROVISION AND RETENTION OF PUBLIC RECORDS

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to ensure that the District maintains ~~all~~ records and to provide for an orderly system of retention and disposition of records as provided for by law. Records which are retained and not otherwise exempted from disclosure by state law ~~as records~~ are open for public inspection and ~~to~~ will be provided ~~such records~~ with the least possible delay and expense to the requesting party. All officers, employees, and members of District Boards or committees are required to comply with the provisions of this policy and the Standard Practices established pursuant to same.

AMPLIFICATION OF POLICY:

A. General:

The District, pursuant to the provisions of Government Code §§60200 et seq may authorize the retention and disposition of its records. Since the specifics for retention of particular records or types of records may vary according to law, regulation or necessity to conduct the business of the District, the APCO is hereby authorized to develop and adopt Standard Practice 4-5 containing specific procedures regarding the retention of documents.

The District is also required, pursuant to the provisions of ~~1. T~~the California Public Records Act (~~California~~ Government Code §§6250 et seq.) ~~requires that~~to allow the public to

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have access to~~,~~ and ~~may~~ demand copies of, non-confidential public information including that information stored on computer files. The APCO is also authorized to develop and adopt Standard Practice 4-12 containing specific procedures to be followed when making records available to the public pursuant to the Public Records Act
~~The Act defines the type of information that must be made available upon request and that which is confidential and may not be released.~~

~~2. This Policy is established in accordance with Government Code section 6253.4, subdivision (a), which states: "Every agency may adopt regulations stating the procedures to be followed when making its records available in accordance with this section." This Policy and the Standard Practice developed and adopted as directed herein sets forth the District's policies and procedures for handling requests to inspect and/or copy public records. It is designed to be in compliance with the California Public Records Act and all existing laws pertaining to disclosure of public records.~~

~~3. The APCO is authorized to develop a Standard Practice (Standard Practice 4-12) setting forth the specific District procedures used to comply with this policy and the provisions of the California Public Records Act and all existing laws pertaining to disclosure of public records.~~

~~4.~~ If any provision of this Policy or the Standard Practices developed pursuant to this Policy is in conflicts with current State or federal law, the law shall take precedence.

B. ~~Definitions:~~ Disclosable Public Records:

~~All definitions contained in the California Public Records Act (Gov. Code §§ 6250 et seq.) and Standard Practice 4-12 – Public Records Act Standard Practice shall apply unless otherwise defined herein~~ The California Public Records act defines the types of information that must be made available upon request and that which is confidential and may not be released. Some records are specifically exempt from disclosure pursuant to statutory law. A partial listing of records exempt from disclosure may be found in the applicable Standard Practice.

C. Public Right to Inspect/Obtain Copies:

Disclosable ~~P~~public records of the District are open to inspection by any person at all times during the normal business hours of the District offices~~,~~ in accordance with this policy and Standard Practice 4-12 ~~– Public Records Act Standard Practice~~. Copies of disclosable public records may be obtained by any person~~,~~ in accordance with ~~the procedures set forth i~~n this Policy and Standard Practice 4-12. Any disclosable portion of a record that can be reasonably separated from any portions of the record that are exempt by law shall be made available for inspection and/or copying after the exempt portions have been deleted. Any request for records and any responding documents may be subject to review by the District's legal counsel prior to any inspection of the records or delivery of copies.

D. ~~Disclosable Public Records:~~

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~~Records of the District which are disclosable under applicable law are listed in the California Public Records Act (Gov. Code §§ 6250 et seq.). A partial listing is contained in Standard Practice 4-12 – Public Records Act Standard Practice.~~

~~E. Records Exempt from Disclosure:~~

~~Records of the District which are exempt from disclosure under applicable law include, but are not limited to those listed in Standard Practice 4-12 – Public Records Act Standard Practice.~~

~~F. Public Records Procedure:~~

~~All requests for and provision of Public Records shall be performed in accordance with the Procedures set forth in Standard Practice 4-12 – Public Records Act Standard Practice.~~

~~F.~~ Fees for Provision of Public Records:

The District may charge fees and recover costs for the provision of public records as provided by law. The amount and method of charging fees shall be set forth in the applicable Standard Practice 4-12~~ – Public Records Act Standard Practice~~. In addition, fees for certain designated District publications shall be as set forth in Standard Practice 4-9.

Revision History:

Adopted:	July 1, 1993
Amended:	June 24, 1996
	February 23, 2004
	January 23, 2012

Last Review: April 23, 2018

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GOVERNING BOARD POLICY

Mojave Desert Air Quality Management District

Policy No: 93-2
Amended: April 23, 2018

James L. Cox Governing Board Chair	Brad Poiriez Executive Director/APCO

SUBJECT: PROVISION AND RETENTION OF PUBLIC RECORDS

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to ensure that the District maintains records and to provide for an orderly system of retention and disposition of records as provided for by law. Records which are retained and not otherwise exempted from disclosure by state law are open for public inspection and will be provided with the least possible delay and expense to the requesting party. All officers, employees, and members of District Boards or committees are required to comply with the provisions of this policy and the Standard Practices established pursuant to same.

AMPLIFICATION OF POLICY:

A. General:

The District, pursuant to the provisions of Government Code §§60200 et seq may authorize the retention and disposition of its records. Since the specifics for retention of particular records or types of records may vary according to law, regulation or necessity to conduct the business of the District, the APCO is hereby authorized to develop and adopt Standard Practice 4-5 containing specific procedures regarding the retention of documents.

The District is also required, pursuant to the provisions of the California Public Records Act (Government Code §§6250 et seq.) to allow the public to have access to and demand copies of, non-confidential public information including that information stored on computer files. The APCO is also authorized to develop and adopt Standard Practice 4-12 containing specific procedures to be followed when making records available to the public pursuant to the Public Records Act

If any provision of this Policy or the Standard Practices developed pursuant to this Policy is in conflicts with current State or federal law, the law shall take precedence.

B. Disclosable Public Records:

The California Public Records act defines the types of information that must be made available upon request and that which is confidential and may not be released. Some records are specifically exempt from disclosure pursuant to statutory law. A partial listing of records exempt from disclosure may be found in Standard Practice 4-12.

C. Public Right to Inspect/Obtain Copies:

Disclosable public records of the District are open to inspection by any person at all times during the normal business hours of the District offices in accordance with this policy and Standard Practice 4-12. Copies of disclosable public records may be obtained by any person in accordance with n this Policy and Standard Practice 4-12. Any disclosable portion of a record that can be reasonably separated from any portions of the record that are exempt by law shall be made available for inspection and/or copying after the exempt portions have been deleted. Any request for records and any responding documents may be subject to review by the District's legal counsel prior to any inspection of the records or delivery of copies.

D. Fees for Provision of Public Records:

The District may charge fees and recover costs for the provision of public records as provided by law. The amount and method of charging fees shall be set forth in the applicable Standard Practice 4-12. In addition, fees for certain designated District publications shall be as set forth in Standard Practice 4-9.

Revision History:

Adopted:	July 1, 1993
Amended:	June 24, 1996
	February 23, 2004
	January 23, 2012

Last Review: April 23, 2018

The following page(s) contain the backup material for Agenda Item: Approve contract with Caldwell, Kennedy & Porter for services as Special Counsel to the MDAQMD Hearing Board and authorize Chair to sign the agreement. Presenter: Karen K. Nowak.

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #4

DATE: April 23, 2018

RECOMMENDATION: Approve contract with Caldwell, Kennedy & Porter for services as Special Counsel to the MDAQMD Hearing Board and authorize Chair to sign the agreement.

SUMMARY: This item will extend the current contract for Special Counsel to the MDAQMD Hearing Board and authorize the chair to sign the agreement.

CONFLICT OF INTEREST: Parties to the agreement will be the District and the law firm of Caldwell, Kennedy & Porter. Potential Conflict: District Board Members/Officers and Caldwell, Kennedy & Porter Principals/Agents.

BACKGROUND: For many years the District has engaged the services of attorneys with Caldwell, Kennedy & Porter, namely Jeannie Kennedy, to provide services as Special Counsel to the MDAQMD Hearing Board. This lawyer sits with the Hearing Board and provides legal advice during Hearing Board meetings and reviews the orders and decisions of the Hearing Board. Such services require not only general governmental knowledge but also specialized knowledge specific to air district hearing board's creation, jurisdiction and operational parameters.

These services cannot be provided by District Counsel as District Counsel represents the MDAQMD itself before the Hearing Board. Caldwell, Kennedy & Porter has the requisite legal expertise to provide such services. The proposed hourly rates are reasonable and within the normal parameters of the provision of specialized legal services to local governmental entities. In addition, the MDAQMD Hearing Board meets very infrequently, therefore the costs of this contract has historically been and is expected to continue to be minimal. Therefore, staff did not produce either an RFP but chose instead is recommending the continuation of the current arrangement.

The proposed initial term is three (3) years with the option to extend the term in one (1) year increments thereafter. Rates will be adjusted annually on July 1 to reflect the **lesser** of the CPI-U for Los Angeles, Orange & Riverside Co. (as published in April) or the negotiated cost of living adjustment for MDAQMD employees. Without specific agreement of the MDAQMD the attorneys are limited to billing up to ten (10) hours per month. A copy of the contract as proposed is attached.

REASON FOR RECOMMENDATION: Governing Board action is required to enter into contracts for services provided directly to the MDAQMD Hearing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez on or about April 4, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Karen K. Nowak, District Counsel

AGREEMENT FOR LEGAL SERVICES:
SPECIAL COUNSLE FOR THE MOJAVE DESERT
AIR QUALITY MANAGEMENT DISTRICT HEARING BOARD
BY AND BETWEEN CALDWELL, KENNEDY & PORTER
AND THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT

This agreement is made and entered into between the parties, MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT (MDAQMD or DISTRICT) and CALDWELL, KENNEDY & PORTER (ATTORNEYS).

RECITALS

WHEREAS, the MDAQMD requires specialized legal services to provide legal support for the Hearing Board of the MDAQMD; and

WHEREAS, the firm of CALDWELL, KENNEDY & PORTER has the knowledge and expertise to provide such services; and

WHEREAS, the firm of CALDWELL, KENNEDY & PORTER has previously provided such services; and

WHEREAS, the Governing Board of the MDAQMD wishes to continue to contract for such specialized legal services.

NOW, THEREFORE, in consideration of mutual covenants and conditions, the parties agree as follows:

TERMS AND CONDITIONS

1. RETENTION OF COUNSEL: The MDAQMD hereby retains the legal services of ATTORNEYS for the provision of legal services as Special Counsel to the MDAQMD Hearing Board;

It is the intent of the parties that services shall be provided by Jeanne E Kennedy as the primary provider and Rose C. Rosado as the alternative provider. However, services may be provided by any member of ATTORNEYS firm so long as appropriate notice of the substitution is provided in writing as indicated herein.

2. TERM OF AGREEMENT: The initial term of this agreement shall be for three (3) years from the effective date of this agreement. The MDAQMD shall have the option to extend the term in one (1) year increments thereafter. Such extension shall be automatically effective on the same terms and conditions unless otherwise notified in writing no later than thirty (30) days prior to the expiration of the previous

term.

3. SCOPE OF WORK: The services required of Special Counsel to the Hearing Board shall be as follows:

a. Attends all meetings of the MDAQMD Hearing Board; and

b. Provides the MDAQMD Hearing Board with legal advice that reduces exposure to litigation and ensures the integrity of the actions of the Hearing Board; and

c. Provides the MDAQMD Hearing Board with legal advice and interpretations regarding laws applicable to the Hearing Board including but not limited provisions of Division 26 of the California Health & Safety Code, The Ralph M. Brown Act, and the Political Reform Act; and

d. Provides oral and/or written communications when requested by the MDAQMD Hearing Board regarding legal issues, integrity, ramifications and consequences of Hearing Board actions; and

e. Timely reviews all written Hearing Board orders and decisions prior to issuance. ATTORNEYS specifically acknowledge that Hearing Board orders and decisions such as variance orders are required by law to be submitted to the California Air Resources Board within thirty (30) days of the hearing; and

f. Interfaces with the Executive Director/Air Pollution Control Office, District Counsel, and assigned MDAQMD staff to ensure that all necessary services are provided in a cost effective and timely manner. Official direction regarding the provision of services may be provided by the following persons in the order of precedence as listed: The MDAQMD Hearing Board; the MDAQMD Hearing Board Chair; any Member of the MDAQMD Hearing Board upon approval of the Chair; the Executive Director/Air Pollution Control Officer of the MDAQMD; District Counsel of the MDAQMD; staff assigned to support the MDAQMD Hearing Board upon approval of either the Executive Director/Air Pollution Control Officer or District Counsel.

Attorneys acknowledge that they serve as Special Counsel to the MDAQMD Hearing Board for the sole purposes enumerated above.

4. RELATIONSHIP AND RESPONSIBILITIES:

a. Professional Responsibility: ATTORNEYS shall obtain and maintain professional responsibilities, to the level of competency presently maintained by other practicing professionals

performing the same or similar type of legal services.

b. Independent Contractor: ATTORNEYS are independent contractors for the purpose of providing services under this Agreement. This Agreement is not intended, and shall not be construed, to create a relationship of agent, servant, employee, partnership, joint venture, or association between the parties. ATTORNEYS and ATTORNEYS' employees shall not become entitled to any employment rights or benefits available to the employees of the MDAQMD.

c. Observation of Legal Requirements: ATTORNEYS shall be fully informed of all existing and any future state or federal laws; county or city ordinances; any rules or regulations; and any orders or decrees of bodies or tribunals having jurisdiction which in any manner affect the conduct of any services or tasks performed under this Agreement. ATTORNEYS shall comply with all such legal requirements and shall indemnify the MDAQMD as provided below from any claim or liability arising from or based upon the violation of such legal requirements by ATTORNEYS or its employees.

d. Hours of Labor: ATTORNEYS shall comply with all applicable provisions of the California Labor Code relating to working hours. ATTORNEYS shall, as a penalty to the MDAQMD forfeit $25.00 for each worker employed in the execution of the Agreement by ATTORNEYS or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours and for forty (40) hours in any one calendar week in violation of the California Labor Code.

e. Indemnification: ATTORNEYS agree to protect, defend, indemnify and hold harmless the MDAQMD, its officers, directors, agents, employees, servants and volunteers free and harmless from any and all liability, claims, judgements, costs, and demands including demands arising from injuries or death(s) of persons (including employees of MDAQMD and/or ATTORNEYS) and damage to property directly or indirectly arising out of the negligent acts or omissions related to this Agreement or out of the negligent operations conducted by ATTORNEYS , its employees, agents, representatives or subcontractors employed or otherwise acting in connection with this Agreement. ATTORNEYS agree to investigate, handle, respond to, provide defense for and defend any such claims, demands, or suit at the sole expense of ATTORNEYS.

f. Conflict of Interest: No Member, officer, or employee of the MDAQMD during their

tenure or for one year thereafter shall have any interest, direct or indirect, in this Agreement or the proceeds thereof. ATTORNEY shall not have any interest, direct or indirect, in this Agreement for the duration of the term of this Agreement. If any such interest comes to the knowledge of either party to this Agreement then a full and complete disclosure of such information shall be made in writing even if such interest would not be considered a conflict of interest under the appropriate Sections of Article 4 (commencing with section 1090) or Article 4.6 (commencing with section 1120) of Division 4 of Title 1 of the California Government Code.

g. Equal Opportunity: During the performance of this Agreement, ATTORNEYS shall not unlawfully discriminate against any employee or employment applicant because of membership in any protected class as defined under California law.

h. Disputes: Any controversy or claim arising out of or relating to the provisions of this Agreement or the breach thereof shall be settled by arbitration in accordance with the Rules of the American Arbitration Association, unless the parties agree in writing to some other form of alternative dispute resolution.

i. Attorneys' Fees: In the event an action is commenced by a party to this Agreement against the other to enforce its rights or obligations arising from this Agreement, the prevailing party in such action, in addition to any other relief and recovered ordered by arbitration or the court, shall be to recover all statutory costs plus reasonable attorneys' fees.

j. Insurance and Proof of Coverage:

1. During the term of this Agreement ATTORNEYS shall maintain at ATTORNEYS' sole expense, the following minimum amounts insurance coverage: Workers Compensation coverage sufficient to meet the requirements of the California Labor Code; and Comprehensive General and Automobile Liability Insurance with combined single limits for bodily injury and property damage of not less than one million dollars ($1,000,000); and Errors and Omissions Liability Insurance or Professional Liability Insurance with limits of one million dollars($1,000,000) per claim or occurrence.

2. All policies must be primary and non-contributory with any insurance or self-insurance program carried or administered by the MDAQMD.

3. Any insurance coverage must waive all rights of subrogation against the MDAQMD, its officers, employees, agents, volunteers, contractors and subcontractors.

4. All insurance policies shall be with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California.

5. Within 30 days of the execution of this agreement, ATTORNEYS shall furnish certificates of insurance to MDAQMD evidencing the insurance coverage and including endorsements. The certificates shall provide that the insurance shall not be terminated or expire without thirty (30) days written notice to the MDAQMD and that ATTORNEYS shall maintain such insurance for the term of this Agreement.

6. The MDAQMD reserves the right to require complete, certified copies of all required insurance policies, at any time.

k. Copyright: If any material generated pursuant to this Agreement is subject to copyright the MDAQMD reserves the right to copyright it and ATTORNEYS agree not to copyright such material. If the material is not subject to copyright, MDAQMD reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish and use all information and products produced under this Agreement and to authorize others to do so.

5. PAYMENT:

MDAQMD agrees to pay, within thirty (30) days of receipt of ATTORNEYS billing charges for legal services provided at the rates listed in Exhibit A as attached hereto and incorporated herein by this reference. The rates contained in Exhibit A **shall be adjusted annually each July 1 to reflect the lesser of:** The previous year's average Consumer Price Index U (CPI-U) for the Los Angeles, Orange & Riverside County area (calculated by averaging the annual % change published each month by the Bureau of Labor Statistics for the period twelve months prior to April of each year); or the negotiated cost of living adjustment provided the MDAQMD employees on or about July 1 of such year. The rate adjustments shall be cumulative year to year for the duration of this agreement and any extensions thereto.

b. ATTORNEYS shall charge in increments of one tenth of an hour round off for each particular activity to the nearest one tenth of an hour. The minimum time charged for any particular activity will be one tenth of an hour.

c. ATTORNEYS **shall not bill more than twelve (10) hours per month without informing the MDAQMD** in writing of the reason and necessity of greater than that number of hours service.

d. MDAQMD agrees to pay costs directly associated with delivering the services described herein to ATTORNEYS upon billing for charges, including but not limited to fees fixed by law or assessed by public agencies, long distance telephone calls, messenger and other delivery fees, postage, investigation expenses, consultant's fees and similar items.

e. Travel expenses shall be reimbursed at the same rate and in the same manner as such are reimbursed for MDAQMD employees as set forth in MDAQMD Standard Practice 4-8.

f. ATTORNEYS shall obtain MDAQMD consent prior to retaining outside investigators or consultants.

g. ATTORNEYS shall submit an itemized billing for fees, costs and expenses on monthly or other periodic bases.

6. TERMINATION AND BREACH:

a. The MDAQMD reserves and has the right to immediately suspend, cancel or terminate this Agreement at any time upon written notice to ATTORNEYS. In the event of such termination, the MDAQMD shall pay ATTORNEYS for all authorized and invoiced services up to the date of such termination.

b. The MDAQMD may, by written notice of default to ATTORNEYS, terminate this contract in whole or in part if ATTORNEYS fails to: Perform the service within the time specified in this Agreement or any extension; or Make progress, so as to endanger performance of this Agreement; or Perform any of the other provisions of this Agreement.

c. The MDAQMD may exercise this right if ATTORNEYS do not cure such failure, to the satisfaction of the MDAQMD, within five (5) working days, after receipt of the written notice from the MDAQMD.

7. CONTRACT DOCUMENT:

a. This document shall represent the entire Agreement between MDAQMD and ATTORNEYS as to those matters contained herein. No prior oral or written understand shall be of any force or effect with respect to those matters covered by this document. This Agreement may not be

modified, altered or amended except by written mutual agreement by and between the parties. Any such modification, alteration or amendment will be attached hereto and incorporated as part of this document.

8. NOTICES: Any notice may be served upon either party by delivering it in person or by depositing it in the United States Mail, postage prepaid and addressed as set forth below:

CALDWELL, KENNEDY, & PORTER APC Attn: Ms. Jeanne Kennedy, Managing Partner 15476 West Sand Street Victorville, CA 92392-2349	MDAQMD Attn: Brad Poiriez, Executive Director/APCO 14306 Park Avenue Victorville, CA 92392-2310

Any notice given shall be deemed effective in the case of personal delivery upon receipt or in the case of mailing at the time of deposit in the norm course of business with the United States Postal Service.

9. SUCCESSORS AND ASSIGNS: All of the terms, conditions and provisions of this Agreement shall inure to the benefit of and be binding upon the MDAQMD, ATTORNEYS, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of ATTORNEYS under this Agreement may be assigned, transferred or otherwise disposed of without the prior written consent of the MDAQMD; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the MDAQMD shall be null, void and of no legal effect whatsoever.

10. GOVERNING LAW: This Agreement is to be governed by and constructed in accordance with the laws of the State of California.

11. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, acts of God, etc.

12. EFFECTIVE DATE: This agreement shall be effective as of the 23rd day of April, 2018.

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Dated: _____

_____
Chair of the Governing Board
Mojave Desert AQMD

Dated: _____

_____
Jeanne Kennedy, Managing Partner
Caldwell, Kennedy and Porter

Approved as to Legal Form:

Dated: _____

_____
Karen K. Nowak, District Counsel
Mojave Desert AQMD

Exhibit A:

Initial Service Rates (subject to CPI/COLA adjustments)

<u>For Services As Special Counsel to the MDAQMD Hearing Board:</u>

Jeanne Kennedy, Managing Partner	$350/hr
Rose C. Rosado	$300/hr
Paralegal	$175/hr
Legal Assistant	$100/hr

The following page(s) contain the backup material for Agenda Item: 1) Award grant funds to eligible projects as shown on Exhibit A; 2) Authorize the Executive Director/APCO to assign alternate grant funding to eligible projects if and when additional funding becomes available; and 3) authorize the Executive Director/APCO

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #5

DATE: April 23, 2018

RECOMMENDATION: 1) Award grant funds to eligible projects as shown on Exhibit A; 2) Authorize the Executive Director/APCO to assign alternate grant funding to eligible projects if and when additional funding becomes available; and 3) authorize the Executive Director/APCO to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the District Counsel.

SUMMARY: This item will award grant funds primarily from the Carl Moyer Program to eligible projects as shown on Table 1.

CONFLICT OF INTEREST: The parties to the agreements will be the District, District Board members and Officers, and CEMEX, ComAv Technical Services, Hinkley Dairy, Valley Wide Construction Services, Inc, Luz Solar Partners Ltd III, FPL Solary Energy Solar Partners III-IV, LLC, Joseph Deconinck Farming, each with their principals and agents.

BACKGROUND: The District has received and evaluated applications requesting grant funds toward projects eligible under the 2017 guidelines of the Carl Moyer Program. Each applicant proposes voluntary participation in the Carl Moyer Program to reduce emissions by retiring and replacing older off-road equipment which are identified in Exhibit A. The removal and destruction of the older off road equipment provides emission reductions that help reduce overall air pollutant emissions in the District.

In addition, the California Air Resources Board has identified additional grant funding for which the District may be eligible to grant for certain types of emissions reducing projects. If, during the process of negotiating contracts to implement the grants such additional funding becomes available the APCO would be authorized to substitute such alternative funding in whole or in part to fully fund the grant, or unobligated funds from the Carl Moyer Program for other projects.

REASON FOR RECOMMENDATION: Governing Board approval is required to fund grant projects in the Carl Moyer Program and to delegate to the Executive Director/APCO authority to negotiate and execute agreements with the grant recipient, and to utilize available and alternate funding.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about April 9, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director - Administration

Exhibit A

Available Grant Funds

The District has a Carl Moyer Program which periodically receives funds from the California Air Resources Board to fund eligible projects in the MDAQMD jurisdiction. The District has $1,488,590 available (after awarding $1,000,000 for a diesel/electric locomotive) from Program Years 17, 18, 19, and 20 (estimated).

In addition, $828,000 has been allocated (including an amount for administrative support) to the MDAQMD from funding described in AB 134. An amount yet to be finalized is expected from the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) program. In general, projects meeting Carl Moyer Program criteria are eligible for these funds. This item will authorize the Executive Director to assign the appropriate alternate funding source as these funds are released, allowing additional awards of Carl Moyer Program funds to projects indicated on the waiting list.

Applications have been evaluated and determined eligible are shown on Table 1 attached. These projects are prioritized according to the funds available at the time this item was prepared.

MDAQMD Current Off-Road Projects 3/29/2018

COMPANY APPLICANT	EXISTING EQUIPMENT DESCRIPTION	NEW EQUIPMENT	NEW EQUIPMENT COST	MAXIMUM AWARD	COST EFFECTIVENESS	EMISSION REDUCTIONS TONS/YR.	FUNDING SOURCE	RECOMMENDED FUNDING AWARD Up to and not exceeding:
CEMEX								
Project Submitted 2017	Replacement Project - 2009 Diesel Shuttlewagon SWX525 (Switcher)	2017 TM-4 LSM-280 AC Induction Motor All-Electric Shuttlewagon (Switcher)	$ 1,272,000.00	$1,208,400 based on $100,000 CE Limit	$69,170/ton	1.26	**AB 134**	$ 776,250
COMAV								
Project Submitted 2017	Replacement Project - 1992 Taylor TE520S Diesel Forklift 210 hp	2017 New Replacement 218 hp (Final Tier 4)	$ 204,725.00	$125,550 based on $18,260 CE Limit	$18,260/ton	1.42	MOYER	$ 125,550
Project Submitted 2017	Replacement Project - 1975 Grove IND-68 Diesel Crane 112hp	2017 New Replacement 140 hp (Final Tier 4)	$ 216,748.00	$173,398 based on $18,260 CE Limit	$11,849/ton	2.92	MOYER	$ 173,398
Project Submitted 2017	Replacement Project - 1976 International T300 Diesel Tug 197hp	2017 MARK VII Gasoline Tug 245 hp (Final Tier 4)	$ 233,700.00	$186,960 based on $18,260 CE Limit	$8,898/ton	4.33	MOYER	$ 186,960
Project Submitted 2017	Replacement Project - 1976 International T300SL Diesel Tug 197hp	2017 MARK VII Gasoline Tug 245 hp (Final Tier 4)	$ 233,700.00	$186,960 based on $18,260 CE Limit	$8,898/ton	4.33	MOYER	$ 186,960
HINKLEY DAIRY								
Project submitted 2018	Replacement Project - 1990 CAT Diesel Generator 282 hp	2017 LSI Alt. Fuel - Natural Gas Generator 268 hp	$ 69,741.00	$55,792 based on $18,260 CE Limit	$5,943/ton	0.99	MOYER	$ 55,792
VALLEY WIDE CONSTRUCTION SERVICES, INC.								
Project submitted 2018	Replace - 1999 New Holland Diesel Forklift 102 hp	2018 JCB 509-45TC 109 hp	$ 152,047.00	$121,638 based on $18,260 CE Limit	$17,450/ton	1.43	MOYER	$ 121,638
LUZ SOLAR PARTNERS								
Project submitted 2017	Replacement Project - 1980 CAT 3304 Diesel Loader 145hp	2018 CAT 938M Wheel Loader 181 hp (Final Tier 4)	$221,953.69	$177,562 based on $18,260 CE Limit	$8,289/ton	4.41	MOYER	$ 177,562
JOSEPH DECONINCK - FARMING								
Project submitted 2018	Replacement Project - 2005 Hesston 9260 Windrower 185 hp (Tier 2)	2018 MFWR 9960 Windrower 208 hp (Tier 4 Final)	$ 152,070.00	$121,205 based on $18,260 CE Limit	$18,260/ton	0.70	MOYER	$ 121,205
CITY OF BARSTOW								
Project submitted 2018	Replacement Project - 1993 Case 480F LL Skid Steer Loader 52 hp (Tier 0)	2018 Case 570N EP Skid Loader 74 hp (Tier 4 Final)	$ 89,187.00	$20,832 based on $30,000 CE Limit	$30,000/ton	0.15	MOYER	$ 20,832
FPL ENERGY SOLAR PARTNERS								
Project submitted 2017	Replacement Project -1991 Tadano TR-350XL Diesel Crane 220 hp	2018 Tadano Rough Terrain Crane 286 hp (Final Tier 4)	$ 479,000.00	$326,933 based on $18,260 CE Limit	$18,260/ton	3.69	MOYER	$ 326,933
								$ 1,496,8

TABLE 1

The following page(s) contain the backup material for Agenda Item: Authorize the acceptance of $828,000 under the FY 17-18 Community Air Protection (CAP) Program for the expenses necessary to implement AB 617 (C. Garcia, Chapter 136, Statues of 2017), and authorize the Executive Director/APCO to execute the agreement, ap

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #6

DATE: April 23, 2018

RECOMMENDATION: Authorize the acceptance of $828,000 under the FY 17-18 Community Air Protection (CAP) Program for the expenses necessary to implement AB 617 (C. Garcia, Chapter 136, Statues of 2017), and authorize the Executive Director/APCO to execute the agreement, approved as to legal form.

SUMMARY: This item formally accepts $828,000 allocated to the MDAQMD, and approves the District's participation in and compliance with the Community Air Protection Program (CAP Program).

CONFLICT OF INTEREST: None.

BACKGROUND: This grant award supports the required and related expenses necessary for the implementation of AB 617 and is consistent with the allocations approved by the California Air Pollution Control Officers Association (CAPCOA) Board on October 26, 2017. The MDAQMD Governing Board approved the funds and budget amendment January 22, 2018. At the time CAPCOA was the designated recipient of the funds to disburse to various districts. The California Air Resources Board has since determined that the funds will be distributed directly to air districts. This action will authorize the MDAMQD to receive the funds and participate in the program. In addition, the District commits to the terms and conditions of the CAP Program Guidelines. The Program is further described in Exhibit 1.

REASON FOR RECOMMENDATION: The CAP Program guidelines require that the District's governing body formally approve the acceptance of funds and commitment to the program's terms and conditions.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about April 9, 2018.

FINANCIAL DATA: The Governing Board action on January 22, 2018 acknowledged these funds and amended the MDAQMD FY 18 Adopted Budget; no additional appropriation is required.

PRESENTER: Jean Bracy, Deputy Director - Administration

Exhibit 1

Background

Named the Community Air Protection Program (CAP), this first-of-its-kind statewide effort includes community air monitoring and community emissions reduction programs. In addition, the Legislature has appropriated funding to support early actions to address localized air pollution through targeted incentive funding to deploy cleaner technologies in these communities, as well as grants to support community participation. CAP also includes new requirements for accelerated retrofit of pollution controls on industrial sources, increased penalty fees, and greater transparency and availability of air quality and emissions data, which will help advance air pollution control efforts throughout the State. This new authority provides an opportunity to continue to enhance our air quality planning efforts and better integrate community, regional, and State level programs to provide clean air for all Californians.

The program's focus is to reduce exposure in communities most impacted by air pollution. The District will work closely with CARB staff, community groups, community members, environmental organizations, and regulated industries to develop a new community-focused action framework for community air protection.

Actions to Date

The District has purchased 40 "purple air monitors" to initiate a community monitoring network which also serves the goals of this program. Distribution of the monitors is ongoing.

Staff also conducted a public workshop on March 28, 2018 to receive comment and answer questions from interested public; about 15 people attended.

The following page(s) contain the backup material for Agenda Item: Receive and file the Financial Report for FY18, through the month of February 2018, which provides financial information and budget performance concerning the fiscal status of the District. Presenter: Jean Bracy.

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #7

DATE: April 23, 2018

RECOMMENDATION: Receive and file.

SUMMARY: Receive and file the Financial Report for **FY18,** through the month of **February 2018,** which provides financial information and budget performance concerning the fiscal status of the District.

CONFLICT OF INTEREST: None

BACKGROUND: The Financial Report provides financial information and budget performance concerning the fiscal status of the District. The included reports reflect the business activities of the District for the period referenced *for all funds*. The target variance for February is 67% of Fiscal Year 2018.

The February financial statements (most recent available) indicate that the financial position for the District is sound yet close to the adopted budget estimates. Fiscal Year 18 Program Revenue from AB2766 will be received through October 2017, which explains the 49% received to date.

Expenditures in the General Fund (not included in these reports) are slightly above budget (70%) to date, and Personnel Expenses (64%) are slightly below budget. The Fiscal Year 18 Budget anticipated the use of the unassigned fund balance ($12,100) *if executed as adopted*. The District has experienced to date extraordinary but manageable expenses. An incident in July prompted the Executive Director to initiate onsite security services; a cost not budgeted in FY 18. Those services were terminated on November 22, 2017. Negotiated personnel expenses and costs associated with terminating employees were not included in budget development. Air Monitoring's remote stations have required additional maintenance. The District also has responded to new demands associated with recent legislation. Staff will continue to apprise the Board about how those costs, and associated legal support, will impact the budget performance. The District holds sufficient reserves to manage these cash expenditures.

The Finance Reports are attached.

REASON FOR RECOMMENDATION: Receive and file.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or before April 9, 2018.

FINANCIAL DATA: No change in appropriation is required at this time.

PRESENTER: Jean Bracy, Deputy Director / Administration

FINANCIAL REPORTS (attached)

BALANCE SHEET – GOVERNMENTAL FUNDS – This report is the District's financial picture (a "snapshot") as of the date of report including all funds. "Mobile Emissions" and "Carl Moyer" are totally restricted funds. The "Fiduciary Fund" is the District's OPEB (Other Post-Employment Benefits) and Pension Fund which is held in an irrevocable trust with PARS (Public Agency Retirement Services).

STATEMENT OF REVENUES & EXPENDITURES – This report describes the financial activities for each of the District's funds during the month indicated.

STATEMENT OF ACTIVITY – This report reflects the revenues received and expenses made in <u>all funds</u> for the month and the year to date against the adopted budget for FY 18. The line items "Program" and "Program Costs" refer to the revenue and those payments made from the District's grant funds (AB 2766 and Carl Moyer Fund).

Y-T-D Actual Column – The revenue and expenditures to date reflect the activity year to date for the General Fund *together with* the District's grant funds. When grant funds are expended they may be for amounts greater than what was received year to date because grants are often paid from the funds accumulated over a period of time. The Excess Revenue/Over Expenditures may reflect expenditures for the period exceeding the revenue for the period, creating a negative result the may imply expenses exceeding approved budget for the fiscal year.

This report for February indicates revenue exceeding expenses for FY 18 to date in the amount of $24,286.28. This reports the District's financial condition as a snapshot on February 28. As noted in the Background section of this agenda item, about $320,000 in AB 2766 and other revenue is yet to be received and recorded as revenue for FY 18.

CHECK REGISTERS – These reports list payments made for goods and services and fund transfers for the following District accounts since the last report to the Board:

WELLS FARGO OPERATING – This report lists the payments made from the District's primary operating account deposited at Wells Fargo Bank. The District issues payments in-house to a number of vendors. Periodically the account is reimbursed from the funds on deposit with the San Bernardino County Auditor/Controller. References to "Credit Card Transaction" indicate Visa payments received via a third party contractor for invoices usually relating to permit application or annual renewal fees.

GENERAL FUND MPA (San Bernardino County) – This account is held by the San Bernardino County Treasurer who is the custodian of District funds. Requests for reimbursement to the District's other accounts are made through the San Bernardino County Audit/Controller who is appointed the District's accounting officer, as set forth in the Health & Safety Code (§41245 and §41246).

AB2766 MPE (San Bernardino County) - This report lists the activity and payments made from the District's Grant Fund Account held in trust at the San Bernardino County. The items on these lists are included on the Statement of Activity as "Program Costs."

PARS Held in Trust – These separately report the activities related to the District's Other Post Employment Benefit (for retiree health benefits) Trust and Pension Trust.

BANK REGISTERS – DISTRICT CARDS – These reports show the purchases made using the District's MasterCard's. The items on these lists are the expenditure detail for the payments made to BUSINESS CARD as shown on the Check Register Wells Fargo Operating Account.

Mojave Desert AQMD
Balance Sheet - Governmental Funds
As of February 28, 2018

Financial Report

	General Fund	Mobile Emissions	Carl Moyer	Fiduciary Fund	Total
Assets					
Current Assets					
Cash	2,077,498.55	3,508,513.43	1,278,138.09	1,136,730.18	8,000,880.25
Cash Held For Other Fund	158,325.50	(40,862.28)	(163,894.08)	46,430.86	0.00
Receivables	910,008.08	0.00	879,249.00	0.00	1,789,257.08
Pre-Paids	59,452.64	0.00	0.00	0.00	59,452.64
Total Current Assets	**3,205,284.77**	**3,467,651.15**	**1,993,493.01**	**1,183,161.04**	**9,849,589.97**
Total Assets	**3,205,284.77**	**3,467,651.15**	**1,993,493.01**	**1,183,161.04**	**9,849,589.97**
Liabilities and Net Position					
Current Liabilities					
Payables	414,855.17	194,041.58	(58,537.82)	0.00	550,358.93
Accruals	17.65	0.00	0.00	0.00	17.65
Due to Others	500,525.00	(0.08)	0.00	0.00	500,524.92
Payroll Taxes Liability	15,272.61	0.00	0.00	0.00	15,272.61
Retirement	(6,758.63)	0.00	0.00	0.00	(6,758.63)
Health	(38,698.38)	0.00	0.00	0.00	(38,698.38)
Other Payroll Deductions	795.18	0.00	0.00	0.00	795.18
Unearned Revenue	7,417.10	0.00	1,967,994.35	0.00	1,975,411.45
Total Current Liabilities	**893,425.70**	**194,041.50**	**1,909,456.53**	**0.00**	**2,996,923.73**
Restricted Fund Balance	163,894.08	3,154,431.35	77,328.62	1,070,288.32	4,465,942.37
Cash Reserves	690,000.00	0.00	0.00	0.00	690,000.00
Building Improvements	200,000.00	0.00	0.00	0.00	200,000.00
Litigation Reserves	300,000.00	0.00	0.00	0.00	300,000.00
Budget Stabilization	250,000.00	0.00	0.00	0.00	250,000.00
Retirement Reserves	500,000.00	0.00	0.00	0.00	500,000.00
Unassigned Fund Balance	214,436.25	0.00	0.00	0.00	214,436.25
Compensated Absences	150,000.00	0.00	0.00	0.00	150,000.00
Pre Paid	59,250.00	0.00	0.00	0.00	59,250.00
Change in Net Position	(215,721.26)	119,178.30	6,707.86	112,872.72	23,037.62
Total Liabilities & Net Position	**3,205,284.77**	**3,467,651.15**	**1,993,493.01**	**1,183,161.04**	**9,849,589.97**

Mojave Desert AQMD

Statement of Revenues & Expenditures

For the Period Ending February 28, 2018

Financial Report

	General Fund	Mobile Emissions Program	Carl Moyer Program	Fiduciary Fund	Total Governmental Funds
Revenues					
Antelope Valley Air Quality Mngmnt Contract	94,941.08	0.00	0.00	0.00	94,941.08
Other Contracts	0.00	0.00	0.00	0.00	0.00
Application and Permit Fees	203,898.85	0.00	0.00	0.00	203,898.85
AB 2766 and Other Program Revenues	55,889.58	55,889.57	0.00	0.00	111,779.15
Fines	2,100.00	0.00	0.00	0.00	2,100.00
Investment Earnings	30.80	0.00	0.00	0.00	30.80
Federal and State	0.00	0.00	0.00	0.00	0.00
Other Revenue	428.00	0.00	0.00	0.00	428.00
Total Revenues	**357,288.31**	**55,889.57**	**0.00**	**0.00**	**413,177.88**
Expenditures					
Salaries and Benefits	432,273.93	0.00	0.00	3,945.66	436,219.59
Services and Supplies	47,599.31	28,696.79	0.00	0.00	76,296.10
Contributions to Other Participants	0.00	0.00	0.00	0.00	0.00
Capital Outlay Improvements and Equipment	0.00	0.00	0.00	0.00	0.00
Total Expenditures	**479,873.24**	**28,696.79**	**0.00**	**3,945.66**	**512,515.69**
Excess Revenue Over (Under) Expenditures	**(122,584.93)**	**27,192.78**	**0.00**	**(3,945.66)**	**(99,337.81)**

Mojave Desert AQMD

Statement of Activity - All Funds

For the Period Ending February 28, 2018

Financial Report

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
Revenues				
Revenue - Permitting	206,067.67	2,824,922.24	4,400,000.00	64.20
Revenue - Programs	111,779.15	823,551.33	2,424,008.00	33.97
Revenue - Application Fees	6,491.50	104,749.90	81,000.00	129.32
Revenue - State	0.00	170,805.82	178,000.00	95.96
Revenue - Federal	0.00	105,017.00	132,900.00	79.02
Fines & Penalties	2,100.00	41,025.00	82,000.00	50.03
Interest Earned	30.80	119,785.96	82,900.00	144.49
Revenue - Contracts & Unidentified	95,369.08	857,216.13	1,313,050.00	65.28
Permit Cancellations	(8,660.32)	(59,010.88)	0.00	0.00
Total Revenues	**413,177.88**	**4,988,062.50**	**8,693,858.00**	**57.37**
Expenditures				
Office Expenses	(71.02)	176,551.33	222,900.00	79.21
Communications	3,134.57	51,849.25	95,375.00	54.36
Vehicles	5,323.23	42,913.14	67,250.00	63.81
Program Costs	29,944.79	380,080.81	1,581,508.00	24.03
Travel	3,608.91	53,746.98	75,750.00	70.95
Professional Services	7,247.11	54,054.75	104,300.00	51.83
Depreciation	0.00	1,784.64	3,000.00	59.49
Maintenance & Repairs	10,811.37	56,598.32	87,350.00	64.79
Non-Depreciable Inventory	10,542.41	24,023.27	20,700.00	116.05
Dues & Subscriptions	2,548.72	24,925.89	42,350.00	58.86
Legal	1,489.40	30,222.33	61,096.00	49.47
Miscellaneous Expense	1,294.34	10,336.47	4,000.00	258.41
Suspense	422.27	(479.64)	0.00	0.00
Capital Expenditures	0.00	108,189.62	192,500.00	56.20
Total Expenditures	**76,296.10**	**1,014,797.16**	**2,558,079.00**	**39.67**
Salaries & Benefits				
Personnel Expenses	436,219.59	3,948,979.06	6,123,679.00	64.49
Total Salaries & Benefits	**436,219.59**	**3,948,979.06**	**6,123,679.00**	**64.49**
Excess Revenue Over (Under) Expenditures	**(99,337.81)**	**24,286.28**	**12,100.00**	**200.71**

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

Wells Fargo Operating

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
20130882	2/01/2018	Credit Card Transaction - FAA	0.00	301.60	709,950.57
ACH020118	2/01/2018	[10082] VOYA FINANCIAL (457)-PP03/18 457 Deduction Final pay Non EC Goree/Roberts 457 Deduction	37,881.75	0.00	672,068.82
ACH020118	2/01/2018	[14296] INTERNAL REVENUE SERVICE-PP03/18 - FITW, FICA, Med	23,544.11	0.00	648,524.71
ACH020118	2/01/2018	[14296] INTERNAL REVENUE SERVICE-Final Pay Goree/Roberts Non EC - FITW	1,169.83	0.00	647,354.88
ACH020118	2/01/2018	[14296] INTERNAL REVENUE SERVICE-Final Pay Vacation Time C. Robinson - FITW, FICA, Med	42.04	0.00	647,312.84
0007087	2/02/2018	[10263] IN SHAPE HEALTH CLUBS INC-Pay Period 03/2018 - GymDed	184.07	0.00	647,128.77
0007088	2/02/2018	[10244] PAUL'S PRECISION MAINTENANCE-Monthly Maintenance Contract	1,500.00	0.00	645,628.77
0007089	2/02/2018	[10129] PRAXAIR DISTRIBUTION INC-Cylinder rental Jan 2018	60.00	0.00	645,568.77
0007090	2/02/2018	[10126] SBCERA-Final Pay - Vacation - C. Robinson - SBCERADefer, SBCERAMatch, SBCERAPickUp	205.08	0.00	645,363.69
0007091	2/02/2018	[10126] SBCERA-Pay Period 03/2018 - SBCERADefer, SBCERAMatch, SBCERAPickUp, SurvivorInsBen, SurvivorInsDed, RetireCashBen	69,522.00	0.00	575,841.69
0007092	2/02/2018	[10213] SBPEA-Pay Period 03/2018 - GeneralUnitDues	493.57	0.00	575,348.12
0007093	2/02/2018	[15001] SBPIS-Pay Period 03/2018 - GeneralUnitMisc	184.17	0.00	575,163.95
0007094	2/02/2018	[10161] UNITED WAY DESERT COMMUNITIES-Pay Period 03/2018 - UnitedWay	5.00	0.00	575,158.95
BP020218	2/02/2018	Voya 401(a) Cont B. Pioriez Feb 2018	987.50	0.00	574,171.45
20130882	2/05/2018	Credit Card Transaction - Apollo Cultivation	0.00	274.00	574,445.45
0007095	2/06/2018	[10021] CAL PUBLIC EMP RETIREMENT SYSTEM-Invoices 100000015172876, 2017-26, 2018-01	41,562.81	0.00	532,882.64
0007096	2/06/2018	[02005] DESERT VALLEY MEDICAL GROUP-Pre Employment Screening - AQS Position	95.00	0.00	532,787.64
0007097	2/06/2018	[15028] FEDAK & BROWN LLP-Invoices F&B-013118, F&B013118-2	2,500.00	0.00	530,287.64
0007098	2/06/2018	[10075] HAWTHORN SUITES HOTEL VICTORVILLE-Lodging GB Member GB Meeting 01/22/18	95.23	0.00	530,192.41
0007099	2/06/2018	[10088] HI DESERT GARDENS INC-January 2018 Landscaping Maintenance	260.00	0.00	529,932.41
0007100	2/06/2018	[10079] HIGH DESERT LASER GRAPHICS-Name Plate - CN	9.70	0.00	529,922.71
0007101	2/06/2018	[14247] BARBARA LODS-Wellness Program Reimnursement	60.00	0.00	529,862.71
0007102	2/06/2018	[10094] MOJAVE PRINTING SOLUTIONS-Invoices 103906, 104018, 104032, 1103362	910.73	0.00	528,951.98
0007103	2/06/2018	[14218] ROSEANA NAVARRO-BRASINGTON-Invoices PO 546-1, po544	326.54	0.00	528,625.44
0007104	2/06/2018	[10109] PHELAN PINON HILLS CSD-Electric Use Fee Jan 2018	160.00	0.00	528,465.44
EFT	2/06/2018	[14256] BRAD A POIRIEZ-National Air Quality Conference 2017 Per Diems	295.00	0.00	528,465.44
0007105	2/06/2018	[10113] QUESTYS SOLUTIONS-Antelope Valley Questys LSX Module Install	3,200.00	0.00	525,265.44
0007106	2/06/2018	[10114] RAINBOW BUILDING MAINTENANCE-Custodial service Jan 2018	1,948.00	0.00	523,317.44
EFT	2/06/2018	[10117] RICOH AMERICAS CORP-Copier Lease 01/15/18 - 02/14/18	1,281.84	0.00	523,317.44
0007107	2/06/2018	[15044] SOUTH TECH SYSTEMS INC-Disclosure Docs / eDisclosure Software License Purchase Agreement.	2,392.83	0.00	520,924.61
0007108	2/06/2018	[10137] SOUTHWEST GAS CORP-Gas Service January 2018	302.71	0.00	520,621.90
0007109	2/06/2018	[10144] STANDARD INSURANCE-Invoices 2017-26, 2018-01, SII022018	1,127.60	0.00	519,494.30
0007110	2/06/2018	[14253] CATHERINE TRAN-NAWS2017 Inspection	143.00	0.00	519,351.30

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
20130882	2/09/2018	Credit Card Transaction - Parc Env	0.00	14.00	517,788.46
6866956	2/09/2018	Wage Works FSA Claim Payout	11.19	0.00	517,777.27
20130882	2/12/2018	Credit Card Transaction - Koelsch Env	0.00	274.00	518,051.27
6210-	2/13/2018	[10071] BUSINESS CARD-#6210 Feb 2018 Payment	2,861.00	0.00	515,190.27
4359-	2/13/2018	[10071] BUSINESS CARD-#4359 - Feb 2018 Payment	360.00	0.00	514,830.27
6232-	2/13/2018	[10071] BUSINESS CARD-#6232 - Feb 2018 Payment	2,059.21	0.00	512,771.06
4837-	2/13/2018	[10071] BUSINESS CARD-#4837 - Feb 2018 Payment	2,547.14	0.00	510,223.92
0357-	2/13/2018	[10071] BUSINESS CARD-#0357 - Feb 18 Payment	11.98	0.00	510,211.94
6251-	2/13/2018	[10071] BUSINESS CARD-#6251 - Feb 2018 Payment	103.20	0.00	510,108.74
7885-	2/13/2018	[10071] BUSINESS CARD-#7885 - Feb 2018 Payment	3,754.61	0.00	506,354.13
7908 -	2/13/2018	[10071] BUSINESS CARD-#7908 - Feb 18 Payment	319.59	0.00	506,034.54
0463-	2/13/2018	[10071] BUSINESS CARD-#0463 - Feb 2018 Payment	159.42	0.00	505,875.12
EFT	2/14/2018	Pay period ending 2/02/2018	89,947.23	0.00	415,927.89
6886523	2/14/2018	Wage Works FSA Claim Payout	425.45	0.00	415,502.44
6210 -	2/14/2018	[10071] BUSINESS CARD-#6210 - Feb 18 Payment 2	1,339.99	0.00	414,162.45
	2/14/2018	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-	5,070.98	0.00	409,091.47
0007111	2/15/2018	[10007] AIR TECH SERVICES-Service call 02/07/18 Relocate Thermostat in training Room	226.25	0.00	408,865.22
0007112	2/15/2018	[14302] ASSOC OF AIR POLLUTION CONTROL AGENCIES-2018 Local Dues to support the Associateion of Air Pollution Control Agencies.	1,250.00	0.00	407,615.22
0007113	2/15/2018	[10027] CAPCOA-2018 Board retreat registration	325.00	0.00	407,290.22
0007114	2/15/2018	[15040] CINTAS-Invoices 5010037614, 9022194502	134.58	0.00	407,155.64
0007115	2/15/2018	[14246] DANIEL CONCHO-Inspections in Needles and Parker. 1/30/2018 - 2/2/2018.	224.00	0.00	406,931.64
EFT	2/15/2018	[10065] ENTERPRISE FLEET MANAGEMENT-Fleet Maintenance Leases Feb 2018	3,323.62	0.00	406,931.64
0007116	2/15/2018	[15043] FAIR POLITICAL PRACTICES COMMISSION-Application to Obtain Certification of Electronic Filing System for Processing Statement of Interest Form 700 Submission Fee.	1,000.00	0.00	405,931.64
0007117	2/15/2018	[10263] IN SHAPE HEALTH CLUBS INC-Pay Period 04/2018 - GymDed	184.07	0.00	405,747.57
EFT	2/15/2018	[10093] MET ONE INSTRUMENTS-3 Room temp sensors for BAM 1020	842.75	0.00	405,747.57
EFT	2/15/2018	[10200] MOJAVE DESERT AQMD-Pay Period 04/2018 - FSADed	570.83	0.00	405,747.57
0007118	2/15/2018	[15042] CESAR NAVAS-Invoices PO563-1, PO564-1	400.00	0.00	405,347.57
0007119	2/15/2018	[15023] OLIVIA NESSIM-Inspections in Needles, Parker and Blythe	176.00	0.00	405,171.57
0007120	2/15/2018	[10101] NUTECH CARPET CARE-Carpet Cleaning Service	200.00	0.00	404,971.57
0007121	2/15/2018	[10244] PAUL'S PRECISION MAINTENANCE-Training Room Remodel	1,800.00	0.00	403,171.57
0007122	2/15/2018	[10129] PRAXAIR DISTRIBUTION INC-Pure air and Test gas mixture cylinders	1,033.33	0.00	402,138.24
0007123	2/15/2018	[14243] ORLANDO SALINAS DE LA ROSA-SBVC - Fall 2017	365.50	0.00	401,772.74
0007124	2/15/2018	[10126] SBCERA-Pay Period 04/2018 - SBCERADefer, SBCERAMatch, SBCERAPickUp, SurvivorInsBen, SurvivorInsDed, RetireCashBen	63,619.88	0.00	338,152.86
0007125	2/15/2018	[10213] SBPEA-Pay Period 04/2018 - GeneralUnitDues	494.66	0.00	337,658.20
0007126	2/15/2018	[15001] SBPIS-Pay Period 04/2018 - GeneralUnitMisc	184.17	0.00	337,474.03
0007127	2/15/2018	[10136] SOUTHERN CALIF EDISON-Electric Service Feb 2018	1,737.02	0.00	335,737.01
0007128	2/15/2018	[10145] STAPLES INC-Rolling Stool w/removable Backrest	84.03	0.00	335,652.98

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
0007129	2/15/2018	[10150] THE COUNSELING TEAM-EAP hours January 2018	360.00	0.00	335,292.98
0007130	2/15/2018	[10161] UNITED WAY DESERT COMMUNITIES-Pay Period 04/2018 - UnitedWay	4.00	0.00	335,288.98
0007131	2/15/2018	[10166] VERIZON BUSINESS-VOIP & Internet Service Feb 2017	1,196.12	0.00	334,092.86
0007132	2/15/2018	[10165] VERIZON CONFERENCING-TC Service Jan 2018	49.69	0.00	334,043.17
EFT	2/15/2018	[10173] VOYAGER FLEET SERVICE-Fuel Card Charges Jan 2018	683.45	0.00	334,043.17
0007133	2/15/2018	[10174] WEST GROUP-Invoices 837627133, 83770649	1,044.72	0.00	332,998.45
6896791	2/15/2018	Wage Works FSA Claim Payout	0.00	15.00	327,592.80
ACH021518	2/15/2018	[10082] VOYA FINANCIAL (457)-PP04/18 - 457 Deduction	9,158.51	0.00	318,434.29
20130893	2/16/2018	Credit Card Transaction - Kavry	0.00	935.82	319,370.11
20130893	2/16/2018	Credit Card Transactions - NASA Goldstone	0.00	838.60	320,208.71
2018013	2/16/2018	Op Fund Rep #13	0.00	462,020.68	782,229.39
6900282	2/16/2018	Wage Work FSA Claim Payout	50.83	0.00	782,178.56
20130893	2/20/2018	Credit Card Transaction - Union Pacific	0.00	3,891.92	786,070.48
0007134	2/22/2018	[10007] AIR TECH SERVICES-Qrtly Maintenance HVAC System	380.00	0.00	785,690.48
0007135	2/22/2018	[10057] ALLIED ADMIN-Invoices 2018-04, 2018-05, AA020618	2,301.98	0.00	783,388.50
0007137	2/22/2018	[10013] AT & T-Complaint Line Charges Jan 2018	40.51	0.00	783,347.99
EFT	2/22/2018	[10017] BEST BEST & KRIEGER LLP-Gen Counsel Services through 01/31/18	858.40	0.00	783,347.99
0007138	2/22/2018	[10031] CDW - G-Purchase Exchange 2016 and Associated Licenses	4,178.21	0.00	779,169.78
0007139	2/22/2018	[10094] MOJAVE PRINTING SOLUTIONS-Busines Cards R.O., K.H., J.C.	109.21	0.00	779,060.57
EFT	2/22/2018	[14256] BRAD A POIRIEZ-CAPCOA Board Meeting February 2018.	128.00	0.00	779,060.57
EFT	2/22/2018	[14256] BRAD A POIRIEZ-Airfare purchase for travel to the Association of Air Pollution Control Agencies 2018 Spring Meeting.	576.01	0.00	779,060.57
EFT	2/22/2018	[14256] BRAD A POIRIEZ-Reimbursement for annual physical per contract	1,381.00	0.00	779,060.57
0007140	2/22/2018	[15050] RICOH USA INC-Copy overage billing May 2017 through Jan 2018	5,442.07	0.00	773,618.50
0007141	2/22/2018	[10148] STRATEGIC PARTNERS GROUP - STRATEGIC PARTNERS GROUP-Legislative Services Feb 2018	2,200.00	0.00	771,418.50
0007136	2/22/2018	[14320] AQUA TERRA AERIS LAW GROUP-Profesional Litigation Enforcement through 1/30/18	1,252.50	0.00	767,222.59
ACH022318	2/23/2018	[14296] INTERNAL REVENUE SERVICE-PP04/18 - FITW, FICA, Med	18,944.55	0.00	748,278.04
ACH022318	2/23/2018	[14296] INTERNAL REVENUE SERVICE-PP05/18 - 3rd party Medical	54.12	0.00	748,223.92
6936561	2/25/2018	Wage Works FSA Claim Payout	301.00	0.00	747,922.92
20130894	2/26/2018	Credit Card Transaction - US Army	0.00	285.90	748,208.82
20130897	2/26/2018	Credit Card Transactions - Robertson's & GFL Rancho	0.00	3,014.00	751,222.82
0007142	2/27/2018	[10006] AIR & WASTE MANAGEMENT ASSOCIATION-AWMA Membership 2018	98.00	0.00	751,124.82
0007143	2/27/2018	[10021] CAL PUBLIC EMP RETIREMENT SYSTEM-Invoices 100000015205340, 2018-02, 2018-04	41,189.35	0.00	709,935.47
EFT	2/27/2018	[14304] JOHN E COLE-Attendance Governing Board Meeting Monday, February 26, 2018.	198.98	0.00	709,935.47
0007144	2/27/2018	[10228] JAMES L COX-Attendance Governing Board Meeting Monday, February 26, 2018.	100.00	0.00	709,835.47

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

Wells Fargo Operating

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
0007145	2/27/2018	[10222] JOSEPH DE CONINCK-Attendance Governing Board Meeting Monday, February 26, 2018.	100.00	0.00	709,735.47
0007146	2/27/2018	[10229] CARMEN HERNANDEZ-Attendance Governing Board Meeting Monday, February 26, 2018.	136.92	0.00	709,598.55
0007147	2/27/2018	[10076] HI DESERT WINDOW WASHING-Window washing service Feb 18	100.00	0.00	709,498.55
0007148	2/27/2018	[10079] HIGH DESERT LASER GRAPHICS-Employee Name Plates for Cubicles/ offices	265.07	0.00	709,233.48
0007149	2/27/2018	[14257] ROBERT J LEONE-Attendance Governing Board Meeting Monday, February 26, 2018.	181.32	0.00	709,052.16
0007150	2/27/2018	[10224] ROBERT LOVINGOOD-Attendance Governing Board Meeting Monday, February 26, 2018.	100.00	0.00	708,952.16
0007151	2/27/2018	[10244] PAUL'S PRECISION MAINTENANCE-Maintenance Contract Feb 2018	1,500.00	0.00	707,452.16
0007152	2/27/2018	[15025] V MANUEL PEREZ-Attendance Governing Board Meeting Monday, February 26, 2018.	100.00	0.00	707,352.16
0007153	2/27/2018	[15050] RICOH USA INC-Copy Overages Feb 2018	190.87	0.00	707,161.29
0007154	2/27/2018	[10223] BARBARA RIORDAN-Attendance Governing Board Meeting Monday, February 26, 2018.	151.36	0.00	707,009.93
0007155	2/27/2018	[10144] STANDARD INSURANCE-Invoices 2018-02, 2018-04, SI021618	1,156.19	0.00	705,853.74
0007156	2/27/2018	[15019] REBEKAH SWANSON-Attendance Governing Board Meeting Monday, February 26, 2018.	105.88	0.00	705,747.86
0007157	2/27/2018	[10149] TELEDYNE ADVANCED POLLUTION INSTRUMENTATION-Replacement Parts for AM Equipment	915.61	0.00	704,832.25
2018015	2/27/2018	OP Fund Rep #14	0.00	65,437.44	770,070.71
EFT	2/28/2018	Pay period ending 2/16/2018	93,183.94	0.00	676,886.77
	2/28/2018	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-	4,791.27	0.00	672,095.50
		Total for Report:	**574,856.43**	**537,302.96**	

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

General Fund MPA

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
20130887	2/05/2018	Daily Deposit	0.00	12,341.11	1,065,736.30
20130888	2/12/2018	Daily Deposit	0.00	16,119.80	1,081,856.10
20130889	2/12/2018	Daily Deposit	0.00	39,118.86	1,120,974.96
20130890	2/13/2018	Daily Deposit	0.00	116,771.01	1,237,745.97
2018018	2/13/2018	Transfer AB2766 - December 2017	55,889.56	0.00	1,181,856.41
20130893	2/16/2018	SBCO ACH - MDAQMD	0.00	570.83	1,182,427.24
2018013	2/16/2018	Op Fund Rep #13	462,020.68	0.00	720,406.56
20130892	2/20/2018	Daily Deposit	0.00	114,423.28	834,829.84
20130891	2/21/2018	SBCo ACH - Americold	0.00	307.63	835,137.47
20130895	2/26/2018	Daily Deposit	0.00	7,325.23	842,462.70
20130894	2/27/2018	Daily Deposit	0.00	30,278.01	872,740.71
2018015	2/27/2018	OP Fund Rep #14	65,437.44	0.00	807,303.27
		Total for Report:	**583,347.68**	**337,255.76**	

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

AB2766 MPE

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
2018018	2/13/2018	Transfer AB2766 - December 2017	0.00	55,889.56	3,508,513.43
		Total for Report:	**0.00**	**55,889.56**	

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

Clean Air Fund

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
0001001	2/16/2018	[10071] BUSINESS CARD-Feb 2018 Clean Air Fund CC Purchases	8,880.00	0.00	152,678.55
	2/28/2018	Interest Earned	0.00	30.80	152,709.35
		Total for Report:	**8,880.00**	**30.80**	

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

District Card - Assigned

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
	2/08/2018	[10825] ALAN DE SALVIO-	108.47	0.00	7,556.32
	2/11/2018	[14256] BRAD A POIRIEZ-	156.00	0.00	7,400.32
	2/12/2018	[11809] CHRIS COLLINS-	52.75	0.00	7,347.57
0000056	2/13/2018	Feb 2018 Payement	0.00	4,708.80	12,056.37
	2/16/2018	[10133] SKILLPATH-	199.00	0.00	11,857.37
	2/16/2018	[11809] CHRIS COLLINS-	24.43	0.00	11,832.94
	2/25/2018	[13961] JEAN BRACY-	47.97	0.00	11,784.97
	2/26/2018	[11809] CHRIS COLLINS-	13.88	0.00	11,771.09
	2/27/2018	[10145] STAPLES INC-	444.10	0.00	11,326.99
	2/27/2018	[11809] CHRIS COLLINS-	60.42	0.00	11,266.57
	2/28/2018	[11809] CHRIS COLLINS-	47.29	0.00	11,219.28
	2/28/2018	[11809] CHRIS COLLINS-	494.82	0.00	10,724.46
		Total for Report:	**1,649.13**	**4,708.80**	

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

District Card - 4837

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
	2/01/2018	[10055] HIGH DESERT MEDIA GROUP-	576.20	0.00	-577.18
0000052	2/13/2018	Feb 18 Payment	0.00	2,574.14	1,996.96
	2/14/2018	[15049] PURPLE AIR - ADRIONICS-	4,440.00	0.00	-2,443.04
0000053	2/16/2018	CAF Payment for CC Order 2/14/18	0.00	4,440.00	1,996.96
		Total for Report:	**5,016.20**	**7,014.14**	

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

District Card- 6210

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
	2/01/2018	[10066] PRESS ENTERPRISE-	372.60	0.00	-372.60
	2/01/2018	[10066] PRESS ENTERPRISE-	248.40	0.00	-621.00
	2/01/2018	[10066] PRESS ENTERPRISE-	480.60	0.00	-1,101.60
	2/01/2018	[10169] VERIZON WIRELESS SERVICES, LLC-	104.45	0.00	-1,206.05
	2/01/2018	[14356] CUBESMART-	268.00	0.00	-1,474.05
	2/01/2018	[14275] IRON MOUNTAIN INC (DR SERV)-	854.11	0.00	-2,328.16
	2/01/2018	[10116] IRON MOUNTAIN-	106.84	0.00	-2,435.00
	2/06/2018	[10169] VERIZON WIRELESS SERVICES, LLC-	108.62	0.00	-2,543.62
0000054	2/13/2018	Feb 18 Payment	0.00	2,861.00	317.38
0000055	2/14/2018	Feb 18 2nd Payment	0.00	1,339.99	1,657.37
	2/14/2018	[15049] PURPLE AIR - ADRIONICS-	4,440.00	0.00	-2,782.63
	2/15/2018	[10066] PRESS ENTERPRISE-	297.00	0.00	-3,079.63
0000056	2/16/2018	CAF Payment for CC Purchase Feb 18	0.00	4,440.00	1,360.37
		Total for Report:	**7,280.62**	**8,640.99**	

Mojave Desert AQMD

Bank Register from 2/01/2018 to 2/28/2018

District Card - 6232

Check/Ref	Date	Name/Description	Check Amount	Deposit Amount	Account Balance
	2/01/2018	[10044] CITY OF VICTORVILLE-	72.62	0.00	-2,127.89
	2/01/2018	[10138] SPARKLETTS-	3.94	0.00	-2,131.83
	2/06/2018	[15042] CESAR NAVAS-	88.95	0.00	-2,220.78
	2/06/2018	Credit Memo	0.00	12.00	-2,208.78
	2/07/2018	[10138] SPARKLETTS-	71.87	0.00	-2,280.65
	2/07/2018	[15023] OLIVIA NESSIM-	174.90	0.00	-2,455.55
	2/07/2018	[15042] CESAR NAVAS-	174.90	0.00	-2,630.45
0000050	2/13/2018	Feb 18 Payment	0.00	2,059.21	-571.24
	2/14/2018	[14231] BARBARA HAYES-	52.83	0.00	-624.07
	2/15/2018	[15023] OLIVIA NESSIM-	76.95	0.00	-701.02
	2/16/2018	[10044] CITY OF VICTORVILLE-	232.54	0.00	-933.56
	2/16/2018	[10044] CITY OF VICTORVILLE-	72.62	0.00	-1,006.18
	2/17/2018	[10033] CHARTER BUSINESS-	1,729.80	0.00	-2,735.98
	2/20/2018	[10044] CITY OF VICTORVILLE-	229.00	0.00	-2,964.98
	2/20/2018	[10044] CITY OF VICTORVILLE-	69.16	0.00	-3,034.14
	2/22/2018	[15042] CESAR NAVAS-	354.99	0.00	-3,389.13
	2/27/2018	[14221] ROBYN SIMPSON-	372.97	0.00	-3,762.10
	2/28/2018	[15046] RYAN ORR-	171.91	0.00	-3,934.01
		Total for Report:	**3,949.95**	**2,071.21**	

The following page(s) contain the backup material for Agenda Item: Receive and file the Legislative Report for April 6, 2018. Presenter: Brad Poiriez.

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #8

DATE: April 23, 2018

RECOMMENDATION: Receive and file.

SUMMARY: The Legislative Report for April 6, 2018.

CONFLICT OF INTEREST: None

BACKGROUND: Legislative actions proposed at the federal and state level have the potential to impact the implementation of the District's mission as well as its regulatory operations. An important tool for the District is to monitor the flood of information and its status which allows for comment early in the process and preparation for any changes that may be required. The District contracts this service and receives periodic reports with summaries to help sort the pertinent legislative proposals.

Strategic Partners Group (SPG) is the consultant to the District providing this service to monitor certain legislative and regulatory activities at the state and local level. Staff will direct questions to SPG regarding any of the material presented or follow up on any matter of interest to the Governing Board. Following the table of proposed legislation are several Articles of Interest of relevant information.

REASON FOR RECOMMENDATION: This item is provided for information subject to direction of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel, as to legal form and by Brad Poiriez, Executive Director, on or about April 9, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Brad Poiriez, Executive Director

STRATEGIC PARTNERS GROUP
Government Affairs and Communication Consulting

FRANK T. SHEETS, III
LAURIE HANSEN SHEETS

MEMORANDUM

TO: **Brad Poiriez**

FROM: **Frank Sheets**
Laurie Hansen

DATE: **April 6, 2018**

Strategic Partners Group is pleased to provide the Mojave Desert Air Pollution Control District our latest legislative report.

In this report we have included a new bill, AB 3232, Friedman. This bill proposes GHG standards for new and retrofit construction. The bill would require zero GHG emissions for new construction after 2030 and retrofit construction would be required to achieve 50% reductions from 1990 levels also by 2030. The bill has drawn objections from both the California Manufacturers and Technology Association as well as the California Chamber of Commerce. We have included a copy of the coalition opposition letter at the end of the Articles section to provide you a better understanding of these associations opposition to the measure.

There are two bills, SB 1162 and SB 1163, that have been amended to the degree their current subjects no longer are of interest to the District. These bills will be removed from future reports.

In our last report we expressed concerns about SB 1027 and implications on State employees regarding their personal GHG footprints. The bill has been amended to now suggest voluntary surveys of state employees regarding their commuting practices.

Very few of the bills on your tracking list have been set for hearing in their first committee. The deadline for bills to be passed out of their respective first policy committees to move on to the fiscal committees is April 27th. It soon will be crunch time for the Policy committees to hear and report bills out. Additionally remember, the legislature is in the 2nd year of a two-year session. Bills that do not make it out of their policy committees will be considered dead.

MDAQMD bills 2018
4/5/2018

AB 1745 (Ting D) Vehicles: Clean Cars 2040 Act.
Introduced: 1/3/2018
Status: 1/16/2018-Referred to Com. on TRANS.
Location: 1/16/2018-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/16/2018 2:30 p.m. - State Capitol, Room 4202 ASSEMBLY TRANSPORTATION, FRAZIER, Chair

Summary: Would, commencing January 1, 2040, prohibit the Department of Motor Vehicles from accepting an application for original registration of a motor vehicle unless the vehicle is a zero emissions vehicle, as defined. The bill would exempt from that prohibition, a commercial vehicle with a gross vehicle weight rating of 10,001 pounds or more, and a vehicle brought into the state from outside of the state for original registration, as specified.

Notes 1: This bill essentially bans the registration of new vehicles after Jan. 2040 unless they are zero emission vehicles.

AB 1775 (Muratsuchi D) State lands: leasing: oil and gas.
Introduced: 1/4/2018
Last Amend: 3/22/2018
Status: 4/2/2018-Re-referred to Com. on NAT. RES.
Location: 1/29/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY NATURAL RESOURCES, MURATSUCHI, Chair

Summary: Would prohibit the State Lands Commission or a local trustee, as defined, of granted public trust lands from entering into any new lease or other conveyance or from entering into any lease renewal, extension, or modification that authorizes a lessee to engage in any activity upon tidelands and submerged lands in the California Coastal Sanctuary that would result in the increase of oil or natural gas production from, or facilitate additional development of, or exploration for, oil or natural gas from, federal waters.

Notes 1: This bill is obviously a reaction to the Trump administration proposal to expand coastal oil and gas exploration.

AB 1901 (Obernolte R) California Environmental Quality Act: exemption: roadway projects.
Introduced: 1/22/2018
Status: 2/5/2018-Referred to Coms. on NAT. RES. and TRANS.
Location: 2/5/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: CEQA, until January 1, 2020, exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, as defined, if the project or activity is carried out by a city or county with a population of less than 100,000 persons to improve public safety and meets other specified requirements. This bill would extend the above exemption indefinitely.

Notes 1: We are including this Obernolte bill only to show the local legislator's interest in CEQA.

AB 1915 *(Mathis R) Building Homes and Jobs Act: recording fee: mining claims.*
Introduced: 1/23/2018
Status: 2/5/2018-Referred to Com. on H. & C.D.
Location: 2/5/2018-A. H. & C.D.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law imposes a charge, except as provided, of $75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, per each single transaction per single parcel of real property, not to exceed $225. Current law defines "real estate instrument, paper, or notice" for this purpose as a document relating to real property and specifies a nonexhaustive list of documents deemed to be a "real estate instrument, paper, or notice." This bill would exclude from this definition of "real estate instrument, paper, or notice," and thereby exempt from the recording fee, any document recorded in relation to a mining claim, as provided.

Notes 1: Although this is not an air bill, we include it because of the amount mining within the MDAQMD.

AB 1933 *(Maienschein R) Greenhouse Gas Reduction Fund: appropriations: recycling infrastructure projects.*
Introduced: 1/24/2018
Last Amend: 4/2/2018
Status: 4/3/2018-Re-referred to Com. on NAT. RES.
Location: 2/22/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY NATURAL RESOURCES, MURATSUCHI, Chair

Summary: Would appropriate $200,000,000 from the Greenhouse Gas Reduction Fund to the Department of Resources Recycling and Recovery for organic waste recycling infrastructure projects that reduce greenhouse gas emissions and solid waste recycling infrastructure projects that reduce greenhouse gas emissions.

Notes 1: Trying to get a boost for composting operations?

