

**SACRAMENTO METROPOLITAN
AIR QUALITY MANAGEMENT DISTRICT**

For Agenda of **October 23, 2008**

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

From: Larry Greene
Executive Director/Air Pollution Control Officer

Subject: Public Hearing to Adopt a Resolution Approving a Revision to the Ozone State Implementation Plan for Reasonably Available Control Technology

Recommendations

1. Conduct a public hearing;
 2. Determine that the adoption of the revision to the Ozone State Implementation Plan is exempt from the California Environmental Quality Act (CEQA); and
 3. Adopt the attached resolution approving a revision to the Ozone State Implementation Plan for Reasonably Available Control Technology.
-

Executive Summary

The federal Clean Air Act requires air districts that are in nonattainment areas for the federal ozone standard to implement Reasonably Available Control Technology (RACT) for the emissions of ozone precursors – volatile organic compounds (VOC) and oxides of nitrogen (NOx). The RACT requirements apply to all source categories for which the U.S. Environmental Protection Agency (EPA) has published a Control Techniques Guideline (CTG) document as well as all major sources of VOC and NOx. The District must submit to EPA either: 1) District rules that meet the RACT requirements, or 2) a negative declaration stating that there are no sources in Sacramento County that are subject to the CTG.

The District was designated by EPA as a serious nonattainment area for the 8-hour ozone standard. Federal regulations promulgated by EPA required the District to submit a revision to the State Implementation Plan (SIP) that meets the federal Clean Air Act RACT requirements as they apply to the 8-hour ozone standard. On October 26, 2006, the Board adopted a revision to the SIP that fulfilled the RACT requirements for CTG categories previously established by EPA and for major sources of VOC and NOx. Since that time, EPA has promulgated seven new CTGs. In addition, it is anticipated that EPA will reclassify the Sacramento Federal Nonattainment Area to “severe” nonattainment in response to a request submitted by the local air districts and the California Air Resources Board (CARB). A reclassification to severe nonattainment will reduce the major source emissions threshold from 50 to 25 tons per year of either VOC or NOx, imposing RACT requirements on additional sources within the District. Consequently, just as the prior RACT analysis determined that sources with potential emissions of 50 tons or more per year meet the requirements, this analysis has focused on whether existing sources with potential emissions between 25 and 50 tons per year meet the RACT requirements.

Staff performed an analysis of District rules that implement RACT for the new CTG categories and major sources of VOC and NOx. As a result of this analysis, Staff has determined amendments

to Rule 450, Graphic Arts Operations, and Rule 451, Surface Coating of Miscellaneous Metal Parts and Products, will be needed to meet the new CTG requirements. Staff has also determined, however, that the requirements of RACT are already being met for existing sources that will become major sources upon reclassification to severe nonattainment.

Staff has prepared a revision to the Ozone SIP that includes: 1) negative declarations for four CTG source categories for which the District has no sources, 2) certification that the District has met the RACT requirements for existing sources of VOC and NO_x that will become major sources upon reclassification to severe nonattainment, and 3) commitments to amend Rules 450 and 451 to meet to the RACT guidelines established by the new CTGs.

Attachments

The table below identifies the attachments to this memo:

Item	Attachment	Page #
Board Resolution for Ozone SIP Revision	A	6
Proposed Ozone SIP Revision	B	9
Staff Report	C	14
Evidence of Public Notice	D	50

Background

EPA defines RACT (44 FR 53762) as “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.” Sections 182(b)(2) and 182(f) of the federal Clean Air Act require the District to implement RACT for:

- Each category of VOC sources that is covered by a Control Techniques Guideline (CTG) document issued by EPA; and
- All major stationary sources of VOC and/or NO_x.

On October 26, 2006, the Board adopted a revision to the SIP that fulfilled the RACT requirements for CTG categories previously established by EPA and for major sources of VOC and NO_x. This SIP revision was submitted by CARB to EPA on July 11, 2007. Since the October 26, 2006 RACT SIP, EPA has promulgated seven new CTGs. In addition, the air districts of the Sacramento Federal Nonattainment Area submitted a letter to CARB in February of 2008 to request a voluntary reclassification to “severe” nonattainment, as provided by Section 181(b)(3) of the federal Clean Air Act. On February 14, 2008, CARB requested that EPA reclassify this area to “severe.” It is anticipated the EPA will take action on this request by the end of 2008. A reclassification to severe nonattainment will reduce the major source emissions threshold from 50 to 25 tons per year of either VOC or NO_x, imposing RACT requirements on additional sources within the District.

RACT Analysis

Staff's analysis is presented in the Staff Report (Attachment C). The process Staff used to demonstrate compliance with federal RACT requirements consists of the following steps:

- For new CTG source categories for which the District has no applicable rule, determine whether the District has sources in these categories.
- For new CTG source categories for which the District has an applicable rule, perform a detailed comparison of the rule requirements with applicable CTG and other RACT guidance documents.
- For sources that will become major sources upon reclassification to severe nonattainment, determine the types of emission units at each source and determine which District rules apply to these sources. The RACT requirement is satisfied for a major source of VOC or NO_x when all units that emit these pollutants are subject to District rules that have been determined to satisfy RACT.

