Ventura County Air Pollution Control District
Program Review

Report of Findings and Recommendations

Prepared by the
California Air Resources Board
Stationary Source Division
September 2006

ACKNOWLEDGMENT

The findings and recommendations contained in this report were developed based on a review of office programs and field inspections. In conducting the program evaluation, Ventura County Air Pollution Control District (District) staff assisted the Air Resources Board (ARB) staff through interviews and file reviews in addition to performing their normal duties. We acknowledge the professionalism and cooperation of the District staff and management.

We also express thanks to the management and staff of the facilities we inspected as part of the program evaluation. Staff of all facilities were patient and accommodating during our field inspections. Special thanks are also owed to the stakeholders representing industry and environmental/public health groups for participating in the interviews and providing insightful comments regarding important issues related to the District's activities.

This report covers many program areas and was made possible with the assistance and support of ARB staff from the Enforcement Division, the Planning and Technical Support Division, and the Monitoring and Laboratory Division.

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REPORT OF FINDINGS AND RECOMMENDATIONS

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REPORT OF FINDINGS AND RECOMMENDATIONS

Introduction

Air pollution control district (district) program reviews are conducted as part of Air Resources Board's (ARB) oversight role with respect to districts in California and in accordance with section 41500 of the Health and Safety Code (HSC). The purpose of district program reviews is to provide constructive feedback to the districts to assist districts in carrying out their air quality programs. Findings and recommendations specific to each program area reviewed are included in the report.

From May through July 2004, ARB staff conducted a review of Ventura County Air Pollution Control District's (District) air quality program. As part of this review, ARB staff evaluated the District's compliance, permitting, rule development, portable equipment registration, AB 2588 "Hot Spots," emissions inventory, and ambient air monitoring programs. Staff from four ARB divisions participated in this effort.

This program review commenced with an entrance conference held in the District's office on April 22, 2004. During the conference, ARB staff presented an outline of proposed review activities to District management. ARB staff's presentation covered the scope, method and content of the program evaluation, general logistics, and time lines related to the effort. Following the entrance conference, a detailed review of the air pollution control activities of the District commenced in May 2004, with the major field inspection activity finishing by July 2004. ARB staff examined files and records from the preceding two years. Once the field and site review work were completed, staff reviewed and analyzed the data obtained and prepared initial findings and recommendations.

The program review findings and recommendations presented in this report are based on an office review of various program areas, interviews with staff and management, and field data from facility inspections. As part of the review, ARB staff also interviewed several stakeholders, including business and environmental representatives. A summary of their comments is included in this report.

District Information

The District's jurisdiction is coincident with the area contained in Ventura County, encompassing approximately 1,845 square miles. Ventura County is located in the South Central Coast Air Basin. This Air Basin is comprised of Ventura County, Santa Barbara County, and San Luis Obispo County. Ventura County's

population has grown from approximately 669,000 in 1990 to approximately 757,000 in 2000, and was expected to exceed 818,000 in 2005. In 1990, approximately 12.6 million vehicle-miles were traveled each day within the District boundaries. In 2005, an estimated 16.5 million vehicle-miles were driven daily.[1]

The District maintains its office in Ventura. As of April 2004, the District was staffed by a total of 64 positions, with a budget of approximately nine million dollars. The District's organization includes the Compliance & Incentives Programs Division with 17 positions, the Engineering Division with 15 positions, and the Planning/Monitoring Division with 16 positions. The balance of 16 positions are for Administration, Public Information Division and Information Services.

Attainment Status

Ozone

Ventura County was classified as a severe nonattainment area for the federal 1-hour ozone standard in November 1990. However, ozone concentrations have declined steadily at all air monitoring stations since 1990. Pollution controls have cut ozone-forming emissions substantially, even with growth in population, vehicle travel, and the expanding economy. The emission controls have improved the long-term air quality trends, decreasing the number of days over the federal 1-hour standard. The region achieved the former federal 1-hour ozone standard during the 2000-2002 and the 2001-2003 periods. In 2004 and 2005, Ventura County experienced no exceedances of the federal 1-hr ozone standard.

In June 2004, the United States Environmental Protection Agency's (U.S. EPA) more health-protective 8-hour ozone standard went into effect. The federal 1-hour ozone standard was revoked one year later on June 15, 2005. Based on the more protective 8-hour standard, Ventura County exceeded the ozone standard on 17 days in 2004 and 11 days in 2005.

Under the federal 8-hour standard, Ventura County is classified as a moderate nonattainment area (excluding the Channel Islands of Anacapa and San Nicolas Islands which are unclassified/attainment), with a 2010 attainment deadline. The District is required to prepare an 8-hour ozone State Implementation Plan (SIP) by June 2007. ARB staff has begun working with staff from districts throughout California to prepare the necessary inventory and modeling updates for the 8-hour ozone SIPs.

Ventura County is also a severe nonattainment area for the State 1-hour ozone standard. State air quality standards are more health protective than the federal

[1] The California Almanac of Emissions and Air Quality, 2005 Edition.

standards.[2] Even so, improvements in long-term air quality trends have reduced exceedances of the State 1-hour standard from 99 days in 1990 to 17 days in 2005.

Particulate Matter

Particulate matter consists of a mixture of fine airborne solid particles and liquid droplets (aerosols). The size of particulate matter can vary from coarse wind blown dust particles to fine particles directly emitted or formed from chemical reactions occurring in the atmosphere. Federal and State particulate matter standards focus on PM10 and PM2.5. PM10 comprises particles with an aerodynamic diameter less than or equal to 10 microns, while PM2.5 are particles less than or equal to 2.5 microns in aerodynamic diameter.

The federal 1990 Clean Air Act Amendments established air quality standards for PM10 that consist of a 24-hour standard and an annual standard. In 2004, U.S. EPA published final designations for the federal PM2.5 standards. Ventura County is designated as a federal nonclassified/attainment area for both PM10 and PM2.5. However, Ventura County is designated as a nonattainment area for the State PM10 standards and the State PM2.5 standard. As with ozone, the State air quality standards for particulate matter are more health protective than the federal standards.

In Ventura County, particulate matter varies significantly by season. PM10 concentrations tend to be lower in the winter months. Improvements in air quality have reduced estimated exceedances of the State PM10 standard from 66 calculated exceedance days in 1990 to 12 calculated exceedance days in 2005.

Overall Findings

District compliance staff is able to conduct annual inspections of all of its stationary sources. Compliance verification of coatings and solvent standards can be improved by collecting samples and having them analyzed. Enforcement actions are settled in a timely manner and according to written policy. The District has an active outreach and public education program, as well as timely investigations of complaints. However, more effort should be made to inform all complainants about the results or status of the complaint investigation referred by them. The District should witness more source tests and use on-site investigations as the preferred method of investigating breakdown reports. In the area of variances, ARB staff recommends that the Hearing Board modify its procedures so that the supporting evidence for each finding, along with the determination that each finding can be made, is conveyed to the record. Excess emissions information (if available) should be included in the written variance orders. The District fully meets the requirements of the Full Compliance

[2] ARB approved a new State 8-hour ozone standard in April 2005, with special consideration for children's health. The State 1-hour ozone standard is retained.

Evaluation Program and the High Priority Violation Program. As with most districts, the District needs to inspect more statewide portable equipment and improve its compliance rates for automotive coatings operations.

The District has an active program to disseminate air quality information to citizens of Ventura County. Included in this are production of publications and creative materials and participation in outreach events at Clean Air Week, Earth Day, the Ventura County Fair, and local schools. The District's educational campaigns are also conducted through newspaper supplements, radio advertising, and displays at selected local events. The District is working on a 30 to 40 minute film on the history of air pollution with the help of a grant from U.S. EPA. District Management informed ARB staff that they are committed to environmental justice as an integral part of their activities. By way of example, some of the outreach and public education activities were cited as well as timely investigation of citizen complaints. Some of the District's brochures are in the Spanish language. The District's monthly newsletter gives a good account of permitting, rule development, and enforcement activities.

With respect to its permitting program, the District processes permit applications efficiently (i.e., no permitting backlog) and applies best available control technology, emission reduction credits, and emission offsets according to its Board-adopted rules. The District develops rules that are stringent and commensurate with its air quality status. It continues to modify and adopt new rule categories that meet the all feasible measures requirement. The District has also met most of the AB 2588 Air Toxics "Hot Spots" requirements. It has a well organized emission inventory program designed to estimate criteria pollutant emissions from point and area-wide sources and toxic emissions from point sources. The District satisfactorily operates, maintains, and manages the data generated for its gaseous and particulate matter ambient air monitoring sites.

Based on the above findings, it is our opinion that the District has an overall effective air pollution control program. As with any air pollution control program, there is room for improvement in individual program areas. The report provides findings and recommendations by program area. The recommendations contained in this report are designed to assist the District with its clean air efforts. The last section of the report contains a summary of stakeholders' comments to various questions. These stakeholders represent environmental/public health groups and industry in Ventura County.

Findings and Recommendations by Program Area

The rest of the report provides detail findings and recommendations for program improvement by program area. ARB staff evaluated the District's compliance, permitting, rule development, portable equipment registration, AB 2588 "Hot Spots," emissions inventory, and ambient air monitoring programs.

A. Compliance Program

This section covers the evaluation of the District's Compliance Program. The evaluation consisted of an office review of relevant records and a joint field inspection effort. Findings and recommendations are presented for each of the following areas:

- Source Inspection Program
- Legal Action Program
- Complaint Program
- Breakdown Program
- Continuous Emission Monitor Program
- Source Testing Program
- Asbestos Program
- Air Facility System Program
- Variance Program

A.1 Source Inspection Program

The source inspection program serves as the compliance verification component of District operations. Inspections provide feedback on the actual compliance status of permitted facilities. When a source is found to be in noncompliance, the District documents its observations and conclusions in the form of an inspection report and issues a corresponding notice to the source. The District's inspection program was evaluated with respect to its policies and procedures and inspection frequency. In addition to this records review, ARB staff conducted joint inspections of several District permitted facilities. The results are tabularized and discussed in the later part of this section.

A.1.1 Inspection Staff Resources

The District's inspection staff includes seven field inspectors, two supervisors, and one engineer that are charged with inspecting approximately 1,200 stationary sources, including about 300 gasoline dispensing facilities (GDFs). The District has divided its territory into eight sectors. Inspectors are responsible for the facilities in a specific sector, except for sectors five and six, which are shared between two inspectors. In addition to conducting compliance inspections, these inspectors also have responsibility to conduct complaint investigations, review continuous emission monitor (CEM) quarterly reports, and observe source tests at GDFs. The engineer inspects continuous emission monitors, the two power plants, and observes source tests.

