

VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT  
ADVISORY COMMITTEE MEETING  
August 27, 2013  
MINUTES

Vice Chair Thomas Lucas convened the meeting at approximately 7:35 p.m.

I. Director's Report

Mike Villegas, Air Pollution Control Officer, discussed ozone monitoring data. Favorable weather, including monsoonal moisture that has prevented inversion conditions, has kept ozone concentrations low. Mr. Villegas stated monitoring data shows one day over the old ozone standard but it was during the Springs fire. Monitoring data also shows 4 days over the current, 75 ppb standard but two of those days also occurred during the Springs fire. Staff plans to flag the days with high readings during the Springs fire as exceptional events and they should not impact attainment status. Mr. Villegas noted the District just attained the 84 ppb standard. We are allowed three days per year with 8-hour averages in excess of the current standard of 75 ppb. We have been running with days exceeding the 75-ppb standard in the teens each year. The District plans to attain the 75-ppb standard by 2021.

Committee Member Keith Moore asked for clarification on the status of the District regarding attainment of ozone standards and a summary of the plan for attainment. Mr. Villegas responded that the District is currently designated in attainment of the 84-ppb ozone standard and nonattainment for the 75-ppb ozone standard. The plan for attainment will rely heavily on emission reductions from mobile sources based on State and Federal measures. State standards on heavy-duty trucks will reduce emissions significantly. In addition, today's rule is a measure that will reduce volatile organic compound (VOC) emissions from stationary sources. The District has no jurisdiction over mobile sources.

Committee Member Moore asked how many tons of emissions reductions are required to meet the standards. Mr. Villegas stated this will be determined in the planning process. Staff is working to update the emissions inventory which is needed for the computer model. The model will be prepared by the Air Resources Board (ARB) and South Coast Air Quality Management District (SCAQMD). In effect, the model looks at the worst case weather such as high pressure over the east Pacific or the Four Corners area. This modeling determines the carrying capacity. The difference between the current inventory and the carrying capacity is the amount emissions must be reduced to attain the standard. Chuck Thomas, Planning Rules and Incentives Manager, added that staff is currently working on the updated inventory and ARB plans to conduct model runs next year.

Committee Member Robert Cole asked if the closing of the San Onofre nuclear power plant is causing the Ventura County power plants to run more often. Mr. Villegas stated he was uncertain if the Ventura County plants have increased utilization due to the shutdown of San Onofre. The local power plants are underutilized and run as peaker plants during hot days with

high electricity demand. The California Public Utilities Commission has stated that Ventura County should have 300 MW more local generating capacity. Both local plants have once-through seawater cooling systems. They must comply with new rules to entrain less sea life or shut down in the 2020 time frame. One plant might be repowered with a cogeneration system in the 300-MW range. The shutdown of San Onofre required the restart of an old plant in Huntington Beach.

Committee Member Tom Lucas asked about the 2014 small fleet rule. Mr. Villegas stated he did not have the details available. He stated he could send Committee Member Lucas information after the meeting by email.

Mr. Villegas continued with his update by discussing the Carl Moyer program. The Carl Moyer program has accounted for approximately 1/5 of reductions of smog forming emissions in the last five years. The Carl Moyer program is an incentive program that supports repowering farm tractors, agricultural pumps, and commercial fishing vessels. The program sunsets in 2015 but two bills, SB 11 and AB 8 have been introduced to reauthorize the program until 2023. Both bills have made it through their houses of origin and their policy committees and currently enjoy bipartisan support. The bills extend the program essentially with no changes.

Committee Member Joan Burns asked if the benefits of the Carl Moyer program have plateaued. Mr. Villegas stated that the District allocates \$3 million per year and is still significantly over-subscribed. He added that the program was audited in April of this year and the District was the first to receive a clean audit from the Department of Finance. ARB also audited the District's Carl Moyer program and found us to be approximately 30% more cost effective than most other participating air districts. Mr. Villegas attributed this finding to the cost effectiveness threshold we use that slows down the process slightly but allows us to get more reductions per dollar spent.

II. Call to Order

Chair Sara Head called the meeting to order at approximately 7:45 p.m.