AB 1945 *(Garcia, Eduardo D) California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund: investment plan.*
Introduced: 1/29/2018
Last Amend: 3/15/2018
Status: 3/19/2018-Re-referred to Com. on NAT. RES.
Location: 3/15/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Air Resources Board to work with state agencies administering grant programs that allocate moneys from the Greenhouse Gas Reduction Fund to add specified cobenefits, to give specified communities preferential points during grant application scoring, and to allow applicants from the Counties of Imperial and San Diego to include daytime population numbers in grant applications.

AB 1975 *(Chu D) Nuisance: odors.*
Introduced: 1/31/2018
Last Amend: 4/2/2018
Status: 4/3/2018-Re-referred to Com. on NAT. RES.
Location: 2/8/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY NATURAL RESOURCES, MURATSUCHI, Chair

Summary: Would require the Department of Resources Recycling and Recovery, no later than July 1, 2019, to

establish the South Bay Interagency Odor Taskforce, with a specified membership, to identify sources of odor emissions and nuisance complaints based on odor emissions received by the Bay Area Air Quality Management District and the City of Milpitas, the City of Fremont, the City of Santa Clara, and the City of San Jose. The bill would require the taskforce, no later than January 1, 2020, to take specified actions, including, among others, developing and implementing a protocol for joint inspections of odor complaints by the air district and the enforcement agency represented on the taskforce.

Notes 1: SPG felt the District may be interested in a nuisance abatement bill specific to the Bay Area APCD. The bill has received some minor insignificant amendments.

AB 1981 *(Limón D) Organic waste: composting.*
Introduced: 1/31/2018
Last Amend: 3/15/2018
Status: 3/19/2018-Re-referred to Com. on NAT. RES.
Location: 3/15/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the California Environmental Protection Agency, in coordination with the Department of Resources Recycling and Recovery, the State Water Resources Control Board, the State Air Resources Board, and the Department of Food and Agriculture, to develop and implement policies to aid in diverting organic waste from landfills by promoting the composting of specified organic waste and by promoting the appropriate use of that compost throughout the state. This bill would additionally include the Department of Forestry and Fire Protection in the state agencies in coordination with which the California Environmental Protection Agency is required to develop and implement those policies.

AB 2006 *(Eggman D) Agricultural Worker Clean Transportation Investment Program.*
Current Analysis: 03/16/2018 Assembly Transportation (text 3/14/2018)
Introduced: 2/1/2018
Last Amend: 3/14/2018
Status: 3/20/2018-Coauthors revised. From committee: Do pass and re-refer to Com. on NAT. RES. (Ayes 13. Noes 0.) (March 19). Re-referred to Com. on NAT. RES.
Location: 3/19/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would establish the Agricultural Worker Clean Transportation Investment Program, which would be administered by the State Air Resources Board to fund the deployment of near-zero-emission and zero-emission vehicles, as defined, used for agricultural vanpools, as defined, serving disadvantaged or low-income communities, as defined, to reduce greenhouse gas emissions. The bill would authorize moneys from the Greenhouse Gas Reduction Fund to be available, upon appropriation, for allocation under the provisions of the program.

Notes 1: Another request for funds from the GHG fund.

AB 2008 *(Salas D) Income taxes: exclusion: Carl Moyer Memorial Air Quality Standards Attainment Programs grants.*
Current Analysis: 04/02/2018 Assembly Appropriations (text 3/20/2018)
Introduced: 2/1/2018
Last Amend: 3/20/2018
Status: 4/4/2018-In committee: Set, first hearing. Referred to suspense file.
Location: 3/21/2018-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, under both the Personal Income Tax Law and the Corporation Tax Law, exclude from gross income any amount provided to a taxpayer pursuant to the Carl Moyer Memorial Air Quality Standards Attainment Program, as provided, until January 1, 2024. The bill would require an air district to provide the taxpayer with a certification of the amount issued pursuant to the program, available upon request to the Franchise Tax Board, and to annually provide the Franchise Tax Board with a data file containing specified information relating to the program. By imposing new requirements on air districts, the bill would create a state-mandated local program.

Notes 1: This is a new Bill dealing with the Carl Moyer program and should be of interest to the District. The bill seems to add new reporting responsibilities for the District.

AB 2068 *(Chu D) Electricity: rates: public schools.*
Introduced: 2/7/2018
Last Amend: 4/3/2018
Status: 4/4/2018-Re-referred to Com. on U. & E.
Location: 2/16/2018-A. U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/18/2018 1:30 p.m. - State Capitol, Room 437 ASSEMBLY UTILITIES AND ENERGY, HOLDEN, Chair

Summary: Would require the Public Utilities Commission to coordinate with all electrical and gas corporations to evaluate the feasibility and economic impacts of establishing a public school electric and gas rate that would reflect a discount of at least 15% from the current rate structure. This report shall be submitted to the Legislature, by January 1, 2020, and includes specified requirements. 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.

AB 2091 *(Grayson D) Fire prevention: prescribed burns.*
Introduced: 2/7/2018
Last Amend: 3/12/2018
Status: 3/13/2018-Re-referred to Com. on NAT. RES.
Location: 2/16/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY NATURAL RESOURCES, MURATSUCHI, Chair

Summary: Would rename the State Board of Forestry and Fire Protection to the State Board of Forestry and Fire Prevention and Protection. The bill would additionally require members to have general knowledge of, interest in, and experience with fire prevention. The bill would require at least one member to be selected with a background and understanding of fire prevention, including prescribed fire. The bill would require the board to appoint a prescribed fire advisory committee, as provided, and would require the board to consult with the advisory committee on development of training, certification, and recertification of prescribed burn managers and organizations.

Notes 1: Several bills have been introduced dealing with forestry management. In our opinion, proper forest management is critical to successfully mitigate catastrophic wildfires and the resulting environmental impacts.

AB 2120 *(Quirk D) Fire: agricultural burning.*
Introduced: 2/8/2018
Status: 2/22/2018-Referred to Com. on NAT. RES.
Location: 2/22/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board to promulgate guidelines for the regulation and control of agricultural burning for each of the air basins established by the state board.This bill would require the regulations to include a technical discussion of the likely emissions trade-offs of planned prescribed fire or managed wildfire ignitions, as provided.

AB 2145 *(Reyes D) Vehicular air pollution.*
Current Analysis: 03/16/2018 Assembly Transportation (text 3/15/2018)
Introduced: 2/12/2018
Last Amend: 3/15/2018
Status: 3/20/2018-From committee: Do pass and re-refer to Com. on APPR. (Ayes 13. Noes 0.) (March 19). Re-referred to Com. on APPR.
Location: 3/20/2018-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would add as eligible projects for the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program those projects that support grid integration and integrated storage solutions and charging management demonstration and analytics. The bill would additionally require the energy commission, as part of the guidance developed for the program, to advise the State Air Resources Board on to how to allocate moneys for vehicle charging infrastructure consistent with the energy commission's investment plan strategies on charging infrastructure that is part of the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007. The bill instead would require the guidance to promote projects that assist the state in reaching its climate goals beyond 2030.

AB 2195 *(Chau D) Natural gas: out-of-state sources: greenhouse gases.*
Introduced: 2/12/2018
Last Amend: 3/15/2018
Status: 3/19/2018-Re-referred to Com. on NAT. RES.
Location: 3/15/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board to prepare, adopt, and update an inventory of greenhouse gas emissions that, prior to January 1, 2007, was required to be adopted and updated by the State Energy Resources Conservation and Development Commission. This bill would additionally require the state board to quantify, report, and continually update in that inventory of greenhouse gas emissions the amount of greenhouse gas emissions from natural gas leakage and venting during the production, processing, and transporting of natural gas imported into the state from out-of-state sources.

AB 2336 *(Salas D) Schoolbuses: retrofit and replacement.*
Introduced: 2/13/2018
Last Amend: 3/15/2018
Status: 3/19/2018-Re-referred to Com. on TRANS.
Location: 3/15/2018-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/16/2018 2:30 p.m. - State Capitol, Room 4202 ASSEMBLY TRANSPORTATION, FRAZIER, Chair

Summary: The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B at the November 7, 2006, general election, authorizes the issuance of $19.925 billion of general obligation bonds for specified purposes, including $200 million for schoolbus retrofit and replacement purposes. Current law requires the state board to allocate those bond moneys for the schoolbus retrofit and replacement program to air pollution control and air quality management districts by prioritizing the retrofit or replacement of the most polluting schoolbuses in small air districts first and then medium air districts, as specified. This bill instead would require the state board to prioritize the retrofit or replacement of the most polluting schoolbuses that operate in air districts that are designated federal extreme nonattainment, followed by small air districts, and then medium air districts, as specified.

AB 2346 *(Quirk D) California Renewables Portfolio Standard Program.*
Introduced: 2/13/2018
Status: 3/1/2018-Referred to Coms. on U. & E. and NAT. RES.
Location: 3/1/2018-A. U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Renewables Portfolio Standard Program requires the Public Utilities Commission to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total kilowatthours of those products sold to their retail end-use customers achieves 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. The commission is required to waive enforcement of the renewables portfolio procurement requirements if it finds that a retail seller demonstrates the existence of any of 4 specified conditions. This bill would explicitly authorize the commission to condition waiver of enforcement upon the retail seller purchasing replacement generating resources that result in the least amount of harm to the environment.

Notes 1: This bill seems provide a waiver from the requirements of the California's RPS goals if certain conditions exist.

AB 2365 (Acosta R) Vehicular air pollution: emissions standards: exemption.
Introduced: 2/14/2018
Last Amend: 3/22/2018
Status: 4/2/2018-Re-referred to Com. on TRANS.
Location: 3/22/2018-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would exempt from any regulation requiring the installation of air pollution control technology the engines used to power a crane that is part of a fleet of 25 or less cranes.

AB 2378 (Salas D) Greenhouse Gas Reduction Fund: report.
Introduced: 2/14/2018
Last Amend: 3/15/2018
Status: 3/19/2018-Re-referred to Com. on NAT. RES.
Location: 3/15/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Air Resources Board, in consultation with the State Department of Public Health, to submit a specified report, no later than January 1, 2020, to the Joint Legislative Budget Committee quantifying for each program that has received moneys from the Greenhouse Gas Reduction Fund the public health impacts of each of those programs.

AB 2381 (Carrillo D) Vehicles: emissions: certification, auditing, and compliance.
Introduced: 2/14/2018
Status: 3/1/2018-Referred to Coms. on NAT. RES. and TRANS.
Location: 3/1/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY NATURAL RESOURCES, MURATSUCHI, Chair

Summary: Would require the State Air Resources Board to enhance its certification, audit, and compliance activities for new motor vehicles to detect defeat devices or other software used to evade emissions testing, as specified. The bill would authorize the state board to impose a fee on the manufacturers of new motor vehicles to cover the state board's costs associated with the state board's certification, audit, and compliance activities.

AB 2453 (Garcia, Eduardo D) Air pollution: schools.
Introduced: 2/14/2018
Last Amend: 3/15/2018
Status: 3/19/2018-Re-referred to Com. on ED.
Location: 3/15/2018-A. ED.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/11/2018 1:30 p.m. - State Capitol, Room 4202 ASSEMBLY EDUCATION, O'DONNELL, Chair

Summary: The Leroy F. Greene School Facilities Act of 1998 requires the State Allocation Board to allocate to applicant school districts prescribed per-unhoused-pupil state funding for the construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition.This bill would authorize a grant for modernization under the act to be used to limit pupil exposure to harmful air pollutants by updating air filtration systems.

Notes 1: If passed this bill could result in new District responsibilities.

AB 2470 (Grayson D) Invasive species.
Introduced: 2/14/2018
Last Amend: 4/4/2018
Status: 4/4/2018-From committee chair, with author's amendments: Amend, and re-refer to Com. on AGRI. Read second time and amended.
Location: 3/5/2018-A. AGRI.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/11/2018 1:30 p.m. - State Capitol, Room 126 ASSEMBLY AGRICULTURE, CABALLERO, Chair

Summary: Would establish the Invasive Species Council of California, composed as prescribed, to help coordinate a comprehensive effort to exclude invasive species already established in the state. The bill would establish a California Invasive Species Advisory Committee to advise the council on a broad array of issues related to preventing the introduction of invasive species and providing for their control or eradication, as well as minimizing the economic, ecological, and human health impacts that invasive species cause.

Notes 1: The bill originally asked for funding for this program to be sourced from the GHG fund. Amendments have withdrawn that proposal.

AB 2506 (Burke D) State vehicle fleet: near-zero-emission vehicles.
Introduced: 2/14/2018
Last Amend: 4/2/2018
Status: 4/3/2018-Re-referred to Com. on A. & A.R.
Location: 3/8/2018-A. A. & A.R.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/11/2018 9:30 a.m. - State Capitol, Room 437 ASSEMBLY ACCOUNTABILITY AND ADMINISTRATIVE REVIEW, EGGMAN, Chair

Summary: Would require, beginning January 1, 2020, at least 30% of newly purchased vehicles with a gross vehicle weight rating of 19,000 pounds or more purchased by the department and other state entities for the state fleet to be near-zero emission, as defined.

Notes 1: Another move toward more state fleet zero emission vehicles.

AB 2572 (Calderon D) Pupil health: air quality.
Introduced: 2/15/2018
Status: 3/21/2018-In committee: Set, first hearing. Hearing canceled at the request of author.
Location: 3/8/2018-A. ED.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/25/2018 1:30 p.m. - State Capitol, Room 4202 ASSEMBLY EDUCATION, O'DONNELL, Chair

Summary: Current law requires the governing board of a school district to give diligent care to the health and physical development of pupils.This bill would require school districts to require pupils to remain indoors during school hours when the applicable air pollution control district or air quality management district has issued a public alert for an unhealthy or very unhealthy air quality day. By adding to the duties of school districts, this bill would impose a state-mandated local program.

AB 2645 (Patterson R) Greenhouse Gas Reduction Fund: forestry and fire prevention.
Introduced: 2/15/2018
Status: 3/8/2018-Referred to Com. on NAT. RES.
Location: 3/8/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, beginning in the 2019–20 fiscal year, continuously appropriate $74,805,000 from the Greenhouse Gas Reduction Fund annually to the Department of Forestry and Fire Protection for purposes of fire prevention activities that reduce greenhouse gas emissions.

Notes 1: Another request for significant funds from the GHG fund for forestry management in California.

AB 2672 *(Patterson R) California Global Warming Solutions Act of 2006: wildfires.*
Introduced: 2/15/2018
Status: 3/8/2018-Referred to Com. on NAT. RES.
Location: 3/8/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
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Summary: Would require the State Air Resources Board, in consultation with the Department of Forestry and Fire Protection, to annually submit a specified report to the Legislature that includes, among other things, an estimate of the annual emissions of greenhouse gases associated with wildfires in the state that have burned 10,000 acres or more and a direct comparison of that estimate to the emissions of greenhouse gases offset by the state board's applicable regulatory programs.

Notes 1: Assemblymenber Patterson is obviously interested in forestry management, but he also wants to know what the emissions impact is of wildfires compared to typically regulated sources. Perhaps not a bad idea.

AB 2809 *(Patterson R) California Renewables Portfolio Standard Program: hydroelectric generation facilities.*
Introduced: 2/16/2018
Status: 4/3/2018-In committee: Set, first hearing. Hearing canceled at the request of author.
Location: 3/8/2018-A. U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would revise the definition of an eligible renewable energy resource for the purposes of the California Renewables Portfolio Standard Program to include hydroelectric generation facilities of greater than 30 megawatts, as specified. The bill would also make conforming changes.

Notes 1: Assemblymember Patterson is arguing hydro projects in excess of 30 MW should be classified as renewable!

AB 2814 *(Gray D) California Renewables Portfolio Standard Program: hydroelectric generation facilities.*
Introduced: 2/16/2018
Status: 3/20/2018-In committee: Set, first hearing. Hearing canceled at the request of author.
Location: 3/8/2018-A. U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would revise the definition of an eligible renewable energy resource for the purposes of the California Renewables Portfolio Standard Program to include hydroelectric generation facilities of greater than 30 megawatts, as specified. The bill would also make conforming changes.

Notes 1: Assemblymember Gray is also making the same argument as Member Patterson is doing.

AB 2885 *(Rodriguez D) Air Quality Improvement Program: Clean Vehicle Rebate Project.*
Introduced: 2/16/2018
Last Amend: 4/2/2018
Status: 4/3/2018-Re-referred to Com. on TRANS.
Location: 3/8/2018-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 4202 ASSEMBLY TRANSPORTATION, FRAZIER, Chair

Summary: Would, beginning January 1, 2019, require the State Air Resources Board, for purposes of the Clean Vehicle Rebate Project, to provide outreach to low-income households and disadvantaged communities to increase consumer awareness of the rebate project and to prioritize rebate payments to both low-income applicants and applicants that have eligible vehicles registered in disadvantaged communities, with the highest priority to be granted to applicants who are low-income and with the second highest priority to be granted to applicants who have eligible vehicles registered in disadvantaged communities.

AB 3001 *(Bonta D) Zero-emissions buildings and sources of heat energy.*

Introduced: 2/16/2018
Last Amend: 4/3/2018
Status: 4/4/2018-Re-referred to Com. on NAT. RES.
Location: 3/12/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY NATURAL RESOURCES, MURATSUCHI, Chair

Summary: Would require the Energy Commission to provide compliance incentive credit for measures that result in reduced emissions of greenhouse gases beyond those the commission has determined to be cost effective. The bill would require the Energy Commission, for the year 2022 and thereafter, to require new residential and nonresidential buildings to be electric-ready buildings, as defined, and to develop standards pursuant to which emissions of greenhouse gases associated with new residential and nonresidential buildings could be reduced in a cost-effective manner.

AB 3020 *(Flora R) California Environmental Quality Act: exemption.*
Introduced: 2/16/2018
Last Amend: 3/22/2018
Status: 4/2/2018-Re-referred to Com. on NAT. RES.
Location: 3/22/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would expressly exempt from CEQA projects undertaken, carried out, or approved by a public agency to maintain, repair, restore, demolish, or replace properties or facilities damaged or destroyed as a result of fire or flood in a disaster-stricken area and would eliminate the requirement that a state of emergency has been declared for that area. The bill would exempt from CEQA specific actions necessary to reduce the threat or intensity of a wildfire. Because a lead agency would be required to determine whether a project falls within these exemptions, this bill would impose a state-mandated local program.

AB 3070 *(Carrillo D) California Global Warming Solutions Act of 2006.*
Introduced: 2/16/2018
Status: 2/17/2018-From printer. May be heard in committee March 19.
Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act requires the state board to consult with other states, the federal government, and other nations to identify the most effective strategies and methods to reduce greenhouse gases, manage greenhouse gas control programs, and facilitate the development of integrated and cost-effective regional, national, and international greenhouse gas reduction programs. This bill would make technical, nonsubstantive changes to these provisions.

AB 3107 *(Baker R) State Air Resources Board: regulations.*
Introduced: 2/16/2018
Status: 2/17/2018-From printer. May be heard in committee March 19.
Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board to adopt rules and regulations relating to vehicular emissions standards, as specified, that will achieve the ambient air quality standards required by federal law in conjunction with other measures adopted by the state board, air pollution control and air quality management districts, and the United States Environmental Protection Agency. Current law requires the state board to adopt and enforce rules and regulations that anticipate the development of new technologies or the improvement of existing technologies if necessary to carry out its duty. This bill would make a technical, nonsubstantive change to this provision.

AB 3113 (Fong R) California Global Warming Solutions Act of 2006.
Introduced: 2/16/2018
Status: 2/17/2018-From printer. May be heard in committee March 19.
Location: 2/16/2018-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
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Summary: The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with the act.This bill would make a technical, nonsubstantive change to that provision.

AB 3187 (Grayson D) Biomethane: solid waste facility permits: gas corporations: rates: interconnection.
Introduced: 2/16/2018
Last Amend: 3/19/2018
Status: 4/2/2018-Re-referred to Coms. on U. & E. and NAT. RES. pursuant to Assembly Rule 96.
Location: 4/2/2018-A. U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/18/2018 1:30 p.m. - State Capitol, Room 437 ASSEMBLY UTILITIES AND ENERGY, HOLDEN, Chair

Summary: Current law requires the Department of Resources Recycling and Recovery to identify and recommend actions to address permitting and siting challenges associated with composting and anaerobic digestion and to encourage the continued viability of the state's organic waste processing and recycling infrastructure, in partnership with the California Environmental Protection Agency and other specified state and regional agencies. This bill would require the department to streamline the permitting process for anaerobic digestion facilities to allow holders of solid waste facility permits to modify those permits to include anaerobic digestion facilities.

AB 3201 (Daly D) California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.
Introduced: 2/16/2018
Last Amend: 3/22/2018
Status: 4/2/2018-Re-referred to Com. on TRANS.
Location: 3/22/2018-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 4202 ASSEMBLY TRANSPORTATION, FRAZIER, Chair

Summary: Current law, for the purposes of the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, defines zero- and near-zero-emission to mean vehicles, fuels, and related technologies that reduce greenhouse gas emissions and improve air quality when compared with conventional or fully commercialized alternatives, as defined by the state board in consultation with the commission. This bill would add large-scale deployments to the program's list of eligible projects, require the annual framework and plan for the program to instead be a 5-year framework and plan, and revise the definition of zero- and near-zero-emission to include infrastructure that reduces greenhouse gas emissions and improves air quality when compared with conventional or fully commercialized alternatives.

AB 3232 (Friedman D) Zero-emissions buildings and sources of heat energy.
Introduced: 2/16/2018
Last Amend: 4/2/2018
Status: 4/3/2018-Re-referred to Com. on NAT. RES.
Location: 3/15/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/9/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY NATURAL RESOURCES, MURATSUCHI, Chair

Summary: Would require the commission, by January 1, 2020, to establish a plan to achieve the goal that all new

residential and nonresidential buildings built on or after January 1, 2030, to be zero-emission buildings, as defined, and to develop a strategy to achieve the goal that the emissions of greenhouse gases from the state's residential and nonresidential building stock shall be reduced to at least 50% below 1990 levels by January 1, 2030.

Notes 1: For some reason this bill did not come up during our original review. We are now including it on your list. The bill calls for zero emissions from new construction, both residential and non residential, by 2030. The bill also establishes the goal of reducing emissions from the existing stock of buildings in the state by 50% by the same date. Regarding retrofits, the bill suggests the 50% reduction in emissions from existing structure be accomplished in 18 years.

SB 701

(Hueso D) Salton Sea Obligations Act of 2018.
Current Analysis: 08/21/2017 Assembly Appropriations (text 7/3/2017)
Introduced: 2/17/2017
Last Amend: 7/3/2017
Status: 9/1/2017-September 1 hearing: Held in committee and under submission.
Location: 8/23/2017-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would enact the Salton Sea Obligations Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in the amount of $500,000,000 pursuant to the State General Obligation Bond Law to finance a program to comply with specified state obligations relating to the Salton Sea. This bill would provide for the submission of these provisions to the voters at the November 6, 2018, statewide general election.

Notes 1: We felt important to convey that this bond measure dealing with remediation of the Salton Sea is still under consideration.

SB 1013

(Lara D) Fluorinated refrigerants.
Current Analysis: 04/02/2018 Senate Environmental Quality (text 3/15/2018)
Introduced: 2/6/2018
Last Amend: 3/15/2018
Status: 4/5/2018-Action From RLS.: Read second time.Re-referred to RLS..
Location: 4/5/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/5/2018 #4 SENATE SEN SECOND READING FILE - SENATE BILLS

Summary: Current law prohibits the manufacture and sale of specified chlorofluorocarbons (CFCs) as aerosol propellants, limits the percentage of new motor vehicles equipped with air-conditioners that utilize CFC-based products, requires the State Air Resources Board to adopt regulations to provide for the enforcement of those provisions, and imposes a civil penalty on persons violating those provisions. This bill would apply all restrictions on the use of class I substances, as defined, and class II substances, as defined, under the federal Clean Air Act, as it read on January 19, 2017, except as specified.

Notes 1: This is a newly introduced bill that the District should be interested in tracking.

SB 1014

(Skinner D) Zero-emission vehicles.
Current Analysis: 04/02/2018 Senate Energy, Utilities And Communications (text 3/22/2018)
Introduced: 2/6/2018
Last Amend: 3/22/2018
Status: 4/4/2018-Set for hearing April 17.
Location: 2/14/2018-S. E. U., & C.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/17/2018 9 a.m. - Room 3191 SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Would require the Public Utilities Commission, in consultation with the State Air Resources Board, to establish the California Clean Miles Standard and Incentive Program for zero-emission vehicles, as defined, used by participating drivers to provide prearranged transportation services for compensation for a transportation network company with the goal to increase the percentage of passenger miles provided by zero-emission vehicles used on behalf of transportation network companies so that 100% of the passenger miles are provided by zero-emission

vehicles by December 31, 2028.

SB 1027

(Pan D) State employee survey.
Current Analysis: 04/02/2018 Senate Environmental Quality (text 3/12/2018)
Introduced: 2/7/2018
Last Amend: 3/12/2018
Status: 4/4/2018-From committee: Do pass and re-refer to Com. on APPR. (Ayes 6. Noes 0.) (April 4). Re-referred to Com. on APPR.
Location: 4/4/2018-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of General Services, in consultation with the State Air Resources Board, to update a specified voluntary survey on state employee commutes by July 1, 2020, and at least once every 5 years thereafter, to include calculations for associated greenhouse gas emissions, as specified. The bill would require the department to report the findings to the Legislature, Governor, and all state agencies. The bill would require the department and the state board to develop incentives to increase state employees' voluntary participation in the survey.

Notes 1: Senator Pan's bill has been significantly watered down. The latest amendments now call for the a voluntary survey of state employees to determine their personal commute habits and potential reduction GHG emissions.

SB 1162

(Pan D) Capitol area planning: height limits.
Introduced: 2/14/2018
Last Amend: 3/19/2018
Status: 4/4/2018-Re-referred to Com. on G.O.
Location: 4/4/2018-S. G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
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Summary: Current law provides that the Capitol Area Plan is the official state master plan for development in the central city of the City of Sacramento. The Capitol View Protection Act requires specified height and setback requirements in specified areas surrounding Capitol Park. The act, among other things, requires a height limit of 120 feet for the blocks between L Street on the north, 17th Street on the east, N Street on the south, and 16th Street on the west.This bill, instead, would designate Matsui Alley as the southern boundary of that area with the height limit of 120 feet.

Notes 1: SB 1162 originally was a bill dealing with air quality issues but has now been significantly amended and deals with building heights. This bill will be removed from the District's list in future reports.

SB 1163

(Galgiani D) Postmortem examination or autopsy: unidentified body or human remains: medical examiner: attending physician and surgeon.
Introduced: 2/14/2018
Last Amend: 4/3/2018
Status: 4/3/2018-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.
Location: 2/14/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
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Summary: Current law makes a postmortem examination or autopsy conducted at the discretion of a coroner, medical examiner, or other agency upon an unidentified human body or human remains subject to certain specified provisions of law. This bill would require a postmortem examination or autopsy upon an unidentified body or human remains to only be conducted by an attending physician and surgeon or chief medical examiner who is a board-certified forensic pathologist.

Notes 1: As with SB 1162 this bill has been significantly amended. The bill originally dealt with ready mixed concrete trucks and now deals with postmortem examinations. The bill will be removed from future District reports.

SB 1169 (Anderson R) Violations: penalties and fines: wildfire incidents.
Introduced: 2/14/2018
Status: 3/29/2018-Set for hearing April 17.
Location: 2/22/2018-S. E. U., & C.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/17/2018 9 a.m. - Room 3191 SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: The Public Utilities Act provides for the assessment of criminal fines and civil penalties for violations of the act or an order, decision, rule, direction, demand, or requirement of the commission. Current law requires that fines and penalties imposed by the Public Utilities Commission pursuant to the act be paid to the General Fund. This bill would require that 10% of any penalty or fine for a violation of the act, or any rule, regulation, general order, or order of the commission, related to the role a utility company, or its facilities or equipment, played in the starting of a wildfire incident shall be deposited into the Wildfire Incident Penalty and Fine Fund, as created by this bill.

Notes 1: Has implications to SCE.

SB 1277 (Hueso D) Salton Sea: governance.
Introduced: 2/16/2018
Status: 3/1/2018-Referred to Com. on RLS.
Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation that would create a governance and administrative structure to manage the day-to-day implementation of the Salton Sea Management Program.

SB 1330 (Fuller R) Toxic air contaminants.
Introduced: 2/16/2018
Status: 3/1/2018-Referred to Com. on RLS.
Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board to identify toxic air contaminants that are emitted into the ambient air of the state and to establish airborne toxic control measures to reduce emissions of toxic air contaminants from nonvehicular sources.This bill would make technical, nonsubstantive changes to those provisions.

SB 1350 (Stern D) Climate change: research, development, and demonstration: financial assistance.
Introduced: 2/16/2018
Status: 3/8/2018-Referred to Com. on RLS.
Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation to establish a new model for providing agile financial assistance for research, development, and demonstration of climate change mitigation technologies with transformational potential. This bill contains other existing laws.

SB 1463 (Moorlach R) California Global Warming Solutions Act of 2006: scoping plan: Greenhouse Gas Reduction Fund.
Introduced: 2/16/2018
Last Amend: 3/22/2018
Status: 4/4/2018-Re-referred to Coms. on EQ. and GOV. & F.
Location: 4/4/2018-S. E.Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in

greenhouse gas emissions and to update the scoping plan at least once every 5 years. This bill would require the state board to include greenhouse gas emissions from wildlands and forest fires in the scoping plan.

SB 1478 ***(Leyva D) California Global Warming Solutions Act of 2006.***
Introduced: 2/16/2018
Status: 3/8/2018-Referred to Com. on RLS.
Location: 2/16/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with the act.This bill would make a technical, nonsubstantive change to that provision.

Total Measures: 49

Total Tracking Forms: 49

Articles of Interest:

California attorney general ordered to rewrite description of cap-and-trade cash plan, Proposition 70

The official title for Proposition 70, a ballot measure laying out rules for future climate change revenues collected by the state, must be rewritten after a Sacramento judge agreed with a Republican lawmaker that voters in June would otherwise be misled.

Assemblyman Chad Mayes (R-Yucca Valley) filed the lawsuit last week calling the ballot title “both wrong and highly prejudicial” for the proposed amendment to the California Constitution. Mayes was the GOP leader of the Assembly during last year’s negotiation over extending the state’s cap-and-trade program, which passed the Legislature with support from eight Republican lawmakers.

Proposition 70 would require the Legislature to take a one-time vote in 2024 on how revenues collected from cap-and-trade are spent. Those dollars come from companies that pay money for any emissions beyond the "cap" imposed by state regulators. Revenues collected from those emission allowances have added up to almost $5 billion to date. The spending plan would require a supermajority vote in both the state Senate and Assembly.

The ballot title written by state Atty. Gen. Xavier Becerra suggested to voters that Proposition 70 would have a negative impact on the environment. That title was "Limits Legislature's Authority To Use Cap-and-Trade Revenue To Reduce Pollution."

“Proposition 70 in no way changes the purposes for which the funds can be used,” Mayes wrote in a legal brief filed last Friday.

Sacramento Superior Court Judge Allen Sumner agreed with Mayes and ordered that the title should be changed. The Monday ruling instructs Becerra and state elections officials to change Proposition 70’s title to “Requires Legislative Supermajority Vote Approving Use of Cap-and-Trade Reserve Fund.”

The ruling comes as a number of Democrats are lining up to defeat Proposition 70, even though Gov. Jerry Brown and the party’s legislative leaders voted for the ballot measure last summer. Brown has also signed the official argument in support of the proposition that will appear in the statewide voter information guide.

Critics have long suggested the duty of writing titles and summaries for statewide ballot measures would be better handled by the nonpartisan Legislative Analyst's Office. Becerra, who was appointed in December 2016 to replace Sen. Kamala Harris, told legislators during his confirmation hearings that he believed in fairness when it comes to writing the ballot summaries.

"I know many of you will be reading over my shoulders," Becerra told assembly members in January 2017. "And I understand the importance of a word."

Senate Republican Leader Bates Partners with Governor Brown and Legislative Leaders to Address the Impacts of Natural Disasters and Climate Change

Tuesday, March 13, 2018

SACRAMENTO – Following a year of devastating floods, fires, mudslides and other extreme weather, Senate Republican Leader Patricia Bates (*R-Laguna Niguel*) joined Governor Edmund G. Brown, Jr. and other legislative leaders: Senate President pro Tempore Kevin de León (*D-Los Angeles*), Assembly Speaker Anthony Rendon (*D-Lakewood*), Assembly Republican Leader Brian Dahle *(R-Bieber*) and Senate President pro Tempore-designate Toni Atkins (*D-San Diego*) in partnering on solutions this year that will make California more resilient against the impacts of natural disasters and climate change.
"It is critical we take strong and comprehensive action to protect all Californians from the threat of natural disasters and climate change," said the leaders.

The administration will work closely with legislative leaders and the Joint Legislative Committee on Emergency Management, as well as the relevant standing policy committees to craft solutions to:

- Modernize vegetation and forest management practices for fire prevention and carbon sequestration;
- Ensure utility and public infrastructure is designed, constructed and operated to maximize resiliency to extreme weather events and natural disasters;
- Enhance the emergency response system, including consideration of mutual aid resources, telecommunications, 911 systems, and community needs, particularly in low-income and vulnerable rural and urban communities;
- Examine the availability of insurance products in high wildfire areas in light of increased risks from climate change, and;
- Update liability rules and regulations for utility services in light of changing climate and the increased severity and frequency of weather events.
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This work will give state and local governments effective tools to reduce risks and enhance the resiliency of communities and infrastructure. It builds on the ongoing work by the Legislature and administration – alongside the federal government, private sector, non-governmental organizations, community members and other stakeholders – to improve fire threat evaluation, hazard mitigation, carbon storage capacity and tree mortality and forest management practices.

Eight of the state's most destructive fires have occurred in the past five years. This winter's Thomas fire in Ventura and Santa Barbara counties was the largest in recorded history. The mudslides that followed were among the most lethal the state has ever encountered.

'Come aboard' high-speed rail project, Jerry Brown tells Donald Trump

BY ALEXEI KOSEFF
March 12, 2018 06:00 AM

Ahead of President Donald Trump's first visit to California this week, Gov. Jerry Brown solicited his support for the state's troubled high-speed rail project.

"You have lamented that 'we don't have one fast train' in our country. Well, Mr. President, in California we are trying to fix that," Brown wrote in a letter Monday. "We have a world-class train system under construction. We invite you to come aboard and truly 'Make America Great Again.'"

The San Francisco-to-Los Angeles bullet train, approved by voters in 2008, has become a legacy project for California's four-term governor, even as major financing and logistical problems have beset it. Construction for the train began in Fresno in 2015, but that first segment through the Central Valley is not yet fully funded. Meanwhile, the estimated cost of the entire route soared again to $77 billion in a new business plan released last Friday, and the completion date was pushed back another four years to 2033.

The project, however, provides a potential opportunity for cooperation between Democrat Brown and Republican Trump, who has publicly expressed his admiration for high-speed rail lines in other countries. California has otherwise clashed viciously with the federal government, particularly on immigration issues.

'A declaration of war': Trump eyes fight with California over car pollution

BY DALE KASLER
dkasler@sacbee.com
March 13, 2018

California plans to slash greenhouse gas emissions from cars. Nationally, the Trump administration wants to ease up on those restrictions to make life easier for automakers.

On Tuesday, after nearly a year of negotiations, the possibility of a compromise appeared to go up in smoke.

Scott Pruitt, administrator for the U.S. Environmental Protection Agency, indicated Tuesday he's ready to fight California over the amount of allowable emissions of carbon dioxide and other greenhouse gases from automobile tailpipes.

"California is not the arbiter of these issues," Pruitt said in an interview with Bloombergnews. The state "shouldn't and can't dictate to the rest of the country what these levels are going to be."

Legal experts said Pruitt's comments suggest an impasse over greenhouse gas rules that could wind up with California suing the federal government.

Pruitt's statement, "if not a declaration of war, is a bit of throwing down the gauntlet," said Richard Frank, an environmental-law professor at UC Davis.

The dispute is over rules established by the Obama administration that would force automakers to reduce greenhouse gas emissions by one-third for new cars sold between 2022 and 2025. These reductions in emissions would translate into substantial gains in fuel economy, to an average of more than 50 miles per gallon for new cars by 2025.

President Donald Trump last March said the regulations were too stringent and directed Pruitt's EPA to reconsider the rules. Barely a week later, the California Air Resources Board thumbed its nose at the feds by reconfirming its commitment to the Obama-era regulations.

Since then, however, California and Pruitt's agency have been negotiating informally over a compromise. The auto industry is eager for a truce because a lengthy fight between California and the U.S. government would make it difficult for manufacturers to plan for future models.

"Having this kind of regulatory uncertainty is very problematic for them," said Air Resources Board member Dan Sperling, a UC Davis professor of transportation.

California is the largest car market in the nation; more than 2 million new vehicles were sold in the state last year.

Sperling said he has been hearing recently from sources in the auto industry that a compromise between the EPA and California was falling apart. "It has been kind of heading in that direction lately," Sperling said. "Too bad."

California officials had suggested relaxing the 2025 standards in exchange for extending the regulations to 2030. Pruitt dismissed that idea in Tuesday's interview. In response, the state Air Resources Board said in a prepared statement that it will "continue with development of post-2025 vehicle standards — to ensure we reach our air quality and climate goals."

In most instances the federal government has the authority to regulate air pollution and fuel mileage. But California has some muscle, too. The 1970 federal Clean Air Act gives California — because of its longstanding air pollution problems — the right to set stricter standards, as long as the U.S. EPA grants the state a waiver.

California has received a waiver each time it has asked, with one noteworthy exception: The George W. Bush administration rejected California's request to regulate greenhouse gas tailpipe emissions. California sued the government, but the issue became moot when President Barack Obama took office, overturned Bush's decision and made an agreement with California to gradually reduce greenhouse gas emissions over the course of several years.

Now Pruitt has signaled he's committed to loosening restrictions, putting California and the federal government on a possible collision course in court.

Pruitt is expected to make his final decision on the greenhouse gas regulations by April 1.

At the same time, the EPA and California are gearing up for a separate fight over greenhouse gas emissions for tractor trailers. Last month the Air Resources Board imposed tougher rules on tailpipe emissions from big rigs — while the Trump administration has announced it might roll back those regulations on the federal level.

California legislators call for more federal resources to fight cross-border sewage flow

Saying cross-border flows of sewage and other contaminants threaten area beaches and one of California's few remaining salt marshes, state Sen. Ben Hueso (D-San Diego) Friday called on Gov. Jerry Brown's administration to take legal action against the federal government to bring more focus and resources to protect the region.

"While the federal government is requesting billions of dollars to build a wall at the border, it has failed repeatedly to act on this serious contamination issue," Hueso said as he presented Senate Joint Resolution No. 22 during an early-morning news conference at the Tijuana Estuary in Imperial Beach.

The proposed resolution urges "the federal government and the USIBWC (U.S. International Boundary and Water Commission) to take immediate action to adequately address cross-border pollution in the Tijuana River Valley."

Hueso's resolution, which to pass would need majority approval by both houses of the California Legislature, also calls on the state government to initiate a lawsuit against the IBWC "over matters within the state's jurisdiction to adequately address cross-border pollution in the Tijuana River Valley."

The announcement has come on the heels of a lawsuit filed earlier this month by the cities of Imperial Beach and Chula Vista and the Port of San Diego against the U.S. branch of the IBWC, a binational agency that oversees boundary and water disputes along the U.S.-Mexico border. The lawsuit alleges "ongoing, severe and dangerous violations" both of the Federal Water Pollution Control Act and the Resource Conservation and Recovery Act.

The IBWC has declined comment on the lawsuit saying it does not discuss ongoing litigation. But the U.S. Department of Justice's Environment and Natural Resources Division stated in a memo earlier this month that the IBWC is not the agency that under U.S. law is responsible for managing trans-boundary trash, sewage and sediment discharges from Mexico. The memo stated that the commission "cannot enter into any agreement to expend funds unless Congress has authorized and appropriated funds for that particular purpose."

The San Diego Regional Quality Control Board, a state agency, has scheduled a closed session on Monday on whether to proceed with litigation against the IBWC. The San Diego County Boad of Supervisors in a closed session this week voted against joining the lawsuit. A spokeswoman for the city of San Diego earlier this month said "the city is still evaluating its options."
Imperial Beach Mayor Serge Dedina said the state's backing can boost local efforts to press the federal government to take action. "We want this to come from the top, the governor and the attorney general," Dedina said.

Hueso's joint resolution aims to bring visibility and pressure on the longstanding issue of the cross-border flow of sewage, sediment and trash across the international border from Tijuana to San Diego, in the 1,735-square-mile Tijuana River watershed. Though more than 70 percent of its area is in Mexico, the watershed drains into the ocean on the U.S. side of the border, after passing through the Tijuana River Valley.

Outcry in southern San Diego County has risen since the collapse of a large sewage conveyance structure in Tijuana in February 2017 sent millions of gallons of untreated sewage across the border into the Tijuana River Valley. The spill threatened the federally protected Tijuana Estuary and closed shorelines from Imperial Beach to Coronado. Critics say that efforts on both sides of the border to address the problem have been insufficient. Together with Assemblyman Todd Gloria, (D-San Diego), Hueso sponsored legislation last year authorizing $2.1 million for restoration and recovery efforts associated with the Tijuana River Valley. Both Gloria and Assemblywoman Lorena Gonzalez (D-San Diego) are co-sponsors of Friday's resolution.

"For some reason the IBWC has been broken for years," Hueso said. "We cannot figure out what it is, but they have been unable to use the enormous power they have. We think the only solution in this logjam in improvements is to file a lawsuit."

CalPERS retirees are suddenly worried about their pensions. What happened?

BY ADAM ASHTON
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Call it the Loyalton effect.
CalPERS' decision in late 2016 to slash pensions for four retirees from the tiny mountain town startled the state's public workers so much that their confidence in the $354 billion fund began to plunge to its lowest level in five years.

It showed in an annual survey conducted by the California Public Employees' Retirement System that gauges how public employees, retirees and local government leaders feel about the state's largest pension system.

"You're looking at your retirement and you're seeing CalPERS is reducing pensions, which is something that had never happened before," said CalPERS board member Richard Costigan, who has paid close attention to the surveys since he joined the board in 2010.

Each CalPERS survey captures a moment in time, and last year's results might not be repeated.
It unfolded in a dramatic window. CalPERS in November 2016 cut the Loyalton pensions because the town had not paid a CalPERS bill in three years.

In December 2016, CalPERS acknowledged that it expected to earn less money over time from its investment portfolio. That meant government agencies had to kick in more money to fund their employees' pensions.

In early 2017, CalPERS cut retirement benefits again for nearly 200 former employees of another local government organization that had stopped paying into the fund.
Costigan said each vote was meant to strengthen the pension fund, but the cumulative effect of the news sent a distressing signal.

"We are honoring our financial obligation. You can't have other people pay in the fund for these guys," he said, referring to the two organizations that saw cuts to their pension plans last year.

The drop in confidence last year was especially pronounced among local government executives.

Their confidence in CalPERS declined by more than 10 percentage points when they were asked whether they believed their retirement money was “safe.”

Almost 80 percent of respondents from 2015 gave CalPERS high marks on that question. Last year, fewer than two-thirds of them expressed that kind of confidence.

Public employees, too, appeared to be worried. About 65 percent of current employees indicated they believed their retirement money was safe, down from 83 percent in 2014.
CalPERS is considered underfunded because it has about 70 percent of the assets it would need to pay everything it owes today.

Its critics argue that it's unsustainable because of its liabilities. Supporters say it's on the mend from the recession, and it recently passed a milestone where its leaders no longer believe they have to sell assets to pay benefits.
“It’s not going to go broke. It’s in better shape than it was 40 years ago and probably better than it was in 2008 and 2009,” said Dave Low, president of the California School Employees’ Association, a union that represents classified workers in public schools.

The Bee reviewed four years of surveys conducted by CalPERS and the California State Teachers’ Retirement System. Here's a look at how different participants view the two pension funds.

The boss is worried – Senior government executives are very worried about CalPERS.

In last year's survey, a majority of them said they lacked confidence in the safety of their retirement money. They were the only group of survey participants to express that level of concern.

CalPERS surveys in 2014 and 2015 previewed those fears. CalPERS in those years hired a private firm to conduct the survey. It included a couple of questions gauging whether members worried that their employers would have enough money to pay pension obligations in the future.

In both years, survey participants indicated they were concerned that their employers might have trouble paying future pension bills.

CalPERS members “are very highly convinced that local public employers’ current and future abilities to pay their pension and other obligations will affect CalPERS members, their families and their communities,” the 2015 survey reported.

Retirees are content – At both CalPERS and CalSTRS, retirees have fewer worries about pensions than current employees.

In the most recent CalPERS survey, for instance, 80 percent of pensioners felt their retirement money was “safe.” Only 65 percent of current employees expressed similar confidence.
CalSTRS has a similar split. Almost 90 percent of retired teachers consistently say they’re satisfied with their pension fund.

By contrast, fewer than two-thirds of teachers under age 60 express that kind of satisfaction with CalSTRS. Retirees pay close attention to the fund and can change its direction. Last year, retirees supported Garden Grove Unified School District facilities director Margaret Brown in an election for a CalPERS seat held by union-backed Michael Bilbrey. Brown won.

Tim Behrens, president of California State Retirees, wanted new voices to speak up.

“I’ve been going to those board meetings for five years, and didn’t see much movement from the incumbents. Margaret asked some hard questions, and that’s what has to happen,” he said.
Workers have questions – CalSTRS last year saw a 5 percentage point decline in confidence when its members were asked whether they felt secure in their retirement, down to 55 percent of participants giving the fund high marks on that question.

At CalPERS, confidence in retirement safety among current public employees is down to levels the fund last saw in 2011 as it clawed out of its recession losses.

Meanwhile, Gov. Jerry Brown’s office this year is challenging a legal precedent that blocks California agencies from tinkering with pensions. That lawsuit is in the news, and probably affecting how public employees view their pensions.
The high-profile pension lawsuit could allow government agencies to "truly and actually strip away members’ retirements," said Derick Lennox, a lobbyist who represents school districts.

He, too, wants to change negative perceptions about the funds. "Retirements are not less secure; we’re just assessing our projected assets more accurately and, unfortunately for us employers, making a commensurate correction on the employer contribution rates to improve the funded status."

On trial for causing climate change, oil companies don’t plan to deny it’s happening

BY STUART LEAVENWORTH
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March 20, 2018 10:49 AM

A federal judge in San Francisco Wednesday will preside over the nation’s first-ever court hearing on the science of climate change, but don’t expect it to be a “Scopes Trial” for global warming research.

The hearing stems from a state lawsuit that San Francisco and Oakland filed against the world’s biggest oil companies for their greenhouse gas emissions. U.S. District Judge William Alsup agreed to move the case to his court, and in so doing, he ordered both sides to present him with a five-hour “tutorial” Wednesday on climate change science.

The hearing, first reported by McClatchy, is unusual and sure to be closely watched. But it promises to be far from a full-throated public debate on atmospheric science that some partisans have sought. Lawyers for Chevron, one of the defendants in the case, say the company accepts the international consensus that human activities are a main driver of the build-up of greenhouse gases in the atmosphere, and the resulting warming.

“On Wednesday, Chevron will not be engaging in a debate on climate change science,” said Avi Garbow, a lawyer for the oil company and former general counsel for the U.S. Environmental Protection Agency. Instead, Chevron will offer Alsup “a neutral assessment of the science,” he said.

Chevron, Exxon and other defendants in the case are pinning their hopes on persuading Alsup that the claims by San Francisco and Oakland have no merit. On Tuesday, they filed a motion to dismiss the lawsuit. The judge is expected to hear that motion at a hearing next month, after digesting Wednesday’s tutorial.

San Francisco and Oakland are among a number of coastal cities suing big oil over rising sea levels, which could have a major impact on them in the future. San Francisco, for instance, faces expenses of hundreds of millions of dollars to strengthen its defenses against seawater intrusion.

Alsup, an inquisitive and sometimes idiosyncratic judge appointed by former President Bill Clinton, has a reputation of inviting litigants to school him with "tutorials" on highly technical cases. Last year, he asked lawyers for a tutorial on self-driving car technology in a lawsuit that pits Google's Waymo against Uber. He previously taught himself the Java programming language in deciding a lawsuit involving Oracle against Google.

Legal experts, including those for Chevron, say they've never previously heard of a court-ordered tutorial on climate change. "I'm not aware of a similar type of tutorial setup," said Garbow, a partner in the Washington, D.C. office of Gibson, Dunn & Crutcher.

Alsup wants to the two sides to answer eight questions about the history of climate change, and how carbon dioxide and other greenhouse gases interact in the atmosphere. These questions range from the melt-off from previous ice ages to: "What are the main sources of heat that account for the incremental rise in temperature on Earth?"

Each side will have 60 minutes each to present material on the history of climate change science, and then another 60 minutes each to present on the best climate science currently available. But it will not be an evidentiary hearing, with both sides grilling each other. Only the judge will ask questions.

Why Alsup scheduled this tutorial before hearing motions to dismiss is not entirely clear. Supporters of the lawsuits say it suggests he sees merit in arguments by Oakland and San Francisco. The two cites contend the fossil fuel industry long knew about the potential consequences of its actions, but worked to block regulations and spread doubt about the emerging climate change science.

Lawyers for the oil and coal industries contend their earlier doubts about climate change merely reflected the uncertainty of the time. They also argue that they can't be held liable for emissions that were regulated by the EPA under the Clean Air Act, as judges have ruled in previous climate change cases.

Wednesday's tutorial has drawn wide attention, and the U.S. District Court in San Francisco has set up an overflow room with a video feed to accommodate observers wanting to monitor the hearing.

Gavin Schmidt, a climate modeler at NASA's Goddard Institute for Space Studies, has been using Twitter as a crowd-sourcing site for scientists and others to offer answers to Alsup's eight questions.

Climate science doubters have also gotten involved. On Friday, Willie Soon, an astrophysicist affiliated with the Heartland Institute, filed a brief in Alsup's court stating that "there is no consensus" that recent global warming is caused largely by human activity, a claim contradicted by reports from the Intergovernmental Panel on Climate Change.

Such amicus briefs may be of little help to the oil companies, given that the Heartland Institute is one of the groups that Exxon allegedly funded with hundreds of thousands of dollars to spread doubts about the prevailing science. That funding is one focus of the ongoing lawsuit.

San Francisco and Oakland are among several California coastal cities and counties that have sued fossil fuel industries over climate change impacts. Those suits have triggered a blowback by Exxon, which has countersued the cities in a Texas court.

Santa Cruz city and county is leading one of the lawsuits. Another has been filed by Imperial Beach and Marin and San Mateo counties. In the latter litigation, U.S. District Judge Vince Chhabria is expected to decide soon if the case should be remanded back to state court. If that happens, it would be a setback for the oil companies, since California has established case law on industrial "nuisance claims," unlike the federal courts.

There is also a climate change lawsuit filed by 21 children against the federal government, contending the government violated their constitutional rights by promoting usage of fossil fuels. That lawsuit is still ongoing. Earlier this month, the 9th Circuit Court of Appeals ruled against the Justice Department's motion to halt the lawsuit, filed in federal court in Oregon.

Trump administration moves on two fronts to challenge California environmental protections

By EVAN HALPER and JOSEPH TANFANI

APR 02, 2018 | 4:10 PM

The Trump administration openly threatened one of the cornerstones of California's environmental protections Monday, saying that it may revoke the state's ability under the Clean Air Act to impose stricter standards than the federal government sets for vehicle emissions.

The announcement came as the administration confirmed it is tearing up landmark fuel economy rules that formed a key part of the effort by the Obama administration and California officials to combat global warming — and as the Justice Department sued to block a state law that limits the federal government's ability to sell any of the 46 million acres it controls in California.

The double-barreled move marks a sharp assault on the state's efforts to protect its environment as the Trump administration seeks to open more land in the West for mining, drilling and other interests.

California's elected leaders and environmental activists vowed to fight the push, while the administration argued that the state has exceeded its authority under the law.

"Cooperative federalism doesn't mean that one state can dictate standards for the rest of the country,"

Environmental Protection Agency chief Scott Pruitt said in a statement, which added that California's authority to set its own emissions standards was "being reexamined."
"EPA will set a national standard for greenhouse gas emissions that allows auto manufacturers to make cars that people both want and can afford — while still expanding environmental and safety benefits of newer cars," Pruitt said.

"It's in everyone's best interest to have a national standard, and we look forward to working with all states, including California, as we work to finalize that standard."

Gov. Jerry Brown blasted the federal statement on auto emission rules as a "belated April Fools' Day trick."
"This cynical and meretricious abuse of power will poison our air and jeopardize the health of all Americans," the governor said in a statement.

Although the state's authority to set its own clear air standards has existed for decades, the other measure the administration went after — the law regarding federal lands — is newly adopted. The measure, passed by the Legislature in October, seeks to give California effective veto power over sales of federal land, not just parks or wilderness, in the state.

The law says the state won't recognize any sale, donation or exchange of federal land unless the California State Lands Commission has the right of first refusal over any deal.

The Legislature's own analysis of the bill said it raised "substantial constitutional questions."

The Justice Department asked a federal court in Sacramento to overturn the law, saying it violated the Constitution's supremacy clause, which gives federal law primacy over state law, and a separate clause that gives Congress power "to dispose of" federal property.

The two new moves joined a rapidly lengthening list of battles between California and the Trump administration over a wide range of issues, including the environment, immigration and civil rights. Last month, the Justice Department sued to block three California state laws, saying they were an unconstitutional attempt to thwart enforcement of federal immigration laws.

Pruitt's announcement said that the administration will abandon the federal goal of having vehicles average 55 miles per gallon by 2025. That target will be replaced with a weaker fuel economy standard that the administration will settle on at a later date.

The action sets up the administration for a confrontation with California and a dozen other states that use California's emissions standards.

Under the Clean Air Act, California is the only state that can independently adopt its own emissions standards, but other states can then adopt them. Several of the states that have done so have vowed to defy the administrations' effort to weaken mileage standards.

The current national fuel economy targets represent the single biggest action the federal government has taken to curb greenhouse gases. They are crucial for California and other states to meet their goals for climate action and to reduce smog and other air pollution.

The targets are also essential to an effort led by Brown and others to carry the country toward meeting the obligations in the Paris accord on climate change that the Trump administration is refusing to honor.

The administration's action came at the behest of automakers, which say that the 55 mile per gallon standard will impose too heavy a cost.

But an all-out fight between the federal and state governments over California's power to set emissions standards could backfire on the automakers.

Pruitt's legal ability to revoke California's authority is uncertain and any such move could be tied up in court for years. In the meantime, auto companies would be faced with the complicated and costly prospect of building and selling two different sets of cars — one for California and the other states that follow its standards, and one for the rest of the country.

The resisting states account for more than a third of all car sales. Although automakers have been hopeful some deal could be brokered, perhaps with California agreeing to weaken the more immediate targets in exchange for federal buy-in to more aggressive goals through 2030, that is looking increasingly unlikely.

Pruitt says he's not interested in making such concessions, and California officials say they see no reason to go along with his rollback. The tone between state air regulators and the EPA chief has grown increasingly tense.

"California will not weaken its nationally accepted clean air standards," said Mary Nichols, the state's chief air quality regulator. "Today's decision changes nothing in California and the 12 other states with clean car rules." Sen. Dianne Feinstein (D-Calif.) warned that "the years of litigation and investment uncertainty will be far harder on the auto industry than simply living up to the fuel economy standards they once embraced."

"The EPA is willfully ignoring the fact that these emission standards are working. Cars are becoming more fuel efficient and consumers are saving money at the pump," she said. "...There simply is no reason to roll back that progress."

But automakers complain they are confronting a market in which gas prices are low and consumers are more interested in purchasing SUVs and pickups than the fuel-efficient passenger vehicles the federal mandates favor. "Manufacturers need to sell vehicles that customers need and want today to fund the technological shifts and electrification and automation expected in the future," said a statement from John Bozzella, chief executive of the Assn. of Global Automakers, an industry group representing the U.S. operations of car companies.

The EPA, in its statement announcing that it would propose new, lower fuel economy rules, basically adopted the automakers' analysis, pushing aside opposing views.
Industry officials and analysts note that electric cars and hybrids account for just 3% of vehicle sales in the United States, even as they are taking off in other countries. Environmentalists blame the companies, saying they are putting too much of their marketing and product development energy into SUVs.

If automakers prevail in their bid to relax mileage standards nationwide, warned Dan Becker, director of the Washington-based Safe Climate Campaign, they will "grow weaker by making too many gas guzzlers, the very course that led GM and Chrysler to bankruptcy and an $85-billion bailout not even a decade ago."

"Auto companies have the cost-effective technology — better engines and transmissions, high strength, low-weight materials — to safely meet the 2025 standards," he said. "This is auto mechanics, not rocket science."
And Becker warned that California is already in the process of developing its aggressive mileage targets for beyond 2025, targets that a different White House could decide to embrace nationally, leaving car firms that start backtracking now in a bind.

The more immediate dilemma that automakers — and consumers — face is how to contend with different rules applying to different parts of the country. Industry analysts say no good would come of it.

"Different standards in a single market will only cause harm to consumers, the environment, the economy, and automakers," Rebecca Lindland, executive analyst at Kelley Blue Book, said in an email. The fallout, she wrote, could include higher car prices, difficulty selling cars across state lines, and possibly more older, higher polluting cars being used as consumers get discouraged from buying new models.

"Nobody wins if we can't come to a single standard agreement which promotes the most fuel-efficient versions of vehicles consumers already want to buy," Lindland said.

The legal battle over federal lands raises a different set of issues.

According to federal officials, the state law could block the Army's plan to convey 78 acres to a developer in the East Bay city of Dublin, a separate Navy contract with a developer for a property called Admiral's Cove in Alameda, and the long-running plan by the Veterans Affairs department to rebuild its 388-acre West Los Angeles campus by leasing land for housing, and to provide an easement for the Purple Line Metro project.

"The Constitution empowers the federal government — not state legislatures — to decide when and how federal lands are sold," Atty. Gen. Jeff Sessions said Monday in a statement announcing the lawsuit.

"California has once again passed an extreme statute found in no other state, to obstruct the federal government," Jesse Panuccio, the acting associate attorney general, told reporters at the Justice Department.

California officials and environmental activists vowed to fight the lawsuit.

"Yet again, Donald Trump and his administration are attacking our state and our very way of life," said Lt. Gov. Gavin Newsom, who serves on the lands commission.

"Safeguarding public lands is in our DNA as Californians — so much so that we have enshrined the principle in our state Constitution. We will use every legal and administrative tool to thwart Trump's plans to auction off California's heritage to the highest bidder," Newsom said.

The California law "is aimed at keeping public lands public, even if the federal government decides to sell them off," said Annie Notthoff, an official at the nonpartisan Natural Resources Defense Council.

"More than 75% of Californians recently polled say they oppose Trump's rollback of protections for public lands. This suit is just another tone-deaf greedy grab."

Environmentalists have been seething about an order directing the Bureau of Land Management to rewrite a protection plan for the state's deserts, and the state has filed lawsuits challenging the administration's calls to permit oil drilling off California's coasts and to refashion Obama-administration rules that protect streams and wetlands.

California passes a lot of dumb bills. Ending Columbus Day would be one of them

By GEORGE SKELTON

APR 05, 2018 | 12:05 AM

The Legislature passed nearly 1,000 bills last year. A few were important. Most were not. Many were frivolous, some dumb — a waste of politicians' time and public money.

Gov. Jerry Brown did veto 12% of the Legislature's offerings. But that's all muck under the bridge.
There are many bills pending in the Legislature again this year that the state could do just fine without.
The biggie: abolishing Columbus Day and replacing it with "Indigenous Peoples' Day."

I know, Christopher Columbus' "discovery" of this already inhabited continent led to the indefensible annihilation of Native American life that had existed for thousands of years. I've always been incensed about it after being brought up by a mother whose grandmother was a Cherokee toddler on the Trail of Tears. Mom revered her Native American heritage.

I've never been a Columbus fan, but maybe it's time to stop picking on the guy. He was a historic explorer, after all. And some European was bound to sail here eventually and begin conquering the natives.

Most importantly, Columbus Day is now an annual occasion for Italian Americans to celebrate their heritage. I've witnessed that pride of culture. My children's great-grandfather on their mother's side sailed to San Francisco from Columbus' hometown of Genoa in the 1800s. Like many, he headed for the Sierra gold country.

San Francisco held one of the nation's first Columbus Day parades in 1869, which began calling itself the Italian Heritage Parade in the 1990s. That city has produced some great Italian Americans, including Amadeo Peter Giannini. He founded the Bank of Italy — later renamed the Bank of America — and revolutionized banking by lending to working stiffs. He helped finance the rise of California agriculture, Hollywood's movie industry and the Golden Gate Bridge.

But recently, the San Francisco Board of Supervisors voted to scrub Columbus Day and replace it with Indigenous Peoples' Day. So did Los Angeles city council members and county supervisors. In San Francisco, however, there was so much blowback that the politicians backtracked and now are contemplating a joint Italian American-Indigenous Peoples' Day.

State Sen. Henry Stern (D-Canoga Park) has introduced a bill, SB 1490, to scuttle California's Columbus Day and rename it Indigenous Peoples' Day.

"I'm getting heat," he acknowledged. "It's a robust conversation." He's thinking about amending the measure to give Italian Americans a cultural heritage day, but not naming it after Columbus.

"There are great Italian Americans throughout history but Columbus is not one of them," he told me. Stern says Columbus brought "systematic rape, slavery, torture and exploitation" to the "New World." That's disputed by scholars who insist Columbus tried to keep his crew under control.

Anyway, there's plenty of blame to go around for butchering Native Americans. President Andrew Jackson's face is on the $20 bill, but he's the blowhard racist who ordered my ancestors out of the Great Smoky Mountains.
"It's ironic that when our Legislature does everything it can to celebrate immigrant rights, it's about to get rid of a holiday that celebrates [Italian] immigrant rights," says Democratic consultant Steve Maviglio, who has been lobbying against Stern's bill pro bono. "In the 1880s, more Italians came to California than to New York because they felt more welcomed here."
It's also ironic that originally the loudest opponent of Columbus Day was the Ku Klux Klan, because Italians are Catholic.

California actually already has an annual Native American Day. It was authorized by then-Gov. Ronald Reagan in 1968 and is observed on the fourth Friday in September.
So what's this really about? For one thing, many California tribes have gotten rich off gambling and are major political players.

Briefly, here are some other bills we don't need:

• Banning tackle football for kids before they reach high school, which has been proposed in a bill by Assembly members Kevin McCarty (D-Sacramento) and Lorena Gonzalez Fletcher (D-San Diego). They cite the danger of long-term brain damage suffered by head injuries at a young age.

Yes, but kids are going to play tackle if they want to anyway, regardless of whether they're in an organized league. And this should be a parental decision.

• "Mouth-to-snout" resuscitation for endangered pets. That's right. Sen. Steve Glazer (D-Orinda) has a bill that would allow first-responders to provide this emergency service for a dog or cat. Currently, such resuscitation must be performed by a licensed veterinarian.

So there'd be pressure on the responder to apply mouth-to-snout. Come on! Really?

• A sit-down restaurant would be barred from providing plastic straws to customers unless they're requested. Assemblyman Ian Calderon (D-Whittier) said he introduced the bill after reading that 500 million plastic straws are discarded daily. Fast-food eateries would be exempt.

Better idea: Just pass a resolution asking restaurants to do that. Don't become any more of a nanny state.

• The California Vaquero would be designated California's official horse under a bill by Assemblyman Randy Voepel (R-Santee). He says it dates to at least 1769 in this state.
I'd prefer the donkey. But we've got too many "official" things already: a state fabric (denim), a dinosaur (nevermind) ...

• California's official sport would be surfing, under a bill by Assemblyman Al Muratsuchi (D-Torrance).

Sure. People living in the Central Valley or the desert would certainly relate.

Who thinks up this stuff?

Anti-smog rule may not see daylight ‘It’s a really serious problem’

AQMD board appears poised to reject new regulations on indirect pollution sources.

By Tony Barboza

Over and over in their decades-long war on smog, Southern California regulators have failed to use a powerful tool against ports, warehouses and other freight and logistics hubs that are magnets for air pollution.

Now, the South Coast Air Quality Management District is considering a proposal to regulate warehouses, rail yards and large development projects as indirect sources of pollution due to the droves of diesel trucks, locomotives and construction equipment they attract.

But the district's governing board again appears poised to reject much of its staff's proposal at a public meeting Friday.

Key appointees have voiced reluctance to crack down on an industry that is both the lifeblood of the Southern California economy and responsible for much of the region's harmful emissions. Business groups and the city-owned ports of Los Angeles and Long Beach oppose such rules, saying they will hinder growth in a sector that employs hundreds of thousands of people across the region.

"I'm afraid that we won't see the willpower on the board to get it done, and it needs to be done," said air board member Judy Mitchell, a Democrat and mayor pro tem of Rolling Hills Estates.

One opponent is Los Angeles Councilman Joe Buscaino, a Democrat on the air board whose position against regulations on warehouses and development projects makes it unlikely those proposals will win majority support of the 13-member board. The panel consists of elected officials and other appointees from Los Angeles, Orange, Riverside and San Bernardino counties: six Republicans, six Democrats and one unaffiliated member who is an environmentalist.

The decision follows more than a decade of air district proposals to use its authority under state law to regulate indirect sources of pollution, including at the ports and new development projects. None have made it past the drawing board.

At the same time, an increase in goods moving through the ports is helping drive the sprawl of new warehouses and distribution centers in the Inland Empire — and with them more pollution-spewing diesel trucks.

A failure to pursue rules would mark another setback in the air district's obligations to clean the nation's worst smog and ease rates of asthma, lung cancer and other illnesses suffered by those hardest hit by freight emissions. After decades of improvement, efforts to reduce ozone, the lung-damaging gas in smog, have faltered in recent years, with the number of bad air days ticking up. Cargo ships, trucks, trains and other diesel engines are the biggest polluters in Southern California and the greatest obstacle to residents breathing clean air.

Buscaino acknowledged at a public hearing last month the importance of addressing truck pollution, but asked why the air district would "potentially negatively impact the development of warehouses" and suggested state regulators "do their part to step up" emissions requirements. "It's important that we stay in our lane."
Buscaino, whose district includes the L.A. port, also expressed reservations about imposing fees on development projects "while we're in the middle of a statewide housing crisis."

Though an air district legal memo concludes that the board has the authority to regulate rail yards, Dwight Robinson, a Republican Lake Forest city councilman on the air district board, said he remains "concerned about federal preemption issues as they relate to indirect source rules we may create for warehouses and rail yards that would likely impact interstate commerce."

The proposal comes a year after the panel adopted a 15-year smog-reduction plan that did not include rules for ports, warehouses and rail yards. Instead, the board opted for a voluntary approach that asked those facilities to devise their own pollution-cutting measures, but pledged to return in a year and pivot to regulation if progress wasn't made.

Now, the air district has proposed entering into voluntary agreements, rather than rules, for the region's ports and airports. But staff recommended drafting regulations for three types of facilities they say have not made sufficient progress: warehouses and distribution centers, rail yards, and new projects and redevelopment. The California Air Resources Board, meanwhile, has declined to pursue statewide rules on indirect pollution from freight facilities that its governing board recommended last year.

State air board chair Mary Nichols said at a meeting last month that she is "pretty well convinced that the authority to adopt an indirect-source review rule lies with the districts and must be exercised by them."

Instead, the state over the next several years will seek to tighten rules on port trucks, cargo-handling equipment, rail yard locomotives and other freight operations as part of a push toward lower-polluting and zero-emission technologies.

Industry has fought the South Coast district's attempts to regulate freight-handling facilities, saying they should not be held responsible for pollution from trucks and other vehicles they cannot control.

"Any facility-based measures on warehouses, rail yards or ports will harm the entire supply chain," said Thomas Jelenic, vice president for the Pacific Merchant Shipping Assn., which represents marine terminals and ocean carriers at the ports.
Other business representatives point to past improvements in air quality as reason to shelve the proposals.

"Respect the steady progress that has been made to date by our sea and airports, and thousands of truck owner-operators using voluntary measures," Bill La Marr, executive director of the California Small Business Alliance, told regulators. "They've shown the pathway to clean air doesn't have to be through a minefield of rules."
Local smog regulators, whose jurisdiction is generally limited to stationary facilities such as oil refineries and factories, complain they lack authority over vehicles and other mobile sources that generate more than 80% of smog-forming emissions. But air districts in several other regions of the state have already used their authority to regulate indirect pollution at new development projects, according to a South Coast district staff report.

Environmentalists say that creates an obligation to act under state law, which says air districts must work quickly to meet air quality standards using "every feasible measure."

"If the agency doesn't adopt mandatory regulations to clean up warehouses and other large freight facilities, they can't claim they've done everything possible to solve our air pollution crisis," said Adrian Martinez, attorney for the environmental nonprofit Earthjustice.

San Joaquin Valley air quality officials have regulated indirect pollution sources since 2006 through a rule requiring many new developments, including warehouses, retail centers and housing, to either use cleaner equipment during construction or pay a fee to fund emissions reductions elsewhere. The program has cut more than 12,000 tons of smog-forming nitrogen oxides, according to the Valley Air District.

But in Southern California, efforts to control indirect sources of pollution proved unpopular even a generation ago when smog was dramatically worse.

In the late 1980s the South Coast district adopted an indirect source rule that required many employers to implement ride-share programs and mass transit incentives to reduce pollution from solo commutes. The measure generated a stream of complaints from businesses, and its carpooling mandates were killed by state lawmakers in 1995.

To meet looming federal deadlines to clean ozone pollution, the South Coast basin must slash nitrogen oxide emissions an additional 55% by 2031. To do so, the district says it must increase funding for cleaner vehicles to $1 billion a year, but so far is falling short.

Trade and logistics growth has complicated the equation. In the last five years more than 100 million square feet of new industrial construction has gone up in Southern California, most of it warehouses and distribution centers in the Inland Empire, according to research by L.A. real estate services firm CBRE Group.

Nichols said at a meeting last month that the proliferation of warehouses has "not gone unnoticed. It's a really serious problem," and that the Air Resources Board was watching the South Coast district very closely and "hoping that they will do the right thing. And if some reason they don't, then we will have to take action."

CMTA
CALIFORNIA MANUFACTURERS & TECHNOLOGY ASSOCIATION

CalChamber
CALIFORNIA CHAMBER OF COMMERCE

April 3, 2018

The Honorable Al Muratsuchi
Chair, Assembly Natural Resources Committee
California State Assembly
California State Capitol, Room 2179
Sacramento, CA 95814

RE: AB 3232 (Friedman) Zero-Emission Buildings and Sources of Heat
OPPOSE

Dear Chair Muratsuchi:

The undersigned **OPPOSE AB 3232**, as amended April 2, 2018, that mandates another greenhouse gas (GHG) emissions control regime that includes all new buildings to be 'zero-emission' beginning in 2030.

AB 3232 expresses the "intent of the Legislature" that all new residential and non-residential construction be 'zero-emission' by 2030 and directs the Energy Commission to develop a strategy to reduce GHG emissions by at least 50 percent below 1990 levels.

Existing Law
California has long held ambitious goals to reduce GHG emissions in order to combat global climate change, including landmark legislation AB 32 (2006), SB 350 (2015) and, most recently, AB 398 (2017) amongst many other bills. These bills set California on a path that includes all sectors of the economy from the energy used at work to the fuels used in our transportation system and the energy consumed at home to goods movement, including specific direction regarding disadvantaged communities.

It is unclear the need for **AB 3232** as the energy consumed in our homes and businesses and on the road is already accounted for under the existing GHG emissions control programs, including the Cap-and-Trade program and Low Carbon Fuel Standard (LCFS). Does another GHG control program bring value to system that is already highly regulated? It does not because those programs already call for further reductions.

Specifically, as it relates to buildings, SB 350 calls for a doubling of the energy efficiency of the existing building stock by 2030 that will require more efficient appliances and building improvements of all energy sources in order to accomplish.

- Public Resources Code (PRC) Section 25310 (c) states: "(1) On or before November 1, 2017 . . . in a public process that allows input from other stakeholders, shall establish annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030 . . ."

Eliminates Ratepayer Choice
Setting this GHG emissions target on top of existing ones serves to limit the types of fuel sources available to businesses and residents and drive toward additional electricity use regardless consumer choice, business needs or costs to both groups. This may not work in all businesses, thus eliminating choice where electricity is not able to economically or technically meet business needs.

Natural Gas Infrastructure
It is also important to recognize that the ongoing needs of maintaining California's natural gas infrastructure system that will continue to demand significant investment for many years to come. Consequently, in forcing the shift from natural gas to electricity, the costs of system maintenance fall on a smaller universe of ratepayers resulting in higher rates for those ratepayers that choose natural gas.

Economic Impact
Ratepayers across the spectrum from residential (+45%) to commercial (+56%) to industrial (+95%) pay higher average rates for electricity than do similarly situated ratepayers in other states. These higher rates particularly impact the decisions of manufacturers and other businesses that make decisions based in some part on energy prices. Forcing them to choose the higher cost energy source ignores this impact and the manufacturing process needs that determine where new investments are made.