The District has indicated that their current staffing level is adequate to fully handle program improvements. However, this was not corroborated in our review of the District's equipment breakdown, source testing, and portable equipment registration programs, where ARB staff found that resource

constraints prevented the District from conducting onsite investigation of breakdowns, witnessing all source tests, and inspecting equipment related to the portable equipment registration program.

Recommendation: The District should evaluate whether current resources are adequate to fully handle existing program requirements.

A.1.2 Inspection Policies and Procedures

The District has written policies and procedures providing guidance on most facets of its inspection program ranging from inter-agency referrals to detecting, documenting, and reporting violations. The District's notice of violation (NOV) guidelines establish clear procedures for the issuance of NOVs and subsequent compliance verification. However, as described below, some of the District's compliance policies concerning minor violations should be clarified. One District policy document calls for issuing a notice to supply information (NTSI) for minor procedural violations, whereas another policy specifies issuing a notice to comply (NTC). These policies have areas of overlap.

Procedures for issuing a NTSI for minor recordkeeping violations are detailed in the District policy entitled "Record request: Follow-Up Procedure," which was adopted on June 16, 1990 (revised August 2, 1995). At that time, use of the NTC for minor violations was not specified in the HSC. In April 1996, the District adopted a policy entitled "Notice to Comply – Procedural Violations." These guidelines provide for issuance of a NTC for failure to submit records and reports. In November 1999, the District adopted Rule 230 to implement the provisions of Chapter 3, "Minor Violations," of the HSC. Rule 230 defines a minor air pollution violation and provides the framework for District NTC guidelines. The District would benefit from updating its compliance policies that concern NTSI issuance. District inspectors use NTSIs frequently as shown in Table I: 2002-2003 Notice Issuance Summary.

Table I shows a count of NTSIs, NTCs, NOVs, and notices to repair (NTR) issued by the District for calendar years 2002 and 2003. For GDFs only, the District issues NTR for minor violations. For example, the District might issue a NTR for a frozen swivel or wrong toll-free number as a result of a phase II inspection and for a loose vapor cap on the phase I inspection.

The District has agreed to review and update the above policies and procedures.

Table I
Summary of 2002-2003 Notice Issuances

Year	Type of Notice	Number of Notices
2002	NTSI	396
	NTC	169
	NTR	42
	NOV	267
2003	NTSI	406
	NTC	145
	NTR	28
	NOV	242

Recommendations: The District should implement Rule 230 by using NTCs rather than NTSIs for minor violations. Further, the District should phase out the NTR program and replace it with the NTC program for violations found at gasoline dispensing facilities.

A.1.3 Inspection Frequency

The review of District's files and reports show that the District conducts annual inspections at all permitted facilities (including gasoline dispensing facilities) and consequently adheres to its inspection frequency policy. Furthermore, some facilities are inspected more frequently than once a year. For example, major sources[3] with a history of noncompliance are inspected semi-annually. Table II shows the number of compliance inspections conducted in CYs 2002 and 2003.

Table II
Compliance Inspections in CYs 2002-2003

Approximate Number of Facilities 2002-2003	Year	Number of Compliance Inspections
1200	2002	1340
	2003	1331

Recommendation: None

A.1.4 Inspection Documentation

ARB staff reviewed inspection reports and noncompliance issuance notices (i.e., NOVs, NTCs, etc) for adequate documentation of results and enforcement action taken. ARB staff found the inspection files to have adequate documentation

[3] The District's major source emission thresholds during calendar years 2002 and 2003 are given below. Pollutant thresholds are in tons per year (tpy): VOC – 25 tpy, NOx – 25 tpy, CO – 100 tpy, PM10 – 70 tpy, SOx – 70 tpy

required for penalty settlement or other enforcement action. However, the District relies entirely on Material Safety Data Sheets (MSDS) for compliance verification with coatings and solvents standards. ARB staff found that the District did not sample and analyze any coatings or solvents for compliance purposes during CY 2002 and 2003. Periodic checking of the solvent content of materials being used is important for an effective enforcement program. Moreover, reliance on only MSDS information could lead to inadequate documentation necessary for successfully processing enforcement cases.

Recommendation: The District should begin collecting samples of coatings and solvents and have them analyzed for compliance with rule and permit condition limits.

A.1.5 Compliance Results of ARB and District Staff Source Inspections

Joint inspections were conducted at 110 facilities to obtain field data and actual compliance rates. In order to obtain an adequate understanding of the compliance rates of sources located in the District, ARB staff selected sources that varied in size and type. Table III lists the category of sources inspected, the number of facilities inspected, the number of total equipment units inspected at each facility, and the number and types of enforcement notices issued. It also summarizes the violation rate obtained on an overall basis and per source category. Table III does not include the NTSIs issued by District inspectors.

Based on the sample size of 110 facilities inspected as part of the program review, an overall compliance rate of 86 percent was obtained. This is based on the consideration of emission-related violations (only) and compares favorably to data obtained from other districts. However, the automotive coatings category was found to have a low compliance rate (about 50 percent). This category had mostly open container violations and failure to use an enclosed gun cleaner. Compliance could be improved through an outreach effort that emphasized the importance in having closed solvent or coating containers.

As a side note, during inspections of automotive and general coating operations, there was some confusion in determining if the high volume low pressure (HVLP) spray guns were operating at the correct pressure range (0.1 to 10 psig). Spray guns from different manufacturers have pressure gauges at different points in the system and some were not fitted with a pressure gauge. This made it difficult to determine the compliance of the spray guns on a consistent basis. District Rule 74.18 related to coating operations defines HVLP applications as spray equipment which uses a high volume of air delivered at pressures between 0.1 and 10 psig measured at the spray gun air cap and which operates at a maximum fluid delivery pressure of 50 psig.

Table III
Summary of Joint Inspection Violation Rates and Common Problems Encountered (Excluding GDFs)

Source Category	Facilities Inspected	Total Equipment Units Inspected	Emission-Related Violation (NOV)			Minor Violation (NTC)		
			# of Units	%	Examples of Problems Found # Type	# of Units	%	Examples of Problems Found # Type
Dry Cleaners	20	20	3	15%	1 No Records 1 Open Container 1 Vapor Leaks	1	5%	1 No evidence of refresher certification
Automotive Coating	20	28	14	50%	11 Open Container 2 Failure to use enclosed gun washer	4	14%	1 Unpermitted sandblast gun 1 Regulator not at or below 10 psig
Coating - General	17	35	12	34%	3 Open container 2 Spray gun air pressure exceeded 10 psig 1 ROC* limit exceeded	2	6%	1 Permit not posted 1 Differential pressure meter not calibrated
Graphic Arts	14	54	8	15%	3 Related to gauge regulators on HVLP guns 1 Failure to use enclosed gun washer 1 Noncompliant spray gun 1 Non-compliant primer	3	6%	1 Permit not posted 1 Records not available 1 Failure to keep mix ratio of fountain solution
Boiler / ICE**	13	48	2	4%	No permit to operate	3	6%	2 No permit to operate 1 Failed to submit copy of source test report
Oil Production	10	137	9	7%	6 Gas leaks 2 Related to vapor recovery	8	2%	6 No permit to operate
Waste Water Treatment	4	21	1	5%	1 Open hatches	2	10%	1 Failure to specify sampling location
Concrete Batch	4	6	1	17%	1 No permit to operate	0		
Polyester Resin	3	3	0			0		
Other: 2-UST*** 1-AST**** 1-Soil Remediation 1-Crematory	5	6	0			0		
Total	**110**	**358**	**50**	**14%**		**23**	**6%**	

*ROC is defined in District Rule 2 – Definitions. This term replaces volatile organic compounds wherever they appear in Ventura County Rules and Regulations.
**ICE – internal combustion engine
***UST – under ground storage tank
****AST – above ground storage tank

Recommendations: The District should continue its efforts to ensure compliance rates are high for all permitted facilities. For specific source categories with low compliance rates, such as automotive refinishing and general coatings, the District may need to implement an outreach effort through increased compliance assistance, training and penalty action (when needed). The District should implement a consistent policy for requiring a 10 psig outlet pressure (at the tip) for HVLP spray guns.

A.1.6 ARB Inspections at Gasoline Dispensing Facilities

ARB staff conducted visual inspections of the Phase I and Phase II vapor recovery systems at 63 balance-type gasoline dispensing facilities. The inspections did not include leak decay testing of the underground storage tanks. ARB staff reported the results to the District, and District inspectors followed-up with appropriate enforcement action, as needed. Table IV summarizes emission related violations and gives examples of typical problems that were encountered.

The emissions-related compliance rate of 85 percent (15 percent violation rate) for Phase II (fuel-dispensing equipment) is high (compared to other districts) for GDFs equipped with balance-type vapor recovery systems. The overall compliance rate for Phase I (fuel-storage equipment) of 74 percent (26 percent violation rate) was lower than that found for Phase II equipment. This is usually a typical trend also found in other districts. The 74 percent compliance rate improves to 83 percent if we do not take into account the 15 spill boxes out of 160 inspected that had some liquid. Regarding procedural-type violations, ARB staff found about 33 percent of the facilities did not have maintenance/test records available at the time of inspection, and about 14 percent had a missing, wrong, or not visible toll-free number on one or more of the dispensers.

Table IV
Summary of Gasoline Dispensing Facility Inspection Results

	Facilities Inspected	Total Equipment	Equipment Inspected	Typical Problems	Emissions-Related Violation Rate
Phase I – Underground Storage Tanks	63	164	160	Liquid in spill boxes, Loose vapor cap, Loose fill cap, Fill gasket missing, Vapor gasket missing	42/160 (26%)
Phase II – Booted Nozzles	63	612	608	Torn faceplate, Cuts in hose, Broken retractor, 100 ml or more liquid in vapor path, Hose too long	90/608 (15%)

Recommendations: None.

A.2 Legal Action Program

The legal action program encompasses enforcement actions taken by the District after a facility is documented to be in violation of applicable rules and regulations. In particular, the program covers the mutual settlement of notices of violation issued to noncompliant sources and any civil actions that may follow unsuccessful mutual settlement attempts. The goal of the District's legal action program is to ensure that a facility returns to compliance before settlement and that notices of violation are settled for penalties that are commensurate with the magnitude of the violation.

The District has a vigorous and well-administered mutual settlement program. File review and electronic reports indicate that the District follows its policies and settles cases within 70 days. All NOVs are tracked from issuance to settlement. Compliance must be assured before the mutual settlement process begins. The mutual settlement officer stays in close touch with the inspectors to document return to compliance. The District may seek an Order of Abatement from the Hearing Board if prompt compliance is not achieved and the facility does not obtain a variance. Penalties are generally commensurate with the magnitude of the violation. During interviews, inspectors affirmed that the District's mutual settlement program is an effective deterrent to noncompliance. The Compliance Manager is directly involved in high profile cases.

