

**FINAL**

**ENVIRONMENTAL IMPACT REPORT**

**REGULATION VIII (New Source Review)  
REGULATION II (Permits)  
RULE 102 (Definitions)  
AND AMENDMENT TO THE 1991 AIR QUALITY  
ATTAINMENT PLAN**

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Santa Barbara County  
Air Pollution Control District



**FINAL ENVIRONMENTAL IMPACT REPORT**  
**Regulation VIII, Regulation II, Rule 102 and Amendment to the 1991 AQAP**  
**SBCAPCD-95-EIR-1**

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## EXECUTIVE SUMMARY

Pursuant to the requirements of the California Environmental Quality Act ("CEQA"), this Program Environmental Impact Report ("EIR") has been prepared by the Santa Barbara County Air Pollution Control District ("APCD") to evaluate the potential adverse environmental impacts of the proposed APCD Regulation VIII (New Source Review), Regulation II (Permits), and Rule 102 (Definitions) and amendment to the 1991 Air Quality Attainment Plan ("AQAP"). Although Regulation II is currently comprised of eleven rules governing the issuance of air quality permits by the APCD, the proposed changes would revise elements of only six of these current rules: Rule 201 (Permits Required), 202 (Exemptions to Rule 201), 203 (Transfer), 204 (Applications), 205 (Standards for Granting Permits), and Rule 208 (Action on Applications). With the exception of Rule 205, these rules would be revised to form the proposed Regulation II. Rule 205 would be revised to form the new proposed Regulation VIII. Rule 102 (Definitions) has been modified since this rule is the repository for definitions contained in the APCD Rules and Regulations and must be changed to be compatible with the revised regulations. Administrative changes to other rules are also included as part of this package but are not substantive and are therefore, not analyzed as part of this project. The EIR also analyzes the effect of amending the minimum offset ratio specified in the 1991 AQAP from 1.5:1 to the offset ratios specified in proposed Regulation VIII.

The proposed revisions to Regulation II and Rule 102 are intended to modify APCD rules so that they comply with state and federal mandates. Additionally, the 1997 revisions to Regulation II and Rule 102 incorporate comments made by members of the APCD Board in previous public hearings, by the APCD Community Advisory Council, industry and staff to clarify and streamline the permitting procedures and requirements, particularly those contained in Rule 205.C, New Source Review/Prevention of Significant Deterioration. Certain feasible mitigation measures proposed in the August 1995 version of the EIR are also incorporated. Lastly, the APCD proposes to revise the format and organization of the rules to provide clarity and consistency within the APCD rules and regulations.

An EIR, pursuant to CEQA Guidelines Section 15060, is required for the proposed project since the APCD has determined, based upon substantial evidence, that there is a fair argument that the proposed project may have a significant adverse effect on the environment. The EIR examines the potential adverse environmental effects that may occur as the result of implementation of the proposed Regulation VIII, Regulation II, and Rule 102 and the amendment to the 1991 AQAP. The APCD reviewed the revisions to determine which environmental resources may be adversely impacted by the proposed project. Except for air quality, there is no evidence that there are any impacts to other environmental resources. Thus, the impacts to all resources besides air quality were determined to not require further environmental analysis. This EIR addresses only impacts to air quality resources in Santa Barbara County and on the Outer Continental Shelf ("OCS") offshore of Santa Barbara County.

Nonattainment pollutants, include the ozone precursors: nitrogen oxides ("NO<sub>x</sub>" measured as NO<sub>2</sub>) and reactive organic compounds ("ROC"); and fine particulate matter ("PM<sub>10</sub>") and its precursors such as sulfur dioxide (SO<sub>2</sub>). Attainment pollutants include carbon monoxide (CO), hydrogen sulfide (H<sub>2</sub>S) and all others for which the state and federal governments have established ambient air quality standards. Both nonattainment and attainment pollutants may have adverse impacts on the air quality in Santa Barbara County as a result of the proposed new revisions. The proposed revisions to current rules and procedures that have the potential to cause significant adverse environmental impacts are as follows:

1. **Net Emissions Increase ("NEI") Definition.** The proposed Rule 102 includes a modified definition and calculation methodology for determining the NEI for a new or modified stationary source. The basic change from the existing definition concerns the baseline year from which emission increases and decreases are computed. Currently, the NEI is calculated as the sum of the emission increases and decreases from a new or modified stationary source since July 2, 1979. The modified NEI calculation would sum the emission increases and decreases since November 15, 1990 for any new or modified stationary source.

The revision of NEI baseline date, when taken alone, would have a significant adverse impact upon air quality because it has the potential for increasing ozone precursor emissions (NO<sub>x</sub> and ROC) by as much as 750 tons per year. The APCD, however, proposes to lower the offset threshold to mitigate the adverse impacts of the revised NEI baseline date. The two changes are presented as a "package" and would result in insignificant residual impacts to air quality. The impacts of this measure are discussed in Alternative 4 in Section 6.4 of this EIR.

2. **Offset Thresholds.** The proposed NEI thresholds (or emission trigger levels) for requiring offsets for new or modified stationary sources have been changed in the proposed Regulation VIII. For ozone precursors, NO<sub>x</sub> and ROC, the thresholds have been changed from 10 pounds/hours or 25 tons/yr to 55 lbs/day or 10 tons/yr. For PM<sub>10</sub>, the thresholds have been changed from 10 lbs/hr, 80 lbs/day, or 15 tons/yr to 80 lbs/day or 15 tons/yr. The offset threshold for attainment pollutants would be changed from 10 lbs/hr to 240 lbs/day. The new offset thresholds are proposed to mitigate the potentially adverse air quality effects of the proposed NEI definition (see discussion above). The lower offset threshold would also mitigate the adverse impacts that would result from the proposed relaxation of BACT thresholds.
3. **Best Available Control Technology ("BACT") Thresholds.** The BACT thresholds for new or modified stationary sources have been changed in proposed Regulation VIII. For nonattainment pollutants and their precursors, the thresholds have been changed from 2.5 lbs/hr to 25 lbs/day and would be calculated based upon the project's "potential to emit" ("PTE") instead of the NEI. The BACT thresholds would be calculated for the proposed "project" only, whether the project were a new source or a modification to an existing source. The new BACT threshold for nonattainment pollutants is consistent with the minimum requirements of Health & Safety Code Section 40918(a). The BACT thresholds for attainment pollutants have been changed to pounds per day instead of pounds per hour but still are based upon the source's NEI.

This change was made in an effort to streamline permit processing for small projects. Although the revised BACT threshold would be a relaxation as compared to the current thresholds, the adverse impacts would not be significant because BACT determinations for small projects usually result in a Reasonably Available Control Technology ("RACT") level of control due to feasibility considerations, primarily economics. RACT controls are the levels generally required by the APCD prohibitory rules. Thus, the proposed revision would eliminate the need for unnecessary BACT determinations for small projects and, as a result, would streamline the permit process. Some adverse impacts are anticipated, but they are not expected to be significant. The adverse impacts would be mitigated by the proposed lower offset threshold, since the lower offset threshold would provide incentive for sources to install BACT controls before they trigger the BACT requirement.

4. **Air Quality Impact Analysis ("AQIA") Thresholds.** The proposed AQIA thresholds for new or modified stationary sources have been changed in proposed Regulation VIII.

Pollutant	Existing	Proposed
NO <sub>x</sub> and ROC	5 lb/hr, 240 lb/day or 25 tons/yr	120 lb/day
PM <sub>10</sub>	5 lb/hr, 80 lb/day or 15 tons/yr	80 lb/day

Essentially, the short-term AQIA thresholds (lbs/hr) have been eliminated. This revision would result in potentially significant adverse impacts due to the elimination of hourly AQIA triggers, since some "batch" processes may have high hourly emissions, but still maintain daily emissions below the proposed thresholds. High hourly emission rates may jeopardize short term (e.g. hourly) air quality standards and increments, which are generally reviewed in an AQIA analysis. Thus, elimination of the hourly triggers for an AQIA may allow projects to be permitted that would exceed short term standards or increments. The impacts can be reduced to insignificance by maintaining the hourly triggers for all pollutants that have a short term air quality standard or increment. The APCD has chosen to add the following sentence to Rule 802 Section D.1 : ...the Control Officer may require an Air Quality Impact Analysis for any new or modified stationary source that the Control Officer has determined has the potential to cause or contribute to a violation of an air quality standard.

5. **Offset Ratio and Distance Factor Requirements.** The distance factors applied to offset sources more than 15 miles from a proposed source have been modified in the proposed new Regulation VIII. The proposed new regulation requires an offset ratio of 1.5 : 1 for nonattainment pollutants (as compared to the current minimum offset ratio of 1.2 : 1) if the distance between the subject source and the offset source is greater than 7.5 miles and if the subject source and the offset source are located in the same meteorological regime, *i.e.*, either in the North County or in the South County. The proposed regulation also allows offsetting of nonattainment pollutants between separate meteorological regimes (between the North County and the South County) at a offset ratio of 6.0 : 1. Furthermore, offsets from sources outside Santa Barbara County may be used to mitigate new and modified stationary sources of air pollution within Santa Barbara County at a ratio of 6.0 : 1.

The proposed revisions to the offset ratios are a relaxation of current procedures and may slow the progress towards attainment of ozone standards. However, the proposed revisions will not result in any significant adverse air quality impacts. This is because the proposed offset ratios, while no longer distant dependent, will still result in a net air quality benefit as a greater than one-to-one offset ratio is still required.

6. **Permit Exemptions.** The revised Rule 202 proposes a number of changes, including new exemptions for stationary source categories. New exemptions are provided for temporary equipment, military operations, amusement rides, aircraft shows, portable steam cleaning equipment, fuel cells, architectural coating application, rail cleaning, air brushing, aerobic wastewater treatment equipment, stenciling and dyeing, paving activity, contaminated soil bioremediation, safety flares, barbecue equipment, and for certain semiconductor manufacturing operations. The revised rule also contains new and modified "gatekeepers" which require a source to obtain a permit notwithstanding an exemption in Rule 202 if the source's emissions exceed certain levels.

Some of the proposed revisions are more restrictive than the current rule, while some of the revisions are less restrictive. Overall, adverse impacts that may result due to the proposed exemptions would be insignificant.

7. **Emissions Reduction Credit ("ERC") System.** Health & Safety Code Section 40709 *et. seq.* requires each air pollution control district to establish an emission banking system for crediting emission reductions which could be used to offset future development projects. This new state mandate allows each district substantial latitude for the development and requirements of the banking system. Rule 806 (Banking of Emission Reduction Credits) contains the requirements of the proposed banking system.

The banking of emission reduction credits for sources that shut down because of reduced economic viability would result in the potential for significant adverse impacts, since these shut downs would have happened anyway. Allowing ERC credit for these shut downs would eliminate the air quality benefit that would have occurred. To mitigate these impacts, the APCD proposes to discount all shut down ERC credits by the greater of BACT (if RACT is not available) or 20 percent. In addition, RACT would be applied at the time of use. This discounting of shut down credits would assure that facility shut downs would result in an overall net air quality benefit.

8. **Amendment to the 1991 AQAP.** The 1991 AQAP discussed the update of the New Source Review as a proposed control measure. The update included increasing the minimum offset ratio from 1.2:1 to 1.5:1. The proposed Regulation VIII sets the minimum offset ratio at 1.2:1 for sources that are within 7.5 miles of the offset source. While the minimum proposed offset ratio is less than 1.5:1, the proposed Regulation VIII will still achieve a net air quality benefit, albeit at a lesser rate than would have achieved with a minimum offset ratio of 1.5:1.

Four alternatives have been analyzed and compared with the proposed project, as well as to the existing rules to satisfy CEQA requirements. An additional alternative, analyzed as Alternative 3 (the proposed Project With a 5-Year Rolling NEI) in the August, 1995 draft EIR was eliminated from consideration because it does not meet the project objectives and would result in significant air quality impacts. This alternative is similar to the proposed action, but includes a 5-year rolling baseline calculation for NEI, instead of a fixed November 15, 1990 baseline. This alternative, which displays the effects of the implementation of the proposed action with a different NEI calculation is provided in Section 6, in the interest of public disclosure only. The four feasible alternatives to the proposed project are:

#### Alternative 1. No Project Alternative

The "No Project" Alternative analysis is required by CEQA and would indicate the results of not implementing any change to the current Regulation II and Rule 102. Thus, the No Project Alternative would not address any changes to the APCD rules, including those revisions mandated by California State law.

#### Alternative 2. Minimum Changes Necessary To Meet State And Federal Mandates

Many of the modifications to Regulation II and Rule 102 have been proposed to address comments made by members of the APCD Board and industry, and recommendations by the APCD staff to clarify the regulations and create a more streamlined permit process. The APCD is not bound by any State or federal law to make these additional modifications to the current Regulation II and Rule 102, *i.e.*, the changes are

not "mandated". Furthermore, the revisions to APCD rules specifically mandated by California State law allow for a substantial range of interpretation of required actions. Alternative 2 presents a comparative analysis of the effects that may occur if Regulation II and Rule 102 were revised with only the minimum changes required to meet state and federal law. The minimum changes are interpreted to be those changes that would least affect the regulatory requirements of the current Regulation II and associated definitions.

#### Alternative 3. The Proposed Project With Offset Liability For Large Sources

This alternative is similar to the proposed action, but with a different methodology for determining offset requirements. In this alternative, the offset trigger would be based upon a source's potential to emit ("PTE") rather than NEI. Consistent with Health & Safety Code Section 40918(a), any source with a PTE over 25 tons/yr would be required to offset all emission increases.

#### Alternative 4. The Proposed Project With Minimum Offset Ratio of 1.5 :1

This alternative is similar to the proposed action, but with the offset ratio of 1.5 : 1 for sources in the same meteorological regime. This alternative displays the effects of implementation of the proposed action with a higher offset ratio, consistent with the 1991 AQAP. The August, 1995 draft EIR analyzed this alternative as "The Proposed Project With Offset Ratio Less Than 1.5:1" because the rule as proposed at that time had a minimum offset ratio of 1.5:1.