AB 3232 risks the loss of manufacturing jobs to other states that do not impose such mandates and, for those manufacturers that do not have the ability to relocate, the loss of energy choice will result in higher prices for their goods making them less competitive.

For these reasons, we **OPPOSE AB 3232** and respectfully request your "No" vote.

Sincerely,

California Manufacturers & Technology Association (CMTA)
California Chamber of Commerce

cc: Assembly Member Rob Bonta
Members, Assembly Natural Resources Committee
Lawrence Lingbloom, Assembly Natural Resources Committee
John Kennedy, Assembly Republican Caucus
Catalina Hayes-Bautista, Office of Governor Edmund G. Brown, Jr.

The following page(s) contain the backup material for Agenda Item: Conduct a public hearing to consider the amendment of Rule 102 – Definition of Terms: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #11

DATE: April 23, 2018

RECOMMENDATION: Conduct a public hearing to consider the amendment of Rule 102 – *Definition of Terms*: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending Rule 102 and directing staff actions.

SUMMARY: Rule 102 is proposed for amendment to shift common definitions used in the Mojave Desert Air Quality Management District (MDAQMD) rulebook to Rule 102, and to update them for consistency and clarity. This amendment is in response to comments received from the California Air Resources Board (CARB), United States Environmental Protection Agency (USEPA) and the Technical Advisory Committee (TAC).

CONFLICT OF INTEREST: None

BACKGROUND: The MDAQMD has the authority pursuant to California Health and Safety Code (H&S Code) §40702 to adopt, amend or repeal rules and regulations. The MDAQMD is proposing to amend Rule 102 – *Definition of Terms* for inclusion in the current rulebook.

Many terms are defined in multiple district rules. Staff has determined that the rulebook will be more clear and consistent by shifting common definitions to Rule 102 and updating definitions for consistency. This rule is proposed for amendment in response to comments received from CARB, USEPA and the TAC. The amendment of Rule 102 – *Definitions of Terms* will be an ongoing process. Rule 102 will continue to be updated as needed when other District rules are proposed for amendment and contain definitions that need to be moved.

A Notice of Exemption, Categorical Exemption (Class8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 1104 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about April 9, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

RESOLUTION NO. 18-___

A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF EXEMPTION, AMENDING RULE 102 – *DEFINITION OF TERMS* AND DIRECTING STAFF ACTIONS.

On April 23, 2018, on motion by Member _____, seconded by Member _____, and carried, the following resolution is adopted:

WHEREAS, the Mojave Desert Air Quality Management District (MDAQMD) has authority pursuant to California Health and Safety Code (H&S Code) §§40702, 40725-40728 to adopt, amend or repeal rules and regulations; and

WHEREAS, the MDAQMD is proposing to amend Rule 102 – *Definition of Terms* for inclusion in the current rulebook; and

WHEREAS, many terms are defined in multiple district rules; and

WHEREAS, staff has determined that the rulebook will be more clear and consistent by shifting common definitions to Rule 102 and updating definitions for consistency; and

WHEREAS, this rule is proposed for amendment in response to comments received from the California Air Resources Board (CARB), the United States Environmental Protection Agency (USEPA) and the Technical Advisory Committee (TAC); and

WHEREAS, the amendment of Rule 102 – *Definitions of Terms* will be an ongoing process, with Rule 102 updated as needed when other District rules are proposed for amendment and contain definitions that need to be moved; and

WHEREAS, the proposed amendments to Rule 102 – *Definition of Terms* are necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity; and

WHEREAS, the proposed amendments to the rule are necessary as indicated herein and in the supporting documentation; and

WHEREAS, the MDAQMD has the authority pursuant to H&S Code §40702 to amend rules and regulations; and

WHEREAS, the proposed amendments to Rule 102 are clear in that they are written so that the persons subject to the rule can easily understand the meaning because definitions

have been consolidated and updated for consistency; and

WHEREAS, the amendments to Rule 102 are in harmony with, and not in conflict with, or contradictory to existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the proposed amendments do not impose the same requirements as any existing state or federal regulation; and

WHEREAS, the proposed amendments to Rule 102 are needed in order shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity; and

WHEREAS, a public hearing has been properly noticed and conducted, pursuant to H&S Code §40725, concerning the amendments to Rule 102; and

WHEREAS, a Notice of Exemption, a Categorical Exemption (Class 8, 14 CCR §15308) for the proposed amendments to Rule 102, completed in compliance with the California Environmental Quality Act (CEQA), has been presented to the Governing Board of the MDAQMD; each member having reviewed, considered and approved the information contained therein prior to acting on the proposed amendments to Rule 102, and the Governing Board of the MDAQMD having determined that the proposed amendments will not have any potential for resulting in any adverse impact upon the environment; and

WHEREAS, the Governing Board of the MDAQMD has considered the evidence presented at the public hearing; and

NOW, THEREFORE, BE IT RESOLVED, that the Governing Board of the MDAQMD finds that the amendments to Rule 102 – *Definition of Terms* are necessary, authorized, clear, consistent, non-duplicative and properly referenced; and

BE IT FURTHER RESOLVED, that the Governing Board of the MDAQMD hereby makes a finding that the Class 8 Categorical Exemption (14 CCR §15308) applies and certifies the Notice of Exemption for the proposed amendments to Rule 102; and

BE IT FURTHER RESOLVED, that the Governing Board of the MDAQMD does hereby adopt, pursuant to the authority granted by law, the proposed amendments to Rule

102, as set forth in the attachments to this resolution and incorporated herein by this reference; and

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately upon adoption, and that the Executive Office Manager is directed to file the Notice of Exemption in compliance with the provisions of CEQA.

PASSED, APPROVED and ADOPTED by the Governing Board of the Mojave Desert Air Quality Management District by the following vote:

AYES: **MEMBER:**

NOES: **MEMBER:**

ABSENT: **MEMBER:**

ABSTAIN: **MEMBER:**

STATE OF CALIFORNIA)
) SS:
COUNTY OF SAN BERNARDINO)
)

I, Deanna Hernandez, Executive Office Manager of the Governing Board of the Mojave Desert Air Quality Management District, hereby certify the foregoing to be a full, true and correct copy of the record of the action as the same appears in the Official Minutes of said Governing Board at its meeting of April 23, 2018.

_____, Executive Office Manager
Mojave Desert Air Quality Management District

(**Adopted:** 01/07/76 **Amended:** 10/08/76 **Amended:** 01/01/77 **CARB Ex. Ord. G-73:** 02/01/77; **Readopted:** 07/25/77 **Amended:** 12/19/88; **Amended**: 06/12/17; **Amended:** 10/23/17; **Amended:** 01/22/18; **Amended:** 04/23/18)

Rule 102
Definition of Terms

The definitions contained in this Rule shall apply to all rules within this Rulebook except when a term is otherwise provided in a specific rule or regulation.

(1) Actual Emissions – The actual rate of emissions of a Regulated Air Pollutant which accurately represent the emissions from an Emissions Unit. Such emissions shall be calculated using the verified actual operating hours; production rates; and types of materials processed, stored or combusted as applicable.

(2) Adhesive – Any substance that is used to bond one surface to another by attachment.

(3) Aerosol Coating Product – A pressurized Coating product that dispenses product ingredients by means of a propellant, and is packaged in a disposable can for hand-held application.

(4) Aggregate Emissions – A facility-wide sum of Actual Emissions, on an emissions category specific basis, from emission units operated at a single facility.

(5) Agricultural Burning – Open outdoor fires used in agricultural operations in the growing of crops or raising of fowls or animals, or open outdoor fires used in forest management, range improvement, or the improvement of land for wildlife and game habitat or disease and pest prevention. Agricultural burning also includes open outdoor fires used in the operation or maintenance of a system for the delivery of water for the purposes specified above.

(6) Agricultural Operations – Any operation occurring on a ranch or farm directly related to the growing of crops, or raising of fowls or animals for the primary purpose of making profit or for a livelihood, including the growing and harvesting of crops or the raising of fowl or animals, or conducting agricultural research or instruction by an educational institution. Agricultural Operations do not include activities involving the processing or distribution of crops or fowl.

(7) Agricultural Wastes – Unwanted or unsalable materials produced wholly from Agricultural Operations, other than forest or range management operations, directly related to the growing of crops or animals for the primary purpose of making a profit or for a livelihood. The term does not include wastes created by land use conversion to non-agricultural purposes unless the destruction of such waste by open outdoor fire is ordered by the County or State Agricultural Commissioner upon his determination that the waste is infested with infectious transmittable or contagious plant disease which is an immediate hazard to agricultural operation conducted on adjoining or nearby property.

(8) Air-Assisted Airless Spray – A coating application system in which the coating fluid is supplied to the gun under fluid pressure and air is combined at the spray cap.

(9) Air Contaminant or Air Pollutant – Any discharge, release, or other propagation into the atmosphere directly or indirectly caused by man and includes, but is not limited to, smoke, charred paper, dust, soot, grime, carbon, fumes, gases, odors, particulate matters, acids or any combination thereof.

(10) Air-dried Coating – A coating that is cured at a temperature below 90 °C (194 °F).

(11) Air Pollution Control Officer (APCO) – That person appointed to the position of Air Pollution Control Officer of the District pursuant to the provisions of the California Health and Safety Code §40750 and his or her designee.

(12) Annual Heat Input – The total Heat Input of fuels, in Btu, burned by a Permit Unit in a calendar year, as determined from the Higher Heating Value (HHV) and cumulative annual usage of each fuel.

(13) Architectural Coatings – Any coatings applied to stationary structures and their appurtenances; to mobile homes, to pavements, or to curbs.

(14) Atmosphere – That portion of the air which envelopes or surrounds the earth.

(15) Baked Coating – Any Coating that is cured at a temperature at or above 90 °C (194 °F).

(16) Best Available Retrofit Control Technology (BARCT) – an emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source.

(17) Boiler or Steam Generator – Any combustion equipment (fired with any fuel) used to produce steam. Boiler or Steam Generator does not include any waste heat recovery boiler that is used to recover sensible heat from the exhaust of a combustion turbine.

(18) Bottom Fill Loading (Bottom Loading) – Any tank, truck, trailer or railroad tank car shall be considered to be bottom loaded when the fuel transfer and vapor return lines have separate, independent, and dedicated attachments on the delivery vehicle, when the inlet is flush with the bottom of the storage device, and when the delivery vehicle hatch remains closed during gasoline transfer.

(19) Boundaries of the District – That region within California within which these rules are applicable. See Rule 103 – *Description of District Boundaries* for a description of the MDAQMD boundaries.

(20) Breakdown – A condition other than a normal operating mode caused by a non-preventable mechanical or electrical failure, out of tolerance condition, or accidental occurrence such as fire, explosion, flooding, earthquake, etc.

(21) California Air Resources Board (CARB) – The California Air Resources Board, the Executive Officer of CARB and his or her authorized representative, the powers and duties of which are described in Part 2 of Division 26 of the California Health & Safety Code (commencing with §39500).

(22) Capture Efficiency (or Capture System Efficiency) – The portion (expressed as a percentage) of the pollutants from an emission source that is delivered to an add-on control device.

(23) CARB Certified (Certified by CARB) – A vapor recovery system, equipment, or any component thereof, for which the California Air Resources Board (CARB) has evaluated its performance and issued a valid Executive Order pursuant to Health and Safety Code Section 41954. Each component of a system is a separate CARB certified item and cannot be replaced with a non-certified item or other items that are not certified for use with the particular system. Except for qualified repairs, a CARB certified component shall be as supplied by the qualified manufacturer. A rebuilt component shall not be deemed as CARB certified unless the person who rebuilds the component is authorized by CARB to rebuild the designated CARB certified component.

(24) Clear Topcoat – A final Coating which contains binders, but not opaque pigments, and is specifically formulated to form a transparent or translucent solid protective film. Including, but not limited to, Varnishes.

(25) Coating – A material that is applied to a surface and forms a film in order to identify, beautify, protect, convey a message, or minimize detection of such surface. Coating includes, but is not limited to, materials such as Topcoats, stains, Sealers, primers, fillers, conversion Varnish, pigmented Coating, multicolored Coating, moldseal Coating, washcoat and toner.

(26) Combustible Refuse – Any solid or liquid combustible waste material containing carbon in a free or combined state.

(27) Combustion Contaminants – Particulate Matter discharged into the atmosphere from the burning of any kind of material containing carbon in a free or combined state.

(28) Compliance Assurance Monitoring – Total equipment, mechanism(s), and/or technique(s) used to demonstrate and insure compliance with Control Device Efficiency requirements. Such monitoring is used to analyze and/or provide a permanent record of process parameters, such as temperatures, pressures and flow rates.

(29) Compliance Schedule – The date or dates by which a source or category of sources is required to comply with specific emission limitations contained in any air pollution rule, regulation, or statute and with any increment of progress toward such compliance.

(30) Compression-Ignited (IC) Internal Combustion Engine – An Internal Combustion Engine with operating characteristics significantly similar to the theoretical diesel combustive cycle. The regulation of power by controlling fuel supply in lieu of a throttle is indicative of a compression ignited engine.

(31) Continuous Emissions Monitoring System (CEMS) – All of the equipment that may be required to meet the data acquisition and availability requirements, to sample, condition (if applicable), analyze, and provide a record of emissions on a continuous basis.

(32) Control Device Efficiency – The ratio, in percent, of the weight of the pollutant removed by a control device from the process effluent stream entering the control device compared to the weight of pollutant entering the control device, both measured simultaneously.

(33) Control Equipment – Air pollution control equipment which eliminates, reduces or controls the issuance of air contaminants.

(34) Dip Coat (er) – A coating process and application system that coats an object by submerging the object in a vat of Coating, and subsequently withdrawing the object and draining off the excess Coating.

(35) District – See Mojave Desert Air Quality Management District.

(36) Dusts – Minute solid particles released into the air by natural forces or by mechanical processes including, but not limited to, crushing, grinding, milling, drilling, demolition, shoveling, conveying, covering, bagging, grading, leveling, excavation, and sweeping.

(37) Electrostatic Application – A method of applying Coating whereby atomized paint droplets are charged and subsequently deposited on the substrate by electrostatic attraction.

(38) Emission Control System Operating Parameters – Any operating parameter(s) that the District deems necessary to analyze for the determination of compliance. Such parameters include, but are not limited to, the reagent flow rate, catalyst temperature, and exhaust gas flow rate.

(39) Emissions Unit – Any article, machine, equipment, other contrivance or combination thereof which emits or has the Potential to Emit any Regulated Air Pollutant.

(40) Enhanced Emissions Monitoring Device – Any automated data recording device or system having both data gathering and retrieval capabilities. Such equipment includes, but is not limited to, Continuous Emissions Monitoring Systems (CEMS) and Parametric or Predictive Emissions Monitoring Systems (PEMS).

(41) Equipment – Any article, machine, or other contrivance.

(42) Excavation – Removal of surface covering, soil, pavement, etc. to expose underground equipment to view or to prepare a subsurface area for future construction.

(43) Excess Organic Liquid Drainage:

(a) More than two (2) milliliters of liquid drainage per disconnect from a top loading operation; or

(b) More than ten (10) milliliters of liquid drainage from a bottom loading operation. Such liquid drainage shall be determined by computing the average drainage from three (3) consecutive disconnects at any one loading arm.

(44) Executive Director – The Air Pollution Control Officer. See Air Pollution Control Officer.

(45) Exempt Compound – Those compounds listed as excluded from the definition of Volatile Organic Compound in 40 CFR 51.100(s).

(46) Existing Facility – Any Facility operating, constructed or under construction as of the date of adoption of rules related to such facility, unless otherwise specified in the rules.

(47) Facility – Any Permit Unit, group of Permit Units, non-permitted Equipment, or any combination thereof which:

(a) Emits or may emit an Air Pollutant; and

(b) Belongs to a single major industrial group in the Standard Industrial Classification Manual; and

(c) Is located on a single parcel of land or on contiguous or adjacent property within the District; and

(d) Which is owned or operated by the same Person or by Persons under common control.

(e) For the purpose of this definition, such above-described grouping, remotely located but connected only by land carrying a pipeline, shall not be considered one Facility.

(48) Federal Ozone Non-Attainment Area (FONA) – That portion of San Bernardino County that lies within the lines which begin at:

(a) The San Bernardino - Riverside County boundary, running north along the range line common to Range 3 East and Range 2 East;

(b) Then west along the township line common to Township 2 North and Township 3 North;

(c) Then north along the San Bernardino - Los Angeles County Boundary and the San Bernardino - Kern County Boundary;

(d) Then east along latitude 35 degrees, 10 minutes north;

(e) Then south along longitude 115 degrees, 45 minutes west, and west along the San Bernardino - Riverside County Boundary.

(49) Fixed Roof Tanks – A storage tank with a roof that is permanently affixed to the shell of the storage tank.

(50) Floating Roof Tanks:

(a) External Floating Roof – A vapor loss control device, consisting of a pontoon-type or double-deck-type cover that rests on the surface of the liquid contents and which is equipped with an approved closure device between the tank shell and roof edge.

(b) Internal Floating Roof – A cover or roof in a fixed roof tank that rests upon or is floated upon the petroleum liquid being contained and is equipped with a closure seal or seals to close the space between the roof edge and tank shell.

(51) Flow Coat(er) – A Coating process and application system where no air is supplied to the nozzle and where the paint flows over the part and the excess Coating drains back into the collection system.

(52) Fugitive Dust – Any solid Particulate Matter that becomes airborne, other than that emitted from an exhaust stack, directly or indirectly as a result of the activities of persons.

(53) Fugitive Liquid Leak – A dripping of liquid organic compounds at a rate in excess of three (3) drops per minute from any single leak source other than the disconnect operations of liquid fill line and vapor line.

(54) Fugitive Vapor Leak – An escape of organic vapors from a source other than the tank truck, trailer or railroad tank car when measured in excess of 3,000 ppm (instrument calibrated with propane) above background at a distance of two (2) centimeters (0.8 inch) from the source for more than ten (10) seconds duration, or equivalent test method as approved in writing by the APCO, CARB and USEPA. (Background is the ambient concentration of organic compounds determined at least three (3) meters upwind of the potential source and uninfluenced by any specific emission source.) A "fugitive vapor leak source" does not include liquid spillage or condensate resulting from "fugitive liquid leaks".

(55) Gasoline – Any organic liquid including petroleum distillate and methanol having a Reid Vapor Pressure of 200 mm Hg (3.9 pounds per square inch), or greater, and used as a motor vehicle fuel, or any fuel which is commonly or commercially known or sold as gasoline.

(56) Gasoline Transfer and Dispensing Facility – A mobile system or stationary facility, consisting of one or more storage tanks and associated equipment, which receive, store and dispense gasoline.

(57) Gasoline Vapors – The organic compounds of gasoline, which exist in a vapor state including, where present, entrained liquid gasoline.

(58) Grams of VOC Per Liter of Coating Less Water and Less Exempt Compounds (VOC Content) – The weight of VOC per combined volume of VOC and Coating solids.

(59) Grams of VOC Per Liter of Material – The weight of VOC per volume of material.

(60) Hearing Board – The Hearing Board of the Mojave Desert Air Quality Management District.

(61) Heat Input – The chemical heat released due to fuel combustion in a Permit Unit, using the higher heating value of the fuel. This does not include the sensible heat of incoming combustion air.

(62) Higher Heating Value (HHV) – The total heat liberated, including the heat of condensation of water, per mass of fuel burned (Btu per pound) when fuel and dry air at standard conditions undergo complete combustion and all resultant products are brought to standard conditions.

(63) High-Volume, Low-Pressure (HVLP) – A coating application system which is operated at air pressures between 0.1 and 10 pounds per square inch gauge (psig) measured dynamically at the center of the air cap and at the air horns.

(64) Increments of Progress – Steps to be taken by an owner or operator to bring a source of air contaminants into compliance. See definition of "Schedule of Increments of Progress".

(65) Ink – A fluid that contains dyes and/or colorants and is used to make markings but not to protect surfaces.

(66) Liquid Tight – A liquid leak rate of no more than three (3) drops per minute.

(67) Loading Facility – Any aggregation or combination of organic liquid loading equipment which is under the control of one person at a single location.

(68) Maximum Rated Capacity – The maximum design heat input of a unit at the highest heating value of the fuel used.

(69) Mobile Fueler – Any tank truck or trailer that is used to transport and dispense gasoline from an onboard storage tank into any motor vehicle fuel tank.

(70) Mojave Desert Air Quality Management District – The independent special district responsible for all aspects of air quality management as defined in Health and Safety Code §39038.3 and created pursuant to Chapter 13 (commencing with §41200) of Part 3, within that region of California within the boundaries as defined in Rule 103. See Rule 103 – *Description of District Boundaries*.

(71) Motor Vehicle – Any self-propelled vehicle, including, but not limited to cars, trucks, buses, golf carts, vans, motorcycles, recreational vehicles, tanks, and armored personnel carriers as defined in Sections 415 and/or 670 of the California Vehicle Code. See Registered Motor Vehicle.

(72) Multi-Color(ed) Coating – A Coating which exhibits more than one color when applied, and which is packaged in a single container and applied in a single coat.

(73) Multiple Chamber Incinerator – Any Equipment, structure or part of a structure, used to dispose of combustible refuse by burning, consisting of three (3) or more refractory lined combustion chambers, physically separated by refractory walls, interconnected by gas passage ports or ducts.

(74) Non-Absorbent Container – A container made of non-porous material that does not allow the migration of Solvents through it.

(75) Oil-Effluent Water Separator – Any tank, box, sump or other container in which any petroleum or product thereof, floating on or entrained or contained in water entering such tank, box, sump, or other container, is physically separated and removed from such water prior to outfall, drainage, or recovery of such water.

(76) Operator – That person in charge of a particular operation subject to air pollution control. See definition of "Owner".

(77) Organic Liquid – Any compound of carbon, including organic materials, organic solvents and gasoline, which is in a liquid phase at ambient or storage conditions.

(78) Organic Materials – Chemical compounds of carbon excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides, metallic carbonates and ammonium carbonate.

(79) Organic Solvents – Includes diluents and thinners and are defined as organic materials which are liquids at standard conditions and which are used as dissolvers, viscosity reducers or cleaning agents, except that such materials exhibiting a boiling point higher than 104 °C (219 °F) at 0.5 mm Hg absolute pressure or having an equivalent vapor pressure shall not be considered to be solvents unless exposed to temperatures exceeding 104 °C (219 °F).

(80) Overall Control Efficiency (CE) – The ratio of the weight of a Regulated Air Pollutant removed by an emission control system to the total weight of that Regulated Air Pollutant emitted from a controlled operation, both measured simultaneously.

(81) Owner – That person ultimately responsible for a particular operation. "Owner/Operator" refers to any person who owns, leases, operates, controls, or supervises a stationary source. See definition of "Person".

(82) Oxides of Nitrogen (NO_X) – The sum of the molecular forms of nitrogen oxide and nitrogen dioxide. When measured or calculated, the total of the two molecular forms is collectively expressed as nitrogen dioxide (NO_2).

(83) Parametric Emissions Monitoring System (PEMS) – A monitoring system that continuously measures process parameters and uses a model or algorithm to estimate emissions based on the parameters measured.

(84) Particulate Matter (PM) – Any material, except uncombined water, which exists in a finely divided form as a liquid or solid at standard conditions.

(85) Particulate Matter (PM_{10}) – Particulate matter with an aerodynamic diameter of less than or equal to a nominal 10 micrometers. Gaseous emissions which condense to form particulate matter at ambient temperatures shall be included.

(86) Particulate Matter ($PM_{2.5}$) – Particulate Matter with an aerodynamic diameter of less than or equal to a nominal 2.5 micrometers. Gaseous emissions which condense to form particulate matter at ambient temperatures shall be included.

(87) Parts per Million (ppm) – Parts per million.

(88) Parts per Million by Volume (ppmv) – The number of gas molecules of a given species, or group, in one million total gas molecules.

(89) Parts per Million by Weight (ppmw) – The mass or weight of a component substance relative to the mass or weight of the total substance including all components, specified as a ratio with one million mass or weight units in the denominator (i.e. grams per megagram or pounds per million pounds).

(90) Permit Unit – Any Emissions Unit or equipment which is required to have a Permit to Operate pursuant to District Rule 203 – *Permit to Operate*.

(91) Person – Any individual, firm, association, organization, partnership, business trust, corporation, company, contractor, supplier, installer, user or owner, or any state or local governmental agency or public district or any other officer or employee thereof. Person also means the United States or its agencies to the extent authorized by Federal Law.

(92) Photochemically Reactive Solvent – Any solvent with an aggregate of more than 20 percent of its total volume composed of the chemical compounds classified below or which exceeds any of the following individual percentage composition limitations, referred to the total volume of solvent:

(a) A combination of hydrocarbons, alcohols, aldehydes, ethers, esters or ketones having an olefinic or cycloolefinic type of unsaturation except perchloroethylene; five (5) percent;

(b) A combination of aromatic compounds with eight (8) or more carbon atoms to the molecule except ethylbenzene, methyl benzoate and phenyl acetate: eight (8) percent; or,

(c) A combination of ethylbenzene, ketones having branched hydrocarbon structures, trichloroethylene or toluene: 20 percent.

Whenever any organic solvent or any constituent of an organic solvent may be classified from its chemical structure into more than one of the above groups of organic compounds, it shall be considered as a member of the most reactive chemical group, that is, that group having the least allowable percent of the total volume of solvents.

(93) Potential to Emit (PTE) – The maximum capacity of a Facility to emit any air pollutant under its physical and operational design. Calculation methods, inclusions and exclusions are program specific and can be found in other District Rules.

(94) Precursor – A substance which, when released to the atmosphere, forms or causes to be formed or contributes to the formation of a Regulated Air Pollutant. These include, but are not limited to the following:

Precursors	Secondary Pollutants
Ammonia	(a) PM_{10} and $PM_{2.5}$
Hydrocarbons and substituted hydrocarbons (Reactive Organic Compounds and Volatile Organic Compounds)	(a) Photochemical oxidant (ozone, O_3) (b) The organic fraction of PM_{10} and $PM_{2.5}$
Nitrogen oxides (NO_X)	(a) Nitrogen dioxide (NO_2) (b) The nitrate fraction of PM_{10} and $PM_{2.5}$ (c) Photochemical oxidant (ozone, O_3)
Sulfur oxides (SO_X)	(a) Sulfur dioxide (SO_2) (b) Sulfates (SO_4) (c) The sulfate fraction of PM_{10} and $PM_{2.5}$
Hydrogen Sulfide (H_2S)	(a) Sulfur dioxide (SO_2) (b) Sulfates (SO_4) (c) The sulfate fraction of PM_{10} and $PM_{2.5}$

(95) Predictive Emissions Monitoring System (PEMS) – The equipment necessary to monitor process and Emission Control Equipment operational parameters (for example, control device secondary voltages and electric currents) and other information (for example, gas flow rate, oxygen or carbon dioxide concentrations), and calculate and record the mass emissions rate (for example, lb/hr) on a continuous basis.

(96) Pressure/Vacuum Relief Valve – A valve that is installed on the vent pipes of storage tanks to relieve pressure or vacuum build-up at preset values of pressure or vacuum.

(97) Process Weight – The total weight of all materials introduced into any specific process which may discharge contaminants into the atmosphere. Solid fuels charged will be considered as part of the process weight, but liquid and gaseous fuels and air will not.

(98) Process Weight per Hour – The total process weight divided by the number of hours in one complete operation from the beginning of any given process to the completion thereof, excluding any time during which the equipment is idle.

(99) Rated Brake Horsepower – The continuous brake horsepower rating specified for the engine by the manufacturer or listed on the nameplate of the unit, unless otherwise physically limited and specified by a condition on the engine's permit or District registration.

(100) Rated Heat Input – The Heat Input capacity (in MMBtu/hr) specified on the nameplate of the unit, unless:

(a) The unit is limited by permit condition to a lesser Heat Input than specified on the nameplate, in which case the limiting condition shall be used as the Rated Heat Input; or

(b) The unit is operated above the Heat Input capacity specified on the nameplate, in which case the maximum operated rate shall be used as the Rated Heat Input.

(101) Reasonably Available Control Technology (RACT) – The lowest emission limitation that a particular source is capable of meeting by the application of control technology that is reasonably available considering technological and economic feasibility.

(102) Receptor Area – That specified geographic area in which the air contaminants emitted from a source area are present or to which they may be transported.

(103) Reduction of Animal Matter – Any heated process used for rendering, cooking, drying, dehydrating, digesting, evaporating and protein concentrating of animal matter.

(104) Registered Motor Vehicle – Any motor vehicle which is registered or requires registration for use on the highway.

(105) Regulated Air Pollutant – Any Air Pollutant that is subject to the provisions of State or Federal law or the regulations promulgated thereunder. Inclusion and exclusions of particular Air Pollutants are program specific and can be found in other District Rules.

(106) Regulation – Any of the major subdivisions of the Rules of the Mojave Desert Air Quality Management District.

(107) Repair Coating – A Coating used to re-coat portions of a product which has sustained mechanical damage to the Coating following normal painting operations.

(108) Retail Gasoline Station – Any motor vehicle refueling facility subject to payment of California sales tax on gasoline sales.

(109) Roll Coater – A type of application Equipment in which a series of mechanical rollers form a thin Coating film on the surface of a roller, which is subsequently applied to a substrate by moving the substrate underneath the roller.

(110) Rule – A rule of the Mojave Desert Air Quality Management District.

(111) Schedule of Increments of Progress – A statement of dates when various steps are to be taken to bring a source of air contaminants into compliance with emission standards and shall include, to the extent feasible, the following:

(a) The date of submittal of the final plan for the control of emissions of air contaminants from that source to the District.

(b) The date by which contracts for emission control systems or process modifications will be awarded, or the date by which orders will be issued for the purchase of component parts to accomplish emission control or process modification.

(c) The date of initiation of on-site construction or installation of emission control equipment or process change.

(d) The date by which on-site construction or installation of emission control equipment or process modification is to be completed.

(e) The date by which final compliance is to be achieved.

(f) Such other dates by which other appropriate and necessary steps shall be taken to permit close and effective supervision of progress toward timely compliance.

(112) Solid Particulate Matter – Particulate matter which exists as a solid at standard conditions.

(113) Solvent – Any liquid containing a Volatile Organic Compound or combination of Volatile Organic Compounds, which is used as a diluent, thinner, dissolver, viscosity reducer, cleaning agent, or for other similar uses. A Solvent may be a single compound or a blend of two (2) or more compounds.

(114) Source Area – That specified geographic area in which air contaminants are emitted.

(115) South Coast Air Quality Management District (SCAQMD) – The air district created pursuant to Division 26, Part 3, Chapter 5.5 of the Health & Safety Code (commencing with §40400).

(116) Stain – Coatings which are formulated to change the color of a surface but not completely conceal the surface, so that the grain is still visible.

(117) Standard Conditions – A gas temperature of 15.5 °C (60 °F) and a gas pressure of 760 mm Hg (14.7 pounds per square inch) absolute.

(118) Stripper – A liquid used to remove cured Coatings, cured Inks and/or cured Adhesives.

(119) Submerged Fill Loading – A type of process for organic liquid loading, where the discharge opening is completely submerged below the liquid level, when the height of that liquid when measured is above the bottom of the vessel at eight centimeters (3.2 inches) or higher.

(120) Submerged Fill Pipe:

(a) Top Loading – Any fill pipe where the discharge opening is completely submerged when the liquid level is 15 centimeters six (6) inches above the bottom of the container.

(b) Side Loading – Any fill pipe where the discharge opening is entirely submerged when the liquid level is 45 centimeters (18 inches) above the bottom of the container.

(121) Switch Loading – A transfer of organic liquids with a vapor pressure of less than 77.5 mm HG (1.5 psia) under actual loading condition into any tank truck, trailer or railroad tank car that was previously loaded with an organic liquid with a vapor pressure of 77.5 mm HG (1.5 psia) or greater.

(122) Tank Replacement – The removal and installation of a new or another storage tank.

(123) Throughput – The mass or volume of a material or substance that is handled, or processed by a system in a given time period, such as gallons per year, tons per hour, etc.

(124) Touch-Up – Any coating operation used to cover minor imperfections appearing after the main coating operation.

(125) Transfer Efficiency – The ratio of the weight or volume of Coating solids adhering to an object to the total weight or volume, respectively, of Coating solids used in the application process, expressed as a percentage.

(126) True Vapor Pressure –The equilibrium partial vapor pressure exerted by an organic liquid at actual storage temperature.

(127) United States Environmental Protection Agency (USEPA) – The United States Environmental Protection Agency, the Administrator of the USEPA and his or her authorized representative.

(128) Vapor Recovery System – A system that is designed to collect or capture the vapors released and/or generated during the dispensing, transfer and/or storage of liquids, and is capable of storage, transferring and/or disposal of the recovered vapors.

(129) Vapor Recovery System Efficiency – The estimated efficiency of the air pollution control technology which is incorporated, by means of an enforceable permit condition(s). Emission reductions attributed to lowering throughput rates or curtailing operating hours shall not be considered in determining abatement efficiency.

(130) Vehicle – A device by which any person or property may be propelled, moved, or drawn upon a highway, excepting a device moved by human power or used exclusively upon stationary rails or tracks.

(131) Volatile Organic Compound (VOC) – Any compound of carbon, excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, and ammonium carbonate, and Exempt Compounds.

[SIP: See SIP Table at http://www.mdaqmd.ca.gov]

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Mojave Desert
Air Quality Management District

Draft

Staff Report
Proposed Amendments to
Rule 102 – *Definition of Terms*

For adoption on
April 23, 2018

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STAFF REPORT
TABLE OF CONTENTS
Rule 102 – *Definition of Terms*

I. PURPOSE OF STAFF REPORT 1
II. EXECUTIVE SUMMARY 1
III. STAFF RECOMMENDATION 1
IV. LEGAL REQUIREMENTS CHECKLIST 2
V. DISCUSSION OF LEGAL REQUIREMENTS 3
A. REQUIRED ELEMENTS/FINDINGS 3
1. State Findings Required for Adoption of Rules & Regulations 3
a. Necessity 3
b. Authority 3
c. Clarity 3
d. Consistency 3
e. Nonduplication 3
f. Reference 4
g. Public Notice & Comment, Public Hearing 4
2. Federal Elements (SIP Submittals, Other Federal Submittals) 4
a. Satisfaction of Underlying Federal Requirements 4
b. Public Notice and Comment 4
c. Availability of Document 5
d. Notice to Specified Entities 5
e. Public Hearing 5
f. Legal Authority to Adopt and Implement 5
g. Applicable State Laws and Regulations Were Followed 5
B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS 5
C. ECONOMIC ANALYSIS 6
1. General 6
2. Incremental Cost Effectiveness 6
D. ENVIRONMENTAL ANALYSIS (CEQA) 6
E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS 6
1. Potential Environmental Impacts 6
2. Mitigation of Impacts 7
3. Alternative Methods of Compliance 7
F. PUBLIC REVIEW 7
VI. TECHNICAL DISCUSSION 7
A. SOURCE DESCRIPTION 7
B. EMISSIONS 7
C. CONTROL REQUIREMENTS 7
D. PROPOSED RULE SUMMARY 7
E. SIP HISTORY 8
1. SIP History 8
a. SIP in the San Bernardino County Portion of MDAQMD 8
b. SIP in the Riverside County Portion of the MDAQMD 9
2. SIP Analysis 10

Appendix A - Iterated Version..... A-1
Appendix B - Public Notice Documents..... B-1
Appendix C - Public Comments and Responses..... C-1
Appendix D - California Environmental Quality Act Documentation D-1
Appendix E - Bibliography.....E-1

List of Acronyms

BACT	Best Available Control Technology
BARCT	Best Available Retrofit Control Technology
CARB	California Air Resources Board
CCAA	California Clean Air Act
CEQA	California Environmental Quality Act
CFR	Code of Federal Regulations
FCAA	Federal Clean Air Act
H&S Code	California Health & Safety Code
MDAB	Mojave Desert Air Basin
MDAQMD	Mojave Desert Air Quality Management District
NOx	Oxides of Nitrogen
RACT	Reasonably Available Control Technology
RFP	Reasonable Further Progress
SBCAPCD	San Bernardino County APCD
SCAB	South Coast Air Basin
SCAQMD	South Coast Air Quality Management District
SIP	State Implementation Plan
SOx	Oxides of Sulfur
TAC	Technical Advisory Committee
USEPA	United States Environmental Protection Agency
VOC	Volatile Organic Compounds

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STAFF REPORT
Rule 102 – *Definition of Terms*

I. PURPOSE OF STAFF REPORT

A staff report serves several discrete purposes. Its primary purpose is to provide a summary and background material to the members of the Governing Board. This allows the members of the Governing Board to be fully informed before making any required decision. It also provides the documentation necessary for the Governing Board to make any findings, which are required by law to be made prior to the approval or adoption of a document. In addition, a staff report ensures that the correct procedures and proper documentation for approval or adoption of a document have been performed. Finally, the staff report provides evidence for defense against legal challenges regarding the propriety of the approval or adoption of the document.

II. EXECUTIVE SUMMARY

The Mojave Desert Air Quality Management District (MDAQMD) has the authority pursuant to California Health and Safety Code (H&S Code) §40702 to adopt, amend or repeal rules and regulations. The MDAQMD is proposing to amend Rule 102 – *Definition of Terms* for inclusion in the current rulebook.

Many terms are defined in multiple district rules. Staff has determined that the rulebook will be more clear and consistent by shifting common definitions to Rule 102 and updating definitions for consistency. This rule is proposed for amendment in response to comments received from the California Air Resources Board (CARB), the United States Environmental Protection Agency (USEPA) and the Technical Advisory Committee (TAC). The amendment of Rule 102 – *Definitions of Terms* will be an ongoing process. Rule 102 will continue to be updated as needed when other District rules are proposed for amendment and contain definitions that need to be moved.

III. STAFF RECOMMENDATION

Staff recommends that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD or District) amend proposed Rule 102 – *Definition of Terms* and approve the appropriate California Environmental Quality Act (CEQA) documentation. This action is necessary to streamline the District rulebook.

IV. LEGAL REQUIREMENTS CHECKLIST

The findings and analysis as indicated below are required for the procedurally correct amendments to Rule 102 – *Definition of Terms*. Each item is discussed, if applicable, in Section V. Copies of related documents are included in the appropriate appendices.

FINDINGS REQUIRED FOR RULES & REGULATIONS:

X Necessity

X Authority

X Clarity

X Consistency

X Nonduplication

X Reference

X Public Notice & Comment

X Public Hearing

REQUIREMENTS FOR STATE IMPLEMENTATION PLAN SUBMISSION (SIP):

X Public Notice & Comment

X Availability of Document

X Notice to Specified Entities (State, Air Districts, USEPA, Other States)

X Public Hearing

X Legal Authority to adopt and implement the document.

X Applicable State laws and regulations were followed.

ELEMENTS OF A FEDERAL SUBMISSION:

N/A Elements as set forth in applicable Federal law or regulations.

CALIFORNIA ENVIRONMENTAL QUALITY ACT REQUIREMENTS (CEQA):

N/A Ministerial Action

N/A Exemption

X Negative Declaration

N/A Environmental Impact Report

X Appropriate findings, if necessary.

X Public Notice & Comment

SUPPLEMENTAL ENVIRONMENTAL ANALYSIS (RULES & REGULATIONS ONLY):

X Environmental impacts of compliance.

N/A Mitigation of impacts.

N/A Alternative methods of compliance.

OTHER:

X Written analysis of existing air pollution control requirements

N/A Economic Analysis

X Public Review

V. DISCUSSION OF LEGAL REQUIREMENTS

A. REQUIRED ELEMENTS/FINDINGS

This section discusses the State of California statutory requirements that apply to the proposed amendments to Rule 102 – *Definition of Terms*. These are actions that need to be performed and/or information that must be provided in order to amend the rule in a procedurally correct manner.

1. State Findings Required for Adoption of Rules & Regulations:

Before adopting, amending, or repealing a rule or regulation, the District Governing Board is required to make findings of necessity, authority, clarity, consistency, non-duplication, and reference based upon relevant information presented at the hearing. The information below is provided to assist the Governing Board in making these findings.

a. Necessity:

The proposed amendments to Rule 102 are necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity. This amendment is in response to comments received from CARB, USEPA and the TAC.

b. Authority:

The District has the authority pursuant to H&S Code §40702 to adopt, amend or repeal rules and regulations.

c. Clarity:

The proposed amendments to Rule 102 are clear in that they are written so that the persons subject to the rule can easily understand the meaning because definitions have been added and updated for consistency.

d. Consistency:

The proposed amendments to Rule 102 are in harmony with, and not in conflict with or contradictory to any state law or regulation, federal law or regulation, or court decisions.

e. Nonduplication:

The proposed amendments to Rule 102 do not impose the same requirements as any existing state or federal law or regulation

because rulebook definitions have been added and updated for consistency.

f. Reference:

The District has the authority pursuant to H&S Code §40702 to adopt, amend or repeal rules and regulations

g. Public Notice & Comment, Public Hearing:

Notice for the public hearing for the proposed amendments to Rule 102 was published February 20, 2018, and the comment period will end March 22, 2018. See Appendix "B" for a copy of the public notice. See Appendix "C" for copies of comments, if any, and District responses.

2. Federal Elements (SIP Submittals, Other Federal Submittals).

Submittals to USEPA are required to include various elements depending upon the type of document submitted and the underlying federal law that requires the submittal. The information below indicates which elements are required for the proposed amendments to Rule 102 and how they were satisfied.

a. Satisfaction of Underlying Federal Requirements:

The amendments to Rule 102 are subject to all the requirements for a State Implementation Plan (SIP) submittal because Rule 102 is included in the MDAQMD SIP. The criteria for determining completeness of SIP submissions are set forth in 40 CFR Part 51, Appendix V, 2.0. In addition, FCAA §110(l) (42 U.S.C. 7410(l)) requires that any rule action which might possibly be construed as a relaxation of a requirement provide a demonstration that the change not interfere with any FCAA requirements concerning attainment or Reasonable Further Progress (RFP). Please see subsection (VI)(E) below for the applicable demonstration.

b. Public Notice and Comment:

Notice for the public hearing for the proposed amendments to Rule 102 was published February 20, 2018, and the public comment period will close March 22, 2018. See Appendix "B" for a copy of the public notice. See Appendix "C" for copies of comments, if any, and District responses.

c. Availability of Document:

Copies of the proposed amendments to Rule 102 and the accompanying draft staff report were made available to the public on February 5, 2018.

d. Notice to Specified Entities:

Copies of the proposed amendments to Rule 102 and the accompanying draft staff report were sent to all affected agencies. The proposed amendments will be sent to the California Air Resources Board (CARB) and USEPA on February 5, 2018.

e. Public Hearing:

A public hearing to consider the proposed amendments to Rule 102 has been set for April 23, 2018.

f. Legal Authority to Adopt and Implement:

The District has the authority pursuant to H&S Code §40702 to adopt, amend, or repeal rules and regulations and to do such acts as may be necessary or proper to execute the duties imposed upon the District.

g. Applicable State Laws and Regulations Were Followed:

Public notice and hearing procedures pursuant to H&S Code §§40725-40728 have been followed. See Subsection (V)(A)(1) above for compliance with state findings required pursuant to H&S Code §40727. See Subsection (V)(B) below for compliance with the required analysis of existing requirements pursuant to H&S Code §40727.2. See Subsection (V)(C) for compliance with economic analysis requirements pursuant to H&S Code §40920.6. See Subsection (V)(D) below for compliance with provisions of the CEQA.

B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS

H&S Code §40727.2 requires air districts to prepare a written analysis of all existing federal air pollution control requirements that apply to the same equipment or source type as the rule proposed for modification by the district. Rule 102 does not impose any air pollution control requirements as the rule simply contains definitions for District rules. Therefore the preparation of a written analysis of existing air pollution control requirements that apply to the same equipment or source type is not required.

C. ECONOMIC ANALYSIS

1. General

The proposed amendments to Rule 102 will not have an adverse economic impact on the entities subject to the proposed rule. This rule simply adds and clarifies existing common definitions in the District rulebook in response to comments received from CARB, USEPA and the TAC.

2. Incremental Cost Effectiveness

Pursuant to H&S Code §40920.6, incremental cost effectiveness calculations are required for rules and regulations which are adopted or amended to meet the California Clean Air Act (CCAA) requirements for Best Available Retrofit Control Technology (BARCT) or "all feasible measures" to control volatile compounds (VOCs), oxides of nitrogen (NOx) or oxides of sulfur (SOx).

The proposed amendment of Rule 102 is not subject to incremental cost effectiveness calculations because this rule does not impose BARCT or "all feasible measures".

D. ENVIRONMENTAL ANALYSIS (CEQA)

Through the process described below the appropriate CEQA process for the proposed amendments to Rule 102 was determined.

1. The proposed amendments to Rule 102 meet the CEQA definition of "project". They are not "ministerial" actions.

2. The proposed amendments to Rule 102 are exempt from CEQA review because this rule is administrative in nature, and there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts. Because there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies. Copies of the documents relating to CEQA can be found in Appendix "D".

E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS

1. Potential Environmental Impacts

The proposed amendment of Rule 102 does not have any potential environmental impact because the amendment simply adds and clarifies existing common definitions. Therefore, this rule does not have any impact upon the emission of air contaminants.

2. Mitigation of Impacts

N/A

3. Alternative Methods of Compliance

N/A

F. PUBLIC REVIEW

See Staff Report Subsection (V)(A)(1)(g) and (2)(b), as well as Appendix "B"

VI. TECHNICAL DISCUSSION

A. SOURCE DESCRIPTION

The definitions in Rule 102 apply to all rules in the District rulebook except when a term is otherwise defined in a specific rule or regulation.

B. EMISSIONS

The proposed amendment of Rule 102 does not have any potential environmental impact because the amendment simply consolidates and clarifies existing common definitions in the District rulebook in one definition rule. Therefore, this rule does not have any impact upon the emission of air contaminants.

C. CONTROL REQUIREMENTS

There are no control requirements in the amendments to Rule 102.

D. PROPOSED RULE SUMMARY

This section gives a brief overview of the proposed amendments to Rule 102.

Please refer to the iterated version of Rule 102 in Appendix "A" of this Staff Report for any formatting changes, additions, deletions and changes to definitions.

- Underlined text identifies new or revised language.
- ~~Lined out~~ text identifies language which is being deleted.
- Normal text identifies the current language of the rule which will remain unchanged by the adoption of the proposed amendments.
- *[Bracketed italicized text]* is explanatory material that is not part of the proposed language. It is removed once the proposed amendments are adopted.

A Definition for "Bottom Fill Loading (Bottom Loading)" has been added.

Definition for “Dip Coat(er)” has been modified to cover both the process and application system.

Definition for “Flow Coat(er)” has been modified to cover both the process and application system.

Definition for “Parametric Emissions Monitoring System (PEMS)” has been added.

E. SIP HISTORY

1. SIP History.

a. SIP in the San Bernardino County Portion of MDAQMD

Rule 102 was originally adopted on 01/07/76 by the Southern California Air Pollution Control District (So.Cal.APCD) which was created by a Joint Powers Agreement (JPA) between Los Angeles, Orange, Riverside and San Bernardino Counties to replace the previous county-wide air pollution control districts for those counties. The rule was subsequently amended on 10/08/76. On 02/01/77, pursuant to statute (Cal. Stats. 1976, Ch 324 p. 815) the South Coast Air Quality Management District (SCAQMD) was created with an initial jurisdiction that only included areas of Los Angeles, Orange, Riverside and San Bernardino Counties contained within the South Coast Air Basin (SCAB). Outlying areas remained under the So. Cal. APCD. Also on 02/01/77 the California Air Resources Board (CARB) issued Executive Order G-73 (1977) which adopted a “rule book” for those non-SCAB areas of Los Angeles, Riverside and San Bernardino Counties. CARB submitted the Executive Order G-73 (1977) rulebook on behalf of the “county” districts and these rule books included Rule 102. Rule 102 was allegedly partially disapproved as a SIP revision on 8/5/1977 (40 CFR 52.236(e)(4)) and then approved into the SIP on 6/14/1978 (43 FR 25684; 40 CFR 52.220(c)(37)(i)(A)).

By its terms Executive Order G-73 (1977) was only effective until the non-SCAB areas took other action. On 02/22/77 the JPA forming the So.Cal.APCD was formally dissolved. By the terms of the JPA upon dissolution each county would regain its county air pollution control district with a jurisdiction of the non-SCAB areas of the county and the applicable rules being the So.Cal.APCD’s rules in effect upon the date of dissolution. Thus, as of 02/22/77 the version of Rule 102 for the San Bernardino County APCD (SBCAPCD) reverted from the G-73 (1977) CARB version back to the original So.Cal.APCD 10/08/76 version.

On 07/25/77 the SBCAPCD readopted its rulebook including Rule 102. It was submitted on 11/4/1977 for inclusion into the SIP. It was partially disapproved on 12/21/1978 (43 FR 59489; 40 CFR 52.220(c)(42)(xiii)(A) and 52.228 (b)(1)(iv)). The action retained various definitions belonging to then rescinded Regulation VI – *Orchard and Citrus Grove Heaters* and disapproving the definitions "fugitive liquid leak" and "fugitive vapor leak." Rule 102 was subsequently amended on 12/19/1988, submitted as a SIP revision and fully approved on 11/27/1990 (55 FR 49281; 40 CFR 52.220(c)(179)(i)(B).

On 07/01/93 the MDAQMD was formed pursuant to statute. Pursuant to statute it also retained all the rules and regulations of the SBCAPCD until such time as the Governing Board of the MDAQMD wished to adopt, amend or rescind such rules. The MDAQMD Governing Board, at its very first meeting, reaffirmed all the rules and regulations of the SBCAPCD. Therefore, the current (12/19/1988) version is the one contained in the SIP.

The MDAQMD amended Rule 102 on 06/12/2017 and this version was submitted by CARB to USEPA as a SIP revision on 08/09/2017. Rule 102 was subsequently amended on 10/23/2017 and 01/22/2018. This current amendment will supersede the prior submittals.

b. SIP in the Riverside County (Blythe/Palo Verde Valley) Portion of the MDAQMD

One of the provisions of the legislation which created the MDAQMD allowed areas contiguous to the MDAQMD boundaries and within the same air basin to leave their current air district and become a part of the MDAQMD. On July 1, 1994 the area commonly known as the Palo Verde Valley in Riverside County, including the City of Blythe, left the SCAQMD and joined the MDAQMD. Since USEPA adopts SIP revisions in California as effective within the jurisdictional boundaries of local air districts, when the local boundaries change the SIP as approved by USEPA for that area up to the date of the change remains as the SIP in that particular area. Upon annexation of the Blythe/Palo Verde Valley the MDAQMD acquired the SIP prior to July 1, 1994 that was effective in the Blythe/Palo Verde Valley. Therefore, the SIP history for the Blythe/Palo Verde Valley Portion of the MDAQMD is based upon the rules adopted and approved for that portion of Riverside County by SCAQMD.

The So.Cal.APCD version of Rule 102 as originally adopted 01/07/1976 and amended on 10/8/1976 and was also effective in

Riverside County. In an interesting twist the Executive Order G-73 (1977) rulebook for Riverside County (submitted on the same day 2/10/1977 and in the same submission) was approved without reservation on 6/14/1978 (43 FR 25684; 40 CFR 52.220(c)(37)(i)(A)).

As of 01/01/78 the non-SCAB portions of Los Angeles, Riverside and San Bernardino Counties were allowed to "opt in" to SCAQMD (Cal Stats 1977 Ch 1195 pg. 4005). Both Los Angeles and Riverside counties did so while San Bernardino County did not. SCAQMD amended Rule 102 on both 04/01/1977 and 09/02/1977 (pre Riverside County "opt in") and submitted it as a SIP revision for its jurisdiction, which at that point DID NOT legally include the desert portions Riverside County, on 10/31/1977 and 11/4/1977. Approvals for these versions apparently occurred in 1978 (See 40 CFR 52.220(c)(41)(xiv)(A); 52.220(c)(42)(xiv)(A); and 52.220(c)(44)(v)(A)). After the inclusion of the non-SCAB portions of Riverside County, SCAQMD amended Rule 102 two more times on November 4, 1988 and July 9, 1993 presumably submitting them to USEPA as SIP revisions each time. It is unclear as to the result of these two submissions. Given this uncertainty the current SIP rule for the Blythe/Paloverde Valley area of Riverside County appears to be whichever is the latest version approved in 1978 at 40 CFR 52.220(c)(41)(xiv)(A), 52.220(c)(42)(xiv)(A), or 52.220(c)(44)(v)(A).

The MDAQMD amended Rule 102 on 06/12/2017 and this version was submitted by CARB to USEPA as a SIP revision on 08/09/2017. Rule 102 was subsequently amended on 10/23/17 and 01/22/2018. This current amendment will supersede the prior submittals.

2. SIP Analysis.

The District will request CARB to submit to USEPA the proposed amendments to Rule 102 to replace the SIP versions in effect in the San Bernardino County portion of the MDAB and the Blythe/Palo Verde Valley portion of Riverside County. The District also requests removal of all prior versions of Rule 102 from the Blythe/Palo Verde Valley portion of the MDAQMD, and that the Region IX SIPs webpage be updated to reflect the appropriate SIP information.

Definitions proposed to be moved into Rule 102 or updated have been derived from either existing SIP rules or from SIP pending rules. Cross references to such rules have been provided in the *[bracketed italicized]* notes contained in the redline version of the rule located in Appendix "A" of this Staff Report. Specific source material for particular definitions will be provided upon request.

Appendix "A"

Rule 102 – *Definition of Terms* Iterated Version

The iterated version is provided so that the changes to an existing rule may be easily found. The manner of differentiating text is as follows:

1. Underlined text identifies new or revised language.

2. ~~Lined out text~~ identifies language which is being deleted.

3. Normal text identifies the current language of the rule which will remain unchanged by the adoption of the proposed amendments.

4. *[Bracketed italicized text]* is explanatory material that is not part of the proposed language. It is removed once the proposed amendments are adopted.

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(**Adopted:** 01/07/76 **Amended:** 10/08/76 **Amended:** 01/01/77 **CARB Ex. Ord. G-73:** 02/01/77; **Readopted:** 07/25/77 **Amended:** 12/19/88; **Amended**: 06/12/17; **Amended:** 10/23/17; **Amended:** 01/22/18; **Amended:** mm/dd/yy)

Rule 102
Definition of Terms

The definitions contained in this Rule shall apply to all rules within this Rulebook except when a term is otherwise provided in a specific rule or regulation.

(1) Actual Emissions – The actual rate of emissions of a Regulated Air Pollutant which accurately represent the emissions from an Emissions Unit. Such emissions shall be calculated using the verified actual operating hours; production rates; and types of materials processed, stored or combusted as applicable.

(2) Adhesive – Any substance that is used to bond one surface to another by attachment.

(3) Aerosol Coating Product – A pressurized Coating product that dispenses product ingredients by means of a propellant, and is packaged in a disposable can for hand-held application.

(4) Aggregate Emissions – A facility-wide sum of Actual Emissions, on an emissions category specific basis, from emission units operated at a single facility.

(5) Agricultural Burning – Open outdoor fires used in agricultural operations in the growing of crops or raising of fowls or animals, or open outdoor fires used in forest management, range improvement, or the improvement of land for wildlife and game habitat or disease and pest prevention. Agricultural burning also includes open outdoor fires used in the operation or maintenance of a system for the delivery of water for the purposes specified above.

(6) Agricultural Operations – Any operation occurring on a ranch or farm directly related to the growing of crops, or raising of fowls or animals for the primary purpose of making profit or for a livelihood, including the growing and harvesting of crops or the raising of fowl or animals, or conducting agricultural research or instruction by an educational institution. Agricultural Operations do not include activities involving the processing or distribution of crops or fowl.

(7) Agricultural Wastes – Unwanted or unsalable materials produced wholly from Agricultural Operations, other than forest or range management operations, directly related to the growing of crops or animals for the primary purpose of making a profit or for a livelihood. The term does not include wastes created by land use conversion to non-agricultural purposes unless the destruction of such waste by open outdoor fire is ordered by the County or State Agricultural Commissioner upon his determination that the waste is infested with infectious transmittable or contagious plant disease which is an immediate hazard to agricultural operation conducted on adjoining or nearby property.

(8) Air-Assisted Airless Spray – A coating application system in which the coating fluid is supplied to the gun under fluid pressure and air is combined at the spray cap.

(9) Air Contaminant or Air Pollutant – Any discharge, release, or other propagation into the atmosphere directly or indirectly caused by man and includes, but is not limited to, smoke, charred paper, dust, soot, grime, carbon, fumes, gases, odors, particulate matters, acids or any combination thereof.

(10) Air-dried Coating –A coating that is cured at a temperature below 90 °C (194 °F).

(11) Air Pollution Control Officer (APCO) – That person appointed to the position of Air Pollution Control Officer of the District pursuant to the provisions of the California Health and Safety Code §40750 and his or her designee.

(12) Annual Heat Input – The total Heat Input of fuels, in Btu, burned by a Permit Unit in a calendar year, as determined from the Higher Heating Value (HHV) and cumulative annual usage of each fuel.

(13) Architectural Coatings – Any coatings applied to stationary structures and their appurtenances; to mobile homes, to pavements, or to curbs.

(14) Atmosphere – That portion of the air which envelopes or surrounds the earth.

(15) Baked Coating – Any Coating that is cured at a temperature at or above 90 °C (194 °F).

(16) Best Available Retrofit Control Technology (BARCT) – an emission limitation that is based on the maximum degree of reduction achievable, taking into account environmental, energy, and economic impacts by each class or category of source.

(17) Boiler or Steam Generator – Any combustion equipment (fired with any fuel) used to produce steam. Boiler or Steam Generator does not include any waste heat recovery boiler that is used to recover sensible heat from the exhaust of a combustion turbine.

(18) Bottom Fill Loading (Bottom Loading) – Any tank, truck, trailer or railroad tank car shall be considered to be bottom loaded when the fuel transfer and vapor return lines have separate, independent, and dedicated attachments on the delivery vehicle, when the inlet is flush with the bottom of the storage device, and when the delivery vehicle hatch remains closed during gasoline transfer. *[Derived from Tehama Rule 4:36 – Vapor Recovery Requirements at Bulk Petroleum Loading Facilities, 4/21/98]*

(19~~8~~) Boundaries of the District – That region within California within which these rules are applicable. See Rule 103 – *Description of District Boundaries* for a description of the MDAQMD boundaries.

(20~~19~~) Breakdown – A condition other than a normal operating mode caused by a non-preventable mechanical or electrical failure, out of tolerance condition, or accidental occurrence such as fire, explosion, flooding, earthquake, etc.

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(21~~0~~) California Air Resources Board (CARB) – The California Air Resources Board, the Executive Officer of CARB and his or her authorized representative, the powers and duties of which are described in Part 2 of Division 26 of the California Health & Safety Code (commencing with §39500).

(22~~1~~) Capture Efficiency (or Capture System Efficiency) – The portion (expressed as a percentage) of the pollutants from an emission source that is delivered to an add-on control device.

(23~~2~~) CARB Certified (Certified by CARB) – A vapor recovery system, equipment, or any component thereof, for which the California Air Resources Board (CARB) has evaluated its performance and issued a valid Executive Order pursuant to Health and Safety Code Section 41954. Each component of a system is a separate CARB certified item and cannot be replaced with a non-certified item or other items that are not certified for use with the particular system. Except for qualified repairs, a CARB certified component shall be as supplied by the qualified manufacturer. A rebuilt component shall not be deemed as CARB certified unless the person who rebuilds the component is authorized by CARB to rebuild the designated CARB certified component.

(24~~3~~) Clear Topcoat – A final Coating which contains binders, but not opaque pigments, and is specifically formulated to form a transparent or translucent solid protective film. Including, but not limited to, Varnishes.

(25~~4~~) Coating – A material that is applied to a surface and forms a film in order to identify, beautify, protect, convey a message, or minimize detection of such surface. Coating includes, but is not limited to, materials such as Topcoats, stains, Sealers, primers, fillers, conversion Varnish, pigmented Coating, multicolored Coating, moldseal Coating, washcoat and toner.

(26~~5~~) Combustible Refuse – Any solid or liquid combustible waste material containing carbon in a free or combined state.

(27~~6~~) Combustion Contaminants – Particulate Matter discharged into the atmosphere from the burning of any kind of material containing carbon in a free or combined state.

(28~~7~~) Compliance Assurance Monitoring – Total equipment, mechanism(s), and/or technique(s) used to demonstrate and insure compliance with Control Device Efficiency requirements. Such monitoring is used to analyze and/or provide a permanent record of process parameters, such as temperatures, pressures and flow rates.

(29~~8~~) Compliance Schedule – The date or dates by which a source or category of sources is required to comply with specific emission limitations contained in any air pollution rule, regulation, or statute and with any increment of progress toward such compliance.

(30~~29~~) Compression-Ignited (IC) Internal Combustion Engine – An Internal Combustion Engine with operating characteristics significantly similar to the theoretical diesel combustive cycle. The regulation of power by controlling fuel supply in lieu of a throttle is indicative of a compression ignited engine.

(31~~0~~) Continuous Emissions Monitoring System (CEMS) – All of the equipment that may be required to meet the data acquisition and availability requirements, to sample, condition (if applicable), analyze, and provide a record of emissions on a continuous basis.

(32~~1~~) Control Device Efficiency – The ratio, in percent, of the weight of the pollutant removed by a control device from the process effluent stream entering the control device compared to the weight of pollutant entering the control device, both measured simultaneously.

(33~~2~~) Control Equipment – Air pollution control equipment which eliminates, reduces or controls the issuance of air contaminants.

(34~~3~~) Dip Coat (er) – A coating process and application system~~type of application Equipment~~ that coats an object by submerging the object in a vat of Coating, and subsequently withdrawing the object and draining off the excess Coating. *[Definition modified to cover both the application process and equipment.]*

(35~~4~~) District – See Mojave Desert Air Quality Management District.

(36~~5~~) Dusts – Minute solid particles released into the air by natural forces or by mechanical processes including, but not limited to, crushing, grinding, milling, drilling, demolition, shoveling, conveying, covering, bagging, grading, leveling, excavation, and sweeping.

(37~~6~~) Electrostatic Application – A method of applying Coating whereby atomized paint droplets are charged and subsequently deposited on the substrate by electrostatic attraction.

(38~~7~~) Emission Control System Operating Parameters – Any operating parameter(s) that the District deems necessary to analyze for the determination of compliance. Such parameters include, but are not limited to, the reagent flow rate, catalyst temperature, and exhaust gas flow rate.

(39~~8~~) Emissions Unit – Any article, machine, equipment, other contrivance or combination thereof which emits or has the Potential to Emit any Regulated Air Pollutant.

(40~~39~~) Enhanced Emissions Monitoring Device – Any automated data recording device or system having both data gathering and retrieval capabilities. Such equipment includes, but is not limited to, Continuous Emissions Monitoring Systems (CEMS) and Parametric or Predictive Emissions Monitoring Systems (PEMS).

(41~~0~~) Equipment – Any article, machine, or other contrivance.

(42~~1~~) Excavation – Removal of surface covering, soil, pavement, etc. to expose underground equipment to view or to prepare a subsurface area for future construction.

(43~~2~~) Excess Organic Liquid Drainage:

(a) More than two (2) milliliters of liquid drainage per disconnect from a top loading operation; or

(b) More than ten (10) milliliters of liquid drainage from a bottom loading operation. Such liquid drainage shall be determined by computing the average drainage from three (3) consecutive disconnects at any one loading arm.

(4~~3~~) Executive Director – The Air Pollution Control Officer. See Air Pollution Control Officer.

(5~~4~~) Exempt Compound – Those compounds listed as excluded from the definition of Volatile Organic Compound in 40 CFR 51.100(s).

(6~~5~~) Existing Facility – Any Facility operating, constructed or under construction as of the date of adoption of rules related to such facility, unless otherwise specified in the rules.

(7~~6~~) Facility – Any Permit Unit, group of Permit Units, non-permitted Equipment, or any combination thereof which:

(a) Emits or may emit an Air Pollutant; and

(b) Belongs to a single major industrial group in the Standard Industrial Classification Manual; and

(c) Is located on a single parcel of land or on contiguous or adjacent property within the District; and

(d) Which is owned or operated by the same Person or by Persons under common control.

(e) For the purpose of this definition, such above-described grouping, remotely located but connected only by land carrying a pipeline, shall not be considered one Facility.

(8~~7~~) Federal Ozone Non-Attainment Area (FONA) – That portion of San Bernardino County that lies within the lines which begin at:

(a) The San Bernardino - Riverside County boundary, running north along the range line common to Range 3 East and Range 2 East;

(b) Then west along the township line common to Township 2 North and Township 3 North;

(c) Then north along the San Bernardino - Los Angeles County Boundary and the San Bernardino - Kern County Boundary;

(d) Then east along latitude 35 degrees, 10 minutes north;

(e) Then south along longitude 115 degrees, 45 minutes west, and west along the San Bernardino - Riverside County Boundary.

(49~~8~~) Fixed Roof Tanks – A storage tank with a roof that is permanently affixed to the shell of the storage tank.

(50~~49~~) Floating Roof Tanks:

(a) External Floating Roof – A vapor loss control device, consisting of a pontoon-type or double-deck-type cover that rests on the surface of the liquid contents and which is equipped with an approved closure device between the tank shell and roof edge.

(b) Internal Floating Roof – A cover or roof in a fixed roof tank that rests upon or is floated upon the petroleum liquid being contained and is equipped with a closure seal or seals to close the space between the roof edge and tank shell.

(51~~0~~) Flow Coat(er) – A Coating process and application system ~~with~~ where no air is supplied to the nozzle and where the paint flows over the part and the excess Coating drains back into the collection system. *[Definition modified to cover both the application process and equipment pursuant to USEPA comment on Rule 1114, 1/12/18.]*

(52~~1~~) Fugitive Dust – Any solid Particulate Matter that becomes airborne, other than that emitted from an exhaust stack, directly or indirectly as a result of the activities of persons.

(53~~2~~) Fugitive Liquid Leak – A dripping of liquid organic compounds at a rate in excess of three (3) drops per minute from any single leak source other than the disconnect operations of liquid fill line and vapor line.

(54~~3~~) Fugitive Vapor Leak – An escape of organic vapors from a source other than the tank truck, trailer or railroad tank car when measured in excess of 3,000 ppm (instrument calibrated with propane) above background at a distance of two (2) centimeters (0.8 inch) from the source for more than ten (10) seconds duration, or equivalent test method as approved in writing by the APCO, CARB and USEPA. (Background is the ambient concentration of organic compounds determined at least three (3) meters upwind of the potential source and uninfluenced by any specific emission source.) A "fugitive vapor leak source" does not include liquid spillage or condensate resulting from "fugitive liquid leaks".

(55~~4~~) Gasoline – Any organic liquid including petroleum distillate and methanol having a Reid Vapor Pressure of 200 mm Hg (3.9 pounds per square inch), or greater, and used as a motor vehicle fuel, or any fuel which is commonly or commercially known or sold as gasoline.

(56~~5~~) Gasoline Transfer and Dispensing Facility – A mobile system or stationary facility, consisting of one or more storage tanks and associated equipment, which receive, store and dispense gasoline.

(57~~6~~) Gasoline Vapors – The organic compounds of gasoline, which exist in a vapor state including, where present, entrained liquid gasoline.

(58~~7~~) Grams of VOC Per Liter of Coating Less Water and Less Exempt Compounds (VOC Content) – The weight of VOC per combined volume of VOC and Coating solids.

(59~~8~~) Grams of VOC Per Liter of Material – The weight of VOC per volume of material.

(60~~59~~) Hearing Board – The Hearing Board of the Mojave Desert Air Quality Management District.

(61~~0~~) Heat Input – The chemical heat released due to fuel combustion in a Permit Unit, using the higher heating value of the fuel. This does not include the sensible heat of incoming combustion air.

(62~~1~~) Higher Heating Value (HHV) – The total heat liberated, including the heat of condensation of water, per mass of fuel burned (Btu per pound) when fuel and dry air at standard conditions undergo complete combustion and all resultant products are brought to standard conditions.

(63~~2~~) High-Volume, Low-Pressure (HVLP) – A coating application system which is operated at air pressures between 0.1 and 10 pounds per square inch gauge (psig) measured dynamically at the center of the air cap and at the air horns.

(64~~3~~) Increments of Progress – Steps to be taken by an owner or operator to bring a source of air contaminants into compliance. See definition of "Schedule of Increments of Progress".

(65~~4~~) Ink – A fluid that contains dyes and/or colorants and is used to make markings but not to protect surfaces.

(66~~5~~) Liquid Tight – A liquid leak rate of no more than three (3) drops per minute.

(67~~6~~) Loading Facility – Any aggregation or combination of organic liquid loading equipment which is under the control of one person at a single location.

(68~~7~~) Maximum Rated Capacity – The maximum design heat input of a unit at the highest heating value of the fuel used.

(69~~8~~) Mobile Fueler – Any tank truck or trailer that is used to transport and dispense gasoline from an onboard storage tank into any motor vehicle fuel tank.

(70~~69~~) Mojave Desert Air Quality Management District – The independent special district responsible for all aspects of air quality management as defined in Health and Safety Code §39038.3 and created pursuant to Chapter 13 (commencing with §41200) of Part 3, within that region of California within the boundaries as defined in Rule 103. See Rule 103 – *Description of District Boundaries*.

(71~~0~~) Motor Vehicle – Any self-propelled vehicle, including, but not limited to cars, trucks, buses, golf carts, vans, motorcycles, recreational vehicles, tanks, and armored personnel

carriers as defined in Sections 415 and/or 670 of the California Vehicle Code. See Registered Motor Vehicle.

(72~~1~~) Multi-Color(ed) Coating – A Coating which exhibits more than one color when applied, and which is packaged in a single container and applied in a single coat.

(73~~2~~) Multiple Chamber Incinerator – Any Equipment, structure or part of a structure, used to dispose of combustible refuse by burning, consisting of three (3) or more refractory lined combustion chambers, physically separated by refractory walls, interconnected by gas passage ports or ducts.

(74~~3~~) Non-Absorbent Container – A container made of non-porous material that does not allow the migration of Solvents through it.

(75~~4~~) Oil-Effluent Water Separator – Any tank, box, sump or other container in which any petroleum or product thereof, floating on or entrained or contained in water entering such tank, box, sump, or other container, is physically separated and removed from such water prior to outfall, drainage, or recovery of such water.

(76~~5~~) Operator – That person in charge of a particular operation subject to air pollution control. See definition of "Owner".

(77~~6~~) Organic Liquid – Any compound of carbon, including organic materials, organic solvents and gasoline, which is in a liquid phase at ambient or storage conditions.

(78~~7~~) Organic Materials – Chemical compounds of carbon excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides, metallic carbonates and ammonium carbonate.

(79~~8~~) Organic Solvents – Includes diluents and thinners and are defined as organic materials which are liquids at standard conditions and which are used as dissolvers, viscosity reducers or cleaning agents, except that such materials exhibiting a boiling point higher than 104 °C (219 °F) at 0.5 mm Hg absolute pressure or having an equivalent vapor pressure shall not be considered to be solvents unless exposed to temperatures exceeding 104 °C (219 °F).

(80~~79~~) Overall Control Efficiency (CE) – The ratio of the weight of a Regulated Air Pollutant removed by an emission control system to the total weight of that Regulated Air Pollutant emitted from a controlled operation, both measured simultaneously.

(81~~0~~) Owner – That person ultimately responsible for a particular operation. "Owner/Operator" refers to any person who owns, leases, operates, controls, or supervises a stationary source. See definition of "Person".

(82~~1~~) Oxides of Nitrogen (NO_X) – The sum of the molecular forms of nitrogen oxide and nitrogen dioxide. When measured or calculated, the total of the two molecular forms is collectively expressed as nitrogen dioxide (NO_2).

(83) Parametric Emissions Monitoring System (PEMS)~~s~~ – A monitoring system that continuously measures process parameters and uses a model or algorithm to estimate emissions based on the parameters measured. *[Derived from BAAQMD Reg 1, May 4, 2011 version. Definition added at the request of the Technical Advisory Committee (TAC).]*

(8~~4~~2) Particulate Matter (PM) – Any material, except uncombined water, which exists in a finely divided form as a liquid or solid at standard conditions.

(8~~5~~3) Particulate Matter (PM_{10}) – Particulate matter with an aerodynamic diameter of less than or equal to a nominal 10 micrometers. Gaseous emissions which condense to form particulate matter at ambient temperatures shall be included.

(8~~6~~4) Particulate Matter ($PM_{2.5}$) – Particulate Matter with an aerodynamic diameter of less than or equal to a nominal 2.5 micrometers. Gaseous emissions which condense to form particulate matter at ambient temperatures shall be included.

(8~~7~~5) Parts per Million (ppm) – Parts per million.

(8~~8~~6) Parts per Million by Volume (ppmv) – The number of gas molecules of a given species, or group, in one million total gas molecules.

(8~~9~~7) Parts per Million by Weight (ppmw) – The mass or weight of a component substance relative to the mass or weight of the total substance including all components, specified as a ratio with one million mass or weight units in the denominator (i.e. grams per megagram or pounds per million pounds).