The District's mutual settlement policy document and associated penalty schedule provide for the day-to-day administration of the mutual settlement program. The eight factors cited in HSC section 42403 are included in the policy. These factors relate to the extent of harm caused by the violation, the nature and persistence of the violation, the length of time over which the violation occurs, the frequency of past violations, the record of maintenance, the unproven or innovative nature of the control equipment, action taken by the defendant to mitigate the violation, and the financial burden to the defendant.

Baseline penalties for emission-related violations are typically $500 or $1000. However, the District's penalty schedule does not have higher tiers for repeat violators. In practice, the District considers ten years of compliance history when determining settlement amounts. Penalty increases based on past history are generalized and left to the discretion of the mutual settlement officer. Formalizing multipliers for repeat offenses in the District's penalty schedule could facilitate uniform treatment of sources with prior violations.

Table V summarizes NOV settlement information by rule category. Figures are based on a report provided by the District of NOVs issued to permitted sources in CYs 2002-2003, but also include additional NOVs issued for open burning. Overall, 10 percent of issued NOVs settled for zero penalty amount.

Table V
Summary of Penalty Settlement Amounts by Rule Category for 2002-2003

Rule Category	# Settled NOVs	Recorded Penalty Amounts	% NOVs Settled for Zero Penalty Amount	Penalty Range	
				Lower	Upper
Permits Required Rule 10	71	$34,700	21% (not including 2 NOVs resulting in misdemeanor charge)	$150 (unpermitted spray booth)	$1000 (various unpermitted equipment)
Permit Conditions Rule 29 (Includes variety of facility types)	90	$96,300	19% (not including NOVs resulting in misdemeanor charge)	$150 (failure to submit OMP*)	$15,000 (exceeding throughput at power plant)
Open Burning Rule 56	13	$13,950	0%	$100	$5000 (National Park Service)
Storage and Transfer of Gasoline Rule 70	188	$106,600	2%	$100 (lack signs on dispenser)	$2000 (phase I failed tests)
Crude Oil & Reactive Organic Compounds Rule 71 (71-1, 71-2, 71-4)	33	$90,100	0%	$300 (improper storage of crude oil)	$18,000 (improper vapor recovery, tank battery)
Dry Cleaning Rule 74-5	24	$6750	8%	$100 (no ARB operator certificate)	$650 (inadequate maintenance)
Crude Oil & Natural Gas Production Rule 74-10	21	$68,700	5%	$150 (failure to submit OMP)	$27,000 (leaks, oilfield equipment)
Automotive Coating Rule 74-18	22	$8250	14%	$150 (*e.g*. open containers)	$1000 (improper equipment)
All Others	49	$57,981	20%	$150 (failure to submit OMP)	$10,000 (failure to record NO_x emissions)
Total	511	$483,331	10%		

*OMP – operation and maintenance plan

A mutual settlement letter is issued for all violations that the District desires to settle with a penalty amount. The letter recommends a dollar amount and provides an opportunity for the responsible party to request a conference. Penalty reductions are handled on a case-by-case basis at the discretion of the mutual settlement officer. Reductions are appropriate, although some are based

on a pragmatic appraisal of an amount that is likely to be actually obtained from the responsible party.

The District settled cases quickly during the review period, with an average time from NOV issuance to settlement of 55 days for 2003 and 69 days for 2002. Settlement times compare favorably with other districts recently reviewed and help reinforce the deterrent effect of the District's mutual settlement program.

The District does not have written protocols or memoranda of understanding with County Counsel or the District Attorney's (DA) office. County Counsel gives legal advice but does not prosecute cases or seek civil action. However, cases are referred to the local DA or State Attorney General (AG) on an as needed basis. In June 2003, the District referred the case of Halaco Engineering to the DA, who filed criminal charges and was able to get a misdemeanor verdict on three counts against this facility. In CY 2002 and 2003, two cases were referred to the AG office. One case is currently in litigation, the other case (Pacific Custom Materials/TXI) was settled for $350,000 in addition to placing additional monitoring and emission mitigation actions on the facility.

District staff's opinion is that additional support from County Counsel/DA could strengthen the District's legal action program. The District should meet with County prosecutors to develop written protocols or memoranda of understanding (MOU). Even though we did not discover process issues with cases referred to the DA, for continuity purposes it would be helpful to have either written protocols or a MOU that would provide guidance on the case referral process. A protocol or a MOU with the DA is especially helpful to recently-hired enforcement staff.

Recommendations: The District should include multipliers for repeat offenses in the District's penalty schedule. The District should meet with County Counsel/DA to discuss developing written protocols or memoranda of understanding.

A.3 Complaint Program

The District's complaint handling program governs the investigations of complaints received from the general public. Air pollution complaints received by the District are an essential source of information. Timely and attentive response to air pollution complaints is critical to ensure protection of public health, maintain public trust, and implement an effective Environmental Justice Program. The District's complaint program was evaluated with respect to the framework of best management practices to respond to complaints as described in the ARB/CAPCOA Complaint Resolution Protocol of October 2002. These include the receipt, evaluation, response, and resolution of air quality complaints and feedback to the complainant.

The District received approximately 431 complaints for CY 2003. Of these complaints, individual contributions include 68 percent from odors, 13 percent

from dust, 6 percent from open burning, and 6 percent from painting operations. Complaints from gasoline dispensing facilities, fumes, asbestos, and abrasive blasting operations constitute the remaining 7 percent of complaints received by the District. ARB staff did a detailed review of 31 percent of the complaints received in CY 2003.

Based on the review, the District has a good program in place to receive, process, and investigate complaints received during office hours. After-hour or weekend complaints (estimated to be eight percent of total complaints received) are not investigated on a real time basis unless there is an emergency. Complainants contact the District by dialing the published numbers or through electronic mail. Complainants can talk to District staff during office hours. Weekend and evening complaints can be left on voice mail. District staff is aware of the ARB language line service.

The District gives high priority to the investigation of complaints. Based on an analysis of our sample, it is our finding that the District investigates 90 percent of complaints received. Sixty-five percent of the investigated complaints were analyzed within 24 hours of receipt. An on-site investigation was conducted for 70 percent of complaints acted upon by the District. Almost 61 percent of the complainants were contacted by phone or in person in an effort to gather more information about the complaint. The District makes an attempt to inform complainants about the status of the complaint or results of the investigation. Approximately 43 percent of complaints with known complainants were informed of the results of the investigation. In large urban districts, it is common for inspectors to contact the complainants with the results of their investigation. We believe the District should increase the response rate to complainants. The District has already taken action in this regard and has revised its complaint policy to require the inspectors to attempt to contact the complainant to discuss the findings of the investigation.

Recommendations: The District should examine the feasibility of having an on-call inspector for after-hour and weekend time periods who can periodically check received complaints and take action if warranted. The District should also inform all complainants about the results or status of the complaint investigation referred by them.

A.4 Breakdown Program

If a source reports a legitimate breakdown condition, the District's breakdown rule protects that source from enforcement action. Pollutants can be emitted during a breakdown episode at higher concentrations than during controlled operation. Therefore, it is important that breakdowns are minimized and are corrected quickly.

The District's equipment breakdown program was evaluated with respect to receipt, investigation, and resolution of equipment breakdowns. The District received approximately 99 breakdown reports from 17 stationary sources during calendar years 2003. ARB staff's findings in this area are based upon the analysis of 33 percent of the 99 breakdown reports received by the District.

Overall, the District's breakdown program is operating in a satisfactory manner. The District has a demonstrated system in place for receiving and processing reported breakdowns. This system includes identifying frequent breakdowns from the same equipment. The District does have equipment breakdown logging procedures for staff. Incoming reports are entered into a database and forwarded to the Compliance Division Engineer who normally investigates the breakdown. The District also has a procedure in place to identify frequent breakdowns from the same equipment. The District estimates excess emissions from the breakdown condition. Excess emissions arising from the breakdown are factored into the District's emissions inventory. The District does not allow process upsets to be considered as valid breakdowns.

The District's analyzes reported breakdowns by conducting a phone interview with the source operator. This is normally done within 24 hours of receiving a breakdown report. ARB staff could find no evidence of an on-site investigation as a means of analysis at any of the 33 reports reviewed by ARB staff. Even though District staff is familiar with the equipment and processes involved, sole reliance should not be placed on phone interviews as a means of analyzing reported breakdowns. On-site investigations should be the preferred method of investigating breakdown reports. District staff did inform ARB that on-site investigations were not conducted in CY 2003 because of resource constraints.

Recommendation: The District should use on-site investigations as the preferred method of investigating breakdown reports.

A.5 Continuous Emission Monitor Program

A comprehensive and efficient CEM program is an effective tool for compliance verification and a significant component of a district's compliance program. CEM reports allow district staff to verify a source's compliance status on a continuous basis.

In general, the District has a well-run CEM program. The District enforces applicable rules, regulations, policies, and permit conditions pertaining to continuous emission monitors. Our findings in this area are based upon a review of District files, database reports, and interviews with staff persons responsible for this program. The District has 12 facilities (23 units) equipped with CEMs. Ten of these facilities are Title V sources. Permit conditions for these facilities specify calibration frequency, maintenance, quarterly challenge audits, annual relative accuracy test audits (RATA), and other reporting requirements.

CEMs are tested at the prescribed frequency. The District notifies sources for upcoming RATA/source test deadlines. District policy calls for enforcement action to be taken against sources with excess emissions or those who fail source test protocols. Our review found documented examples where the District took enforcement action against sources with excess emission reports, CEM downtime, or failed relative accuracy test audits /source tests. Approximately 10 NOVs were issued for CEM related violations in 2002 and 2003. Three of the 10 NOVs were for excess emission violations. CEM recorded emissions over 110 percent of permit limit receive a NOV unless the unit is protected by a breakdown condition.

District staff reviews power plant CEM records on a monthly basis and CEM records of other facilities on a quarterly basis. These reviews are called CEM inspections and are documented by a report. We found these reports to be thorough. In addition, the District conducts a complete on-site hardware systems inspection on an annual basis.

The District has a CEM Excess Emissions Reporting Form for forwarding excess emission reports to ARB within 5 working days of receipt from the operator as required by HSC section 42706.

Recommendation: None

A.6 Source Testing Program

Source testing of specific points in a process or its control devices is often the only way to determine whether actual emissions are in compliance with a unit's allowed emission limits. Source testing is also used to verify the accuracy of continuous emission monitors. Source testing requirements are placed on facility permits as specific conditions and define type and frequency of test activity. Sources are required to provide test protocols, provide the district an opportunity to witness testing, and provide a detailed report after the conclusion of the test. Source testing confirms that equipment can operate in compliance with its permitted emission limits.

In general, the District requires annual testing at major sources (actual emissions greater than 25 tons per year or potential emissions greater than 100 tons per year) where the only means of compliance verification is through a source test. Minor sources are required to have a start-up source test followed by periodic source testing at an interval prescribed by the District.