Based on a review of District permitting records, yellow pages, business listings, and the District's enforcement program for permitted and unpermitted sources, Staff has determined that the District has no sources in the following CTG categories:

- Flat Wood Paneling Coatings
- Paper, Film and Foil Coatings
- Large Appliance Coatings

Staff identified four source categories covered by the new CTGs for which the District has applicable sources:

- Offset Lithographic and Letterpress Printing
- Flexible Package Printing
- Industrial Cleaning Solvents
- Metal Furniture Coatings

Staff finds that the requirements of RACT for these CTG categories are satisfied by the District rules, with the following exceptions:

- For flexible package printing, Rule 450 does not meet the CTG requirements for mandatory control equipment on printing presses with potential to emit, prior to controls, of at least 25 tons/year of VOC. Staff is proposing to correct this RACT deficiency by amending Rule 450 to require control equipment on these presses, consistent with the CTG recommendations. These rule amendments were proposed at a public hearing on September 25, 2008, which was continued until October 23, 2008, for reasons not related to these CTG requirements and RACT determinations. Following adoption, the amended rule will be submitted for inclusion in the SIP.
- For offset lithographic and letterpress printing, Rule 450 does not meet the CTG requirements for mandatory control equipment on printing presses with potential to emit, prior to controls, of at least 25 tons/year of VOC. In addition, the CTG recommends more stringent VOC content limits for fountain solutions used by offset lithographic

printing sources with actual emissions of VOC of at least 15 lb/day (equivalent to 450 lb/month). Staff is proposing to correct these RACT deficiencies by amending Rule 450 to require mandatory control equipment on presses with potential to emit, prior to controls, of at least 25 tons/year of VOC and to set more stringent VOC limits, consistent with the CTG recommendations, for fountain solutions used by offset lithographic printing sources with actual emissions of VOC of at least 450 lb/month. These rule amendments were proposed at a public hearing on September 25, 2008, which was continued until October 23, 2008, for reasons not related to these CTG requirements and RACT determinations. Following adoption, the amended rule will be submitted for inclusion in the SIP.

- For metal furniture coating operations, the VOC content limits recommended in the CTG for general one-component, extreme high gloss, and extreme performance coatings are more stringent than those required by Rule 451. In addition, Rule 451 allows the use of an emission control system with an overall efficiency of 85%, whereas the CTG recommends 90% overall efficiency. Staff is proposing to correct these RACT deficiencies by amending Rule 451 to include the CTG-recommended VOC content limits for metal furniture coatings, applicable to sources with actual VOC emissions of at least 3 tons per 12-month rolling period, and to increase the overall efficiency required for emissions control equipment to 90%. These amendments were adopted on September 25, 2008. The amended rule will be submitted for inclusion in the SIP.

A bump-up to severe nonattainment will reduce the major source threshold to a potential-to-emit exceeding 25 tons per year of either VOC or NO_x. Staff reviewed the permitting records of sources within the District to compile a list of five sources that will become major sources of VOC or NO_x upon reclassification to severe nonattainment. Three of these sources were not included in the October 26, 2006 SIP revision, while the two other sources were included as major sources of NO_x but not VOC. Staff has determined that the RACT requirements have been satisfied for the sources that will become major sources upon reclassification to severe nonattainment.

Business Cost Impacts

Staff has determined that current sources are either below the applicability thresholds of the new requirements or already comply with the new requirements. No costs to businesses will be incurred as a result of proposed SIP revision.

District Impacts

The proposed SIP revision will not result in an additional need for staff resources.

Emission Impacts

The proposed SIP revision will not have any effect on emissions.

Environmental Review and Compliance

No sources will be required to modify their operations as a result of the commitments proposed in this SIP revision. Staff has determined that current sources are either below the applicability thresholds of the new requirements or already comply with the new requirements. Therefore, Staff has determined that the adoption of these rule commitments is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3) of the State CEQA Guidelines because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment.

Public Outreach

A public notice for the Board hearing to consider the adoption of the proposed SIP revision was published in the Sacramento Bee on September 22, 2008. The Staff Report and proposed SIP revision were made available on that day. The public notice was also mailed to all major sources within the District, sources that will become major sources upon reclassification to severe nonattainment, and all parties who have requested public notices for District rulemaking activities.

Conclusion

The proposed SIP revision will satisfy the requirements of sections 182(b)(2) and 182(f) of the federal Clean Air Act. Therefore, staff recommends that the Board determine that the proposed SIP revision is exempt from CEQA and adopt the attached resolution approving the SIP revision.

Respectfully Submitted

Larry Greene
Executive Director/Air Pollution Control

Approved as to form:

Kathrine Pittard
District Counsel

Attachments