(90~~88~~) Permit Unit – Any Emissions Unit or equipment which is required to have a Permit to Operate pursuant to District Rule 203 – *Permit to Operate*.

(91~~89~~) Person – Any individual, firm, association, organization, partnership, business trust, corporation, company, contractor, supplier, installer, user or owner, or any state or local governmental agency or public district or any other officer or employee thereof. Person also means the United States or its agencies to the extent authorized by Federal Law.

(92~~0~~) Photochemically Reactive Solvent – Any solvent with an aggregate of more than 20 percent of its total volume composed of the chemical compounds classified below or which exceeds any of the following individual percentage composition limitations, referred to the total volume of solvent:

(a) A combination of hydrocarbons, alcohols, aldehydes, ethers, esters or ketones having an olefinic or cycloolefinic type of unsaturation except perchloroethylene; five (5) percent;

(b) A combination of aromatic compounds with eight (8) or more carbon atoms to the molecule except ethylbenzene, methyl benzoate and phenyl acetate: eight (8) percent; or,

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(c) A combination of ethylbenzene, ketones having branched hydrocarbon structures, trichloroethylene or toluene: 20 percent.

Whenever any organic solvent or any constituent of an organic solvent may be classified from its chemical structure into more than one of the above groups of organic compounds, it shall be considered as a member of the most reactive chemical group, that is, that group having the least allowable percent of the total volume of solvents.

(93~~1~~) Potential to Emit (PTE) – The maximum capacity of a Facility to emit any air pollutant under its physical and operational design. Calculation methods, inclusions and exclusions are program specific and can be found in other District Rules.

(94~~2~~) Precursor – A substance which, when released to the atmosphere, forms or causes to be formed or contributes to the formation of a Regulated Air Pollutant. These include, but are not limited to the following:

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Precursors	Secondary Pollutants
Ammonia	(a) PM_{10} and $PM_{2.5}$
Hydrocarbons and substituted hydrocarbons (Reactive Organic Compounds and Volatile Organic Compounds)	(a) Photochemical oxidant (ozone, O_3) (b) The organic fraction of PM_{10} and $PM_{2.5}$
Nitrogen oxides (NO_X)	(a) Nitrogen dioxide (NO_2) (b) The nitrate fraction of PM_{10} and $PM_{2.5}$ (c) Photochemical oxidant (ozone, O_3)
Sulfur oxides (SO_X)	(a) Sulfur dioxide (SO_2) (b) Sulfates (SO_4) (c) The sulfate fraction of PM_{10} and $PM_{2.5}$
Hydrogen Sulfide (H_2S)	(a) Sulfur dioxide (SO_2) (b) Sulfates (SO_4) (c) The sulfate fraction of PM_{10} and $PM_{2.5}$

(95~~3~~) Predictive Emissions Monitoring System (PEMS) – The equipment necessary to monitor process and Emission Control Equipment operational parameters (for example, control device secondary voltages and electric currents) and other information (for example, gas flow rate, oxygen or carbon dioxide concentrations), and calculate and record the mass emissions rate (for example, lb/hr) on a continuous basis.

(96~~4~~) Pressure/Vacuum Relief Valve – A valve that is installed on the vent pipes of storage tanks to relieve pressure or vacuum build-up at preset values of pressure or vacuum.

(97~~5~~) Process Weight – The total weight of all materials introduced into any specific process which may discharge contaminants into the atmosphere. Solid fuels charged will be considered as part of the process weight, but liquid and gaseous fuels and air will not.

(98~~6~~) Process Weight per Hour – The total process weight divided by the number of hours in one complete operation from the beginning of any given process to the completion thereof, excluding any time during which the equipment is idle.

(99~~7~~) Rated Brake Horsepower – The continuous brake horsepower rating specified for the engine by the manufacturer or listed on the nameplate of the unit, unless otherwise physically limited and specified by a condition on the engine's permit or District registration.

(100~~98~~) Rated Heat Input – The Heat Input capacity (in MMBtu/hr) specified on the nameplate of the unit, unless:

(a) The unit is limited by permit condition to a lesser Heat Input than specified on the nameplate, in which case the limiting condition shall be used as the Rated Heat Input; or

(b) The unit is operated above the Heat Input capacity specified on the nameplate, in which case the maximum operated rate shall be used as the Rated Heat Input.

(101~~99~~) Reasonably Available Control Technology (RACT) – The lowest emission limitation that a particular source is capable of meeting by the application of control technology that is reasonably available considering technological and economic feasibility.

(102~~0~~) Receptor Area – That specified geographic area in which the air contaminants emitted from a source area are present or to which they may be transported.

(103~~1~~) Reduction of Animal Matter – Any heated process used for rendering, cooking, drying, dehydrating, digesting, evaporating and protein concentrating of animal matter.

(104~~2~~) Registered Motor Vehicle – Any motor vehicle which is registered or requires registration for use on the highway.

(105~~3~~) Regulated Air Pollutant – Any Air Pollutant that is subject to the provisions of State or Federal law or the regulations promulgated thereunder. Inclusion and exclusions of particular Air Pollutants are program specific and can be found in other District Rules.

(106~~4~~) Regulation – Any of the major subdivisions of the Rules of the Mojave Desert Air Quality Management District.

(107~~5~~) Repair Coating – A Coating used to re-coat portions of a product which has sustained mechanical damage to the Coating following normal painting operations.

(108~~6~~) Retail Gasoline Station – Any motor vehicle refueling facility subject to payment of California sales tax on gasoline sales.

(109~~7~~) Roll Coater – A type of application Equipment in which a series of mechanical rollers form a thin Coating film on the surface of a roller, which is subsequently applied to a substrate by moving the substrate underneath the roller.

(110~~08~~) Rule – A rule of the Mojave Desert Air Quality Management District.

(111~~09~~) Schedule of Increments of Progress – A statement of dates when various steps are to be taken to bring a source of air contaminants into compliance with emission standards and shall include, to the extent feasible, the following:

(a) The date of submittal of the final plan for the control of emissions of air contaminants from that source to the District.

(b) The date by which contracts for emission control systems or process modifications will be awarded, or the date by which orders will be issued for the purchase of component parts to accomplish emission control or process modification.

(c) The date of initiation of on-site construction or installation of emission control equipment or process change.

(d) The date by which on-site construction or installation of emission control equipment or process modification is to be completed.

(e) The date by which final compliance is to be achieved.

(f) Such other dates by which other appropriate and necessary steps shall be taken to permit close and effective supervision of progress toward timely compliance.

(112~~0~~) Solid Particulate Matter – Particulate matter which exists as a solid at standard conditions.

(113~~1~~) Solvent – Any liquid containing a Volatile Organic Compound or combination of Volatile Organic Compounds, which is used as a diluent, thinner, dissolver, viscosity reducer, cleaning agent, or for other similar uses. A Solvent may be a single compound or a blend of two (2) or more compounds.

(114~~2~~) Source Area – That specified geographic area in which air contaminants are emitted.

(115~~3~~) South Coast Air Quality Management District (SCAQMD) – The air district created pursuant to Division 26, Part 3, Chapter 5.5 of the Health & Safety Code (commencing with §40400).

(116~~4~~) Stain – Coatings which are formulated to change the color of a surface but not completely conceal the surface, so that the grain is still visible.

(117~~5~~) Standard Conditions – A gas temperature of 15.5 °C (60 °F) and a gas pressure of 760 mm Hg (14.7 pounds per square inch) absolute.

(118~~6~~) Stripper – A liquid used to remove cured Coatings, cured Inks and/or cured Adhesives.

(119~~7~~) Submerged Fill Loading – A type of process for organic liquid loading, where the discharge opening is completely submerged below the liquid level, when the height of that liquid when measured is above the bottom of the vessel at eight centimeters (3.2 inches) or higher.

(120~~18~~) Submerged Fill Pipe:

(a) Top Loading – Any fill pipe where the discharge opening is completely submerged when the liquid level is 15 centimeters six (6) inches above the bottom of the container.

(b) Side Loading – Any fill pipe where the discharge opening is entirely submerged when the liquid level is 45 centimeters (18 inches) above the bottom of the container.

(121~~19~~) Switch Loading – A transfer of organic liquids with a vapor pressure of less than 77.5 mm HG (1.5 psia) under actual loading condition into any tank truck, trailer or railroad tank car that was previously loaded with an organic liquid with a vapor pressure of 77.5 mm HG (1.5 psia) or greater.

(122~~0~~) Tank Replacement – The removal and installation of a new or another storage tank.

(123~~1~~) Throughput – The mass or volume of a material or substance that is handled, or processed by a system in a given time period, such as gallons per year, tons per hour, etc.

(124~~2~~) Touch-Up – Any coating operation used to cover minor imperfections appearing after the main coating operation.

(125~~3~~) Transfer Efficiency – The ratio of the weight or volume of Coating solids adhering to an object to the total weight or volume, respectively, of Coating solids used in the application process, expressed as a percentage.

(126~~4~~) True Vapor Pressure –The equilibrium partial vapor pressure exerted by an organic liquid at actual storage temperature.

(127~~5~~) United States Environmental Protection Agency (USEPA) – The United States Environmental Protection Agency, the Administrator of the USEPA and his or her authorized representative.

(128~~6~~) Vapor Recovery System – A system that is designed to collect or capture the vapors released and/or generated during the dispensing, transfer and/or storage of liquids, and is capable of storage, transferring and/or disposal of the recovered vapors.

(129~~7~~) Vapor Recovery System Efficiency – The estimated efficiency of the air pollution control technology which is incorporated, by means of an enforceable permit condition(s). Emission reductions attributed to lowering throughput rates or curtailing operating hours shall not be considered in determining abatement efficiency.

(130~~28~~) Vehicle – A device by which any person or property may be propelled, moved, or drawn upon a highway, excepting a device moved by human power or used exclusively upon stationary rails or tracks.

(131~~29~~) Volatile Organic Compound (VOC) – Any compound of carbon, excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, and ammonium carbonate, and Exempt Compounds.

[SIP: See SIP Table at http://www.mdaqmd.ca.gov]

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Appendix "B"
Public Notice Documents

1. Proof of Publication – Daily Press, February 20, 2018
2. Proof of Publication – Riverside Press Enterprise, February 20, 2018

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THE PRESS-ENTERPRISE

1825 Chicago Ave, Suite 100
Riverside, CA 92507
951-684-1200
951-368-9018 FAX

PROOF OF PUBLICATION
(2010, 2015.5 C.C.P)

Publication(s): The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: /

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

02/20/2018

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: February 20, 2018
At: Riverside, California

Legal Advertising Representative, The Press-Enterprise

MOJAVE DESERT AQMD
14306 PARK AVE
ATTN: D. HERNANDEZ
VICTORVILLE, CA 92392

Ad Number: 0011080474-01

P.O. Number:

Ad Copy:

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD) will conduct a public hearing on April 23, 2018 at 10:00 A.M. to consider the proposed amendment of Rule 102 – Definition of Terms, Rule 1104 – Organic Solvent Degreasing; Rule 1162 – Polyester Resin Operations; and Federal Negative Declarations for Two Control Techniques Guidelines Source Categories.

SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of the proposed rules and the associated staff reports are on file and may be obtained from the Senior Executive Analyst at the MDAQMD Offices. Written comments may be submitted to Brad Poirier, APCO at the above office address. Written comments should be received no later than March 22, 2018 to be considered. If you have any questions regarding Rules 102, 1104, 1162 or the Federal Negative Declarations you may contact Tracy Walters at (760) 245-1661 extension 6122 for further information.

The proposed amendment of Rule 102 – Definition of Terms is necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity.

Rules 1104 and 1162 are proposed for amendment to satisfy 42 U.S.C. §7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors, and to address comments received from the United States Environmental Protection Agency (USEPA) subsequent to the most recent rule amendments.

Federal Negative Declarations for Two Control Techniques Guidelines Source Categories are proposed for adoption because for those CTG source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 – 14 Cal. Code Reg §15308) applies and has prepared a Notice of Exemption for this action.

2/20

RECEIVED
MOJAVE DESERT AQMD
CLERK OF THE BOARD

FEB 26 2018

BY_____

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PROOF OF PUBLICATION

(2015.5 C.C.P.)

STATE OF CALIFORNIA,
County of San Bernardino

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the publisher of the DAILY PRESS, a newspaper of general circulation, published in the City of Victorville, County of San Bernardino, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of San Bernardino, State of California, under the date of November 21, 1938, Case number 43096, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

February 20

All in the year 2018.

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated this: 20th **day of** February, **2018.**

Signature

Leslie Jacobs

This space is the County Clerk's Filing Stamp

Proof of Publication of
NOTICE OF HEARING

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD) will conduct a public hearing on April 23, 2018 at 10:00 A.M. to consider the proposed amendment of Rule 102 – *Definition of Terms, Rule 1104 – Organic Solvent Degreasing; Rule 1162 – Polyester Resin Operations; and Federal Negative Declarations for Two Control Techniques Guidelines Source Categories.*

SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of the proposed rules and the associated staff reports are on file and may be obtained from the Senior Executive Analyst at the MDAQMD Offices. Written comments may be submitted to Brad Poiriez, APCO at the above office address. Written comments should be received no later than March 22, 2018 to be considered. If you have any questions regarding Rules 102, 1104, 1162 or the Federal Negative Declarations you may contact Tracy Walters at (760) 245-1661 extension 6122 for further information.

The proposed amendment of Rule 102 – *Definition of Terms* is necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update Rules 1104 and 1162 are proposed for amendment to satisfy 42 U.S.C. §§7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors, and to address comments received from the United States Environmental Protection Agency (USEPA) subsequent to the most recent rule amendments.

Federal Negative Declarations for Two Control Techniques Guidelines Source Categories are proposed for adoption because for those CTG source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 – 14 Cal. Code Reg §15308) applies and has prepared a *Notice of Exemption* for this action.

Published in the
Daily Press
February 20, 2018
(10-15)

RECEIVED
MOJAVE DESERT AQMD
CLERK OF THE BOARD

FEB 26 2018

BY

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Appendix "C"
Public Comments and Responses

1. USEPA comments, Contained in a markup attachment titled MD Rule 1114 D2.EPA markup.docx, 1/12/2018.
2. CARB Email, Rebecca Newhouse, Subject: MD Rule 102 and question regarding "Bottom Loading" in Rule 462, March 7, 2018.

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1. EPA Comment

MD Rule 1114 D2.EPA markup

Main document changes and comments

Page 2: Comment [LN1] **LEVIN, NANCY** **1/12/2018 2:56:00 PM**

The rule requirements cover cleaning, so for consistency with "Applicability" we suggest adding "cleaning" to the definition of "Coating Application Operations."

1 →

Page 2: Comment [LN2] **LEVIN, NANCY** **1/12/2018 2:57:00 PM**

While Flow Coater is defined in Rule 102, Flow Coat is the term used in this rule. We suggest making the definition and term consistent.

Page 6: Deleted **LEVIN, NANCY** **12/26/2017 11:10:00 AM**

0

Page 8: Inserted **LEVIN, NANCY** **12/26/2017 3:33:00 PM**

Page 8: Deleted **LEVIN, NANCY** **12/26/2017 3:13:00 PM**

Page 8: Comment [LN3] **LEVIN, NANCY** **1/12/2018 3:08:00 PM**

We recommend inserting "or clean up" after "for surface preparation."

Page 11: Comment [LN4] **LEVIN, NANCY** **1/12/2018 3:09:00 PM**

SDAPCD Rule 67.11, SJVAPCD Rule 4606, BAAQMD Rule 8-32 and SBAPCD Rule 351 limit this exemption to 20 gallons per year. We recommend making the rule as stringent as these other district rules.

Page 12: Comment [LN5] **LEVIN, NANCY** **1/12/2018 3:11:00 PM**

For clarity, consider adding the words "regulating those exempted activities" before the word "unless."

Page 12: Comment [LN6] **LEVIN, NANCY** **1/12/2018 3:11:00 PM**

We recommend adding recordkeeping for strippers to show compliance with (D)(7) and (C)(4)(b).

Page 12: Comment [LN7] **LEVIN, NANCY** **1/12/2018 4:14:00 PM**

Section (C)(1)(b) was deleted from rule.

Page 13: Comment [LN8] **LEVIN, NANCY** **1/12/2018 2:41:00 PM**

Section (C)(1)(b) was deleted from rule. It appears that "(C)(2)(b)" is a typo and should be "(C)(2)(a)."

Page 13: Comment [LN9] **LEVIN, NANCY** **1/12/2018 2:46:00 PM**

We recommend deleting "VOC content of coating requirements" and instead refer to section (C)(5)(a) – Add-on Control System.

Page 14: Comment [st10] **stong** **1/12/2018 8:15:00 AM**

D4457-02(2008) is also acceptable to use

Page 14: Comment [st11] **stong** **1/12/2018 8:21:00 AM**

Section (C)(1)(b) was deleted from rule.

Page 14: Comment [st12] **stong** **1/12/2018 8:25:00 AM**

Also, please allow EPA Reference Method 25A – Determination of Total Gaseous Organic Concentration Using a Flame Ionization Analyzer.

Page 14: Comment [st13] **stong** **1/12/2018 8:24:00 AM**

Change to 12/13/1991. The 2/16/17 date listed here is the date of EPA's approval.

Page 14: Comment [st14] **stong** **1/12/2018 8:28:00 AM**

Add: "…., and 40 CFR 51, Appendix M, Methods 204-204F, as applicable."

Page 14: Comment [st15] **stong** **1/12/2018 8:36:00 AM**

Add: "…, and South Coast Air Quality Management District "Guidelines for Demonstrating Equivalency With District Approved Transfer Efficiency Spray Gun September 26, 2002." SC R 1151 (h)(1)(F).

Page 16: Comment [st16]	stong	1/12/2018 9:09:00 AM

Please correct numerator- missing " / " sign between VPi and MWi

(Wi)(VPi) / (MWi)

Page 16: Comment [st17]	stong	1/12/2018 9:11:00 AM

Please correct denominator. WSUB i should be W_i ,

Page 17: Comment [st18]	stong	1/12/2018 9:21:00 AM

(7) and (8) seem to repeat (4)(a)(i) and (4)(a)(ii)

Page 18: Comment [LN19]	LEVIN, NANCY	1/12/2018 11:05:00 AM

For clarity, suggest adding "from the source" after "emitted."

Page 18: Comment [LN20]	LEVIN, NANCY	1/12/2018 3:25:00 PM

Equation seems to repeat (G)(6)

Header and footer changes

Text Box changes

Header and footer text box changes

Footnote changes

Endnote changes

1.	District response to EPA Comment

Comments were submitted in conjunction with the amendment of Rule 1114, and all comments, except as indicated, were addressed in conjunction with the amendment of Rule 1114 on January 22, 2018.

1. Definition for Flow Coater modified to read:

   "Flow Coat(er) – A Coating process and application system ~~with~~ where no air is supplied to the nozzle and where the paint flows over the part and the excess Coating drains back into the collection system."

   Definition now covers both the application process and equipment. The same modification was made to the definition for "Dip Coater" for clarification and consistency.

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2. CARB Comment

Tracy Walters

From: Newhouse, Rebecca <newhouse.rebecca@epa.gov>
Sent: Wednesday, March 7, 2018 8:22 AM
To: Tracy Walters; Michelle Zumwalt
Cc: LEVIN, NANCY
Subject: MD Rule 102 and question regarding "bottom loading" in Rule 462

Hi Tracy and Michelle,

Nancy is our EPA lead for Rule 102, and she asked me to review the gasoline-related definitions in Rule 102 used in rules 461, 462, and 463. When I was reviewing yesterday, I found a term used in Rule 462 that wasn't included in 462 definitions or Rule 102 definitions. Rule 462 (C)(1)(e) references *"bottom loading"* and 462 (C)(2)(a)(ii) references "submerged fill loading" and "*bottom fill loading system*". "Submerged fill loading" is defined in Rule 102, but not "bottom loading" or "bottom fill loading."

1

Do you mind taking a look at this issue? I think the easiest fix would be to add in the term somewhere in Rule 102, instead of amending Rule 462, since Rule 102 is currently being amended. Let me know if you have time for a quick chat about this question this week after you've taken a look.

Thanks,
Rebecca

Rebecca Newhouse
U.S. EPA Region 9, Air Rules Office (AIR-4)
75 Hawthorne Street
San Francisco, CA 94105
(415) 972-3004
newhouse.rebecca@epa.gov

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2.	District response to CARB Comment

1. Added definition for “Bottom Fill Loading (Bottom Loading)” as requested. Definition derived from Tehama County APCD Rule 4:36, 4/21/98 §3.1.

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Appendix "D"
California Environmental Quality Act
Documentation

1. Draft Notice of Exemption – San Bernardino County
2. Draft Notice of Exemption – Riverside County

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NOTICE OF EXEMPTION

TO: County Clerk
San Bernardino County
385 N. Arrowhead, 2nd Floor
San Bernardino, CA 92415

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

X MDAQMD Senior Executive Analyst

PROJECT TITLE: Amendment of Rule 102 – *Definition of Terms*.

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The proposed amendments to Rule 102 are necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity. This amendment is in response to comments received from the California Air Resources Board, the United States Environmental Protection Agency and the Technical Advisory Committee.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)
Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))
X Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The proposed amendments to Rule 102 are exempt from CEQA review because this rule is administrative in nature, and there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts. Because there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** April 23, 2018

DATE RECEIVED FOR FILING:

NOTICE OF EXEMPTION

TO: Clerk/Recorder
Riverside County
3470 12th St.
Riverside, CA 92501

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

X MDAQMD Senior Executive Analyst

PROJECT TITLE: Amendment of Rule 102 – *Definition of Terms*.

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The proposed amendments to Rule 102 are necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity. This amendment is in response to comments received from the California Air Resources Board, the United States Environmental Protection Agency and the Technical Advisory Committee.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)
Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))
X Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The proposed amendments to Rule 102 are exempt from CEQA review because this rule is administrative in nature, and there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts. Because there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** April 23, 2018

DATE RECEIVED FOR FILING:

Appendix "E"
Bibliography

The following documents were consulted in the preparation of this staff report.

1. Bay Area Air Quality Management District, Reg I: *General Provisions and Definitions*, May 4, 2011.
2. Tehama County APCD Rule 4:36 – *Vapor Recovery Requirements at Bulk Petroleum Loading Facilities*, 04/21/98.

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The following page(s) contain the backup material for Agenda Item: Conduct a public hearing to consider the amendment of Rule 1104 – Organic Solvent Degreasing Operations: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Env

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #12

DATE: April 23, 2018

RECOMMENDATION: Conduct a public hearing to consider the amendment of Rule 1104 – *Organic Solvent Degreasing Operations*: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending the Rule and directing staff actions.

SUMMARY: Rule 1104 is proposed for amendment to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

CONFLICT OF INTEREST: None.

BACKGROUND: The Mojave Desert Air Quality Management District amended Rule 1104 – *Organic Solvent Degreasing Operations* on March 27, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The MDAQMD is now proposing to update Rule 1104 – *Organic Solvent Degreasing Operations* to address additional comments provided by the United States Environmental Protection Agency (USEPA) subsequent to the rule amendment.

A Notice of Exemption, Categorical Exemption (Class8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 1104 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about April 9, 2018

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

RESOLUTION NO. 01-_____

A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF EXEMPTION AMENDING RULE 1104 – *ORGANIC SOLVENT DEGREASING OPERATIONS* AND DIRECTING STAFF ACTIONS.

On April 23, 2018, on motion by Member _____, seconded by Member _____, and carried, the following resolution is adopted:

WHEREAS, the Mojave Desert Air Quality Management District (MDAQMD) has authority pursuant to California Health and Safety Code (H & S Code) §§40702, 40725-40728 to adopt, amend or repeal rules and regulations; and

WHEREAS, the Mojave Desert Air Quality Management District amended Rule 1104 – *Organic Solvent Degreasing Operations* on March 27, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS); and

WHEREAS, the MDAQMD is now proposing to update Rule 1104 – *Organic Solvent Degreasing Operations* to address additional comments provided by the United States Environmental Protection Agency (USEPA) subsequent to the rule amendment; and

WHEREAS, the proposed amendments to the Rule are necessary as indicated herein and in the supporting documentation; and

WHEREAS, the MDAQMD has the authority pursuant to H & S Code §40702 to amend rules and regulations; and

WHEREAS, the proposed amendments to Rule 1104 are clear in that the meaning can be easily understood by the persons impacted by the Rule; and

WHEREAS, the amendments to Rule 1104 are in harmony with, and not in conflict with, or contradictory to existing statutes, court decisions, or state or federal regulations because the proposed rule is consistent with the Control Techniques Guidelines (CTG) provisions and other District rules deemed to meet Reasonably Available Control Technology (RACT); and

WHEREAS, the proposed amendments do not impose the same requirements as any

existing state or federal regulation because the District is amending this rule in response to federal VOC RACT requirements; and

WHEREAS, the proposed amendments to Rule 1104 are needed in order to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement RACT for sources that are subject to CTG and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)); and

WHEREAS, a public hearing has been properly noticed and conducted, pursuant to H&S Code §40725, concerning the amendments to Rule 1104; and

WHEREAS, a Notice of Exemption, a Categorical Exemption (Class 8, 14 CCR §15308) for the proposed amendments to Rule 1104, completed in compliance with the California Environmental Quality Act (CEQA), has been presented to the MDAQMD Board; each member having reviewed, considered and approved the information contained therein prior to acting on the proposed amendments to Rule 1104, and the MDAQMD Board having determined that the proposed amendments will not have any potential for resulting in any adverse impact upon the environment; and

WHEREAS, the Board has considered the evidence presented at the public hearing; and

NOW, THEREFORE, BE IT RESOLVED, that the Governing Board of the MDAQMD finds that the amendments to Rule 1104 – *Organic Solvent Degreasing Operations* are necessary, authorized, clear, consistent, non-duplicative and properly referenced; and

BE IT FURTHER RESOLVED, that the Governing Board of the MDAQMD hereby makes a finding that the Class 8 Categorical Exemption (14 CCR §15308) applies and certifies the Notice of Exemption for the proposed amendments to Rule 1104; and

BE IT FURTHER RESOLVED, that the Governing Board of the MDAQMD does hereby adopt, pursuant to the authority granted by law, the proposed amendments to Rule 1104 as set forth in the attachments to this resolution and incorporated herein by this reference; and

RESOLUTION NO. 01-_____

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately upon adoption, and that the Senior Executive Analyst is directed to file the Notice of Exemption in compliance with the provisions of CEQA.

PASSED, APPROVED and ADOPTED by the Governing Board of the Mojave Desert Air Quality Management District by the following vote:

AYES: **MEMBER:**

NOES: **MEMBER:**

ABSENT: **MEMBER:**

ABSTAIN: **MEMBER:**

STATE OF CALIFORNIA)
) SS:
COUNTY OF SAN BERNARDINO)
)

I, Deanna Hernandez, Senior Executive Analyst of the Mojave Desert Air Quality Management District, hereby certify the foregoing to be a full, true and correct copy of the record of the action as the same appears in the Official Minutes of said Governing Board at its meeting of April 23, 2018.

_____, Senior Executive Analyst
Mojave Desert Air Quality Management District

(**Adopted:** 09/28/94; **Amended:** 03/27/17; **Amended:** 04/23/18)

RULE 1104
Organic Solvent Degreasing Operations

(A) General

(1) Purpose

(a) The purpose of this Rule is to limit the emission of Volatile Organic Compounds (VOCs) from Wipe Cleaning and degreasing operations using Organic Solvents.

(2) Applicability

(a) This Rule applies to any Facility engaged in Wipe Cleaning, Cold Solvent Cleaning and/or Vapor Cleaning (Degreasing) operations for metal/non-metal parts/products, which utilize volatile Organic Solvents.

(b) This Rule does not apply to janitorial supplies used for cleaning offices, bathrooms or other similar areas.

(B) Definitions

The definitions contained in District Rule 102 – *Definition of Terms* shall apply unless the term is otherwise defined herein:

(1) "Air-Vapor Interface" - The Degreaser surface area between the sides of the cleaner, the top of the solvent-vapor layer, and the air touching this layer.

(2) "Batch-loaded" - The material placed in a nonconveyorized container for a vapor or cold cleaning process.

(3) "Cold Solvent Cleaning" - A process or activity, such as Wipe Cleaning, of removing Soils from the surfaces of Workloads by spraying, brushing, flushing, or immersing the parts with/in liquid solvent which is not heated or, when heated does not reach the solvent's boiling point.

(4) "Cold Solvent Degreaser" - Any Equipment using solvent which, if heated is maintained below the boiling temperature. Such Equipment includes, but is not limited to, Remote Reservoirs, spray sinks and Batch-loaded dip tanks.

(5) "Condenser" (Primary Condenser) - The primary device, such as cooling coils, used to condense (liquify) solvent vapor.

(6) "Condenser Flow Switch" - A safety switch connected to a thermostat which shuts off the sump heater if the Condenser coolant is either not circulating or exceeds its designed operating temperature.

(7) "Conveyorized Degreaser" - Any continuously loaded, conveyorized cold solvent or vapor Degreaser, including but not limited to gyro, vibra, monorail, cross-rod, mesh, belt and strip cleaners. Also strip Degreasers which clean material by drawing the strip itself through the unit.

(8) "Degreaser" - The Solvent cleaning Equipment used to clean Soils from the surfaces of parts/Workloads, and include the following types of Equipment: Cold Solvent Degreasers, Vapor Degreasers, Conveyorized Degreasers, and Sealed Chamber Degreasers.

(9) "Emulsion" - A suspension of small droplets of one liquid in a second liquid with which the first will not mix.

(10) "Evaporation" - To change into a vapor, normally from a liquid state.

(11) "Evaporative Surface Area for a Cold Solvent Degreaser" - The surface area of the top of the Solvent.

(12) "Evaporative Surface Area for a Conveyorized Degreaser"

(a) For a Cold Solvent Degreaser, the surface area of the top of the Solvent; or

(b) For a Vapor Degreaser, the surface area of the top of the Solvent vapor-air interface.

(13) "Evaporative Surface Area for a Vapor Degreaser" - The surface area of the top of the Solvent vapor-air interface.

(14) "Freeboard Height for a Batch-loaded Vapor Degreaser" - The vertical distance from the top of the Solvent vapor-air interface to the top of the Degreaser.

(15) "Freeboard Height for a Cold Solvent Degreaser" - The vertical distance from the top of the Solvent to the lip of the Cold Solvent Degreaser. For the purposes of this Rule, Remote Reservoirs do not have a freeboard.

(16) "Freeboard Height for a Conveyorized Degreaser"

(a) For non-boiling (cold) Solvent, the vertical distance from the top of the Solvent to the bottom of the first opening in the Solvent containing compartment or to the bottom of the lowest opening in the Degreaser, whichever distance is greater; or

(b) For boiling (vaporized) Solvent, the vertical distance from the top of the Solvent vapor-air interface to the bottom of the first opening in the vapor

containing compartment or to the bottom of the lowest opening in the Degreaser, which ever distance is greater.

(17) "Freeboard Ratio" - The Freeboard Height divided by the smaller of the inside length, diameter, or the inside width of the Degreaser evaporative area.

(18) "High Volatility Solvent" - Any Solvent that is not classified as a Low Volatility Solvent.

(19) "Initial Boiling Point" - The boiling point of a Solvent as defined by ASTM Test Method D1078-11.

(20) "Lip Exhaust" - A system which captures Solvent vapors which escape from the top of an open top Degreaser by directing the vapors away from Persons operating the Degreaser.

(21) "Low Volatility Solvent" - A Solvent with an Initial Boiling Point greater than 120 degrees Celsius (248 degrees Fahrenheit) and with an operating temperature a least 100 degrees Celsius (180 degrees Fahrenheit) below the Initial Boiling Point, as used.

(22) "Refrigerated Freeboard Chiller" (Secondary Condenser) - A secondary cooling coil mounted above the Primary Condenser to provide a chilled air blanket above the Solvent vapor-air interface and cause the condensation of additional Solvent vapor.

(23) "Remote (Enclosed) Reservoir" - A Cold Solvent Degreaser with a tank which is completely enclosed except for a Solvent return opening which allows used Solvent to drain into it from a separate Solvent sink or work area. The return opening must be no larger than 100 square centimeters and the reservoir must not be accessible for soaking Workloads.

(24) "Sealed Chamber Degreaser" - A Degreaser in which all spraying is contained inside the cleaning Equipment.

(25) "Soil" - Any surface contaminant which is to be removed by either Cold Solvent Cleaning or Vapor Cleaning. Surface contaminants include, but are not limited to, for metal/non-metal cleaning operations: oils, greases, waxes, tars, Stains, Ink and/or particulate matter such as sand, metal chips, abrasives, or fibers. In addition, for circuit board operations, surface contaminants include the resist (a maskant) and flux from soldering.

(26) "Solvent Leak" - The fugitive loss of three (3) or more drops of liquid Solvent per minute.

(27) "Spray Safety Switch" - A manually reset switch which shuts off the spray pump if the vapor level drops more than ten (10) centimeters (4 inches) from the design operating height.

(28) "Ultrasonics" - The enhancement of the cleaning process by agitation of liquid Solvents with high frequency sound waves. The induced vibrations cause implosions of the microscopic vapor cavities within the liquid Solvent. Such implosions within the Solvent which is in contact with a solid surface, facilitates the removal of grease, dirt and other material from that surface.

(29) "Vapor Cleaning" - A process using the condensation of vaporized Solvent to remove/flush Soils and Soil-held debris from the surfaces of the Workload.

(30) "Vapor Degreaser" - Any Degreaser that cleans through the condensation of Solvent vapor on colder Workload surfaces.

(31) "Vapor Level Control Thermostat" - A manually reset safety switch which turns off the sump heater if the thermostat senses the temperature rising above the design operating level at the Air-Vapor Interface.

(32) "Volatile Organic Compound" (VOC) - Any compound containing at least one atom of carbon, except for the following exempt compounds: methane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, ammonium carbonate, and those compounds listed in 40 CFR 51.100(s).

(33) "Waste" - Material which may contain dirt, oil, metal particles, and/or other Waste products concentrated after heat distillation of the Waste Solvent either in the Degreaser itself or after distillation in a separate still.

(34) "Wipe Cleaning" - That method of cleaning which utilizes a material such as a rag, wetted with a Solvent, coupled with a physical rubbing process, to remove contaminants from surfaces. For the purposes of this Rule, Wipe Cleaning materials shall not be considered "Equipment."

(35) "Workload" - The objects, i.e. parts, put in a cleaner for the purpose of removing oil, grease, Soil, a Coating, dirt or other undesirable matter from the surface of the objects.

(36) "Workload Area"

(a) The plane geometric surface area of the top of the submerged parts basket; or

(b) When no basket is used, the combined plane geometric surface area(s) displaced by the submerged Workload.

(C) Standards

(1) VOC Content

(a) An Owner/Operator shall not use a Solvent with a VOC content that exceeds 25 grams VOC per liter, as applied, for cleaning or surface preparation in any operation subject to this Rule.

(b) As an alternative to, or in lieu of, subsection (C)(1)(a), an Owner/Operator may use cleaning materials with a VOC composite vapor pressure limit of 8 millimeters of mercury (mmHg) or less at 20 degrees Celsius.

(2) Control Equipment

(a) Owners and/or Operators may comply with subsection (C)(1)(a) by using approved air pollution Control Equipment provided that the VOC emissions from such operations and/or materials are reduced in accordance with the following:

(i) The Control Equipment shall reduce emissions from an emission collection system by at least 95 percent (95%), by weight, or by reducing the output of the air pollution Control Equipment to less than 25 ppm calculated for carbon with no dilution; and

(ii) The Owner/Operator demonstrates that the system collects at least 90 percent (90%), by weight, of the emissions generated by the sources of emissions.

(3) Cleaning Equipment and Method Requirements

An Owner/Operator shall not perform Solvent cleaning unless one of the cleaning devices or methods contained in subsections (a) through (e) below is used, and the applicable requirements in subsections (f) through (k) below are used:

(a) Wipe Cleaning;

(b) Closed containers or hand held spray bottles from which Solvents are applied without a propellant-induced force;

(c) Cleaning Equipment which has a Solvent container that can be, and is closed during cleaning operations, except when depositing and removing objects to be cleaned, and is closed during non-operation with the exception of maintenance and repair to the Equipment itself;

(d) Non-atomized Solvent flow method where the cleaning Solvent is collected in a container or a collection system which is closed except for Solvent collection openings and, if necessary, openings to avoid pressure build-up inside the container; or

(e) Solvent flushing method where the cleaning Solvent is discharged into a container which is closed except for Solvent collection openings and, if necessary, openings to avoid excessive pressure build-up inside the container. The discharged Solvent from the Equipment must be collected into containers without atomizing into the open air. The Solvent may be flushed through the system by air or hydraulic pressure, or by pumping.

(f) All Degreasers shall be equipped with the following:

(i) An apparatus or cover(s) which reduces Solvent Evaporation, except for Remote Reservoirs.
(ii) A permanent, conspicuous label summarizing the applicable operating requirements contained in subsection (C)(4). In lieu of a label, operating instructions may be posted near the Degreaser where the Operators can access the proper operating requirements of this Rule.

(g) Remote Reservoirs shall be equipped with the following:

(i) A sink, platform or work area which is sloped sufficiently towards a drain to prevent pooling of Solvent within the work area.
(ii) A single or total drain hole area, not larger than 100 square centimeters (15.5 square inches) in area, for the Solvent to flow from the sink (platform/work area) into the Enclosed Reservoir.
(iii) If High Volatility Solvent is used, a drain cover/plug/closure device or a cover for placement over the top of the sink (platform/work area), when the Equipment is not being used, cleaned or repaired.
(iv) A minimum sink depth of six (6) inches, as measured from the top of the drain to the top of the side of the sink.

(h) Cold Solvent Degreasers - Freeboard Requirements:

(i) Cold Solvent Degreasers using only Low Volatility Solvents which are not agitated, shall operate with a Freeboard Height of not less than six (6) inches.
(ii) Cold Solvent Degreasers using only Low Volatility Solvents may operate with a Freeboard Ratio equal to or greater than 0.50 when the Cold Solvent Degreaser has a cover which remains closed during the cleaning operation.
(iii) Any Cold Solvent Degreasers using Solvent which is agitated, or heated above 50 degrees Celsius (120 degrees Fahrenheit) shall operate with a Freeboard Ratio equal to or greater than 0.75.
(iv) A water cover may be used as an acceptable control method to meet the freeboard requirements, when the Solvent is insoluble in water and has a specific gravity greater than one (1).

Cold Solvent Degreasers - Cover Requirements:

(v) Cold Solvent Degreasers using High Volatility Solvent shall have a cover that is a sliding, rolling or guillotine (bi-parting) type which is designed to easily open and close without disturbing the vapor zone.

Cold Solvent Degreasers - Solvent Level Identification:

(vi) A permanent, conspicuous mark locating the maximum allowable Solvent level conforming to the applicable freeboard requirements.

(i) Conveyorized Cold Solvent Degreasers shall be equipped with the following:

(i) A rotating basket or other method, to prevent cleaned parts from carrying out Solvent liquid.
(ii) Minimized entrance and exit openings which silhouette the Workloads such that the average clearance between material and the edges of the cleaner openings are less than 10 centimeters (4 inches) or less than ten (10) percent of the opening width, whichever is greater.
(iii) A Freeboard Ratio equal to or greater than 0.75.
(iv) Alternately, a hood or enclosure to collect emissions which are vented to Control Equipment may be used to satisfy requirement of subsection (C)(3)(i)(iii) above, provided that the air pollution Control Equipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters per minute per square meter of Solvent cleaner opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and State Occupational Safety and Health Administration requirements, and is approved in writing by the Air Pollution Control Officer (APCO).

(j) Batch-loaded Vapor Degreasers shall be equipped with the following:

(i) A cover that is a sliding, rolling or guillotine (bi-parting) type which is designed to easily open and close without disturbing the vapor zone.
(ii) A Vapor Level Control Thermostat, a Condenser Flow Switch and a Spray Safety Switch.
(iii) A Freeboard Ratio greater than or equal to 0.75.
(iv) A Primary Condenser.
(v) In addition, Degreasers with an Evaporative Surface Area greater than or equal to one (1) square meter, shall be equipped with a Refrigerated Freeboard Chiller for which the chilled air blanket temperature (degrees Fahrenheit) at the coldest point on the vertical axis in the center of the Air-Vapor Interface shall be no greater than

30 percent of the Initial Boiling Point (degrees Fahrenheit) of the Solvent used, or 40 degrees Fahrenheit, whichever is greater. (If the chiller operates below the freezing temperature of water, it shall be equipped with an automatic defrost).

(vi) Alternately, a hood or enclosure to collect emissions which are vented to Control Equipment may be used to satisfy the requirements of subsections (C)(3)(j)(i) and(iii) above, provided that the air pollution Control Equipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters per minute per square meter of Solvent cleaner opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and/or State Occupational Safety and Health Administration requirements, and is approve in writing by the APCO.

(k) Conveyorized Vapor Degreasers shall be equipped with the following:

(i) An enclosed drying tunnel or other method, such as a rotating basket, sufficient to prevent cleaned parts from carrying out Solvent liquid or vapor.

(ii) Minimized entrance and exit openings which silhouette the Workloads such that the average clearance between material and the edges of the Degreaser openings are less than ten (10) centimeters (four (4) inches) or less than ten (10) percent of the opening, whichever is greater.

(iii) A Primary Condenser.

(iv) A Freeboard Ratio equal to or greater than 0.75.

(v) A vapor control thermostat, a Condenser Flow Switch, and a Spray Safety Switch.

(vi) Additionally, a Refrigerated Freeboard Chiller for which the chilled air blanket temperature (degrees Fahrenheit) at the coldest point on the vertical axis in the center of the Air-Vapor Interface shall be no greater than 30 percent of the Initial Boiling Point (degrees Fahrenheit) of the Solvent used, or 40 degrees Fahrenheit, whichever is greater. (If the chiller operates below the freezing temperature of water, it shall be equipped with an automatic defrost).

(vii) Alternately, a hood or enclosure to collect emissions which are vented to Control Equipment may be used to satisfy requirements of subsections (C)(3)(k)(iv) and (vi) above, provided that the air pollution Control Equipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters/min per square meter of Degreaser opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and State Occupational Safety and Health Administration requirements, and is approved in writing by the District APCO.

(4) Operating Requirements

(a) All Degreasers shall comply with the following:

(i) Any Solvent cleaning Equipment and any emission Control Equipment shall be operated and maintained in strict accord with the recommendations of the manufacturer.

(ii) Degreasers shall not be operating with any detectable Solvent Leaks.

(iii) All Solvent, including Waste Solvent, Waste Solvent residues, and used applicators shall be stored in closed containers at all times. All containers for any Solvent(s) shall have a label indicating the name of the Solvent/material they contain.

(iv) Waste Solvent and any residues shall be disposed of by one of the following methods: a commercial Waste Solvent reclamation service licensed by the State of California; or a federally or state licensed Facility to treat, store or dispose of such Waste; or the originating Facility may recycle the Waste Solvent and materials in conformance with requirements of Section 25143.2 of the California Health and Safety Code.

(v) Degreasers shall be covered to prevent fugitive leaks of vapors, except when processing work or to perform maintenance.

(vi) Solvent carry-out shall be minimized by the following methods:

a) Rack Workload arranged to promote complete drainage.

b) Limit the vertical speed of the power hoist to 3.3 meters per minute (11 feet per minute) or less when such a hoist is used.

c) Retain the Workload inside of the vapor zone until condensation ceases.

d) Tip out any pools of Solvent remaining on the cleaned parts before removing them from the Degreaser if the Degreasers are operated manually.

e) Do not remove parts from the Degreaser until the parts are visually dry and not dripping/leaking Solvent. (This does not apply to an Emulsion cleaner Workload that is rinsed with water within the Degreaser immediately after cleaning.)

(vii) The cleaning of porous or absorbent materials such as cloth, leather, wood or rope is prohibited.

(viii) Except for Sealed Chamber Degreasers, all Solvent agitation shall be by either pump recirculation, a mixer, or Ultrasonics.

(ix) The Solvent spray system shall be used in a manner such that liquid Solvent does not splash outside of the container. The Solvent spray shall be a continuous stream, not atomized or shower type, unless, the spray is conducted in a totally enclosed space, separated from the environment.

(x) For those Degreasers equipped with a water separator, no Solvent shall be visually detectable in the water in the separator.

(xi) Wipe Cleaning materials, including shop towels, containing Solvent shall be kept in closed containers at all times, except during use.

(xii) Cleaning operations shall be located so as to minimize air circulation and drafts being directed across the cleaning Equipment, the exposed Solvent surface, or the top surface of the vapor blanket.

(xiii) A method for draining cleaned material, such as a drying rack suspended above the Solvent and within the freeboard area, shall be used so that the drained Solvent is returned to the Degreaser or container.

(b) Batch-loaded and Conveyorized Degreasers shall, in addition to the requirements in subsection (C)(4)(a), meet the following operating requirements:

(i) When starting the Degreaser, the cooling system shall be turned on before, or simultaneously with, the sump heater.

(ii) When shutting down the Degreaser, the sump heater shall be turned off before, or simultaneously with, the cooling system.

(iii) The Workload Area shall not occupy more than half of the Evaporative Surface Area of the Degreaser.

(iv) Except for Sealed Chambers, the spray must be kept at least ten (10) centimeters (four (4) inches) below the top of the vapor level and be pointed downward, to prevent turbulence at the air-Solvent vapor interface.

(c) Remote Reservoir Degreasers shall, in addition to the applicable requirements in subsection (C)(4)(a), meet the following operating requirements:

(i) The Solvent pump shall not circulate Solvent into the sink unless a Workload is being actively processed.

(ii) The sink of a Remote Reservoir Degreaser or any container placed therein may not be used to soak a Workload. Such use is prohibited and such use will cause the unit to be classified as a Cold Solvent Degreaser and be subject to provisions of subsection (C)(3)(h) of this Rule.

(iii) Parts shall be visually dry and not dripping/leaking Solvent before being removed from the sink. Parts shall be tipped to release any trapped pools of Solvent before being removed from the sink.

(iv) The Workload must “drip-dry” while being contained completely within the sink.

(D) Prohibition

A Lip Exhaust system shall not be used on any Degreaser unless it is vented to a hood or enclosure system as defined in subsection (C)(3)(j)(vi).

(E) Exemptions

(1) The provisions of this Rule shall not apply to:

(a) Solvents Containing Less Than two (2) percent VOC: Solvent cleaning/degreasing operations using total liquid Solvent containing less than two (2) percent by weight of VOC.

(b) Small Cold Solvent Degreasers: Any Cold Solvent Degreaser with a Solvent surface area of less than 929 square centimeters (1 square foot) shall meet the requirements of subsection (C)(4)(a)(v) and (E)(2) of this rule.

(c) Consumer products such as aerosol cans or small containers (one quart or smaller) unless the total accumulative use is greater than 160 ounces (five quarts) of Solvent per day. Persons using these products are subject to subsection (C)(4)(a)(iii, iv & xi), subsection (E)(2), subsection (G)(1)(a)(v) and subsections (G)(1)(c) and (d) of this Rule.

(d) Any source operation that is subject to or specifically exempted by any of the following Rules:

(i) Rule 1106 – *Marine Coating Operations*.
(ii) Rule 1113 – *Architectural Coatings.*
(iii) Rule 1114 – *Wood Products Coating Operations*.
(iv) Rule 1115 – *Metal Parts & Products Coating Operations*.
(v) Rule 1116 – *Automotive Refinishing Operations*.
(vi) Rule 1117 – *Graphic Arts and Paper, Film, Foil and Fabric Coatings*.
(vii) Rule 1118 – *Aerospace Vehicle Parts and Products Coating Operations.*
(viii) Rule 1162 – *Polyester Resin Operations*.

(e) Film cleaning operations that use 1,1,1-trichloroethane exclusively.

(f) The surface preparation standards in subsection (C)(1) and (C)(2) shall not apply to the following:

(i) The surface preparation of electrical and electronic components, precision optics, or numismatic dies;
(ii) Stripping of cured Inks, Coatings and Adhesives or cleaning of resin, Coating, Ink and Adhesive mixing, molding and application Equipment; or,

(iii) Surface preparation associated with research and development operations; medical device or pharmaceutical manufacturing operations; performance testing to determine Coating, Adhesive or Ink performance; or testing for quality control or quality assurance purposes.

(2) Any Facility classified as exempt or claiming to be exempt under Section (E), shall meet the record keeping requirements of this Rule so as to be able to prove the exemption status.

(F) Administrative Requirements

Rule 442 Applicability: Any Solvent using operation or Facility which is not subject to this source-specific Rule shall comply with the provisions of Rule 442 – *Usage of Solvents*. Any Solvent using operation or Facility which is exempt from all or a portion of the VOC limits, Equipment limits or the operational limits of this Rule shall be subject to the applicable provisions of Rule 442 – *Usage of Solvents*.

(1) A Solvent using operation or Facility which may be considered exempt from all or a portion of Rule 1104, but is still compliant with the limits of Rule 1104, may request in writing that the Solvent be considered subject to Rule 1104 requirements for compliance purposes.

(G) Recordkeeping Requirements

(1) Solvent Usage Records: All Persons subject to this Rule and any Person claiming any exemption under Section (E) shall comply with the following requirements:

(a) Maintain and have available during an inspection, a current list of Solvents in use at the Facility which provides all of the data necessary to evaluate compliance, including the following information separately for each Degreaser, as applicable:

(i) Product name(s) used in the Degreaser;
(ii) The mix ratio of mixtures containing Solvents as used:
(iii) VOC content of Solvent or mixture of compounds as used;
(iv) The total volume of the Solvent(s) used for the Facility, on a monthly basis: and
(v) The name and total volume applied of Wipe Cleaning Solvent(s) used, on a monthly basis.

(b) Additionally, for any Degreaser utilizing an add-on emission Control Equipment/system as a means of complying with provisions of this Rule shall, maintain and produce daily records of key operating parameters and maintenance procedures which will demonstrate continuous operation and compliance of the air pollution abatement Equipment during periods of

emission producing activities. Key system operating parameters are those necessary to ensure compliance with subsection (C)(2)(a), such as temperatures, pressures and flow rates. The data shall be recorded in a manner as prescribed by the District.

(c) Documentation shall be maintained on site of the disposal or on site recycling of any Waste Solvent or residues.

(d) Such records shall be retained on site (at the Facility) and available for inspection by the APCO for the previous five (5) years.

(H) Test Methods

(1) A violation determined by any one of these test methods shall constitute a violation of this Rule.

(2) The following specified test methods shall be used to determine compliance with the provisions of this Rule.

(a) Determination of the VOC Content of Solvent Samples - The determination of the VOC content shall be by the appropriate procedures contained in EPA Method 24 – *Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coating*.

(b) Determination of Initial Boiling Point of Solvents - The Initial Boiling Point of the Solvent shall be determined by ASTM Test Method D1078-11.

(c) Determination of Capture Efficiency - Capture efficiency shall be determined by the appropriate procedures set out in Guidelines for Determining Capture Efficiency (January 9, 1995).

(d) Determination of Control Efficiency – Control Efficiency shall be determined by using:

(i) EPA Method 25 – *Determination of Total Gaseous Nonmethane Organic Emissions as Carbon*;
(ii) EPA Method 25A – *Determination of Total Gaseous Organic Concentration Using a Flame Ion Analyzer*,
(iii) SCAQMD Test Method 25.1 – *Determination of Total Gaseous Non-Methane Organic Emissions as Carbon* (February 1991); or
(iv) SCAQMD Test Method 25.3 – *Determination of Low Concentration Non-Methane Non-Ethane Organic Compound Emissions from Lean Fueled Combustion Sources (March 2000)*.

(e) Determination of the Ventilation/Draft Rate - The ventilation/draft rate shall be determined by using:

(i) EPA Method 2 – *Determination of Stack Gas Velocity and Volumetric Flow Rate (Type S Pitot Tube)*;
(ii) EPA Method 2A – *Direct Measurement of Gas Volume through Pipes and Small Ducts*;
(iii) EPA Method 2C – *Determination of Gas Velocity and Volumetric Flow Rate in Small Stacks of Ducts (Standard Pitot Tube)*; and
(iv) EPA Method 2D – *Measurement of Gas Volume Flow Rates in Small Pipes and Ducts*.

(f) Determination of Exempt Compounds - Exempt Compound content shall be determined by using:

(i) CARB Method 432, "*Determination of Dichloromethane and 1,1,1Trichloroethane in Paints and Coatings*" (September 12, 1998);
(ii) CARB Method 422, "*Determination of Volatile Organic Compounds in Emissions form Stationary Sources*" (January 22, 1987).
a) It is only approved for the compounds listed in Method 422, section 2, that have been exempted from USEPAs definition of VOC; and
b) If aqueous impingers are used, the solution also shall be analyzed for the target VOCs; or
(iii) SCAQMD Method 303-91, "*Determination of Exempt Compounds*" (February 1993).

Perfluorocarbon compounds shall be assumed to be absent from a product or process unless a manufacturer or Facility Operator identifies a specific compound or compounds from the broad classes of perfluorocarbons listed in 40 CFR 51.100(s)(1) as being present in the product or process. When such compounds are identified, the Facility shall provide the test method to determine the amount(s) of the specific compound(s).

See SIP Table at http://www.mdaqmd.ca.gov

Mojave Desert
Air Quality Management District

Draft

Staff Report
Proposed Amendments to
Rule 1104 – *Organic Solvent Degreasing Operations*

For adoption on
April 23, 2018

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STAFF REPORT
TABLE OF CONTENTS
Rule 1104 – *Organic Solvent Degreasing Operations*

I. PURPOSE OF STAFF REPORT 1
II. EXECUTIVE SUMMARY 1
III. STAFF RECOMMENDATION 1
IV. LEGAL REQUIREMENTS CHECKLIST 2
V. DISCUSSION OF LEGAL REQUIREMENTS 3
A. REQUIRED ELEMENTS/FINDINGS 3
1. State Findings Required for Adoption of Rules & Regulations 3
a. Necessity 3
b. Authority 3
c. Clarity 3
d. Consistency 3
e. Nonduplication 4
f. Reference 4
g. Public Notice & Comment, Public Hearing 4
2. Federal Elements (SIP Submittals, Other Federal Submittals) 4
a. Satisfaction of Underlying Federal Requirements 4
b. Public Notice and Comment 4
c. Availability of Document 5
d. Notice to Specified Entities 5
e. Public Hearing 5
f. Legal Authority to Adopt and Implement 5
g. Applicable State Laws and Regulations Were Followed 5
B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS 5
C. ECONOMIC ANALYSIS 6
1. General 6
2. Incremental Cost Effectiveness 6
D. ENVIRONMENTAL ANALYSIS (CEQA) 6
E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS 7
1. Potential Environmental Impacts 7
2. Mitigation of Impacts 7
3. Alternative Methods of Compliance 7
F. PUBLIC REVIEW 7
VI. TECHNICAL DISCUSSION 7
A. SOURCE DESCRIPTION 7
B. EMISSIONS 7
C. CONTROL REQUIREMENTS 7
D. PROPOSED RULE SUMMARY 8
E. SIP HISTORY 8
1. SIP History 8
a. SIP in the San Bernardino County Portion of MDAQMD 8
b. SIP in the Riverside County Portion of the MDAQMD 9

2. SIP Analysis 9
Appendix A - Iterated Version..... A-1
Appendix B - Public Notice Documents..... B-1
Appendix C - Public Comments and Responses..... C-1
Appendix D - California Environmental Quality Act Documentation D-1
Appendix E - Bibliography.....E-1

List of Acronyms

BACT	Best Available Control Technology
BAAQMD	Bay Area Air Quality Management District
BARCT	Best Available Retrofit Control Technology
CARB	California Air Resources Board
CCAA	California Clean Air Act
CEQA	California Environmental Quality Act
CTG	Control Techniques Guidelines
FCAA	Federal Clean Air Act
H&S Code	California Health & Safety Code
MDAB	Mojave Desert Air Basin
MDAQMD	Mojave Desert Air Quality Management District
NO_X	Oxides of Nitrogen
RACT	Reasonably Available Control Technology
SCAQMD	South Coast Air Quality Management District
SIP	State Implementation Plan
SJVUAPCD	San Joaquin Valley Unified Air Quality Management District
SO_X	Oxides of Sulfur
USEPA	United States Environmental Protection Agency
VOC	Volatile Organic Compounds

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STAFF REPORT
Rule 1104 – *Organic Solvent Degreasing Operations*

I. PURPOSE OF STAFF REPORT

A staff report serves several discrete purposes. Its primary purpose is to provide a summary and background material to the members of the Governing Board. This allows the members of the Governing Board to be fully informed before making any required decision. It also provides the documentation necessary for the Governing Board to make any findings, which are required by law to be made prior to the approval or adoption of a document. In addition, a staff report ensures that the correct procedures and proper documentation for approval or adoption of a document have been performed. Finally, the staff report provides evidence for defense against legal challenges regarding the propriety of the approval or adoption of the document.

II. EXECUTIVE SUMMARY

The Mojave Desert Air Quality Management District amended Rule 1104 – *Organic Solvent Degreasing Operations* on March 27, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The MDAQMD is now proposing to update Rule 1104 – *Organic Solvent Degreasing Operations* to address additional comments provided by the United States Environmental Protection Agency (USEPA) subsequent to the rule amendment.

III. STAFF RECOMMENDATION

MDAQMD staff recommends that the Governing Board of the MDAQMD amend proposed Rule 1104 – *Organic Solvent Degreasing Operations* and approve the appropriate California Environmental Quality Act (CEQA) documentation. This action is necessary satisfy 42 U.S.C. §§7511a (FCAA) §182) which requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs and for major sources of ozone precursors.

IV. LEGAL REQUIREMENTS CHECKLIST

The findings and analysis as indicated below are required for the procedurally correct amendments to Rule 1104 – *Organic Solvent Degreasing*. Each item is discussed, if applicable, in Section V. Copies of related documents are included in the appropriate appendices.

FINDINGS REQUIRED FOR RULES & REGULATIONS:

X Necessity

X Authority

X Clarity

X Consistency

X Nonduplication

X Reference

X Public Notice & Comment

X Public Hearing

REQUIREMENTS FOR STATE IMPLEMENTATION PLAN SUBMISSION (SIP):

X Public Notice & Comment

X Availability of Document

X Notice to Specified Entities (State, Air Districts, USEPA, Other States)

X Public Hearing

X Legal Authority to adopt and implement the document.

X Applicable State laws and regulations were followed.

ELEMENTS OF A FEDERAL SUBMISSION:

N/A Elements as set forth in applicable Federal law or regulations.

CALIFORNIA ENVIRONMENTAL QUALITY ACT REQUIREMENTS (CEQA):

N/A Ministerial Action

N/A Exemption

X Negative Declaration

N/A Environmental Impact Report

X Appropriate findings, if necessary.

X Public Notice & Comment

SUPPLEMENTAL ENVIRONMENTAL ANALYSIS (RULES & REGULATIONS ONLY):

X Environmental impacts of compliance.

N/A Mitigation of impacts.

N/A Alternative methods of compliance.

OTHER:

X Written analysis of existing air pollution control requirements

N/A Economic Analysis

X Public Review

V. DISCUSSION OF LEGAL REQUIREMENTS

A. REQUIRED ELEMENTS/FINDINGS

This section discusses the State of California statutory requirements that apply to the proposed amendments to Rule 1104. These are actions that need to be performed and/or information that must be provided in order to amend the rule in a procedurally correct manner.

1. State Findings Required for Adoption of Rules & Regulations:

Before adopting, amending, or repealing a rule or regulation, the Governing Board of the MDAQMD is required to make findings of necessity, authority, clarity, consistency, non-duplication, and reference based upon relevant information presented at the hearing. The information below is provided to assist the Governing Board in making these findings.

a. Necessity:

The proposed amendments to Rule 1104 are necessary to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement RACT for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

b. Authority:

The District has the authority pursuant to California Health and Safety Code (H&S Code) §40702 to adopt, amend or repeal rules and regulations.

c. Clarity:

The proposed amendments to Rule 1104 are clear in that they are written so that the persons subject to the rule can easily understand the meaning.

d. Consistency:

The proposed amendments to Rule 1104 are in harmony with, and not in conflict with or contradictory to any state law or regulation, federal law or regulation, or court decisions. The proposed rule is consistent with the CTG provisions and other District rules deemed to meet RACT.

e. Nonduplication:

The proposed amendments to Rule 1104 do not impose the same requirements as any existing state or federal law or regulation because the District is amending this rule in response to federal VOC RACT requirements.

f. Reference:

The District has the authority pursuant to H&S Code §40702 to adopt, amend or repeal rules and regulations.

g. Public Notice & Comment, Public Hearing:

Notice for the public hearing for the proposed amendments to Rule 1104 will be published February 20, 2018, and the public comment period will close March 22, 2018. See Appendix "B" for a copy of the public notice. See Appendix "C" for copies of comments, if any, and District responses.

2. Federal Elements (SIP Submittals, Other Federal Submittals).

Submittals to USEPA are required to include various elements depending upon the type of document submitted and the underlying federal law that requires the submittal. The information below indicates which elements are required for the proposed amendments to Rule 1104 and how they were satisfied.

a. Satisfaction of Underlying Federal Requirements:

The FCAA requires areas designated non-attainment and classified moderate and above to implement RACT for sources subject to CTG documents issued by USEPA and for "major sources" of VOCs and NO_X that are ozone precursors. The Mojave Desert Air Quality Management District amended Rule 1104 – *Organic Solvent Degreasing Operations* on March 27, 2017 to fulfil a commitment made in the *8-Hour RACT SIP Analysis* for the 2008 75 ppb ozone NAAQS. The MDAQMD is now amending Rule 1104 – *Organic Solvent Degreasing Operations* to address additional comments provided by the USEPA subsequent to the rule amendment.

b. Public Notice and Comment:

Notice for the public hearing for the proposed amendments to Rule 1104 will be published February 20, 2018, and the public comment period will close March 22, 2018. See Appendix "B" for a copy of the public notice. See Appendix "C" for copies of comments, if any, and District responses.

c. Availability of Document:

Copies of the proposed amendments to Rule 1104 and the accompanying draft staff report will be made available to the public on or before February 20, 2018.

d. Notice to Specified Entities:

Copies of the proposed amendments to Rule 1104 and the accompanying draft staff report will be sent to all affected agencies. The proposed amendments will be sent to the California Air Resources Board (CARB) and USEPA on or before February 5, 2018.

e. Public Hearing:

A public hearing to consider the proposed amendments to Rule 1104 has been set for April 23, 2018.

f. Legal Authority to Adopt and Implement:

The District has the authority pursuant to H&S Code §40702 to adopt, amend, or repeal rules and regulations and to do such acts as may be necessary or proper to execute the duties imposed upon the District.

g. Applicable State Laws and Regulations Were Followed:

Public notice and hearing procedures pursuant to H&S Code §§40725-40728 have been followed. See Section (V)(A)(1) above for compliance with state findings required pursuant to H&S Code §40727. See Section (V)(B) below for compliance with the required analysis of existing requirements pursuant to H&S Code §40727.2. See Section (V)(C) for compliance with economic analysis requirements pursuant to H&S Code §40920.6. See Section (V)(D) below for compliance with provisions of the CEQA.

B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS

H&S Code §40727.2 requires air districts to prepare a written analysis of all existing federal air pollution control requirements that apply to the same equipment or source type as the rule proposed for modification by the district.

The FCAA requires areas designated non-attainment for ozone and classified moderate and above to adopt and maintain RACT rules to control the emissions of VOCs and NO_x for categories which the USEPA has adopted a CTG and for all categories where there are major stationary sources of air pollution (42 U.S.C. §7511a(b)(2), FCAA 182(b)(2)).

For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified severe-17.

The MDAQMD amended Rule 1104 – *Organic Solvent Degreasing Operations* on March 27, 2017 to fulfil a commitment made in the *8-Hour RACT SIP Analysis* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The MDAQMD is now proposing to amend Rule 1104 – *Organic Solvent Degreasing Operations* to address additional comments provided by USEPA subsequent to the rule amendment.

C. ECONOMIC ANALYSIS

1. General

RACT is defined as the lowest emissions limitation that a particular source is capable of meeting by the application of control technology that is reasonably available considering technological and economic feasibility (44 FR 53762, September 17, 1979). The March 27, 2017 amendment analyzed Rule 1104 for RACT and was equivalent to rules that were determined by USEPA to fulfill RACT.[1] This determination by USEPA means that the current provisions of Rule 1104 are, by definition, cost effective. The current amendment is to address additional comments received from USEPA subsequent to the March 27, 2017 rule amendment.

2. Incremental Cost Effectiveness

Pursuant to H&S Code §40920.6, incremental cost effectiveness calculations are required for rules and regulations which are adopted or amended to meet the California Clean Air Act (CCAA) requirements for Best Available Retrofit Control Technology (BARCT) or "all feasible measures" to control volatile compounds (VOCs), oxides of nitrogen (NOx) or oxides of sulfur (SOx). The amendment of Rule 1104 is not subject to incremental cost effectiveness calculations because it does not involve BARCT or "all feasible measures."

D. ENVIRONMENTAL ANALYSIS (CEQA)

Through the process described below the appropriate CEQA process for the proposed amendments to Rule 1104 was determined.

1. The proposed amendments to Rule 1104 meet the CEQA definition of "project." They are not "ministerial" actions.

2. The proposed amendments to Rule 1104 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. Because there is no potential that the amendment might cause the

[1] San Joaquin Valley Unified Air Pollution Control District Rule 4663 – *Organic Solvent Cleaning, Storage, and Disposal* as amended September 20, 2007 (74 FR 37948, July 30, 2009).

release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies. Copies of the documents relating to CEQA can be found in Appendix "D".

E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS

1. Potential Environmental Impacts

There are no potential adverse environmental impacts of compliance with the adoption of Rule 1104. The proposed amendments to Rule 1104 address additional USEPA comments regarding an exemption provision.

2. Mitigation of Impacts

N/A.

3. Alternative Methods of Compliance

N/A.

F. PUBLIC REVIEW

See Staff Report Section (V)(A)(1)(g) and (2)(b), as well as Appendix "B."

VI. TECHNICAL DISCUSSION

A. SOURCE DESCRIPTION

This rule applies to any facility engaged in wipe cleaning, cold solvent cleaning and/or vapor cleaning (degreasing) operations for metal/non-metal parts/products or electronic circuit boards, which utilize volatile organic solvents. This rule does not apply to janitorial supplies used for cleaning offices, bathrooms or other similar areas. This rule also exempts source operations subject to or specifically exempted by existing source specific District rules.

B. EMISSIONS

The amendments to Rule 1104 do not cause the release of additional air contaminants or create any environmental impacts. The proposed amendments to Rule 1104 address additional USEPA comments regarding an exemption provision.

C. CONTROL REQUIREMENTS

Please see section (C) of the rule (Appendix A) for control requirements. Control requirements consist of VOC content, control equipment, and cleaning equipment and methods, and work practices.

D. PROPOSED RULE SUMMARY

This section gives a brief overview of the proposed amendments to Rule 1104.

While the primary reason for amending Rule 1104 was to address additional USEPA comments, several other minor non-substantive changes were made for consistency. Several cross references were corrected.

Statement has been added to indicate definitions may also be contained in Rule 102. Several terms were capitalized to indicate that they are defined in either Rule 102 or Rule 1104. Several terms were also modified for consistency to match definitions provided in Rule 102. Specifically: The definition for "Control Device" and "Solvent" were removed as these definitions are contained in Rule 102 – *Definition of Terms*.

Section (C)(1)(b) was clarified to indicate that the VOC composite vapor pressure does not have to be exactly 8 mm HG, but is rather mm HG *or less*.

Section (C)(3) has been clarified to indicate subsections (f) through (k) are separate requirements from (a) through (e).

Section (E)(1)(d) has been amended to correct an error by removing the word "not" to reflect that the section refers to exemptions contained in source specific rules listed pursuant to USEPA comment, September 27, 2017.

Section (F)(a) has been added for clarification to indicated that a Solvent using operation or facility which may be considered exempt from all or a portion of Rule 1104, but is still compliant with the limits of Rule 1104, may request in writing that the Solvent be considered subject to Rule 1104 requirements for compliance purposes.

Section (G)(1)(b) has been modified to provide adequate demonstration of continuous compliance for add-on emission control equipment. Language is consistent with a similar provision in Rule 1114.

E. SIP HISTORY

1. SIP History

a. SIP in the San Bernardino County Portion of MDAQMD

On July 1, 1993 the MDAQMD was formed pursuant to statute. Pursuant to statute it also retained all the rules and regulations of the San Bernardino County Air Pollution Control District (SBCAPCD) until such time as the Governing Board of the MDAQMD wished to adopt, amend or rescind such rules. The Governing Board of the MDAQMD, at its very first meeting, reaffirmed all the rules and regulations of the SBCAPCD. Rule 1104 was adopted on September 9, 1994, after the formation of the MDAQMD. Rule 1104 was incorporated in the SIP for the

MDAQMD on April 30, 1996 (61 FR 18962). Rule 1104 was subsequently amended on March 27, 2017.

b. SIP in the Riverside County (Blythe/Palo Verde Valley) Portion of the MDAQMD

One of the provisions of the legislations which created the MDAQMD allowed areas contiguous to the MDAQMD boundaries and within the same air basin to leave their current air district and become a part of the MDAQMD. On July 1, 1994 the area commonly known as the Palo Verde Valley in Riverside County, including the City of Blythe, left the South Coast Air Quality Management District (SCAQMD) and joined the MDAQMD.

Since USEPA adopts SIP revisions in California as effective within the jurisdictional boundaries of local air districts, when the local boundaries change the SIP as approved by USEPA for that area up to the date of the change remains as the SIP in that particular area. Upon annexation of the Blythe/Palo Verde Valley the MDAQMD acquired the SIP prior to July 1, 1994 that was effective in the Blythe/Palo Verde Valley. Therefore, the SIP history for the Blythe/Palo Verde Valley Portion of the MDAQMD is based upon the rules adopted and approved for that portion of Riverside County by SCAQMD.

SCAQMD adopted Rule 1171 – *Solvent Cleaning Operations* on August 2, 1991, prior to the annexation of the Blythe/Palo Verde Valley. This rule was submitted by the SCAQMD for inclusion in the SIP, and the submission was given a limited approval/limited disapproval (LA/LD) on December 20, 1993 (58 FR 66285). The adoption of MDAQMD Rule 1104 on September 9, 1994 was intended to address the LA/LD of SCAQMD Rule 1171. Unfortunately, the USEPA SIP action taken on April 30, 1996 does not mention the removal of SCAQMD Rule 1171 from the SIP for the Blythe/Palo Verde Valley. Thus, there are 2 SIP rules effective in the Blythe/Palo Verde Valley: the LA/LD version of SCAQMD Rule 1171, and the September 28, 1994 MDAQMD Rule 1104 version.

2. SIP Analysis

The District will request CARB to submit the proposed amendments to Rule 1104 to replace the SIP versions in effect in the San Bernardino County portion of the Mojave Desert Air Basin (MDAB) and the Blythe/Palo Verde Valley portion of Riverside County. This submission is necessary to satisfy 42 U.S.C. §§7511a

(FCAA §182) which requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs and for major sources of ozone precursors

Since there are previously existing SIP rules for this category the District will request that they be superseded. In order to replace existing SIP rules the District is required to show that the proposed amendments are not less stringent than the provisions currently in the SIP.

Proposed amended Rule 1104 is more stringent than the prior versions in the SIP because it contains more stringent VOC limits, control equipment requirements, cleaning equipment and methods, work practices, exemptions and test methods. This submission is expected to supersede the March 27, 2017 submission.

Appendix "A"
Rule 1104 – *Organic Solvent Degreasing Operations* Iterated Version

The iterated version is provided so that the changes to an existing rule may be easily found. The manner of differentiating text is as follows:

1. Underlined text identifies new or revised language.

2. ~~Lined out text~~ identifies language which is being deleted.

3. Normal text identifies the current language of the rule which will remain unchanged by the adoption of the proposed amendments.

4. *[Bracketed italicized text]* is explanatory material that is not part of the proposed language. It is removed once the proposed amendments are adopted.

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(**Adopted:** 09/28/94; **Amended:** 03/27/17; **Amended:** mm/dd/yy)

RULE 1104
Organic Solvent Degreasing Operations

(A) General

(1) Purpose

(a) The purpose of this R~~r~~ule is to limit the emission of Volatile Organic Compounds (VOCs) from Wipe Cleaning and degreasing operations using O~~o~~rganic Solvents.

(2) Applicability

(a) This R~~r~~ule applies to any F~~f~~acility engaged in Wipe Cleaning, Cold Solvent Cleaning and/or Vapor Cleaning (Degreasing) operations for metal/non-metal parts/products, which utilize volatile O~~o~~rganic Solvents.

(b) This R~~r~~ule does not apply to janitorial supplies used for cleaning offices, bathrooms or other similar areas.

(B) Definitions

The definitions contained in District Rule 102 – *Definition of Terms* shall apply unless the term is otherwise defined herein: *[Definitions that are commonly used throughout the MDAQMD rule book have been relocated to existing Rule 102.]*

(1) "Air-Vapor Interface" - The Degreaser surface area between the sides of the cleaner, the top of the solvent-vapor layer, and the air touching this layer.