Relative accuracy test audits (RATA) for CEMs and ammonia slip test for power plants are conducted on an annual basis. Boilers are tested on a biennial basis. The District has some thermal oxidizers and carbon adsorption units that are

tested on an annual basis. The District has a tracking mechanism to track past and future source tests.

Our findings are based on a review of the 134 source tests conducted in the District in CY 2003. We found that all units requiring testing in 2003 were tested by the operators. The District requires testing to be performed by ARB certified contractors. However, only a small percentage of source tests were witnessed by District staff. For CY 2003, the District witnessed 10 percent (2 out of 21) of initial source tests and 17 percent (19 out of 113) of periodic tests. District staff informed us that resource constraints have prevented the District from observing more source tests. The District reviews all of the source test results. The District takes enforcement action against failed source tests.

Recommendation: The District should witness more source tests.

A.7 Asbestos Program

The District is responsible for enforcing the National Emission Standard for Hazardous Air Pollutants (NESHAP) for Asbestos under the Code of Federal Regulations 40 part 61, section 61.145(a), (b), and (c) and section 61.150. The District has adopted the Asbestos NESHAP under their Rule 62.7 (Asbestos Demolition and Renovation) and collects fees under Rule 45.2 (Asbestos Removal Fees). The District is also responsible for meeting the 105 Grant conditions by maintaining a system for tracking asbestos demolition and/or renovation notifications. Grant conditions require the District to submit notification data to U.S. EPA on a quarterly basis and to perform a minimum number of inspections to ensure compliance.

ARB staff reviewed notifications, inspection reports, and the system used to track and report notifications to U.S. EPA. Three joint inspections were conducted and District staff was interviewed as part of the review process. The District has proper inspection gear and has kept asbestos certification and medical surveillance up to date. The District reviews the asbestos notification forms to ensure completeness and accuracy and also maintains a system that tracks all asbestos notifications. The District also submits quarterly notification related data to U.S. EPA on time.

Our findings on inspection technique are based on a review of completed inspection reports and observing District staff at three joint inspections. The review period for our study was CYs 2003 and 2004. The inspections are conducted in accordance with established protocols. Inspection procedures and guidelines were followed according to U.S. EPA and State protocols. District staff was knowledgeable with regard to their Asbestos rule and work practices. The District has two staff certified to perform Asbestos NESHAP inspections. District Activity in CY 2003 and 2004 are presented in Table VI.

Table VI
Asbestos Activity for CY 2003 and 2004

	CY 2003 - 2004
Renovation/Demolition Notifications Received	342
Inspections Conducted	147
Sites Receiving Violation Notices	11

Recommendation: None.

A.8 Air Facility System Program

U.S. EPA's compliance and permit database for stationary sources is called the Air Facility System (AFS). The requirements for AFS are governed by the Clean Air Act Stationary Source Compliance Monitoring Strategy (CMS) policy, dated April 2001. This policy requires the District to submit a CMS plan which states the District will comply with the CMS policy and will submit the appropriate data on mega, major, and synthetic minor facilities to AFS. The data must include reporting of components of a Full Compliance Evaluation (FCE) quarterly and High Priority Violations (HPV) monthly. A FCE is comprised of site inspection(s), source test(s), and an annual Title V certification review. Each of these components must be entered into AFS before an FCE code can be entered. A HPV is a District's notice of violation which meets the standards of a HPV. The standards are spelled out in Table A-5 of the U.S. EPA's workbook titled "The Timely and Appropriate Enforcement Response to High Priority Violations (HPVs)" dated June 23, 1999.

Based on our review, it is our finding that the District meets or exceeds the requirements of the Full Compliance Evaluation Program and the High Priority Violation Program.

Recommendation: None

A.9 Variance Program

The District's variance program was evaluated in order to determine its consistency with HSC requirements. To accomplish this task, ARB staff reviewed District files, interviewed District staff, and listened to audio tapes of variance hearings. During the study period of CYs 2002 and 2003, 21 variances were granted. ARB staff reviewed and evaluated 19 variance files which included six regular, one short, three interim, one extension, one modification of increments of progress, and seven emergency variances. An interview with the Enforcement Manager and the District variance staff person regarding the variance process was conducted. Audio-tapes of Board hearings were evaluated to determine whether or not the Hearing Board was adequately addressing the six findings required under HSC section 42352 for issuance of variances.

In general, the findings relate to determining whether the petitioner will be in violation of an applicable rule but will consider curtailing operations or reducing excess emissions to the maximum extent feasible. The Hearing Board is also required to make a finding that due to conditions beyond the reasonable control of the petitioner, requiring compliance would result in either an arbitrary or unreasonable taking of property, or the practical closing and elimination of a lawful business.

ARB's finding in this area is that the Hearing Board is not independently making all of the six findings required to be made by a hearing board at a variance hearing (see HSC section 42352 "Findings Prerequisite to Grant of a Variance"). The Hearing Board instead relies on a "draft" written order in which the District staff identifies all required findings. The Hearing Board should be discussing and making these findings at the hearing. At the very least, they should verify the information contained in the written orders prepared by staff as true and correct, and stating on the record the justification for each and every finding. ARB recommends that the Hearing Board modify its hearing procedures so that the supporting evidence for each finding, along with the determination that each finding can be made, is conveyed to the record.

Not all orders contain excess emissions calculations, even when it appeared that this information was at times, available (stipulated abatement orders 700-4 & 700-5, and variance orders 744, 744-1, and 753). If excess emissions information is available, it should be included in the written orders. This would support the third finding required by HSC section 42352 (no corresponding benefit in reducing air contaminants) and allow the Hearing Board to impose proper mitigation measures while the order is in effect.

Currently, staff reports are missing ARB's recommended element that pertains to possible adverse health effects. This element should be included in the staff report to support the variance.

The District has developed a user friendly petition form that is provided to persons who want to request a variance. The District's petition form is well drafted and contains useful fields to help the petitioner submit a complete variance package. ARB has used this form many times as a model for other districts that have requested an example of a good petition form for variance. Also, the written variance orders are very well written, concise, and informative.

The District does a good job of verifying final compliance after the variance has expired. In addition to a final compliance reporting requirement included in the variance order, the District's files contained numerous inspection reports verifying that an inspector had gone to the facility to check for compliance.

<u>Recommendations</u>: ARB recommends that the Hearing Board modify its hearing procedures so that the supporting evidence for each finding, along with the determination that each finding can be made, is conveyed to the record. If excess emissions information is available, it should be included in the written orders. A discussion of possible adverse health effects should be included in the staff report supporting the variance.

B. Permit Program

The districts adopt permitting regulations to govern the construction of new sources and modifications to existing sources that emit air contaminants within their jurisdiction. The primary objective of the review was to determine whether the District has been issuing permits in accordance with their regulations and with State law and to assist the District in identifying specific areas for improvement.

ARB staff reviewed permit files, reviewed guidelines and policy documents, and interviewed District staff and management. The review of permit files focused on the quality of the engineering evaluations and the resulting operating permits issued to the facilities. Guidelines and policy documents were reviewed to ensure that they were consistent with the intent of District rules and provided clear and adequate guidance for permit processing. Interviews covered areas such as general administration, permit processing, filing, computer support, staff resources, and emission calculation procedures.

ARB staff reviewed approximately 75 of 700 project applications for new units and modifications to existing units issued by the District, with a focus on those issued from January 2002 to the early-2004 timeframe. A conscious effort was made to cover a broad spectrum of the District's permitting actions by reviewing files for different source types and sizes.

The following discussion covers:

- Permit Administration – General
- Permitting Policies
- Best Available Control Technology (BACT) Determinations
- Adequacy of Permit Conditions
- Organization and Adequacy of Permit Evaluations
- Offsets and Emission Reduction Credits (ERCs)
- Community Bank

B.1 Permit Administration - General

The District issues permits within its required timelines and has no permit backlog. The permits issued are comprehensive and serve as "stand-alone" documents. The permits issued show the District seeks the appropriate determinations for best available control technology.

The District has a relatively low amount of permitting activity. In fiscal years (FYs) 01-02 and 02-03, the District received and processed 244 and 284 applications respectively, but most of the projects involve existing operations. Ninety percent of the District's projects have emissions less than

five tons/year. District permit engineering management indicated that most of their permitting projects have been “clean-up” permitting, meaning they involve minor projects or changes to throughput or hours of operation at existing facilities.

At the time of the program review, the District had 1,194 permitted facilities and had 1,162 permits and 32 Authorities to Construct in its system with a total of 9,519 equipment units. The District had 27 Title V facilities which included power plants, offshore oil platforms, petroleum facilities, landfills, and naval facilities. The District had about 300 gasoline dispensing facilities, 122 auto body facilities, 98 dry cleaners, and 5 synthetic minor facilities[4].

B.1.1 Staff

At the time of the program review, the District employed about 16 staff in their Engineering Division including a senior manager and a permit engineering supervisor supervising four permit engineers. The remaining staff included two supervising engineers, a supervising air quality specialist, four specialists, a technician, an engineer, and a secretary.

In addition to the permitting supervisor, one supervising engineer handled permit renewals and modeling and supervised a technician and a specialist. The other supervising engineering was responsible for the District’s rules and supervised an engineer. The supervising air quality specialist supervised two specialists.

The District’s workload and staffing level have declined over the last decade. In FY 93-94, the District received 442 applications and had 6 permit engineers. By FY 01-02 the District had received 244 applications and permit engineering staff had fallen to 4 engineers. Each engineer has a minimum of 4 years District engineering experience and two engineers have more than 10 years experience in permitting at the District. The District's permitting staff is currently adequate for the workload.

Recommendation: None

B.1.2 District Application Review

All permits are processed in a timely manner according to their rules and many of the permits are processed within 30 days. The District has three types of permitting actions: an Authority to Construct (A/C), a Permit to Operate without an Authority to Construct (P/O no A/C), and a Permit to Operate (P/O). Applications that do not require health risk assessments or public notice and do not require a physical change are processed as a "Permit to Operate/No Authority to Construct." This means that a revised permit is issued without the

[4] A synthetic minor facility is a stationary source which is subject to federally-enforceable conditions that limit its potential to emit to below Title V thresholds.

need to first issue an Authority to Construct resulting in more efficient use of time for both the applicant and District permitting staff.

All permit applications are reviewed for completeness by both the permit engineering supervisor and an engineering technician. When an application is lacking required information, the applicant is notified (through a letter) of the incomplete status of the application. After the permitting engineer processes an application, it is again reviewed by the permit-engineering supervisor and discussed with the permitting manager prior to being issued.

The District's files were well organized and ARB staff had access to all the files. The files were organized by a five-digit facility identification number. Each project in the files was tabbed and organized by a three-digit project number. The files included correspondence, inspection reports, Permits to Operate, Authorities to Construct, and engineering evaluations.