A summary of the potential impacts of implementing the proposed project are presented in Table ES-1 along with reasonable mitigation measures to reduce the one identified adverse environmental impacts. The net (cumulative) effect of all the proposed rule revisions are discussed in Section 4.2.10. Mitigation measures are also discussed in Section 4.3. Cumulative impacts are discussed in Section 5.0. A discussion of the impacts of the alternatives as compared to the proposed project and to the current rule is provided in Section 6.0 of this document. The Notice of Preparation sent out in 1994 is presented in Appendix A. No comments were received in response to this notice. Comments received on the August, 1995 draft EIR are attached as Appendix B. Responses to those comments have been made through changes to this draft EIR and may not apply to the revised project and draft EIR. Therefore, no additional responses are provided. Two comment letters were received on the 1997 draft revised EIR.. One of these was received after the close of the comment period. These are also attached in Appendix B. Responses to these comments will be provided under separate cover and attached to the certified final EIR.



**TABLE ES-1 Summary of Project Impacts and Mitigation Measures**

Issue Area	Potential Impacts	Level of Significance*	Mitigation Measures	Residual Impacts
AIR QUALITY	Elimination of hourly AQIA threshold would jeopardize the federal and state short-term NAAQS and CAAQS for attainment and nonattainment pollutants.	Class II for attainment and nonattainment pollutants.	Require an hourly emission threshold of 5 lb/hr for requiring AQIA for pollutants that have a short term (e.g. hourly) air quality standard or increment or equivalent mitigation to protect the short-term standards. The following sentence has been added to Rule 802 Section D.1 : "...the Control Officer may require an Air Quality Impact Analysis for any new or modified stationary source that the Control Officer has determined has the potential to cause or contribute to a violation of an air quality standard.	Insignificant
	The relaxation of both the NEI baseline to November 15, 1990 and offset threshold from lbs/hr to lbs/day may increase emissions throughout Santa Barbara County.	Class III for attainment and nonattainment pollutants.	None required.	Insignificant
	The relaxation of the BACT thresholds for attainment and nonattainment pollutants may result in increased emissions of attainment and nonattainment pollutants in Santa Barbara County.	Class III for attainment and nonattainment pollutants.	The more stringent offset threshold would provide incentive for sources to install BACT controls and would mitigate the adverse impacts. None required.	Insignificant
	Exemptions for sources that were not previously exempt may result in small increases of attainment and nonattainment pollution emissions.	Class III for attainment and nonattainment pollutants.	None required.	Insignificant

\* Level of Significance:

- Class I - Significant unavoidable adverse impacts for which the APCD Board must adopt a statement of overriding consideration
- Class II - Significant adverse impacts that can be feasibly mitigated or avoided for which the APCD Board must adopt CEQA findings and mitigation measures as conditions of approval.
- Class III - Adverse impacts found not to be significant for which the APCD Board does not have to adopt findings under CEQA



## 1. INTRODUCTION

The permitting of new or modified sources of air pollution is one of the most important responsibilities of an air pollution control district. An air pollution control district has two basic strategies for reducing air pollution from stationary sources, either through its permitting program (*i.e.*, new sources are built as clean as possible and also help reduce existing pollution) or through its clean air plan and rule making process (*i.e.*, existing sources of emission must retrofit their operations to comply with adopted rules). Without adequate new-source regulation, air pollution emissions from new or modified facilities degrade air quality and thereby jeopardize health-based air quality standards and undermine efforts to reduce emissions as required by state and federal law and potentially make regulations more difficult for existing and future industry. Thus, effective rules governing the issuance of air quality permits can ensure that new and modified sources of air pollution do not adversely affect public health or undermine air quality planning efforts.

The proposed project would result in major revisions to the Santa Barbara County Air Pollution Control District ("APCD") rules governing the issuance of air quality permits to new or modified sources of air pollution, *i.e.*, Regulation II and Rule 102. Regulation II is currently comprised of eleven rules governing the issuance of air quality permits by the APCD. The proposed changes, however, would revise elements of only six of these rules: Rule 201 (Permits Required), 202 (Exemptions to Rule 201), 203 (Transfer), 204 (Applications), 205 (Standards for Granting Permits), and Rule 208 (Action on Applications). With the exception of Rule 205, these rules would be revised to form a modified proposed Regulation II. Rule 205 would be revised to form the new proposed Regulation VIII. Rule 102 (Definitions) has been modified since this rule is the repository for definitions contained in the APCD Rules and Regulations and must be changed to be compatible with the proposed Regulation II revisions.

In addition, this EIR evaluates the impacts of amending the 1991 AQAP to replace the control measure updating the NSR rule to increase the offset ratio for larger sources from 1.2:1 to 1.5:1 with the offset ratios in the proposed Regulation VIII. This action is required to make the proposed Regulation VIII consistent with the 1991 AQAP.

Pursuant to the requirements of the California Environmental Quality Act ("CEQA"), this document is a revised version of the draft EIR released in August, 1995, and has been prepared to evaluate the potential adverse environmental impacts of the 1997 public draft of the proposed regulations and rule. The revised EIR is being recirculated pursuant to Section 15088.5 of the State CEQA Guidelines.

### 1.1. PURPOSE AND NEED

The purpose of this EIR is to describe for the public and decision-makers the potential environmental consequences of implementing the proposed Regulation VIII, Regulation II, and Rule 102 and the amendment to the 1991 AQAP. CEQA requires that projects that may significantly affect the quality of the environment be analyzed and disclosed in an EIR so that significant adverse effects may be reduced or eliminated.

The proposed revisions to Regulation II and Rule 102 are extensive and represent major amendments to the APCD permitting system. Primarily, the revisions are intended to modify the rules so that they

comply with state and federal mandates. The proposed changes to Regulation II and Rule 102 required by state or federal law that have the potential to adversely impact the environment are as follows:

1. The California Health and Safety Code Section 40918(a) requires each air district to establish, to the extent necessary to implement its Clean Air Plan, a permitting program designed to achieve no net increase in emissions of nonattainment pollutants or their precursors from new or modified sources which emit 25 tons per year of nonattainment pollutants or their precursors.
2. The Health & Safety Code Section 40918(a) requires, to the extent necessary to implement its Clean Air Plan, the use of best available control technology (BACT) for new or modified sources which have the potential to emit 25 pounds per day or more of nonattainment pollutants or their precursors.
3. The Health & Safety Code Section 40709 *et. seq.* requires that every air pollution control district establish by regulation a system by which emission reductions which are to be used to offset future emission increases shall be banked prior to use to offset future emission increases.
4. The Health & Safety Code Section 42320 *et. seq.* requires every air pollution control district to review their permit programs, classify sources as small, medium, and large, and institute expedited procedures.
5. The federal Clean Air Act Amendments of 1990, Section 182(b)(5), require that each district adopt rules necessary to implement the district's attainment demonstration plan which has been submitted to the USEPA for inclusion in the State Implementation Plan. At a minimum, the offset trading ratio must be 1.15 : 1 for ROC emissions.

Additionally, the proposed Regulation VIII, Regulation II, and Rule 102 are intended to satisfy comments made by members of the Governing Board of the Santa Barbara County Air Pollution Control District ("APCD Board") and industry to clarify and streamline the APCD permitting procedures and to provide relief in the form of new exemptions for certain small sources of air pollution in the County. The revisions would also resolve issues related to format, organization, clarity, and consistency with other APCD rules and regulations.

## 1.2. LEAD AND RESPONSIBLE AGENCIES

The APCD is the lead agency for the proposed project pursuant to the *Guidelines for Implementation of the California Environmental Quality Act* ("State CEQA Guidelines"). As lead agency, the APCD has the principal responsibility for carrying out the proposed project and for preparing CEQA documents.<sup>1</sup> The APCD Board is the decision-making body for approval or denial of this project. An Environmental Impact Report ("EIR"), pursuant to CEQA Guidelines Section 15060, is required for the proposed project since the APCD has determined, based upon the initial study, that a fair argument could be made that the proposed project may have a significant effect on the environment. The EIR will examine the potential adverse environmental effects that may occur as the result of implementation of the proposed Regulation VIII, Regulation II, and Rule 102.

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<sup>1</sup> CEQA Guidelines, 1994, §15051.

The U. S. Environmental Protection Agency ("USEPA") is the federal agency with responsibility for implementing the Clean Air Act ("Act"). The USEPA is responsible for approving state and local air quality plans mandated under the Act. The California Air Resources Board ("CARB") is the state trustee agency for air quality in the State of California under the California Clean Air Act ("CCAA"). The USEPA is a responsible agency pursuant to CEQA Section 21069. Both CARB and USEPA may provide comments on the draft EIR and the proposed project.

### 1.3. RESOURCES AFFECTED BY THE PROPOSED PROJECT

The proposed project was analyzed to determine which environmental resources may be adversely impacted by the proposed project. Except for air quality, there is no evidence that there are any impacts to other environmental resources. Furthermore, the impacts, if any, to non-air resources would not be reasonably foreseeable impacts. Thus, the impacts to all resources besides air quality were determined to not require further environmental analysis. This EIR addresses only impacts to air quality resources in Santa Barbara County and on the Outer Continental Shelf ("OCS") offshore of Santa Barbara County. Potential adverse impacts to other resources, as well as project-specific air quality impacts, will be examined in the required project-level CEQA analyses prepared for specific development projects that occur in the future.

### 1.4. CONTENTS OF THE EIR

- The Executive Summary provides a synopsis of the EIR and lists the classification of impacts in the Impact Summary Table.
- Section 1 provides the introduction and background, the purpose, and describes the contents of this EIR.
- Section 2 contains a description of the existing project (current Regulation II and Rule 102), the project description (revisions to Regulation II and Rule 102 and the creation of the new Regulation VIII), and lists the alternatives analyzed in the EIR.
- Section 3 provides a discussion of the environmental setting in the project area. The environmental setting defines the baseline for the analysis of potential impacts. Consistency with the adopted air quality plans is also discussed here and in Section 4.
- Section 4 analyzes the environmental impacts resulting from the implementation of the proposed Regulation VIII, Regulation II, and Rule 102. Criteria for determining significance are discussed and an analysis of proposed mitigation measures and residual impacts is included.
- Section 5 discusses the cumulative impacts associated with the implementation of the proposed project.
- Section 6 discusses the environmental impacts of alternatives to the project, including the no project alternative. The impacts of these alternatives are evaluated in comparison to

the proposed project and to the current rules and procedures. The environmentally superior alternative is also identified in this section.

- Section 7 includes the following CEQA topics:
  - Relationship Between Local Short-Term Uses and Long-Term Productivity
  - Significant Irreversible Changes
  - Growth Inducing Impacts and Socio-Economic Impacts.
  
- The Appendices include a copy of the Notice of Preparation and references. Comments received on the August, 1995 draft EIR are attached as Appendix B. Responses to those comments have been made through changes to this draft EIR and may not apply to the revised project and draft EIR. Therefore, no additional responses are provided. A Mitigation Monitoring Plan was not considered necessary for this project.

## **2. PROJECT DESCRIPTION**

### **2.1. PROJECT LOCATION**

Geographically, the area directly affected by the proposed Regulation VIII, Regulation II, and Rule 102 consists of the entire County of Santa Barbara, including California coastal waters (offshore of Santa Barbara County), California State Tidelands waters, and the OCS within 25 miles of the seaward boundary of the State and located off the coast of the County for which the APCD is the corresponding onshore area (Figure 1).

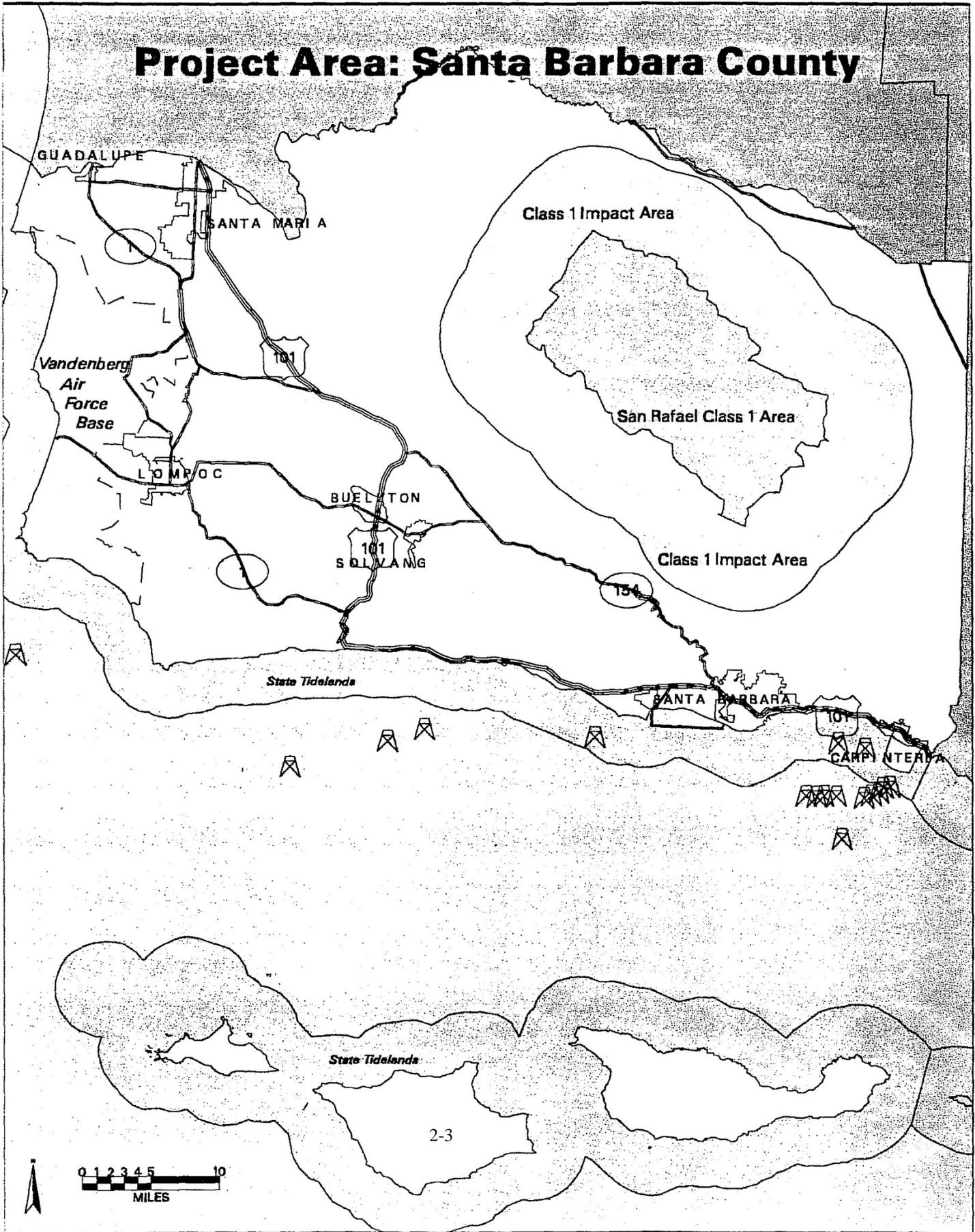
Santa Barbara County is located on the south central coast of California and is bounded by San Luis Obispo County to the north, Kern County to the north and east, Ventura County to the east, and the Pacific Ocean to the west and south. These three counties combine to form the South Central Coast Air Basin ("SCCAB"). Santa Barbara County includes the cities of Santa Barbara, Santa Maria, Guadalupe, Lompoc, Solvang, Buellton and Carpinteria. The surrounding unincorporated areas include the south County communities of Goleta, Montecito, Summerland and the Carpinteria Valley. The north County communities are Orcutt, the Santa Ynez Valley and Cuyama. Federally-owned lands within the County include the Los Padres National Forest and Vandenberg Air Force Base which occupies a major portion of western Santa Barbara County; and the Channel Islands National Park and Marine Sanctuary. The San Rafael Wilderness Area is the only federal Class I impact area in Santa Barbara County. California coastal waters include the area between the California coastline and a line (approximately 25 miles offshore) starting at the California-Oregon border and ending at the California-Mexico border.