(2) "Batch-loaded" - The material placed in a nonconveyorized container for a vapor or cold cleaning process.

(3) "Cold Solvent Cleaning" - A process or activity, such as Wipe Cleaning, of removing Soils from the surfaces of Workloads by spraying, brushing, flushing, or immersing the parts with/in liquid solvent which is not heated or, when heated does not reach the solvent's boiling point.

(4) "Cold Solvent Degreaser" - Any E~~e~~quipment using solvent which, if heated is maintained below the boiling temperature. Such E~~e~~quipment includes, but is not limited to, Remote Reservoirs, spray sinks and Batch-loaded dip tanks.

(5) "Condenser" (Primary Condenser) - The primary device, such as cooling coils, used to condense (liquify) solvent vapor.

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(6) "Condenser Flow Switch" - A safety switch connected to a thermostat which shuts off the sump heater if the Condenser coolant is either not circulating or exceeds its designed operating temperature.

~~(7) "Control Device" - A device for reducing emissions of VOC to the atmosphere.~~ *[See Rule 102, Control Equipment.]*

(8) "Conveyorized Degreaser" - Any continuously loaded, conveyorized cold solvent or vapor Degreaser, including but not limited to gyro, vibra, monorail, cross-rod, mesh, belt and strip cleaners. Also strip Degreasers which clean material by drawing the strip itself through the unit.

(9) "Degreaser" - The Solvent cleaning Eequipment used to clean Soils from the surfaces of parts/Workloads, and include the following types of Eequipment: Cold Solvent Degreasers, Vapor Degreasers, Conveyorized Degreasers, and Sealed Chamber Degreasers.

(10) "Emulsion" - A suspension of small droplets of one liquid in a second liquid with which the first will not mix.

(11) "Evaporation" - To change into a vapor, normally from a liquid state.

(12) "Evaporative Surface Area for a Cold Solvent Degreaser" - The surface area of the top of the Solvent.

(13) "Evaporative Surface Area for a Conveyorized Degreaser"

(a) For a Cold Solvent Degreaser, the surface area of the top of the Solvent; or

(b) For a Vapor Degreaser, the surface area of the top of the Solvent vapor-air interface.

(14) "Evaporative Surface Area for a Vapor Degreaser" - The surface area of the top of the Solvent vapor-air interface.

(15) "Freeboard Height for a Batch-loaded Vapor Degreaser" - The vertical distance from the top of the Solvent vapor-air interface to the top of the Degreaser.

(16) "Freeboard Height for a Cold Solvent Degreaser" - The vertical distance from the top of the Solvent to the lip of the Cold Solvent Degreaser. For the purposes of this Rrule, Remote Reservoirs do not have a freeboard.

(17) "Freeboard Height for a Conveyorized Degreaser"

(a) For non-boiling (cold) Solvent, the vertical distance from the top of the Solvent to the bottom of the first opening in the Solvent containing compartment or to the bottom of the lowest opening in the Degreaser, whichever distance is greater; or

(b) For boiling (vaporized) Solvent, the vertical distance from the top of the Solvent vapor-air interface to the bottom of the first opening in the vapor containing compartment or to the bottom of the lowest opening in the Degreaser, which ever distance is greater.

(18) "Freeboard Ratio" - The Freeboard Height divided by the smaller of the inside length, diameter, or the inside width of the Degreaser evaporative area.

(19) "High Volatility Solvent" - Any Solvent that is not classified as a Low Volatility Solvent.

(20) "Initial Boiling Point" - The boiling point of a Solvent as defined by ASTM Test Method D1078-11.

(21) "Lip Exhaust" - A system which captures Solvent vapors which escape from the top of an open top Degreaser by directing the vapors away from P~~p~~ersons operating the Degreaser.

(22) "Low Volatility Solvent" - A Solvent with an Initial Boiling Point greater than 120 degrees Celsius (248 degrees Fahrenheit) and with an operating temperature a least 100 degrees Celsius (180 degrees Fahrenheit) below the Initial Boiling Point, as used.

(23) "Refrigerated Freeboard Chiller" (Secondary Condenser) - A secondary cooling coil mounted above the Primary Condenser to provide a chilled air blanket above the Solvent vapor-air interface and cause the condensation of additional Solvent vapor.

(24) "Remote (Enclosed) Reservoir" - A Cold Solvent Degreaser with a tank which is completely enclosed except for a Solvent return opening which allows used Solvent to drain into it from a separate Solvent sink or work area. The return opening must be no larger than 100 square centimeters and the reservoir must not be accessible for soaking Workloads.

(25) "Sealed Chamber Degreaser" - A Degreaser in which all spraying is contained inside the cleaning E~~e~~quipment.

(26) "Soil" - Any surface contaminant which is to be removed by either Cold Solvent Cleaning or Vapor Cleaning. Surface contaminants include, but are not limited to, for metal/non-metal cleaning operations: oils, greases, waxes, tars, S~~s~~tains, I~~i~~nk and/or particulate matter such as sand, metal chips, abrasives, or fibers. In addition, for circuit board operations, surface contaminants include the resist (a maskant) and flux from soldering.

~~(27) "Solvent" - A liquid solution or vapor, which contains VOCs, and which is used as a diluent, thinner, dissolver, viscosity reducer, cleaning agent or for other similar use. Typical degreasing Solvents would dissolve oils, greases, waxes, or tars, to release and flush surface contaminants such as sand, metal chips, buffing~~

~~abrasives or fibers and other Soil-held surface contaminants from the surfaces of the Workload. A Solvent may be a single compound or a blend of two (2) or more compounds.~~ *[See Rule 102.]*

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(28) "Solvent Leak" - The fugitive loss of three (3) or more drops of liquid Solvent per minute.

(29) "Spray Safety Switch" - A manually reset switch which shuts off the spray pump if the vapor level drops more than ten (10) centimeters (4 inches) from the design operating height.

(30) "Ultrasonics" - The enhancement of the cleaning process by agitation of liquid Solvents with high frequency sound waves. The induced vibrations cause implosions of the microscopic vapor cavities within the liquid Solvent. Such implosions within the Solvent which is in contact with a solid surface, facilitates the removal of grease, dirt and other material from that surface.

(31) "Vapor Cleaning" - A process using the condensation of vaporized Solvent to remove/flush Soils and Soil-held debris from the surfaces of the Workload.

(32) "Vapor Degreaser" - Any Degreaser that cleans through the condensation of Solvent vapor on colder Workload surfaces.

(33) "Vapor Level Control Thermostat" - A manually reset safety switch which turns off the sump heater if the thermostat senses the temperature rising above the design operating level at the Air-Vapor Interface.

(34) "Volatile Organic Compound" (VOC) - Any compound containing at least one atom of carbon, except for the following exempt compounds: methane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, ammonium carbonate, and those compounds listed in 40 CFR 51.100(s).

(35) "Waste" - Material which may contain dirt, oil, metal particles, and/or other Waste products concentrated after heat distillation of the Waste Solvent either in the Degreaser itself or after distillation in a separate still.

(36) "Wipe Cleaning" - That method of cleaning which utilizes a material such as a rag, wetted with a Solvent, coupled with a physical rubbing process, to remove contaminants from surfaces. For the purposes of this R~~r~~ule, Wipe Cleaning materials shall not be considered "E~~e~~quipment."

(37) "Workload" - The objects, i.e. parts, put in a cleaner for the purpose of removing oil, grease, Soil, a C~~c~~oating, dirt or other undesirable matter from the surface of the objects.

(38) "Workload Area"

(a) The plane geometric surface area of the top of the submerged parts basket; or

(b) When no basket is used, the combined plane geometric surface area(s) displaced by the submerged Workload.

(C) Standards

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(1) VOC Content

(a) An O~~o~~wner/O~~o~~perator shall not use a Solvent with a VOC content that exceeds 25 grams VOC per liter, as applied, for cleaning or surface preparation in any operation subject to this R~~r~~ule.

(b) As an alternative to, or in lieu of, subsection (C)(1)(a), an O~~o~~wner/O~~o~~perator may use cleaning materials with a VOC composite vapor pressure limit of 8 millimeters of mercury (mmHg) or less at 20 degrees Celsius. *[Clarification.]*

(2) Control Equipment

(a) Owners and/or O~~o~~perators may comply with subsection (C)(1)(a) by using approved air pollution C~~c~~ontrol E~~e~~quipment provided that the VOC emissions from such operations and/or materials are reduced in accordance with the following:

(i) The Control ~~Device~~ Equipment shall reduce emissions from an emission collection system by at least 95 percent (95%), by weight, or by reducing the output of the air pollution Control ~~Device~~ Equipment to less than 25 ppm calculated for carbon with no dilution; and~~.~~ *[Modified for consistency with Rule 102. "And" added to address USEPA comment 02/20/18.]*

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(ii) The O~~o~~wner/O~~o~~perator demonstrates that the system collects at least 90 percent (90%), by weight, of the emissions generated by the sources of emissions.

(3) Cleaning Equipment and Method Requirements

An O~~o~~wner/O~~o~~perator shall not perform Solvent cleaning unless one of the ~~following~~ cleaning devices or methods contained in subsections (a) through (e) below is used, and the applicable requirements in subsections (f) through (k) below are~~is~~ used: *[Clarification provided pursuant to USEPA comment of 02/20/18 to clarify that subsections (f) through (k) are separate requirements from the list in (a) through (e).]*

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(a) Wipe Cleaning;

(b) Closed containers or hand held spray bottles from which Solvents are applied without a propellant-induced force;

(c) Cleaning Eequipment which has a Solvent container that can be, and is closed during cleaning operations, except when depositing and removing objects to be cleaned, and is closed during non-operation with the exception of maintenance and repair to the Eequipment itself;

(d) Non-atomized Solvent flow method where the cleaning Solvent is collected in a container or a collection system which is closed except for Solvent collection openings and, if necessary, openings to avoid pressure build-up inside the container; or

(e) Solvent flushing method where the cleaning Solvent is discharged into a container which is closed except for Solvent collection openings and, if necessary, openings to avoid excessive pressure build-up inside the container. The discharged Solvent from the Eequipment must be collected into containers without atomizing into the open air. The Solvent may be flushed through the system by air or hydraulic pressure, or by pumping.

(f) All Degreasers shall be equipped with the following:

(i) An apparatus or cover(s) which reduces Solvent Evaporation, except for Remote Reservoirs.
(ii) A permanent, conspicuous label summarizing the applicable operating requirements contained in subsection (C)(4). In lieu of a label, operating instructions may be posted near the Degreaser where the Ooperators can access the proper operating requirements of this Rrule.

(g) Remote Reservoirs shall be equipped with the following:

(i) A sink, platform or work area which is sloped sufficiently towards a drain to prevent pooling of Solvent within the work area.
(ii) A single or total drain hole area, not larger than 100 square centimeters (15.5 square inches) in area, for the Solvent to flow from the sink (platform/work area) into the Enclosed Reservoir.
(iii) If High Volatility Solvent is used, a drain cover/plug/closure device or a cover for placement over the top of the sink (platform/work area), when the Eequipment is not being used, cleaned or repaired.
(iv) A minimum sink depth of six (6) inches, as measured from the top of the drain to the top of the side of the sink.

(h) Cold Solvent Degreasers - Freeboard Requirements:

(i) Cold Solvent Degreasers using only Low Volatility Solvents which are not agitated, shall operate with a Freeboard Height of not less than six (6) inches.

(ii) Cold Solvent Degreasers using only Low Volatility Solvents may operate with a Freeboard Ratio equal to or greater than 0.50 when the Cold Solvent Degreaser has a cover which remains closed during the cleaning operation.

(iii) Any Cold Solvent Degreasers using Solvent which is agitated, or heated above 50 degrees Celsius (120 degrees Fahrenheit) shall operate with a Freeboard Ratio equal to or greater than 0.75.

(iv) A water cover may be used as an acceptable control method to meet the freeboard requirements, when the Solvent is insoluble in water and has a specific gravity greater than one (1).

Cold Solvent Degreasers - Cover Requirements:

(v) Cold Solvent Degreasers using High Volatility Solvent shall have a cover that is a sliding, rolling or guillotine (bi-parting) type which is designed to easily open and close without disturbing the vapor zone.

Cold Solvent Degreasers - Solvent Level Identification:

(vi) A permanent, conspicuous mark locating the maximum allowable Solvent level conforming to the applicable freeboard requirements.

(i) Conveyorized Cold Solvent Degreasers shall be equipped with the following:

(i) A rotating basket or other method, to prevent cleaned parts from carrying out Solvent liquid.

(ii) Minimized entrance and exit openings which silhouette the Workloads such that the average clearance between material and the edges of the cleaner openings are less than 10 centimeters (4 inches) or less than ten (10) percent of the opening width, whichever is greater.

(iii) A Freeboard Ratio equal to or greater than 0.75.

(iv) Alternately, a hood or enclosure to collect emissions which are vented to ~~a~~ Control ~~Device~~ Equipment may be used to satisfy requirement of subsection (C)(3)(i)(iii) above, provided that the air pollution C~~c~~ontrol E~~e~~quipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters per minute per square meter of Solvent cleaner opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and State Occupational Safety and Health Administration requirements, and is approved in writing by the Air

Pollution Control Officer (APCO). *[Modified for consistency with Rule 102.]*

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(j) Batch-loaded Vapor Degreasers shall be equipped with the following:

(i) A cover that is a sliding, rolling or guillotine (bi-parting) type which is designed to easily open and close without disturbing the vapor zone.
(ii) A Vapor Level Control Thermostat, a Condenser Flow Switch and a Spray Safety Switch.
(iii) A Freeboard Ratio greater than or equal to 0.75.
(iv) A Primary Condenser.
(v) In addition, Degreasers with an Evaporative Surface Area greater than or equal to one (1) square meter, shall be equipped with a Refrigerated Freeboard Chiller for which the chilled air blanket temperature (degrees Fahrenheit) at the coldest point on the vertical axis in the center of the Air-Vapor Interface shall be no greater than 30 percent of the Initial Boiling Point (degrees Fahrenheit) of the Solvent used, or 40 degrees Fahrenheit, whichever is greater. (If the chiller operates below the freezing temperature of water, it shall be equipped with an automatic defrost).
(vi) Alternately, a hood or enclosure to collect emissions which are vented to ~~a~~ Control ~~Device~~ Equipment may be used to satisfy the requirements of subsections (C)(3)(j)(i) and(iii) above, provided that the air pollution C~~c~~ontrol E~~e~~quipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters per minute per square meter of Solvent cleaner opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and/or State Occupational Safety and Health Administration requirements, and is approve in writing by the APCO. *[Modified for consistency with Rule 102.]*

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(k) Conveyorized Vapor Degreasers shall be equipped with the following:

(i) An enclosed drying tunnel or other method, such as a rotating basket, sufficient to prevent cleaned parts from carrying out Solvent liquid or vapor.
(ii) Minimized entrance and exit openings which silhouette the Workloads such that the average clearance between material and the edges of the Degreaser openings are less than ten (10) centimeters (four (4) inches) or less than ten (10) percent of the opening, whichever is greater.
(iii) A Primary Condenser.
(iv) A Freeboard Ratio equal to or greater than 0.75.
(v) A vapor control thermostat, a Condenser Flow Switch, and a Spray Safety Switch.

(vi) Additionally, a Refrigerated Freeboard Chiller for which the chilled air blanket temperature (degrees Fahrenheit) at the coldest point on the vertical axis in the center of the Air-Vapor Interface shall be no greater than 30 percent of the Initial Boiling Point (degrees Fahrenheit) of the Solvent used, or 40 degrees Fahrenheit, whichever is greater. (If the chiller operates below the freezing temperature of water, it shall be equipped with an automatic defrost).

(vii) Alternately, a hood or enclosure to collect emissions which are vented to ~~a~~ Control ~~Device~~ Equipment may be used to satisfy requirements of subsections (C)(3)(k~~f~~)(iv) and (vi) above, provided that the air pollution C~~c~~ontrol E~~e~~quipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters/min per square meter of Degreaser opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and State Occupational Safety and Health Administration requirements, and is approved in writing by the District APCO. *[Modified for consistency with Rule 102. Cross reference corrected as requested in USEPA comment of 02/20/18.]*

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(4) Operating Requirements

(a) All Degreasers shall comply with the following:

(i) Any Solvent cleaning E~~e~~quipment and any emission Control ~~Device~~ Equipment shall be operated and maintained in strict accord with the recommendations of the manufacturer. *[Modified for consistency with Rule 102.]*

(ii) Degreasers shall not be operating with any detectable Solvent Leaks.

(iii) All Solvent, including Waste Solvent, Waste Solvent residues, and used applicators shall be stored in closed containers at all times. All containers for any Solvent(s) shall have a label indicating the name of the Solvent/material they contain.

(iv) Waste Solvent and any residues shall be disposed of by one of the following methods: a commercial Waste Solvent reclamation service licensed by the State of California; or a federally or state licensed F~~f~~acility to treat, store or dispose of such Waste; or the originating F~~f~~acility may recycle the Waste Solvent and materials in conformance with requirements of Section 25143.2 of the California Health and Safety Code.

(v) Degreasers shall be covered to prevent fugitive leaks of vapors, except when processing work or to perform maintenance.

(vi) Solvent carry-out shall be minimized by the following methods:

a) Rack Workload arranged to promote complete drainage.

b) Limit the vertical speed of the power hoist to 3.3 meters per minute (11 feet per minute) or less when such a hoist is used.

c) Retain the Workload inside of the vapor zone until condensation ceases.

d) Tip out any pools of Solvent remaining on the cleaned parts before removing them from the Degreaser if the Degreasers are operated manually.

e) Do not remove parts from the Degreaser until the parts are visually dry and not dripping/leaking Solvent. (This does not apply to an Emulsion cleaner Workload that is rinsed with water within the Degreaser immediately after cleaning.)

(vii) The cleaning of porous or absorbent materials such as cloth, leather, wood or rope is prohibited.

(viii) Except for Sealed Chamber Degreasers, all Solvent agitation shall be by either pump recirculation, a mixer, or Ultrasonics.

(ix) The Solvent spray system shall be used in a manner such that liquid Solvent does not splash outside of the container. The Solvent spray shall be a continuous stream, not atomized or shower type, unless, the spray is conducted in a totally enclosed space, separated from the environment.

(x) For those Degreasers equipped with a water separator, no Solvent shall be visually detectable in the water in the separator.

(xi) Wipe Cleaning materials, including shop towels, containing Solvent shall be kept in closed containers at all times, except during use.

(xii) Cleaning operations shall be located so as to minimize air circulation and drafts being directed across the cleaning Eequipment, the exposed Solvent surface, or the top surface of the vapor blanket.

(xiii) A method for draining cleaned material, such as a drying rack suspended above the Solvent and within the freeboard area, shall be used so that the drained Solvent is returned to the Degreaser or container.

(b) Batch-loaded and Conveyorized Degreasers shall, in addition to the requirements in subsection (C)(4)(a), meet the following operating requirements:

(i) When starting the Degreaser, the cooling system shall be turned on before, or simultaneously with, the sump heater.

(ii) When shutting down the Degreaser, the sump heater shall be turned off before, or simultaneously with, the cooling system.

(iii) The Workload Area shall not occupy more than half of the Evaporative Surface Area of the Degreaser.

(iv) Except for Sealed Chambers, the spray must be kept at least ten (10) centimeters (four (4) inches) below the top of the vapor level and be pointed downward, to prevent turbulence at the air-Solvent vapor interface.

(c) Remote Reservoir Degreasers shall, in addition to the applicable requirements in subsection (C)(4)(a), meet the following operating requirements:

(i) The Solvent pump shall not circulate Solvent into the sink unless a Workload is being actively processed.

(ii) The sink of a Remote Reservoir Degreaser or any container placed therein may not be used to soak a Workload. Such use is prohibited and such use will cause the unit to be classified as a Cold Solvent Degreaser and be subject to provisions of subsection (C)(3)(h) of this R~~r~~ule.

(iii) Parts shall be visually dry and not dripping/leaking Solvent before being removed from the sink. Parts shall be tipped to release any trapped pools of Solvent before being removed from the sink.

(iv) The Workload must "drip-dry" while being contained completely within the sink.

(D) Prohibition

A Lip Exhaust system shall not be used on any Degreaser unless it is vented to a hood or enclosure system as defined in subsection (C)(3)(j)(~~i~~vi). *[Cross reference corrected pursuant to USEPA comment of 02/20/18.]*

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(E) Exemptions

(1) The provisions of this R~~r~~ule shall not apply to:

(a) Solvents Containing Less Than two (2) percent VOC: Solvent cleaning/degreasing operations using total liquid Solvent containing less than two (2) percent by weight of VOC.

(b) Small Cold Solvent Degreasers: Any Cold Solvent Degreaser with a Solvent surface area of less than 929 square centimeters (1 square foot) shall meet the requirements of subsection (C)(4)(a)(v) and (E)(2) of this rule.

(c) Consumer products such as aerosol cans or small containers (one quart or smaller) unless the total accumulative use is greater than 160 ounces (five quarts) of Solvent per day. Persons using these products are subject to subsection (C)(4)(a)(iii, iv & xi), subsection (E)(2), subsection (G)(1)(a)(v) and subsections (G)(1)(c) and (d) of this R~~r~~ule.

(d) Any source operation that is subject to or ~~not~~ specifically exempted by any of the following R~~r~~ules: *[Correct error to reflect that the section refers to exemptions contained in source specific rules listed pursuant to USEPA comment, September 27, 2017.]*

(i) Rule 1106 – *Marine Coating Operations*.
(ii) Rule 1113 – *Architectural Coatings.*
(iii) Rule 1114 – *Wood Products Coating Operations*.
(iv) Rule 1115 – *Metal Parts & Products Coating Operations*.
(v) Rule 1116 – *Automotive Refinishing Operations*.
(vi) Rule 1117 – *Graphic Arts and Paper, Film, Foil and Fabric Coatings*.
(vii) Rule 1118 – *Aerospace Vehicle Parts and Products Coating Operations.*
(viii) Rule 1162 – *Polyester Resin Operations*.

(e) Film cleaning operations that use 1,1,1-trichloroethane exclusively.

(f) The surface preparation standards in subsection (C)(1) and (C)(2) shall not apply to the following:

(i) The surface preparation of electrical and electronic components, precision optics, or numismatic dies;
(ii) Stripping of cured I~~i~~nks, C~~c~~oatings and A~~a~~dhesives or cleaning of resin, C~~c~~oating, I~~i~~nk and A~~a~~dhesive mixing, molding and application E~~e~~quipment; or,
(iii) Surface preparation associated with research and development operations; medical device or pharmaceutical manufacturing operations; performance testing to determine C~~c~~oating, A~~a~~dhesive or I~~i~~nk performance; or testing for quality control or quality assurance purposes.

(2) Any F~~f~~acility classified as exempt or claiming to be exempt under Section (E), shall meet the record keeping requirements of this R~~r~~ule so as to be able to prove the exemption status.

(F) Administrative Requirements

Rule 442 Applicability: Any Solvent using operation or F~~f~~acility which is not subject to this source-specific R~~r~~ule shall comply with the provisions of Rule 442 – *Usage of Solvents*. Any Solvent using operation or F~~f~~acility which is exempt from all or a portion of the VOC limits, E~~e~~quipment limits or the operational limits of this R~~r~~ule shall be subject to the applicable provisions of Rule 442 – *Usage of Solvents*.

(a) A Solvent using operation or Facility which may be considered exempt from all or a portion of Rule 1104, but is still compliant with the limits of Rule 1104, may

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request in writing that the Solvent be considered subject to Rule 1104 requirements for compliance purposes. *[Added for clarification.]*

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(G) Recordkeeping Requirements

(1) Solvent Usage Records: All Pppersons subject to this Rrule and any Pperson claiming any exemption under Section (E) shall comply with the following requirements:

(a) Maintain and have available during an inspection, a current list of Solvents in use at the Ffacility which provides all of the data necessary to evaluate compliance, including the following information separately for each Degreaser, as applicable:

(i) Product name(s) used in the Degreaser;
(ii) The mix ratio of mixtures containing Solvents as used:
(iii) VOC content of Solvent or mixture of compounds as used;
(iv) The total volume of the Solvent(s) used for the Ffacility, on a monthly basis: and
(v) The name and total volume applied of Wipe Cleaning Solvent(s) used, on a monthly basis.

(b) Additionally, for any Degreaser utilizing an add-on emission Control DeviceEquipment/system as a means of complying with provisions of this Rrule shall, on a monthly basis, maintain records of key system operating and maintenance datamaintain and produce daily records of key operating parameters and maintenance procedures which will demonstrate continuous operation and compliance of the air pollution abatement Equipment. Such data is recorded for the purpose of demonstrating continuous compliance during periods of emission producing activities. Key system operating parameters are those necessary to ensure compliance with subsection (C)(2)(a), such as temperatures, pressures and flow rates. The data shall be recorded in a manner as prescribed by the District. *[Modified for consistency with Rule 102. Additional language provided consistent with Rule 1114 as requested by USEPA comment of 02/20/18 to provide adequate demonstration of continuous compliance.]*

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(c) Documentation shall be maintained on site of the disposal or on site recycling of any Waste Solvent or residues.

(d) Such records shall be retained on site (at the Ffacility) and available for inspection by the APCO for the previous five (5) years.

(H) Test Methods

(1) A violation determined by any one of these test methods shall constitute a violation of this R~~r~~ule.

(2) The following specified test methods shall be used to determine compliance with the provisions of this R~~r~~ule.

(a) Determination of the VOC Content of Solvent Samples - The determination of the VOC content shall be by the appropriate procedures contained in EPA Method 24 – *Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coating*.

(b) Determination of Initial Boiling Point of Solvents - The Initial Boiling Point of the Solvent shall be determined by ASTM Test Method D1078-11.

(c) Determination of Capture Efficiency - Capture efficiency shall be determined by the appropriate procedures set out in Guidelines for Determining Capture Efficiency (January 9, 1995).

(d) Determination of Control Efficiency – Control Efficiency shall be determined by using:

(i) EPA Method 25 – *Determination of Total Gaseous Nonmethane Organic Emissions as Carbon*;
(ii) EPA Method 25A – *Determination of Total Gaseous Organic Concentration Using a Flame Ion Analyzer*,
(iii) SCAQMD Test Method 25.1 – *Determination of Total Gaseous Non-Methane Organic Emissions as Carbon* (February 1991); or
(iv) SCAQMD Test Method 25.3 – *Determination of Low Concentration Non-Methane Non-Ethane Organic Compound Emissions from Lean Fueled Combustion Sources (March 2000)*.

(e) Determination of the Ventilation/Draft Rate - The ventilation/draft rate shall be determined by using:

(i) EPA Method 2 – *Determination of Stack Gas Velocity and Volumetric Flow Rate (Type S Pitot Tube)*;
(ii) EPA Method 2A – *Direct Measurement of Gas Volume through Pipes and Small Ducts*;
(iii) EPA Method 2C – *Determination of Gas Velocity and Volumetric Flow Rate in Small Stacks of Ducts (Standard Pitot Tube)*; and
(iv) EPA Method 2D – *Measurement of Gas Volume Flow Rates in Small Pipes and Ducts*.

(f) Determination of Exempt Compounds - Exempt Compound content shall be determined by using:

(i) CARB Method 432, "*Determination of Dichloromethane and 1,1,1Trichloroethane in Paints and Coatings*" (September 12, 1998);

(ii) CARB Method 422, "*Determination of Volatile Organic Compounds in Emissions form Stationary Sources*" (January 22, 1987).

1. It is only approved for the compounds listed in Method 422, section 2, that have been exempted from USEPAs definition of VOC; and
2. If aqueous impingers are used, the solution also shall be analyzed for the target VOCs; or

(iii) SCAQMD Method 303-91, "*Determination of Exempt Compounds*" (February 1993).

Perfluorocarbon compounds shall be assumed to be absent from a product or process unless a manufacturer or F~~f~~acility O~~o~~perator identifies a specific compound or compounds from the broad classes of perfluorocarbons listed in 40 CFR 51.100(s)(1) as being present in the product or process. When such compounds are identified, the F~~f~~acility shall provide the test method to determine the amount(s) of the specific compound(s).

See SIP Table at http://www.mdaqmd.ca.gov

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Appendix "B"
Public Notice Documents

1. Proof of Publication – Daily Press
2. Proof of Publication – Riverside Press Enterprise

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THE PRESS-ENTERPRISE

1825 Chicago Ave, Suite 100
Riverside, CA 92507
951-684-1200
951-368-9018 FAX

PROOF OF PUBLICATION
(2010, 2015.5 C.C.P)

Publication(s): The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: /

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

02/20/2018

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: February 20, 2018
At: Riverside, California

Legal Advertising Representative, The Press-Enterprise

MOJAVE DESERT AQMD
14306 PARK AVE
ATTN: D. HERNANDEZ
VICTORVILLE, CA 92392

Ad Number: 0011080474-01

P.O. Number:

Ad Copy:

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD) will conduct a public hearing on April 23, 2018 at 10:00 A.M. to consider the proposed amendment of Rule 102 – Definition of Terms, Rule 1104 – Organic Solvent Degreasing; Rule 1162 – Polyester Resin Operations; and Federal Negative Declarations for Two Control Techniques Guidelines Source Categories.

SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of the proposed rules and the associated staff reports are on file and may be obtained from the Senior Executive Analyst at the MDAQMD Offices. Written comments may be submitted to Brad Poiriez, APCO at the above office address. Written comments should be received no later than March 22, 2018 to be considered. If you have any questions regarding Rules 102, 1104, 1162 or the Federal Negative Declarations you may contact Tracy Walters at (760) 245-1661 extension 6122 for further information.

The proposed amendment of Rule 102 – Definition of Terms is necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity.

Rules 1104 and 1162 are proposed for amendment to satisfy 42 U.S.C. §7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors, and to address comments received from the United States Environmental Protection Agency (USEPA) subsequent to the most recent rule amendments.

Federal Negative Declarations for Two Control Techniques Guidelines Source Categories are proposed for adoption because for those CTG source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 – 14 Cal. Code Reg §15308) applies and has prepared a Notice of Exemption for this action.

2/20

RECEIVED
MOJAVE DESERT AQMD
CLERK OF THE BOARD

FEB 26 2018

BY_____

PROOF OF PUBLICATION

(2015.5 C.C.P.)

STATE OF CALIFORNIA,
County of San Bernardino

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the publisher of the DAILY PRESS, a newspaper of general circulation, published in the City of Victorville, County of San Bernardino, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of San Bernardino, State of California, under the date of November 21, 1938, Case number 43096, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

February 20

All in the year 2018.

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated this: 20th **day of** February, **2018.**

Leslie Jacobs

Signature

Leslie Jacobs

This space is the County Clerk's Filing Stamp

Proof of Publication of
NOTICE OF HEARING

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD) will conduct a public hearing on April 23, 2018 at 10:00 A.M. to consider the proposed amendment of Rule 102 – *Definition of Terms, Rule 1104 – Organic Solvent Degreasing; Rule 1162 – Polyester Resin Operations; and Federal Negative Declarations for Two Control Techniques Guidelines Source Categories.*

SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of the proposed rules and the associated staff reports are on file and may be obtained from the Senior Executive Analyst at the MDAQMD Offices. Written comments may be submitted to Brad Poiriez, APCO at the above office address. Written comments should be received no later than March 22, 2018 to be considered. If you have any questions regarding Rules 102, 1104, 1162 or the Federal Negative Declarations you may contact Tracy Walters at (760) 245-1661 extension 6122 for further information.

The proposed amendment of Rule 102 – *Definition of Terms* is necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update Rules 1104 and 1162 are proposed for amendment to satisfy 42 U.S.C. §§7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors, and to address comments received from the United States Environmental Protection Agency (USEPA) subsequent to the most recent rule amendments.

Federal Negative Declarations for Two Control Techniques Guidelines Source Categories are proposed for adoption because for those CTG source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 – 14 Cal. Code Reg §15308) applies and has prepared a *Notice of Exemption* for this action.

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Daily Press
February 20, 2018
(Tu-15)

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MOJAVE DESERT AQMD
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FEB 26 2018

BY

Appendix "C"
Public Comments and Responses

1. USEPA Email Comment, 09/27/2017.
2. USEPA Email comment, 02/20/2018.

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1. USEPA Comment, 09/27/2017

Tracy Walters

From: LEVIN, NANCY <Levin.Nancy@epa.gov>
Sent: Wednesday, September 27, 2017 3:21 PM
To: Alan De Salvio; Tracy Walters
Cc: Bushey, Douglas; Tong, Stanley; Law, Nicole
Subject: MD Rule 1104 and 1162

Alan and Tracy,

These are the specific rule issues discussed on the phone today. Let us know if you have any questions.

Rule 1104:
-Paragraph (E)(1)(d) provides that "[t]he provisions of this rule shall not apply to: . . . Any source operation that is subject to or not specifically exempted by any of the following rules: [listing rules]." The changed copy of the Rule 1104 cites SJV Rule 4661 language as a source of this change. The version in Mojave Desert Rule 1104 is very similar to the provision in SJV Rule 4661, except for the word "not" in the phrase "or not specifically exempted". As a result, the provisions of the rule would not apply to any source operation that is not specifically exempted by one of the enumerated rules (that is, the rule would only apply to source operations specifically exempted by these other rules). This causes the exemption to swallow the rule. To rectify this, EPA recommends removing the word "not" in paragraph (C)(1)(d).

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Rule 1162:
-Paragraph (C)(1) provides that "An operator of a Polyester Resin Operation shall comply with one of the following process or control requirements". The rule then lists subparagraphs (a) through (d), listing the core requirements of the rule, any one of which would be sufficient to comply with the rule. The most recent revisions add subparagraphs (e) and (f) to this paragraph. Including these subparagraphs following the "one of the following" language suggests that an operator could comply with one of these provisions, and not need to comply with one of the (a) through (d) requirements. Because complying with (e) or (f) in lieu of (a)-(d) is not sufficient, this generates a problem with the applicability of the rule's requirements. To rectify this, EPA recommends clarifying that an operator must comply with one of the requirements listed in subparagraphs (a) through (d).

-Several limits exceed the limits in the Control Techniques Guidelines for Fiberglass Boat Manufacturing Materials (EPA-453/R-08-004, September 2008). For example, the CTG recommends "that VOC cleaning solvents for routine application equipment cleaning contain no more than 5 percent VOC, by weight, or have a composite vapor pressure of no more than 0.50 mm Hg at 68 ºF." See page 33. The composite vapor pressure requirement in Rule 1162, section C(6)(a) allows a limit of "45 mm Hg or less at a temperature of 20º C" or 68 ºF. Please review the relevant CTG and approved rules in other ozone nonattainment areas and update the rule as-necessary to ensure that it implements current RACT.

Nancy Levin | 415-972-3848 | Rules and Planning
Air Division | Region IX| U.S. Environmental Protection Agency

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District Response to USEPA Comment 1

1. The word “not’ has been removed from subsection (E)(1)(d). The District did not intend for this exemption to swallow the rule.

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2. USEPA Comment, 02/20/2018

Mojave Desert AQMD Rule 1104 – Organic Solvent Degreasing Operations

1. (2) **Control Equipment** – add "and" after (i) to show compliance must be maintained with both (i) and (ii). Otherwise, it can be mistaken to mean (i) or (ii).

2. (3) **Cleaning Equipment and Method Requirements** – this section should be clarified to reflect that "one of the following cleaning devices or methods" refers to sections (a) – (e) (as reflected by the "or" after (d). Sections (f) – (k) should not a continuation of the list beginning with (a) – (e).

3. **(k) Conveyorized Vapor Degreasers shall be equipped with the following**: - (vii)…control equipment may be used to satisfy requirements of subsections (C) (3) (f) (iv) and (vi). This referenced section does not exist. Should it be (C) (3) (k) (iv) and (vi)?

4. **(4) Operating Requirements** – (c) (ii) reference to subsection (C) (3) (h) if suggested changes are made to cleaning equipment (a) – (e) above, the (h) would need to be updated as would other cross-references to subparagraphs of (C) (3).

5. **(D) Prohibition** - …as defined in subsection (C) (3) (j) (iv). (iv) should be (vi).

6. Monthly records for add-on emission control equipment may not be adequate to demonstrate continuous compliance. We suggest you use the language from Rule 1114, Wood Products Coating Operations (F. Monitoring and Records):

> Maintain and produce daily records of key system operating parameters and maintenance procedures which will demonstrate continuous operation and compliance of the air pollution abatement Equipment during periods of emission-producing activities. Key system operating parameters are those necessary to ensure compliance with subsection (C)(5), such as temperatures, pressures and flow rates.

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District Response to USEPA Comment 2

1. "And" added between (C)(2)(a)(i) and (ii) to indicate that both subsections are required for compliance.
2. Clarification added as requested to clarify that subsections (f) through (k) are separate requirements from the list in (a) through (e). EPA clarified that they thought the two lists could be separated into two separate sections. This would result in updating cross references throughout the rule. Proposed modification results making these cross reference changes unnecessary.
3. Cross reference corrected. No longer references non-existent section.
4. Cross reference updates not necessary. See response to comment 2 above.
5. Cross reference corrected.
6. Language has been modified as suggested.

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Appendix "D"
California Environmental Quality Act
Documentation

1. Draft Notice of Exemption – San Bernardino County
2. Draft Notice of Exemption – Riverside County

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NOTICE OF EXEMPTION

TO: County Clerk
San Bernardino County
385 N. Arrowhead, 2nd Floor
San Bernardino, CA 92415

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

_X_ MDAQMD Senior Executive Analyst

PROJECT TITLE: Amendment of Rule 1104 – *Organic Solvent Degreasing Operations.*

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The proposed amendment of Rule 1104 – *Organic Solvent Degreasing Operations* will to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement RACT for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)
Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))
_X_ Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The proposed amendments to Rule 1104 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. The proposed amendments to Rule 1104 primarily address additional USEPA comments regarding an exemption provision and other minor clarifications. Because there is no potential that the amendments might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** April 23, 2018

DATE RECEIVED FOR FILING:

NOTICE OF EXEMPTION

TO: Clerk/Recorder
Riverside County
3470 12th St.
Riverside, CA 92501

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

X MDAQMD Senior Executive Analyst

PROJECT TITLE: Amendment of Rule 1104 – *Organic Solvent Degreasing Operations.*

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The proposed amendment of Rule 1104 – *Organic Solvent Degreasing Operations* will to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement RACT for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)
Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))
X Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The proposed amendments to Rule 1104 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. The proposed amendments to Rule 1104 primarily address additional USEPA comments regarding an exemption provision and other minor clarifications. Because there is no potential that the amendments might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** April 23, 2018

DATE RECEIVED FOR FILING:

Appendix "E"
Bibliography

The following documents were consulted in the preparation of this staff report.

1. Draft Staff Report Proposed Amendments to Rule 1104 – *Organic Solvent Degreasing Operations*, D3: 03/02/2017, for amendment on March 27, 2017.

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The following page(s) contain the backup material for Agenda Item: Conduct a public hearing to consider the amendment of Rule 1162 – Polyester Resin Operations: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #13

DATE: April 23, 2018

RECOMMENDATION: Conduct a public hearing to consider the amendment of Rule 1162 – *Polyester Resin Operations*: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending the Rule and directing staff actions.

SUMMARY: The proposed amendments to Rule 1162 are necessary to address additional United States Environmental Protection Agency (USEPA) comments regarding the satisfaction of the requirement that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

CONFLICT OF INTEREST: None

BACKGROUND: The Mojave Desert Air Quality Management District (MDAQMD) has the authority pursuant to California Health and Safety Code (H&S Code) §40702 to adopt, amend or repeal rules and regulations. The MDAQMD is proposing to amend Rule 1162 – *Polyester Resin Operations* for inclusion in the current rulebook.

The Mojave Desert Air Quality Management District amended Rule 1162 – *Polyester Resin Operations* on August 28, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The MDAQMD is now proposing to update Rule 1162 – *Polyester Resin Operations* to address additional comments provided by the USEPA subsequent to the rule amendment to provide clarification and to ensure implementation of current RACT.

A Notice of Exemption, Categorical Exemption (Class8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 1162 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about April 9, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

RESOLUTION NO. 01-_____

A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF EXEMPTION AMENDING RULE 1162 – *POLYESTER RESIN OPERATIONS* AND DIRECTING STAFF ACTIONS.

On April 23, 2018, on motion by Member _____, seconded by Member _____, and carried, the following resolution is adopted:

WHEREAS, the Mojave Desert Air Quality Management District (MDAQMD) has authority pursuant to California Health and Safety Code (H&S Code) §§40702, 40725-40728 to adopt, amend or repeal rules and regulations; and

WHEREAS, the MDAQMD amended Rule 1162 – *Polyester Resin Operations* on August 28, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS); and

WHEREAS, the proposed amendments are necessary to address additional United States Environmental Protection Agency (USEPA) comments regarding the satisfaction of the requirement that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)); and

WHEREAS, the proposed amendments to the Rule are necessary as indicated herein and in the supporting documentation; and

WHEREAS, the MDAQMD has the authority pursuant to H&S Code §40702 to amend rules and regulations; and

WHEREAS, the proposed amendments to Rule 1162 are clear in that the meaning can be easily understood by the persons impacted by the Rule; and

WHEREAS, the amendments to Rule 1162 are in harmony with, and not in conflict with, or contradictory to existing statutes, court decisions, or state or federal regulations because the proposed rule is consistent with the CTG provisions and other District rules deemed to meet RACT; and

WHEREAS, the proposed amendments do not impose the same requirements as any

existing state or federal regulation because the District is amending this rule in response to federal Volatile Organic Compound (VOC) RACT requirements; and

WHEREAS, the proposed amendments to Rule 1162 are needed in order to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement RACT for sources that are subject to CTG and for major sources of ozone precursors; and

WHEREAS, a public hearing has been properly noticed and conducted, pursuant to H&S Code §40725, concerning the amendments to Rule 1162; and

WHEREAS, a Notice of Exemption, a Categorical Exemption (Class 8, 14 CCR §15308) for the proposed amendments to Rule 1162, completed in compliance with the California Environmental Quality Act (CEQA), has been presented to the MDAQMD Governing Board; each member having reviewed, considered and approved the information contained therein prior to acting on the proposed amendments to Rule 1162, and the MDAQMD Governing Board having determined that the proposed amendments will not have any potential for resulting in any adverse impact upon the environment; and

WHEREAS, the MDAQMD Governing Board has considered the evidence presented at the public hearing; and

NOW, THEREFORE, BE IT RESOLVED, that the Governing Board of the MDAQMD finds that the amendments to Rule 1162 – *Polyester Resin Operations* are necessary, authorized, clear, consistent, non-duplicative and properly referenced; and

BE IT FURTHER RESOLVED, that the Governing Board of the MDAQMD hereby makes a finding that the Class 8 Categorical Exemption (14 CCR §15308) applies and certifies the Notice of Exemption for the proposed amendments to Rule 1162; and

BE IT FURTHER RESOLVED, that the Governing Board of the MDAQMD does hereby adopt, pursuant to the authority granted by law, the proposed amendments to Rule 1162, as set forth in the attachments to this resolution and incorporated herein by this reference; and

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately

upon adoption, and that the Senior Executive Analyst is directed to file the Notice of Exemption in compliance with the provisions of CEQA.

PASSED, APPROVED and ADOPTED by the Governing Board of the Mojave Desert Air Quality Management District by the following vote:

AYES: **MEMBER:**

NOES: **MEMBER:**

ABSENT: **MEMBER:**

ABSTAIN: **MEMBER:**

STATE OF CALIFORNIA)
) SS:
COUNTY OF SAN BERNARDINO)
)

I, Deanna Hernandez, Senior Executive Analyst of the Mojave Desert Air Quality Management District, hereby certify the foregoing to be a full, true and correct copy of the record of the action as the same appears in the Official Minutes of said Governing Board at its meeting of April 23, 2018.

_____, Senior Executive Analyst
Mojave Desert Air Quality Management District

Rule 1162
Polyester Resin Operations

(A) Purpose

(1) Purpose

(a) The purpose of this Rule is to limit the emissions of Volatile Organic Compounds (VOCs) from Polyester Resin Operations, Fiberglass Boat Manufacturing Operations, organic Solvent cleaning, and the storage and disposal of Solvents and waste Solvent materials associated with such operations.

(2) Applicability

(a) This Rule is applicable to the manufacture of products from, or the use of, Polyester Resin Material, including Repair, rework, or Touch-Up activities for commercial, military, or industrial use.

(b) This Rule is applicable to organic Solvent cleaning, and the storage and disposal of all Solvents and waste Solvent materials associated with Polyester Resin Operations and Fiberglass Boat Manufacturing Operations.

(c) This Rule is applicable to all new and existing operations.

(3) Exemptions

(a) The provisions of this Rule, other than the record keeping requirements of subsection (D)(1), shall not apply to any Polyester Resin Operation where the volume of Polyester Resin Materials used is less than 20 gallons per month per Facility.

(b) The requirements of subsections (C)(1) and (C)(2) shall not apply to Pin-Striping provided that the total amount of the Gel Coat materials sprayed does not exceed one (1) gallon per day per Facility.

(c) For Fiberglass Boat Manufacturing Operations, Production Resins (including Skin Coats) that must meet the specifications for use in military vessels or must be approved by the United States Coast Guard for use in the construction of lifeboats, rescue Boats, and other life-saving appliances approved under Title 46, Chapter 1, Subchapter Q of the CFR (commencing with §159), or to the construction of small passenger vessels regulated by Title 46, Chapter 1, Subchapter T of the CFR (commencing with §175) are exempt from the requirements of subsection (C)(3)(b).

Production Resins that meet these criteria shall be applied with Non-Atomizing Resin Application Equipment.

(d) The Solvent cleaning provisions of subsection (C)(6) shall not apply to the following cleaning applications: solar cells, laser hardware, scientific instruments, high precision optics, laboratory tests and analyses, or bench scale or research and development projects.

(B) Definitions

The definitions contained in District Rule 102 – *Definition of Terms* shall apply unless the term is otherwise defined herein:

(1) Application Equipment – A device, including, but not limited to, a spray gun, brush, and roller, used to apply Adhesives, Coatings, or Inks.

(2) Assembly Adhesive – A chemical used in joining fiberglass, metal, foam, or wood parts to another to form a temporary or permanently bonded assembly. Assembly Adhesives include, but are not limited to, methacrylate Adhesives and Putties made from Polyester or Vinylester Resin mixed with inert Filler or fibers.

(3) Atomized Resin Application – A Resin application technology in which the Resin leaves the Application Equipment and breaks into droplets or an aerosol as it travels from the Application Equipment to the surface of the part. Atomized Resin Application includes, but is not limited to, Resin spray guns and Resin chopper spray guns.

(4) Boat – Any type of vessel, other than a seaplane, that can be used for transportation on the water.

(5) Catalyst – A substance that is added to Resin to initiate or promote polymerization.

(6) Clear Gel Coat – A Gel Coat that is clear or translucent so that underlying colors are visible. Clear Gel Coat is used to manufacture parts for sale. Clear Gel Coat does not include Tooling Gel used to build or Repair Molds.

(7) Closed Molding – A method of fabricating composite parts by placing composite materials in a confining Mold cavity and applying pressure and/or heat. The pressure may be clamping pressure, fluid pressure, atmospheric pressure, or vacuum pressure used either alone or in combination. The Mold surfaces may be rigid or flexible. Closed Molding includes, but is not limited to, compression molding with sheet molding compound, infusion molding, Resin Injection Molding (RIM), Vacuum-Assisted Resin Transfer Molding (VARTM), Resin Transfer Molding (RTM), and vacuum-assisted compression molding. Processes in which a Closed Mold is used only to compact saturated fabric or remove air or excess Resin from the fabric (such as in vacuum bagging) are not considered Closed Molding. Open Molding steps, such as application of Gel Coat or Skin

Coat layer by conventional Open Molding prior to a Closed Molding process are not Closed Molding.

(8) Conductive Gel Coat – A Gel Coat which uses graphite (black) in a Clear Gel Coat to provide conductivity when utilizing an Electrostatic topcoat Application.

(9) Corrosion-Resistant Materials – Polyester Resin Materials used to make products for corrosion resistant applications such as tooling, fuel or chemical tanks, Boat hulls, pools and outdoor spas.

(10) Cure – To transform or polymerize material from a liquid state to a solid or semi-solid state in which the desired physical properties, including hardness, are achieved.

(11) Fiber Reinforced Plastic or Composite (FRP/C) Materials – A mixture of Polyester Resin and Fiber Reinforcement Materials.

(12) Fiber Reinforcement Materials – Multifilament of glass or other fibrous materials such as, carbon, boron, metal and amid Polymers, which are used to reinforce plastic.

(13) Fiberglass Boat – A vessel in which either the hull or deck is built from a composite material consisting of a Thermosetting Polyester Resin matrix reinforced with fibers of glass, carbon, aramid, or other material.

(14) Fiberglass Boat Manufacturing Operations – Facilities that manufacture hulls or decks of Boats from fiberglass, or build Molds to make Fiberglass Boat hulls or decks. Facilities that manufacture solely parts of Boats (such as hatches, seats, or lockers), or Boat trailers, but do not manufacture Boat hulls or decks from fiberglass or build Molds to make Fiberglass Boats or hulls are not considered Fiberglass Boat Manufacturing. A Facility that manufactures hulls or decks, or Molds for hulls or decks, and other Fiberglass Boat parts, including small parts such as hatches, seats, and lockers, is considered Fiberglass Boat Manufacturing. Fiberglass Boat Manufacturing Operations include Open Molding and Closed Molding Resin and Gel Coat Operations (these include Pigmented Gel Coat, Clear Gel Coat, Production Resin, Tooling Gel Coat, and Tooling Resin), Resin and Gel Coat mixing operations, and Resin and Gel Coat Application Equipment cleaning operations.

(15) Filament Application – A method of applying Resin to an Open Mold that involves feeding reinforcement fibers through a Resin bath and winding the Resin-impregnated fibers on a rotating mandrel.

(16) Filled Polyester Resin Material – A material formulated by adding compatible Filler(s) to Polyester Resin Material(s) to change viscosity, density, shrinkage, or other physical properties.

(17) Filler – A finely divided inert (non-VOC) material, which may be added to the Resin to enhance its mechanical properties and extend its volume. Resin Fillers

include, but are not limited to, silica, carbon black, talc, mica and calcium carbonate.

(18) Fire Retardant Materials – Polyester Resin Materials used to make products that are resistant to flame or fire.

(19) Flowcoater – A Non-Atomizing application technique of applying Resins and Gel Coats to an Open Mold with a fluid nozzle in a fan pattern with no air supplied to the nozzle.

(20) Fluid Impingement Technology – A spray gun that produces an expanding non-misting curtain of liquid by the impingement of low-pressure uninterrupted liquid streams.

(21) Gel Coat – A Thermosetting Polyester Resin surface coating containing styrene or methyl methacrylate, either pigmented or clear, that provides a cosmetic enhancement and improves resistance to degradation from exposure to the elements. Gel Coat layers do not contain any reinforcing fibers and Gel Coats are applied directly to Mold surfaces or to a finished laminate.

(22) General Purpose Polyester Resins – Resin materials that are not Corrosion-Resistant, Fire Retardant, High-Strength, or Gel Coats.

(23) Hand Lay-Up – Hand application technique of composite materials using a bucket and a paint brush or a paint roller, or other hand held method of application.

(24) High-Strength Materials – Polyester Resins which have casting tensile strength of 10,000 psi or more and which are used for manufacturing of high performance products, including Boats and skis.

(25) Lamination Resins – Orthophthalate, isophthalate and dicyclopentadiene (DCPD) Resins which are used in composite system made of layers of reinforcement fibers and Resins, such as in Boat fabrication.

(26) Manual Application – The application of Resin to an Open Mold using a Hand Lay-Up technique. Components of successive plies of Resin-impregnated reinforcement fibers are applied using hand tools such as brushes and rollers. The use of Pressure-Fed Rollers and Flowcoaters to apply Resin to glass reinforcements that are then applied by hand to the Mold is not considered Manual Resin Application.

(27) Marble or Cultured Resins – Orthophthalate and modified acrylic isophthalate Resins, which are designed for the fabrication of cast products, such as vanities.

(28) Mold – The cavity or surface into or on which Gel Coat, Resin, and fibers are placed and from which finished fiberglass parts take their form.

(29) Monomer – A VOC that partially combines with itself, or other similar compounds, by a cross-linking reaction to become a part of the Cured Resin. Monomers include, but are not limited to, styrene and methyl methacrylate.

(30) Monomer Percent by Weight of a Filled Resin as Applied – The weight of the Monomer, divided by the weight of the Polymer and Filler(s).

(31) Monomer Percent by Weight of a Resin – The weight of the Monomer, divided by the weight of the Polymer.

(32) Non-Atomizing Spray Application – Any application technique in which Resin flows from the applicator, in a steady and observable coherent flow, without droplets, for a minimum distance of three (3) inches from the applicator orifices. Non-Atomized Resin Application technology includes, but is not limited to, Flowcoaters, chopper Flowcoaters, Pressure-fed Resin Rollers, Resin Impregnators, Fluid Impingement Technology applicators. Non-Atomizing application of Resin to glass reinforcements that are then applied by hand to the Mold are considered to be Non-Atomizing Resin application.

(33) Open Molding – A process for fabricating composites in a way that Polyester Resin Materials are exposed to the Atmosphere. Open Molding includes processes such as manual Resin application, mechanical Resin application, Filament Application, and Gel Coat application. Open Molding also includes application of Resins and Gel Coats to parts that have been removed from the Open Mold.

(34) Open Molding Resin and Gel Coat Process – A process in which the reinforcing fibers and Resin are placed in the Mold and are open to the surrounding air while the reinforcing fibers are saturated with Resin. For the purpose of this Rule, Open Molding includes operations in which a vacuum bag or similar cover is used to compress the uncured laminate to remove bubbles or excess Resin, or to achieve a bond between core material and a laminate.

(35) Pigmented Gel Coat – Opaque Gel Coat that does not contain ten percent (10%) or more titanium dioxide by weight used to manufacture parts for sale. Pigmented Gel Coat does not include Tooling Gel used to build or Repair Molds.

(36) Pin-Striping – A spray application technique used to apply one or more narrow bands, marks, or streaks of Gel Coat onto the surface of an Open Mold of a composite product.

(37) Polyester – A Polymer of ester molecules, which are formulated by the reaction of an acid and an alcohol and linked together by the ester linkages.

(38) Polyester Resin Materials – Polyester Resins, such as isophthalic, orthophthalic, halogenated, bisphenol A, vinyl ester, or furan Resins; cross-linking agents; Catalysts; Gel Coats; inhibitors; accelerators; promoters; and any other material containing VOC used in Polyester Resin Operations.

(39) Polyester Resin Operations – Fabricate, rework, Repair, or Touch-Up products for commercial, military, or industrial use by mixing, pouring, Hand Lay-Up, impregnating, injecting, forming, winding, spraying, and/or curing with fiberglass, Fillers, Polyester Resin Materials, or any other reinforcement materials, and associated cleanup.

(40) Polymer – A chemical compound, such as polystyrene, comprised of a large number of chemical units (Monomer) composed of identical crosslinking groups, such as styrene.

(41) Polyputties – Polyester Resin Putties used for assembling fiberglass parts.

(42) Pressure-Fed Roller – A fabric roller that is fed with continuous supply of catalyzed Resins from a mechanical fluid pump.

(43) Primer Gel Coat – Gel Coat that is used to coat the surface of composite parts, prior to top-coat painting, for automotive, aerospace, marine and home building industries.

(44) Production Resin – A General Purpose Polyester Resin or Gel Coat Material that is not especially Corrosion-Resistant, Fire Retardant, or High-Strength.

(45) Pultrusion – A process where continuous roving strands are moved through a strand-tensioning device into a Resin bath for impregnation and then passed through a heated die for curing. There are several types of Pultrusion Equipment such as open bath, Resin injection, and direct die injection Equipment.

(46) Putty(ies) – A thickened mixture of Polyester Resin made by adding Fillers, thixotrophs and reinforcing fibers used in the joining of one fiberglass, metal, foam or wood part to another to form a temporary or permanently bonded assembly.

(47) Repair – Application of Resin or Gel Coat to a part to correct a defect or mend damage, where the Resin or Gel Coat application occurs after the part has gone through all the steps of its typical production process, or the application occurs outside the normal production area. For purposes of this definition, rerouting a part back through the normal production line, or part of the normal production line, is not considered Repair.

(48) Resin – Any Thermosetting Polyester Resin, which is used to encapsulate and bind together reinforcement fibers and/or Fillers in the formulation of composite materials.

(49) Resin and Gel Coat Operation – An operation in which Resin or Gel Coat, including the mixing of Putties or Polyputties, is combined with additives that include, but are not limited to, Fillers, promoters, or Catalysts.

(50) Resin Impregnator – A mechanical Non-Atomizing composite materials application technique in which fiber reinforcement is saturated with Resins in a controlled ratio for each specific composite product.

(51) Skin Coat – A layer of Resin and fibers applied over Gel Coat to protect the Gel Coat from being deformed by the next laminate layers.

(52) Small Job – Minor Resin or Gel Coat application project which requires very limited amount of materials. Total material use for all Small Jobs at a facility shall not exceed two (2) gallons per day.

(53) Solid Surface Resins – Resins, which are used without Gel Coats to fabricate homogenous solid surface products.

(54) Specialty Gel Coats – Gel Coats which are used in conjunction with Fire Retardant, Corrosion-Resistant or High-Strength Materials.

(55) Specialty Resin – A halogenated, furan, bisphenol A, vinyl-ester, or isophthalic Resin used to make products for exposure to one or more of the following extreme environmental conditions: acute or chronic exposure to corrosive agents, caustic agents, acidic agents, or flame.

(56) Thermosetting Polyester Resin – A Resin material that undergoes a chemical reaction during curing and cannot be reshaped.

(57) Tooling Gel Coat – The Gel Coat used to build or Repair Molds (also known as tools) or prototypes (also known as plugs) from which Molds will be made.

(58) Tooling Resin – The Resins used to build or Repair Molds (also known as tools) or prototypes (also known as plugs) from which the Molds will be made.

(59) Tub/Shower Resins – Dicyclopentadiene (DCPD) Resins, along with orthophthalate and isophthalate Resins, which are used to fabricate bathware products.

(60) Vapor Suppressant – A wax substance added to Resin for the purpose of forming a layer on the surface of the Resin while it is curing and minimize the outward diffusion of Monomer vapor into the Atmosphere.

(61) Vapor Suppressed Resin – A Polyester Resin or Gel Coat material which contains additives to reduce VOC evaporation loss to less than fifty (50) grams per square meter of surface area as determined and certified by Resin and Gel Coat manufacturers.

(62) Vinylester Resin – A Thermosetting Polyester Resin containing esters of acrylic or methacrylic acids having a double-bond and ester linkage sites at the end of the Resin molecules.

(63) White and Off-White Gel Coat – A Gel Coat that contains ten percent (10%) or more titanium dioxide by weight.

(C) Requirements

(1) An Operator of a Polyester Resin Operation shall comply with one of the process or control requirements in subsections (C)(1)(a) through (C)(1)(c), in addition to subsections (C)(1)(d) and (C)(1)(e):

(a) Use materials in an Open Molding Process that comply with the limits in Table 1. In addition to complying with Table 1 limits, the non-Monomer VOC content of each Resin and Gel Coat shall not contain more than five percent (5%) by weight of the Resin or Gel Coat.

Table 1* Monomer Content for Open Molding Resin and Gel Coat Process	
Material	Weight Average Monomer VOC content (weight percent) limit
General Purpose Polyester Resin	
Marble Resin	10 % (32% as supplied, no Fillers)
Solid Surface Resin	17%
Tub/Shower Resin	24% (35% as supplied, no Fillers)
Lamination Resin	31% (35% as supplied, no Fillers)
Tooling Resin	
Atomized (spray)	30%
Non-Atomized	39%
Specialty Resin	
Fire Retardant	38%
High-Strength*	
Mechanical (Non-Atomizing)	46.2%
Filament Application	42%
Manual Application	40%
Corrosion-Resistant	48%
All other Resin	35%
Tooling Gel Coat	40%
Pigmented Gel Coat	
White and Off -White	30%
Non-White	37%
Primer	28%
Clear Gel Coat for use with Marble Resin	40%
Clear Gel Coat for use with Other Resin	44%
Specialty Gel Coat	48%
Conductive Gel Coat	42%

*Facilities that apply High-Strength Resins using Non-Atomized mechanical Application may use the same Resin for Manual Application during product assembly and/or reinforcement tie-ins, provided that the High-Strength Resin used for both application methods does not exceed the 46.2% Monomer content limit.

(i) In addition to complying with Table 1 limits, all Tub/Shower Resin material applied in an Open Mold Process shall be Vapor Suppressed Resin;

(b) Use a Closed-Mold system.

(c) Install and operate a VOC control system which meets all of the requirements of subsections (C)(1)(c)(i), (C)(1)(c)(ii), and (C)(1)(c)(iii) during periods of emission producing activities.

(i) The VOC emission control system shall be approved, in writing, by the APCO.
(ii) The VOC emission control system shall have an Overall Control Efficiency of at least 90 percent by weight, demonstrated using the applicable test method(s) in Section (E).
(iii) The VOC emission control system shall reduce VOC emissions, at all times, to a level not greater than the emissions that would have been achieved through the use of compliant materials, compliant Equipment, or compliant work practices, as applicable.

(d) Resins and Gel Coats used for Touch-Up, Repair, or Small Jobs, may have a Monomer content limit up to ten percent (10%) more than the applicable limit in Table 1. Such Resins or Gel Coats shall only be applied by a hand-held Atomized spray gun which has a container no larger than one (1) quart for the Resin or Gel Coat as part of the gun. Resins or Gel Coats applied by another method shall comply with the applicable limit in Table 1. Total material use for all Small Jobs at a Facility shall not exceed two (2) gallons per day.

(e) Complying formulations shall not be thinned or diluted with any VOC containing material or changed in any manner that may increase VOC emissions after testing, but prior to or during application.

(2) Application Technique

(a) Except for Gel Coats, a Person shall not apply any Resin materials to an open Mold surface subject to the provisions of this Rule unless one of the following Non-Atomizing application techniques is used and operated according to the manufacturer's specifications:

(i) Non-Atomizing Spray Application technique;
(ii) Flowcoaters;
(iii) Pressure-Fed Rollers;
(iv) Resin Impregnators:
(v) Hand Lay-Up applications; or
(vi) Other Non-Atomizing application techniques which have emission reduction efficiencies at least equal to one of the above methods, and which are used in a manner that the parameters under which they were tested are permanent features of the method. Prior to their use, such application shall be approved in writing by the APCO, CARB, and the USEPA.

(b) An Operator shall not apply Gel Coat materials to any open Mold surface subject to the provisions of this Rule unless one of the following application techniques is used and operated according to the manufacturer's specifications:

(i) Any Non-Atomizing application technique listed in subsection (C)(2)(a);
(ii) Airless;
(iii) Air-Assisted Airless Spray;
(iv) Electrostatic Attraction; or
(v) High-Volume, Low-Pressure (HVLP).
a. HVLP spray Equipment shall be operated in accordance with the manufacturer's recommendations.
b. HVLP spray guns shall have the maximum inlet air pressure in psig at which the gun will operate within the parameters specified in Rule 102 – *Definitions of Terms* indicated on the spray gun.

(c) In lieu of complying with the applicable requirements of subsection (C)(2), an Operator may install and maintain a VOC emission control system that meets the requirements of subsection (C)(1)(c) around the Coating Application Equipment.

(3) Fiberglass Boat Manufacturing Operation

An Operator of a Fiberglass Boat Manufacturing Operation shall comply with one of the following process or control requirements:

(a) Requirements for Closed Molding Process

(i) An Operator of a Fiberglass Boat Manufacturing Facility which uses a Closed Molding process shall comply with the applicable requirements of subsections (C)(1), (C)(4), (C)(5), (C)(6), (C)(7), and Sections (D), (E) and (F).

(b) Requirement for Compliant Materials

(i) An Operator subject to (C)(3) shall not use any materials in an Open Molding Process that exceed the limits in Table 2. In addition to complying with Table 2 limits, the non-Monomer VOC content of each Resin and Gel Coat shall not contain more than five percent (5%) by weight of the Resin or Gel Coat.

Table 2 Monomer VOC Limits for Open Molding Resin and Gel Coat Process for Fiberglass Boat Manufacturing Operations		
Material	Application Method	Weight Average Monomer VOC content (weight percent) limit
Production Resin	Atomized (spray)	28%
Production Resin	Non-Atomized	35%
Pigmented Gel Coat	Any method	33%
Clear Gel Coat	Any method	48%
Tooling Resin	Atomized (spray)	30%
Tooling Resin	Non-Atomized	39%
Tooling Gel Coat	Any method	40%

(ii) Table 2 materials used for part or Mold Repair and Touch-Up are exempt from Monomer VOC limits so long as they don't exceed one percent (1%) by weight of all Resin and Gel Coat used at a Facility on a 12-month rolling-average basis

(iii) Table 2 Monomer and non-Monomer VOC limits shall not be applied to pure, 100-percent Vinylester Resin used for Skin Coats.

a. Pure, 100-percent Vinylester Resin used for Skin Coats shall be applied with Non-Atomizing Resin Application Equipment.

b. The total amount of pure, 100-percent Vinylester Resin used for Skin Coats shall not exceed five percent (5%) by weight of all Resin used at a Facility on a 12-month rolling average.

(c) Requirements for Add-on VOC Control System

(i) In lieu of complying with limits of Table 2, an Operator may install and operate a VOC control system which is equivalent to the emission reductions achieved by meeting the Monomer contents in Table 2 during periods of emission producing activities as determined using the equation in subsection (E)(1)(g). However, instead of using the mass of each material used over the past twelve months in the equation in subsection (E)(1)(g), the operator shall use the mass of each material used during control device performance source testing in subsection (E)(1)(g) to determine the emission limit (in kilograms of Monomer VOC) that is applicable during source testing. If the measured emissions at the outlet of the control device (in kilograms of Monomer VOC) are less than the emission limit, then the control device shall be considered to have achieved the emission limit, and provided the control device also meets the requirements of subsections (C)(3)(c)(ii) through (iv). All Resins and Gel Coats used in these

controlled operations would also need to meet the recommended non-Monomer VOC content limit of five percent (5%).

(ii) The VOC emission control system shall be approved, in writing, by the APCO.

(iii) The VOC emission control system shall have an Overall Control Efficiency of at least 90 percent by weight, demonstrated using the applicable test method in Section (E).

(iv) The VOC emission control system shall reduce VOC emissions, at all times, to a level that is not greater than the emissions that would have been achieved through the use of compliant materials, compliant equipment, or compliant work practices, as applicable, and determined by the equation in subsection (E)(1)(g).

(d) Requirements for Filled Resins

(i) An operator who uses Resins to which Fillers are added shall use the equation in (E)(1)(h) to adjust the emission rate for Filled Resins under the options specified in (C)(3)(b) or (C)(3)(c). If an Operator uses a filled Production Resin or Filled Tooling Resin, the Operator shall calculate the emission rate for Filled material on an as-applied basis using the calculation in (E)(1)(h).

(ii) All Filled Resins shall not exceed five percent (5%) by weight non-Monomer VOC content limit.

(iii) If the Filled Resin is used as a Production Resin, the value of PVF calculated in (E)(1)(h) shall not exceed 46 kilograms of Monomer VOC per megagram of Filled Resin applied.

(iv) If the Filled Resin is used as a Tooling Resin, the value of PVF calculated in (E)(1)(h) shall not exceed 54 kilograms of Monomer VOC per megagram of Filled Resin.

(4) Process Requirements

(a) A Person shall not operate a Closed Molding system, unless the weight loss of Polyester Resin Materials during polymerization is less than four percent (4%).

(b) A Person shall not perform a Pultrusion operation, unless Resin baths are covered except for 18 inches from the exit of the bath to the die. The weight loss of Polyester Resin Materials during polymerization shall be no less than three percent (3%) in a Pultrusion operation.

(5) Work Practice Standards

(a) Any Person processing Polyester Resin Materials and any other VOC containing materials, including Putties and Polyputties, shall keep these materials in closed containers with tightly fitting lids, except when manually filling or emptying the container, or when mixing or pumping Equipment is being placed in or removed from a container.

(6) Organic Solvent Cleaning Requirements

(a) An Operator shall not use Organic Solvents for cleaning operations that exceed the VOC content limits specified below:

(i) For non-Fiberglass Boat Manufacturing Polyester Resin Operations, have a composite vapor pressure of 45 mm Hg or less at a temperature of 68 ºF (20 ºC), or

(ii) For Fiberglass Boat Manufacturing Operations, have a composite partial vapor pressure of 0.50 mm HG or less at a temperature of 68 F; or

(iii) The material contains 25 grams or less of VOC Per Liter of Material (0.21 pounds per gallon), as applied.

(iv) In lieu of complying with the VOC content limits in (C)(6)(a), an Operator may control VOC emissions from cleaning operations with an approved VOC emission control system that meets the requirements of subsections (C)(1)(c) for the Solvent cleaning operations.

(b) Fiberglass Boat Manufacturing Operations shall not use VOC-containing solvent materials to remove Cured Resin or Gel Coat.

(c) The provisions of subsections (C)(6)(a) do not apply to Mold sealing and release agents, or Mold stripping and cleaning Solvents.

(7) Solvent Disposal and Storage

(a) The Operator shall store or dispose of fresh or spent Solvents, waste Solvent cleaning materials such as cloth, paper, Coating, Adhesive, Catalyst, and thinners in closed, Non-Absorbant and non-leaking Containers. The containers shall remain closed at all times except when depositing or removing the contents of the containers or when the container is empty.

(8) Prohibition of Specification

(a) No Person shall solicit or require for use or specify the application of a Polyester Resin Material, or part or component thereof, if such use or application results in a violation of the provision of this Rule. The prohibition of this subsection shall apply to all written or oral contracts under the terms of which any Polyester Resin Material, or any part or component, subject to the provisions of this Rule is applied at any physical location within the District.

(9) Prohibition of Sale

(a) A Person shall not offer for sale or sell within the District any Polyester Resin Material that does not meet the VOC content limits as set forth in Table 1 or 2 of this Rule. The prohibition of this section shall apply to the sale of any Polyester Resin Material which will be applied at any physical

location within the District, except those materials specifically exempted as an Exempt Compound as defined in Rule 102 – *Definition of Terms* and Section (C) of this Rule.

(10) Compliance Statement Requirement

(a) The manufacture of materials subject to this Rule shall include a designation of VOC as supplied on data sheets; including material components, expressed in grams per liter or pounds per gallon, excluding water and Exempt Compounds.

(D) Monitoring and Records

(1) Material Records

(a) A Person subject to the provisions of this Rule (or, a Person subject to Section (C) or claiming exemption under subsection (A)(3)) shall maintain daily records. Alternately, records may be kept on a monthly basis provided the Polyester Resin process or Equipment is not subject to a daily production limit or daily VOC limit in any applicable district Rule(s) or permit(s). The records shall contain the following information, if applicable:

(i) The type of Non-Atomizing, or other in the case of Gel Coat, application technique(s) used, manufacturer's name, and records of the fluid tip pressure calibration as specified by the manufacturer;

(ii) A current list of Polyester Resin Materials in use which provides the material data necessary to evaluate compliance, including the following information, if applicable:

a. The manufacturer's name;

b. The type and amount of each of the Polyester Resin Materials used;

c. The weight (in percent) of Monomer for all Polyester Resin Materials and Filler(s);

d. If VOC-containing materials are added to the Polyester Resin Materials, the amount of VOC-containing materials, in liters, and the VOC content in grams per liter, of VOC-containing materials.

(iii) Certifications of analysis from the Polyester Resin manufacturer(s) to verify that all applied Tub/Shower Resin Materials are Vapor Suppressed as applicable.

(iv) For Closed Molding and Pultrusion systems, the weight loss (in percent) of Polyester Resin Materials for each application.

(b) Records for Solvents used in cleanup and preparation

(i) Type and quantity of all cleaning materials;

(ii) VOC content of all cleaning material used and stored.

(2) Compliance Assurance Monitoring

(a) Each Coating Application Operation subject to Section (C) which is using air pollution abatement Equipment to meet the control requirement shall:

(i) Utilize Compliance Assurance Monitoring, as approved by the APCO. Each monitoring device(s), mechanism and/or technique shall be calibrated/maintained as recommended by the manufacturer; and

(ii) Maintain and produce daily records of key system operating parameters and maintenance procedures which will demonstrate continuous operation and compliance of the air pollution abatement Equipment during periods of emissions-producing activities. Key system operating parameters are those necessary to ensure compliance with VOC content of coating requirements, such as temperatures, pressures and flow rates.

(b) Compliance with Section (C) shall be determined by compliance testing as prescribed in Section (E) and/or by evaluating Compliance Assurance Monitoring data.

(3) All records for the previous five (5) year period maintained and produced pursuant to this Section shall be retained and available for inspection by the APCO upon request.