Each permit action has a tracking sheet containing the application number, facility number, application type, company address, permit processing dates (i.e. date received, date evaluation complete, date reviewed, date source tested), BACT decision, and fee information. In addition to the permit tracking sheet, the District uses a Permitted Emissions Change Summary sheet for tracking permitted emission changes. The summary sheet indicates the pre and post project emissions for the project. It also has the emissions taken from the community bank to offset emission increases. The summary sheet also provides background information including the company name, identification number, project number, and type of permitting action (A/C, P/O [no A/C] and P/O).

Many of the District's files contain an additional "Equipment and Emissions Summary" sheet, which lists permitted emissions, emission factors, throughput, source classification code and emission generating equipment. The summary sheet is generated from the District's computer program.

Recommendation: None

B.1.3 Permit Renewals

Every calendar quarter, the District renews all the permits that will expire the next quarter. Each source receives a new permit that is valid for a year once their permit fees are paid. The permit renewal supervisor and a technician screen all permit renewals. Changes to permits that are required by rule change are made at this time. In addition, each inspection report is reviewed and a determination made as to whether the permit should be modified to ensure continued compliance. All changes made during renewal are discussed with the permit engineering supervisor and with the engineering manager prior to being sent out to the facility permit holder.

Recommendation: None

B.1.4 Permit Emissions Tracking Database

The District has computer databases related to its permit processing and enforcement actions. The computer program that pulls all the information together is called Permit Engineering and Enforcement Tracking System (PEETS). The District's PEETS program includes information on each application submitted and each Authority to Construct or Permit to Operate issued by the District since 1989. It also includes all the emission factors used, permitted emissions for each piece of permitted equipment, total permitted emissions, permitting fees, emission reduction credits, permit conditions and permits, as well as a myriad of enforcement information data. The District database in PEETS tracks permit application history, status of permitting actions, permitting fees, permitted emissions, etc. The database includes copies of all Authorities to Construct and Permits to Operate issued, along with their corresponding conditions.

The District's PEETS program uses Fox Pro as its database software. This software is outdated, but it meets most of the District's needs and it is used efficiently by District staff. Permit engineers noted the feature they dislike about the program is that they cannot copy and paste permit conditions when making a new permit. The District is studying replacing PEETS with a system called REPEETS and has hired an additional IT person to assist in the task. At the time of the program review, there was no definite completion date for the REPEETS program.

The District uses a computer program to track all emission increases and decreases resulting from processing of permit applications. Potential emissions from permitted facilities can also be adjusted based on availability of recent source test data or more relevant emission factors. This system is known as PETRAC (for permitted emissions tracking). This system also calculates the total emissions and is used as an integral part when putting together the District permit and is tied to the PEETS program.

Recommendation: The District should continue its efforts to upgrade its permitting database. Each engineering evaluation should be placed on the District's common network drive for shared access.

B.2 Permitting Policies

The District does not have its permitting policies organized and up-to-date. District permitting staff did not know if all of their BACT policies were maintained and felt there was a strong need to update all the policies. The District also did not have an official policy document, but these issues did not appear to have a negative impact on day-to-day permitting activities. District staff felt that they

were aware of the policies because of the small number of permitting personnel and they could ask guidance on any policy matter. The District has also had a low turnover of permitting staff, so they are familiar with the policies. All the permitting staff has over four years of experience and some have been at the District over ten years.

Management acknowledged that permitting policies were not well maintained. Some of the District's policies are in electronic format and hard copy form; however, some policies are in hard copy form only. The engineering manager had a stack of policies in hard copy form, but he indicated that he would have to sort through and remove the outdated ones before providing a copy for ARB staff and he did not have time to do so. The District could benefit from archiving obsolete policies and updating others commensurate with recent permitting policy decisions. A policy document would be beneficial for the permitting program especially as staff turnover inevitably occurs over time at the District necessitating the training of new staff.

Recommendation: The District should organize all its permitting policies into one policy document and update them as needed.

B.3 Best Available Control Technology (BACT) Determinations

In general, the District's BACT determinations are consistent and technology forcing. However, ARB staff found two applications where the applicant proposed BACT to be less than 30 parts per million (ppm) for oxides of nitrogen (NOx) at 3 percent O_2, but the District stated that BACT was 30 ppm. For example in Application #00818-100, the District made a determination of 30 ppm NOx limit for a 1.99 MMBtu/hr Ajax boiler with low NOx burners, but the applicant had proposed a lower NOx limit of 20 ppm. In Application #00432-140 the applicant proposed a 9.9 ppm NOx limit on a 1.8 MMBTU/hr swimming pool heater. The application was processed at 30 ppm as BACT for small boilers. ARB staff believes that the District should not impose a NOx limit that is less stringent than what an applicant is proposing unless there is a technological reason why the applicant's limit cannot be met.

ARB staff recognizes that these are relatively small boilers that have never been regulated in the past and are only now coming under regulation by some districts. In fact, from a prohibitory rule perspective, the District's limit of 30 ppm NOx imposed in the 2002-2003 timeframe was very stringent. South Coast AQMD Rule 1146.2 requires new small boilers to currently meet a 30 ppm limit which will be reduced to 20 ppm in January 2010.

The District's cost-effectiveness thresholds for NOx and VOC, established in 1988, ($18,000 per ton or $9.00 per pound, see Table VII) are some of the most stringent ever imposed for a district of similar attainment status.

Table VII
California Air District BACT Cost-Effectiveness Thresholds

District		NOx [per ton]	CO [per ton]	VOC [per ton]	PM10 [per ton]	SOx [per ton]
Ventura		$18,000	$1,000	$18,000	$10,000	$10,000
San Joaquin Valley		$9,700	$300	$5,000	$5,700	$3,900
Bay Area		$17,500	n/d	$17,500	$5,300	$18,300
South Coast		$18,300 ($19,059) [a]	$380 ($396) [a]	$19,400 ($20,204) [a]	$4,300 ($4,478) [a]	$9,700 ($10,102) [a]
San Diego	small source (<15 tpy)	$13,200	n/d	$7,480 [b]	n/d	n/d
	large source (>15 tpy)	$18,000	n/d	$10,200 [b]	n/d	n/d

[a] District is proposing to update maximum cost-effectiveness criteria to these values.
[b] Proposed revision to the district's New Source Review rule would increase thresholds to $13,200 (small source) and $18,000 (large source).

Within the BACT section of the evaluations, the District indicates the BACT trigger level, the control determined to be BACT, and sometimes discusses the rational used for the determination. However, most projects, especially smaller sized projects that involve typical new or modified equipment, lack a discussion of the rational taken when making BACT determinations and an indication of the clearinghouse used.

Recommendations: To enable BACT determinations to be technology forcing and progressive, the District should allow applicants the opportunity to permit equipment at emission limits which are lower than current standards.

The District should consistently state its rationale for its BACT determinations. BACT clearinghouses should be cited as part of the determination.

B.4 Adequacy of Permit Conditions

District Permits to Operate have lists of conditions that facility owners or operators are required to meet in order to be in compliance with applicable rules and regulations. Permit conditions also provide a means for district inspectors to verify a source's compliance status. Permit conditions must be specific enough to inform and notify a facility owner or operator of all the conditions needed to operate in compliance. Permits should qualify as "stand alone" documents meaning the facility owner or operator should not have to refer to district or State regulations to determine how to comply with any conditions.

Pursuant to District Rule 29 (Conditions on Permits), every permit lists the permitted emissions of a facility in pounds per hour and tons per year as permit condition number one. The District informed ARB staff that they consider these numbers to be "permitted emissions" which can be changed at the request of the source as opposed to "hard limits" which can result in enforcement action if they are exceeded. As the permits are currently written, we do not agree with the District's position. A facility's permitted emissions are derived from the data

contained in the application, source test results, and emission factors. Monitoring, recordkeeping, and reporting conditions are placed on a permit to enable an inspector to verify that the equipment and control devices will be operated in a manner which will ensure that the resulting emissions will not exceed the source's aggregate permitted emissions. These permit conditions (throughput, fuel type, usage hours, etc.) are typically checked by the inspector during the annual inspection. If the facility complies with the specific limiting conditions based on site conditions and records, then it is deemed to be in compliance.

Our experience with other air districts is that emission limits stated on permits are "enforceable limits" which should never be exceeded. Most inspections do not require the inspector to calculate the facility's permitted emissions based on the assumptions made in the original engineering evaluation. However, under the District's implementation criteria, if an inspector went through the exercise of calculating the emissions, or if such data was available from the facility's CEMs (or source testing data) and showed the facility to be in exceedance, the District, at its discretion, could choose to take enforcement action, but usually allows the operator to modify their conditions. District Rule 29, part C provides support to our stated position that a violation of the conditions of an Authority to Construct or a Permit to Operate issued pursuant to the rule is prohibited. In conclusion, ARB staff believes that permitted emissions, when exceeded, should be treated as a violation. The District should reexamine their current practice in this regard to ensure that it meets the intent of District Rule 29.B.1 (Permitted Emissions).

The District uses an attachment for many of the conditions for area sources including dry cleaners, gas stations and auto refinishing facilities to help reduce the length of its permits. ARB staff did not find any of the attachments for the permits in the District's files. The District provides sources with their attachments, but during inspections ARB staff found that sources did not have attachments readily available. The District should make sure that their sources keep a copy of the attachments attached to their permits and post them as required by District Rule 19. A complete list of conditions will help source operators stay in compliance.

Overall, the District's permit conditions have good record-keeping requirements to make conditions enforceable and to help verify continuous compliance. A few of the permits reviewed could have had improved record-keeping to make conditions more enforceable. For example, some permits require that the maximum allowable pressure drop for the filters on a spray booth be less than 0.5 inches of water column, but do not require record-keeping for the pressure drop. Permit #1368 for Bell Powder Coating and permit #1045 for Volkswagen Design Center have this condition without a record-keeping requirement.

The District's permits are usually "stand alone documents" and have a low occurrence of vague conditions. However, ARB staff found several permits with

conditions that solely relied on a rule and were not stand alone. The fourth condition for #7427 (Core Builders) and the fifth condition in permit #7357 (Stanford Personal Care, Inc.), for example, are not stand alone. Some of the District's permits involving baghouses, including permits #00006 and #00025 (CalMat), require that the baghouse operate in "effective condition." The term effective condition is vague and unenforceable.

The District meets the requirements of HSC section 42301 (e) which requires upon annual renewal that each permit be reviewed to determine that the permit conditions are adequate to ensure the enforceability of applicable District rules and regulations. Quarterly, the District reviews and renews all the permits that are due to expire the proceeding quarter. The District also reviews inspection reports to help determine if any permit conditions need to be modified to ensure enforceability.