The California State Tidelands extend three miles offshore from the coastline (commonly recognized as the mean high tide line). Platform Holly, is the only operating petroleum-producing facility in the State Tidelands off of Santa Barbara County.

There are currently fifteen (15) petroleum-related facilities in the OCS offshore of Santa Barbara County. The USEPA has delegated Clean Air Act authority to the APCD as the corresponding onshore area ("COA") for these 15 platforms. As a result, OCS facilities are regulated consistent with onshore sources, commencing September 4, 1994. The OCS facilities for which Santa Barbara County has been designated as the COA are: Platforms Habitat, Harmony, Harvest, Henry, Heritage, Hermosa, Hidalgo, Hillhouse, Hogan, Houchin, Hondo, Irene, and Platforms A, B, and C. The Exxon Oil Storage and Treatment Vessel ("OS&T"), for which the APCD was also designated as the COA, ceased operation in April, 1994 and has been removed from the area. Additionally, Santa Barbara County is the COA for Platforms Independence and Heather, facilities that were proposed but have not been constructed.



Figure 1



2.2.

## PROJECT OBJECTIVE

Both state and federal laws require that the APCD implement a permitting program for stationary sources of air pollution. These laws stipulate the minimum elements of the permitting system to be implemented by the APCD but allow flexibility for the APCD to design a program that meets its own unique air pollution challenges. The proposed rule revisions are intended to implement new state laws related to the permitting of stationary sources of air pollution. The new laws require the establishment of an emission credit bank (Source Register), revise offset and BACT requirements, and require expedited permitting procedures for small- and medium-sized stationary sources. The APCD also wishes to provide a more efficient and economic set of rules in the form of new exemptions for certain small sources of air pollution, while, at the same time, addressing the requirements of federal and state agencies. Therefore, the 1997 revisions to Regulation II and Rule 102 incorporate comments made by members of the APCD Board in previous public hearings, by the APCD Community Advisory Council, industry and staff to clarify and streamline the permitting procedures and requirements, particularly those contained in Rule 205.C, New Source Review/Prevention of Significant Deterioration. Certain feasible mitigation measures proposed in the August 1995 version of the EIR are also incorporated. Revisions to the format and organization of the rules to provide clarity and consistency with other APCD rules and regulations are also included. Lastly, the APCD needs to amend the 1991 AQAP to remove the inconsistency between the offset ratios proposed in Regulation VIII and the offset ratios specified in the 1991 AQAP control measure.

### 2.3. PROJECT CHARACTERISTICS

The proposed Regulation VIII, Regulation II, and Rule 102 represent a major overhaul of the existing rules. Broad sections of Regulation II are proposed to be relocated in Regulation VIII, particularly Rule 205. Many changes to Regulation II are necessary to accomplish compatibility with the proposed new Regulation VIII. This section describes the existing permitting rules and regulations that are proposed for revision, the proposed revisions, and the alternatives to the proposed project. In many instances, for the sake of brevity, certain provisions of the existing rules are paraphrased. For the exact requirements, please refer to the APCD Rules and Regulations.

#### 2.3.1. Existing Rules

The current APCD Rules and Regulations are organized as individual regulations. The eleven current regulations are:

Regulation I	-	General Provisions
Regulation II	-	Permits
Regulation III	-	Prohibitions
Regulation IV	-	Agricultural Burning
Regulation V	-	Hearing Board
Regulation VI	-	Emergencies
Regulation VII	-	Conformity
Regulation IX	-	New Source Performance Standards (NSPS)

- Regulation X - National Emission Standards for Hazardous Air Pollutants
- Regulation XI - Public Notification
- Regulation XIII - Part 70 Operating Permit Program

As stated, the proposed project would revise Regulation II. These revisions would comprise the majority of changes to the existing rules. The existing APCD Rule 102, Definitions, in Regulation I would also be affected since it lists definitions that are pertinent to understanding and interpreting APCD Rules and Regulations. Several new definitions have been added to Rule 102, and a number of existing definitions will be modified as a result of the proposed rule revisions. Except as specifically provided in Rule 102, however, the words and definitions in Rule 102 are used in exactly the same sense as in Division 26 of the Health & Safety Code and/or Title V of the Federal Clean Air Act.

Regulation II is comprised of rules describing the permit requirements of the Santa Barbara County Air Pollution Control District. Most of the rules in Regulation II have existed since 1971. The rules included in Regulation II are:

- Rule 201 - Permits Required
- Rule 202 - Exemptions to Rule 201
- Rule 203 - Transfer
- Rule 204 - Applications
- Rule 205 - Standards for Granting Applications
- Rule 206 - Conditional Approval of Authority to Construct and Permit to Operate
- Rule 207 - Denial of Applications
- Rule 208 - Action on Application - Time Limits
- Rule 209 - Appeals
- Rule 210 - Fees
- Rule 211 - Technical Reports -Charges For
- Rule 212 - Emission Statements

Of the rules included in Regulation II, only Rules 201, 202, 203, 204, 205, and 208 are proposed for substantive revision. Thus, the existing Rules 206, 207, 209, 210, 211 and 212 will not be described in the following discussion.

Current Rule 201 (Permits Required)

Existing Rule 201 describes the permits required by the APCD for operators of stationary air pollution-generating equipment in Santa Barbara County. Much of the language is consistent with that in Health & Safety Code Section 42300 et seq. Information required to be submitted in permit applications is provided, including technical information requirements. The rule also lists review-related time requirements, as well as the requirements for notifying other government agencies and departments.

### Current Rule 202 (Exemptions to Rule 201)

Existing Rule 202 describes the exemptions to Rule 201 permit requirements. Exemptions from the requirements to obtain an air quality permit can be obtained for equipment or sources meeting certain specific requirements.

Section A includes, as "General Provisions", some of the standard exemptions listed in Health & Safety Code 42310. These include the motor vehicle exemption, exemptions for repair, maintenance, and identical replacement, a de minimis exemption for modifications less than 0.10 pounds per hour (0.80 pounds per hour for carbon monoxide), and a "small stationary source exemption" for sources which emit less than 1 ton per year (added in 1994).

In Section B, persons losing an exemption due to a rule change are provided 90 days within which to make the necessary permit applications.

Section C exempts certain specific-use, piston-type internal combustion ("IC") engines regardless of size (i.e., agricultural operations, locomotives, emergency equipment, workover rigs, and some construction equipment), as well as individual IC engines rated at 100 bhp or less, provided that the total horsepower of engines between 20 bhp and 100 bhp at a source does not exceed 500 bhp. All IC engines less than 20 bhp are exempt.

Section D exempts combustion equipment, such as boilers and fired process heaters, with a maximum heat input of less than 5 MMBtu/hr, and ovens, kilns, crucibles no greater than 10 MMBtu/hr if fired with fuel meeting the specifications of PUC gas.

Section E exempts a list of 15 storage and transfer devices and operations, based on their size and the properties of the organic fluids stored or dispensed, up to a maximum of 150 pounds per day (per device) emissions.

Section F exempts a list of 63 "miscellaneous processing" devices and operations, ranging from industrial and residential vacuum cleaning systems to heat exchangers, up to a maximum of 150 pounds per day (per device). For example, permits are not required for any stationary sources under 1 ton per year. Permits are not required for specific emission sources such as motor vehicles, agricultural equipment, aircraft, small piston-type internal combustion engines, certain storage activities, and many other categories of equipment. The rule also provides a de minimis exemption for modifications to a source, where the modification results in a small quantity (0.10 pound per hour or less) of any pollutant emissions (except carbon monoxide which has a de minimis level of 0.80 pounds per hour).

### Current Rule 203 (Transfer)

Existing Rule 203 describes the means by which a permit may be transferred from one owner to another. The transfer of an Authority to Construct ("ATC") permit or Permit to Operate ("PTO") from one location to another, from one piece of equipment to another, or from one person to another is prohibited unless the applicable APCD permit is modified.

### Current Rule 204 (Applications)

Rule 204 requires that every application for an APCD permit to be filed in accordance with the manner and form prescribed by the Air Pollution Control Officer ("Control Officer") and supply all the information described in Rule 205.

#### Current Rule 205 (Standards for Granting Applications)

Existing Rule 205 describes the standards for granting ATC or PTO permits. Most of this rule is dedicated to section 205.C, New Source Review/Prevention of Significant Deterioration ("NSR/PSD"). Modifications to this rule were last adopted on August 15, 1996 to make the definition of ROC consistent with the revised definition in Rule 102. Rule 205, Section C, covers thresholds and methodology requirements for BACT, AQIA and offsets, and establishes administrative conditions that must be satisfied before a permit is granted. Section 205.C.5 (Administrative Requirements) addresses application completeness, reporting to oversight agencies, and public noticing for nonattainment and attainment review. Sections 205.C.6 and 7 provide different review requirements for power plants and cogeneration facilities and resource recovery projects, respectively.

Generally, the NSR provisions of Rule 205.C are applicable to the permitting of new or modified sources that emit pollutants designated as "nonattainment" in Santa Barbara County. This analysis is more appropriately termed "Nonattainment Review" ("NAR"), since NSR includes the review of both attainment and nonattainment pollutants. A "nonattainment" pollutant, as defined in State law, is an air contaminant for which an ambient air quality standard has been exceeded within the air district more than three discontinuous times (or, for annual ambient air quality standards, more than one time) within a three-year period. Currently, the pollutants considered to be nonattainment in Santa Barbara County are ozone ("ozone"), precursors to ozone formation, particulate matter with an aerometric diameter less than 10 microns ("PM<sub>10</sub>"), and precursors to PM<sub>10</sub> formation. The nonattainment ozone precursors are the oxides of nitrogen (NO<sub>x</sub>), measured as nitrogen dioxide ("NO<sub>2</sub>"), and reactive organic compounds ("ROC"). SO<sub>x</sub>, NO<sub>2</sub>, and ROC are precursors to PM<sub>10</sub> formation.

All other "criteria" pollutants, NO<sub>2</sub>, sulfur dioxide ("SO<sub>2</sub>"), carbon monoxide ("CO"), and lead ("Pb"), {hydrogen sulfide ("H<sub>2</sub>S"), sulfates, and vinyl chloride are additional state "criteria" pollutants} are considered to be in "attainment" of the air quality standards. NO<sub>2</sub> is considered a nonattainment and attainment pollutant because it is a criteria pollutant which is in attainment of the air quality standards but is also a precursor to ozone, a nonattainment pollutant. The PSD provisions of Rule 205.C are generally applicable to new or modified sources of "attainment" pollutants.

Section A of existing Rule 205 requires that a permit shall not be issued unless the source can show it will operate without violating Sections 41700 or 41701 of the Health and Safety Code or the APCD Rules and Regulations. Furthermore, the proposed emissions must be accounted for in the AQAP.

Section B provides for the requirement of sampling and testing as needed to disclose the nature, extent, quantity, or degree of air pollution discharged into the atmosphere by the source.

Section C contains the requirements for NSR and PSD. Rule 205 contains a set of definitions and exemptions specific to the provisions of the NSR/PSD section. Depending upon nonattainment pollutant emission levels, a new or modified source may be subject to NAR requirements, which include Best Available Control Technology ("BACT") requirements, an Air Quality Impact Analysis ("AQIA"), and emission tradeoffs ("offsets"). Generally, BACT requirements indicate that the subject operator must

apply the most stringent emission control device, emission limit, or technique which has been demonstrated and achieved in practice. The requirement for an AQIA requires the subject operator to submit an analysis which shows that the emissions from a new or modified source would not cause a violation of, or interfere with the attainment of, any ambient air quality standard. The emission tradeoff provisions of NSR require the subject operator to provide emission reductions in sufficient quantity to mitigate, or offset, the increased emissions anticipated from the new or modified source, so as to create a net air quality benefit. The amount of emission reductions required to fully mitigate projected emissions is determined, in part, by the distance of the emission reduction from the subject facility. For offset sources within 15 miles of the subject source, a minimum offset ratio of 1.2 to 1.0 is required. For offset sources beyond a 15 mile radius from the subject source, increased "distance" ratios are applied, as determined by the APCD Authority to Construct Permit Processing Manual, Table 12-1, September 4, 1987. Currently, for nonattainment pollutant offsets, the APCD requires emission reductions from sources in the same meteorological regime as the subject source, i.e., South County sources must obtain offsets from sources in the South County, and North County sources must obtain offsets from sources in the North County.