III. Roll Call

Present

Joan Burns

Robert Cole

Raymond Garcia

Sara Head

Martin Hernandez

Michael Kuhn

Tom Lucas

Hugh McTernan

Keith Moore

Lindy Moore Palmer

Steven Wolfson

Absent

Todd Gernheuser

Richard Nick

Randy Johnson (excused)  
Kim Lim

Alice Sterling (excused)  
Duane Vander Pluym (excused)

Staff

Mike Villegas  
Chuck Thomas  
Stan Cowen  
Tyler Harris

Public

Mike Pearce, W.S. Dodge Oil Company, Inc. and Independent Lubricant Manufacturers  
Association

IV. Minutes

The minutes of the February 26, 2013 meeting were approved as drafted.

V. Committee Comment

There were no committee comments.

VI. Public Comment

There was no public comment.

VII. Old Business

There was no old business.

VIII. New Business

A. Proposed New Rule 74.31, Metalworking Fluids and Direct Contact Lubricants, and Proposed Amendments to Rule 23, Exemptions from Permit

Stan Cowen of the District gave a presentation of the proposed new Rule 74.31, Metalworking Fluids and Direct Contact Lubricants, and amendments to Rule 23, Exemption from Permit. Staff is proposing to adopt a new rule to reduce ROC emissions from metalworking processes such as machining, stamping and forging. Staff is proposing to amend Rule 23 to essentially keep the status quo and exempt most machine shops that will be subject to new Rule 74.31 from permit requirements. Notice of this Advisory Committee meeting was sent to all known sources in the District that will be subject to the new rule.

Mr. Cowen noted that proposed Rule 74.31 is based on SCAQMD Rule 1144, which was developed over several years with the cooperation of the regulated sources as well as the lubricant manufacturers. He specifically thanked Mike Pearce of the Independent Lubricant Manufacturers Association (ILMA) for participating in the District rule development process and bringing the benefit of his knowledge gained during the development of the SCAQMD rule. The proposed rule is required by the "All Feasible Measures" provisions of the California Clean Air Act.

Rule 74.31 will affect approximately 300 sources, mostly machine shops, but also engine rebuilding and other operations, that currently emit 76 tons of ROC per year. The proposed rule will reduce the emissions from these sources by 41 tons at a cost of approximately 40 cents per pound. This is an extremely cost effective emissions reduction and Mr. Cowen noted that many operations will see a cost savings as a result of using the new lubricants.

In order to avoid burdensome requirements on the often small businesses that use the fluids subject to proposed Rule 74.31, the rule relies on a sales prohibition to restrict the use of the high-ROC non-compliant fluids. The proposed rule also reduces compliance costs by requiring metalworking fluid substitution rather than requiring much more expensive emissions control equipment. The sales prohibition system, if properly monitored, effectively removes non-compliant material from the market so only compliant materials will be available in the District. In order to allow end-users to deplete stocks of non-compliant materials, the rule includes a 6-month user depletion allowance. The effective date of the proposed rule is January 1, 2014.

The proposed rule includes recordkeeping requirements for end-user facilities. However, if a facility uses only super-compliant materials with ROC content less than 50 grams per liter, the facility is exempt from the recordkeeping requirements. Facilities exempt from the specific recordkeeping requirements in the rule may demonstrate compliance with normal purchase records. Container labels of super-compliant materials already show ROC content since the requirements are already in place in SCAQMD.

The proposed amendments to Rule 23 section B.4 exempt metalworking facilities from permit requirements if they use super-compliant materials. Super-compliant materials are already available for 95% of all metalworking processes that require direct contact lubricants. The permit and recordkeeping exemptions have been included as an incentive to use super-compliant materials and therefor reduce emissions from affected processes as much as possible.

Staff notified all sources of two previous opportunities for public input - a public consultation meeting in April 2013 and a public workshop in July 2013. Mike Pearce of ILMA participated in both meetings and several local source representatives also attended each meeting. District staff received minor comments from US EPA and no comments from ARB. ILMA fully supports the adoption of Rule 74.31 and the amendments to Rule 23. ILMA wants uniform requirement nation-wide and they are committed to encouraging adoption of requirements similar to Rule 74.31 and SCAQMD Rule 1144 by all air pollution control bodies to keep the market uniform.