Recommendations: The District should recognize that permitted emissions (facility wide) stated as the first condition on the permit are enforceable limits.

The District should make sure that sources keep a copy of any attachments to their permits so that permits qualify as stand-alone documents and operators have a complete list of conditions to help them stay in compliance.

During permit renewal, the District should take the opportunity to correct those permits discussed above to improve the clarity and enforceability of the permit conditions.

B.5 Organization and Adequacy of Permit Evaluations

ARB staff found that the District's engineering evaluations were generally complete and accurate; however, most lack calculations unless a unique project is being considered. Evaluation # 7485-100, which was for a new distillery, had a very detailed section on emission calculations. However, in evaluations 7436-100 and 00025-141, which were for a wood coatings operation and an aggregate off loading system respectively, no calculations were provided. The District uses a system called PETRAC for calculations and provides permitted emissions tables in the file, but ARB staff found few actual calculations in the District's evaluations.

In its engineering evaluations, the District verifies whether each project is compliant with HSC section 42301.6, which requires that each applicant verify whether the proposed source or modification is within 1,000 feet of the outer boundary of a school site. The District uses the Yahoo Internet website and county aerial photographs to help verify the information provided by applicants. In project #100 for Santa Monica Distillery #7485 which was located less than 1000 feet from a school site, the District conducted a public notice and a health risk assessment. The file contained maps showing the facility and the 1000-foot

radius. The engineering evaluation included a discussion about the public noticing requirements and noted the applicant had provided written evidence to comply with HSC section 42301.6.

The District's engineering evaluations follow a clear and consistent format that includes a Facility Description and Application Description, BACT Analysis, Emission Offsets Requirements, Rule Compliance, Public Notification Requirements, and New Source Performance Standards sections. The Facility Description Section includes background about the proposed project and the facility. The Rule Compliance Section describes how the project will comply with applicable District rules. The Public Notification Section describes how the applicant will meet the requirements of HSC section 42301.6 and discusses if public notification requirements of Rule 26.7 are triggered.

Recommendation: The District should explore revising the permit file for each application to include all supporting calculations to be kept with the engineering analysis section of the file.

B.6 Offsets and Emission Reduction Credits (ERCs)

The District's offset trigger levels for NOx and reactive organic compounds (ROC) at 5 tons per year are lower than the 10 tons per year level required by HSC section 40920. Offsets are triggered for any source over 5 tons per year for NOx and ROC. The offset trigger level for PM10 and SOx pollutants is 15 tons per year.

The District has had few projects triggering offsets or ERCs. For applications submitted between 2002 through the time of the program review, the District only processed 9 ERC applications. Of the nine ERC applications, four applications were administrative in nature (leasing ERCs or returning leased ERCs to the Bank), four were facility shut-down applications where ERCs were generated and one was a nonpermitted equipment ERC. Two of these projects are currently being reviewed. Typically ten projects a year or less involve offsets.

The one nonpermitted source ERC was an application to bank ERCs for road paving (00015 - 250, 251). This application is expected to result in 16.9 tons of PM10 credits. The application was issued as an authority to construct a parking lot and is currently being processed as a Permit to Operate application.

When ERCs are created as a result of the shutdown of an emissions unit or a reduction in throughput, they are discounted by the greater of the amount of the emission reduction that could be controlled by the application of BACT or 20 percent. For ERCs that are created as a result of the application of control equipment, a modified emissions unit, or the replacement of an emissions unit, the ERC is discounted by 10 percent. Emission reductions resulting from

emission units that do not require permits are not discounted. The discounted sum is deposited in the community bank.

The current total of ERCs in the District (as of February 15, 2004) is shown in Table VIII:

Table VIII
Total Emission Reduction Credits Available
(February 15, 2004)

ROC (Tons/Year)	NOx (Tons/Year)	PM10 (Tons/Year)	SOx (Tons/Year)
669.75	247.86	18	2.01

ARB staff review of ERC applications indicated that the District processed applications in accordance with District rules. District staff documented in the engineering evaluations whether the ERCs applied for were real, enforceable, permanent, quantifiable, and surplus. In one application (00054-261), the applicant requested that the emissions from the shutdown of 22 wells be banked as ERCs. District staff reviewed the application and found that there was no evidence that the wells had operated within the previous five years and therefore the reductions were not real as defined by District Rule 26.5. In this case, no ERCs were issued.

In another application, District staff granted ERCs in excess of actual emissions (application 01414-141). District rule 26.6.4.c.2 allows the emission reduction to be calculated as the greater of actual emissions or the sum of the emission credits and community emission reduction credits provided as offsets since October 22, 1991. In this case, the applicant had supplied credits in addition to Community Bank credits. The Community Bank credits were returned and the ERCs used were returned minus the 20 percent required by Rule 26.6.

Recommendation: None

B.7 Community Bank

Rule 26.5 governs the District's Community Bank operations. This rule provides for the banking of emission reductions of ROC and NOx as community emission reduction credits and the disbursement of these credits. The goal of the Community Bank (as stated by the District) is to allow growth of small sources, and sources providing essential public services, while maintaining the District's progress toward attainment of ambient air quality standards.

The Community Bank was originally funded in 1991 by reducing the quantity of all existing ERCs by 25 percent. The original balance of Community Bank ERCs was 264.74 tons per year of ROC and 63.76 tons per year of NOx. Once created, the community bank is now also funded by the return of Community

Bank credits, shutdowns that are not claimed as ERCs, enforcement penalties, and voluntary disbursement into the bank from ERC holders. Disbursement of community emission reduction credits can be made to an essential public service (such as schools, hospitals, jails) which is required to provide offsets. Other Community Bank transactions include disbursement of credits to sources which are not subject to the requirement to provide offsets. These are small sources with a potential to emit less than 5 tons per year. The rule also specifies that disbursement for these small sources shall occur regardless of the balance of community emission reduction credits in the community bank at the time of disbursement.

The District's community bank also serves as an accounting mechanism to determine if the District's permitting program, as a whole, is achieving "no-net-increase." The District has demonstrated that up until recently for NOx, and continuously for ROC there has been a no net increase in permitted emissions when all sources are considered, not just those greater than 10 tons per year as required by State law.

As required by District ROC Rule 26-5, the District publishes an annual report that describes the existing community bank balances for each calendar year. The two bank balances in the Community Bank are the "essential public service account balance" and the "community bank balance."

The essential public service account balance at the time of the program review was 535.89 tons per year of ROC and 117.58 tons per year of NOx. Total disbursements from the essential public service account to the community bank for 2003 was 7.95 tons per year of ROC and 33.33 tons per year of NOx. In addition to the initial community bank balance, total deposits into the essential public service account was approximately 279 tons per year of ROC and 87 tons of NOx. About one-third of the ROC that was not part of the initial ROC amount was from the unbanked shutdown of a large source, one-third was from enforcement settlements, and the final one-third was from discounting of ERCs and tradeoff ratio disbursements. For NOx, about one-half was from the unbanked shutdown of a large source and the other half was from discounting of ERCs and tradeoff ratio disbursements.

At the time of the program review, the District had a negative balance of NOx ERCs in the community bank. The quantity of NOx ERCs is slightly negative (-0.04 tons per year) and ROC is 73.27 tons per year. Negative balances can occur because the District rule allows credit disbursement to small sources regardless of the Community Bank balance.

One of the functions of existing Rule 26 (in existence since 1996) is to have a non-binding "overall community bank balance" used to mitigate emission increases from small stationary sources with a potential to emit of less than

five tons per year of ROC or NOX and, therefore exempt from offset requirements. Because it is non-binding, Authorities to Construct for small sources would continue to be issued despite an overall community bank balance of zero or less. The District is cognizant of the depletion of the community bank balances and is proposing revisions to the Rule 26 series of rules. The major focus of the revision is to delete the requirement for informational tracking of both the community bank balance and emission increases from small sources. The community bank will no longer exist and only historical references to the community bank will remain in the rules. The other major revision will be to treat GDFs like all other stationary sources with regard to emission increases and offsets. More specifically, GDFs with ROC emissions of greater than 5 tons per year will no longer be exempt from offset requirements.

Recommendation: The District should adopt its proposed revisions to Rule 26.

C. Rule Development Program

The District's rule development program was reviewed with respect to the quality of existing rules and the mechanism and procedures for adopting proposed or revised rules. The District's Engineering Division administers the program. The program has several important functions including the development of stationary source regulations that reduce criteria pollutant emissions to help attain the ambient air quality standards for ozone and particulate matter.

There are currently two full time positions dedicated to rule development; a supervisor and an engineer, along with help from the District's other divisions when needed. Previously, there were five positions in the program. In the late 1980s and 1990s, many very stringent NOx and ROC rules were adopted for stationary sources. Now, with most stationary sources regulated, the District has reduced its rule development staff. The District believes, and ARB staff concurs, the program currently has the necessary staff resources for the occasional rule amendments to address State or federal Clean Air Act requirements. The program has shifted its focus from developing new ozone-controlling measures to developing particulate matter emission reduction measures.

The District has an established public review process that includes workshops to discuss proposed or revised rules and accept public comments. Prior to Board-approval of a proposed or revised rule, an Advisory Committee will review and provide recommendations to the Board as part of the rule development process. This Advisory Committee is a 20-member citizens advisory body whose members are appointed by the Board.

The District follows the ARB/California Air Pollution Control Officers Association (CAPCOA) protocol closely and sends ARB rule documentation and related rule materials for review within the prescribed time in the protocol. District staff coordinates well with ARB staff by consistently accommodating our comments to enhance the clarity, effectiveness, and enforceability of its proposed or revised rules.

Since Ventura County does not meet the State ozone standard and is not achieving five percent annual reductions in ozone precursors, State law requires the District to periodically reassess its rules to demonstrate that "all feasible measures" are being implemented. District staff completed the most recent assessment in December 2003 and identified 13 rules that have a potential for increased stringency. These rules are:

- Rule 70, Storage and Transfer of Gasoline;
- Rule 74.6, Surface Cleaning and Degreasing;
- Rule 74.6.1, Batch Loaded Vapor Degreasers;
- Rule 74.11, Natural Gas-Fired Residential Water Heaters – Control of NOx;

- Rule 74.12, Surface Coating of Metal Parts and Products;
- Rule 74.14, Polyester Resin Material Operations;
- Rule 74.15, Boilers, Steam Generators and Process Heaters (1 TO 5 MMBTUs);
- Rule 74.19, Graphic Arts;
- Rule 74.19.1,Screen Printing Operations;
- Rule 74.25, Restaurant Cooking Operations;
- Rule 74.27, Gasoline and ROC Liquid Storage Tank Degassing Operations;
- Rule 74.29, Soil Decontamination Operations; and
- Rule 74.30, Wood Products Coatings.