Depending upon attainment pollutant emission levels, a new or modified source may be subject to PSD requirements, which include BACT, offsets, air pollution modeling, ambient air monitoring, increment analysis, and protection of designated Class I areas. The definition of BACT requirements is the same as for NSR sources: the subject operator must apply the most stringent emission control device, emission limit, or technique which has been demonstrated and achieved in practice. The requirement for offsets is similar to the NSR emission tradeoff provisions. Mathematical simulation modeling may be required to demonstrate that emissions from the proposed source would not violate ambient air quality standards, increments, or Class I area air quality. Also, the Control Officer may require ambient air monitoring before and after project implementation to determine baseline conditions and the resultant effects of the project on local and regional air quality.

As described above, new and modified sources of air contaminants are subject to NSR and/or PSD provisions depending upon the type and quantity of pollutants emitted from the source. The individual requirements are determined as a function of the Net Emissions Increase ("NEI") for each new or modified source. An NEI calculation is performed for each new or modified source to determine the requirements for the subject source. The NEI is defined as the sum of the increases and decreases of pollutants from a new or modified source since July 2, 1979.

Rule 205 also details calculations methodologies for NAR and PSD projects, as well as administrative requirements. Additionally, the rule presents specific requirements for power plants and cogeneration projects.

#### Current Rule 208 (Action on Applications - Time Limits)

Existing Rule 208 provides 30 days within which the Control Officer must approve, deny or conditionally approve a permit application after it is deemed complete by the APCD. A provision is also made for time extensions. All applications for ATCs must be acted on by the Control Officer within the state or federal statutory time limits.

## Existing 1991 AQAP

The 1991 AQAP includes an emissions control measure to increase the amount of emission reductions for larger new and modified sources. The measure specifies a minimum offset ratio of 1.5:1 instead of the 1.2:1 ratio specified in the existing Rule 205.C. Thus, for sources that are within 15 miles of the offset provider, the ratio would be 1.5:1 instead of 1.2:1. The ratios for distances greater than 15 miles will remain as specified in the existing Rule 205.C (see Table 2-5 for the offset ratios in the existing rule). However, emission reductions from this measure were acknowledged in the 1991 AQAP to be difficult to quantify and speculative and consequently were not provided (p. 4-66 of the 1991 AQAP). Thus, no emission reduction credit was taken for this control measure.

### 2.3.2. Project Description

The proposed project would substantially revise existing Regulation II and Rule 102 to form a modified Regulation II, a modified Rule 102, and a new Regulation VIII. As described previously, existing APCD Rule 102 (Definitions) must be modified to be compatible with the new and modified rules.

Rules 201, 202, 203, 204, 205, and 208 are proposed to be modified extensively. With the exception of Rule 205, these rules would be revised to form the proposed modified Regulation II. Rule 205 would be revised to form the new proposed Regulation VIII. In addition, Rules 210, 316, 321, 333, 339, 342 and 1301 would be revised to ensure consistency with the proposed Regulations II and VIII. Changes to these rules are not substantive and therefore, these revisions have not been included in the environmental impact analysis.

#### 2.3.2.1. Proposed Regulation II

Regulation II contains the administrative rules that guide applicants through the APCD permitting system. It addresses the fundamentals of who needs a permit, who is exempt, when and how to apply for a permit, permit application contents, standards, and time frames for submittal of materials and actions by the APCD and the applicant.

The proposed changes to Regulation II are many, and in sum, amount to major amendments of the permitting rules. The primary proposed revisions to Regulation II are as follows:

#### Proposed Rule 201 (Permits Required)

Rule 201 has been reformatted to begin with an applicability section. The Source Compliance Demonstration Period ("SCDP"), which has been until now administered as an APCD policy, is now specifically defined and described in terms of its linkage to the Health & Safety Code. An option is provided for a consolidated ATC/PTO for certain sources.

Language more appropriate to permit application contents has been moved to proposed Rule 204 (Applications), i.e., the former Section 201.C. now resides at proposed Section 204.E.

New language is proposed for the requirements for Permit Reevaluation, Notification to Officials, Posting of Authority to Construct or Permit to Operate, Absence of Permitted Equipment, and Inoperability of Permitted Equipment.

#### Proposed Rule 202 (Exemptions to Rule 201)

Proposed Rule 202 specifies who is exempt from the requirement to obtain an ATC or a PTO, but has been reformatted to begin with a section on applicability.

Under the current rule, certain equipment, operations and activities are exempt from permit if the emissions from the equipment do not exceed 150 pounds per day. The proposed revision would change the 150 lb/day limit to a 10 ton per year limit (except for the semi-conductor industry which will have a 1 ton per year limit because it is an entirely new class of exemption). New exemptions are provided for temporary equipment, amusement rides and air shows, portable steam cleaning equipment, fuel cells, architectural coating application, rail cleaning, air brushing, aerobic wastewater treatment equipment, stenciling and dyeing, paving activity, contaminated soil bioremediation, safety flares, wipe cleaning with solvents, military operations (engines and transfer of rocket propellants), and barbecue equipment. Exemptions for certain semiconductor manufacturing operations are provided subject to a one ton per year limit.

The de minimis exemption has been revised to reflect daily emission limits rather than hourly limits. The de minimis exemption would not be allowed for any modifications that are subject to New Source Performance Standards ("NSPS"), National Emission Standards for Hazardous Air Pollutants ("NESHAP"), or the requirements of Section 112 of the Clean Air Act ("CAA").

Exemptions for engines on work-over rigs and drilling rigs are deleted. However, portable internal combustion engines eligible for statewide registration pursuant to H & SC 41750 are exempt until 180 days after the date ARB adopts a regulation providing for the voluntary registration of portable internal combustion engines. If the owner of an engine eligible for this voluntary registration chooses not to register under the statewide program, then the engine will be subject to APCD permitting requirements.

Proposed Rule 203 (Transfer)

Proposed Rule 203 has been reformatted to begin with a section on applicability. The rule is changed from a one-sentence requirement to several paragraphs which specify the requirements necessary to obtain a transfer of permit.

Proposed Rule 204 (Applications)

Proposed Rule 204 has been reformatted to begin with a section on applicability. The rule is now a comprehensive summary of information that may be required to be submitted with an application. Much of Section E is language formerly located in Rule 201.C and includes information for sources subject to BACT, AQIA, Description of Emission Reduction Credits ("ERCs"), and Health Risk Assessment ("HRA").

Proposed Rule 205 (Standards for Granting Permits)

Proposed Rule 205 explains the standards for granting a permit and reasons for permit denial. Sections of existing Rule 205 that dealt with resource recovery and cogeneration have been deleted from the rule since there is no growth allowance in the 1994 Clean Air Plan for these sources.

Proposed Rule 208 (Action on Applications - Time Limits)

Proposed Rule 208 has been reformatted to begin with a section on applicability. Much of the language is new and was developed in response to permit streamlining legislation requirements for expedited permit processing times. Permit processing times for large sources remain unchanged.

**TABLE 2-1 - PERMIT PROCESSING TIME LIMITS**

<b>ACTION</b>	<b>LARGE SOURCE (days)</b>	<b>MEDIUM SOURCE (days)</b>	<b>SMALL SOURCE (days)</b>
Application completeness determination	30	30	30
Additional Information from Applicant to Correct Incompleteness	120	120	120
Period in which APCD Board Decides on Appeal	60	60	60
Final Action on Complete ATC Application	180	90	30
Final Action on Complete PTO Application	120	60	30

Processing times for medium and small sources have been shortened. Definitions of "Large", "Medium", and "Small" sources have been added to Rule 102. The permit processing time limits are presented in Table 2-1.

Small sources electing to review drafts of their permits become subject to medium source processing time. Permits are not automatically issued for small and medium sources if the APCD fails to meet the 30 day deadline. Instead, these sources have appeal rights to the APCD Board of Directors.

#### *2.3.2.2. Proposed Regulation VIII*

Proposed Regulation VIII consists of the requirements covered in existing Rule 205.C. Comparisons of proposed trigger levels for BACT and offsets are presented in Tables 2-2 through 2-6.

#### Proposed Rule 801 (New Source Review)

This rule states the applicability of Regulation VIII. It is also the location of the definition of terms used in Regulation VIII (i.e., Section C). Some definitions new to the rule book are located here, and the notes in the draft rule explain each new definition. Rule 801 is otherwise composed of existing provisions of 205.C. It contains requirements that apply to all new or modified sources, whether the emissions are to be analyzed under nonattainment review, attainment review (i.e., PSD), or an application for Emission Reduction Credit.

#### Proposed Rule 802 (Nonattainment Review)

This rule provides the thresholds for BACT, AQIA and offsets for sources emitting nonattainment pollutants. The BACT trigger has changed (for criteria pollutants) from source NEI of 2.5 lbs/hr to a PTE of 25 lbs/day.

The offset threshold and ratios would change as well. The threshold level would change from 5 lbs/hr (if AQIA shows an air quality standard violation) or 10 lbs/hr, 240 lbs/day, or 25 tons/yr to 55 lbs/day or 10 tons/yr (except CO, for which the triggers are 150 lbs/day or 25 tons per year). The proposed offset ratios would range from 1.2:1 to 6:1.

#### Proposed Rule 803 (Prevention of Significant Deterioration)

This rule provides the thresholds for BACT, AQIA, monitoring and offsets for sources emitting attainment pollutants. The hourly BACT triggers have been replaced by daily triggers for criteria pollutants.

The nature of the offset threshold would change. The magnitudes of the thresholds and the offset liabilities remain unchanged. However, as in Rule 802, NEI is the sum of emission changes since 1990 instead of 1979.

Federal requirements have been added to apply BACT to any project within 10 kilometers of a Class I area that would have an impact exceeding 1 microgram per cubic meter and to analyze the impact on air quality related values. Other provisions in this rule are substantively unchanged from existing Rule 205.C.

#### Proposed Rule 804 (Emission Offsets)

This rule sets out the conditions required to fulfill an offset obligation once it has been triggered by Rule 802 or 803. Although most of the provisions of this rule are unchanged from existing Rule 205.C, some federal requirements that have evolved since 205.C was last substantially modified were added. For example, the requirement that emission reductions proposed as offsets be surplus, enforceable, quantifiable and permanent is new, even though it has been used in practice. Also, the transport mitigation provisions of the federal Clean Air Act have been added. Although new, prohibitions on credit for shifts-in-load and inelastic demand arise from state and federal requirements that credits be real.

**TABLE 2-2 - COMPARISON OF BACT TRIGGERS FOR NONATTAINMENT POLLUTANTS**

<b>Nonattainment Pollutants</b>	<b>Existing</b>	<b>Proposed</b>
Basis for BACT Trigger	NEI	Potential to emit
ROC	2.5 lbs/hour	25 lbs/day
NO <sub>x</sub>	2.5 lbs/hour	25 lbs/day
PM <sub>10</sub>	2.5 lbs/hour	25 lbs/day
SO <sub>x</sub>	2.5 lbs/hour	25 lbs/day
CO	20 lbs/hour or 150 lbs/day	150 lbs/day

**TABLE 2-3 - COMPARISON OF BACT TRIGGERS FOR ATTAINMENT POLLUTANTS**

<b>Attainment Pollutants</b>	<b>Existing</b>	<b>Proposed</b>
Basis for BACT Trigger	NEI	NEI
ROC	5 lbs/hour	120 lbs/day
NO <sub>x</sub>	5 lbs/hour	120 lbs/day
PM <sub>10</sub>	3.3 lbs/hour or 80 lbs/day or 15 tons/year	80 lbs/day
SO <sub>x</sub>	5 lbs/hour	120 lbs/day
CO	50 lbs/hour or 550 lbs/day	550 lbs/day
Lead	3.28 lbs/day	3.28 lbs/day

**TABLE 2-4 - COMPARISON OF OFFSET TRIGGERS FOR NONATTAINMENT POLLUTANTS**

<b>Nonattainment Pollutant</b>	<b>Existing</b>	<b>Proposed</b>
Basis for Offset Trigger	NEI	NEI
ROC	5 lbs/hour if AQIA shows violation of or interference with attainment or maintenance of any national primary ambient air quality standard; Otherwise, 10 lbs/hour, 240 lbs/day or 25 tons/year	55 lbs/day, 10 tons/year
NO <sub>x</sub>	5 lbs/hour if AQIA shows violation of or interference with attainment or maintenance of any national primary ambient air quality standard; Otherwise, 10 lbs/hour, 240 lbs/day or 25 tons/year.	55 lbs/day, 10 tons/year
PM <sub>10</sub>	5 lbs/hour if AQIA shows violation of or interference with attainment or maintenance of any national primary ambient air quality standard; Otherwise, 10 lbs/hour, 80 lbs/day or 15 tons/year.	80 lbs/day, 15 tons/year
SO <sub>x</sub>	5 lbs/hour if AQIA shows violation of or interference with attainment or maintenance of any national primary ambient air quality standard; Otherwise, 10 lbs/hour, 240 lbs/day or 25 tons/year.	55 lbs/day, 10 tons/year
CO	100 tons/year unless AQIA shows the emissions would not cause or contribute to violation of any national primary ambient air quality standard and the emissions are consistent with reasonable further progress.	150 lbs/day, 25 tons/year

**TABLE 2-5 - COMPARISON OF OFFSET LIABILITIES FOR NONATTAINMENT POLLUTANTS**

<b>Nonattainment Pollutant</b>	<b>Existing</b>	<b>Proposed</b>
Basis of Offset Liability	NEI	NEI
ROC	Net air quality benefit and upwind, or if nothing available upwind, within a 15 mile radius	Net air quality benefit
NO <sub>x</sub>	Same as above	Same as above
PM <sub>10</sub>	Same as above	Same as above
SO <sub>x</sub>	Same as above	Same as above
CO	Same as above	Same as above
Offset Ratios	Minimum 1.2:1 15 to 20 miles: 1.5:1 20 to 25 miles: 1.8:1 25 to 30 miles: 2.2:1 30 to 35 miles: 2.6:1 35 to 40 miles: 2.9:1 40 to 45 miles: 3.3:1 45 to 50 miles: 3.7:1 50 to 55 miles: 4.0:1 55 to 60 miles: 4.4:1 60 to 65 miles: 4.8:1 65 to 70 miles: 5.1:1 70 to 75 miles: 5.5:1 75 to 80 miles: 5.9:1 80 to 85 miles: 6.2:1 85 to 90 miles: 6.6:1 90 to 100 miles: 7.3 : 1	Same zone (N or S) within 7.5 miles from boundary of source: 1.2:1  Same zone (N or S) 7.5 miles or greater from boundary of source: 1.5:1  Between zones: 6:1 No trades are allowed between Cuyama and the south zone  Between districts (limited to adjacent areas of Ventura County): 6:1

**TABLE 2-6 - COMPARISON OF OFFSET TRIGGERS FOR ATTAINMENT POLLUTANTS**

<b>Attainment Pollutants</b>	<b>Existing</b>	<b>Proposed</b>
Basis for Offset Trigger	NEI	NEI
ROC, NO <sub>x</sub> , PM <sub>10</sub>	10 lbs/hour	240 lbs/day
SO <sub>x</sub>	10 lbs/hour	240 lbs/day
CO	--	--

Proposed Rule 805 (Air Quality Impact Analysis and Modeling)

This rule replaces the AQIA provisions in Rule 205.C. The only substantive change is the updated USEPA Modeling Guideline document.