Committee Member Moore asked for clarification of the difference between super-compliant and compliant materials. Mr. Cowen stated that super-compliant materials have lower ROC content

and therefore generate less pollution. Super-compliant materials are generally heavier oils or are water reducible and used in a diluted form. Committee Member Moore also asked how the super-compliant materials compare to other materials in price and performance. Mr. Mike Pearce, ILMA/Dodge Oil, stated price and performance of super-compliant materials are comparable to compliant materials and old, non-compliant materials. The benefits of super-compliant materials to the end-user in SCAQMD motivated manufacturers to commit the resources to develop and sell super-compliant materials to better serve their customers. All subject lubricants sold by Dodge Oil are now super-compliant except the EDM and lapping compounds. For some materials, the cost to produce certain fluids did increase, particularly the honing oils which require low viscosity to suspend particles. However, all major manufacturers have accepted that cost and reformulated the honing oils. The materials are generally reusable if collected and filtered except for stamping lubricants which generally remain on the parts. The average life cycle of a gallon of material is six months.

Committee Member Lucas asked about testing of the new materials for hazards to the employees that will use them. Mr. Pearce stated that the straight oil-type products were already practically non-hazardous and the new materials are also low hazard materials and are non-carcinogenic. The exception is the old stamping and vanishing oils are basically solvents and were designed to evaporate from the part quickly after the machining or stamping process so the parts did not require cleaning. With the elimination of solvents, water based materials did not work well with some processes due to the time it takes for water to evaporate or its tendency to cause rust. There is an EPA exempt solvent called PCBTF (Parachlorobenzotrifluoride) that has a raised health hazard level. Dodge Oil is reluctant to sell PCBTF, encourages customers to try alternatives and educates the customer about the hazards and ways to reduce exposure.

Committee Member Garcia made a motion that the Committee recommends adoption of Rule 74.31 as well as the proposed amendments to Rule 23. Committee Member Martin Hernandez seconded the motion. Several committee members stated they had additional questions or points of discussion, so the Chair allowed discussion to continue.

Committee Member Wolfson asked how Advanced Structural Alloys and Arcturus Manufacturing would meet the requirements of this rule. Mr. Cowen stated Arcturus Manufacturing is already in compliance since they switched to a semi synthetic or emulsion lubricant. The change allowed Arcturus Manufacturing to remove their particulate control device so the switch to compliant materials was beneficial to the operation and air quality due to fewer particulate emissions.

Committee Member Wolfson also asked how the sales prohibition would be monitored and what authority does the District have over non-permittee manufacturers. Mr. Cowen stated that we have statutory authority to control stationary sources and that is the basis. The District has other rules with sales prohibitions. In the case of other sales prohibition rules, the District takes samples of products in use or purchases products directly. In this case the District might visit machine shops and if they find non-compliant products contact the manufacturer and inform them of the violation. Purchase records will likely show the date and time of purchase. Mr. Villegas stated that the authority is similar to the regulation of architectural coatings. The District does not regulate homeowners; we regulate the point of sale. District staff will visit sales

and distribution businesses such as Home Depot and check the products on the shelf for compliance.

Committee Member Wolfson asked if users of super-compliant materials are not required to keep records, how will the District know if they are in compliance? The rule does not require recordkeeping, but the facility must demonstrate compliance. So in essence, they must show that the products in use are super-compliant by the label or purchase records, even if formal recordkeeping is not required. Mr. Pearce stated SCAQMD Rule 1144 requires labeling of all containers. The labeling requirements have already been adopted nationwide by all major manufacturers of metalworking fluids. One of the leading manufacturers identified 17 pathways for products to enter Southern California, so they decided to label all of their products. 99% of containers already have VOC content listed on the label.

Committee Member Hernandez asked for clarification that even though recordkeeping is not required, a facility still would have purchase records that could be used as the on-site data to confirm compliance. Mr. Cowen confirmed that was the intent.