These 13 rules were listed in the April 2005 Rule Development Schedule the District sent to ARB. As of March 2006, the District was still revisiting its rules according to its rule development schedule. Only Rule 74.27 appears to have been dropped from the schedule. The District sends rule development schedules to ARB on a quarterly basis.

<u>Recommendation:</u> The District should continue the rule amendment process for those 13 rules assessed in 2003 to ensure the implementation of the "all feasible measures" requirement.

D. Portable Equipment Registration Program

In response to a legislative directive in 1997, ARB adopted a regulation for the voluntary statewide registration of portable units. A portable unit that holds a statewide registration is allowed to operate at various sites throughout the State without having to obtain additional district permits. ARB staff administers the portable equipment registration program (PERP) regulation and the enforcement is delegated specifically to the districts. As a result, there is a dual-sharing of responsibilities among State and district staff for the regulation of portable units. In addition to this structure, some districts have their own "intra-district" portable equipment regulation for those units that essentially only operate within the district boundaries.

This District does not have its own portable equipment regulation, but it does permit about 75 engines under its permitting rule (District Rule 10, Permits Required). These permits operate as multiple-site permits which grant engine mobility within the District's boundaries. According to District staff, permits are only issued to portable units that essentially operate within the District and for those that are older engines, usually not eligible in PERP. In addition to having operational and throughput limits, the holders of the district "portable" permits must keep the required records and notify the District when the unit changes site location. The cleaner, certified engines are directed to the statewide registration program.

ARB staff's review focused on whether portable units were operating in compliance with the Statewide PERP regulation and District Rule 10. ARB staff review consisted of management interviews, review of inspection reports, and joint inspections of portable units.

ARB staff accompanied District inspectors on inspections of 32 portable engines and two equipment units at 12 locations throughout the District. Inspections included units at nine rental companies, one sanitation district facility, one tree-trimming company equipment yard, and one gasoline dispensing facility.

Thirty-three percent of the inspected equipment was in violation because it was operating without district permits or not enrolled in the statewide registration program. The balance (67 percent) had requisite permits but had minor issues such as no permits on site, missing PERP stickers, or missing registration documents. As a result of the inspections, all 11 of the non-complying engines applied for and received either a District permit or were enrolled in the statewide registration program. Other minor issues identified during the inspections were also corrected subsequently.

ARB staff found that the District is not inspecting statewide-registered portable units on a routine basis. If portable units were given a higher inspection priority, it would lead to a decrease in the number of portable units operating without

district or State authorization. In fact, the ARB/District joint inspections revealed that there could be potentially many more unpermitted portable units operating in the District. ARB estimates that it has about 300 PERP-registered units with either a Ventura County "home" designation or with a Ventura County business address.

Once a district inspects statewide registered portable units, the PERP regulation (section 2454(d)) requires a District to submit to ARB a written report detailing the findings and enforcement action taken. For ease, ARB has a web-based portal for a district to post its inspection reports and comply with the reporting requirements. However, from 1999 until September 2004, ARB found that the District only posted 10 PERP inspection reports. Since that date, the District has posted an additional 35 inspection reports.

The current PERP regulation allows districts to collect a fixed amount per portable unit inspected. Many districts believe that a fee should be collected annually to have sufficient funds available to hire additional staff dedicated to inspecting portable equipment. ARB staff is aware of the District's concern with having a stable source of funds available for executing an effective portable equipment inspection program. ARB staff, in cooperation with CAPCOA, has an ongoing PERP regulatory effort to increase the inspection fees and address the needed inspection resource issue. Meetings and public workshops were held with equipment owners and districts in order to develop draft language to the PERP regulation heard at the Air Resources Board Hearing in June 2006. The recently passed regulation should provide the needed funding to inspect PERP equipment on a routine basis.

<u>Recommendations</u>: The District should inspect ARB registered portable units on a routine basis. The District should continue to "post" on the ARB website inspection reports as required by section 2454(d)) of the PERP regulation. See Section A.1.1 of this report for a discussion of staff resources.

E. "Hot Spots" Program

The District is doing an excellent job with their AB 2588 Air Toxics "Hot Spots" program. The District has a well-organized and documented data information system. The District's database includes program timeframes, as well as risk information and a toxics emission inventory. The District has a Quality Assurance/Quality Control (QA/QC) protocol which is based on the ARB emission inventory data error report. The District has a procedure to notify facilities of emission inventory requirements, as required by HSC section 44382.

Most program requirements have been completed. The District has a procedure to handle noncompliance with emission inventory reporting requirements as required by HSC section 44381. The District issued three notices of violation in 1994 for facilities not completing "Hot Spots" requirements and has not had any compliance problems since that time. It appears that the District staff works very hard to clearly communicate "Hot Spots" requirements to their facilities, and maintains a good working relationship with facility owners and operators. All new facilities are evaluated by the District permit review program and these facilities must comply with all "Hot Spots" requirements. The District publishes outstanding "Hot Spots" annual reports. Each report lists every facility and their status in the program, including any applicable information on risk, public notification, and risk reduction.

The District has completed the evaluation of all major facilities subject to the "Hot Spots" program. There were 386 non-industrywide facilities that reported toxics for calendar year 2002. For fiscal year 2002-2003, 27 facilities were subject to "Hot Spots" State fees, including 15 facilities with a health risk assessment greater than 1 per million. Four industrywide categories (gasoline stations, dry cleaners, autobody shops, and furniture strippers) have also been identified and included in the annual "Hot Spots" report. These facilities meet the criteria specified in HSC section 44323. The District has, in general, provided inventory reports to ARB in a timely manner. The District has followed the schedule specified in the AB 2588 Air Toxics "Hot Spots" Emission Inventory Criteria and Guidelines Regulation (C&GR) for facility submittals of inventory reports and report submittals to ARB.

The District calculates facility prioritization scores using HARP (the "Emissions x Potency" Procedure), and this is well-documented in their HARP database. Facilities are prioritized and categorized based on the examination of emission inventory data, potency and toxicity of emitted substances, proximity of the facility to potential receptors, and any other factors the District finds and determines may pose a significant risk to receptors. The District reprioritizes a facility if the facility submits an actual inventory update report and the emissions have changed significantly. In a few cases, it was unclear if a facility was reprioritized in a timely manner. This may have been caused by the facility not submitting an inventory update on time.

The District required health risk assessments to be completed for all high-priority facilities and this is well-documented in their database. The District finalizes the HRA as soon as the facility has completed all of the requirements and OEHHA has approved the HRA. In many cases, the facility submitted an incomplete HRA and the District allowed more time for the facility to complete the necessary requirements before submitting the HRA to OEHHA. In some cases, the HRA was delayed by several months. This was common for all districts in the mid-1990's when emission factors for some toxic sources were still being developed, and a longer period was required to conduct health risk assessments. Overall, the District has worked hard to complete risk assessment requirements on time. The District should continue to work with facilities early in the process of completing HRAs to ensure that all of the required information is included and submitted to the District within the specified timeframe. The facility is informed of any public notification and risk reduction requirements. In almost all cases, the facility has already begun to reduce emissions and risk and the notification process proceeds smoothly.

The District collects annual survey information from facilities in the "Hot Spots" program and also collects update reports from facilities. The update reports are compiled and submitted to ARB throughout the year. Quadrennial update reports from all update facilities are submitted to ARB as specified in HSC sections 44340 through 44344.

The District has not ensured that facility inventory records are removed from the CEIDARS database when a facility has ceased operations, or is no longer required to submit inventory updates. Some facilities that are in ARB's CEIDARS database are no longer in operation. The District tracks which facilities cease operations during a given year, but that information does not always get back to ARB. The District and ARB should reconcile the District's list of facilities in operation each year and determine which facilities must provide inventory updates. The District and ARB should create a mechanism for removing facilities that no longer report under the "Hot Spots" program. A list of facilities subject to the "Hot Spots" program should be provided to ARB on an annual basis. The District should obtain ARB's concurrence before exempting a facility from the update requirements of the program, C&GR (IV). ARB staff should update the CEIDARS database to reflect these changes. This should include criteria pollutant facilities and facilities with toxics.

The District collects and submits complete inventory data to ARB. The District's facility data appears to follow the appropriate degree of accuracy as specified in the C&GR. The District compares similar facilities for consistency on a regular basis. The District has identified or developed methodologies for calculating inventories and screening health risk assessments for all of their industrywide categories, although a few facilities have not been evaluated. The District has not calculated an emission inventory and completed a screening health risk

assessment for dry cleaners. The District has been waiting for the publication of the CAPCOA Risk Assessment Guidelines for Dry Cleaners. It should be noted that no other District (with potentially significant risk dry cleaning facilities) has completed this program requirement. We understand the District has begun evaluating dry cleaners using the draft CAPCOA HRA Guidelines for Dry Cleaners. Results are expected to be included in the District's "Hot Spots" Annual Report for 2005. Although not required by law, the District should make their industrywide inventory spreadsheets available on their web page.

Recommendations: *Some facilities that are in ARB's CEIDARS database are no longer in operation. The District should provide to ARB a list of all of the facilities and their status in the "Hot Spots" program each year. Although not required by law, the District should consider making their industrywide inventory spreadsheets available on their webpage. The District should continue to work with facilities early in the process of completing HRAs to ensure that all of the required information is included and submitted to the District within the specified timeframe. An effort should be made to evaluate and reprioritize facilities within the required timeframe.*

F. Emission Inventory Program

The District is doing an excellent job with their emission inventory program. The District has a well organized and documented data information system. Most program requirements have been completed. The District has submitted to ARB complete criteria and toxics emissions related data for each point source, including facility, device, process, stack, pollutant, temporal, and spatial data. The District has adequately estimated criteria emissions for those area source categories for which it has responsibility. The District develops its own growth and control factors for the source categories under District jurisdiction.

The District has submitted updates to the 2002 inventory for criteria pollutants, as required in HSC sections 39605(b), 39650(d), 39665(b)(1), 39607(b), 39607.3, 39610, 39612(b)(3), 40701(g). However, toxics facilities were not included as part of the annual point source submittal. The District collects annual survey information from all facilities emitting at least 10 tons per year of criteria pollutants and some targeted small sources based on their program needs. The District submits a total replacement of all criteria data annually. Toxics data are updated for selected facilities throughout the year. Several updates to facility toxic data were submitted as part of the CHAPIS and AB2588 update process, but most of the toxic emissions were not updated during the 2002 point source updates. The ARB Emission Inventory staff request annual toxics updates if data is available.

The District has separate toxics and criteria inventory programs and there is no coordination between the two programs for data submittals to ARB. Of the 639 facilities in the facility table in the 2002 CEIDARS database, 310 facilities emit criteria pollutants and 435 facilities emit toxic pollutants. Because the criteria and toxics facilities are not merged, there are facilities with two different IDs, one for reporting criteria emissions and the other for reporting toxics emissions. The District should combine criteria and toxics emissions for each facility into a single transaction file that can be submitted to ARB as a merged facility with a unique facility ID number. Combining these databases will avoid double counting of facilities in the District, and ensure that major facilities have a complete and accurate toxics inventory. Recently, all point source criteria, toxics and permit activities were combined under one program. This will allow emission inventory data for both criteria and toxic pollutants to be stored in one database.