Proposed Rule 806 (Banking of Emission Reduction Credits)

A system for creating and managing emission reduction credits is being added to the current NSR rule. As such, Rule 806 is entirely new.

It establishes eligibility requirements for emission reductions proposed for use as offsets. Applications for credit must be complete before a reduction occurs so that the amount of reduction may be reliably determined. Emission reduction credits ("ERCs"), as well as offsets, must be surplus, permanent, quantifiable, enforceable and must otherwise meet the requirements of APCD rules and the USEPA in order to be eligible. Department of Defense credits currently recognized under existing banking agreements with the APCD must be registered but need not be discounted under this new rule if they are accounted for in the 1994 Clean Air Plan. Emission reductions from shutdowns or reduction in throughput are required to be discounted under the proposed rule.

If a source is exempt from permit and the operator wishes to get ERC for emission reductions from that source, a permit must be obtained for the reductions. ERC processing is similar to permit processing. Public notice thresholds track the offset requirements for attainment and nonattainment pollutants. The rule provides further for issuance of certificates, renewal, and transfer. ERC processing is financed through existing APCD cost reimbursement provisions (i.e., Rule 210).

Proposed Amendment to the 1991 AQAP

The proposed project will amend the 1991 AQAP to replace the control measure specifying a minimum 1.5:1 offset ratio with the offset ratios specified in proposed Regulation VIII.

2.3.3. CEQA Issues

With the exception of definitions in proposed Rule 102, most changes that have the potential to affect the environment are contained in proposed Regulation VIII. The proposed new thresholds are summarized in the comparison Tables 2-2 through 2-7 for attainment and nonattainment pollutants, respectively. The EIR addresses the following proposed revisions that have the potential to cause adverse environmental impacts:

1. **NEI Definition.** Proposed Rule 801 includes a modified definition and calculation methodology for determining the NEI for a new or modified stationary source. The basic change from the existing definition concerns the baseline year from which emission increases and decreases are computed. Currently, the NEI is calculated as the sum of the emission increases and decreases from a new or modified stationary source since July 2, 1979. The modified NEI calculation would sum the emission increases and decreases since November 15, 1990<sup>2</sup> for any new or modified stationary source that received a PTO prior to the baseline date. For sources that were issued an ATC permit but had not received the PTO by the baseline date, the NEI shall be calculated consistent with the methodology followed in the ATC permit. Furthermore, a negative NEI is not allowed by the proposed rule, however, such reductions may be banked.
2. **Offset Thresholds.** The NEI thresholds (or emission trigger levels) for requiring offsets for new or modified stationary sources are proposed to be changed in proposed Regulation VIII. For ozone precursors, NO<sub>x</sub> and ROC, the thresholds are proposed to be changed from 10 lbs/hr or 25 tons/year to 55 lbs/day or 10 tons/yr. For PM<sub>10</sub>, the thresholds have been changed from 10 lbs/hr/80 lbs/day/15 tons/yr to 80 lbs/day/15 tons/yr (i.e., the lbs/hr threshold would be eliminated). The offset threshold for attainment pollutants would be changed from 10 lbs/hr to 240 lbs/day. The new offset thresholds are proposed to mitigate some of the adverse air quality effects caused by the relaxation of the current NEI definition.
3. **BACT Thresholds.** The proposed BACT thresholds for new or modified stationary sources would be changed in proposed Regulation VIII. For ozone precursors, NO<sub>x</sub> and ROC, and PM<sub>10</sub> the thresholds have been changed from 2.5 lbs/hr to 25 lbs/day. The new trigger level is based upon the potential to emit ("PTE") rather than NEI of the entire source as in the current rule. The new BACT threshold for nonattainment pollutants is consistent with the requirements of Health & Safety Code Section 40918(a) for moderate ozone nonattainment areas, such as Santa Barbara County. With the exception of several specific pollutants, the BACT threshold for attainment pollutants would be changed from 5 lbs/hr to 120 lbs/day. For attainment pollutants, the threshold calculation would still be based upon NEI.
4. **AQIA Thresholds.** The proposed AQIA thresholds for new or modified stationary sources have been changed in the proposed Regulation VIII. For ozone precursors, NO<sub>x</sub> and ROC, the thresholds have been changed from 5 lbs/hr, 240 lbs/day, or 25 tons/yr to 120 lbs/day. The PM<sub>10</sub> thresholds have been changed from 3.3 lbs/hr, 80 lbs/day, or 15 tons/yr to 80 lbs/day. AQIA thresholds for attainment pollutants have been relaxed as compared to the existing rules, i.e., the hourly thresholds have been eliminated.
5. **Offset Ratio and Distance Requirements.** The distance factors applied to offset sources have been modified in proposed Regulation VIII. The minimum required offset ratio for nonattainment pollutants has been increased, however, from 1.2 : 1.0 within a 15 mile radius to 1.2 : 1.0 within a 7.5 mile radius and 1.5 : 1.0 for distances greater than 7.5 miles between the subject source and the offset source, as long as the subject source and the offset source are located in the same meteorological regime. The North County and the South County are in the same air basin but are in separate meteorological regimes. The proposed regulation also allows offsetting of nonattainment pollutants

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<sup>2</sup> November 15, 1990 is the baseline date for the APCD's inventory for the 1994 Clean Air Plan.

between separate meteorological regimes at an offset ratio of 6.0 to 1.0, i.e., North County offset sources may be used to mitigate South County projects and vice versa. Furthermore, offsets from sources in adjacent areas of Santa Barbara County may be used to mitigate new and modified stationary sources of air pollution at a ratio of 6.0 to 1.0. Any proposed offsets must still be found to provide a net air quality benefit for the proposed new or modified project.

6. **Permit Exemptions.** Revised Rule 202 proposes several new exemptions. New exemptions are provided for temporary equipment, military operations, amusement rides and air shows, portable steam cleaning equipment, fuel cells, architectural coating application, rail cleaning, air brushing, aerobic wastewater treatment equipment, stenciling and dyeing, paving activity, contaminated soil bioremediation, safety flares, and barbecue equipment. Exemptions for certain semiconductor manufacturing operations are provided subject to a one ton per year limit. The de minimis exemption has been revised from a lbs/hr limit to a lbs/day limit and several new exceptions have been added. Furthermore, maximum emission thresholds, or "gatekeepers" have been added or modified for several source categories. The gatekeepers require a source to obtain a permit notwithstanding an exemption in Rule 202 if the source's emissions exceed certain levels.
7. **Emission Reduction Credit System.** Health & Safety Code Section 40709 et. seq. requires each air pollution control district to establish an emission banking system for crediting emission reductions for offsetting future development projects. This new state mandate allows each district substantial latitude for the development and requirements of the banking system. The proposed system in Rule 806 would establish a repository, or Source Register, for creditable emission reductions resulting from facility shutdowns, process modifications, and equipment replacements.
8. **Amendment to the 1991 AQAP.** The minimum offset ratio in proposed Regulation VIII is less than the minimum offset ratio required by the 1991 AQAP.

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### 3. ENVIRONMENTAL SETTING

The environmental setting describes current conditions in Santa Barbara County prior to implementation of the proposed NSR Rule revision. Thus, the environmental setting provides the basis for analysis of the environmental impacts that may result from implementation of the proposed project. The following discussion describes the current environmental conditions that are susceptible to impacts from implementation of the NSR Rule revision.

#### 3.1. AIR QUALITY

##### 3.1.1. Climate

Santa Barbara County has a Mediterranean climate characterized by warm, dry summers, and cooler, relatively damp winters.<sup>3</sup> Mild temperatures occur throughout the year, particularly near the coastline. Maximum summer temperatures average 70 degrees Fahrenheit near the coast and in the high 80s to low 90s inland. During winter, average minimum temperatures range from the 40s along the coast to the 30s inland.

The climate of Santa Barbara is strongly influenced by a persistent high pressure area which lies off the Pacific Coast. As a result, sunny skies are common throughout most of the area. Rain storms periodically occur, mostly from October to April. Annual rainfall amounts range from about 10 to 18 inches along the coast, with more substantial amounts in the higher elevations. On occasion, tropical air masses produce rainfall during the summer months.

Cool, humid, marine air causes frequent fog and low clouds along the coast, generally during the night and morning hours in the late spring and early summer months. The fog and low clouds can persist for several days at a time until broken up by a change in the weather pattern.

The airflow around the County plays an important role in the movement of pollutants. In North County (north of the ridge line of the Santa Ynez Mountains), the sea breeze (from sea to land) is typically northwesterly throughout the year. During summer months, these northwesterly winds are stronger and persist later into the night. At night, the sea breeze weakens, and as air adjacent to the surface cools, it descends down the coastal mountains and mountain valleys resulting in light land breezes (from land to sea). This land/sea breeze cycle combined with local topography greatly influence the direction and speed of the winds throughout the County. In addition, the alternation of the land-sea breeze cycle can sometimes produce a "sloshing" effect, where pollutants are swept offshore at night and subsequently carried back onshore during the day. This effect is exacerbated during periods when wind speeds are low.

Topography also plays a role in wind patterns experienced in the County. The terrain around Point Conception, combined with the change in orientation of the coastline from north-south to east-west can cause counterclockwise circulations (eddies) to form east of the Point. These eddies fluctuate from time-to-time and place-to-place often leading to highly variable winds along the southern coastal strip. Point Conception also marks the change in the prevailing surface winds from northwesterly to southwesterly.

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<sup>3</sup> The climate of Santa Barbara County is discussed in greater detail in the 1994 Clean Air Plan.

The sea-breeze that persists in Santa Barbara County is common to all of California. And, these winds generally carry pollutants generated in the coastal areas to areas well inland. Typically, the air quality measured in the coastal areas of California is much better than that experienced inland. A good example of this is found in Long Beach. Long Beach seldom exceeds state and federal ozone standards. However, a significant amount of pollution is generated in the area and is carried inland by the sea-breeze. This pollution impacts the inland areas and increases the number and magnitude of ozone exceedances measured in these downwind areas. Because of this, emission controls must be implemented in Long Beach in order to improve the air quality in the downwind areas. This same situation applies to Santa Barbara County where pollution emitted in the coastal areas is carried by the sea-breeze to inland areas.

Another type of wind pattern that influences air quality in Santa Barbara is the "Santa Ana" wind. Santa Ana winds are dry northeasterly winds that occur primarily during the fall and winter months. These are warm, dry winds blown from the high inland desert which then descend down the slopes of a mountain range. Wind speeds associated with Santa Ana are generally 15-20 mph, though they can reach speeds in excess of 60 mph. During Santa Ana conditions, pollutants emitted in Santa Barbara, Ventura County, and the South Coast Air Basin (the Los Angeles region) are moved out to sea. These pollutants can then be moved back onshore into Santa Barbara County (via the Santa Barbara Channel) in what is called a "post Santa Ana condition." The effects of the post Santa Ana condition can be experienced throughout the County. However, not all post Santa Ana conditions lead to high pollutant concentrations.

A condition similar to the "Santa Ana" can occur in our area and is commonly called a "sundowner". A "sundowner" condition can produce strong, hot northerly winds along the coastal area of Santa Barbara County below the Santa Ynez Mountains. While this condition can drastically affect the local climate (usually for short periods of time), it does not have a significant negative influence on our air quality.

Upper-level winds in the atmosphere are also important in the air quality of Santa Barbara County. These winds are routinely measured at Vandenberg Air Force Base once each morning and afternoon. The winds at 1,000 feet and 3,000 feet are generally from the north or northwest throughout the year. Occurrences of southerly and easterly winds are most frequent in winter, especially in the morning. Upper-level winds from the southeast are infrequent during the summer months, though they are usually associated with periods of high ozone levels. As with the surface winds, upper level winds can move pollutants that originate in other areas into the County. Additionally, areas within the County can contribute to this upper level ozone which can persist within the inversion layer. However, the effect of such potential local and transported emissions aloft and the mechanism by which they may be fumigated to ground level is unknown at this time.

Yet another factor that affects the concentrations of pollutants in the air is the stability of the atmosphere. Atmospheric stability regulates the amount of air exchange (referred to as mixing) both horizontally and vertically. A high degree of atmospheric stability which restricts mixing and low wind speeds are generally associated with higher pollutant concentrations. These conditions are typically related to temperature inversions (temperature increase with height) which cap the pollutants that are emitted below or within them.