(E) Compliance Procedures and Test Methods

(1) Calculation Methods

The following test methods and procedures shall be used to determine compliance with this Rule. Other applicable test methods may be used if they are determined to be equivalent and approved in writing by the APCO, CARB and the USEPA.

(a) Grams of VOC Per Liter of Material shall be determined by the following equation:

$$G_v = \frac{W_s - W_w - W_{es}}{V_m}$$

Where:

G_v	=	Grams of VOC per Liter of Material Less Water and Less Exempt Compounds
W_s	=	Weight of volatile compounds in grams
W_w	=	Weight of water in grams
W_{es}		Weight of Exempt Compounds in grams
V_m	=	Volume of material in liters

(b) Overall Control Efficiency shall be determined by the following equations

$$CE = \frac{(W_c - W_a)}{W_e} x100$$

$$CE = \frac{(CaptureEfficiency)x(ControlDeviceEfficiency)}{100}$$

Where:

W_c	=	Weight of VOC entering Control Equipment
W_a	=	Weight of VOC discharged from the Control Equipment
W_e	=	Weight of VOC emitted from the source operations, determined by the appropriate USEPA calculation in 40 CFR 63, Subpart VVVV, or 40 CFR 63, Subpart WWWW, or any other method approved by the APCO, CARB, and the USEPA

(c) Determination of VOC and Monomer VOC content of VOC-containing materials

(i) United States Environmental Protection Agency (USEPA) Reference Method 24 – *Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coatings* (40 CFR 60, Appendix A) for VOC content and ASTM D4457- *Determination of Dichloromethane and 1,1,1-Trichloromethane in Paints and Coatings by Direct Injection into a Gas Chromatograph* (1991), or CARB Method 432 – *Determination of Dichloromethane and 1,1,1-Trichloromethane in Paints and Coatings* (1989) for determination of Exempt Compounds. The Exempt Compound content shall be determined by SCAQMD Method 303 - *Determination of Exempt Compounds*

contained in the SCAQMD "Laboratory Methods of Analysis for Enforcement Samples" manual;

(ii) SCAQMD Method 302 – *Distillation of Solvents from Paints, Coatings and Inks* and 303 – *Determination of Exempt Compounds*;

(iii) SCAQMD Method 304 – *Determination of Volatile Organic Compounds (VOCs) in Various Materials*, or any other applicable method approved by the SCAQMD, CARB, and the USEPA;

(iv) SCAQMD Method 309 – *Determination of the Weight Loss of Polyester Resin Materials*;

(v) SCAQMD Method 312 – *Determination of Monomer Content of Polyester Resins (Revised April 1996)*;

a. Manufacturer's formulation data may be accepted as an alternative to this method.

(vi) SCAQMD Method 313 – *Determination of Volatile Organic Compounds by Gas Chromatography/Mass Spectrometry*.

(d) Determination of Efficiency of Emission Control System

(i) The capture efficiency is assumed to be 100 percent if it meets the design and operation requirements for a permanent total enclosure (PTE) specified in EPA Method 204, *Criteria for and Verification of a Permanent or Temporary Total Enclosure*, of appendix M to 40 CFR part 51. If a PTE does not exist, then a temporary total enclosure must be constructed and verified using EPA Method 204, and capture efficiency testing must be determined using EPA's *Guidelines for Determining Capture Efficiency*, January 9, 1995, and EPA Methods 204B through E of appendix M to 40 CFR part 51.

(ii) The efficiency of the Control Equipment of the emission control system as specified in subsections (C)(1)(c) and (C)(3)(c) and the VOC content in the Control Equipment exhaust gases, measured and calculated as carbon, shall be determined by using:

a. EPA Test Methods 25 – *Determination of Total Gaseous Nonmethane Organic Emissions as Carbon*;

b. EPA Method 25A – *Determination of Total Gaseous Organic Concentration Using a Flame Ion Analyzer*,

c. SCAQMD Method 25.1 – *Determination of Total Gaseous Non-Methane Organic Emissions as Carbon February 1991*);

d. SCAQMD Test Method 25.3 – *Determination of Low Concentration Non-Methane Non-Ethane Organic Compound Emissions from Clean Fueled Combustion Sources (March 2000)*;

e. EPA Test Method 18 – *Volatile Organic Compounds by Gas Chromatography; or*

f. ARB Method 422 – *Determination of Volatile Organic Compounds in Emissions from Stationary Sources.*

(e) Determination of Exempt Compounds - Exempt Compound content shall be determined by using:

(i) EPA Test Method 18 – *Measurement of Gaseous Organic Compound Emissions by Gas Chromatography*;

(ii) ARB Method 422 "*Determination of Volatile Organic Compounds in Emissions from Stationary Sources*" (January 22, 1987) shall be used to determine emissions of Exempt Compounds.

a) It is only approved for the compounds listed in Method 422, section 2, that have been exempted from USEPAs definition of VOC; and

b) If aqueous impingers are used, the solution also shall be analyzed for the target VOCs; or

(iii) SCAQMD Method 303-91, "*Determination of Exempt Compounds*" (February 1993).

(f) The emission rate per square meter of exposed surface during polymerization of Polyester Resins is to be determined using SCAQMD Method 309 - *Static Method for Determination of Volatile Emissions from Polyester and Vinyl Resins Operations*, Attachment A, 01/08/1991.

(g) Determination of Monomer VOC Limit:

$$Monomer\ VOC\ Limit = 46(M_R) + 159(M_{PG}) + 291(M_{CG}) + 54(M_{TR}) + 214(M_{TG})$$

Where:

Monomer VOC Limit	=	Total allowable Monomer VOC that can be emitted from Open Molding operations included in the average, kilograms per 12-month period.
M_R	=	Mass of Production Resin used in the past 12 months, excluding any materials that are exempt, in megagrams.
M_{PG}	=	Mass of Pigmented Gel Coat used in the past 12 months, excluding any materials that are exempt, in megagrams.
M_{CG}	=	Mass of Clear Gel Coat used in the past 12 months, excluding any materials that are exempt, in megagrams.
M_{TR}	=	Mass of Tooling Resin used in the past 12 months, excluding any materials that are exempt, in megagrams.
M_{TG}	=	Mass of Tooling Gel Coat used in the past 12 months, excluding any materials that are exempt, in megagrams.

(h) Determination of Filled Resin Content

$$PV_F = PV_u \times \left[\frac{(100 - \%Filler)}{100}\right]$$

Where:

PV_F	=	The as-applied Monomer VOC emission rate for the Filled Production Resin or Tooling Resin, in kilograms Monomer VOC per megagram of Filled material.
PV_U	=	The Monomer VOC emission rate for the neat (unfilled) Resin, before Filler is added, as calculated using the formulas in Table 3.
%Filler	=	The weight percent of Filler in the as-applied Filled Resin system.

Table 3

Monomer VOC Emission Rate Formulas for Open Molding for Fiberglass Boat Manufacturing Operations*

Material	Application Method	Formula to calculate Monomer VOC emission rate*
Production Resin, Tooling Resin	Atomized	$0.014 \times (\text{Resin VOC\%})^{2.425}$
	Atomized, plus vacuum bagging with roll-out	$0.01185 \times (\text{Resin VOC\%})^{2.425}$
	Atomized, plus vacuum bagging without roll-out	$0.00945 \times (\text{Resin VOC\%})^{2.425}$
	Non-Atomized	0.014 x (Resin VOC%)2.275
	Non-Atomized, plus vacuum bagging with roll-out	$0.0110 \times (\text{Resin VOC\%})^{2.275}$
	Non-Atomized, plus vacuum bagging without roll-out	$0.0076 \times (\text{Resin VOC\%})^{2.275}$
Pigmented Gel Coat, Clear Gel Coat, Tooling Gel Coat	All methods	$0.445 \times (\text{Gel Coat VOC\%})^{1.675}$

*The formulas in Table 3 calculate Monomer VOC emissions in kilograms of Monomer per megagram of Resin or Gel Coat applied. The formulas for vacuum bagging with roll-out are applicable when a Facility rolls out the applied Resin and fabric prior to applying the vacuum bagging materials. The formulas for vacuum bagging without roll-out are applicable when a Facility applies the vacuum bagging materials immediately after Resin application without rolling the Resin and fabric. VOC% = Monomer VOC content as supplied, expressed as a weight-percent value between 0 and 100%.

(2) All test methods referenced in this section shall be the most recently USEPA approved version.

(3) Alternative Test Methods

(a) Other test methods demonstrated to provide results that are acceptable for purposes of determining compliance with any provisions of this Rule may also be used after review and approval in writing by the APCO, CARB and the USEPA.

(4) Alternative Compliance Methods

(a) Alternative application processes and materials other than those listed in Section (C) may be used, provided they result in equivalent VOC emissions, and are approved in writing by the APCO, CARB and the USEPA.

(F) Violations

(1) Failure to comply with any provision of this Rule shall constitute a violation of the Rule.

(2) A violation of the limits contained in this Rule as determined by any one of these test methods shall constitute a violation of this Rule.

(3) When more than one test method or set of test methods are specified for any testing, a violation of any requirement of this Rule established by any one of the specified test methods or set of test methods shall constitute a violation of the Rule.

[SIP: See SIP Table at http://www.mdaqmd.ca.gov]

Mojave Desert
Air Quality Management District

Draft

Staff Report
Proposed Amendments to
Rule 1162 – *Polyester Resin Operations*

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STAFF REPORT
TABLE OF CONTENTS
Rule 1162 – *Polyester Resin Operations*

I. PURPOSE OF STAFF REPORT 1
II. EXECUTIVE SUMMARY 1
III. STAFF RECOMMENDATION 1
IV. LEGAL REQUIREMENTS CHECKLIST 2
V. DISCUSSION OF LEGAL REQUIREMENTS 3
A. REQUIRED ELEMENTS/FINDINGS 3
1. State Findings Required for Adoption of Rules & Regulations 3
a. Necessity 3
b. Authority 3
c. Clarity 3
d. Consistency 3
e. Nonduplication 4
f. Reference 4
g. Public Notice & Comment, Public Hearing 4
2. Federal Elements (SIP Submittals, Other Federal Submittals) 4
a. Satisfaction of Underlying Federal Requirements 4
b. Public Notice and Comment 4
c. Availability of Document 5
d. Notice to Specified Entities 5
e. Public Hearing 5
f. Legal Authority to Adopt and Implement 5
g. Applicable State Laws and Regulations Were Followed 5
B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS 5
C. ECONOMIC ANALYSIS 6
1. General 6
2. Incremental Cost Effectiveness 6
D. ENVIRONMENTAL ANALYSIS (CEQA) 6
E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS 7
1. Potential Environmental Impacts 7
2. Mitigation of Impacts 7
3. Alternative Methods of Compliance 7
F. PUBLIC REVIEW 7
VI. TECHNICAL DISCUSSION 7
A. SOURCE DESCRIPTION 7
B. EMISSIONS 7
C. CONTROL REQUIREMENTS 8
D. PROPOSED RULE SUMMARY 8
E. FCAA 110(l) (42 U.S.C. §7410(l)) ANALYSIS 9
F. SIP HISTORY 11
1. SIP History 11
a. SIP in the San Bernardino County Portion of MDAQMD 11

b. SIP in the Riverside County Portion of the MDAQMD 12
2. SIP Analysis 12
Appendix A - Iterated Version..... A-1
Appendix B - Public Notice Documents..... B-1
Appendix C - Public Comments and Responses..... C-1
Appendix D - California Environmental Quality Act Documentation D-1
Appendix E - Bibliography.....E-1

List of Acronyms

BACT	Best Available Control Technology
BARCT	Best Available Retrofit Control Technology
CARB	California Air Resources Board
CCAA	California Clean Air Act
CEQA	California Environmental Quality Act
CTG	Control Techniques Guidelines
FCAA	Federal Clean Air Act
HAP	Hazardous Air Pollutant
H&S Code	California Health & Safety Code
MDAB	Mojave Desert Air Basin
MDAQMD	Mojave Desert Air Quality Management District
NESHAP	Nation Emissions Standards for Hazardous Air Pollutants
NO_X	Oxides of Nitrogen
RACT	Reasonably Available Control Technology
SCAQMD	South Coast Air Quality Management District
SIP	State Implementation Plan
SJVUAPCD	San Joaquin Valley Unified Air Quality Management District
SO_X	Oxides of Sulfur
USEPA	United States Environmental Protection Agency
VOC	Volatile Organic Compounds

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STAFF REPORT
Rule 1162 – *Polyester Resin Operations*

I. PURPOSE OF STAFF REPORT

A staff report serves several discrete purposes. Its primary purpose is to provide a summary and background material to the members of the Governing Board. This allows the members of the Governing Board to be fully informed before making any required decision. It also provides the documentation necessary for the Governing Board to make any findings, which are required by law to be made prior to the approval or adoption of a document. In addition, a staff report ensures that the correct procedures and proper documentation for approval or adoption of a document have been performed. Finally, the staff report provides evidence for defense against legal challenges regarding the propriety of the approval or adoption of the document.

II. EXECUTIVE SUMMARY

The Mojave Desert Air Quality Management District amended Rule 1162 – *Polyester Resin Operations* on August 28, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The MDAQMD is now proposing to update Rule 1162 – *Polyester Resin Operations* to address additional comments provided by the United States Environmental Protection Agency (USEPA) subsequent to the rule amendment to provide clarification and to ensure implementation of current RACT.

III. STAFF RECOMMENDATION

MDAQMD staff recommends that the Governing Board of the MDAQMD amend proposed Rule 1162 – *Polyester Resin Operations* and approve the appropriate California Environmental Quality Act (CEQA) documentation. This action is necessary satisfy 42 U.S.C. §§7511a (FCAA) §182) which requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs and for major sources of ozone precursors.

IV. LEGAL REQUIREMENTS CHECKLIST

The findings and analysis as indicated below are required for the procedurally correct amendments to Rule 1162 – *Polyester Resin Operations*. Each item is discussed, if applicable, in Section V. Copies of related documents are included in the appropriate appendices.

FINDINGS REQUIRED FOR RULES & REGULATIONS:

X Necessity

X Authority

X Clarity

X Consistency

X Nonduplication

X Reference

X Public Notice & Comment

X Public Hearing

REQUIREMENTS FOR STATE IMPLEMENTATION PLAN SUBMISSION (SIP):

X Public Notice & Comment

X Availability of Document

X Notice to Specified Entities (State, Air Districts, USEPA, Other States)

X Public Hearing

X Legal Authority to adopt and implement the document.

X Applicable State laws and regulations were followed.

ELEMENTS OF A FEDERAL SUBMISSION:

N/A Elements as set forth in applicable Federal law or regulations.

CALIFORNIA ENVIRONMENTAL QUALITY ACT REQUIREMENTS (CEQA):

N/A Ministerial Action

N/A Exemption

X Negative Declaration

N/A Environmental Impact Report

X Appropriate findings, if necessary.

X Public Notice & Comment

SUPPLEMENTAL ENVIRONMENTAL ANALYSIS (RULES & REGULATIONS ONLY):

X Environmental impacts of compliance.

N/A Mitigation of impacts.

N/A Alternative methods of compliance.

OTHER:

X Written analysis of existing air pollution control requirements

N/A Economic Analysis

X Public Review

V. DISCUSSION OF LEGAL REQUIREMENTS

A. REQUIRED ELEMENTS/FINDINGS

This section discusses the State of California statutory requirements that apply to the proposed amendments to Rule 1162. These are actions that need to be performed and/or information that must be provided in order to amend the rule in a procedurally correct manner.

1. State Findings Required for Adoption of Rules & Regulations:

Before adopting, amending, or repealing a rule or regulation, the Governing Board of the MDAQMD is required to make findings of necessity, authority, clarity, consistency, non-duplication, and reference based upon relevant information presented at the hearing. The information below is provided to assist the Governing Board in making these findings.

a. Necessity:

The proposed amendments to Rule 1162 are necessary to address additional USEPA comments regarding the satisfaction of the requirement that ozone non-attainment areas implement RACT for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

b. Authority:

The District has the authority pursuant to California Health and Safety Code (H&S Code) §40702 to adopt, amend or repeal rules and regulations.

c. Clarity:

The proposed amendments to Rule 1162 are clear in that they are written so that the persons subject to the rule can easily understand the meaning.

d. Consistency:

The proposed amendments to Rule 1162 are in harmony with, and not in conflict with or contradictory to any state law or regulation, federal law or regulation, or court decisions. The proposed rule is consistent with the CTG provisions and other District rules deemed to meet RACT.

e. Nonduplication:

The proposed amendments to Rule 1162 do not impose the same requirements as any existing state or federal law or regulation because the District is amending this rule in response to federal VOC RACT requirements.

f. Reference:

The District has the authority pursuant to H&S Code §40702 to adopt, amend or repeal rules and regulations.

g. Public Notice & Comment, Public Hearing:

Notice for the public hearing for the proposed amendments to Rule 1162 was published February 20, 2018, and the public comment period closed March 22, 2018, although comments were accepted after the close of the comment period. See Appendix "B" for a copy of the public notice. See Appendix "C" for copies of comments and District responses.

2. Federal Elements (SIP Submittals, Other Federal Submittals).

Submittals to USEPA are required to include various elements depending upon the type of document submitted and the underlying federal law that requires the submittal. The information below indicates which elements are required for the proposed amendments to Rule 1162 and how they were satisfied.

a. Satisfaction of Underlying Federal Requirements:

The FCAA requires areas designated non-attainment and classified moderate and above to implement RACT for sources subject to CTG documents issued by USEPA and for "major sources" of VOCs and NO_X that are ozone precursors. The Mojave Desert Air Quality Management District amended Rule 1162 – *Polyester Resin Operations* on August 28, 2017 to fulfil a commitment made in the *8-Hour RACT SIP Analysis* for the 2008 75 ppb ozone NAAQS. The MDAQMD is now amending Rule 1162 – *Polyester Resin Operations* to address additional comments provided by the USEPA subsequent to the rule amendment to provide clarification and to ensure implementation of current RACT.

b. Public Notice and Comment:

Notice for the public hearing for the proposed amendments to Rule 1162 was published February 20, 2018, and the public comment period closed March 22, 2018, although comments were accepted after the end of the comment period. See Appendix "B" for a copy

of the public notice. See Appendix "C" for copies of comments and District responses.

c. Availability of Document:

Copies of the proposed amendments to Rule 1162 and the accompanying draft staff report were made available to the public on February 5, 2018.

d. Notice to Specified Entities:

Copies of the proposed amendments to Rule 1162 and the accompanying draft staff report were sent to all affected agencies. The proposed amendments were sent to the California Air Resources Board (CARB) and USEPA on February 5, 2018.

e. Public Hearing:

A public hearing to consider the proposed amendments to Rule 1162 has been set for April 23, 2018.

f. Legal Authority to Adopt and Implement:

The District has the authority pursuant to H&S Code §40702 to adopt, amend, or repeal rules and regulations and to do such acts as may be necessary or proper to execute the duties imposed upon the District.

g. Applicable State Laws and Regulations Were Followed:

Public notice and hearing procedures pursuant to H&S Code §§40725-40728 have been followed. See Section (V)(A)(1) above for compliance with state findings required pursuant to H&S Code §40727. See Section (V)(B) below for compliance with the required analysis of existing requirements pursuant to H&S Code §40727.2. See Section (V)(C) for compliance with economic analysis requirements pursuant to H&S Code §40920.6. See Section (V)(D) below for compliance with provisions of the CEQA.

B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS

H&S Code §40727.2 requires air districts to prepare a written analysis of all existing federal air pollution control requirements that apply to the same equipment or source type as the rule proposed for modification by the district.

The FCAA requires areas designated non-attainment for ozone and classified moderate and above to adopt and maintain RACT rules to control the emissions of VOCs and NO_x

for categories which the USEPA has adopted a CTG and for all categories where there are major stationary sources of air pollution (42 U.S.C. §7511a(b)(2), FCAA 182(b)(2)). For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified severe-17.

The MDAQMD amended Rule 1162 – *Polyester Resin Operations* on August 28, 2017 to fulfil a commitment made in the *8-Hour RACT SIP Analysis* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The MDAQMD is now proposing to amend Rule 1162 – *Polyester Resin Operations* to address additional comments provided by USEPA subsequent to the rule amendment to provide clarification and to ensure implementation of current RACT.

C. ECONOMIC ANALYSIS

1. General

RACT is defined as the lowest emissions limitation that a particular source is capable of meeting by the application of control technology that is reasonably available considering technological and economic feasibility (44 FR 53762, September 17, 1979). The August 28, 2017 amendment analyzed Rule 1162 for RACT and was equivalent to rules that were determined by USEPA to fulfill RACT.[1] The current amendment is to address additional comments received from USEPA subsequent to the August 28, 2017 rule amendment to provide clarification, and to ensure implementation of current RACT for solvent VOC limits as contained in the CTG for Fiberglass Boat Manufacturing Materials (EPA-453/R-08-004, September 2008). This RACT determination by USEPA means that the current provisions of Rule 1162 are, by definition, cost effective.

2. Incremental Cost Effectiveness

Pursuant to H&S Code §40920.6, incremental cost effectiveness calculations are required for rules and regulations which are adopted or amended to meet the California Clean Air Act (CCAA) requirements for Best Available Retrofit Control Technology (BARCT) or "all feasible measures" to control volatile compounds (VOCs), oxides of nitrogen (NOx) or oxides of sulfur (SOx). The amendment of Rule 1162 is not subject to incremental cost effectiveness calculations because it does not involve BARCT or "all feasible measures."

D. ENVIRONMENTAL ANALYSIS (CEQA)

Through the process described below the appropriate CEQA process for the proposed amendments to Rule 1162 was determined.

[1] South Coast Air Quality Management District Rule 1162 – *Polyester Resin Operations* (amended 7/8/2005, approved 2/1/1996 61 FR 3579) and Ventura County Air Pollution Control District Rule 74.14 – *Polyester Resin Material Operations* (amended 4/12/2005, approved 2/1/2006 71 FR 5172).

1. The proposed amendments to Rule 1162 meet the CEQA definition of "project." They are not "ministerial" actions.

2. The proposed amendments to Rule 1162 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. Because there is no potential that the amendment might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies. Copies of the documents relating to CEQA can be found in Appendix "D".

E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS

1. Potential Environmental Impacts

There are no potential adverse environmental impacts of compliance with the adoption of Rule 1162. The proposed amendments to Rule 1162 address additional USEPA comments to provide clarification and to ensure implementation of current RACT.

2. Mitigation of Impacts

N/A.

3. Alternative Methods of Compliance

N/A.

F. PUBLIC REVIEW

See Staff Report Section (V)(A)(1)(g) and (2)(b), as well as Appendix "B."

VI. TECHNICAL DISCUSSION

A. SOURCE DESCRIPTION

This rule applies to the manufacture of products from, or the use of, polyester resin material

B. EMISSIONS

The amendments to Rule 1162 do not cause the release of additional air contaminants or create any environmental impacts. The proposed amendments to Rule 1162 address additional USEPA comments to provide clarification and to ensure implementation of current RACT.[2]

[2] Please refer to the MDAQMD Final Staff Report Proposed Adoption of Rule 1162 – *Polyester Resin Operations*, Adopted on 08/28/2017 for a complete discussion of the previous amendment. All public comments are contained in Appendix "C" of that Staff Report.

C. CONTROL REQUIREMENTS

Please see section (C) of the rule (Appendix A) for control requirements. Control requirements consist of VOC content, control equipment, and cleaning equipment and methods, and work practices.

D. PROPOSED RULE SUMMARY

This section gives a brief overview of the proposed amendments to Rule 1162.

The primary reason for initiating amendment of Rule 1162 was to address USEPA comments received subsequent to the 08/28/17 rule amendment. However, upon further discussion with USEPA, other substantive changes were made for clarity and consistency with the CTG for Fiberglass Boat Manufacturing Materials. These revisions generated industry comments requesting further clarification and separation in the rule, clearly identifying those requirements specifically applicable to Fiberglass Boat Manufacturing Operations contained in the CTG. There were several rule provisions, as proposed, that were in conflict between the CTG for Fiberglass Boat Manufacturing and the NESHAP: Reinforced Plastics Composites Production. These clarifications were made to the proposed rule.

Several terms were capitalized to indicate that they are defined in either Rule 102 or Rule 1162. Several terms were also modified for consistency with definitions provided in Rule 102. Specifically: The definition for "Air-Assisted Airless Spray", "Grams of VOC Per Liter of Material" and "Overall Control Efficiency (CE)" were removed as these definition are contained in Rule 102 – *Definition of Terms*. The term "Control Device" was updated to "Control Equipment" for consistency with Rule 102. Several typographical errors were corrected. Cross references were updated as needed.

Section (A)(3)(e) was added pursuant to the NESHAP for Reinforced Plastics Composite Production. These exemptions are consistent with both the NESHAP for Reinforced Plastics Composites Production and the NESHAP for Boat Manufacturing.

Section (B)(8) was added at the request of industry to address a category of gel coat that is used in the transportation industry and will address a product with an potential market demand.

Section (C)(1) was clarified to require that an operator must comply with one of the core requirements listed in (a) through (c) *in addition to* (d) and (e), so that complying with (e) or (f) does not substitute compliance for a core requirement of the rule.

Table 1 was slightly modified for clarification to the Clear Gel Coat Material categories.

(C)(1)(a)(i) - Vapor suppressed requirements were modified to apply to Tub/Shower Resin material.

(C)(2)(a)(vi) was clarified by changing "transfer efficiencies" to "emission reduction efficiencies."

(C)(3) – Additional applicable references provided.

(C)(3)(b)(ii) and (iii) – Added as required CTG provisions.

(C)(3)(c) – Requirements for Add-on VOC control system incorporated as applicable from the CTG for Fiberglass Boat Manufacturing Materials.

(C)(3)(d) – Requirements for Filled Resins incorporated as applicable from the CTG for Fiberglass Boat Manufacturing Materials.

Section (C)(6)(a) modified to update Partial Vapor Pressure limit from the CTG for Fiberglass Boat Manufacturing, while allowing polyester resin operations to utilize the existing composite vapor pressure. Additional modifications to this section provide clarity and consistency with the CTG for Fiberglass Boat Manufacturing Materials and Subpart VVVV-NESHAP for Boat Manufacturing and WWWW_NESHAP for Reinforced Palstic Composites Production.

Section (C)(7) – Added to provide requirements for Applicability §(2)(b) which indicates the rule applies to storage and disposal of solvents and waste materials.

Section (D)(1)(a)(iii) – Clarification provided that vapor suppressed resins are only to be used in Tub/Shower applications.

Section (E) – Test methods have been updated to provide complete titles where necessary. Minor language changes have been made for clarity.

Section (E)(1)(c)(v)a. – Added as an alternative.

Section (E)(1)(d) – Test method language has been modified. New language was provided by USEPA to replace (i) and (ii) for clarification. Additional testing methods provided to new (ii).

Section (E)(1)(f) – Deleted unnecessary test method.

Sections (E)(1)(g), (h), and Table 3 – Added to support new requirements in (C)(3)(c) and (C)(3)(d).

E. FCAA 110(l) (42 U.S.C. §7410(l)) ANALYSIS

Rule 1162 was originally adopted 08/27/07, and subsequently amended 08/28/17. The SIP approved version of Rule 1162 is the 08/27/07 amendment, approved at 73 FR 70883, 11/24/08. This version of the rule is the only rule applicable in the MDAQMD, including the Blythe/Palo Verde area of Riverside County that was acquired from the SCAQMD. The 110(l) analysis will be based on the differences between the 08/27/07 MDAQMD amendment and the current proposed amendment.

Stated Rule applicability is more comprehensive than in SIP approved version.

Rule 1162 amendment includes recommended *CTG for Fiberglass Boat Manufacturing Materials* (EPA-453/R-08-004 September 2008) exclusions for three items. As the CTG was released subsequent to the original adoption of Rule 1162, inclusion of these recommended exclusions merely brings Rule 1162 in line with CTG provisions, and is not a relaxation of requirements. This flexibility provides the same options for meeting monomer limits as provided in the 2001 NESHAP for Boat Manufacturing for meeting Hazardous Air Pollutants (HAP) emission limits. These items are contained in Rule 1162 as follows:

- §(A)(3)(c) – Production resins that must meet the specifications for use in military vessels or must be approved by the US Coast Guard for use in specific applications.
- §(C)(3)(b)(ii) – Specified materials used for part or mold repair and touch up not exceeding specified usage.
- §(C)(3)(b)(iii) – Pure, vinylester resins used for skin coats.

Several definitions specific to Rule 1162 have been relocated to Rule 102, or added and updated for clarification and consistency. Pursuant to Governing Board direction regarding streamlining, the APCO has determined that shifting common definitions to Rule 102 and updating them for consistency will improve clarity. Changes in definitions are more current and specific; therefore not a relaxation.

Application Technique section has been updated to clarify "Other Non-Atomizing application techniques" to have "emission reduction efficiencies" rather than "transfer efficiencies" which is more accurate.

Table 1 has been modified. Several material categories have been added: Tooling Resin; All Other Resin; Tooling Gel Coat; and, Pigmented Gel Coat. Boat resin materials have been located in new Table 2. The Corrosion Resistant category has been separated from the High Strength category. The following polyester resin categories were added in 2017 that were previously not specified: Tooling Resin (atomized – 30%, non-atomized – 39%); Tooling Gel Coat (40%); All Other Resin (35%). The emissions effect of limiting previously unlimited categories while adopting the single slightly higher limit (Corrosion Resistant) contained in adjoining district rules is projected to balance to a negligible overall emissions impact. A complete discussion of the emissions impact of this change is made in the Staff Report accompanying the 2017 amendment SIP submission.[3]

Generally, the 2007 version of Rule 1162 did not have many specific requirements for Boat Manufacturing. There were several definitions as well as material requirements in Table 1. In the previous 2017 amendment, and the current amendment, there were many changes specific to boat operations. Table 1 – Polyester Resin Materials limits has been split to Table 1 – Monomer Content for Open Molding and Gel Coat Process and Table 2 – Monomer VOC Limits for Open Molding Resin and Gel Coat Process for Fiberglass

[3] Please refer to the MDAQMD Final Staff Report Proposed Adoption of Rule 1162 – *Polyester Resin Operations*, Adopted on 08/28/2017 for a complete discussion of the previous amendment. All relevant public comments are contained in Appendix "C" of that Staff Report.

Boat Manufacturing Operations. Specific monomer limits and requirements have been added for consistency with the *CTG for Fiberglass Boat Manufacturing Materials.* Additionally, requirements for add-on VOC control system have been added for consistency with the CTG, as well as requirements for filled resins. The additional requirements for fiberglass boat manufacturing provide consistency with the CTG and strengthen the rule.

Organic solvent cleaning requirements have been strengthened by reducing the VOC content from 200 grams or less of VOC per liter of material to 25 grams or less of VOC per liter of material. The VOC composite partial vapor pressure has also lowered to align with the CTG limit. Organic solvent cleaning requirements for mold sealing and release agents, and mold stripping or cleaning solvents have been isolated from the general organic solvent cleaning requirements as is set forth in the 2001 NESHAP for Boat Manufacturing. While this requirement is not suggested in the CTG, it is expected that the CTG and the NESHAP documents should be complimentary and not have conflicting requirements where content overlaps.

Solvent disposal and storage language has been added in support of the applicability statement, strengthening the rule.

Test methods have been updated pursuant to 40 CFR 60.17, USEPA Region 9 Air Emissions Test Methods, and USEPA Little Bluebook, August 21, 2001. Additional calculations have been added in support of proposed requirements. This clarifies and strengthens the rule.

No part of the rule has been omitted, except those sections that have been or updated to current language. These changes strengthen, clarify and meet current RACT as defined in the CTG and other SIP approved District rules as referenced. The current amendment further strengthens and does not relax the rule.

F. SIP HISTORY

1. SIP History

a. SIP in the San Bernardino County Portion of MDAQMD

On July 1, 1993 the MDAQMD was formed pursuant to statute. Pursuant to statute it also retained all the rules and regulations of the San Bernardino County Air Pollution Control District (SBCAPCD) until such time as the Governing Board of the MDAQMD wished to adopt, amend or rescind such rules. The Governing Board of the MDAQMD, at its very first meeting, reaffirmed all the rules and regulations of the SBCAPCD.

The MDAQMD adopted Rule 1162 on August 27, 2007. This rule was approved into the SIP on November 24, 2008 (73 FR 70883). Rule 1162 was subsequently amended August 28, 2017. This is the current rule in the MDAQMD rule book.

b. SIP in the Riverside County (Blythe/Palo Verde Valley) Portion of the MDAQMD

One of the provisions of the legislations that created the MDAQMD allowed areas contiguous to the MDAQMD boundaries and within the same air basin to leave their current air district and become a part of the MDAQMD. On 07/01/1994 the area commonly known as the Palo Verde Valley in Riverside County, including the City of Blythe, left SCAQMD and joined the MDAQMD. Since USEPA adopts SIP revisions in California as effective within the jurisdictional boundaries of local air districts, when the local boundaries change the SIP as approved by USEPA for that area up to the date of the change remains as the SIP in that particular area. Upon annexation of the Blythe/Palo Verde Valley the MDAQMD acquired the SIP prior to 07/01/1994 that was effective in the Blythe/Palo Verde Valley. Therefore, the SIP history for the Blythe/Palo Verde Valley Portion of the MDAQMD is based upon the rules adopted and approved for that portion of Riverside County by SCAQMD.

The MDAQMD inherited a Polyester Resin Operations rule from SCAQMD that was contained in the SIP for the Blythe/Palo Verde Valley portion of the MDAQMD. USEPA determined that MDAQMD Rule 1162 as adopted August 27, 2007 set more stringent emission limits and had updated work practices compared to the SIP approve version of Rule 1162, and that this version of the rule applied across the entire District as opposed to simply the Blythe/Palo Verde Valley area.

2. SIP Analysis

The District will request CARB to submit the proposed amendments to Rule 1162 to replace the SIP versions in effect in the MDAQMD. This submission is necessary satisfy 42 U.S.C. §§7511a (FCAA §182) which requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs and for major sources of ozone precursors.

Since there is a previously existing SIP rule for this category the District will request that it be superseded. In order to replace existing SIP rules the District is required to show that the proposed amendments are not less stringent than the provisions currently in the SIP. The August 28, 2017 amendment of Rule 1162 was more stringent than the current version because amended Rule 1162 imposed additional controls on VOCs, control device efficiency, work practices, and cleanup solvent VOC limits. The following polyester resin categories were added to the previous rule amendment: Tooling Resin (atomized – 30%, non-atomized – 39%); Tooling Gel Coat (40%); All Other Resin (35%). The emissions effect of limiting previously unlimited categories while adopting the single slightly higher

limit present in adjoining districts is projected to balance to a negligible overall emissions impact.

The current amendment of Rule 1162 addresses additional comments received from USEPA subsequent to the August 28, 2017 rule amendment to provide clarification, and to ensure implementation of current RACT for solvent VOC limits as contained in the CTG for Fiberglass Boat Manufacturing Materials (EPA-453/R-08-004, September 2008).

Therefore, the proposed amended Rule 1162 is more stringent than the 2017 MDAQMD version of the rule, and it is expected that the current amendment will supersede the August 28, 2017 amendment submission.

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Appendix "A"
Rule 1162 – *Polyester Resin Operations* Iterated Version

The iterated version is provided so that the changes to an existing rule may be easily found. The manner of differentiating text is as follows:

1. Underlined text identifies new or revised language.

2. ~~Lined out text~~ identifies language which is being deleted.

3. Normal text identifies the current language of the rule which will remain unchanged by the adoption of the proposed amendments.

4. *[Bracketed italicized text]* is explanatory material that is not part of the proposed language. It is removed once the proposed amendments are adopted.

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(Adopted: 08/27/07; Amended: 08/28/17; Amended: mm/dd/yy)

Rule 1162
Polyester Resin Operations

(A) Purpose

(1) Purpose

(a) The purpose of this R~~r~~ule is to limit the emissions of Volatile Organic Compounds (VOCs) from Polyester Resin Operations, Fiberglass Boat Manufacturing Operations, organic S~~s~~olvent cleaning, and the storage and disposal of S~~s~~olvents and waste S~~s~~olvent materials associated with such operations.

(2) Applicability

(a) This R~~r~~ule is applicable to the manufacture of products from, or the use of, Polyester Resin Material, including Repair, rework, or T~~t~~ouch-~~up~~ Up activities for commercial, military, or industrial use.

(b) This R~~r~~ule is applicable to organic S~~s~~olvent cleaning, and the storage and disposal of all S~~s~~olvents and waste S~~s~~olvent materials associated with Polyester Resin Operations and Fiberglass Boat Manufacturing Operations.

(c) This R~~r~~ule is applicable to all new and existing operations.

(3) Exemptions

(a) The provisions of this R~~r~~ule, other than the record keeping requirements of subsection (D)(1), shall not apply to any Polyester Resin Operation where the volume of Polyester Resin Materials used is less than 20 gallons per month per Facility. *[Updated pursuant to discussion with USEPA on 04/05/18.]*

(b) The requirements of subsections (C)(1), ~~(C)(2)~~ and (C)(~~3~~2) shall not apply to Pin-Striping provided that the total amount of the Gel Coat materials sprayed does not exceed one (1) gallon per day per F~~f~~acility. *[The CTG for Fiberglass Boat Manufacturing does not exempt requirements for pin-striping. The CTG was published subsequent to the adoption of this rule in 2007, and the exemption will be removed for fiberglass boat manufacturers to conform to current RACT.]*

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(c) For Fiberglass Boat Manufacturing Operations, Production Resins (including Skin Coats) that must meet the specifications for use in military vessels or must be approved by the United States Coast Guard for use in the construction of lifeboats, rescue Boats, and other life-saving appliances approved under Title 46, Chapter 1, Subchapter Q of the CFR (commencing with §159), or to the construction of small passenger vessels regulated by Title 46, Chapter 1, Subchapter T of the CFR (commencing with §175) are exempt from the requirements of subsection (C)(3)(b). Production Resins that meet these criteria shall be applied with N~~n~~on-A~~a~~tomizing Resin A~~a~~pplication E~~e~~quipment.

(d) The S~~s~~olvent cleaning provisions of subsection (C)(6) shall not apply to the following cleaning applications: solar cells, laser hardware, scientific instruments, high precision optics, laboratory tests and analyses, or bench scale or research and development projects.

~~(e) Assembly Adhesives, Putties and Polyputties are excluded from any emission limits of this rule.~~ *[Exemption provided pursuant to NESHAP: Reinforced Plastic Composites Production. Any emissions from mixing putties and polyputties is subject to appropriate mixing limits and work practices contained in (C)(5)(a). Upon further discussion with USEPA on 04/05/18, there is no need for this proposed exemption because there are no emission limits contained in the rule for any of these materials.]*

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(B) Definitions

The definitions contained in District Rule 102 – *Definition of Terms* shall apply unless the term is otherwise defined herein: *[Defined terms in Rule 102 and 1162 have been capitalized for reference as applicable.]*

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~~(1) Air-Assisted Airless Spray – A coating application system in which the coating fluid is supplied to the gun under fluid pressure and air is combined at the spray cap.~~ *[See Rule 102]*

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(1~~2~~) Application Equipment – A device, including, but not limited to, a spray gun, brush, and roller, used to apply A~~a~~dhesives, C~~c~~oatings, or I~~i~~nks.

(2~~3~~) Assembly Adhesive – A chemical used in joining fiberglass, metal, foam, or wood parts to another to form a temporary or permanently bonded assembly. Assembly Adhesives include, but are not limited to, methacrylate A~~a~~dhesives and P~~p~~utties made from Polyester or Vinylester Resin mixed with inert Filler or fibers.

(3~~4~~) Atomized Resin Application – A Resin application technology in which the Resin leaves the A~~a~~pplication E~~e~~quipment and breaks into droplets or an aerosol as it travels from the A~~a~~pplication E~~e~~quipment to the surface of the part. Atomized Resin Application includes, but is not limited to, Resin spray guns and Resin chopper spray guns.

(4~~5~~) Boat – Any type of vessel, other than a seaplane, that can be used for transportation on the water.

(5~~6~~) Catalyst – A substance that is added to Resin to initiate or promote polymerization.

(6~~7~~) Clear Gel Coat – A Gel Coat that is clear or translucent so that underlying colors are visible. Clear Gel Coat is used to manufacture parts for sale. Clear Gel Coat does not include Tooling Gel used to build or Repair Molds.

(7~~8~~) Closed Molding~~ System~~ – A method of fabricating composite parts by placing composite materials in a confining Mold cavity and applying pressure and/or heat. The pressure may be clamping pressure, fluid pressure, atmospheric pressure, or vacuum pressure used either alone or in combination. The Mold surfaces may be rigid or flexible. Closed Molding includes, but is not limited to, compression molding with sheet molding compound, infusion molding, Resin Injection Molding (RIM), Vacuum-Assisted Resin Transfer Molding (VARTM), Resin Transfer Molding (RTM), and vacuum-assisted compression molding. Processes in which a C~~c~~losed Mold is used only to compact saturated fabric or remove air or excess Resin from the fabric (such as in vacuum bagging) are not considered Closed Molding. Open M~~m~~olding steps, such as application of Gel Coat or Skin Coat layer by conventional O~~o~~pen M~~m~~olding prior to a Closed Molding process are not Closed Molding.

(8) "Conductive Gel Coat" – A Gel Coat which uses graphite (black) in a Clear Gel Coat to provide conductivity when utilizing an Electrostatic topcoat Application. *[added pursuant to industry request.]*

(9) Corrosion-Resistant Materials – Polyester Resin Materials used to make products for corrosion resistant applications such as tooling, fuel or chemical tanks, Boat hulls, pools and outdoor spas.

(10) Cure – To transform or polymerize material from a liquid state to a solid or semi-solid state in which the desired physical properties, including hardness, are achieved.

(11) Fiber Reinforced Plastic or Composite (FRP/C) Materials – A mixture of Polyester Resin and Fiber Reinforcement Materials.

(12) Fiber Reinforcement Materials – Multifilament of glass or other fibrous materials such as, carbon, boron, metal and amid Polymers, which are used to reinforce plastic.

(13) Fiberglass Boat – A vessel in which either the hull or deck is built from a composite material consisting of a Thermosetting Polyester Resin matrix reinforced with fibers of glass, carbon, aramid, or other material.

(14) Fiberglass Boat Manufacturing Operations – Facilities that manufacture hulls or decks of Boats from fiberglass, or build M~~m~~olds to make Fiberglass Boat hulls or decks. Facilities that manufacture solely parts of Boats (such as hatches, seats, or lockers), or Boat trailers, but do not manufacture Boat hulls or decks from fiberglass or build Molds to make Fiberglass Boats or hulls are not considered Fiberglass Boat Manufacturing. A F~~f~~acility that manufactures hulls or decks, or Molds for hulls or decks, and other Fiberglass Boat parts, including small parts such as hatches, seats, and lockers, is considered Fiberglass Boat Manufacturing. Fiberglass Boat Manufacturing O~~o~~perations include O~~o~~pen M~~m~~olding and Closed Molding Resin and Gel Coat Operations (these include Pigmented Gel Coat, Clear Gel Coat, Production Resin, Tooling Gel Coat, and Tooling Resin), Resin and Gel Coat mixing operations, and Resin and Gel Coat A~~a~~pplication E~~e~~quipment cleaning operations. *[Typographical error corrected. Closed-Molding reference added for clarity pursuant to discussion with USEPA.]*

(15) Filament Application – A method of applying Resin to an O~~o~~pen M~~m~~old that involves feeding reinforcement fibers through a Resin bath and winding the Resin-impregnated fibers on a rotating mandrel.

(16) Filled Polyester Resin Material – A material formulated by adding compatible F~~f~~iller(s) to Polyester Resin Material(s) to change viscosity, density, shrinkage, or other physical properties.

(17) Filler – A finely divided inert (non-VOC) material, which may be added to the Resin to enhance its mechanical properties and extend its volume. Resin Fillers include, but are not limited to, silica, carbon black, talc, mica and calcium carbonate.

(18) Fire Retardant Materials – Polyester Resin Materials used to make products that are resistant to flame or fire.

(19) Flowcoater – A N~~n~~on-A~~a~~tomizing application technique of applying Resins and Gel Coats to an O~~o~~pen M~~m~~old with a fluid nozzle in a fan pattern with no air supplied to the nozzle.

(20) Fluid Impingement Technology – A spray gun that produces an expanding non-misting curtain of liquid by the impingement of low-pressure uninterrupted liquid streams.

(21) Gel Coat – A Thermosetting Polyester Resin surface coating containing styrene or methyl methacrylate, either pigmented or clear, that provides a cosmetic enhancement and improves resistance to degradation from exposure to the elements. Gel Coat layers do not contain any reinforcing fibers and Gel Coats are applied directly to Mold surfaces or to a finished laminate.

(22) General Purpose Polyester Resins – Resin materials that are not Corrosion-Resistant, Fire Retardant, H~~h~~igh-S~~s~~trength, or Gel Coats.

~~(23) Grams of VOC Per Liter of Material – The weight of VOC per volume of material, calculated using the formula in subsection (E)(1)(a).~~ *[See Rule 102.]*

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(23~~24~~) Hand Lay-Up – Hand application technique of composite materials using a bucket and a paint brush or a paint roller, or other hand held method of application.

(24~~25~~) High-Strength Materials – Polyester Resins which have casting tensile strength of 10,000 psi or more and which are used for manufacturing of high performance products, including Boats and skis.

(25~~26~~) Lamination Resins – Orthophthalate, isophthalate and dicyclopentadiene (DCPD) Resins which are used in composite system made of layers of reinforcement fibers and Resins, such as in Boat fabrication.

(26~~27~~) Manual Application – The application of Resin to an Open Mold using a Hand Lay-Up technique. Components of successive plies of Resin-impregnated reinforcement fibers are applied using hand tools such as brushes and rollers. The use of Pressure-Fed Rollers and Flowcoaters to apply Resin to glass reinforcements that are then applied by hand to the Mold is not considered Manual Resin Application.

(27~~28~~) Marble or Cultured Resins – Orthophthalate and modified acrylic isophthalate Resins, which are designed for the fabrication of cast products, such as vanities.

(28~~29~~) Mold – The cavity or surface into or on which Gel Coat, Resin, and fibers are placed and from which finished fiberglass parts take their form.

(29~~30~~) Monomer – A VOC that partially combines with itself, or other similar compounds, by a cross-linking reaction to become a part of the Cured Resin. Monomers include, but are not limited to, styrene and methyl methacrylate.

(30~~31~~) Monomer Percent by Weight of a Filled Resin as Applied – The weight of the Monomer, divided by the weight of the P~~p~~olymer and Filler(s).

(31~~32~~) Monomer Percent by Weight of a Resin – The weight of the Monomer, divided by the weight of the Polymer.

(32~~33~~) Non-Atomizing Spray Application – Any application technique in which Resin flows from the applicator, in a steady and observable coherent flow, without droplets, for a minimum distance of three (3) inches from the applicator orifices. Non-Atomized Resin Application technology includes, but is not limited to, Flowcoaters, chopper Flowcoaters, P~~p~~ressure~~-~~-fed Resin R~~r~~ollers, Resin Impregnators, Fluid Impingement Technology applicators. Non-Atomizing application of Resin to glass reinforcements that are then applied by hand to the Mold are considered to be Non-Atomizing R~~r~~esin application.

(33~~34~~) Open Molding Resin and Gel Coat Process – A process in which the reinforcing fibers and Resin are placed in the M~~m~~old and are open to the surrounding air

while the reinforcing fibers are saturated with Resin. For the purpose of this R~~r~~ule, O~~o~~pen M~~m~~olding includes operations in which a vacuum bag or similar cover is used to compress the uncured laminate to remove bubbles or excess Resin, or to achieve a bond between core material and a laminate.

(34~~35~~) Open Molding ~~System~~ – A process for fabricating composites in a way that Polyester Resin Materials are exposed to the A~~a~~tmosphere. Open M~~m~~olding includes processes such as manual R~~r~~esin application, mechanical R~~r~~esin application, F~~f~~ilament A~~a~~pplication, and G~~g~~el C~~c~~oat application. Open M~~m~~olding also includes application of R~~r~~esins and G~~g~~el C~~c~~oats to parts that have been removed from the O~~o~~pen M~~m~~old.

~~(36) Overall Control Efficiency (CE) – The ratio, expressed as a percentage, of the weight of VOC removed by the emission control system to the total weight of VOC emitted from the Polyester Resin Operation, both measured simultaneously, calculated pursuant to the formula found in subsection (E)(1)(b).~~ *[See Rule 102.]*

(35~~37~~) Pigmented Gel Coat – Opaque Gel Coat that does not contain ten percent (10%) or more titanium dioxide by weight used to manufacture parts for sale. Pigmented Gel Coat does not include Tooling Gel used to build or Repair Molds.

(36~~38~~) Pin-Striping – A spray application technique used to apply one or more narrow bands, marks, or streaks of Gel Coat onto the surface of an O~~o~~pen M~~m~~old of a composite product.

(37~~39~~) Polyester – A Polymer of ester molecules, which are formulated by the reaction of an acid and an alcohol and linked together by the ester linkages.

(38~~40~~) Polyester Resin Materials – Polyester Resins, such as isophthalic, orthophthalic, halogenated, bisphenol A, vinyl ester, or furan Resins; cross-linking agents; Catalysts; Gel Coats; inhibitors; accelerators; promoters; and any other material containing VOC used in Polyester Resin Operations.

(39~~41~~) Polyester Resin Operations – Fabricate, rework, Repair, or T~~t~~ouch-U~~u~~p products for commercial, military, or industrial use by mixing, pouring, Hand Lay-Up, impregnating, injecting, forming, winding, spraying, and/or curing with fiberglass, Fillers, Polyester Resin Materials, or any other reinforcement materials, and associated cleanup. *[Clarification added pursuant to discussion with USEPA.]*

(40~~42~~) Polymer – A chemical compound, such as polystyrene, comprised of a large number of chemical units (Monomer) composed of identical crosslinking groups, such as styrene.

(41~~43~~) Polyputties – Polyester Resin Putties used for assembling fiberglass parts.

(42~~44~~) Pressure-Fed Roller – A fabric roller that is fed with continuous supply of catalyzed Resins from a mechanical fluid pump.

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(43~~45~~) Primer Gel Coat – Gel Coat that is used to coat the surface of composite parts, prior to top-coat painting, for automotive, aerospace, marine and home building industries.

(44~~46~~) Production Resin – A General Purpose Polyester Resin or Gel Coat Material that is not especially Corrosion-Resistant, Fire Retardant, or High-Strength.

(45~~47~~) Pultrusion – A process where continuous roving strands are moved through a strand-tensioning device into a Resin bath for impregnation and then passed through a heated die for curing. There are several types of Pultrusion Eequipment such as open bath, Resin injection, and direct die injection Eequipment.

(46~~48~~) Putty(ies) – A thickened mixture of Ppolyester Rresin made by adding Ffillers, thixotrophs and reinforcing fibers used in the joining of one fiberglass, metal, foam or wood part to another to form a temporary or permanently bonded assembly.

(47~~49~~) Repair – Application of Rresin or Ggel Ccoat to a part to correct a defect or mend damage, where the Rresin or Ggel Ccoat application occurs after the part has gone through all the steps of its typical production process, or the application occurs outside the normal production area. For purposes of this definition, rerouting a part back through the normal production line, or part of the normal production line, is not considered Rrepair.

(48~~50~~) Resin – Any Thermosetting Polyester Resin, which is used to encapsulate and bind together reinforcement fibers and/or Fillers in the formulation of composite materials.

(49~~51~~) Resin and Gel Coat Operation – An operation in which Resin or Gel Coat, including the mixing of Pputties or Ppolyputties, is combined with additives that include, but are not limited to, Fillers, promoters, or Catalysts.

(50~~52~~) Resin Impregnator – A mechanical Nnon-Aatomizing composite materials application technique in which fiber reinforcement is saturated with Resins in a controlled ratio for each specific composite product.

(51~~53~~) Skin Coat – A layer of Rresin and fibers applied over Gel Coat to protect the Gel Coat from being deformed by the next laminate layers.

(52) Small Job – Minor Resin or Gel Coat application project which requires very limited amount of materials. Total material use for all Small Jobs at a facility shall not exceed two (2) gallons per day. *[Added for clarification of (C)(1)(d).]*

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(53~~54~~) Solid Surface Resins – Resins, which are used without Gel Coats to fabricate homogenous solid surface products.

(54~~55~~) Specialty Gel Coats – Gel Coats which are used in conjunction with Fire Retardant, Corrosion-Resistant or High-Strength Materials.

(55~~56~~) Specialty Resin – A halogenated, furan, bisphenol A, vinyl-ester, or isophthalic Resin used to make products for exposure to one or more of the following extreme environmental conditions: acute or chronic exposure to corrosive agents, caustic agents, acidic agents, or flame.

(56~~57~~) Thermosetting Polyester Resin – A Resin material that undergoes a chemical reaction during curing and cannot be reshaped.

(57~~58~~) Tooling Gel Coat – The Gel Coat used to build or Repair Molds (also known as tools) or prototypes (also known as plugs) from which Molds will be made.

(58~~59~~) Tooling Resin – The Resins used to build or Repair Molds (also known as tools) or prototypes (also known as plugs) from which the Molds will be made.

(59~~60~~) Tub/Shower Resins – Dicyclopentadiene (DCPD) Resins, along with orthophthalate and isophthalate Resins, which are used to fabricate bathware products.

(60) Vapor Suppressant – A wax substance added to Resin for the purpose of forming a layer on the surface of the Resin while it is curing and minimize the outward diffusion of Monomer vapor into the Atmosphere. *[Derived from SCAQMD Rule 1162 §(b)(40).]*

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(61) Vapor Suppressed Resin – A P~~p~~olyester Resin or Gel Coat material which contains additives to reduce VOC evaporation loss to less than fifty (50) grams per square meter of surface area as determined and certified by Resin and Gel Coat manufacturers.

(62) Vinylester Resin – A Thermosetting Polyester Resin containing esters of acrylic or methacrylic acids having a double-bond and ester linkage sites at the end of the Resin molecules.

(63) White and Off-White Gel Coat – A Gel Coat that contains ten percent (10%) or more titanium dioxide by weight.

(C) Requirements

(1) An O~~o~~perator of a Polyester Resin Operation shall comply with one of the ~~following~~ process or control requirements in subsections (C)(1)(a) through (C)(1)(c), in addition to subsections (C)(1)(d) and (C)(1)(e): *[Clarification that an operator must comply with one of the core requirements listed in (a) through (c), so that complying with (d) or (e) does not substitute compliance for a core requirement of the rule. Clarification made pursuant to USEPA comment of 9/27/17.]*

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(a) Use materials in an Open Molding P~~p~~rocess that comply with the limits in Table 1. In addition to complying with Table 1 limits, the non-Monomer VOC content of each Resin and Gel Coat shall not contain more than five

percent (5%) by weight of the Resin or Gel Coat. ~~or comply with subsections (C)(1)(b), (C)(1)(c), or (C)(1)(d)~~*[Redundant of the cross referenced sections now contained in (C)(1).]*

Table 1* Monomer Content for Open Molding Resin and Gel Coat Process	
Material	Weight Average Monomer VOC content (weight percent) limit
General Purpose Polyester Resin	
Marble Resin	10 % (32% as supplied, no Fillers)
Solid Surface Resin	17%
Tub/Shower Resin	24% (35% as supplied, no Fillers)
Lamination Resin	31% (35% as supplied, no Fillers)
Tooling Resin	
Atomized (spray)	30%
Non-A~~a~~tomized	39%
Specialty Resin	
Fire Retardant	38%
High-~~-~~Strength* *[Consistent or Lower than Table 7 to Subpart WWWW]*	
Mechanical (N~~n~~on-A~~a~~tomizing)	46.2%
Filament Application	42%
Manual Application	40%
Corrosion-~~-~~Resistant **[Please refer to Final Staff Report (9/13/17) for Rule 1162 Amendment of 8/28/17 for discussion of limit.]*	48%
All other Resin	35%
Tooling Gel Coat	40%
Pigmented Gel Coat	
White and Off -White	30%
Non-W~~w~~hite	37%
Primer	28%
~~Clear Gel Coat~~	
Clear Gel Coat for use with Marble Resin *[Clarification.]*	40%
Clear Gel Coat -for use with Other Resin *[Clarification]*	44%
Specialty Gel Coat	48%
Conductive Gel Coat	42%

*Facilities that apply High-~~-~~Strength Resins using N~~n~~on-A~~a~~tomized mechanical A~~a~~pplication may use the same R~~r~~esin for M~~m~~anual A~~a~~pplication ~~for Small Jobs~~ during product assembly and/or reinforcement tie-ins, provided that the High-~~-~~Strength Resin used for both application methods does not exceed the 46.2% M~~m~~onomer content limit. *[Originally specified that this provision is*

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limited to "Small Jobs" as defined for clarified pursuant to discussion with USEPA. Industry comment indicates that they cannot comply with the small job limit of 2 gallons per day for certain projects. This reference has been removed as industry has commented that the quantity is over restrictive and has no basis. The District concurs and has removed the qualification.]

(i~~b~~) In addition to complying with Table 1 limits, all Tub/Shower Resin material applied in an Open Mold Process shall be Vapor Suppressed Resin; ~~Use Resin containing a vapor suppressant, such that the weight loss from the VOC emissions does not exceed 50 grams per square meter of exposed surface during Resin polymerization; or~~ *[Modified in response to discussion with USEPA to be similar to SCAQMD Rule 1162*

(b~~c~~) Use a Closed-Mold system.~~; or~~

(c~~d~~) Install and operate a VOC control system which meets all of the requirements of subsections (C)(1)(c~~d~~)(i), (C)(1)(c~~d~~)(ii), and (C)(1)(c~~d~~)(iii) during periods of emission producing activities.

(i) The VOC emission control system shall be approved, in writing, by the APCO.

(ii) The VOC emission control system shall have an O~~o~~verall ~~capture and~~ C~~c~~ontrol E~~e~~fficiency of at least 90 percent by weight, demonstrated using the applicable test method(s) in Section (E). *[Term to be consistent within and between rules pursuant to discussion with USEPA. See (E)(1)b)]*

(iii) The VOC emission control system shall reduce VOC emissions, at all times, to a level not greater than the emissions that would have been achieved through the use of compliant materials, compliant E~~e~~quipment, or compliant work practices, as applicable.

(d~~e~~) Resins and Gel Coats used for Touch-U~~u~~p, Repair, or S~~s~~mall J~~j~~obs, may have a Monomer content limit up to ten percent (10%) more than the applicable limit in Table 1. Such Resins or Gel Coats shall only be applied by a hand-held A~~a~~tomized spray gun which has a container no larger than one (1) quart for the Resin or Gel Coat as part of the gun. Resins or Gel Coats applied by another method shall comply with the applicable limit in Table 1. Total material use for all S~~s~~mall J~~j~~obs at a F~~f~~acility shall not exceed two (2) gallons per day.

(e~~f~~) Complying formulations shall not be thinned or diluted with any VOC containing material or changed in any manner that may increase VOC emissions after testing, but prior to or during application.

(2) Application Technique

(a) Except for Gel Coats, a P~~p~~erson shall not apply any Resin materials to an open Mold surface subject to the provisions of this R~~r~~ule unless one of the

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following N~~n~~on-A~~a~~tomizing application techniques is used and operated according to the manufacturer's specifications:

(i) Non-A~~a~~tomizing Spray Application technique;
(ii) Flowcoaters;
(iii) Pressure-Fed Rollers;
(iv) Resin Impregnators:
(v) Hand Lay-Up applications; or
(vi) Other N~~n~~on-A~~a~~tomizing application techniques which have emission reduction ~~transfer~~ efficiencies at least equal to one of the above methods, and which are used in a manner that the parameters under which they were tested are permanent features of the method. Prior to their use, such application shall be approved in writing by the APCO, CARB, and the USEPA. *[Updated as requested pursuant to discussion with USEPA. See Alternative Compliance Methods in (E)(4).]*

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(b) An O~~o~~perator shall not apply Gel Coat materials to any open Mold surface subject to the provisions of this R~~r~~ule unless one of the following application techniques is used and operated according to the manufacturer's specifications:

(i) Any N~~n~~on-A~~a~~tomizing application technique listed in subsection (C)(2)(a);
(ii) Airless;
(iii) Air-Assisted Airless Spray;
(iv) Electrostatic Attraction; or
(v) High-Volume, Low-Pressure (HVLP).
   a. HVLP spray E~~e~~quipment shall be operated in accordance with the manufacturer's recommendations.
   b. HVLP spray guns shall have the maximum inlet air pressure in psig at which the gun will operate within the parameters specified in Rule 102 – *Definitions of Terms* indicated on the spray gun.

(c) In lieu of complying with the applicable requirements of subsection (C)(2), an O~~o~~perator may install and maintain a VOC emission control system that meets the requirements of subsection (C)(1)(c~~d~~) around the C~~c~~oating A~~a~~pplication E~~e~~quipment.

(3) Fiberglass Boat Manufacturing Operation

An O~~o~~perator of a Fiberglass Boat Manufacturing Operation shall comply with one of the following process or control requirements:

(a) Requirements for Closed Molding Process

(i) An Operator of a Fiberglass Boat Manufacturing Facility which uses a Closed Molding process shall comply with the applicable requirements of subsections (C)(1), (C)(4), (C)(5), (C)(6), (C)(7), and Sections (D), (E) and (EF). *[Added applicable references pursuant to discussion with USEPA.]*

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(b) Requirement for Compliant Materials

(i) An Operator subject to (C)(3) shall not use any materials in an Open Molding Process that exceed the limits in Table 2. In addition to complying with Table 2 limits, the non-Monomer VOC content of each Resin and Gel Coat shall not contain more than five percent (5%) by weight of the Resin or Gel Coat.

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Table 2
Monomer VOC Limits for Open Molding Resin and Gel Coat Process for Fiberglass Boat Manufacturing Operations

Material	Application Method	Weight Average Monomer VOC content (weight percent) limit
Production Resin	Atomized (spray)	28%
Production Resin	Non-Aatomized	35%
Pigmented Gel Coat	Any method	33%
Clear Gel Coat	Any method	48%
Tooling Resin	Atomized (spray)	30%
Tooling Resin	Non-Aatomized	39%
Tooling Gel Coat	Any method	40%

(ii) Table 2 materials used for part or Mold Repair and Touch-Up are exempt from Monomer VOC limits so long as they don't exceed one percent (1%) by weight of all Resin and Gel Coat used at a Facility on a 12-month rolling-average basis. *[Derived from CTG for Fiberglass Boat Manufacturing Materials, added pursuant to discussion with USEPA.]*

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(iii) Table 2 Monomer and non-Monomer VOC limits shall not be applied to pure, 100-percent Vinylester Resin used for Skin Coats. *[Derived from CTG for Fiberglass Boat Manufacturing Materials, added pursuant to discussion with USEPA.]*

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a. Pure, 100-percent Vinylester Resin used for Skin Coats shall be applied with Non-Atomizing Resin Application Equipment.

b. The total amount of pure, 100-percent Vinylester Resin used for Skin Coats shall not exceed five percent (5%) by

weight of all Resin used at a Facility on a 12-month rolling average.

(c) Requirements for Add-on VOC Control System *[Additional provisions added Pursuant to USEPA request as applicable to Boat Manufacturing.]*

(i) In lieu of complying with limits of Table 2, an O~~o~~perator may install and operate a VOC control system which is equivalent to the emission reductions achieved by meeting the Monomer contents in Table 2 ~~meets all of the requirements of subsections (C)(1)(d)~~ during periods of emission producing activities as determined using the equation in subsection (E)(1)(g). However, instead of using the mass of each material used over the past twelve months in the equation in subsection (E)(1)(g), the operator shall use the mass of each material used during control device performance source testing in subsection (E)(1)(g) to determine the emission limit (in kilograms of Monomer VOC) that is applicable during source testing. If the measured emissions at the outlet of the control device (in kilograms of Monomer VOC) are less than the emission limit, then the control device shall be considered to have achieved the emission limit, and provided the control device also meets the requirements of subsections (C)(3)(c)(ii) through (iv). All Resins and Gel Coats used in these controlled operations would also need to meet the recommended non-Monomer VOC content limit of five percent (5%).

(ii) The VOC emission control system shall be approved, in writing, by the APCO.

(iii) The VOC emission control system shall have an Overall Control Efficiency of at least 90 percent by weight, demonstrated using the applicable test method in Section (E).

(iv) The VOC emission control system shall reduce VOC emissions, at all times, to a level that is not greater than the emissions that would have been achieved through the use of compliant materials, compliant equipment, or compliant work practices, as applicable, and determined by the equation in subsection (E)(1)(g).

(d) Requirements for Filled Resins *[Filled Resin requirements added pursuant to discussion with USEPA, derived from SJVUAPCD Rule 4684 §5.2.2.7.]*

(i) An operator who uses Resins to which Fillers are added shall use the equation in (E)(1)(h) to adjust the emission rate for Filled Resins under the options specified in (C)(3)(b) or (C)(3)(c). If an Operator uses a filled Production Resin or Filled Tooling Resin, the Operator shall calculate the emission rate for Filled material on an as-applied basis using the calculation in (E)(1)(h).

(ii) All Filled Resins shall not exceed five percent (5%) by weight non-Monomer VOC content limit.

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(iii) If the Filled Resin is used as a Production Resin, the value of PVF calculated in (E)(1)(h) shall not exceed 46 kilograms of Monomer VOC per megagram of Filled Resin applied.

(iv) If the Filled Resin is used as a Tooling Resin, the value of PVF calculated in (E)(1)(h) shall not exceed 54 kilograms of Monomer VOC per megagram of Filled Resin.

(4) Process Requirements

(a) A P~~p~~erson shall not operate a Closed Molding s~~S~~ystem, unless the weight loss of Polyester Resin Materials during polymerization is less than four percent (4%).

(b) A P~~p~~erson shall not perform a Pultrusion operation, unless Resin baths are covered except for 18 inches from the exit of the bath to the die. The weight loss of Polyester Resin Materials during polymerization shall be no less than three percent (3%) in a Pultrusion operation.

(5) Work Practice Standards

(a) Any P~~p~~erson processing Polyester Resin Materials and any other VOC containing materials, including P~~p~~utties and P~~p~~olyputties, shall keep these materials in closed containers with tightly fitting lids, except when manually filling or emptying the container, or when mixing or pumping E~~e~~quipment is being placed in or removed from a container.

(6) Organic Solvent Cleaning Requirements

(a) An Operator shall not use Organic Solvents for cleaning operations that exceed the VOC content limits specified below:~~A person shall not use VOC-containing materials for cleaning or clean-up, excluding mold sealing and release agents, mold stripping and cleaning, cleaners used to clean cured resin from Application Equipment, and closed systems, unless~~: *[(C)(6) restructured for clarity and consistency with CTG and VVVV.]*

(~~a~~i) For non-Fiberglass Boat Manufacturing Polyester Resin Operations, have a~~The VOC content~~ composite ~~partial~~vapor pressure ~~is~~ of 45 mm Hg or less at a temperature of 68 ºF (20 ~~degrees~~ ºC), or *[Clarification provided pursuant to Discussion with USEPA on 04/05/18 that this section is for operations other than fiberglass boat manufacturing operations.]*

(ii) For Fiberglass Boat Manufacturing Operations, have a composite partial vapor pressure of 0.50 mm HG or less at a temperature of 68 F; or *[Partial Vapor Pressure limit included from CTG for Fiberglass Boat Manufacturing pursuant to USEPA comment, 9/27/17.]*

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(~~b~~iii) The material contains 25 grams or less of VOC ~~content~~ P~~p~~er L~~l~~iter of M~~m~~aterial (0.21 pounds per gallon), as applied.

(~~c~~iv) In lieu of complying with the VOC content limits in (C)(6)(a) ~~or (C)(6)(b)~~, an O~~o~~perator may control VOC emissions from cleaning operations with an approved VOC emission control system that meets the requirements of subsections (C)(1)(c~~d~~) for the S~~s~~olvent cleaning operations.

(b) Fiberglass Boat Manufacturing Operations shall not use VOC-containing solvent materials to remove Cured Resin or Gel Coat. *[Derived from CTG for Fiberglass Boat Manufacturing Materials pursuant to discussion with USEPA.]*

(c) The provisions of subsections (C)(6)(a) do not apply to Mold sealing and release agents, or Mold stripping and cleaning Solvents. *[Mold sealing and release agents, mold stripping and cleaning solvents identified as not applicable to solvent requirements in VVVV 63.5683(d)]*

(7) Solvent Disposal and Storage

(a) The Operator shall store or dispose of fresh or spent Solvents, waste Solvent cleaning materials such as cloth, paper, Coating, Adhesive, Catalyst, and thinners in closed, Non-Absorbant and non-leaking Containers. The containers shall remain closed at all times except when depositing or removing the contents of the containers or when the container is empty. *[Derived from AVAQMD Rule 1151.1 §(C)(5)(a) in response to discussion with USEPA. Provides requirements for Applicability §(2)(b) which indicates the rule applies to storage and disposal of solvents and waste materials.]*

(8~~7~~) Prohibition of Specification

(a) No P~~p~~erson shall solicit or require for use or specify the application of a Polyester Resin Material, or part or component thereof, if such use or application results in a violation of the provision of this R~~r~~ule. The prohibition of this subsection shall apply to all written or oral contracts under the terms of which any Polyester Resin Material, or any part or component, subject to the provisions of this R~~r~~ule is applied at any physical location within the District.

(9~~8~~) Prohibition of Sale

(a) A P~~p~~erson shall not offer for sale or sell within the District any Polyester Resin Material that does not meet the VOC content limits as set forth in Table 1 or 2 of this R~~r~~ule. The prohibition of this section shall apply to the sale of any Polyester Resin Material which will be applied at any physical location within the District, except those materials specifically

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exempted as an Exempt Compound as defined in Rule 102 – *Definition of Terms* and Section (C) of this R~~r~~ule.

(10~~9~~) Compliance Statement Requirement

(a) The manufacture of materials subject to this R~~r~~ule shall include a designation of VOC as supplied on data sheets; including material components, expressed in grams per liter or pounds per gallon, excluding water and E~~e~~xempt C~~c~~ompounds.

(D) Monitoring and Records

(1) Material Records

(a) A P~~p~~erson subject to the provisions of this R~~r~~ule (or, a P~~p~~erson subject to Section (C) or claiming exemption under subsection (A)(3)) shall maintain daily records. Alternately, records may be kept on a monthly basis provided the P~~p~~olyester Resin process or E~~e~~quipment is not subject to a daily production limit or daily VOC limit in any applicable district R~~r~~ule(s) or permit(s). The records shall contain the following information, if applicable:

(i) The type of N~~n~~on-A~~a~~tomizing, or other in the case of Gel Coat, application technique(s) used, manufacturer's name, and records of the fluid tip pressure calibration as specified by the manufacturer;

(ii) A current list of Polyester Resin Materials in use which provides the material data necessary to evaluate compliance, including the following information, if applicable:

~~1~~a. The manufacturer's name;

~~2~~b. The type and amount of each of the Polyester Resin Materials used;

~~3~~c. The weight (in percent) of Monomer for all Polyester Resin Materials and Filler(s);

~~4~~d. If VOC-containing materials are added to the Polyester Resin Materials, the amount of VOC-containing materials, in liters, and the VOC content in grams per liter, of VOC-containing materials.

(iii) Certifications of analysis from the Polyester Resin manufacturer(s) to verify that all applied Tub/Shower~~Polyester~~ Resin M~~m~~aterials are Vapor Suppressed as applicable. *[Clarification that vapor suppressed resins are only to be used in tub/shower applications pursuant to discussion with USEPA.]*

(iv) For C~~c~~losed Molding and Pultrusion systems, the weight loss (in percent) of Polyester Resin Materials for each application.

(b) Records for S~~s~~olvents used in cleanup and preparation

(i) Type and quantity of all cleaning materials;
(ii) VOC content of all cleaning material used and stored.

(2) Compliance Assurance Monitoring

(a) Each Coating Application Operation subject to S~~subs~~ection (C)~~(1)~~ which is using air pollution abatement E~~e~~quipment to meet the control requirement shall:

(i) Utilize Compliance Assurance Monitoring, as approved by the APCO. Each monitoring device(s), mechanism and/or technique shall be calibrated/maintained as recommended by the manufacturer; and
(ii) Maintain and produce daily records of key system operating parameters and maintenance procedures which will demonstrate continuous operation and compliance of the air pollution abatement E~~e~~quipment during periods of emissions-producing activities. Key system operating parameters are those necessary to ensure compliance with VOC content of coating requirements, such as temperatures, pressures and flow rates.

(b) Compliance with S~~subs~~ection (C)~~(1)~~ shall be determined by compliance testing as prescribed in S~~subs~~ection (E)~~(2)~~ and/or by evaluating Compliance Assurance Monitoring data.

(3) All records for the previous five (5) year period maintained and produced pursuant to this Section shall be retained and available for inspection by the APCO upon request.

(E) Compliance Procedures and Test Methods

[Test methods have been clarified by adding complete titles when needed pursuant to discussion with USEPA.]

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(1) Calculation Methods

The following test methods and procedures shall be used to determine compliance with this R~~r~~ule. Other applicable test methods may be used if they are determined to be equivalent and approved in writing by the APCO, CARB and the USEPA.