Committee Member Burns asked about the District's resources for enforcement and outreach, especially since the rule will apply to many small businesses that might have the attitude that they want to continue using material they know works rather than new untested material. Mr. Cowen stated that some public outreach such as a workshop would be a good idea to inform sources of the rule and how to comply. Also, sending inspectors to spot check machine shops and see if they are complying with the rule is possible.

Committee Member Burns asked for further clarification on the enforcement approach, especially in the early months. If an inspector visits a machine shop 8 months after the effective date and finds non-compliant materials, how would they handle enforcement? Would they cite them, give them guidance or ask about the supplier and pursue enforcement with them? Mr. Cowen stated that the rule includes a grace period of 6 months and Committee Member Burns responded that she was curious about how they would handle issues just after that period. Mr. Cowen stated that the rule applies to the user, so they are not allowed to apply the material and the suppliers are not allowed to sell it. Mr. Pearce stated the SCAQMD did an advisory tour to a number of machine shops to point out that they must stop using and dispose of non-compliant materials and provided information about compliant alternatives. SCAQMD is now starting an intensive campaign of active enforcement, but they gave facilities plenty of warning. In addition, Dodge Oil and many other suppliers prepared handouts listing compliant materials and distributed them to all of their customers in SCAQMD.

Committee Member Lucas followed up with a question about the two-year period in SCAQMD. Mr. Pearce added that 2010 through 2012 was a step down period in SCAQMD. The manufacturers needed the time to develop compliant alternatives for the vanishing films and rust protectants. Committee Member Lucas asked if the District would consider an 18-month transition period before fines go out. Committee Member Burns stated the rule already includes a 6-month period. Mr. Villegas confirmed that the rule already includes a 6-month transition. He agreed that the District would conduct some additional outreach before issuing Notices of Violation.

Committee Member Lucas asked about Haas Automation, noting that it appears they are exempt from some requirements. He noted that they can just move to Texas, which they already plan to do, but he asked if there are similar rules in Texas. Mr. Pearce stated that the industry is not aware of any current Texas rules. However, he believes that it is only a matter of time, especially since the SCAQMD-required labeling showed up around the country. People started asking about the source of the VOC, since it was never listed on the materials before and previous testing methods were terrible. Now regulation of these materials is under study in many jurisdictions and ILMA expects regulation to expand across the country. So even though Texas does not have a similar regulation now, it is coming.

Committee Member Cole asked if some metalworking fluids are sold as concentrates. Mr. Pearce stated that primarily the water reducible materials are sold as concentrates. Committee Member Cole followed up by asking if the material is more effective if it is not diluted. Mr. Pearce responded saying no, the water is needed to provide the cooling power the oil does not have. It is not effective and in fact it can be dangerous to use undiluted because some of the additives such as antibacterials and rust inhibitors are severely over-concentrated. They are designed to be diluted and used at 15-20 parts water to one part concentrate. However, stamping is a little different because it is more complex, but Mr. Pearce does not believe any facilities in the district use that type of operation. Committee Member Cole asked if concentrated material could speed up the operation. Mr. Pearce stated that it would actually slow them down and cost tremendous amounts of money because part of the cost effectiveness is in the dilution of the material.

Committee Member Moore asked for a rough estimate of the quantity of these materials used in Ventura County. Mr. Cowen stated that Ventura County uses approximately 1/20<sup>th</sup> of the quantity used in the SCAQMD. Mr. Pearce stated that Arcturus, for example, buys the forging compound 80 drums at a time. Small machine shops might buy a pail every six months. It varies widely. Automotive Racing Products buys maybe 5-10 drums per month of various products. These products are typically sold in bulk such as liquid bins or totes that contain up to 330 gallons, drums and pails.

Chair Sara Head asked for additional comments from the committee and no members asked to be recognized. She then asked Mr. Pearce if he wished to express any comments or questions. Mr. Pearce stated that ILMA and Dodge Oil have no problem if APCD wants to include the labeling requirement from Rule 1144 in Rule 74.31. They see it as a good thing and an excellent tool for helping enforcement.