At Vandenberg Air Force Base, surface inversions (0-500 ft) are most frequent during the winter, and subsidence inversions (1000-2000 ft) are most frequent during the summer. Generally, the lower the inversion base height and the greater the rate of temperature increase from the base to the top, the more pronounced effect the inversion will have on inhibiting vertical dispersion. The subsidence inversion is very common along the California coast and is one of the principle causes of air stagnation.

As noted above, poor air quality is often associated with "air stagnation" (high stability/restricted air movement). Therefore, it is reasonable to expect a higher frequency of pollution events in the southern portion of the County where light winds are frequently observed, as opposed to the North County where the prevailing winds are strong and persistent. The variation in wind patterns and stability exemplifies the different meteorological regimes that exist between the North and South County, even though they are in the same air basin. Although the air masses in the North and South County often interact, the magnitude and frequency of the interaction is driven by the existing meteorological conditions.

In summary, the surface and upper-level wind flow varies both seasonally and geographically in the County and inversion conditions can affect the movement and dispersion of pollutants. It should be emphasized that the prevailing flow patterns in the County are not necessarily those that cause high ozone values. On the contrary, previous studies suggest that high ozone values are associated with unusual flow patterns (Kessler, 1988).

### 3.1.2. Local Air Quality

The State of California has established ambient air quality standards to protect human health. The federal government has also established health-based standards ("primary" standards), which are generally less protective of public health than state standards. In addition, the federal government has established "secondary" standards to protect public welfare. State and federal standards have been established for ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, PM10, and lead. In addition, California has standards for sulfates, hydrogen sulfide, vinyl chloride, and visibility reducing particles. Both state and federal standards are shown in Table 3-1. Ambient air quality in a given location is described by the concentration of various pollutants in the atmosphere, which are expressed in units of concentration, generally parts per million ("ppm") or micrograms per cubic meter ("ug/m<sup>3</sup>"). The significance of a pollutant concentration is determined by comparing it with an appropriate federal and/or state ambient air quality standard.

Monitoring of ambient air pollutant concentrations is conducted by the CARB, the APCD, and industry. Monitors operated by the CARB and the APCD are part of the State and Local Air Monitoring System ("SLAMS"). The SLAMS monitors are located to provide local and regional air quality information. Monitors operated by industry, at the direction of the APCD, are called Prevention of Significant Deterioration ("PSD") stations. PSD stations are required by the APCD to ensure that new and modified sources under APCD permit do not interfere with the County's ability to attain and maintain air quality standards. Methods and procedures used in monitoring follow guidelines prescribed by the CARB and the USEPA to ensure consistency with the standards.

Ambient air quality in Santa Barbara County is generally good, with the exception of ozone and PM10. The County exceeds the state and federal 1-hour ozone standards (0.09 ppm and 0.12 ppm, respectively). The state 24-hour PM10 standard (50 ug/m<sup>3</sup>) is exceeded, however, the County attains the less stringent federal 24-hour standard (150 ug/m<sup>3</sup>).

Recently the federal EPA delegated the APCD authority to implement the OCS Regulations (40 CFR 55). The delegation requires that the APCD apply and enforce APCD Rules and Regulations equally to onshore as well as offshore sources. Before the OCS delegation, sources of air pollution on the OCS were not required to implement the controls required by the APCD for onshore sources. For the first time, beginning on December 5, 1991, new and modified sources on the OCS were subject to the same requirements as are applied to source within the County, and as a result, the air quality of the entire air basin is likely to improve. However, pursuant to the scope and authority delegated by the U.S.

Environmental Protection Agency (EPA), the APCD's CEQA analysis is limited to those issues which are rationally related to the attainment and maintenance of federal and state ambient air quality standards and compliance with Part C of Title I of the Clean Air Act. All other issues can and should be addressed by the federal agencies which issue permits and approvals for this project pursuant to NEPA (Opinion from William M. Dillon, Deputy County Counsel).

The following discussion presents a description of criteria air pollutant levels in Santa Barbara County:

### Ozone

Ozone is formed in the atmosphere through a series of chemical reactions involving oxides of NO<sub>x</sub>, ROC, and sunlight occurring over a period of several hours. The major source of NO<sub>x</sub> in the County is combustion of fossil fuels in automobiles, the petroleum industry, and channel shipping. ROC sources include natural seeps of oil and gas, use of solvents in paints, consumer products and industry, automobiles, the natural vegetation, and the petroleum industry. Since ozone is not emitted directly into the atmosphere, but is formed as a result of chemical reactions in the atmosphere, it is classified as a "secondary" pollutant and is considered "regional" because it occurs over a wider area than that in which the pollutants are emitted. Because this ozone-forming reaction takes time, peak ozone levels are often found several miles or more downwind of major source areas. This is particularly true when winds are persistent.

The health effects of ozone focus on the respiratory tract. Asthma, bronchitis and other respiratory disorders are worsened by high ozone concentrations. Eye irritation, nausea, headaches, coughing and dizziness are other symptoms of ozone exposure. Ozone also interferes with photosynthesis, thereby damaging ornamental plants, natural vegetation, and agricultural crops. Culminating years of study, the CARB has concluded that ozone pollution reduced the 1984 harvest in California for 15 commercial crops, costing farmers and consumers \$332.9 million (CARB, 1989).

Numerous ambient ozone standard exceedances (both the state and federal standards) have been measured in the County from since the inception of ambient monitoring programs. Generally, Santa Barbara County experiences between 23 and 43 days per year on which the state ozone standard is violated. Santa Barbara County has experienced between 1 to 9 days per year of violations of the National ozone standard. Between 1990 and 1994, 151 exceedances of the state ozone standard were measured at the various monitoring stations in the County. During the same time period, 21 exceedances of the federal standard were measured. Thus, both the primary National and California health standards have been exceeded in South and North County. As a result, Santa Barbara County is currently designated nonattainment for the California and federal 1-hour ozone standard.

Nonattainment (violation) of the federal ozone standard occurs if the maximum hourly concentration exceeds the health-based standard of 0.12 ppm on more than three days over the past three years. A concentration greater than 0.12 ppm is considered by federal regulation to be unhealthful for sensitive persons. Ozone violations have generally decreased in recent years. In fact, during the 1991-1993 monitoring period, no violations of the federal standard were recorded. As a result, the APCD requested redesignation by the USEPA in the 1994 Clean Air Plan (CAP). However, in May, 1996, three violations of the federal ozone standard were recorded in Santa Barbara County (for further details, see the October 17, 1996 memorandum from Tom Murphy, APCD to the Air Pollution Control District Board). Taken together with the exceedances recorded in 1994 and 1995, the County is considered to have failed to meet the statutory deadline (by 1996) as required for a "moderate" nonattainment area. Consequently, the redesignation request and the Maintenance Plan portion of the 1994 CAP was considered invalid.

EPA has recently proposed a new 8 hour standard for ozone. Eventually this will replace the one hour ozone standard currently in effect. In the interim period until the new standard is adopted, EPA has determined that the states should continue to implement those plans and emission reduction measures necessary to achieve the one hour standard. This determination is to ensure that the progress that has been made to date will not be lost pending the new planning efforts and measure that will be necessary to comply with the 8 hour standard.

#### Carbon Monoxide

Carbon monoxide is formed primarily by the incomplete combustion of fossil fuels for transportation, energy, and heat. Relatively low concentrations of this colorless, odorless gas can delay reaction time, impair visual sensitivity in the dark, affect people's ability to estimate time intervals, and result in headaches and fatigue. Substantially higher concentrations can cause loss of consciousness and death.

Although Santa Barbara County complies with the state and federal 1-hour carbon monoxide standards, the levels measured in downtown Santa Barbara have historically approached the state standard of 20 ppm. High values are generally measured during winter when dispersion is limited by morning surface inversions. Summer values are much lower due to increased mixing. At one time the County was considered out of attainment for the state and federal 8-hour CO standard. However, improvement has been steady, probably due to cleaner cars, as the last recorded exceedance occurred in 1985.

#### Nitrogen Dioxide

Nitric oxide ("NO") is formed during the combustion of fossil fuels for transportation, energy, and heat. NO then reacts with oxygen to form nitrogen dioxide ("NO<sub>2</sub>"). NO<sub>2</sub> and NO are collectively referred to as nitrogen oxides, or NO<sub>x</sub>. Low levels of nitrogen dioxide can irritate the nose and eyes, while higher concentrations may exacerbate bronchitis or pneumonia. The reaction of nitrogen dioxide with water forms nitric acid which is a constituent of acid rain. In addition, nitrogen oxides are a precursor to the formation of ozone pollution.

Santa Barbara County complies with all state and federal nitrogen dioxide standards. The highest nitrogen dioxide values are generally measured in urbanized areas with heavy traffic. There have been no exceedances of the 1-hour standard during the past ten years.

#### Sulfur Dioxide

Sulfur dioxide is a gas produced primarily from the combustion of fuels containing sulfur. When combined with moisture, the gas converts into sulfuric acid which, if inhaled, can cause lung irritation and is also a constituent of acid rain. Sulfur dioxide is especially harmful when combined with particles small enough to enter the lung tissue.

Santa Barbara County complies with all sulfur dioxide standards, including the state and federal 1-hour, 3-hour, 24-hour and annual sulfur dioxide standards.

#### PM<sub>10</sub>

PM<sub>10</sub> is particulate matter with an aerodynamic diameter of 10 microns or less. PM<sub>10</sub> is generated by a wide variety of sources including internal combustion engines, wind blown dust, wildfires, dirt roads, construction sites, and agriculture. Particulate matter is a respiratory irritant. Large particles are effectively filtered in the upper respiratory tract. However, small particles (under 10 microns) can cause

serious health effects. The chemical makeup of the particles is an important factor in determining the health effect.

PM<sub>10</sub> has been measured consistently at both SLAMS and PSD stations since 1986 with measurements at the Santa Maria Library SLAMS site extending into 1985. Both the state 24-hour and annual PM<sub>10</sub> standards are violated in the County. Exceedances of the annual standard have occurred only at the downtown Santa Maria monitoring station. Exceedances of the 24-hour standard are more widespread across the County, although they do not occur frequently. Santa Barbara County complies with the federal annual standard.

PM<sub>10</sub> is produced either by direct emission of particulates from a source (primary PM<sub>10</sub>), or by formation of aerosols as a result of chemical reactions in the atmosphere involving precursor pollutants (secondary PM<sub>10</sub>). The sources of PM<sub>10</sub> can also be categorized as natural (geogenic) or resulting from human activity (anthropogenic). Based on emissions data, the largest single source of PM<sub>10</sub> emissions in the County is entrained paved road dust. Other major sources include dust from construction and demolition, tilling dust (agricultural), entrained road dust from unpaved roads, natural dust, and particulate matter released during fuel combustion.

To investigate the County's PM<sub>10</sub> problem, the APCD started a specialized sampling and analysis study in 1989 called the Santa Barbara County Particulate Matter Emission Reduction Study. Six PM<sub>10</sub> sampling sites were located in Santa Maria, Watt Road (Vandenberg), Santa Ynez, GTC (Gaviota), Santa Barbara, and Anacapa Island. Samples were collected on every sixth day during 1989. The samples were analyzed for a number of chemical species. The relative contribution of the chemical constituents varies with location. For example, sea salt is present at each location, but the Watt Road site which is strongly influenced by ocean air has a larger percentage (on a relative and absolute basis). It also appears that geological material (such as silicon) is present in greater quantities at the more urban locations of Santa Barbara and Santa Maria. The same applies for organic/elemental carbon, which is probably indicative of the larger number of combustion sources (e.g. motor vehicles, etc.) in these areas. Sulfates and nitrates are observed at each of the sites, indicating that primary emissions of sulfur oxides ("SO<sub>x</sub>") and NO<sub>x</sub> contribute to secondary PM<sub>10</sub> in Santa Barbara County.

While general relationships between observed PM<sub>10</sub> and contributing sources can be inferred from specific tracer chemicals, more sophisticated analysis is necessary to quantitatively apportion the observed PM<sub>10</sub> mass to individual source categories. To refine the source contribution estimates for Santa Barbara County, source apportionment (receptor) modeling was conducted as part of the Study. The results of the receptor modeling indicate that motor vehicle exhaust and geological sources are the most important sources of PM<sub>10</sub> in the County, particularly in the urban areas. It was also found that contributions of secondary nitrates and sulfates to total PM<sub>10</sub> range from 5 to 25 percent.

In conclusion, Santa Barbara County has developed an excellent data base for PM<sub>10</sub> attainment planning. However, there is much additional work to be performed. Non-traditional controls (e.g., controls for fugitive dust) will have to be evaluated along with the more traditional controls. Therefore, attainment of the state PM<sub>10</sub> standards may be dependent on the development of innovative control technologies and their effectiveness upon implementation. In any case, implementation of ozone control measures adopted under the Santa Barbara County AQAP, and ozone precursor (ROC and NO<sub>x</sub>) emissions reductions required by the CCAA, should result in PM<sub>10</sub> air quality benefits by reducing secondary PM<sub>10</sub>. Some progress is already underway, but additional steps will have to be taken to attain the state PM<sub>10</sub> standards.

Lead

Lead is a heavy metal that occurs as a lead oxide aerosol or dust. Primary sources of this pollutant are automotive emissions, lead processing, and the manufacturing of lead products. Lead is a highly toxic compound and can accumulate in body organs and cause impairment of the nervous system, bones, and kidneys. Anemia is the most common result from lead exposure in adults.

Santa Barbara County complies with the state and federal lead standards. Since 1980, with the phasing out of leaded gasoline, there has been a dramatic reduction in lead concentrations. Since the federal standard is less restrictive than the state standard, Santa Barbara County also complies with the federal standard.

### Sulfates

Sulfates are particles which are formed in moist air. The primary source of sulfate is the combustion of fuels containing sulfur. The health effects of sulfates include aggravation of respiratory diseases, reduced lung function, eye irritation, and increased mortality. Sulfates are also a corrosive agent.

