

VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT
ADVISORY COMMITTEE MEETING
February 22, 2005
MINUTES

Chairman Kuhn convened the meeting at approximately 7:50 p.m.

I. Director's Report

APCO Mike Villegas reported that District funding from state and federal grants was not expected to increase this year. He also reported that the air quality issues with the Halaco metal recycling facility were resolved because the facility had failed its source test, was shut down, and in bankruptcy.

II. Call to Order

Chairman Kuhn called the meeting to order at approximately 7:55 p.m.

III. Roll Call

Present

Sara Head	Manuel Ceja
Duane Vander Pluym	Michael Kuhn
Clint Matkovich	Ron de la Pena
Hugh McTernan	Michael Moore

Absent

Ron Dawson	John Procter (excused)
Aaron Hanson (excused)	Hector Irigoyen (excused)
Stan Greene	George Yago (excused)
Michael Gollub (excused)	

Staff

Mike Villegas	Don Price
Chris Frank	Karl Krause

Public

None

IV. Minutes

The minutes of the October 26, 2004, meeting were approved as drafted.

V. Chairman's Report

There was no Chairman's report.

VI. Election of Officers

Committee member Vander Pluym nominated Michael Kuhn and Sara Head for Chair and Vice Chair respectively. Committee member McTernan seconded the motion. The committee voted unanimously to approve the nominations.

VII. Public Comment

There was no public comment.

VIII. Old Business

There was no old business.

IX. New BusinessA. Proposed Amendment to Rule 42, Permit Fees

APCO Mike Villegas gave a presentation on the District's revenue and expenses, and told the Committee that state law authorizes the District to charge permit fees to cover its costs related to permitted stationary sources. He displayed the legal language attached to new state air quality mandates that states the state is not required to reimburse air districts because air districts have authority to levy fees to cover these new costs. He cited state Senate Bill 656 as an example. SB656 requires the district to develop significant new programs to control particulate matter pollution. Mr. Villegas explained that the District's emission-level-based permit renewal fee system reflects sources' effects on the environment. However permit renewal revenue declines as sources reduce emissions to comply with emission control programs. At the same time, workloads increase to implement these more complex programs, as well as their related costs. Mr. Villegas displayed and described a list of District programs funded by permit fees, and a pie chart illustrating the District's sources of revenue. The chart showed that permit renewal fee revenue is 24 percent of total revenue.

Mr. Villegas displayed a chart showing the following three projections of the District's revenue, expenses, and reserves: 1) No permit renewal fee increase, 2) The maximum fee increase allowed by state law (15 percent) in 2007, followed by annual 10 percent fee increases, and 3) A 6.5 percent fee increase this year followed by annual 5 percent fee increases. He explained that, without any fee increase, the District's reserves would quickly fall below the minimum reserves needed to comply with Board's policy to retain

three to four months of operating expenses in reserve. He said staff is proposing a 6.5 percent fee increase this year and will reevaluate District finances annually to determine if additional fee increases are necessary. He said the 6.5 percent fee increase would cost most permit holders an additional \$23 per year and would increase District revenue by about \$105,000 per year. Even with the fee increase, permit fee revenue will be lower than the amount collected in 1991. He described cost-cutting measures and showed a chart illustrating staffing cuts since its peak in 1992. He said that the SB656 mandate would be satisfied without adding staff positions. Mr. Villegas explained that expenses were rising due to inflation, workers compensation costs, and increased retirement contributions necessary to offset poor stock market performance.

Staff member Karl Krause explained additional minor technical amendments to Rule 42 being proposed by staff.

Committee member de la Pena expressed concern about the District's ability to cover its costs under the proposed amendments. Mile Villegas responded that costs are covered because processing fees for each application are tied to the number of hours spent processing the application.

Committee member Vander Pluym said some other government agencies collect a deposit from applicants, from which expenses are drawn. He suggested that staff look at other agencies' fee structures. Mile Villegas responded that many of the District's permittees are small businesses that are more sensitive to making large deposits.