(a) Grams of VOC Per Liter of Material shall be determined by the following equation:

$$G_v = \frac{W_s - W_w - W_{es}}{V_m}$$

Where:

G_v	=	Grams of VOC per L~~l~~iter of Material~~coating~~ L~~l~~ess W~~w~~ater and L~~l~~ess Exempt Compounds *[Updated for clarity pursuant to discussion with USEPA.]*
W_s	=	weight of volatile compounds in grams
W_w	=	weight of water in grams
W_{es}		weight of Exempt Compounds in grams
V_m	=	volume of material in liters

(b) Overall Control Efficiency shall be determined by the following equations

$$CE = \frac{(W_c - W_a)}{W_e} x100$$

$$CE = \frac{(CaptureEfficiency)x(ControlDeviceEfficiency)}{100}$$

Where:

W_c	=	weight of VOC entering C~~c~~ontrol Equipment~~device~~
W_a	=	weight of VOC discharged from the C~~c~~ontrol Equipment~~device~~
W_e	=	weight of VOC emitted from the source operations, determined by the appropriate USEPA calculation in 40 CFR 63, Subpart VVVV, or 40 CFR 63, Subpart WWWW, or any other method approved by the APCO, CARB, and the USEPA *[Modified pursuant to discussion with USEPA.]*

(c) Determination of VOC and Monomer VOC content of VOC-containing materials *[Updated pursuant to discussion with USEPA.]*

(i) United States Environmental Protection Agency (USEPA) Reference Method 24 *– Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coatings* (40 CFR 60, Appendix A) for VOC content and ASTM D4457- *Determination of Dichloromethane and 1,1,1-Trichloromethane in Paints and Coatings by Direct Injection into a Gas Chromatograph* (1991)~~85~~, or CARB Method 432 *– Determination of Dichloromethane and 1,1,1-Trichloromethane in Paints and Coatings* (1989) for determination of Exempt

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Compounds. The Exempt Compound content shall be determined by SCAQMD Method 303 - *Determination of Exempt Compounds* contained in the SCAQMD "Laboratory Methods of Analysis for Enforcement Samples" manual;

(ii) SCAQMD Method 302 – *Distillation of Solvents from Paints, Coatings and Inks* and 303 – *Determination of Exempt Compounds*;

(iii) SCAQMD Method 304 – *Determination of Volatile Organic Compounds (VOCs) in Various Materials*, or any other applicable method approved by the SCAQMD, CARB, and the USEPA;

(iv) SCAQMD Method 309 – *Determination of the Weight Loss of Polyester Resin Materials*;

(v) SCAQMD Method 312 – *Determination of Monomer Content of Polyester Resins (Revised April 1996)*; ~~or~~ *[Removed 'or' pursuant to discussion with USEPA.]*

a. Manufacturer's formulation data may be accepted as an alternative to this method. *[Added pursuant to discussion with USEPA.]*

(vi) SCAQMD Method 313 – *Determination of Volatile Organic Compounds by Gas Chromatography/Mass Spectrometry*.

(d) Determination of Efficiency of Emission Control System *[Test method language clarified from language suggested by USEPA as derived from WWWW §63.5875]*

(i) The capture efficiency is assumed to be 100 percent if it meets the design and operation requirements for a permanent total enclosure (PTE) specified in EPA Method 204, *Criteria for and Verification of a Permanent or Temporary Total Enclosure*, of appendix M to 40 CFR part 51. If a PTE does not exist, then a temporary total enclosure must be constructed and verified using EPA Method 204, and capture efficiency testing must be determined using EPA's *Guidelines for Determining Capture Efficiency*, January 9, 1995, and EPA Methods 204B through E of appendix M to 40 CFR part 51.

~~The efficiency of the collection device of the emission control system as specified in paragraph (C)(1)(d) shall be determined according to USEPA's "Revised Capture Efficiency Guidance for Control of Volatile Organic Compound Emissions" (February 7, 1995) and 40 CFR 51 Appendix M, Test Methods 204-204F, as applicable, or any other method approved by the APCO, CARB, and the USEPA.~~

(ii) The efficiency of the ~~control~~ Control ~~device~~ Equipment of the emission control system as specified in ~~paragraph~~ subsections (C)(1)(c~~d~~) and (C)(3)(c) and the VOC content in the ~~control~~ Control ~~device~~ Equipment exhaust gases, measured and calculated as carbon, shall be determined by using:

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a. EPA Test Methods 25 – *Determination of Total Gaseous Nonmethane Organic Emissions as Carbon*;

b. EPA Method 25A – *Determination of Total Gaseous Organic Concentration Using a Flame Ion Analyzer*,

c. SCAQMD Method 25.1 – *Determination of Total Gaseous Non-Methane Organic Emissions as Carbon February 1991*); ~~or~~

~~(g)~~d. SCAQMD Test Method 25.3 – *Determination of Low Concentration Non-Methane Non-Ethane Organic Compound Emissions from C~~L~~lean Fueled Combustion Sources (March 2000)*;~~.~~ *[Typographical error corrected.]*

e. EPA Test Method 18 – *Volatile Organic Compounds by Gas Chromatography; or*

f. ARB Method 422 – *Determination of Volatile Organic Compounds in Emissions from Stationary Sources.*

(e) Determination of Exempt Compounds - Exempt Compound content shall be determined by using:

(i) EPA Test Method 18 – *Measurement of Gaseous Organic Compound Emissions by Gas Chromatography*;

(ii) ARB Method 422 "*Determination of Volatile Organic Compounds in Emissions f~~o~~ro~~r~~m Stationary Sources*" (January 22, 1987) shall be used to determine emissions of Exempt Compounds.

1. It is only approved for the compounds listed in Method 422, section 2, that have been exempted from USEPAs definition of VOC; and
2. If aqueous impingers are used, the solution also shall be analyzed for the target VOCs; or

(iii) SCAQMD Method 303-91, "*Determination of Exempt Compounds*" (February 1993).

~~(f) Determination of Transfer Efficiency~~ *[Deleted pursuant to discussion with USEPA. Test method not cited in SCAQMD Rule 1162.]*

~~(i) Demonstration of transfer efficiency of alternative application methods subject to subsection (C)(2)(a)(vi) shall be conducted in accordance with SCAQMDs "Spray Equipment Transfer Efficiency Test Procedure for Equipment User" (5/24/89).~~

(~~g~~f) The emission rate per square meter of exposed surface during polymerization of Polyester Resins is to be determined using SCAQMD Method 309 - *Static Method for Determination of Volatile Emissions from Polyester and Vinyl Resins Operations*, Attachment A, 01/08/1991.

(g) Determination of Monomer VOC Limit:

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$$Monomer\ VOC\ Limit = 46(M_R) + 159(M_{PG}) + 291(M_{CG}) + 54(M_{TR}) + 214(M_{TG})$$

Where:

Monomer VOC Limit	=	Total allowable Monomer VOC that can be emitted from Open Molding operations included in the average, kilograms per 12-month period.
M_R	=	Mass of Production Resin used in the past 12 months, excluding any materials that are exempt, in megagrams.
M_{PG}	=	Mass of Pigmented Gel Coat used in the past 12 months, excluding any materials that are exempt, in megagrams.
M_{CG}	=	Mass of Clear Gel Coat used in the past 12 months, excluding any materials that are exempt, in megagrams.
M_{TR}	=	Mass of Tooling Resin used in the past 12 months, excluding any materials that are exempt, in megagrams.
M_{TG}	=	Mass of Tooling Gel Coat used in the past 12 months, excluding any materials that are exempt, in megagrams.

(h) Determination of Filled Resin Content

$$PV_F = PV_u \times \left[\frac{(100 - \%Filler)}{100}\right]$$

Where:

PV_F	=	The as-applied Monomer VOC emission rate for the Filled Production Resin or Tooling Resin, in kilograms Monomer VOC per megagram of Filled material.
PV_U	=	The Monomer VOC emission rate for the neat (unfilled) Resin, before Filler is added, as calculated using the formulas in Table 3.
%Filler	=	The weight percent of Filler in the as-applied Filled Resin system.

Table 3

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Monomer VOC Emission Rate Formulas for Open Molding for Fiberglass Boat Manufacturing Operations*		
Material	Application Method	Formula to calculate Monomer VOC emission rate*
Production Resin, Tooling Resin	Atomized	$0.014 \times (\text{Resin VOC\%})^{2.425}$
	Atomized, plus vacuum bagging with roll-out	$0.01185 \times (\text{Resin VOC\%})^{2.425}$
	Atomized, plus vacuum bagging without roll-out	$0.00945 \times (\text{Resin VOC\%})^{2.425}$
	Non-Atomized	$0.014 \times (\text{Resin VOC\%})^{2.275}$
	Non-Atomized, plus vacuum bagging with roll-out	$0.0110 \times (\text{Resin VOC\%})^{2.275}$
	Non-Atomized, plus vacuum bagging without roll-out	$0.0076 \times (\text{Resin VOC\%})^{2.275}$
Pigmented Gel Coat, Clear Gel Coat, Tooling Gel Coat	All methods	$0.445 \times (\text{Gel Coat VOC\%})^{1.675}$

[The formulae in this table were developed from EPA and industry-sponsored measurements of VOC emissions from Resin and Gel Coat used in Open Molding and derived from the CTG for Fiberglass Boat Manufacturing Materials.]

*The formulas in Table 3 calculate Monomer VOC emissions in kilograms of Monomer per megagram of Resin or Gel Coat applied. The formulas for vacuum bagging with roll-out are applicable when a Facility rolls out the applied Resin and fabric prior to applying the vacuum bagging materials. The formulas for vacuum bagging without roll-out are applicable when a Facility applies the vacuum bagging materials immediately after Resin application without rolling the Resin and fabric. VOC% = Monomer VOC content as supplied, expressed as a weight-percent value between 0 and 100%. *[Note derived from SJVUAPCD Rule 4684.]*

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(2) All test methods referenced in this section shall be the most recently USEPA approved version.

(3) Alternative Test Methods

(a) Other test methods demonstrated to provide results that are acceptable for purposes of determining compliance with any provisions of this R~~r~~ule may also be used after review and approval in writing by the APCO, CARB and the USEPA.

(4) Alternative Compliance Methods

(a) Alternative application processes and materials other than those listed in Section (C) may be used, provided they result in equivalent VOC emissions, and are approved in writing by the APCO, CARB and the USEPA.

(F) Violations

(1) Failure to comply with any provision of this R~~r~~ule shall constitute a violation of the R~~r~~ule.

(2) A violation of the limits contained in this R~~r~~ule as determined by any one of these test methods shall constitute a violation of this R~~r~~ule.

(3) When more than one test method or set of test methods are specified for any testing, a violation of any requirement of this R~~r~~ule established by any one of the specified test methods or set of test methods shall constitute a violation of the R~~r~~ule.

[SIP: See SIP Table at http://www.mdaqmd.ca.gov]

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Appendix "B"
Public Notice Documents

1. Proof of Publication – Daily Press
2. Proof of Publication – Riverside Press Enterprise

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THE PRESS-ENTERPRISE

1825 Chicago Ave, Suite 100
Riverside, CA 92507
951-684-1200
951-368-9018 FAX

PROOF OF PUBLICATION
(2010, 2015.5 C.C.P)

Publication(s): The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: /

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

02/20/2018

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: February 20, 2018
At: Riverside, California

Legal Advertising Representative, The Press-Enterprise

MOJAVE DESERT AQMD
14306 PARK AVE
ATTN: D. HERNANDEZ
VICTORVILLE, CA 92392

Ad Number: 0011080474-01

P.O. Number:

Ad Copy:

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD) will conduct a public hearing on April 23, 2018 at 10:00 A.M. to consider the proposed amendment of Rule 102 – Definition of Terms. Rule 1104 – Organic Solvent Degreasing; Rule 1162 – Polyester Resin Operations; and Federal Negative Declarations for Two Control Techniques Guidelines Source Categories.

SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of the proposed rules and the associated staff reports are on file and may be obtained from the Senior Executive Analyst at the MDAQMD Offices. Written comments may be submitted to Brad Poiriez, APCO at the above office address. Written comments should be received no later than March 22, 2018 to be considered. If you have any questions regarding Rules 102, 1104, 1162 or the Federal Negative Declarations you may contact Tracy Walters at (760) 245-1661 extension 6122 for further information.

The proposed amendment of Rule 102 – Definition of Terms is necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity.

Rules 1104 and 1162 are proposed for amendment to satisfy 42 U.S.C. §§7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors, and to address comments received from the United States Environmental Protection Agency (USEPA) subsequent to the most recent rule amendments.

Federal Negative Declarations for Two Control Techniques Guidelines Source Categories are proposed for adoption because for those CTG source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 – 14 Cal. Code Reg §15308) applies and has prepared a Notice of Exemption for this action.

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MOJAVE DESERT AQMD
CLERK OF THE BOARD

FEB 26 2018

BY_____

PROOF OF PUBLICATION

(2015.5 C.C.P.)

STATE OF CALIFORNIA,
County of San Bernardino

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the publisher of the DAILY PRESS, a newspaper of general circulation, published in the City of Victorville, County of San Bernardino, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of San Bernardino, State of California, under the date of November 21, 1938, Case number 43096, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

February 20

All in the year 2018.

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated this: 20th day of February, 2018.

Leslie Jacobs

Signature

Leslie Jacobs

This space is the County Clerk's Filing Stamp

Proof of Publication of
NOTICE OF HEARING

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The proposed amendment of Rule 102 – Definition of Terms is necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update Rules 1104 and 1162 are proposed for amendment to satisfy 42 U.S.C. §§7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors, and to address comments received from the United States Environmental Protection Agency (USEPA) subsequent to the most recent rule amendments.

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Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 – 14 Cal. Code Reg §15308) applies and has prepared a *Notice of Exemption* for this action.

Published in the Daily Press
February 20, 2018
(Tu-15)

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FEB 26 2018

BY

Appendix "C"
Public Comments and Responses

1. USEPA Email Comment, 09/27/2017.
2. MFG Comment, 03/29/2018.

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1. USEPA Comment, 09/27/2017

Tracy Walters

From: LEVIN, NANCY <Levin.Nancy@epa.gov>
Sent: Wednesday, September 27, 2017 3:21 PM
To: Alan De Salvio; Tracy Walters
Cc: Bushey, Douglas; Tong, Stanley; Law, Nicole
Subject: MD Rule 1104 and 1162

Alan and Tracy,

These are the specific rule issues discussed on the phone today. Let us know if you have any questions.

Rule 1104:
-Paragraph (E)(1)(d) provides that "[t]he provisions of this rule shall not apply to: . . . Any source operation that is subject to or not specifically exempted by any of the following rules: [listing rules]." The changed copy of the Rule 1104 cites SJV Rule 4661 language as a source of this change. The version in Mojave Desert Rule 1104 is very similar to the provision in SJV Rule 4661, except for the word "not" in the phrase "or not specifically exempted". As a result, the provisions of the rule would not apply to any source operation that is not specifically exempted by one of the enumerated rules (that is, the rule would only apply to source operations specifically exempted by these other rules). This causes the exemption to swallow the rule. To rectify this, EPA recommends removing the word "not" in paragraph (C)(1)(d).

Rule 1162:
-Paragraph (C)(1) provides that "An operator of a Polyester Resin Operation shall comply with one of the following process or control requirements". The rule then lists subparagraphs (a) through (d), listing the core requirements of the rule, any one of which would be sufficient to comply with the rule. The most recent revisions add subparagraphs (e) and (f) to this paragraph. Including these subparagraphs following the "one of the following" language suggests that an operator could comply with one of these provisions, and not need to comply with one of the (a) through (d) requirements. Because complying with (e) or (f) in lieu of (a)-(d) is not sufficient, this generates a problem with the applicability of the rule's requirements. To rectify this, EPA recommends clarifying that an operator must comply with one of the requirements listed in subparagraphs (a) through (d). 1

-Several limits exceed the limits in the Control Techniques Guidelines for Fiberglass Boat Manufacturing Materials (EPA-453/R-08-004, September 2008). For example, the CTG recommends "that VOC cleaning solvents for routine application equipment cleaning contain no more than 5 percent VOC, by weight, or have a composite vapor pressure of no more than 0.50 mm Hg at 68 ºF." See page 33. The composite vapor pressure requirement in Rule 1162, section C(6)(a) allows a limit of "45 mm Hg or less at a temperature of 20º C" or 68 ºF. Please review the relevant CTG and approved rules in other ozone nonattainment areas and update the rule as-necessary to ensure that it implements current RACT. 2

Nancy Levin | 415-972-3848 | Rules and Planning
Air Division | Region IX| U.S. Environmental Protection Agency

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District Response to USEPA Comment 1

1. Section (C)(1) has additional language incorporated to provide clarification that an operator must comply with one of the core requirements listed in (a) through (d) in addition to (e) and (f), so that complying with (e) or (f) does not substitute compliance for a core requirement of the rule.
2. Section (C)(6) has been updated to reflect CTG requirements for VOC cleaning solvents and composite vapor pressure as provided in the CTG for Fiberglass Boat Manufacturing.

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2. MFG Comment, 03/29/18

Tracy Walters

From: Bennett Jr. Perry <pbennett@moldedfiberglass.com>
Sent: Thursday, March 29, 2018 1:51 PM
To: Tracy Walters; Alan De Salvio
Cc: Thomas Jacqueline; Goodman Eric; Murphy John; Vorse Dennis; Juhola Andy
Subject: RE: Amendment of MDAQMD Rule 1162 - Polyester Resin Operations

Tracy and Alan,

1 I am disappointed that I was not informed of the Rule 1162 changes following USEPA comments and recommendations, until I received your email at the end of the comment period, on March 22, 2018. We were looking forward to reviewing any changes recommended by US EPA, particularly since MFG made significant comments, and participated in conferenced calls last summer in an attempt to make certain that Rule 1162 would be workable. We are hopeful that there is still sufficient time to consider the following comments:

There are several changes made that may seriously affect our ability to operate in the MDAQMD District. The first is the change to Table 1 footnote on page 1162-9:

> •Facilities that apply High- Strength Resins using Nnon-Aatomized mechanical Aapplication may use the same ~~R~~resin for ~~M~~manual ~~A~~application for Small Jobs during product assembly and/or reinforcement tie-ins, provided that the High- Strength Resin used for both application methods does not exceed the 46.2% ~~M~~monomer content limit. [Specifies that this provision is limited to "Small Jobs" as defined. Clarified pursuant to discussion with USEPA.]

2 The addition of the term "small jobs", defined as a quantity of gelcoat not to exceed two gallons, is overly restrictive. We do not understand the basis of a two gallon limit. It is also unclear if this applies to "corrosion" applications as well as "high strength" applications. The asterisk (*) occurs in the table for both. Two gallons would not be enough for
3 assembling large parts, such as a corrosion resistant tank, or large water or wastewater treatment, or other large custom products. MFG uses manually applied "polyputties" to bond composite, metal, wood or foam core reinforcements in
4 some products prior to laminating over and tying in with resin and fiber laminate. The term "polyputties" is defined in the proposed rule, but there does not appear to be any exemption, as seen in the WWWW MACT Standard.

Additional changes we are concerned about occur on page 1162-14 and 15, Section C.6 Organic Solvent Cleaning Requirements:

> 6(a) An Operator shall not use Organic Solvents for cleaning operations that exceed the VOC content limits specified below: A person shall not use VOC-containing materials for cleaning or clean-up, excluding mold sealing and release agents, mold stripping and cleaning, cleaners used to clean cured resin from Application Equipment, and closed systems, unless: [(C)(6) restructured for clarity and consistency with CTG and VVVV.]
>
> (a~~i~~) Have a ~~The VOC content~~ composite-~~partial~~ vapor pressure ~~is~~ of 45 0.50 mm Hg or less at a temperature of 68 °F (20 ~~degrees~~ °C), or Partial Vapor Pressure limit included from CTG for Fiberglass Boat Manufacturing pursuant to USEPA comment, 9/27/17.]
> (b~~ii~~) The material contains 25 grams or less of VOC content ~~P~~per ~~L~~liter of ~~M~~material (0.21 pounds per gallon), as applied.
> (c~~iii~~) In lieu of complying with the VOC content limits in (C)(6)(a) ~~or (C)(6)(b)~~, an ~~O~~operator may control VOC emissions from cleaning operations with an approved VOC emission control system that meets the requirements of subsections (C)(1)(d) for the ~~S~~solvent cleaning operations.

1

The exemption for mold sealing and release agents, mold stripping and sealing and release agents in (C)(6)(a) and (C)(6)(c) are consistent with the Fiber Reinforced Plastics/Composites Manufacturing MACT (Subpart WWWW). However, the CTG and Subpart VVVV MACT for Boat Manufacturing Materials should not apply to Reinforced Plastics "Polyester Resin Products Manufacturing", which is more diverse that Boat Manufacturing. The current MDAQMD Rule 1162 regarding cleaning solvents reads as follows:

(6) A person shall not use VOC-containing materials for cleaning or clean-up, excluding coating stripping equipment cleaning, unless:

(a) The VOC content composite partial pressure is 45 mm Hg or less at a temperature of 20 degrees C, or

(b) The material contains 200 grams or less of VOC content per liter of material, as applied.

5 → The proposed Rule 1162 amendments would impose a significant increased restriction on cleaning materials. MFG is currently using the low vapor pressure/low VOC dibasic ester solvents for gun flush and tool cleaning of undried resin and gelcoat. However, these materials do not work well for adhesive bond preparation or plastic parts coating wipe-down because they leave a residue that can interfere with adhesion. This would force us to go back to using acetone, which we have eliminated from our facilities because it is an extreme flash fire hazard.

6 →

6 (b) A Person shall not use VOC-containing solvent materials to remove Cured Resin or Gel Coat. [Derived from CTG for Fiberglass Boat Manufacturing Materials pursuant to discussion with USEPA.]

Section (C)(6)(b) contradicts the Fiber Reinforced Plastics/Composites MACT Standard 40 CFR 63 Subpart WWWW, Table 1:

7 → "Do not use cleaning solvents that contain HAP, except that HAP containing materials may be used in closed systems, and to clean cured resin from application equipment. Application equipment includes any equipment that directly contacts resin between storage and applying resin to the mold or reinforcement." Please note that the WWWW MACT does not restrict the use of VOC containing solvents. Organic HAP containing solvents are a subset of VOC containing solvents.

MFG agrees with the exemption language in section 6(c) because it agrees with the language in the Fiberglass Reinforced Plastics /Composites MACT Subpart WWWW:

"§ 63.5790 (c) The following operations are specifically excluded from any requirements in this subpart: application of mold sealing and release agents; mold stripping and cleaning; repair of parts that you did not manufacture, including non-routine manufacturing of parts; personal activities that are not part of the manufacturing operations (such as hobby shops on military bases); Prepreg materials as defined in § 63.5935; non-gel coat surface coatings; application of putties, polyputties, and adhesives; repair or production materials that do not contain resin or gel coat; research and development operations as defined in section 112(c)(7) of the CAA; polymer casting; and closed molding operations (except for compression/injection molding)."

8 → The Calculation Methods in Section E of the proposed Rule that apply only to the Boat Manufacturing requirements should be clearly identified as such. As we discussed last summer, requirements that are based on the Boat Manufacturing CTG or MACT (VVVV) should not apply to the much broader types of manufacturing processes covered in the Reinforce Plastics/Composites Industry.

9 → There is one additional gelcoat category that has been added since the onset of the Composites MACT (Subpart WWWW) and the current Rule 1162, which should be considered in the updated Rule 1162. The category I am referring to is "conductive gelcoat", which uses graphite (black), an extremely light filler, in a clear gelcoat to provide conductivity. It is not used in the boat, tub shower, or spa industries. It is used in the transportation industry, and has been used to significantly reduce emissions in automotive and heavy truck manufacturing.

2

Our customers require a conductive primer coat so they can utilize their electrostatic topcoat application at assembly plants. The alternative to a conductive gelcoat is to apply a sandable gelcoat to the mold, then spray on conductive primer in a paint booth post-mold. This two-step process would create an increase in VOC emissions. MACT compliance when using conductive gelcoat has not been a problem because the standard allows facility-wide averaging of monomer content limits. However, 1162 has adopted these limits without the flexibility of averaging.

MFG is not currently applying conductive gelcoat in our MFG West Facility. However, changes in market demand may create an opportunity for business where a conductive coating will be required. We would prefer to use a one step process that has lower emissions and is more cost competitive. However, under the current and proposed Rule 1162, this resin would fall under the "Pigmented Gel Coat" category in Table 1, which has a monomer limit of 37%. The current conductive gelcoat used another MFG Facility outside of California has a 42% monomer content. MFG recommends that the definition of "Specialty Gel Coat" include "Conductive Gel Coat", or include the conductive gel coat in the clear gelcoat category. This would avoid the process of adding another category to Table 1.

We appreciate the opportunity to comment on the proposed Rule 1162. Please reply if you have any questions or comments.

Sincerely,

Perry Bennett
Health Safety and Environmental Director
Molded Fiber Glass Companies
2925 MFG Place
Ashtabula, OH 44004
Phone: 440-813-2455

From: Tracy Walters [mailto:twalters@mdaqmd.ca.gov]
Sent: Thursday, March 22, 2018 5:24 PM
To: alexr@victorvalleymarble.com; Alfonso Figueroa <alfonso@duffyboats.com>; Jason Huber (jmhuber@stirlingdevelopment.com) <jmhuber@stirlingdevelopment.com>; jserna@danielmechanical.com; Michael Howarth <Barrett@magbayyachts.com>; pacifictankltd@gmail.com; Bennett Jr. Perry <pbennett@moldedfiberglass.com>; Robin Bradshaw <robinjb@hotmail.com>; rossherman@cox.net; tom.kirkmeyer@fibercarebaths.com
Cc: Alan De Salvio <Adesalvio@mdaqmd.ca.gov>
Subject: Amendment of MDAQMD Rule 1162 - Polyester Resin Operations

Good Afternoon,

MDAQMD Rule 1162 – *Polyester Resin Operations* is proposed for amendment April 23, 2018.

Rule 1162 was provided for review to potentially affected industry and appropriate government agencies on February 5, 2018. The District has received no comment to date from industry, but did engage in extensive conversations with the United States

3

Environmental Protection Agency resulting in several additional changes to the proposed rule. Please find attached an updated Staff Report and rule draft (contained in Appendix A of the Staff Report).

Please contact us as soon as possible with any questions, comments, or potential difficulties you may have with compliance with the revised draft of the rule.

Thank you,

Tracy Walters, REHS
Mojave Desert AQMD
14306 Park Avenue
Victorville, CA 92392
(760) 245-1661 ext. 6122
(760) 245-2022 fax
http://www.mdaqmd.ca.gov

4

District Response to MFG Comment 2

1. Copies of the proposed amendments to Rule 1162 and the accompanying draft staff report were made available to the public and affected public agencies on February 5, 2018.
2. "Small jobs" has been removed from the footnote to Table 1 as requested. Please note that there is an existing reference to Small Jobs in Subsection (C)(1)(d). The existing usage in this subsection is for touch-up, repair and small jobs and has an existing 2 gallon limit.
3. The "*" in Table 1 after Corrosion-Resistant was red-lined in the proposed rule draft, intended to be removed in the final version.
4. An exemption has been added for Assembly Adhesives, Putties and Polyputties as requested. See subsection (A)(3)(e). Work practices do apply as are currently listed in (C)(5)(a) as specified in the NESHAP for Reinforced Plastic Composites Production. *Upon further discussion with USEPA (04/05/18), it was determined that providing an exemption is unnecessary because there are no emission limits in the rule for assembly adhesives, putties and polyputties which would require an exemption. This exemption was removed.*
5. (C)(6)(a)(i) and (ii) separate composite partial vapor pressure for Polyester Resin Operations and Fiberglass Boat Manufacturing Operations. Usage of Isopropyl alcohol appears to have a composite vapor pressure that falls below the limit that was existing in the original rule.
6. The VOC limit for cleaning materials was lowered from 200 to 25 grams or less of VOC per liter of material in 2017. It is not proposed for amendment at this time.
7. (C)(6)b) has been revised to apply to Fiberglass Boat Manufacturing Operations.
8. (E)(1)(g) and (h) (including Table 3) are only referenced for use by (C)(3), which is specifically Fiberglass Boat Manufacturing Operations.
9. Definition added for "Conductive Gel Coat", which classifies it as a Specialty Gel Coat. This would accommodate the monomer limit of the product you have referenced.

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Appendix "D"
California Environmental Quality Act
Documentation

1. Draft Notice of Exemption – San Bernardino County
2. Draft Notice of Exemption – Riverside County

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NOTICE OF EXEMPTION

TO: County Clerk
San Bernardino County
385 N. Arrowhead, 2nd Floor
San Bernardino, CA 92415

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

X MDAQMD Senior Executive Analyst

PROJECT TITLE: Amendment of Rule 1162 – *Polyester Resin Operations.*

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The Mojave Desert Air Quality Management District amended Rule 1162 – *Polyester Resin Operations* on August 28, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The proposed amendment of Rule 1162 – *Polyester Resin Operations* addresses additional United States Environmental Protection Agency (USEPA) comments regarding the satisfaction of the requirement that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)
Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))
X Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The proposed amendments to Rule 1162 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. The proposed amendments to Rule 1162 primarily address additional USEPA comments to provide clarification and to ensure implementation of current RACT. Because there is no potential that the amendments might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** April 23, 2018

DATE RECEIVED FOR FILING:

NOTICE OF EXEMPTION

TO: Clerk/Recorder
Riverside County
3470 12th St.
Riverside, CA 92501

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

X MDAQMD Senior Executive Analyst

PROJECT TITLE: Amendment of Rule 1104 – *Organic Solvent Degreasing Operations.*

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The Mojave Desert Air Quality Management District amended Rule 1162 – *Polyester Resin Operations* on August 28, 2017 to fulfil a commitment made in the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). The proposed amendment of Rule 1162 – *Polyester Resin Operations* addresses additional United States Environmental Protection Agency (USEPA) comments regarding the satisfaction of the requirement that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors (42 U.S.C. §§7511a (FCAA §182)).

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)
Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))
X Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The proposed amendments to Rule 1162 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. The proposed amendments to Rule 1162 primarily address additional USEPA comments to provide clarification and to ensure implementation of current RACT. Because there is no potential that the amendments might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** April 23, 2018

DATE RECEIVED FOR FILING:

Appendix "E"
Bibliography

The following documents were consulted in the preparation of this staff report.

1. Final Staff Report Proposed Amendments to Rule 1162 – *Polyester Resin Operations*, amended on August 28, 2017.
2. *Control Techniques Guidelines for Fiberglass Boat Manufacturing Materials*, EPA-453/R-08-004, September 2008.
3. 40 CFR 63 Subpart VVVV-*National Emission Standards for Hazardous Air Pollutants for Boat Manufacturing*, 66 FR 44232, August 22, 2001.
4. 40 CFR 63 Subpart WWWW-*National Emissions Standards for Hazardous Air Pollutants: Reinforced Plastic Composites Production*, 70 FR 50118, August 25, 2005.
5. San Joaquin Valley Unified Air Pollution Control District Rule 4684 – *Polyester Resin Operations*, Amended August 18, 2011.
6. South Coast Air Quality Management District Rule 1162 – *Polyester Resin Operations*, Amended July 8, 2005.

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The following page(s) contain the backup material for Agenda Item: Conduct a public hearing to consider the adoption of the Federal Negative Declarations for Two Control Techniques Guidelines Source Categories: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #14

DATE: April 23, 2018

RECOMMENDATION: Conduct a public hearing to consider the adoption of the *Federal Negative Declarations for Two Control Techniques Guidelines Source Categories*: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the CEQA Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, adopting the *Federal Negative Declarations for Two Control Techniques Guidelines Source Categories* and directing staff actions.

SUMMARY: The adoption of the *Federal Negative Declarations for Two Control Techniques Guidelines Source Categories* is necessary because for those source categories not represented within the area designated non-attainment for ozone, the United States Environmental Protection Agency (USEPA) requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

CONFLICT OF INTEREST: None

BACKGROUND: The Federal Clean Air Act (FCAA) requires areas designated non-attainment and classified moderate and above to implement Reasonably Available Control Technology (RACT) for sources subject to Control Techniques Guidelines (CTG) documents issued by the United States Environmental Protection Agency (USEPA) for "major sources" of volatile organic compounds (VOCs) and oxides of nitrogen (NO_X) which are ozone precursors. Effective May 27, 2008 (73 FR 16436, March 27, 2008), USEPA lowered the primary ozone National Ambient Air Quality Standard (NAAQS) from 0.084 parts per million (ppm) to 0.075 ppm. For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified as Severe-15 for the new 0.075 ppm 8-hour standard. As a result of the shift to the 0.075 ppm standard, the District is required to update rules to meet RACT requirements. For those CTG source categories not represented within the area designated non-attainment for ozone, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present. These "Federal Negative Declarations" are different from the Negative Declarations associated with the

California Environmental Quality Act (CEQA). Instead, these FNDs, once adopted by the Governing Board, will serve as official certification to the USEPA that there are no stationary sources or emitting facilities in these categories located within the area designated as non-attainment for ozone within the MDAQMD. In the process of updating Rule 1115 – *Metal Parts & Products Coating Operations* to meet RACT requirements, the MDAQMD discovered that two CTG source categories in the *Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts Coatings* (EPA-453/R-08-003, September 2008) were not adequately covered in the MDAQMD rule book. The MDAQMD then examined its permit files, emissions inventory and other documentation and has determined that there are no sources for Plastic Parts and Products, and Automotive/Transportation and Business Machine Plastic Parts, located within the jurisdiction of the MDAQMD and none are anticipated in the near future. The MDAQMD is now proposing to adopt a FND for these two CTG source categories. There are no emission reductions associated with this action because it does not change any existing rules or regulations.

A Notice of Exemption, Categorical Exemption (Class 8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD to meet the requirements of CEQA.

REASON FOR RECOMMENDATION: 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about April 9, 2018.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations.

RESOLUTION NO. 18-_____

A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF EXEMPTION ADOPTING THE FEDERAL NEGATIVE DECLARATIONS FOR TWO CONTROL TECHNIQUES GUIDELINES SOURCE CATEGORIES AND DIRECTING STAFF ACTIONS.

On April 23, 2018, on motion by Member _____, seconded by Member _____, and carried, the following resolution is adopted:

WHEREAS, the Mojave Desert Air Quality Management District (MDAQMD) has authority pursuant to California Health and Safety Code (H&S Code) §§40702, 40725-40728 to adopt, amend or repeal rules and regulations; and

WHEREAS, the Federal Clean Air Act (FCAA) requires areas designated non-attainment and classified moderate and above to implement Reasonably Available Control Technology (RACT) for sources subject to Control Techniques Guidelines (CTG) documents issued by the United States Environmental Protection Agency (USEPA) and for "major sources" of volatile organic compounds (VOCs) and oxides of nitrogen (NO_x) which are ozone precursors; and

WHEREAS, effective May 27, 2008 (73 FR 16436, March 27, 2008), USEPA lowered the primary ozone National Ambient Air Quality Standard (NAAQS) from 0.084 parts per million (ppm) to 0.075 ppm; and

WHEREAS, for purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified as Severe-15 for the new 0.075 ppm 8-hour standard; and

WHEREAS, as a result of the shift to the 0.075 ppm standard, the District is required to update rules to meet RACT requirements; and

WHEREAS, for those CTG source categories not represented within the area designated non-attainment for ozone, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present; and

WHEREAS, these "Federal Negative Declarations" are different from the Negative Declarations associated with the California Environmental Quality Act (CEQA); and

WHEREAS, these FNDs, once adopted by the Governing Board, will serve as official certification to the USEPA that there are no stationary sources or emitting facilities in these categories located within the area designated as non-attainment for ozone within the MDAQMD; and

WHEREAS, in the process of updating Rule 1115 – *Metal Parts & Products Coating Operations* to meet RACT requirements, the MDAQMD discovered that two CTG source categories in the *Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts Coatings* (EPA-453/R-08-003, September 2008) were not adequately covered in the MDAQMD rule book; and

WHEREAS, the MDAQMD then examined its permit files, emissions inventory and other documentation and has determined that there are no sources for Plastic Parts and Products, and Automotive/Transportation and Business Machine Plastic Parts, located within the jurisdiction of the MDAQMD and none are anticipated in the near future; and

WHEREAS, the MDAQMD is now proposing to adopt a FND for these two CTG source categories; and

WHEREAS, there are no emission reductions associated with this action because it does not change any existing rules or regulations; and

WHEREAS, the proposed adoption of the *FNDs for Two CTG Source Categories* is necessary as indicated herein and in the supporting documentation; and

WHEREAS, the MDAQMD has the authority pursuant to H&S Code §40702 to amend rules and regulations; and

WHEREAS, the proposed adoption of the *FNDs for Two CTG Source Categories* are clear in that it is written so that persons can easily understand the scope and necessity of the FND; and

WHEREAS, the adoption of the *FNDs for Two CTG Source Categories* are in harmony with, and not in conflict with, or contradictory to existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the adoption of the *FNDs for Two CTG Source Categories* does not

impose the same requirements as an existing state or federal law or regulation because federal law requires the adoption and certification of "Negative Declarations" for those source categories not represented within the area designated non-attainment for ozone which are covered by a CTG or which meet the definition of a major source; and

WHEREAS, the adoption of the *FNDs for Two CTG Source Categories* is necessary because for those source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a FND certifying that those sources are not present; and

WHEREAS, a public hearing has been properly noticed and conducted, pursuant to H&S Code §40725, concerning the adoption of the *FNDs for Two CTG Source Categories*; and

WHEREAS, a Notice of Exemption, a Categorical Exemption (Class 8, 14 CCR §15308) for the proposed adoption of the *FNDs for Two CTG Source Categories*, completed in compliance with the California Environmental Quality Act (CEQA), has been presented to the MDAQMD Governing Board; each member having reviewed, considered and approved the information contained therein prior to acting on the proposed adoption of the *FNDs for Two CTG Source Categories*, and the MDAQMD Governing Board having determined that the proposed amendments will not have any potential for resulting in any adverse impact upon the environment; and

WHEREAS, the MDAQMD Governing Board has considered the evidence presented at the public hearing; and

NOW, THEREFORE, BE IT RESOLVED, that the Governing Board of the MDAQMD finds that the adoption of the *FNDs for Two CTG Source Categories* is necessary, authorized, clear, consistent, non-duplicative and properly referenced; and

BE IT FURTHER RESOLVED, that the Governing Board of the MDAQMD hereby makes a finding that the Class 8 Categorical Exemption (14 CCR §15308) applies and certifies the Notice of Exemption for the proposed adoption of the *FNDs for Two CTG Source Categories*; and

BE IT FURTHER RESOLVED, that the Governing Board of the MDAQMD does hereby adopt, pursuant to the authority granted by law, the proposed adoption of the *FNDs for Two CTG Source Categories*, as set forth in the attachments to this resolution and incorporated herein by this reference; and

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately upon adoption, and that the Senior Executive Analyst is directed to file the Notice of Exemption in compliance with the provisions of CEQA.

PASSED, APPROVED and ADOPTED by the Governing Board of the Mojave Desert Air Quality Management District by the following vote:

AYES: **MEMBER:**

NOES: **MEMBER:**

ABSENT: **MEMBER:**

ABSTAIN: **MEMBER:**

STATE OF CALIFORNIA)
) SS:
COUNTY OF SAN BERNARDINO)
)

I, Deanna Hernandez, Senior Executive Analyst of the Mojave Desert Air Quality Management District, hereby certify the foregoing to be a full, true and correct copy of the record of the action as the same appears in the Official Minutes of said Governing Board at its meeting of April 23, 2018.

_____, Senior Executive Analyst
Mojave Desert Air Quality Management District

Mojave Desert
Air Quality Management District

Draft

Staff Report
Adoption of
Federal Negative Declarations for Two Control Techniques Guidelines Source Categories

For adoption on
April 23, 2018

14306 PARK AVE, VICTORVILLE, CA 92392-2310
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STAFF REPORT
TABLE OF CONTENTS
Federal Negative Declarations for Two Control Techniques Guidelines Source Categories

I. PURPOSE OF STAFF REPORT 1
II. EXECUTIVE SUMMARY 1
III. STAFF RECOMMENDATION 2
IV. LEGAL REQUIREMENTS CHECKLIST 3
V. DISCUSSION OF LEGAL REQUIREMENTS 4
A. REQUIRED ELEMENTS/FINDINGS 4
A. REQUIRED ELEMENTS/FINDINGS 4
1. State Findings Required for Adoption of Rules & Regulations 4
a. Necessity 4
b. Authority 4
c. Clarity 4
d. Consistency 4
e. Non-duplication 5
f. Reference 5
g. Public Notice & Comment, Public Hearing 5
2. Federal Elements (SIP Submittals, Other Federal Submittals) 5
a. Satisfaction of Underlying Federal Requirements 5
b. Public Notice and Comment 5
c. Availability of Document 6
d. Notice to Specified Entities 6
e. Public Hearing 6
f. Legal Authority to Adopt and Implement 6
g. Applicable State Laws and Regulations Were Followed 6
B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS 6
C. ECONOMIC ANALYSIS 7
1. General 7
2. Incremental Cost Effectiveness 7
D. ENVIRONMENTAL ANALYSIS (CEQA) 7
E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS 8
1. Potential Environmental Impacts 8
2. Mitigation of Impacts 8
3. Alternative Methods of Compliance 8
F. PUBLIC REVIEW 8
VI. TECHNICAL DISCUSSION 8
E. SIP HISTORY 10
1. SIP History 10
a. SIP in the San Bernardino County Portion of MDAQMD 10
b. SIP in the Riverside County Portion of the MDAQMD 10
2. SIP Analysis 11

Appendix A – Federal Negative Declarations A-1
Appendix B - Public Notice Documents..... B-1
Appendix C - Public Comments and Responses..... C-1
Appendix D - California Environmental Quality Act Documentation D-1
Appendix E - Bibliography.....E-1

List of Acronyms

BACT	Best Available Control Technology
BARCT	Best Available Retrofit Control Technology
CARB	California Air Resources Board
CCAA	California Clean Air Act
CEQA	California Environmental Quality Act
CTG	Control Techniques Guidelines
FCAA	Federal Clean Air Act
FND	Federal Negative Declaration
H&S Code	California Health & Safety Code
MDAB	Mojave Desert Air Basin
MDAQMD	Mojave Desert Air Quality Management District
NO_X	Oxides of Nitrogen
RACT	Reasonably Available Control Technology
SBCAPCD	San Bernardino County Air Pollution Control District
SCAQMD	South Coast Air Quality Management District
SIP	State Implementation Plan
SO_X	Oxides of Sulfur
USEPA	United States Environmental Protection Agency
VOC	Volatile Organic Compounds

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STAFF REPORT
Federal Negative Declarations for Two Control Techniques Guidelines Source Categories

I. PURPOSE OF STAFF REPORT

A staff report serves several discrete purposes. Its primary purpose is to provide a summary and background material to the members of the Governing Board. This allows the members of the Governing Board to be fully informed before making any required decision. It also provides the documentation necessary for the Governing Board to make any findings, which are required by law to be made prior to the approval or adoption of a document. In addition, a staff report ensures that the correct procedures and proper documentation for approval or adoption of a document have been performed. Finally, the staff report provides evidence for defense against legal challenges regarding the propriety of the approval or adoption of the document.

II. EXECUTIVE SUMMARY

The Federal Clean Air Act (FCAA) requires areas designated non-attainment and classified moderate and above to implement Reasonably Available Control Technology (RACT) for sources subject to Control Techniques Guidelines (CTG) documents issued by the United States Environmental Protection Agency (USEPA) for "major sources" of volatile organic compounds (VOCs) and oxides of nitrogen (NO_X) which are ozone precursors. Effective May 27, 2008 (73 FR 16436, March 27, 2008), USEPA lowered the primary ozone National Ambient Air Quality Standard (NAAQS) from 0.084 parts per million (ppm) to 0.075 ppm. For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified as Severe-15 for the new 0.075 ppm 8-hour standard. As a result of the shift to the 0.075 ppm standard, the District is required to update rules to meet RACT requirements. For those CTG source categories not represented within the area designated non-attainment for ozone, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present. These "Federal Negative Declarations" are different from the Negative Declarations associated with the California Environmental Quality Act (CEQA). Instead, these FNDs, once adopted by the Governing Board, will serve as official certification to the USEPA that there are no stationary sources or emitting facilities in these categories located within the area designated as non-attainment for ozone within the MDAQMD. In the process of updating Rule 1115 – *Metal Parts & Products Coating Operations* to meet RACT requirements, the MDAQMD discovered that two CTG source categories in the *Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts Coatings* (EPA-453/R-08-003, September 2008) were not adequately covered in the MDAQMD rule book. The MDAQMD then examined its permit files, emissions inventory and other documentation and has determined that there are no sources for Plastic Parts and Products, and Automotive/Transportation and Business Machine Plastic Parts, located within the jurisdiction of the MDAQMD and none are anticipated in the near future. The MDAQMD is now proposing to adopt a FND for these two CTG source categories. There are no emission reductions associated with this action because it does not change any existing rules or regulations.

III. STAFF RECOMMENDATION

Staff recommends that the Governing Board of the MDAQMD, after conducting a public hearing, adopt the *Federal Negative Declarations for Two Control Techniques Guidelines Source Categories.* Such action is necessary to satisfy the federal requirements for submission of FNDs for each source category not represented within the District covered by a CTG or which meets the definition of a major source.

IV. LEGAL REQUIREMENTS CHECKLIST

The findings and analysis as indicated below are required for the procedurally correct adoption of the *Federal Negative Declarations for Two Control Techniques Guidelines Source Categories*. Each item is discussed, if applicable, in Section V. Copies of related documents are included in the appropriate appendices.

FINDINGS REQUIRED FOR RULES & REGULATIONS:

X Necessity

X Authority

X Clarity

X Consistency

X Non-duplication

X Reference

X Public Notice & Comment

X Public Hearing

REQUIREMENTS FOR STATE IMPLEMENTATION PLAN SUBMISSION (SIP):

N/A Public Notice & Comment

N/A Availability of Document

N/A Notice to Specified Entities (State, Air Districts, USEPA, Other States)

N/A Public Hearing

N/A Legal Authority to adopt and implement the document.

N/A Applicable State laws and regulations were followed.

ELEMENTS OF A FEDERAL SUBMISSION:

N/A Elements as set forth in applicable Federal law or regulations.

CALIFORNIA ENVIRONMENTAL QUALITY ACT REQUIREMENTS (CEQA):

N/A Ministerial Action

X Exemption

N/A Negative Declaration

N/A Environmental Impact Report

X Appropriate findings, if necessary.

X Public Notice & Comment

SUPPLEMENTAL ENVIRONMENTAL ANALYSIS (RULES & REGULATIONS ONLY):

X Environmental impacts of compliance.

N/A Mitigation of impacts.

N/A Alternative methods of compliance.

OTHER:

X Written analysis of existing air pollution control requirements

X Economic Analysis

X Public Review

V. DISCUSSION OF LEGAL REQUIREMENTS

A. REQUIRED ELEMENTS/FINDINGS

A. REQUIRED ELEMENTS/FINDINGS

This section discusses the State of California statutory requirements that apply to the adoption of the *FNDs for Two CTG Source Categories.* Since this document is required to be adopted pursuant to public notice and other requirements under 42 USC 7410(a)(2), the district considers the rule adoption process pursuant to H&S Code §40702 to be a proper way to meet these requirements. Therefore, these are actions, that need to be performed, and/or information that must be provided, in order to adopt this document in a procedurally correct manner.

1. State Findings Required for Adoption of Rules & Regulations

Before adopting, amending, or repealing a rule or regulation, the District Governing Board is required to make findings of necessity, authority, clarity, consistency, non-duplication, and reference based upon relevant information presented at the hearing. The information below is provided to assist the Governing Board in making these findings.

a. Necessity

The adoption of the *FNDs for Two CTG Source Categories* is necessary because for those source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a FND certifying that those sources are not present.

b. Authority

MDAQMD has the authority pursuant to H&S Code §40702, 40725-40728 to adopt, amend or repeal rules and regulations and to do such actions that are necessary or proper to execute the powers and duties granted to and imposed upon MDAQMD.

c. Clarity

The adoption is clear in that it is written so that persons can easily understand the scope and necessity of the FND.

d. Consistency

The adoption of the *FNDs for Two CTG Source Categories* is in harmony with, and not in conflict with or contradictory to any state law or regulation, federal law or regulation, or court decisions.

e. Non-duplication

The adoption of the *FNDs for Two CTG Source Categories* does not impose the same requirements as an existing state or federal law or regulation because federal law requires the adoption and certification of "Negative Declarations" for those source categories not represented within the area designated non-attainment for ozone which are covered by a CTG or which meet the definition of a major source.

f. Reference

The District has the authority pursuant to H&S Code §40702 to adopt, amend or repeal rules and regulations.

g. Public Notice & Comment, Public Hearing

Notice for the public hearing for the proposed adoption of the *FNDs for Two CTG Source Categories* will be published February 20, 2018, and the public comment period will end March 22, 2018. See Appendix "B" for a copy of the public notice. See Appendix "C" for copies of comments, if any, and MDAQMD responses.

2. Federal Elements (SIP Submittals, Other Federal Submittals)

Submittals to USEPA are required to include various elements depending upon the type of document submitted and the underlying federal law, which requires the submittal. The information below indicates which elements were required for the adoption of the *FNDs for Two CTG Source Categories* and how they were satisfied.

a. Satisfaction of Underlying Federal Requirements

The adoption of the *FNDs for Two CTG Source Categories* is subject to all the requirements for a SIP submittal because these "Negative Declarations" will be included in the MDAQMD SIP. The criteria for determining completeness of SIP submissions are set forth in 40 CFR Part 51, Appendix V, 2.0.

b. Public Notice and Comment

Notice for the public hearing for the proposed adoption of the *FNDs for Two CTG Source Categories* will be published February 20, 2018, and the public comment period will end March 22, 2018. See Appendix "B" for a copy of the public notice.

c. Availability of Document

Copies of the proposed adoption of the *FNDs for Two CTG Source Categories* and the accompanying draft staff report will be made available to the public on or before February 20, 2018.

d. Notice to Specified Entities

Copies of the proposed adoption of the *FNDs for Two CTG Source Categories* and the accompanying draft staff report will be mailed to all affected agencies, including but not limited to CARB and USEPA. The proposed amendments will be sent to CARB and USEPA on or before February 5, 2018.

e. Public Hearing

A public hearing to consider the proposed adoption of the *FNDs for Two CTG Source Categories* is set for April 23, 2018.

f. Legal Authority to Adopt and Implement

The MDAQMD has the authority pursuant to H&S Code §40702 to adopt, amend, or repeal rules and regulations and to do such acts as may be necessary or proper to execute the duties imposed upon the MDAQMD.

g. Applicable State Laws and Regulations Were Followed

Public notice and hearing procedures pursuant to H&S Code §§40725-40728 have been followed. See Section (V)(A)(1) above for compliance with state findings required pursuant to H&S Code §40727. See Section (V)(B) below for compliance with the required analysis of existing requirements pursuant to H&S Code §40727.2. See Section (V)(C) for compliance with economic analysis requirements pursuant to H&S Code §40920.6. See Section (V)(D) below for compliance with provisions of the California Environmental Quality Act (CEQA).

B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS

H&S Code §40727.2 requires air districts to prepare a written analysis of all existing federal air pollution control requirements that apply to the same equipment or source type as the rule proposed for modification by the district. The adoption of the *FNDs for Two CTG Source Categories* is required to adopt and certify FNDs for those source categories not represented within the area designated non-attainment for ozone.

The MDAQMD has examined its permit files, emissions inventory and other documentation and has determined that there are no sources in the two source categories

referenced in Attachment A, located within the jurisdiction of the MDAQMD and none are anticipated in the near future.

The two categories for which the District has determined it has no CTG source categories are: Plastic Parts and Products; and Automotive/Transportation and Business Machine Plastic Parts. It was determined that the District does not have any major facilities, or other facilities that meet the CTG applicability threshold of VOC emissions from all miscellaneous plastic parts and products and business machines plastic parts surface coating operations, including related cleaning activities, equal to or exceeding 15 lb/day.

C. ECONOMIC ANALYSIS

1. General

Adoption of the FNDs will identify CTG source categories not represented within the area designated non-attainment. The adoption will have no economic impact.

2. Incremental Cost Effectiveness

Pursuant to H&S Code §40920.6, incremental cost effectiveness calculations are required for rules and regulations which are adopted or amended to meet the California Clean Air Act requirements for Best Available Retrofit Control Technology (BARCT) or "all feasible measures" to control volatile compounds, oxides of nitrogen or oxides of sulfur.

The adoption of the *FNDs for Two CTG Source Categories* is not subject to incremental cost effectiveness calculations because this rule does not impose BARCT or "all feasible measures."

D. ENVIRONMENTAL ANALYSIS (CEQA)

Through the process described below, it was determined that a Notice of Exemption would be the appropriate CEQA process for the adoption of the *FNDs for Two CTG Source Categories.*

1. The adoption of the *FNDs for Two CTG Source Categories* meets the CEQA definition of "project." They are not "ministerial" actions.

2. The adoption of the *FNDs for Two CTG Source Categories* is exempt from CEQA review because it will not create any adverse impacts on the environment. Because there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS

1. Potential Environmental Impacts

There are no potential negative environmental impacts of compliance with the adoption of the FNDs.

2. Mitigation of Impacts

N/A

3. Alternative Methods of Compliance

N/A

F. PUBLIC REVIEW

See Staff Report Section (V)(A)(1)(g) and (2)(b), as well as Appendix "B."

VI. TECHNICAL DISCUSSION

USEPA required that all non-attainment areas submit an updated *RACT SIP Analysis*. The purpose of the *RACT SIP Analysis* is to ensure that District Rules adequately address current RACT requirements. In the process of updating Rule 1115 – *Metal Parts & Products Coating Operations* to meet RACT requirements, the MDAQMD discovered that two CTG source categories in the *Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts Coatings* (EPA-453/R-08-003, September 2008) were not adequately covered in the MDAQMD rule book. The MDAQMD then examined its permit files, emissions inventory and other documentation and has determined that there are no sources for Plastic Parts and Products (CTG Table 3), and Automotive/Transportation and Business Machine Plastic Parts (CTG Table 4), located within the jurisdiction of the MDAQMD and none are anticipated in the near future.

In the future, if a source in one of the affected categories applies for a permit and the source is located at a major facility or it emits more than 25 tons of nonattainment air contaminants, it will be required pursuant to District Rule 1301 (A) to have Best Available Control Technology (BACT). If the new source is subject to the provisions of District Rule 1320 then it will be required to have toxics BACT and/or comply with the applicable Maximum Achievable Control Technology (MACT) Standard. In such a situation the District will also be required to adopt a RACT level rule for the new source. The CTG for Miscellaneous Metal and Plastic Parts Coatings applicability threshold of VOC emissions from all miscellaneous plastic parts and products and automotive/transportation and business machines plastic parts surface coating operations, including related cleaning activities, is equal to or exceeding 15 lb/day before consideration of controls.

It was determined that the District does not have any facilities that meet the CTG applicability threshold of VOC emissions from plastic parts and products, or business

machines plastic parts, surface coating operations. Therefore a FND has been prepared for this category as shown in Table 1.

In addition, it was determined that the District does not have any facilities that meet the CTG applicability threshold of VOC emissions for automotive/transportation plastic parts. Please note that pursuant to the CTG, automobile refinish coatings are not included in the miscellaneous metal parts or plastic parts coating categories to the extent they are used for automobile refinish coating purposes as defined in the National VOC Rule (National Volatile Organic Compound Emission Standards for Automobile Refinishing Coatings (40 CFR 59 Subpart B)). Such a coating, when used for automobile refinishing as defined in the National Rule, is not included in the miscellaneous metal or plastic parts coating category. However, if such coating was applied to a metal or plastic box outside the process of an original manufacturing plant or in the case of body collision repairs, the coating would be covered by this particular CTG as well as the National VOC Rule. The district does not have any operations that coat miscellaneous metal or plastic parts with automobile refinish coatings (CTG Table 4) that is not solely subject to the National VOC Rule.

Table 1
Two Proposed Federal Negative Declarations*

Source Category	Control Technologies Guidelines Document Covering Action
New FND	
Plastic Parts and Products	1. Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts (EPA - 453/R-08-003, September 2008).
Automotive/Transportation and Business Machine Plastic Parts	1. Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts (EPA - 453/R-08-003, September 2008).

* Please note that a Federal Negative Declaration for Plastic Parts Coating – Business Machines, and Plastic Parts – Other was adopted by the MDAQMD on June 28, 1995. This FND cited the ACT document titled Alternative Control Techniques Document: Surface Coating of Automotive/Transportation and Business Machine Plastic Parts, EPA-453/R-94-017, February 1994.

E. SIP HISTORY

1. SIP History

a. SIP in the San Bernardino County Portion of MDAQMD

On July 1, 1993 the MDAQMD was formed pursuant to statute. Pursuant to statute it also retained all the rules and regulations of the SBCAPCD until such time as the Governing Board of the MDAQMD wished to adopt, amend or rescind such rules. The MDAQMD Governing Board, at its very first meeting, reaffirmed all the rules and regulations of the SBCAPCD. Since SIP revisions in California are adopted by USEPA as effective in areas which happen to be defined by both air basin designations and the jurisdictional boundaries of local air districts within those air basins, the MDAQMD "inherited" the SBCAPCD SIP which was in effect for what is now called the San Bernardino County Portion of Mojave Desert Air Basin (MDAB).

b. SIP in the Riverside County (Blythe/Palo Verde Valley) Portion of the MDAQMD

One of the provisions of the legislations which created the MDAQMD allowed areas contiguous to the MDAQMD boundaries and within the same air basin to leave their current air district and become a part of the MDAQMD. On July 1, 1994 the area commonly known as the Palo Verde Valley in Riverside County, including the City of Blythe, left South Coast Air Quality Management District (SCAQMD) and joined the MDAQMD. Since USEPA adopts SIP revisions in California as effective within the jurisdictional boundaries of local air districts, when the local boundaries change the SIP as approved by USEPA for that area up to the date of the change remains as the SIP in that particular area. Upon annexation of the Blythe/Palo Verde Valley the MDAQMD acquired the SIP prior to July 1, 1994 that was effective in the Blythe/Palo Verde Valley. Therefore, the SIP history for the Blythe/Palo Verde Valley Portion of the MDAQMD is based upon the rules adopted and approved for that portion of Riverside County by SCAQMD.

2. SIP Analysis

The MDAQMD has a variety of FNDs adopted or carried over from its predecessor agencies. These are:

a. Vacuum Producing Devices or Systems, 40 CFR 52.220(a)(1)(iii) - 09/11/95, 60 FR 47074
b. Leaks From Petroleum Refinery Equipment, 40 CFR 52.222(a)(1)(i) - 01/3/95, 60 FR 38
c. Process Unit Turnarounds,
d. Industrial Wastewater, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
e. Equipment Leaks From Natural Gas/Gasoline Processing Plants, 40 CFR 52.222(a)(1)(i) - 01/31/95, 60 FR 38
f. Synthesized Pharmaceutical Products, 40 CFR 52.222(A)(1)(iv) - 11/01/96 61 FR 56474, and 60 FR 38, 01/31/95
g. Air Oxidation Processes – SOCMI, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
h. Polymer Manufacturing, 40 CFR 52.222(A)(1)(iv) - 11/01/96 61 FR 56474, and 60 FR 38, 01/31/95
i. SOCMI and Polymer Manufacturing Equipment Leaks, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
j. Offset Lithographic Printing, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
k. Surface Coating of Automotive/Transportation and Business Machine Plastic Parts, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
l. Reactor Processes and Distillation Operations in SOCMI, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
m. Batch Processes, 40 CFR 52.222(A)(1)(iv) - 11/01/96 61 FR 56474, and 60 FR 38, 01/31/95
m. Synthetic Organic Chemical Polymer and Resin Manufacturing Equipment, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
n. Manufacture of Styrene-Butadiene Copolymers, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
o. Polystyrene Foam Manufacturing, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
p. Ship Building, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
q. Plastic Parts Coatings – Others, 40 CFR 52.222(A)(1)(iv) - 11/01/96, 61 FR 56474
r. Pneumatic Rubber Tire Manufacturing, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
s. Large Petroleum Dry Cleaners, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
t. Surface Coating of Cans, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153

u. Surface Coating of Coils, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
v. Surface Coating Fabrics, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
w. Surface Coating Operations at Automotive and Light Duty Truck Assembly Plants, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
x. Surface Coating of Large Appliances, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
y. Surface Coating of Magnet Wire, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
z. Vacuum Producing Devices or Systems, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
aa. Leaks from Petroleum Refinery Equipment, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
bb. Process Unit Turnaraounds, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
cc. Equipment Leaks from Natural Gas/Gasoline Processing Plants
dd. Synthesized Pharmaceutical Products, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
ee. Air Oxidation Process – SOCMI, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
ff. Polymer Manufacturing SOCMI and Polymer Manufacturing Equipment Leaks, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
gg. Reactor Processes and Distillation Operations in SOCMI, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
hh. Synthetic Organic Chemical Polymer and Resin Manufacturing, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
ii. Petroleum Refinery Equipment, 40 CFR 52.222 (a)(1)(v) – 5/20/2011, 76 FR 29153
jj. Manufacture of High-Density Polyethylene, Polypropylene, and Polystyrene Resins, 40 CFR 52.222 (a)(1)(vi) – 5/20/2011, 76 FR 29153
kk. Fugitive Emissions from Synthetic Organic Chemical Polymer and Resin Manufacturing Equipment, 40 CFR 52.222 (a)(1)(vi) – 5/20/2011, 76 FR 29153

The MDAQMD has determined that no sources in the Two CTG source categories listed in Table 1 exist within its jurisdiction.

Appendix "A"
Federal Negative Declarations for Two Control Techniques Guidelines Source Categories

Draft Version

1. *Federal Negative Declaration (8-hr Ozone Standard) for Two Control Techniques Guidelines Source Categories*

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Mojave Desert Air Quality Management District
14306 Park Avenue, Victorville, CA 92392-2310
760.245.1661 • fax 760.245.2699
Visit our web site: http://www.mdaqmd.ca.gov
Brad Poiriez, Executive Director

Mojave Desert Air Quality Management District
Federal Negative Declaration (8 hr Ozone Standard) for
Two Control Technologies Guidelines Source Categories

The *Federal Clean Air Act* (FCAA) requires areas designated non-attainment for ozone and classified moderate and above to adopt and maintain rules requiring certain sources of air pollution to implement Reasonably Available Control Technology (RACT). Rules are required for all sources of Volatile Organic Compounds (VOCs) and Oxides of Nitrogen (NOx) in source categories covered by a Control Techniques Guidelines (CTG) document issued by the United States Environmental Protection Agency (USEPA) and for any other major stationary sources of VOCs located within the affected area (42 U.S.C. §7511a(b)(2); FCAA 182(b)(2)). If a rule is unnecessary because a source category does not exist within the affected area USEPA requires the submission of a Federal Negative Declaration (FND) to certify that those sources are not present. Effective May 27, 2008 (73 FR 16436, March 27, 2008), USEPA lowered the primary ozone National Ambient Air Quality Standard (NAAQS) from 0.084 parts per million (ppm) to 0.075 ppm. For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified as Severe-15 for the 0.075 ppm 8-hour standard. As a result of the shift to the 0.075 ppm standard, USEPA is requiring that all non-attainment areas submit an updated RACT State Implementation Plan (SIP) Analysis. The purpose of the RACT SIP Analysis is to ensure that District Rules adequately address current RACT requirements.

In the process of updating Rule 1115 – *Metal Parts & Products Coating Operations* to meet RACT requirements, the MDAQMD discovered that two CTG source categories were not adequately covered in the MDAQMD rule book. The MDAQMD then examined its permit files, emissions inventory and other documentation and has determined that there are no sources in the two source categories referenced in Attachment A, located within the jurisdiction of the MDAQMD and none are anticipated in the near future.

I certify on behalf of the MDAQMD that, to my knowledge, the MDAQMD does not have any major stationary sources or sources subject to the applicable CTG threshold in the referenced categories located within the jurisdiction of the District. Therefore the MDAQMD requests the USEPA to approve this Federal Negative Declaration for the 8 hour Ozone Standard and include it in the State Implementation Plan for the MDAQMD.

Brad Poiriez
Executive Director

3/19/18
Date

Attachment A

Source Category	Control Technologies Guidelines Document Covering Action
New FND	
Plastic Parts and Products	1. Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts (EPA - 453/R-08-003, September 2008).
Automotive/Transportation and Business Machine Plastic Parts	1. Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts (EPA - 453/R-08-003, September 2008).

Appendix "B"

Public Notice Documents

1. Proof of Publication – Daily Press
2. Proof of Publication – Riverside Press Enterprise

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THE PRESS-ENTERPRISE

1825 Chicago Ave, Suite 100
Riverside, CA 92507
951-684-1200
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PROOF OF PUBLICATION
(2010, 2015.5 C.C.P)

Publication(s): The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: /

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02/20/2018

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: February 20, 2018
At: Riverside, California

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NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD) will conduct a public hearing on April 23, 2018 at 10:00 A.M. to consider the proposed amendment of Rule 102 – Definition of Terms, Rule 1104 – Organic Solvent Degreasing; Rule 1162 – Polyester Resin Operations; and Federal Negative Declarations for Two Control Techniques Guidelines Source Categories.

SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of the proposed rules and the associated staff reports are on file and may be obtained from the Senior Executive Analyst at the MDAQMD Offices. Written comments may be submitted to Brad Poirier, APCO at the above office address. Written comments should be received no later than March 23, 2018 to be considered. If you have any questions regarding Rules 102, 1104, 1162 or the Federal Negative Declarations you may contact Tracy Walters at (760) 245-1661 extension 6122 for further information.

The proposed amendment of Rule 102 – Definition of Terms is necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update them for consistency and clarity.

Rules 1104 and 1162 are proposed for amendment to satisfy 42 U.S.C. §7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors, and to address comments received from the United States Environmental Protection Agency (USEPA) subsequent to the most recent rule amendments.

Federal Negative Declarations for Two Control Techniques Guidelines Source Categories are proposed for adoption because for those CTG source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 – 14 Cal. Code Reg §15308) applies and has prepared a Notice of Exemption for this action.

2/20

RECEIVED
MOJAVE DESERT AQMD
CLERK OF THE BOARD

FEB 26 2018

BY

PROOF OF PUBLICATION

(2015.5 C.C.P.)

STATE OF CALIFORNIA,
County of San Bernardino

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the publisher of the DAILY PRESS, a newspaper of general circulation, published in the City of Victorville, County of San Bernardino, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of San Bernardino, State of California, under the date of November 21, 1938, Case number 43096, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

February 20

All in the year 2018.

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated this: 20th **day of** February, **2018.**

Signature

Leslie Jacobs

This space is the County Clerk's Filing Stamp

Proof of Publication of
NOTICE OF HEARING

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD) will conduct a public hearing on April 23, 2018 at 10:00 A.M. to consider the proposed amendment of Rule 102 – *Definition of Terms, Rule 1104 – Organic Solvent Degreasing; Rule 1162 – Polyester Resin Operations, and Federal Negative Declarations for Two Control Techniques Guidelines Source Categories.*

SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of the proposed rules and the associated staff reports are on file and may be obtained from the Senior Executive Analyst at the MDAQMD Offices. Written comments may be submitted to Brad Poiriez, APCO at the above office address. Written comments should be received no later than March 22, 2018 to be considered. If you have any questions regarding Rules 102, 1104, 1162 or the Federal Negative Declarations you may contact Tracy Walters at (760) 245-1661 extension 6122 for further information.

The proposed amendment of Rule 102 – *Definition of Terms* is necessary to shift common definitions used in the MDAQMD rulebook to Rule 102, and to update Rules 1104 and 1162 are proposed for amendment to satisfy 42 U.S.C. §§7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) and for major sources of ozone precursors, and to address comments received from the United States Environmental Protection Agency (USEPA) subsequent to the most recent rule amendments.

Federal Negative Declarations for Two Control Techniques Guidelines Source Categories are proposed for adoption because for those CTG source categories not represented within the area designated non-attainment for ozone, and covered by a CTG or which meet the definition of a major source, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 – 14 Cal. Code Reg §15308) applies and has prepared a *Notice of Exemption* for this action.

Published in the
Daily Press
February 20, 2018
(Tu-15)

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CLERK OF THE BOARD

FEB 26 2018

BY

Appendix "C"
Public Comments and Responses

No Comments received to date.

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Appendix "D"

California Environmental Quality Act
Documentation

1. Draft Notice of Exemption – San Bernardino County
2. Draft Notice of Exemption – Riverside County

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NOTICE OF EXEMPTION

TO: County Clerk
San Bernardino County
385 N. Arrowhead, 2nd Floor
San Bernardino, CA 92415

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

_X_ MDAQMD Senior Executive Analyst

PROJECT TITLE: Adoption of *Federal Negative Declarations for Two Control Techniques Guidelines Source Categories*.

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The Federal Clean Air Act (FCAA) requires areas designated non-attainment and classified moderate and above to implement Reasonably Available Control Technology (RACT) for sources subject to Control Techniques Guidelines (CTG) documents issued by the United States Environmental Protection Agency (USEPA) for "major sources" of volatile organic compounds (VOCs) and oxides of nitrogen (NO_X) which are ozone precursors. Effective May 27, 2008 (73 FR 16436, March 27, 2008), USEPA lowered the primary ozone National Ambient Air Quality Standard (NAAQS) from 0.084 parts per million (ppm) to 0.075 ppm. For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified as Severe-15 for the new 0.075 ppm 8-hour standard. As a result of the shift to the 0.075 ppm standard, the District is required to update rules to meet RACT requirements. For those CTG source categories not represented within the area designated non-attainment for ozone, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present. These "Federal Negative Declarations" are different from the Negative Declarations associated with the California Environmental Quality Act (CEQA). Instead, these FNDs, once adopted by the Governing Board, will serve as official certification to the USEPA that there are no stationary sources or emitting facilities in these categories located within the area designated as non-attainment for ozone within the MDAQMD.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)
Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))
_X_ Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The adoption of the *Federal Negative Declarations for Two Control Technique Guidelines Source Categories* is exempt from CEQA review because it will not change any existing rules and regulations, or create any adverse

impacts on the environment. Because there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** April 23, 2018

DATE RECEIVED FOR FILING:

NOTICE OF EXEMPTION

TO: Clerk/Recorder
Riverside County
3470 12th St.
Riverside, CA 92501

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

_X_ Senior Executive Analyst

PROJECT TITLE: Adoption of *Federal Negative Declarations for Two Control Techniques Guidelines Source Categories*.

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The Federal Clean Air Act (FCAA) requires areas designated non-attainment and classified moderate and above to implement Reasonably Available Control Technology (RACT) for sources subject to Control Techniques Guidelines (CTG) documents issued by the United States Environmental Protection Agency (USEPA) for "major sources" of volatile organic compounds (VOCs) and oxides of nitrogen (NO_X) which are ozone precursors. Effective May 27, 2008 (73 FR 16436, March 27, 2008), USEPA lowered the primary ozone National Ambient Air Quality Standard (NAAQS) from 0.084 parts per million (ppm) to 0.075 ppm. For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified as Severe-15 for the new 0.075 ppm 8-hour standard. As a result of the shift to the 0.075 ppm standard, the District is required to update rules to meet RACT requirements. For those CTG source categories not represented within the area designated non-attainment for ozone, USEPA requires the submission of a Federal Negative Declaration (FND) certifying that those sources are not present. These "Federal Negative Declarations" are different from the Negative Declarations associated with the California Environmental Quality Act (CEQA). Instead, these FNDs, once adopted by the Governing Board, will serve as official certification to the USEPA that there are no stationary sources or emitting facilities in these categories located within the area designated as non-attainment for ozone within the MDAQMD.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)
Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))
_X_ Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The adoption of the *Federal Negative Declarations for Two Control Technique Guidelines Source Categories* is exempt from CEQA review because it will not change any existing rules and regulations, or create any adverse

impacts on the environment. Because there is no potential that the adoption might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** April 23, 2018

DATE RECEIVED FOR FILING:

Appendix "E"
Bibliography

The following documents were consulted in the preparation of this staff report.

1. EPA – various CTGs, ACTs, and other documents

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Mojave Desert Air Quality Management District
14306 Park Avenue, Victorville, CA 92392-2310
760.245.1661 • fax 760.245.2699
Visit our web site: http://www.mdaqmd.ca.gov
Brad Poiriez, Executive Director

Mojave Desert Air Quality Management District
Federal Negative Declaration (8 hr Ozone Standard) for
Two Control Technologies Guidelines Source Categories

The *Federal Clean Air Act* (FCAA) requires areas designated non-attainment for ozone and classified moderate and above to adopt and maintain rules requiring certain sources of air pollution to implement Reasonably Available Control Technology (RACT). Rules are required for all sources of Volatile Organic Compounds (VOCs) and Oxides of Nitrogen (NOx) in source categories covered by a Control Techniques Guidelines (CTG) document issued by the United States Environmental Protection Agency (USEPA) and for any other major stationary sources of VOCs located within the affected area (42 U.S.C. §7511a(b)(2); FCAA 182(b)(2)). If a rule is unnecessary because a source category does not exist within the affected area USEPA requires the submission of a Federal Negative Declaration (FND) to certify that those sources are not present. Effective May 27, 2008 (73 FR 16436, March 27, 2008), USEPA lowered the primary ozone National Ambient Air Quality Standard (NAAQS) from 0.084 parts per million (ppm) to 0.075 ppm. For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified as Severe-15 for the 0.075 ppm 8-hour standard. As a result of the shift to the 0.075 ppm standard, USEPA is requiring that all non-attainment areas submit an updated RACT State Implementation Plan (SIP) Analysis. The purpose of the RACT SIP Analysis is to ensure that District Rules adequately address current RACT requirements.