Although Santa Barbara County currently complies with the state sulfate standard, exceedances occurred in 1980 and 1984. Since the last measured exceedance in 1984, there has been a general decrease in concentrations in recent years.

### Hydrogen Sulfide

Hydrogen sulfide is an odorous, toxic gas that can be smelled at very low concentrations. It is produced during the decay of organic material and is found naturally in petroleum. The principle health effects, depending on exposure and susceptibility, are discomfort, nausea, headaches, allergic reactions, and loss of appetite. Higher concentrations can damage the nervous system and be fatal. Historically, a portion of the North County violated the state hydrogen sulfide standard and was designated as "nonattainment" for that standard. However, recent monitoring data has shown a marked decrease in the number of hydrogen sulfide exceedances in the area prompting the California Air Resources Board to redesignate the area to "attainment" on November 18, 1993.

## Vinyl Chloride

Vinyl chloride is produced by the manufacture and decomposition of plastics and polyvinyl chloride products. It is currently not being monitored in the County because there are no facilities in the County that are manufacturing products or accepting wastes that emit vinyl chloride. In the past, the County did have one site that accepted such wastes (Casmalia Resources hazardous waste landfill), and ambient air was monitored for vinyl chloride. These data indicated concentrations of vinyl chloride well below the state air quality standard.

## Visibility Reducing Particles

The CARB has established a standard for visibility reducing particles to monitor and protect a region's visual resources. The standard applies only when the relative humidity is less than 70 percent to limit the effects of water vapor in the air which can significantly reduce visibility. Currently, Santa Barbara County is unclassified for visibility reducing particles because the appropriate data to make a determination are not available. The CARB plans to begin collecting the necessary measurements at various locations around the state over the next several years. When the data become available, the visibility reducing particle standard will be addressed.

### 3.2. APPLICABLE PLANS AND POLICIES

CEQA requires the EIR to examine any inconsistencies between the proposed project and applicable general plans and regional plans, such as air quality plans. The Air Quality Attainment Plan (AQAP) for the County was adopted in 1991 as the strategy to attain the state ozone standard. The 1994 Clean Air Plan (CAP) is the County's strategy to attain the federal ozone standard and to update the 1991 state AQAP. The 1991 AQAP is still a valid plan for achieving the state ozone standard. Neither plan was required to address particulate matter. Both these plans are incorporated by reference herein.

The 1994 Clean Air Plan was adopted by the Air Pollution Control District Board and submitted by the California Air Resources Board to the United States Environmental Protection Agency (EPA) as part of the State Implementation Plan (SIP). The NSR Rule implements both the federal Clean Air Act Amendments and the California Clean Air Act of 1988. Although the requirements of the California Clean Air Act are not identical to the requirements of the federal Clean Air Act Amendments, the CAP covers much of the state mandates and is essentially duplicative. The CAP also includes the triennial update to the 1991 Air Quality Attainment Plan required under Sections 40924 and 40925 of the Health and Safety Code. Consequently, the planning process documented in the CAP is directly applicable to state mandates and consistency with the CAP is the same as consistency with the 1991 Air Quality Attainment Plan.

In 1996, EPA determined that it could approve portions of the CAP including the 1990 emission inventory, the rate of progress ("ROP") demonstration which showed a 15 percent reduction in ROC inventory emissions and all the proposed Reasonably Available Control ("RACT") measures. EPA proposed to approve the CAP's attainment demonstration which showed through modeling that the County would attain the federal standard by November 15, 1996. EPA later determined, however, that it could not approve that attainment demonstration due to the number of federal ozone standard violations that occurred in 1996 (see Section 3.1.2).

Although the CAP did not achieve attainment of the federal ozone standard by the Clean Air Act deadline of 1996, it has still been an effective plan for attaining the federal ozone standard. In fact, the County's air quality is improving although not to the point where the County can be classified as a maintenance area.. Table 3-2 summarizes the monitored ozone concentrations for the three site which currently violate the federal standard. These are Carpinteria, GTC Site C and the Las Flores Canyon Site 1. Table 3-2 shows that while these site are monitoring ozone concentrations above the federal standard, the highest design value in the County is 130 parts per billion ("ppb") at Las Flores Canyon Site 1. This design value is 5 ppb above the level of 125 ppb, which is the concentration EPA will determine that the County has met the federal standard of 120 ppb.

These monitoring data show that air quality has significantly improved during the plan implementation period, which is 1990 to 1996. When the County was first classified under the Clean Air Act Amendments of 1990, six monitoring sites in the County had a design value in excess of the federal standard with the maximum design value being 140 ppb. In contrast, the highest design value in 1996 was 130 ppb. Additionally, in 1990, the APCD monitored federal ozone violations at six sites while in 1996, that number dropped to three. These data show substantial improvement over the 1990 design value and are very close to achieving the federal standard.

Additionally, there are several emission reduction measures yet to be implemented which will further aid the APCD's efforts to attain the federal standard. The ozone violations listed in Table 3-2 occurred between 1994 and 1996, with the four most recent violations in May 1996. The timing of the last four violations is

significant because they occurred either during or before implementation of several local and state emission reduction measures that will help the APCD demonstrate attainment of the federal and state ozone standards. The fact that these emission reduction measures were not in full effect when the County suffered its most recent ozone violations suggests that the CAP could still fully achieve the federal standard once full implementation occurs.

In particular, the following emission reduction measures either were in the process of being implemented or not yet been implemented when the ozone violations occurred:

- Clean Fuels Program. The ARB Clean Fuels program was in the process of being implemented in May and was scheduled for full implementation by June 1, 1996. The County's air quality almost certainly received some emission reduction benefits from this program prior to May 1996; however, the entire program benefits may well have not been fully implemented in early and mid-May when the last three ozone violations were recorded.
- Gross Polluter Program. Since July 1996, the state has begun implementing special provisions for "gross polluter" vehicles as part of the vehicle inspection and maintenance program. Studies show that a minority of motor vehicles produce a disproportionate amount of the pollution caused by vehicle emissions. These vehicles are referred to as gross polluters. Under Health and Safety Code section 44001 *et seq.*, persons who own gross polluting vehicles are required to repair such vehicles regardless of the cost. Currently, all vehicles registered in the County must be inspected every two years. Therefore, assuming this program is implemented, significant ozone precursor emission reductions will occur over the next two years. This emission reduction was not relied on by the CAP.
- Crude Oil Production and Separation Rule. APCD Rule 325 has not been fully implemented due to problems that have developed with the test method used to determine which "heavy oil" storage facilities are subject to the rule. The issue is currently being addressed by a State-wide task force and should be resolved in 1997. Once resolved, additional control measures should be implemented.
- Petroleum Rule. APCD Rule 344 has not achieved the full emission reductions required under the rule. Full implementation will occur by 1998.

While the CAP did not demonstrate attainment of the federal standard by the statutory deadline, the Plan still has been effective in dramatically improving the air quality in the County and, with the implementation of the additional control measures discussed above, attainment of the federal standard can still occur. Therefore the CAP still remains a viable plan for the APCD to follow in order to attain the federal standard.

The CAP projects allowable emissions growth in the County which will not interfere with the County's efforts to achieve and maintain the federal and state health standards. Any emission increases in excess of the projections could result in a failure by the County to maintain reasonable progress toward those goals. The proposed revisions to the APCD regulations must assure that new or modified stationary sources of air pollution will not cause or interfere with the attainment of the air quality standards. Failure to do so would be inconsistent with the 1994 CAP. Consistency with the 1994 CAP is discussed in Section 4.2.8.

**Table 3-1  
Ambient Air Quality Standards**

Pollutant	Averaging Time	California Standards <sup>1</sup>	National Standards <sup>2</sup>	
		Concentration <sup>3</sup>	Primary <sup>2,4</sup>	Secondary <sup>2,5</sup>
Ozone	1 Hour	0.09 ppm (180 ug/m <sup>3</sup> )	0.12 ppm (235 ug/m <sup>3</sup> )	Same as Primary Std.
Carbon Monoxide	8 Hour	9 ppm (10 mg/m <sup>3</sup> )	9 ppm (10 mg/m <sup>3</sup> )	Same as Primary Stds.
	1 Hour	20 ppm (23 mg/m <sup>3</sup> )	35 ppm (40 mg/m <sup>3</sup> )	
Nitrogen Dioxide	Annual Average	--	0.053 ppm (100 ug/m <sup>3</sup> )	Same as Primary Stds.
	1 Hour	0.25 ppm (470 ug/m <sup>3</sup> )	--	
Sulfur Dioxide	Annual Average	--	80 ug/m <sup>3</sup> (0.03 ppm)	--
	24 Hour	0.04 ppm <sup>6</sup> 105 ug/m <sup>3</sup>	365 ug/m <sup>3</sup> (0.14 ppm)	--
	3 Hour	--		1,300 ug/m <sup>3</sup> (0.5 ppm)
	1 Hour	0.25 ppm (655 ug/m <sup>3</sup> )		--
Suspended Particulate Matter (PM <sub>10</sub> )	Annual Geometric Mean	30 ug/m <sup>3</sup>	--	--
	24 Hour	50 ug/m <sup>3</sup>	150 ug/m <sup>3</sup>	Same as Primary Stds.
	Annual Arithmetic Mean	--	50 ug/m <sup>3</sup>	
Sulfates	24 Hour	25 ug/m <sup>3</sup>		--
Lead	30 Day Average	1.5 ug/m <sup>3</sup>	--	--
	Calendar Quarter	--	1.5 ug/m <sup>3</sup>	Same as Primary Std.
Hydrogen Sulfide	1 Hour	0.03 ppm (42 ug/m <sup>3</sup> )		--
Vinyl Chloride (chloroethene)	24 Hour	0.010 ppm (26 ug/m <sup>3</sup> )		--
Visibility Reducing Particles	1 Observation	In sufficient amount to reduce the prevailing visibility <sup>7</sup> to less than 10 miles when the relative humidity is less than 70%		--

Table 3-1 (Continued)

NOTES:

1. California standards for ozone, carbon monoxide, sulfur dioxide (1 hour), nitrogen dioxide and particulate matter - PM10, and visibility reducing particles are values that are not to be exceeded. The sulfur dioxide (24-hour), sulfates, lead, hydrogen sulfide, and vinyl chloride are not to be equaled or exceeded.
2. National standards, other than ozone and those based on annual averages or annual arithmetic means, are not to be exceeded more than once a year. The ozone standard is attained when the expected number of days per calendar year with maximum hourly average concentrations above the standard is equal to or less than one.
3. Concentration expressed first in units in which it was promulgated. Equivalent units given in parenthesis are based upon a reference temperature of 25° C and a reference pressure of 760 mm of mercury. All measurements of air quality are to be corrected to a reference temperature of 25° C and a reference pressure of 760 mm of mercury (1,013.2 millibar); ppm in this table refers to ppm by volume, or micromoles of pollutant per mole of gas.
4. National Primary Standards: The levels of air quality necessary, with an adequate margin of safety to protect the public health. Each state must attain the primary standards no later than three years after that state's implementation plan is approved by the Environmental Protection Agency.
5. National Secondary Standards: The levels of air quality necessary to protect the public welfare from any known or anticipated adverse effects of a pollutant. Each state must attain the secondary standards within a "reasonable time" after the implementation plan is approved by the EPA.
6. At locations where the state standards for ozone and/or suspended particulate matter are violated. National standards apply elsewhere.
7. This standard is intended to limit the frequency and severity of visibility impairment due to regional haze and is equivalent to a 10-mile nominal visual range when relative humidity is less than 70 percent.

**Table 3-2**  
**Design Value Report**  
**January 1, 1994 through October 1, 1996**

This table shows the four highest hourly ozone readings at each site during the January 1, 1994 through October 1, 1996 time period. A site is considered to be “in attainment” if the fourth highest hourly reading (the “design value”) is less than 125 parts per billion (“ppb”).

<b>Station</b>	<b>Highest</b>	<b>2<sup>nd</sup> Highest</b>	<b>3<sup>rd</sup> Highest</b>	<b>4<sup>th</sup> Highest Design Day</b>
Carpinteria	134 (09/16/94)	129 (08/13/94)	128 (05/01/96)	128 (06/24/94)
GTC “C”	134 (08/12/94)	132 (05/01/96)	130 (05/11/96)	125 (09/06/95)
Las Flores Canyon Site 1	143 (10/04/95)	142 (08/12/94)	134 (05/12/96)	130 (05/01/96)

#### 4. ENVIRONMENTAL CONSEQUENCES AND MITIGATION MEASURES

This section analyzes the environmental effects of implementation of the proposed project, as well as feasible mitigation measures that would reduce or eliminate adverse impacts.

An initial assessment was performed to identify the environmental resources and other issue areas that may be adversely impacted by the implementation of the proposed project. Potential environmental effects on geological processes, water resources, transportation and circulation, air quality, biological resources, archeological resources, ethnic resources, historic resources, noise, land use, public facilities, energy, fire protection, recreation, aesthetic and visual resources, housing, risk of upset, and hazardous materials were considered. Since impacts to other resources, besides air quality, are indirect impacts and little data is available to determine the extent of the effects, a qualitative analysis could not be performed. It was determined that there is no evidence that the proposed Regulation VIII, Regulation II, and Rule 102 would have significant direct or indirect effects on any resource besides air quality. Therefore, impacts to all resources, except air quality, are considered to be insignificant<sup>4</sup>

The following analysis identifies potential significant impacts to air quality and feasible mitigation measures to reduce or eliminate adverse air quality impacts. The air quality impact analysis for each issue analyzed for the proposed project will discuss the following:

- Identification of CEQA issue;
- Description and implementation of the issue in the existing rules;
- Description of the issue in the proposed rule;
- The effect of the proposed rule revision as it relates to the issue;
- Determination of the impact as insignificant or potentially significant;
- Feasible mitigation measures and their effect on the impacts;
- The residual impacts of the proposed rule revision as it relates to the issue.

A summary of impacts of the proposed project as a whole is also provided separately in Section 4.2.9.