The District continues to do an excellent job in estimating emissions for those area source categories for which it has responsibility. The District also estimates emissions for selected area source categories for which ARB has primary responsibility. Emissions for most of the categories are updated on a triennial basis. Select categories, such as dry cleaning, gas stations, wildfires, and waste burning receive annual updates. The District develops and maintains methodologies used to estimate emissions for those area source categories for which it estimates emissions. However, these documents are not shared with

ARB. In addition, these methodologies are not posted on the District's website. The District provides the methodology to ARB when the District wants to replace ARB estimates. Posting area source methodologies on the web allows other Districts and the public to review and compare area source methodologies, which may help to improve those estimates.

In their comments on the draft Program Review report, the District has indicated that they will provide ARB their current area source methodologies and asked that methodologies be posted on the ARB's web site. We appreciate their effort and will post the methodologies to the ARB's web site. We also encourage the District to continue to provide the information to ARB as they develop new methodologies in future.

The District develops its own growth and control factors for the source categories under District jurisdiction. The District provides these factors to ARB when needed. ARB default growth factors that are based on a 2001 Pechan study serve as the primary source of growth data for the remaining source categories. The District has expended considerable effort to provide ARB the growth and control factors. ARB encourages the District to continue to provide to ARB control factors whenever the District adopts a new or modified rule.

The District reports total emissions for each source category. This includes small and large stationary sources. The District also reports emissions for larger sources as point sources. ARB and the District share responsibility in segregating emissions in a given source category between point sources and area sources to avoid double-counting emissions or under-counting emissions. The District is responsible for ensuring that the total emissions in a category is at least as great (if not greater) than the total of the reported point source emissions, to avoid under-counting. The ARB, is in turn, responsible for "reconciling" the emissions by subtracting point source emissions from total emissions in each category to determine area sources emissions. The District staff has a good understanding of the reconciliation process and works with ARB staff during this process.

The District has submitted to ARB complete criteria and toxics emissions related data for each point source, including facility, device, process, stack, pollutant, temporal, and spatial data as required by HSC sections 39605(b), 39607(b), 39650(d), 39665(b)(1), and 40701(g). Almost all facilities contain temporal data, spatial data, and UTM coordinates. While most facilities have temporal and spatial data, only four criteria facilities have stacks reported. This is because the District only reports criteria stacks that are higher than 49 feet. Only 30 percent of the toxics facilities have stacks. Most of the reported stacks have an associated stack parameter (stack height, diameter, flow rate, velocity, and/or temperature), which is critical for risk modeling. The District should continue to strive to report release parameters (stacks) whenever possible.

The District has submitted to ARB complete and updated criteria and related data for each area source category for which it estimates emissions, as required in HSC sections 39605(b), 39607(b), 39650(d), 39665(b)(1), and 40701(g). This includes process, pollutant, temporal, and spatial data.

The District has submitted the 2002 emissions related data to ARB using CEIDARS 2.0 format. The CEIDARS 2.0 format is not the most recent version of the CEIDARS transaction format but it is an acceptable format. The District uses a Microsoft Access query tool to create a batch transaction for emission inventory submittals. This method is an efficient means of transferring emissions data to ARB. Recently the District has used ARB web data entry forms to update 2003 point source changes directly in CEIDARS. Since the audit in July 2004, the District had switched to using the most recent CEIDARS 2.5 transaction format for data submittals. ARB appreciates their efforts in this area.

The District operates on a Windows NT operating system and emission inventory data is stored in a Microsoft Access database. This system is adequate to manage the emission inventory data as required in HSC sections 39607(b), 39650(d), and 39665(b)(1). The District manages their toxics data using HARP. Recently, the District has begun to use SQL Server with a visual basic editor to manage part of their inventory. The District has also begun to combine their facility criteria and toxics programs with their permit program, which will facilitate the merging of criteria and toxics data. The District has a systematic QA program to ensure the accuracy and precision of the most important emissions related data elements as required in HSC sections 39607(b) and 40701(g). The District staff runs their own QA/QC reports using web tools provided by ARB. The District reviews the QA/QC reports and makes corrections to its database and CEIDARS, if necessary. The District should continue to implement QA/QC in all of their data transactions.

<u>Recommendations</u>: The District should provide a merged criteria and toxic emission inventory to ARB. Annual toxics updates should be provided, if data is available. The District should use the most recent CEIDARS 2.5 transaction format for data submittals.

Since the audit in July 2004, the District began using CEIDARS 2.5 transaction format for data submittals, providing ARB appropriate growth and control factors, and has agreed to provide area source methodologies to ARB to be posted on ARB's web site.

G. Ambient Air Monitoring Program

ARB staff conducted a system audit of the District's ambient air monitoring program to determine their compliance with the requirements of the U.S. EPA's 40 CFR, Part 58, and the U.S. EPA's Quality Assurance Handbook for Air Pollution Measurement Systems, Volume II, April 1994. The District operates air-monitoring sites located in El Rio, Ojai, Piru, Simi Valley, Thousand Oaks, and Ventura. The District monitors for such gaseous pollutants as ozone, nitrogen dioxide and non-methane hydrocarbons (NMHC). The District monitors for particulate matter as PM2.5 and PM10. The District also monitors for meteorological parameters which include wind speed, wind direction, outside temperature, relative humidity, solar radiation, ultraviolet radiation, and barometric pressure. The District is responsible for the operation and maintenance of the instrumentation as well as the management of the data generated. The District maintains and operates a laboratory at 669 County Square Drive in Ventura for the analysis of the PM filters and NMHC components. The District's aldehyde program is outsourced to Atmospheric Analysis Consultants (AAC).

The District sites, in general, were clean and well maintained. Logbooks and quality control checks were current and up-to-date. All quality control records were maintained in a bound and secure notebook or electronically. Data are recorded on a station data logger and backed up to the District's Electronic Data Acquisition System (EDAS) on an hourly basis. The District's site operators review all data and take appropriate action to correct any deficiencies or problems with instruments or other equipment. The District meets all siting requirements as outlined in U.S. EPA's 40 CFR, Appendix E, and is constantly reviewing site parameters to ensure compliance. The last performance audit of the laboratory was conducted on July 15, 2004 and the District passed the U.S. EPA's audit criteria.

As part of their regular schedule to ensure data validity, District staff conducts automated daily zero checks of continuous analyzers for all gaseous pollutants. Automated span checks are performed daily for criteria pollutants and automated precision checks are performed daily for continuous NMHC and weekly for criteria pollutants. District staff also conducts semi-annual calibrations. The results of the checks and calibrations are used to validate, correct, or invalidate data. Station operators also conduct a visual inspection of the station and note any changes that have occurred since their last visit. Any changes that may have an impact on reported data are noted and addressed as quickly as possible to prevent any adverse impact. Performance audits were conducted at seven air monitoring sites in 2004. The audit results indicated that all instruments were operating within the control limits of ARB. The Annual Quality Assurance Data Analysis Report for the year 2003 gave the District an overall accuracy rating of "excellent," in its ability to collect ambient air quality data.

The District also participates in an annual ozone comparison program with the San Luis Obispo County Air Pollution Control District and the Santa Barbara County Air Pollution Control District to verify the accuracy of their ozone analyzers. The District compares their local ozone standard to ARB's Standard Reference Photometer on an annual basis.

The District is well staffed and maintains an in-house training program for current and new employees as the need arises. The staff are provided training in current air pollution monitoring and control techniques by attending classes and seminars provided by experts in these fields. The District's meteorology section provides the Air Quality Index (AQI) for the six county regions twice daily and a forecast of the AQI level.

The District maintains a complete set of documents and Standard Operating Procedures (SOPs) provided by their contract laboratory (AAC). The documents include an overview of the laboratory and the procedures used to ensure the highest levels of quality assurance and quality control and that all samples are processed efficiently, effectively, and under the tightest controls. The SOPs also provide an explanation of the process used to analyze the aldehyde cartridges.

The District does not maintain an internal audit program for performance audits as these are conducted annually by ARB staff. These annual audits include criteria pollutant analyzers, particulate samplers, PAMS NMHC analyzers, and meteorological equipment. ARB staff also conduct annual PM2.5 and PM10 lab audits which assess the District's balances, temperature and humidity sensors, and laboratory records. ARB staff are also involved in the process of conducting periodical systems audits. The District conducts regular audits of PM2.5 and PM10 mass by reweighing 10 percent of the samples. The District also participates in audits by private industry and EPA Performance Evaluation Program (PEP) audits on an annual basis.

<u>Recommendations</u>: The District should continue to operate their ambient air monitoring program in accordance with their established methods and procedures.

H. Summary of Comments by Stakeholders

As part of the program review process, ARB staff interviewed selected stakeholders in Ventura County. These represent environmental/public health groups and industry. Questions to these groups related to the District's compliance, permitting, and rule development programs. Participants were also given an opportunity to comment on any other issues important to their needs. Not all stakeholders commented on every question.

Overall, the stakeholders were complimentary of the District's practice in using the media and other outreach methods to inform the public on the District's clean air efforts. Industry also mentioned that they were readily informed and prepared for pending rule requirements and that an attitude of "customer service" was common by District staff, especially when it came to responding to permitting questions and air quality complaints.

A summary of comments related to the District's compliance, permitting, and rule development programs are given below:

Compliance Program - Industry's perception of the mutual settlement program (for violations) was that it is fair. Some stakeholders stated the District holds its ground with respect to penalty settlement amounts and will reduce penalties only if there are valid mitigating circumstances. Several stakeholders mentioned that the District conducts announced inspections and that the inspections are very thorough. One industry member expressed general satisfaction with the variance process. A suggestion in this regard was that the variance Hearing Board needs an engineering member.

Permitting Program - Stakeholders mentioned that the District permitting staff was very proficient and efficient in resolving permitting issues and in quickly issuing permits to operate. One industry representative stated that this District was able to issue permits to operate for Title V sources with much lower processing fees as compared to neighboring districts. One industry representative made a comment that the permit conditions could be less ambiguous and less redundant.

Rule Development Program - Stakeholders mentioned that District staff does well in notifying the public of upcoming meetings or rule amendment workshops. Most stakeholders were complimentary of the technical ability of the District's rule making and other technical staff. One stakeholder mentioned that the Advisory Committee on rule development, which consists of 20 members from 10 cities and 5 supervisory Districts (2 members each), has a high turnover rate and that new members could benefit if the District made an effort to train and educate them on air pollution methods and controls.