Mr. Pearce also asked for clarification of the Rule 23 amendments if a permit is required for a sinker EDM machine that cannot use super-compliant materials due to the design of the machine requiring solvent. A permit is not required for such a machine in SCAQMD. Mr. Cowen stated that such a machine would require a permit in Ventura County. The permit exemption only applies if the process uses a super-compliant material or less and for that situation they are not using a super-compliant material so a permit would be required based on the current language. Mr. Pearce stated that ILMA and Dodge would support changing the language to exempt machine tools that are required to use non-super-compliant materials since they are very, very

few in number. He services approximately 100 sinker EDMs in all of Los Angeles. There are three or four grinding machines that require precision grinding fluid in all of the Los Angeles Basin. ILMA and Dodge support not requiring permits for these processes because that is a burden to the machine shop that can't do without the non-super-compliant material even though all of the rest of the machine tools are fine. It should be a very limited exemption where the manufacturer of the operation dictates the use of the non-super-compliant materials. You cannot incentivize them to change because the machine will not allow them to do it. Mr. Cowen and Mr. Pearce discussed the limited exemption and determined it should include:

1. carbide grinding machines where the manufacturer specifies the viscosity of the fluid;
2. sinker EDM machines; and
3. lapping (abrasive process that requires the solvent carrier – the light and heavy oils don't work).

Committee Member Burns asked for clarification about the exemption. Mr. Cowen state he believed Mr. Pearce's point is that the exceptions, these three processes do not have to meet the ROC requirements in Rule 74.31 due to the process design requirements but they are still required to have permits. Mr. Pearce stated that recordkeeping would still be required by Rule 74.31 so the District would have an accurate record of what is being used in these processes. Anyone using materials with ROC content above 50 mg/L must keep records. Mr. Pearce stated though it doesn't sound like much, recordkeeping is a major burden for manufacturers. They don't want to do it and they will do whatever they can to avoid it, so it is a very good carrot for manufacturers.

Chair Head requested clarification that the district would support both of the modifications, including addition of the labeling requirements in Rule 74.31 and the exemption of the three specific processes from the permit requirements. Mr. Cowen stated that the district definitely supports those changes. Chair Head asked Committee Member Garcia if he would amend his motion to include these changes in the Rules recommended for adoption by the Board.

Committee Member Lucas raised the issue of the timeline for enforcement again. He stated that the products have a shelf life of six months, and the enforcement is too quick. If not two years, maybe one year period before enforcement action is taken against machine shops for using non-compliant materials. Chair Head stated that products are already available and there are many incentives to change, such as increased effectiveness. Committee Member Lucas responded that they need to be educated and if we give them that time period and the suppliers assist with outreach, they will comply. He would rather put the extended time on paper now than rely on a policy by the District to delay enforcement. Mr. Villegas and Mr. Cowen agreed to amend Rule 74.31 to allow a year for depletion of metalworking fluid user inventory.

Mr. Pearce asked the Committee Members to keep in mind that 99% of the products have already been reformulated. Facilities should be using most of the reformulated products already. All of the product line redevelopment is already done. So it will be easier for the Ventura County industry to comply. Metalworking fluid manufacturers cannot sell non-compliant products after January 1, 2014 so in January, February or March when they reorder materials they will find out the old ones are no longer available. Committee Member Lucas stated that one year for outreach would be acceptable. Mr. Villegas stated that it would likely take District staff a year to visit all



of the mom-and-pop machine shops in the District anyway. Committee Member Garcia stated he would be willing to change his motion to include this amendment as well. Mr. Hernandez agreed to second the motion with the changes discussed.

Chair Head requested any additional discussion. Hearing none, she called the question for a vote. The vote was unanimous in favor of the motion so the motion carried.

Chair Head expressed the Committee's appreciate for Mr. Pearce's attendance and assistance. Mr. Pearce stated that he would be happy to assist in any way.

VIII. Adjournment

A Motion to Adjourn was made by Committee Member McKernan and seconded by Committee Member Burns. The meeting was adjourned at approximately 8:45 p.m.

Prepared by:

Tyler Harris  
Air Pollution Control District Staff