Committee member McTernan said he prefers the existing system because fees can be significant for small sources.

Committee member Moore asked why a deposit could not be collected.

Karl Krause said Rule 42 allows the District to collect a deposit under certain circumstances.

Committee member Vander Pluym made, and Committee member McTernan seconded, a motion to approve the amendments to Rule 42 as proposed by staff. The motion was approved by a vote of seven yeases and one no.

B. Proposed Amendment to Rule 74.14

Staff engineer Don Price explained the proposed amendments to Rule 74.14. He said the purpose of the amendments is to comply with the state's All Feasible Measures mandate. The rule amendments are based on limits in SCAQMD Rule 1162 and the expected emission reduction is between 0.19 and 0.27 tons of ROC per year. The average cost-effectiveness of the proposal for all cases where a reduction is required is \$14,639 per ton

of ROC reduced for permitted emissions and \$16,990 per ton of ROC reduced for actual emissions. Both estimates are less than the BACT cost-effectiveness reference value of \$18,000 per ton of ROC reduced.

The proposed revisions will reduce monomer content requirements for many polyester resin materials. The ROC loss rate limit of 60 grams per square meter of exposed surface is proposed for deletion. Cleaning material will be either an SCAQMD Clean Air Solvent or shall not exceed 25 grams ROC per liter of material as applied. Sections on control device capture and control efficiency, recordkeeping, and test methods are being revised. Definitions for the new monomer content categories are being added. Other definitions are being revised or removed as needed, including the definition of High Volume-Low Pressure (HVLP) spray equipment. The proposed effective date of the revised limits is July 1, 2005.

Committee member Vander Pluym asked if resin operations were conducted in a controlled spray booth. Don Price responded that most operations are conducted out in the open. He described spray systems, hand lay-up operations, and vacuum drawn applications.

Committee member Moore asked how the emission impacts of an enclosed spray booth would compare to new spray requirements. Don Price said that staff is not proposing new spray requirements at this time because they are technology-forcing requirements that SCAQMD has not completed assessing. Mike Villegas discussed technology forcing rule requirements and the problems that small air districts like VCAPCD encounter when they adopt technology-forcing requirements.

Committee member Ceja asked if all affected local businesses had been contacted regarding the proposed amendments. Don Price responded yes.

Committee member Head asked if any sources are subject to the federal MACT. Don Price responded that local sources are too small to be affected.

Committee member Matkovich made, and Committee member Vander Pluym seconded, a motion to approve the rule amendments as proposed by staff. The motion was approved unanimously.

C. Rule 74.11, Residential Water Heaters – All Feasible Measures Assessment

Don Price said that state law requires the District to periodically reassess its rules to demonstrate that "all feasible measures" are being implemented. Based on staff's most recent comparison of Rule 74.11 to the corresponding SCAQMD rule, staff included Rule 74.11 in a list of rules to be amended. The Board subsequently approved a rulemaking schedule that includes revising Rule 74.11. Upon reexamination of the SCAQMD

requirements, staff determined that the SCAQMD limits are technology forcing. Therefore staff has decided to delay amendments to Rule 74.11 until the limits are demonstrated to be feasible.

D. Rule 74.19, Graphic Arts – All Feasible Measures Assessment

Staff member Chris Frank said that Rule 74.19 was also included in the Board's approved list of rules to be amended to meet the state all feasible measures mandate. Upon further analysis, staff determined that the more stringent limits in the SCAQMD graphic arts rule are also technology forcing. Therefore staff has decided to delay amendments to Rule 74.19 until the limits are demonstrated to be feasible.

Committee member Moore pointed out that the all feasible measures mandate is satisfied in these cases by performing the analyses and determining that the more stringent limits in the SCAQMD rules are not yet feasible.

The Committee approved the delay in rulemaking for both Rules 74.11 and 74.19.

IX. Adjournment

The meeting was adjourned at approximately 9:15 p.m.

Prepared by:
Chris Frank, APCD Staff