In the process of updating Rule 1115 – *Metal Parts & Products Coating Operations* to meet RACT requirements, the MDAQMD discovered that two CTG source categories were not adequately covered in the MDAQMD rule book. The MDAQMD then examined its permit files, emissions inventory and other documentation and has determined that there are no sources in the two source categories referenced in Attachment A, located within the jurisdiction of the MDAQMD and none are anticipated in the near future.

I certify on behalf of the MDAQMD that, to my knowledge, the MDAQMD does not have any major stationary sources or sources subject to the applicable CTG threshold in the referenced categories located within the jurisdiction of the District. Therefore the MDAQMD requests the USEPA to approve this Federal Negative Declaration for the 8 hour Ozone Standard and include it in the State Implementation Plan for the MDAQMD.

Brad Poiriez
Executive Director

3/19/18
Date

Source Category	Control Technologies Guidelines Document Covering Action
New FND	
Plastic Parts and Products	1. Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts (EPA - 453/R-08-003, September 2008).
Automotive/Transportation and Business Machine Plastic Parts	1. Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts (EPA - 453/R-08-003, September 2008).

The following page(s) contain the backup material for Agenda Item: Receive and file the Annual Financial Report for FY 17. This item is continued from March 26, 2018. Presenter: Jean Bracy.

MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA

AGENDA ITEM #15

DATE: April 23, 2018

RECOMMENDATION: Receive and file the Annual Financial Report for FY 17. This item is continued from March 26, 2018.

SUMMARY: The Annual Financial Report and Management Report (Audit) for Fiscal Year 2016-17 are being presented to receive and file. Fedak & Brown LLP of Riverside performed the audit services for the District.

CONFLICT OF INTEREST: None.

BACKGROUND: A financial audit tests the internal controls, procedures and practices of an organization. Over all, the audit reported that the District follows sound financial management practices.

Fedak & Brown LLP of Riverside performed the audit services for the District. This was the first year of a three year engagement for this firm to perform the audit. A partner with the firm will deliver a brief presentation and be present to answer questions.

REASON FOR RECOMMENDATION: Governing Board approval is required to finalize the report.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or about April 9, 2018.

FINANCIAL DATA: Sufficient funds were budgeted and available to pay for the services provided. No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director - Administration

Mojave Desert Air Quality Management District

Victorville, California

Annual Financial Report
For the Fiscal Year Ended
June 30, 2017

Governing Board as of June 30, 2017

Name	Title	Area of Representation
James L. Cox	Chair	City of Victorville
Jeff Williams	Vice Chair	City of Needles
Barbara Cram Riordan	Director	Public Member
Joseph DeConinck	Director	City of Blythe
Robert Lovingood	Director	County of San Bernardino
James Ramos	Director	County of San Bernardino
Barb Stanton	Director	Town of Apple Valley
Paul Russ	Director	City of Hesperia
V. Manuel Perez	Director	County of Riverside
Carmen Hernandez	Director	City of Barstow
Ed Camargo	Director	City of Adelanto
Robert Leone	Director	Town of Yucca Valley
John Cole	Director	City of Twentynine Palms

Mojave Desert Air Quality Management District

14306 Park Avenue
Victorville, CA 92392
(760) 245-1661

Mojave Desert Air Quality Management District

Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Mojave Desert Air Quality Management District

For the Fiscal Year Ended June 30, 2017

Table of Contents

	Page No.
Table of Contents	i
Financial Section	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10-11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12-13
Fiduciary Fund Financial Statements:	
Statement of Net Position	14
Statement of Changes in Net Position	15
Notes to the Basic Financial Statements	16-42
Required Supplementary Information	
District's Proportionate Share of Net Pension Liability – Last Ten Fiscal Years	43
Pension Plan Contributions – Last Ten Fiscal Years	44
Funding Status – Other Post-Employment Benefits Obligation	45
Budget Comparison Schedule – General Fund	46
Budget Comparison Schedule – Mobile Emissions Program (AB 2766)	47
Budget Comparison Schedule – Carl Moyer Fund	48
Notes to the Required Supplementary Information	49
Report on Compliance and Internal Controls	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	50-51

Financial Section

Fedak & Brown LLP
Certified Public Accountants

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Jonathan P. Abadesco, CPA
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Independent Auditor's Report

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major of the Mojave Desert Air Quality Management District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mojave Desert Air Quality Management District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 12 to the financial statements, the District restated net position related to a long-term receivable and deferred revenue for year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Prior Period Restatement

The financial statements as of and for the year ended June 30, 2016, were audited by the predecessor auditor who expressed an unmodified opinion on their report dated November 16, 2016.

As part of our audit of the June 30, 2017 financial statements, we also audited the adjustments described in Note 12 that were applied to restate the June 30, 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements of the District other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the required supplementary information on pages 43 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance. That report can be found on pages 50 and 51.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
April 23, 2018

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Mojave Desert Air Quality Management District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2017, the District's net position decreased by 67.65% or $1,095,462 to $523,790 as a result of on-going operations. In fiscal year 2017, the District determined that the previously reported beginning net position as of June 30, 2016, required restatement. The total adjustments to net position amounted to $949,813. Please see note 12 for further information.
- In 2017, the District's total revenues decreased 4.99% or $399,500 to $7,607,188, due primarily to decreases of $702,537 in charges for services, $28,531 in operating grants – Carl Moyer, which were offset by increases of $268,298 in operating grants – other, $46,332 operating grants – mobile emissions program AB2677, and $15,939 in investment earnings.
- In 2017, the District's total expenses increased by 0.56% or $48,891 to $8,702,650, due primarily to an increase of $198,307 in general expenses, which were offset by decreases of $101,788 in capital outlay expenses and $48,725 in mobile emission program AB 2766 expenses.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. Think of the District's net position – the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors to assess the *overall financial health* of the District.

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 42.

Government-wide Financial Analysis

Statements of Net Position

Condensed Statements of Net Position

		2017	As Restated 2016	Change
Assets:				
Current assets	$	8,690,330	3,561,796	5,128,534
Capital assets, net		2,383,368	2,662,812	(279,444)
Total assets		11,073,698	6,224,608	4,849,090
Deferred outflows of resources		4,881,013	3,456,502	1,424,511
Liabilities:				
Current liabilities		3,225,957	1,608,275	1,617,682
Non-current liabilities		10,065,086	8,577,340	1,487,746
Total liabilities		13,291,043	10,185,615	3,105,428
Deferred inflows of resources		2,139,878	2,140,995	(1,117)
Net position:				
Net investment in capital assets		2,383,368	2,662,812	(279,444)
Restricted		3,935,028	3,937,878	(2,850)
Unrestricted		(5,794,606)	(4,981,438)	(813,168)
Total net position	$	523,790	1,619,252	(1,095,462)

Government-wide Financial Analysis, continued

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $523,790 as of June 30, 2017. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

Statements of Activities

Condensed Statements of Activities

		2017	As Restated 2016	Change
Revenues:				
Program revenues:				
Charges for services	$	5,269,959	5,972,496	(702,537)
Operating grants:				
Mobile emission program AB 2766		1,598,734	1,552,402	46,332
Carl Moyer program		245,508	274,039	(28,531)
Other		403,243	134,945	268,298
Total program revenues		7,517,444	7,933,882	(416,438)
General revenues:				
Fines, forfeitures, and penalties		37,975	36,000	1,975
Investment earnings		42,370	26,431	15,939
Other revenue		9,399	10,375	(976)
Total general revenues		89,744	72,806	16,938
Total revenues		7,607,188	8,006,688	(399,500)
Expenses:				
General		7,596,857	7,398,550	198,307
Mobile emission program AB 2766		726,718	775,443	(48,725)
Carl Moyer program		340,564	339,467	1,097
Capital outlay		38,511	140,299	(101,788)
Total expenses		8,702,650	8,653,759	48,891
Change in net position		(1,095,462)	(647,071)	(448,391)
Net position – beginning of year, as restated (note 12)		1,619,252	2,266,323	(647,071)
Net position – end of period	$	523,790	1,619,252	(1,095,462)

Compared to prior year, net position of the District decreased 67.65% or $1,095,462 to $523,790 as a result of on-going operations. In fiscal year 2017, the District determined that the previously reported beginning net position as of June 30, 2016, required restatement. The total adjustment to net position amounted to $949,813. Please see note 12 for further information.

Government-wide Financial Analysis, continued

Statements of Activities, continued

Total revenues decreased 4.99% or $399,500 to $7,607,188, due primarily to decreases of $702,537 in charges for services, $28,531 in operating grants – Carl Moyer, which were offset by increases of $268,298 in operating grants – other, $46,332 operating grants – mobile emissions program AB2677, and $15,939 in investment earnings.

Total expenses increased by 0.56% or $48,891 to $8,702,650, due primarily to an increase of $198,307 in general expenses, which were offset by decreases of $101,788 in capital outlay expenses and $48,725 in mobile emission program AB 2766 expenses.

Governmental Fund Balance

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2017.

Condensed Changes in Fund Balance

		General Fund	Mobile Emissions Program AB 2766 Fund	Carl Moyer Fund	Total
Fund balance – beginning of year, as restated	$	2,989,373	3,058,504	338,456	6,386,333
Change in fund balance		(597,214)	95,927	(255,060)	(756,347)
Fund balance – end of year	$	2,392,159	3,154,431	83,396	5,629,986

In 2017, total fund balance decreased by 11.84% or $756,347 to $5,629,986. The General fund decreased by 19.98% or $597,214 to $2,392,159; the mobile emissions program (AB2766) increased by 3.14% or $95,927 to $3,154,431; and the Carl Moyer fund decreased by 75.36% or $255,060 to $83,396.

Governmental Activities Budgetary Highlights

For the year ended June 30, 2017, the final actual expenditures were less than budgeted for the General fund by $1,170,678 and the Mobile Emissions program (AB 2766) by $47,282; and the Carl Moyer fund by $294,456. For the year ended June 30, 2017, actual revenues were less than budgeted for the General fund by $410,763, the Carl Moyer fund by $440,380, and more than budgeted for the Mobile Emissions program (AB 2766) by $48,645. At June 30, 2017, there were no differences between the original and final amended budgets. (See the Budgetary Comparison Schedules for the General fund, Mobile Emissions program (AB 2766), and Carl Moyer program under the Required Supplementary Information section on pages 46 through 49).

Capital Asset Administration

Capital Assets

		Balance 2016	Adjustment/ Additions	Deletions/ Transfers	Balance 2017
Capital assets:					
Non-depreciable assets	$	278,568	-	-	278,568
Depreciable assets		6,275,044	38,511	-	6,313,555
Total capital assets		6,553,612	38,511	-	6,592,123
Accumulated depreciation		(3,890,800)	(317,955)	-	(4,208,755)
Total capital assets, net	$	2,662,812	(279,444)	-	2,383,368

At the end of fiscal year 2017, the District's investment in capital assets amounted to $2,383,368 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture and fixtures, machinery and equipment, vehicles, computers, and software. The capital assets of the District are more fully analyzed in Note 4 to the basic financial statements.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Deputy Director / Administration, Mojave Desert Air Quality Management District, 14306 Park Avenue, Victorville, California 92392 or (760) 245-1661.

Basic Financial Statements

Mojave Desert Air Quality Management District
Statement of Net Position
June 30, 2017

		2017
Assets:		
Current assets:		
Cash and cash equivalents (note 2)	$	2,174,006
Restricted cash and cash equivalents (note 2)		3,935,028
Accounts receivable		1,139,268
Due from California Air Resources Board		1,344,545
Due from fiduciary fund (note 3)		55,779
Prepaids		41,704
Total current assets		8,690,330
Non-current assets:		
Capital assets – not being depreciated (note 4)		278,568
Capital assets – being depreciated, net (note 4)		2,104,800
Total non-current assets		2,383,368
Total assets		11,073,698
Deferred outflows of resources:		
Deferred pension outflows (note 8)		4,881,013
Total deferred outflows of resources		4,881,013
Liabilities:		
Current liabilities:		
Accounts payable		658,406
Accrued salaries and related payables		286,432
Due to California Air Resources Board		212,117
Unearned revenue (note 5)		1,903,389
Long-term liabilities – due within one year:		
Compensated absences (note 6)		165,613
Total current liabilities		3,225,957
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)		498,839
Other post-employment benefits payable (note 7)		314,010
Net pension liability (note 8)		9,252,237
Total non-current liabilities		10,065,086
Total liabilities		13,291,043
Deferred inflows of resources:		
Deferred pension inflows (note 8)		2,139,878
Total deferred inflows of resources		2,139,878
Net position:		
Net investment in capital assets (note 9)		2,383,368
Restricted (note 10)		3,935,028
Unrestricted (note 11)		(5,794,606)
Total net position	$	523,790

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services: Application and Permit Fees	Program Revenues: Charges for Services: Management Contract Antelope Valley AQMD	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
General	$ 7,596,857	4,013,125	1,256,834	1,202,610	(1,124,288)
Mobile emission program AB 2766	726,718	-	-	799,367	72,649
Carl Moyer program	340,564	-	-	245,508	(95,056)
Capital outlay	38,511	-	-	-	(38,511)
Total governmental	$ 8,702,650	4,013,125	1,256,834	2,247,485	(1,185,206)

General revenues:	
Fines, forfeitures, and penalties	$ 37,975
Investment earnings	42,370
Other revenue	9,399
Total general revenues	89,744
Change in net position	(1,095,462)
Net position – beginning of year, as restated (note 12)	1,619,252
Net position – end of year	$ 523,790

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Balance Sheet – Governmental Funds
June 30, 2017

		General Fund	Mobile Emissions Program AB 2766 Fund	Carl Moyer Fund	Total Fund
Assets:					
Cash and cash equivalents	$	2,174,006	-	-	2,174,006
Restricted cash and cash equivalents		-	3,222,626	712,402	3,935,028
Accounts receivable		995,346	143,922	-	1,139,268
Due from California Air Resources Board		-	-	1,344,545	1,344,545
Due from fiduciary fund (note 4)		55,779	-	-	55,779
Prepaids		41,704	-	-	41,704
Total assets	$	3,266,835	3,366,548	2,056,947	8,690,330
Liabilities:					
Accounts payable	$	588,244	-	70,162	658,406
Accrued payroll and related expenses		286,432	-	-	286,432
Due to California Air Resources Board		-	212,117	-	212,117
Unearned revenue (note 5)		-	-	1,903,389	1,903,389
Total liabilities		874,676	212,117	1,973,551	3,060,344
Fund balance:					
Restricted:					
Mobile emissions program AB 2677		-	3,154,431	-	3,154,431
Carl Moyer		-	-	83,396	83,396
Nonspendable:					
Prepaids		41,704	-	-	41,704
Committed:					
Operating reserves		690,000	-	-	690,000
Building improvement reserves		200,000	-	-	200,000
Legal and litigation reserves		300,000	-	-	300,000
Retirement reserves		1,000,000	-	-	1,000,000
Assigned:					
Budget stabilization		250,000	-	-	250,000
Compensated absences		150,000	-	-	150,000
Unassigned		(239,545)	-	-	(239,545)
Total fund balance		2,392,159	3,154,431	83,396	5,629,986
Total liabilities and fund balance	$	3,266,835	3,366,548	2,056,947	8,690,330

Continued on next page

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

Reconciliation:

Total Fund Balances of Governmental Funds		$ 5,629,986
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those capital position amoung the assets of the District as a whole.		
Capital assets, net		2,383,368
Pension contributions made during the fiscal year after the measurement date are reported as expenditures in governmental funds and as deferred outflows of resources in the government-wide financial statements.	$ 1,328,520	
Recognized net difference between projected and actual earnings on pension plan investments are reported as deferred outflows of resources in the government-wide financial statements.	2,004,233	
Recognized changes in assumptions are reported as deferred outflows of resources in the government-wide financial statements.	638,907	
Recognized portion due to differences between the actual employer contribution and the proportionate share of contribution are reported as deferred outflows of resources in the government-wide financial statements.	909,353	4,881,013
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities both current and long-term, are reported in the statement of net position as follows:		
Compensated absences		(664,452)
Other post-employment benefits payable		(314,010)
Net pension liability		(9,252,237)
Recognized differences between the expected and actual experience for the General Plan are reported as deferred inflows of resources in the government-wide financial statements.	(1,400,728)	
Recognized portion due to differences between the actual employer contribution and the proportionate share of contribution are reported as deferred inflows of resources in the government-wide financial statements.	(739,150)	(2,139,878)
Total adjustments		(5,106,196)
Net Position of Governmental Activities		$ 523,790

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2017

		General Fund	Mobile Emissions Program AB 2766 Fund	Carl Moyer Fund	Total Fund
Revenues:					
Program revenues:					
Charges for services:					
Application and permit fees	$	4,013,125	-	-	4,013,125
Management contract – Antelope Valley AQMD (note 13)		1,256,834	-	-	1,256,834
Total charges for services		5,269,959	-	-	5,269,959
Operating grants:					
Assembly Bill 2766		799,367	799,367	-	1,598,734
State grants		39,801	-	245,508	285,309
State subvention		138,096	-	-	138,096
Federal grants		133,624	-	-	133,624
California Clean Air Act		66,606	-	-	66,606
Other programs		25,116	-	-	25,116
Total operating grants		1,202,610	799,367	245,508	2,247,485
Total program revenues		6,472,569	799,367	245,508	7,517,444
General revenues:					
Fines, forfeitures, and penalties		37,975	-	-	37,975
Investment earnings		15,202	23,278	3,890	42,370
Other revenue		9,399	-	-	9,399
Total general revenues		62,576	23,278	3,890	89,744
Total revenues		6,535,145	822,645	249,398	7,607,188
Expenditures:					
Salaries and benefits		5,682,711	-	-	5,682,711
Services and supplies		1,575,031	604	68,345	1,643,980
Contributions		-	726,114	272,219	998,333
Capital outlay		38,511	-	-	38,511
Total expenditures		7,296,253	726,718	340,564	8,363,535
Excess(deficiency) of revenue over expenditures		(761,108)	95,927	(91,166)	(756,347)
Other financing sources(uses):					
Net position transfers in(out) (note 4)		163,894	-	(163,894)	-
Net change in fund balance		(597,214)	95,927	(255,060)	(756,347)
Fund balance – beginning of year, as restated (note 12)		2,989,373	3,058,504	338,456	6,386,333
Fund balance – end of year	$	2,392,159	3,154,431	83,396	5,629,986

Continued on next page

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Reconciliation:

Net Changes in Fund Balances – Total Governmental Funds	$	(756,347)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:		
Capital outlay		38,511
Depreciation expense and adjustment		(317,955)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:		
Net change in compensated absences for the current period		7,786
Net change in other post-employement benefit obligations for the current period		(23,203)
Net change in pension obligations for the current period		(44,254)
Change in Net Position of Governmental Activities	$	(1,095,462)

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Statement of Net Position – Fiduciary Fund
June 30, 2017

	Other Post-Employment Benefit(OPEB) Trust Fund
Assets:	
Cash in trust	$ 629,068
Total assets	629,068
Liabilities:	
Due to general fund	55,779
Total liabilities	55,779
Net position:	
Restricted – held in trust for OPEB benefits	573,289
Total net position	$ 573,289

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Statement of Changes in Net Position – Fiduciary Fund
For the Year Ended June 30, 2017

	Other Post-Employment Benefit(OPEB) Trust Fund
Additions:	
Investment income	$ 70,394
Total additions	70,394
Deductions:	
Distributions	31,341
Bank fees	5,150
Total deductions	36,491
Net change in net position	33,903
Net position – beginning of period	539,386
Net position – end of period	$ 573,289

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Mojave Desert Air Quality Management District (District), was established on July 1, 1993, upon the dissolution of the San Bernardino County Air Pollution Control District. The District's operates pursuant to the Lewis Air Quality Management Act which became effective on February 1, 1977, commencing at Section 40400 of the Health and Safety Code of the State of California. The District's primary responsibility is to regulate stationary sources of air pollution located within its jurisdictional boundaries. To accomplish its responsibility, the District implements air quality programs required by State and Federal mandates, enforces rules and regulations based on air pollution laws, and educates businesses and residents about their role in protecting air quality. The District represents the citizens within its 20,000 mile jurisdiction covering the San Bernardino High Desert and the Palo Verde Valley portion of Riverside County. Air monitoring staff operates six monitoring stations in Barstow, Hesperia, Phelan, Trona, Twentynine Palms, and Victorville.

The District's mission is to protect the air quality within its boundaries while supporting strong and sustainable economic growth. This is accomplished through a comprehensive and common-sense program of planning, regulation, compliance assistance, enforcement, monitoring, and public education. The District is an independent, special district, governed by a thirteen member Governing Board consisting of members from represented areas within its boundaries.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for governmental activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used; such as, unbilled but utilized utility services that are recorded at year end. The Statement of Activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items, properly not included among program revenues, are reported instead as general revenues.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances, as presented in these statements, to the net position presented in the Government-wide Financial Statements.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are interest earnings, investment revenue, and operating grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Funds are organized into two major categories: governmental and fiduciary categories. An emphasis is placed on major funds within the governmental and fiduciary categories. A fund is considered major if it is the primary operational fund of the District or meets the following criteria:

a) Total assets and deferred outflows of resources, liabilities and deferred inflows resources, revenues, or expenditures/expenses of that individual governmental, governmental special revenue, or fiduciary fund is at least 10 percent of the corresponding total for all funds of that category or type;

b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental, governmental special revenue, or fiduciary fund is at least 5 percent of the corresponding total for all governmental funds combined; or

c) The entity has determined that a fund is important to the financial statement user.

The governmental funds of the financial reporting entity are described below:

General Fund – this governmental fund is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

Mobile Emissions Program AB 2766 Fund – this special revenue fund is a special revenue fund used to account for the retention of funds allocated for the support of the District's mobile emissions grant program pursuant to Assembly Bill No. 2766.

Carl Moyer Fund – this special revenue fund is a special revenue fund used to account for revenues received pursuant to the Carl Moyer Air Quality Standards Attainment Program. Expenditures are restricted to providing incentive for participating entities to undertake reduced-emission heavy-duty engine projects.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

The fiduciary fund of the financial reporting entity is described below:

Other Post-Employment Benefits Trust Fund – this fund is a fiduciary fund used to account for asset held by the District as Trustees. The District maintains one non-major expendable trust fund, Retiree Benefits Fund, which is used to provide contingency reserves for the District payment of current and future retiree health and welfare benefits.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year:

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25 – *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50 – *Pension Disclosures*.

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development.

In December 2015, the GASB issued Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions.* This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In January 2016, the GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14.* The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

In March 2016, the GASB issued Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.* This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

D. Financial Statement Elements

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy to deposit funds in financial institutions. Investments are to be made in the following area:

- San Bernardino County Pooled Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – This valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – This valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

4. Fair Value Measurements, continued

- **Level 3** – This valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The District does not currently hold any investments which require the treatment of fair value measurements.

5. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

6. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

7. Internal Balances and Activities

Internal activity and balances reported as interfund activity in the governmental fund financial statements are reclassified or eliminated in the preparation of the government-wide statements of net position and activities. This elimination will avoid the "grossing up" of amounts resulting from internal activity within the primary government.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. The District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at acquisition value and/or historical cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings – 20 to 50 years
- Buildings and improvements – 20 years
- Vehicles – 5 years
- Machinery and equipment – 15 to 20 years
- Computer equipment – 3 to 15 years

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

9. Deferred Outflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

10. Unearned Revenue

Certain receipts from customer reflect revenue applicable to future accounting periods and are recorded as unearned revenues in both the government-wide and fund financial statements.

11. Compensated Absences

It is the District's policy to allow employees to accumulate earned but unused vacation, administrative time, and sick leave benefits. The vesting method is used to calculate the liability. Depending on the years of service, an employee will be paid which range from 0% to 50%, dependent upon certain vesting criteria, of earned sick leave benefits, 100% of earned vacation and administrative time upon separation. All vacation pay, compensatory time and sick leave is accrued when incurred in the government-wide financial statements. The current portion of the liability is estimated from prior year payment and adjusted for material expected variances. The non-current portion of the liability will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The General Fund is used to liquidate compensated absences, respective to each funds' liability.

12. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's San Bernardino County Employees' Retirement System (SBCERA) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

12. Pensions, continued

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2015
- Measurement Date: June 30, 2016
- Measurement Period: July 1, 2015 to June 30, 2016

13. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following pension related item that qualifies for reporting in this category:

- Deferred inflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

14. Net Position

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by debt balances outstanding or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

15. Fund Balance

The financial statements, governmental funds, report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

15. Fund Balance, continued

- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Governing Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Fund Balance Policy

The Governing Board established, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

16. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, are classified as follows:

		2017
Unrestricted cash and cash equivalents:		
General Fund	$	2,174,006
Total unrestricted cash and cash equivalents		2,174,006
Restricted cash and cash equivalents:		
Mobile Emissions Program AB 2766 Fund		3,222,626
Carl Moyer Fund		712,402
Total restricted cash and cash equivalents		3,935,028
Total cash and cash equivalents	$	6,109,034

Cash and investments as of June 30, consisted of the following:

		2017
Cash on hand	$	164,124
Deposits held with financial institutions		888,172
Deposits held with San Bernardino County Treasurer		5,056,738
Total	$	6,109,034

As of June 30, the District's authorized deposits had the following maturities:

	2017
San Bernardino County Investment Pool	341 days

(2) Cash and Cash Equivalents

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State and local agency bonds, notes and warrants	5 years	None	None
U.S. treasury obligations	5 years	None	None
Federal agency obligations	5 years	None	None
Banker's acceptances	180 days	40%	None
Commercial paper - Pooled/Non-Pooled	270 days	40%/25%	40%
Negotiable/Non-Negotiable certificates of deposit	5 years	30%/None	None
Placement Service - Certificates of Deposit	5 years	30%	None
Repurchase agreements	1 years	None	None
Reverse repurchase agreements	92 days	20%	None
Medium-term notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	$40 million
County Pooled Investment Fund	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational obligations	5 years	30%	None

Investment in San Bernardino County Investment Pool

The San Bernardino County Investment Pool (SBCIP) is a pooled investment fund program governed by the County of San Bernardino Board of Supervisors, and administered by the County of San Bernardino Auditor-Controller/Treasurer/ Tax Collector. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by SBCIP for the entire SBCIP portfolio. Investments in SBCIP are highly liquid as deposits and withdrawals can be made at any time without penalty following the restrictions and limitations as identified below. SBCIP does not impose a maximum investment limit. SBCIP is not registered with the Securities and Exchange Commission as an investment company. At June 30, 2017, SBCIP is rated Fitch AAA/VI.

The District's deposit and withdrawal restrictions and limitations are as follows:

- Withdrawals are required to be submitted in writing, from the governing authority of the funds being withdrawn. The request should state the amount, date of transfer, where investment and/or deposit are to be made, and the reason for the request.
- The request must be received by the County Treasurer no less than thirty (30) days prior to the requested date of withdrawal.
- Prior to approving the withdrawal, the County Treasurer shall find that the proposed withdrawal will not adversely affect the interests of other depositors in the County Treasury pool, in accordance with California Government Code Section 27136(b).

(2) Cash and Investments, continued

Investment in San Bernardino County Investment Pool, continued

Information related to the SBCIP may be obtained from the County of San Bernardino Administrative Offices – 268 West Hospitality Lane, 1st Floor – Treasury – San Bernardino, California 92415 or the Auditor-Controller/Treasurer/ Tax Collector's office website www.sbcounty.gov.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code (Code) and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the District's bank balances, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has, the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The San Bernardino County Investment Pool is not rated.

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5.0% or more of the District's total investments.

(3) Internal Transfers

Inter-fund Operational Transfers

Inter-fund receivables/payables are used to move financial resources between the General fund and the Fiduciary – Other Post-Employment Benefits Trust fund as advances to temporarily support the operations of each respective fund.

As of June 30, inter-fund receivables/payables between the District's funds were as follows:

Receivable from	Payable to		2017
Fiduciary Fund	General Fund	$	55,779
Payable to General		$	55,779

For the year ended June 30, 2017, inter-fund transfers were utilized to transfer net position from the Carl Moyer fund for the purpose of establishing the District's clean air program within the General fund consist of the following:

Transfer from	Transfer to		2017
Carl Moyer Fund	General Fund	$	163,894

(4) Capital Assets

Change in capital assets as of June 30 was as follows:

Governmental Activities

		Balance 2016	Adjustment	Additions/ Transfers	Deletions/ Transfers	Balance 2017
Non-depreciable assets:						
Land	$	278,568	-	-	-	278,568
Total depreciable assets		278,568	-	-	-	278,568
Depreciable assets:						
Building and improvements		2,701,363	-	-	-	2,701,363
Equipment		3,400,352	-	14,438	-	3,414,790
Vehicles		173,329	-	24,073	-	197,402
Total depreciable assets		6,275,044	-	38,511	-	6,313,555
Accumulated depreciation:						
Building and improvements		(1,496,540)	-	(124,910)	-	(1,621,450)
Equipment		(2,239,515)	(4,939)	(179,038)	-	(2,423,492)
Vehicles		(154,745)	-	(9,068)	-	(163,813)
Total accumulated depreciation		(3,890,800)	(4,939)	(313,016)	-	(4,208,755)
Total depreciable assets, net		2,384,244	(4,939)	(274,505)	-	2,104,800
Total capital assets, net	$	2,662,812				2,383,368

(5) Unearned Revenue

Changes in unearned revenues as of June 30, were as follows:

		Balance 2016	New Awards	Expenses/ Revenues	Balance 2017
Carl Moyer Grant					
Round 17	$	644,348	-	(180,434)	463,914
Round 18		752,959	-	(65,074)	687,885
Round 19		-	751,590	-	751,590
Total unearned revenue	$	1,397,307	751,590	(245,508)	1,903,389

(6) Compensated Absences

Changes in compensated absences as of June 30 were as follows:

Balance 2016	Earned	Taken	Balance 2017	Due Within One Year	Due in More Than One Year
$ 672,238	596,915	(604,701)	664,452	165,613	498,839

(7) Other Post-Employment Benefits Payable

Plan Description – Eligibility

The District pays a portion of the cost of health insurance for retirees, subject to certain restrictions as determined by the District. The Plan is open to qualified employees, who retire with a minimum of twenty years of public service, of which, a minimum of ten years were served with the District.

Membership in the OPEB plan consisted of the following members as on June 30:

	2017	2016	2015
Active plan members	27	24	26
Retirees and beneficiaries receiving benefits	14	11	11
Separated plan members entitled to but not yet receiving benefits	1	-	-
Total plan membership	42	35	37

Plan Description – Benefits

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's CalPERS medical program. The contribution requirements of Plan members and the District are established and may be amended by the Governing Board.

Annual Cost

For the year ended June 30, 2017, the District's ARC cost after adjustments was $54,544. The District's net OPEB payable obligation amounted to $314,010 for the year ended June 30, 2017. The District contributed $31,341 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2017.

(7) Other Post-Employment Benefits Payable, continued

		2017	2016	2015
Annual OPEB cost:				
Annual required contribution (ARC)	$	57,656	57,656	34,245
Interest on net OPEB obligation		20,356	-	13,980
Adjustment to annual required contribution		(23,468)	252,412	-
Total annual OPEB cost		54,544	310,068	48,225
Change in net OPEB payable obligation				
Medical premium contributions		(31,341)	(19,955)	(47,531)
Total change in net OPEB payable obligation		23,203	290,113	694
OPEB payable – beginning of year		290,807	694	-
OPEB payable – end of year	$	314,010	290,807	694

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year Ended		Annual OPEB Cost	Medical Premium Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2017	$	54,544	31,341	57.46%	314,010
2016		310,068	19,955	6.44%	290,807
2015		48,225	47,531	98.56%	694

Funded Status and Funding Progress of the Plan

The most recent valuation (dated July 1, 2015) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of $253,113. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2017, was $3,353,224. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 7.55%.

See page 45 for the Schedules of Funding Status for the other post-employment defined benefit plan, which presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

(7) Other Post-Employment Benefits Payable, continued

Actuarial Methods and Assumptions on Other Post-Employment Benefits, Continued

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	30-year level dollar, open period
Actuarial assumptions:	
Investment rate of return	7.00%
Inflation - discount rate	7.00%
Health care trend rate	4.00%

(8) Defined Benefit Pension Plan

Plan Description

The District participates in the San Bernardino County Employees' Retirement Association (SBCERA) pension plan – a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours, required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The Plan operates under the provisions of the SBCERA is governed by the County Employees' Retirement Law (CERL) of 1937 (California Government Code Section 31450 et. seq), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by SBCERA's Board of Retirement (Board). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours, required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

SBCERA is a legally separate entity from the District, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the District's financial statements exclude the SBCERA pension plan as of June 30, 2017. SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing SBCERA at, 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at: www.SBCERA.org.

(8) Defined Benefit Pension Plan, continued

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. The CERL and PEPRA establish benefit terms.

The Plans' provision and benefits in effect at June 30, 2017, are summarized as follows:

	General Plan	
	Tier 1	**Tier 2**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Final Average Compensation	Highest 12 months	Highest 36 months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service and/or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A
Benefit percent per year of service for normal retirement age	2.0% per year of final average compensation for every year of	2.5% per year of final average compensation for every year of
Benefit adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code 7522.10
Required employee contribution rates	7.07% – 13.52%	6.37% – 7.88%
Required employer contribution rates	33.31%	29.77%

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

(8) Defined Benefit Pension Plan, continued

Contributions

The System and System's active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454 for the System, and Government Code sections 31621.6, 31639.25, and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly based on an annual actuarial valuation, which is conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and System contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability.

For the year ended June 30, the contributions for the Plan were as follows:

Contribution Source		General Plan 2017
Contributions – employer	$	1,328,520

Net Pension Liability

As of June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

Plan Description		Proportionate Share of Pension Liability 2017
General Plan	$	9,252,237

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

(8) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's proportionate share of the pension liability for the Plan as of June 30, 2015 and 2016, was as follows:

	General Plan
Proportional share – June 30, 2015	0.40100%
Proportional share – June 30, 2016	0.37500%
Change – Increase (Decrease)	-0.02600%

For the year ended June 30, 2017, the District recognized pension expense of $44,254.

Deferred Pension Outflows (Inflows) of Resources

As June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
Description	**Deferred Outflows of**	**Deferred Inflows of**
Pension contributions subsequent to the measurement date	$ 1,328,520	-
Net differences between projected and actual earnings on plan investments	2,004,233	-
Changes in assumptions	638,907	-
Differences between actual contribution and proportionate share of contribution	909,353	(739,150)
Differences between actual and expected experience	-	(1,400,728)
Total	$ 4,881,013	(2,139,878)

As of June 30, 2017, the District reported $1,328,520, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, 2017, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	General Plan Deferred Outflows /(Inflows) of Resources
2018	$ 202,560
2019	527,290
2020	668,426
2021	267,936
2022	(212,490)
2023	(41,107)
Thereafter	-

Actuarial Assumptions

The significant actuarial assumptions and methods used to measure the total pension liability as of June 30, 2017, are as follows:

Actuarial assumptions:	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll (3.75% payroll growth assumed)
Investment Rate of Return(1)	7.50%
Inflation	3.25%
Projected salary increases(2)	General: 4.60% to 13.75%
Administrative expenses	0.60% of payroll

(1) Includes inflation at 3.25% and is net of pension plan investment expenses.
(2) Includes inflation at 3.25%, plus real across the board salary increases of 0.50%, plus merit and promotional increases that vary by service.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the June 30, 2014 Review of Economic Assumptions and Actuarial Experience Study (experience study) which covered the periods from July 1, 2010 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability (TPL) was 7.50% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2016.

(8) Defined Benefit Pension Plan, continued

Discount Rate, continued

The long-term expected rate of return on Plan investments was determined in 2014 using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocations approved by the SBCERA Board, and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumptions, are summarized in the following table. This information will change every three years based on the triennial actuarial experience study.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	5.00 %	5.94
Small Cap U.S. Equity	2.00	6.50
Developed International Equity	6.00	6.87
Emerging Market Equity	6.00	8.06
U.S. Core Fixed Income	2.00	0.69
High Yield/Credit Strategies	13.00	3.10
Global Core Fixed Income	1.00	0.30
Emerging Market Debt	6.00	4.16
Real Estate	9.00	4.96
Cash & Equivalents	2.00	(0.30)
International Credit	10.00	6.76
Absolute Return	13.00	2.88
Real Assets	6.00	6.85
Long/Short Equity	3.00	4.86
Private Equity	16.00	9.64
Total	100.00 %	

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in Discount Rate

The following table presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

(8) Defined Benefit Pension Plan, continued

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in Discount Rate, continued

As of June 30, 2017, the discount rate comparison was the following:

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
District's Net Pension Liability – General Plan	$ 13,048,162	9,252,237	6,106,727

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued SBCERA financial reports. See pages 43 through 45 for the Required Supplementary Schedules.

Payable to the Pension Plan

As of June 30, 2017, the District reported no payables for the outstanding amount of contribution to the pension plan.

(9) Net Investment in Capital Assets

Net investment in capital assets is calculated as follows:

	2017
Net investment in capital assets:	
Capital assets – being depreciated, net	$ 2,383,368
Total net investment in capital assets	$ 2,383,368

(10) Restricted Net Position

Restricted net position is calculated as follows:

	2017
Restricted:	
Restricted cash and cash equivalent – Mobile Emissions Program (AB 2677)	$ 3,222,626
Restricted cash and cash equivalent – Carl Moyer Fund	712,402
Total restricted	$ 3,935,028

(11) Unrestricted Net Position

The District's Governing Board has designated the use of the District's June 30, unrestricted net position as follows:

		2017
Unrestricted:		
Unfunded reserves	$	(8,426,310)
Prepaids		41,704
Operating cash reserve		690,000
Building improvement reserves		200,000
Legal and litigation reserves		300,000
Retirement reserves		1,000,000
Budget stabilization		250,000
Compensated absences		150,000
Total unrestricted	$	(5,794,606)

(12) Adjustment to Net Position

Long-term Note Receivable – Proposed power plant

In fiscal year 2017, the District determined that the long-term receivable related to a proposed power plant was no longer collectible, which was recorded it the District's general fund. As a result the District recorded a prior period adjustment in in the amount $949,813.

The adjustment to net position is as follows:

Net position at June 30, 2014, as previously stated	$	2,734,196
Effect of adjustment to writeoff long-term receivable – Proposed power plant		(949,813)
Change in net position as of June 30, 2015, as previously stated		481,940
Net position at June 30, 2015, as restated	$	2,266,323
Change in net position as of June 30, 2016, as previously stated		(647,071)
Net position at June 30, 2016, as restated	$	1,619,252

(12) Adjustment to Net Position, continued

The adjustment to fund balance in the governmental funds is as follows:

		General Fund	Mobile Emissions Program AB 2766 Fund	Carl Moyer Fund	Total
Fund balance at June 30, 2014, as previously stated	$	3,793,633	2,836,101	334,644	6,964,378
Effect of adjustment to writeoff long-term receivable – Proposed power plant		(949,813)	-	-	(949,813)
Change in fund balance as of June 30, 2015, as previously stated		175,636	136,615	1,416	313,667
Fund balance at June 30, 2015, as restated		3,019,456	2,972,716	336,060	6,328,232
Change in fund balance as of June 30, 2016, as previously stated		(30,083)	85,788	2,396	58,101
Fund balance at June 30, 2016, as restated	$	2,989,373	3,058,504	338,456	6,386,333

(13) Management Contract Revenue

Antelope Valley Air Quality Management District

On April 19, 2016, the District entered into an agreement with the Antelope Valley Air Quality Management District (AVAQMD) to provide air pollution control services including administration and operations to meet the regulatory and legislated responsibilities of AVAQMD.

The agreement commenced on January 1, 2016 and expires on June 30, 2021. The agreement carries an option to extend services for two years.

The contracts compensation terms include: (1) actual cost reimbursement for the purchase of materials for supplies, (2) the AVAQMD pays the pro-rata share of base salary and associated employment benefits of Program Staff, (3) the District provides utilization of its file management system, accounting system, compliance and permit system, and air monitoring data collection and reporting system, which AVAQMD will cover costs for enhancements and maintenance, (4) The District may assess a proportionate share of the purchase cost/service costs to the AVAQMD not to exceed a proportionate amount based on the ratio of operating permits between both District's, (5) AVAQMD will pay a charge to cover administrative overhead and compensate the District for indirect costs of delivering services. The charge is calculated as 14% of the total billed each month for services added to each invoice.

The District provides professional officers and employees. The District is responsible for the payment of all salaries and benefits, including health and dental benefits, union benefits, related employment taxes and pension contributions. Upon termination of the agreement any dedicated staff will be transitioned from the District to AVAQMD.

Payment of costs is billed monthly at $1/12^{th}$ of the annual contract amount. On the quarterly basis the District will reconcile actual costs. At June 30, 2017, the District reported management contract revenue of $1,256,834.

(14) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by ING Aetna Financial Service, Inc. at June 30, 2017, was $5,214,965.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(15) Operating Leases

The District has entered into several operating leases with Enterprise FM Trust for the purpose of leasing vehicles. The operating leases call for monthly payments ranging from $3,050 to $4,443 through 2020. Future rent payments subsequent to year end are as follows:

Year ending June 30,		Amount
2018	$	22,421
2019		13,270
2020		11,059
Total	$	46,750

At June 30, 2017, the District's rent expense amounted to $51,569.

(16) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers District created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2017, the District participated in the liability and property programs of the SDRMA as follows:

- Property coverage consists of $1,000,000,000 pool limit, replacement cost of scheduled property, boiler & machinery of $100,000,000 pool limit, replacement cost of scheduled property.
- Pollution liability of $2,000,000 per pollution condition or indoor environmental condition.
- General liability insurance consists of bodily injury, property damage of $5,000,000 per occurrence, Auto bodily injury and auto property damage of $5,000,000 per occurrence, employee benefits liability of $5,000,000 per occurrence, employee and public official's errors and omission of $5,000,000 per occurrence; and employment practices liability of $5,000,000 per occurrence.

(16) Risk Management, continued

- Personal liability coverage – Board members / Directors of $500,000 per occurrence.
- Employee and public official's dishonesty of $1,000,000 per occurrence.
- Auto physical damage coverage subject to selected comprehensive and collision deductibles (option of $250/$500, $500/$1,000 or comprehensive only of $250/$500).

Settled claims, if any, have not exceeded any of the coverage amounts in the last three fiscal years. There were no reductions in insurance coverage in fiscal year years ending June 30, 2017, 2016, and 2015. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claim payables as of June 30, 2017, 2016, and 2015.

(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2017, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 84, continued

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

(18) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(19) Subsequent Events

Events occurring after June 30, 2017, have been evaluated for possible adjustment to the financial statements or disclosure as of April 23, 2018, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

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Required Supplementary Information

Mojave Desert Air Quality Management District
District's Proportionate Share of the Net Pension Liability – Last Ten Fiscal Years*
As of June 30, 2017

Description		Fiscal Year 2016-2017	Fiscal Year 2015-2016	Fiscal Year 2014-2015	Fiscal Year 2013-2014
District's Proportion of the Net Pension Liability		0.37500%	0.40100%	0.41900%	0.38200%
District's Proportionate Share of the Net Pension Liability	$	9,252,237	7,782,355	7,124,444	7,580,519
District's Covered-Employee Payroll	$	4,122,720	3,918,233	3,852,547	3,454,500
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		224.42%	198.62%	184.93%	219.44%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability		67.94%	71.93%	71.93%	68.36%

Notes:

Changes in Benefit Terms – For the measurement date June 30, 2016, there were no changes in the benefit terms.

Changes of Assumptions – For the measurement date June 30, 2016, there were no changes in the assumptions.

***** Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore only four years are shown.

Mojave Desert Air Quality Management District
Pension Plan Contributions – Last Ten Fiscal Years*
As of June 30, 2017

Schedule of Pension Plan Contributions:		Fiscal Year 2016-2017	Fiscal Year 2015-2016	Fiscal Year 2014-2015	Fiscal Year 2013-2014
Actuarially Determined Contribution	$	1,326,230	1,167,928	898,449	1,086,330
Contributions in Relation to the Actuarially Determined Contribution		(1,328,520)	(1,312,568)	(898,449)	(1,086,330)
Contribution Deficiency (Excess)	$	(2,290)	(144,640)	-	-
Covered Payroll	$	4,122,720	3,918,233	3,852,547	3,454,500
Contribution's as a percentage of Covered-employee Payroll		32.17%	29.81%	23.32%	31.45%

Notes:

* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore only four years are shown.

Mojave Desert Air Quality Management District
Funding Status – Other Post-Employment Benefits Obligation
For the Fiscal Year Ended June 30, 2017

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2015	$ 588,142	841,255	253,113	69.91%	$ 3,353,224	7.55%
July 1, 2012	320,080	520,328	200,248	61.52%	3,041,756	6.58%
July 1, 2009	-	1,421,221	1,421,221	0.00%	2,581,966	55.04%

Funding progress is presented for the years that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually, if there are significant changes in the plan.

The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed based on the year ending June 30, 2018, for the implementation of GASB 75.

Mojave Desert Air Quality Management District
Budget Comparison Schedule – General Fund
For the Year Ended June 30, 2017

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:					
Program revenues:					
Charges for services:					
Application and permit fees	$ 4,424,768	-	4,424,768	4,013,125	(411,643)
Management contract – AVAQMD	1,300,000	-	1,300,000	1,256,834	(43,166)
Operating grants:					
Assembly Bill 2766	762,000	-	762,000	799,367	37,367
State grants	51,690	-	51,690	39,801	(11,889)
State subvention	137,800	-	137,800	138,096	296
Federal grants	130,950	-	130,950	133,624	2,674
California Clean Air Act	70,000	-	70,000	66,606	(3,394)
Other programs	15,000	-	15,000	25,116	10,116
Total program revenues	6,892,208	-	6,892,208	6,472,569	(419,639)
General revenues:					
Fines, forfeitures, and penalties	45,000	-	45,000	37,975	(7,025)
Investment earnings	8,700	-	8,700	15,202	6,502
Other revenue	-	-	-	9,399	9,399
Total program revenues	53,700	-	53,700	62,576	8,876
Total revenues	6,945,908	-	6,945,908	6,535,145	(410,763)
Expenditures:					
Salaries and benefits	5,936,624	-	5,936,624	5,682,711	253,913
Services and supplies	2,327,307	-	2,327,307	1,575,031	752,276
Capital outlay	203,000	-	203,000	38,511	164,489
Total expenditures	8,466,931	-	8,466,931	7,296,253	1,170,678
Excess(deficiency) of revenue over expenditures	(1,521,023)	-	(1,521,023)	(761,108)	759,915
Other Financing sources:					
Net position transfers in	-	-	-	163,894	163,894
Net change in fund balance	(1,521,023)	-	(1,521,023)	(597,214)	923,809
Fund balance – beginning of year	2,989,373		2,989,373	2,989,373	
Fund balance – end of period	$ 1,468,350		1,468,350	2,392,159	

Mojave Desert Air Quality Management District
Budget Comparison Schedule – Mobile Emissions Program (AB 2766)
For the Year Ended June 30, 2017

		Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:						
Program revenues:						
Operating grants:						
Assembly Bill 2766	$	760,000	-	760,000	799,367	39,367
General revenues:						
Investment earnings		14,000	-	14,000	23,278	9,278
Total revenues		774,000	-	774,000	822,645	48,645
Expenditures:						
Services and supplies		-	-	-	604	(604)
Contributions		774,000	-	774,000	726,114	47,886
Total expenditures		774,000	-	774,000	726,718	47,282
Net change in fund balance		-	-	-	95,927	(95,927)
Fund balance – beginning of year		3,058,504		3,058,504	3,058,504	
Fund balance – end of period	$	3,058,504		3,058,504	3,154,431	

Mojave Desert Air Quality Management District
Budget Comparison Schedule – Carl Moyer Fund
For the Year Ended June 30, 2017

		Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:						
Program revenues:						
Operating grants	$	687,578	-	687,578	245,508	(442,070)
General revenues:						
Investment earnings		2,200	-	2,200	3,890	1,690
Total revenues		689,778	-	689,778	249,398	(440,380)
Expenditures:						
Services and supplies		16,200	-	16,200	68,345	(52,145)
Contributions		618,820	-	618,820	272,219	346,601
Total expenditures		635,020	-	635,020	340,564	294,456
Excess(deficiency) of revenue over expenditures		54,758	-	54,758	(91,166)	(145,924)
Other Financing sources:						
Net position transfers out		-	-	-	(163,894)	(163,894)
Net change in fund balance		54,758	-	54,758	(255,060)	(309,818)
Fund balance – beginning of year		338,456		338,456	338,456	
Fund balance – end of period	$	393,214		393,214	83,396	

Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's Executive Director prepare and submit an operating budget to the Governing Board and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types. The adopted budget becomes operative on July 1.

The Governing Board must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General fund, Mobile Emissions Program (AB 2766), and the Carl Moyer fund.

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Report on Compliance and Internal Controls

Fedak & Brown LLP
Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Mojave Desert Air Quality Management District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in our separately issued, Management Report, that we consider material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report on Internal Controls Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards, (continued)*

Mojave Desert Air Quality Management District's Response to Findings

The District's response to the findings identified in our audit is described in the separately issued Management Report. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
April 23, 2018

Mojave Desert Air Quality Management District

Management Report

June 30, 2017

Fedak & Brown LLP
Certified Public Accountants

Mojave Desert Air Quality Management District

Management Report

Table of Contents

Item	Page No.
General Introduction	1
Summary of Current Year Comments and Recommendations	2-3
Appendix:	
Audit/Finance Committee Letter	1-4
Schedule of Audit Adjusting Entries	5-9

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CONFIDENTIAL

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Mojave Desert Air Quality Management District (District) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Summary of Current Year Observations, Comments and Recommendations

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Carl Moyer Unearned Revenue

The grant funding for the Carl Moyer program is received on demand when requested, based on approved projects, before the District spends the grant funding. Based on the nature and timing of the awards received and spent, grant funding for the Carl Moyer program should maintain a relationship where unspent grant funding, held by both the District and the California Air Resources Board, at the beginning of the year plus current year's new award less grant expenditures equal unspent grant funding at the end of the year, plus any accrued interest. Since the grant revenues are not earned until the funding is spent, the revenues from the grant should equal the expenses of the grant, with exception of any interest for current and prior years. The accounting records provided by the District did not provide these relationships and a journal entry was proposed.

We recommend that the District implement a process to ensure the accuracy of the Carl Moyer grant funding by reconciling the beginning and ending unearned grant revenues, and recognized Carl Moyer grant revenues and expenses.

Summary of Current Year Observations, Comments and Recommendations, continued

Material Weakness, continued

Carl Moyer Unearned Revenue, continued

Management's Response

Management believes the discrepancy in the current year was a result of manual journal entries being posted and not due to the District's software or procedures. We would also like to note that for the Carl Moyer Fund program revenue should equal programmatic expenditures. In the General Fund, Carl Moyer revenue does not equal expenditures because revenue is related to indirect costs and is pure unencumbered/attached revenue.

We agree and going forward, the District plans to reconcile its unearned revenue to ensure grant revenues and grant expenses to be equivalent; and will assist in the reconciliation process of beginning unearned grant revenues and ending unearned grant revenues. In the preparation of reconciliation's involving the General Fund, the District will define any explain any differences as part of its reconciliation.

Inclusion of Long-Term Liabilities in District's General Ledger

During our review of the District's books and records (general ledger) we noted that significant long-term liabilities for other post-employment benefits, net pension and related deferred outflows and inflows, and the full compensated absence liability were included on the financial statements but not maintained in the District in its general ledger. As a result it was necessary to research, establish the beginning balance, and adjust those balances for inclusion in the District's general ledger.

We recommend the District follow governmental industry practice by maintaining long-term liability balances either within its General fund or in a separate General Long Term Debt Account Group fund (GLTDAG) within its financial accounting system. This will ensure the District's general ledger is in alignment with its financial reporting.

Management's Response

In prior years, the previous auditor maintained the long-term liabilities for the District without recommendation that those liabilities should also be maintained in the District's books and records. The District's management felt at times that some entries were misunderstood or not explained properly.

We agree with the auditor's recommendation. The District will maintain all long-term liabilities which appear in the financial statements in its general ledger.

Year-End Closing, Reconciliation, and Review Procedures

During our final fieldwork we noted that the support provided for accounts receivable and accounts payable required additional support to show how they agreed to ending account balances on the trial balance. The balance for accrued payroll did not have support and also required additional adjustment to accrue the year-end balance. Certain reconciliations for year-end account balances for accounts receivable, prepaid expenses, capital assets and accounts payable appeared to require secondary review for either missing items or clean-up of stale balances. As a result, it was necessary for the auditor to prepare adjustments where account reconciliations or schedules did not agree to the District's general ledger. Auditing standards require that the auditor be independent from the maintenance of the District's books and records for which it plans to issue an opinion.

We recommend that the District increase controls for its year-end closing process to: 1) allocate additional time required to adjust year-end account balances, 2) prepare supporting reconciliations, and 3) review the support to ensure it does not contain stale or erroneous balances and is in agreement with the trial balance prior to the scheduled audit fieldwork.

Summary of Current Year Observations, Comments and Recommendations, continued

Material Weakness, continued

Year-End Closing, Reconciliation, and Review Procedures, continued

Management's Response

We agree with the auditor's recommendation and will implement this recommendation in the next fiscal year.

Other Comments

Our other observation, comment, and recommendation, has been discussed with the appropriate members of management, is summarized below.

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Governing Board to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Governing Board with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2017.

* * * * * * * * * *

This communication is intended solely for the information and use of management, the audit committee, the governing board and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Our other observations, comments and recommendations, all of which have been discussed with the appropriate members of management, are summarized on the following page.

Fedak & Brown LLP

Fedak & Brown, LLP
Cypress, California
April 23, 2018

APPENDIX

Mojave Desert Air Quality Management District

Audit/Finance Committee Letter

June 30, 2017

Fedak & Brown LLP
Certified Public Accountants

Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
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Governing Board
Mojave Desert Air Quality Management District
Victorville, California

We have audited the basic financial statements of the Mojave Desert Air Quality Management District (District) for the year ended June 30, 2017 and have issued our report thereon dated April 23, 2018. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter dated April 14, 2017, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements as previously communicated to management. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2017 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management's Judgments, Accounting Estimates and Financial Disclosures

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the position in the basic financial statements are:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits payable is based on an actuarial evaluation of this liability that was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

The disclosure of the District's fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the District's capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits payable in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the District's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were twenty-two audit adjustments, which were prepared by the auditor. Three of the adjustments were to establish the beginning balances on the District's books for net pension liability and related deferrals, other post-employment benefits liability, and compensated absences. Three of the twenty-two entries related to the third-year implementation of GASB No. 68 and 71, which were made to the original trial balance presented to us to begin our audit. A schedule of entries can be found at the end of this report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principal to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require us the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated April 23, 2018.

Conclusion

We appreciate the cooperation extended us by Brad Poiriez, Executive Director, Jean Bracy, Deputy Director/Administration, Laquita Cole, Finance Manager, and to the staff of the District in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Governing Board and management and is not intended to be and should not be used by anyone other than the specified, parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Fedak & Brown LLP

Fedak & Brown, LLP
Cypress, California
April 23, 2018

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To establish prior years balances for GASB 68 pension related amounts at June 30, 2017.			
10 1900 00 0000	Deferred Pension Outflows	1,312,568.00	
10 1900 00 0000	Deferred Pension Outflows	894,119.00	
10 1900 00 0000	Deferred Pension Outflows	1,249,815.00	
10 3850 00 0000	Long Term Debt - Pension	6,466,848.00	
10 2900 00 0000	Net Pension Liability		7,782,355.00
10 2950 00 0000	Deferred Pension Inflows		1,293,169.00
10 2950 00 0000	Deferred Pension Inflows		391,616.00
10 2950 00 0000	Deferred Pension Inflows		456,210.00
Total		**9,923,350.00**	**9,923,350.00**
Adjusting Journal Entries JE # 2			
GASB 68 Entry #1 - To reclassify 2016 contributions to NPL at June 30, 2017.			
10 2900 00 0000	Net Pension Liability	1,312,568.00	
10 1900 00 0000	Deferred Pension Outflows		1,312,568.00
Total		**1,312,568.00**	**1,312,568.00**
Adjusting Journal Entries JE # 3			
GASB 68 Entry #2 - To reclassify 2017 contributions to Deferred Outflows of Resources at June 30, 2017.			
10 1900 00 0000	Deferred Pension Outflows	1,328,520.00	
10 6415 00 0000	Contra District Pension Expense GASB 68		170,513.00
10 6415 10 0000	Contra District Pension Expense GASB 68		260,311.00
10 6415 20 0000	Contra District Pension Expense GASB 68		258,013.00
10 6415 30 0000	Contra District Pension Expense GASB 68		65,197.00
10 6415 40 0000	Contra District Pension Expense GASB 68		220,875.00
10 6415 50 0000	Contra District Pension Expense GASB 68		232,278.00
10 6415 60 0000	Contra District Pension Expense GASB 68		121,333.00
Total		**1,328,520.00**	**1,328,520.00**
Adjusting Journal Entries JE # 4			
GASB 68 Entry #3 - To record changes in pension liability and changes to the deferred outflows and inflows (amortization) during FY15/16 at June 30, 2017.			
10 1900 00 0000	Deferred Pension Outflows	2,460,443.00	
10 2950 00 0000	Deferred Pension Inflows	456,210.00	
10 6416 00 0000	Contra CY Implementation GASB 68	176,193.00	
10 6416 10 0000	Contra CY Implementation GASB 68	268,982.00	
10 6416 20 0000	Contra CY Implementation GASB 68	266,608.00	
10 6416 30 0000	Contra CY Implementation GASB 68	67,368.00	
10 6416 40 0000	Contra CY Implementation GASB 68	228,233.00	
10 6416 50 0000	Contra CY Implementation GASB 68	240,015.00	
10 6416 60 0000	Contra CY Implementation GASB 68	125,375.00	
10 1900 00 0000	Deferred Pension Outflows		456,210.00
10 1900 00 0000	Deferred Pension Outflows		255,212.00
10 1900 00 0000	Deferred Pension Outflows		340,462.00
10 2900 00 0000	Net Pension Liability		2,782,450.00
10 2950 00 0000	Deferred Pension Inflows		107,559.00
10 2950 00 0000	Deferred Pension Inflows		347,534.00
Total		**4,289,427.00**	**4,289,427.00**
Adjusting Journal Entries JE # 5			
AJE - To establish OPEB payable beginning balance as reported in the June 30, 2016 financials.			
10 3800 00 0000	Long Term Debt - OPEB	290,807.00	
10 2800 00 0000	OPEB liability		290,807.00
Total		**290,807.00**	**290,807.00**
Adjusting Journal Entries JE # 6			
AJE - To reclassify check 6545 to PARS to pre-fund pension liability by creation of investment account which was held until July 2017. Reclass from outstanding checks to AP at June 30, 2017.			
10 1010 00 0000	Wells Fargo Operating	500,000.00	
10 2000 00 0000	Accounts Payable System		500,000.00
Total		**500,000.00**	**500,000.00**

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
AJE - To reclassify Medical Insurance Premium for July 2017 from O/S Checks and expense at June 30, 2017.			
10 1300 00 0000	Pre Paid Expenses	37,503.03	
10 6360 10 0000	Other Benefits		37,503.03
Total		**37,503.03**	**37,503.03**
Adjusting Journal Entries JE # 8			
AJE - To reclassify Moyer Admin Reimbursement between fund 30 to fund 10 which did not clear until August 2017. Reclass from outstanding checks to AP at June 30, 2017.			
30 1032 00 0000	Carl Moyer Trust SB County	65,261.55	
30 2000 00 0000	Accounts Payable System		65,261.55
Total		**65,261.55**	**65,261.55**
Adjusting Journal Entries JE # 9			
AJE - To adjust accrual for payroll at June 30, 2017 based on calculation of 7/5 payroll at 100% and 7/19 payroll at 50%.			
10 2510 00 0000	Federal Tax Withholding	2,753.75	
10 2514 00 0000	Workers Compensation	14,043.87	
10 2555 00 0000	Life Ins Payable	1,228.79	
10 2556 00 0000	Disability Ins Payable	5,600.78	
10 6000 00 0000	Salaries	42,827.51	
10 6000 00 0000	Salaries	816.25	
10 6000 00 0000	Salaries	2.50	
10 6000 00 0000	Salaries	791.71	
10 6200 00 0000	Medicare Tax	250.97	
10 6200 00 0000	Medicare Tax	15,559.16	
10 6200 00 0000	Medicare Tax	379.33	
10 6320 00 0000	Vision Insurance	141.05	
10 6320 40 0000	Vision Insurance	2.40	
10 6350 00 0000	Tuition Reimbursement	1,771.60	
10 6350 00 0000	Tuition Reimbursement	2,717.86	
10 6360 10 0000	Other Benefits	61,628.97	
10 6360 10 0000	Other Benefits	4,077.00	
10 6360 10 0000	Other Benefits	915.83	
10 6410 00 0000	Employer Contribution SBCERA	27,557.04	
10 6420 00 0000	Survivor Match	98.51	
10 6440 00 0000	401(a) Matching Contribution	6,841.67	
10 6450 00 0000	Retirement Cash	2,779.55	
10 2110 00 0000	Accrued Payroll		42,827.51
10 2170 00 0000	Accrued Tuition Exempt		1,771.60
10 2171 00 0000	Accrued Tuition NonExempt		2,717.86
10 2511 00 0000	State Tax Withholding		250.97
10 2512 00 0000	FICAMed Employer		15,559.16
10 2513 00 0000	FICAMed Employee		379.33
10 2530 00 0000	Retirement		27,557.04
10 2531 00 0000	457 Deductions		2,779.55
10 2532 00 0000	401a Match		6,841.67
10 2550 00 0000	Medical Ins Payable		61,628.97
10 2551 00 0000	Dental Payable		4,077.00
10 2552 00 0000	Vision Ins Payable		141.05
10 2552 40 0000	Vision Ins Payable		2.40
10 2554 00 0000	Supplemental Ins Payable		915.83
10 2557 00 0000	Survivor Ins Payable		98.51
10 2590 00 0000	SBPEA Dues		816.25
10 2591 00 0000	United Way		2.50
10 2599 00 0000	Miscellaneous Deductions		791.71
10 6200 00 0000	Medicare Tax		2,753.75
10 6330 00 0000	Life Insurance		1,228.79
10 6340 00 0000	Disability Insurance		5,600.78
10 6500 00 0000	Workers Compensation		14,043.87
Total		**192,786.10**	**192,786.10**

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
AJE - To adjust prepaids and accounts payable for FY2018 insurance: workers comp and property package paid in July for 2018 but recorded at June 30, 2017.			
10 2000 00 0000	Accounts Payable System	38,262.98	
10 2000 00 0000	Accounts Payable System	48,549.22	
10 3400 00 0000	Pre Paid	49,309.17	
10 1310 00 0000	Pre Paid Insurance		38,262.98
10 1310 00 0000	Pre Paid Insurance		48,549.22
10 3300 00 0000	Unassigned Fund Balance		49,309.17
Total		**136,121.37**	**136,121.37**
Adjusting Journal Entries JE # 11			
AJE - To record vehicle addition (asset #1421 - 2017 Dodge Caravan) identified on additions listing but not in account ending balance at June 30, 2017.			
10 1750 00 0000	Vehicles	24,072.80	
10 3700 00 0000	Investment in Capital Assets		24,072.80
Total		**24,072.80**	**24,072.80**
Adjusting Journal Entries JE # 12			
AJE - To accrue net change in OPEB liability for June 30, 2017.			
10 6360 10 0000	Other Benefits	23,203.00	
10 2800 00 0000	OPEB liability		23,203.00
Total		**23,203.00**	**23,203.00**
Adjusting Journal Entries JE # 13			
AJE - To reclass cash account 10 1090 Cash Receipts Clearing to account 10 1030 SB County cash account where the receipts of $524,983.51, should be included as outstanding deposits at June 30, 2017.			
10 1030 00 0000	SB County	524,983.51	
10 1090 00 0000	Cash Receipts Clearing System		524,983.51
Total		**524,983.51**	**524,983.51**
Adjusting Journal Entries JE # 14			
AJE - To accrue accounts payable checks (6640) tested during search for unrecorded liabilities at June 30, 2017.			
10 6400 00 0000	Employer Pick-up	8,612.30	
10 6410 00 0000	Employer Contribution SBCERA	49,294.70	
10 6420 00 0000	Survivor Match	65.36	
10 8305 00 0000	Miscellaneous Control Acct	7,633.71	
10 8305 00 0000	Miscellaneous Control Acct	65.36	
10 2530 00 0000	Retirement		65,671.43
Total		**65,671.43**	**65,671.43**
Adjusting Journal Entries JE # 15			
AJE - To accrue accounts payable checks (ACH071317-2) tested during search for unrecorded liabilities at June 30, 2017.			
10 6200 00 0000	Medicare Tax	1,955.33	
10 8305 00 0000	Miscellaneous Control Acct	16,795.41	
10 2512 00 0000	FICAMed Employer		16,795.41
10 2513 00 0000	FICAMed Employee		1,955.33
Total		**18,750.74**	**18,750.74**
Adjusting Journal Entries JE # 16			
AJE - To accrue accounts payable checks (6653) tested during search for unrecorded liabilities at June 30, 2017.			
10 7510 20 0000	Financial Services	5,740.00	
10 2100 00 0000	Accrued Expense		5,740.00
Total		**5,740.00**	**5,740.00**

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 17			
AJE - To adjust beginning net position for beginning liability for compensated absences represented in the June 30, 2016 financials but not on the Districts books and records.			
10 3900 00 0000	Compensated Absences	298,077.43	
10 3900 00 0000	Compensated Absences	190,092.07	
10 3900 00 0000	Compensated Absences	122,084.21	
10 3900 00 0000	Compensated Absences	61,984.19	
10 2410 00 0000	Accrued Vacation		298,077.43
10 2420 00 0000	Accrued Sick		190,092.07
10 2430 00 0000	Accrued Holiday		122,084.21
10 2440 00 0000	Accrued Admin Leave		61,984.19
Total		**672,237.90**	**672,237.90**
Adjusting Journal Entries JE # 18			
AJE - To reverse District accrual per books actual at June 30, 2017.			
10 2410 00 0000	Accrued Vacation	84,056.99	
10 2420 00 0000	Accrued Sick	2,177.66	
10 2430 00 0000	Accrued Holiday	16,029.82	
10 2440 00 0000	Accrued Admin Leave	7,949.42	
10 2460 00 0000	Accrued Compensatory	84.53	
10 2410 00 1900	Accrued Vacation AV Contract		42,077.08
10 2430 00 1900	Accrued Holiday AV Contract		2,434.69
10 6110 00 0000	Vacation		41,979.91
10 6120 00 0000	Sick		2,177.66
10 6130 00 0000	Holiday		13,595.13
10 6140 00 0000	Admin		8,033.95
Total		**110,298.42**	**110,298.42**
Adjusting Journal Entries JE # 19			
AJE - To adjust current year compensated absences to 2017 schedule at June 30, 2017.			
10 2410 00 0000	Accrued Vacation	2,180.63	
10 2420 00 0000	Accrued Sick	30,265.47	
10 2430 00 0000	Accrued Holiday	416.34	
10 2440 00 0000	Accrued Admin Leave	9,231.59	
10 6110 00 0000	Vacation		2,180.63
10 6120 00 0000	Sick		30,265.47
10 6130 00 0000	Holiday		416.34
10 6140 00 0000	Admin		9,231.59
Total		**42,094.03**	**42,094.03**
Adjusting Journal Entries JE # 20			
AJE - To reclass contra accounts to liability since AV does not have a liability or employees at June 30, 2017.			
10 2410 00 0000	Accrued Vacation	177.90	
10 2410 00 1900	Accrued Vacation AV Contract		61.26
10 2410 40 0000	Accrued Vacation		116.64
Total		**177.90**	**177.90**
Adjusting Journal Entries JE # 21			
AJE - To adjust Fund 10 equity for difference between reported change in fund balance of $30,082 and District recorded change in fund balance and small unlocated difference of $945.69 for prior year at June 30, 2017.			
10 8215 00 0000	Miscellaneous Expense	13,877.45	
10 3300 00 0000	Unassigned Fund Balance		12,931.76
10 3300 00 0000	Unassigned Fund Balance		945.69
Total		**13,877.45**	**13,877.45**

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 22			
AJE - To remove prior period adjustment for CARB Audit interest portion allocated to Admin to be spent in a future period at June 30, 2017.			
30 2610 00 3098	Deferred Revenue - Administrative Carb Audit	64,605.40	
30 3000 00 0000	Restricted Fund Balance		64,605.40
Total		**64,605.40**	**64,605.40**
	Total Adjusting Journal Entries	**19,642,056.63**	**19,642,056.63**
	Total All Journal Entries	**19,642,056.63**	**19,642,056.63**

Type	Description
AJE	Audit Adjusting Journal Entry
GASB 68 Entry	GASB 68 Implementation Journal Entry

The following page(s) contain the backup material for Agenda Item: Reports: Executive Director

Community Relations & Education Activity Report

April 2018

Community Relations & Education Department:

The MDAQMD Community Relations and Education (CRE) Department has hired Martial Haprov as the new CRE Specialist. Jorge Camacho has also started and is now serving as the District's Grants Specialist.

Community Meeting:

An informational community meeting was held on March 28 to discuss new air quality legislation, specifically Assembly Bill (AB) 617 and AB 134. After multiple notices in the Daily Press and a story in High Desert Daily, 15 folks attended the meeting. Attendants included member of the public, District Staff and a representative from the California Air Resources Board.

Lawn and Garden Equipment Exchange Program:

The District's annual Lawn and Garden Equipment Exchange was held on April 14. With the increase in grant funding by $35,000 for a total of $85,000, more equipment was sold this year than in any event in the past. Final numbers are still being tallied.

Poster Program

This year's poster program has been sent out touting the theme, "Back to the FutAir," asking local youth for creative ways they can protect and improve air quality for future generations. The poster contest winners will be announced in May to coincide with Clean Air Month. As in years past, the winning posters will be used to create the annual MDAQMD calendar.

Chamber Memberships and Community Outreach

The District has begun to reach out to local chambers of commerce in the District to join them and find ways to increase education and outreach in relation to air quality. The District now belongs to Victor Valley, Hesperia, Apple Valley and High Desert Hispanic Chambers of Commerce and will be reaching out to participate in others throughout the district such as Adelanto, Yucca Valley and Blythe.

Social Media

MDAQMD is beefing up its social media presence to further engage the community and provide new platforms for information and residents' feedback. If you haven't already, please follow the District on Facebook and Twitter @MDAQMD. The District has already tripled its number of Facebook followers and is now on Instagram as well @MDAQMD.

25th Anniversary Logo:

CRE Staff designed and has started implementing a temporary logo for 2018 in honor of the District's 25 years of service (see in header). The logo, which adds the text "1993-2018" and "25 Years" to the already existing District logo, will be used on promotional, educational and marketing materials for the rest of 2018 and will revert back on Jan. 1, 2019.

This year, the **MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT** celebrates its Silver Anniversary.

Over the last 25 years, MDAQMD has consistently strived to educate the community on air quality issues. The District employs a common-sense, inclusive approach to the development of air quality management programs.

Led by Executive Director and Air Pollution Control Officer Brad Poiriez, the District boasts 40 full time employees and encompasses more than 20,000 square miles. As the geographical second largest air district in the state, the state of Rhode Island could fit within the District's boundaries 16 times without overlapping. District responsibilities include air monitoring, permitting, inspections and community outreach and education.

MDAQMD is committed to providing a welcoming environment to stakeholders currently residing in or looking to relocate into the district while protecting public health through pollution prevention initiatives. The District is one of 35 in California that are responsible for implementing air quality regulations — long considered some of the most challenging in the nation.

Every air district in the state must show progress in reducing air pollution to meet state and federal air quality standards in order to preserve the environment and protect the health and safety of the general public. Today, MDAQMD holds 3,869 permits covering 588 companies with 1,203 facilities. We strive to relate to regulated businesses in an approachable manner while performing our mandated responsibilities.

Despite its large coverage area, the District has fostered an atmosphere of healthy air quality throughout the Mojave Desert through its air quality education, pollution prevention and maintaining constant contact with stakeholders.
As our mission statement indicates, we aim "to attain and maintain a healthful environment while supporting strong and sustainable economic growth."

We want to say thank you to the community for a successful 25 years and make it known that we are here to answer questions and help residents and the business community for the next 25 years and beyond.

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