For a description of the environmental impacts and residual impacts, the following classifications are used:

- Class I Impacts - Significant unavoidable adverse impacts for which the decision-makers must adopt a Statement of Overriding Considerations.
- Class II Impacts - Significant adverse impacts that can be feasibly mitigated to insignificance for which the decision-maker must adopt findings and recommend mitigation measures.
- Class III Impacts - Adverse impacts found to be insignificant, for which the decision-makers do not have to adopt findings.
- Class VI Impacts - Beneficial impacts.

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<sup>4</sup> CEQA Statute, §21082.2

#### 4.1. SIGNIFICANCE CRITERIA

The criteria for determining the significance of air quality impacts are based on federal, state, and local air pollution standards and regulations. As adopted in the *APCD CEQA Guidelines*<sup>5</sup>, a proposed project will not have a significant air quality effect on the environment, if:

Operation of the project will:

- emit (from all project sources) less than the daily trigger for offsets or AQIA set in the APCD New Source Review Rule, for any pollutant; and
- emit less than 25 pounds per day of NO<sub>x</sub> or ROC from motor vehicle trips only; and
- not cause or contribute to a violation of any California or National Ambient Air Quality Standard (except ozone); and
- not exceed the APCD health risk public notification thresholds adopted by the APCD Board; and
- be consistent with the adopted federal and state Air Quality Plans.

However, thresholds of significance provide general guidance for determining significant impacts, but are not ironclad definitions of significant impacts. Each project must be judged individually for its potential for significant impacts, based on specific circumstances and evidence. The proposed project (a permitting program), is not a specific development project (such as an industrial facility or residential housing project) that lends itself to analysis using air quality modeling, or other analytical tools, as a means of determining ambient pollutant concentrations, thereby evaluating project compliance with the National and California ambient air quality standards. Rather, the proposed "project" is a set of revisions to the APCD's permitting regulations, which govern the conduct of the continuing program responsible for managing air resources in Santa Barbara County. For this reason, the EIR is termed a "program" EIR and considers the broad policy implications of the proposed action. The quantification of specific emission increases associated with such broad revisions of the regulations is difficult, if not impossible, for many aspects of the proposed action. As a result, specific emission thresholds that define the significance of the impacts from the project have not been identified. **Generally, the proposed project will be analyzed to determine if the proposed revisions would create significant unmitigated emission increases as compared to the current rules and practices, and if the proposed revisions to Regulation II, Regulation VIII and Rule 102 are consistent with APCD Board-adopted planning documents, primarily the 1991 Air Quality Attainment Plan and the 1994 Clean Air Plan.**

#### 4.2. AIR QUALITY IMPACTS

The proposed action involves the revision of APCD Regulation II and Rule 102 and amendment to the 1991 AQAP necessary to meet California State mandates, comments made by members of the APCD Board and industry, and staff recommendations. Wherever possible, air quality impacts are determined by estimating the net increase in air pollutant emissions resulting from proposed project components above those that would occur under existing rules. In many cases, however, insufficient information exists to provide a quantification of affected emissions. Wherever a quantitative analysis is not possible, the impacts are discussed qualitatively. The following discussion presents an analysis of each CEQA issue and the net effect of the proposed project.

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<sup>5</sup> Environmental Review Guidelines for the Santa Barbara APCD, October 1995.

#### 4.2.1. Modified Net Emission Increase Definition

##### **Current Rule:**

Currently, the Net Emissions Increase ("NEI") for a new or modified source is calculated as the sum of the emission increases and decreases from the source since the baseline date of July 2, 1979, which was the mandatory baseline inventory date for air quality attainment plans pursuant to the Clean Air Act Amendments of 1977. An NEI calculation is performed for each new or modified source for the purpose of determining the extent of regulatory review and/or the air pollution controls or mitigation required for the subject project.

##### **Proposed Rule:**

The proposed rule would change the method for calculating the NEI for each new or modified project. The proposed new calculation methodology would change the baseline date to November 15, 1990, which is the mandatory baseline inventory date under the Clean Air Act as amended in 1990. Furthermore, the revised definition would allow negative NEI to be banked for future use as emission reduction credit. The proposed change of the NEI baseline date is consistent with the date of enactment of the 1990 federal Clean Air Act Amendments and the baseline date of the APCD's 1994 Clean Air Plan emission inventory.

The revised rules would require the NEI to be calculated to determine if an AQIA, BACT controls (except for nonattainment review) and/or offsets are required for a new or modified source. For PSD review, the NEI would also be used to determine the need for ambient monitoring requirements.

Integrally tied to the modification of the NEI calculation methodology is the lowering of the offset threshold from 25 tons/yr to 10 tons/yr. The lower offset threshold is proposed along with the NEI revision because the new NEI definition has the potential to cause significant adverse impacts on air quality, while the lowering of the offset trigger has the potential to result in beneficial impacts on air quality. A detailed discussion of the lower offset threshold is presented in Section 4.2.2.

##### **Discussion:**

The modification of the NEI baseline year to November 15, 1990 would lower the NEI value for many existing sources in Santa Barbara County. Specifically, all existing projects that received PTOs for the entire source on or before November 15, 1990 would have a zero NEI. Thus, the proposed rule would allow these sources to increase emissions to a greater extent before triggering regulatory requirements governed by NEI thresholds. For example, if a permitted stationary source had a pre-1990 NEI of 20 tons/yr, the current rule would require offsets if emissions increased by 5 tons/yr ( $20 + 5 = 25$  tons/yr = the current offset trigger). If the baseline date alone were revised to November 15, 1990 as in the proposed rule, the pre-1990 NEI for this source would be zero tons/yr, and the source could expand by 25 tons/yr before triggering offsets. Under the proposed rule, this source could expand by 20 tons/yr more than under the current rule without triggering offsets. Thus, the proposed baseline year change, by itself, may result in unmitigated air pollution emission increases in the County.

Most of the impacts to air quality from nonattainment pollutants would result from the effect of the revised NEI definition on offset requirements for modifications of existing sources that held PTOs prior to the new proposed baseline date. If the offset threshold were to remain at 25 tons per year, the potential emissions increase due to the revised baseline year would be equal to the total pre-November 1990 NEI for all permitted sources in the County.

To estimate the potential emission increases that could result from the proposed revision, the APCD permit data base was reviewed. The sources that are most likely to trigger offsets in Santa Barbara County are existing facilities with an NEI above 10 tons per year. Sources with a current NEI of less than 10 tons per year are not expected to expand to the offset trigger. The permit data base indicates that there are 12 sources with a pre-1990 NEI between 10 and 25 tons per year. The revised NEI baseline definition would allow each of these 12 sources to expand up to 25 ton per year of NO<sub>x</sub> or ROC without triggering offsets, creating the potential for up to 600 tons per year of unmitigated ozone precursor emissions (12 x 25 x 2 = 600 tons per year).

Furthermore, the permit data base indicates that three sources which received their PTOs on or before November 15, 1990, have pre-November 15, 1990 NEI greater than 25 tons per year. The revised baseline would allow each of these three to increase 50 tons per year of ozone precursor emissions (25 tons per year of NO<sub>x</sub> and ROC) without triggering offsets. Consequently, there is the potential for up to 750 tons per year of unmitigated emission increases ( 600 + 150 = 750 tons per year) from all existing sources with an NEI above 10 tons per year. This unmitigated increase may result in potentially significant adverse impacts to air quality in Santa Barbara County and could interfere with the reasonable further progress goals of the 1991 Air Quality Attainment Plan and the 1994 Clean Air Plan.

To mitigate these potentially significant adverse impacts, the APCD proposes to reduce the offset trigger level from 25 tons per year to 10 tons per year. To analyze the effect of this mitigation in conjunction with the proposed new baseline year, information from the APCD permit data base was used to identify existing stationary sources in Santa Barbara County with PTOs for the entire source prior to November 15, 1990.<sup>6</sup>

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<sup>6</sup> The APCD permit data base provides the NEI for all sources in the air district with ATC permits received after January 1, 1986.

Four categories of sources were identified: 1) sources with a pre-November 15, 1990 NEI between 0 - 10 tons per year (636 sources), 2) sources with a pre-November 15, 1990 NEI between 10 - 25 tons per year (12 sources), 3) sources with a pre-November 15, 1990 NEI greater than 25 tons per year (3 sources).<sup>7</sup> and 4) sources with a post-November 15, 1990 NEI greater than 10 tons per year (4 sources). These data are presented in the following table:

NEI Categories	Source Size	Number of Sources
#1	Pre November 15, 1990 NEI 0 - 10 tons per year	636
#2	Pre-November 15, 1990 NEI 10 - 25 tons per year	12
#3	Pre-November 15, 1990 NEI Greater than 25 tons per year	3
#4	Post-November 15, 1990 NEI Greater than 10 tons per year	4

These data indicate that the greatest number of sources in Santa Barbara County are in Category #1, small to medium sources with an NEI between 0 - 10 tons per year. For these sources, the proposed offset trigger of 10 tons per year is more stringent than the existing rule, even when considering the effects of the proposed new base year, because these sources are at least 15 tons per year below the current offset trigger of 25 tons per year. Thus, even the highest emitting source in this category would be allowed to increase emissions by 15 tons per year under the current rules, but only allowed 10 tons per year under the proposed rule. The more stringent offset trigger, however, is not expected to affect most of the small sources in the air district. These small to medium sources, which include facilities such as gas stations, drycleaners, auto body shops, manufacturers of electronic equipment, and medical device manufacturers, are not expected to increase emissions to levels that would require offsets under either the current or the proposed rules.<sup>8</sup> As a result, it is unlikely that sources in Category #1 would provide more offsets than would be provided at the current threshold level.

Twelve permitted stationary sources in the County were identified in Category #2, medium to large sources with a pre-November 15, 1990 NEI between 10 - 25 tons per year of ROC or NO<sub>x</sub>. Nine of these sources emit less than 15 tons per year of ROC or NO<sub>x</sub>. For these nine sources, the lower offset trigger level would be more stringent than the current rule.<sup>9</sup> From the pre-November 1990 NEI for these nine

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7 There are actually six sources in this category - Vandenberg AFB, POPCO, Torch Point Pedernales, Exxon SYU, Chevron Gaviota and the GTC Project. The last three sources did not receive a PTO for their entire source as of the proposed baseline date of November 15, 1990. Consequently, they would not be subject to the baseline change in the proposed NEI definition.

8 Historically, only four sources have triggered offsets under the current rule. These were Vandenberg AFB and major petroleum-related projects - e.g., Chevron's Gaviota facility, Exxon SYU and GTC. Based on this historical trend, it is unlikely that these small sources will trigger offsets.

9 The revised offset threshold of 10 tons per year is more stringent than the current threshold of 25 tons per year for any source with an pre-November 15, 1990 NEI less than 15 tons per year. For example, if an applicable source has an NEI of 12 tons per year, under the current rule offsets would not be triggered for

sources, it was determined that the proposed rule would be more stringent by 16 tons/year ROC and 0.9 tons/year of NO<sub>x</sub>. The remaining three of the sources in this category emit more than 15 tons per year of ROC or NO<sub>x</sub>. For these three sources, the revised rule would be a relaxation of offset requirements, because any NEI above 15 tons per year for these sources would be eliminated, thereby allowing unmitigated emission increases that would not otherwise be allowed under the current rules. The pre-November, 1990 NEI for these seven facilities was retrieved from the APCD permit files, and it was determined that an additional 0.9 tons per year of NO<sub>x</sub> and 9.6 tons per year of ROC would be allowed under the proposed rule when compare to the existing rule. In other words, if each of these three sources were to expand up to the proposed offset threshold of 10 tons per year, a total of about 10.5 tons per year of unmitigated emissions growth would occur. It is important to note that this situation represents the worst-case emission growth scenario, since each of the three sources have been assumed to increase emissions to the offset threshold level.

Two of the three sources identified in Category #3, POPCO and Torch Point Pedernales, would be affected by the proposed rule.<sup>10</sup> Under the current rules, any modification that increases nonattainment pollutant emissions at these sources would be required to be offset. Under the proposed rules, they would not have to offset emissions from modifications until the post-1990 increases totaled 10 tons/yr. The APCD permit files indicate that the proposed revision to the NEI definition may result in as much as 27 tons per year (10 tons per year of NO<sub>x</sub> and 17.2 tons per year of ROC) of increased nonattainment pollutant emissions from these three sources.<sup>11</sup>

The four sources in category #4 could increase their NEI up to 25 tons per year before being required to obtain offsets under the existing rule. APCD permit files show that these four sources collectively could grow by 32.7 tons of ozone precursors before reaching the 25 ton per year level. Under the proposed rule, since their post-November 15, 1990 NEI is greater than 10 tons per year, they would have to provide offsets for any emissions increase. However, historically, sources have avoided triggering the need for offsets. Thus it is unlikely that these four sources would choose to increase emissions under the proposed rule. Consequently, the proposed rule, in its entirety, when compared to the existing rule, would be more stringent by 32.7 tons per year of ozone precursors.

The total emission change that could occur in Santa Barbara County solely as a result of the proposed NEI base year change and the lower offset threshold would be about a 13 tons per year decrease in total ozone precursor emissions (-16.9 tons from Category #1 sources, 10.5 tons from Category #2 sources, 27.2 tons from Category #3 sources and -32.7 tons from Category #4 sources). Future stationary sources of air pollution would trigger offsets at the proposed lower threshold, which would result in emission decreases that would not be required under the current rules, however, the net future effect would be too speculative to estimate. Consequently, the revised NEI baseline date, together with the lowered offset threshold of 10 tons per year, would not result in any adverse impacts.

Another effect of the modified NEI definition on nonattainment pollutants would be to trigger fewer Air Quality Impact Analyses ("AQIAs") for modifications to projects that held PTOs prior to November 15,

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an increase up to 13 tons per year (25 - 12 = 13), while the proposed rule would require offsets after an emission increase of only 10 tons per year. Thus the proposed rule would be more stringent by 3 tons/year.

10 The Memorandum of Agreement between the APCD and Vandenberg AFB requires the Air Force to offset all emission increases which occur after July 1991.

11 POPCO : 10 tons NO<sub>x</sub> and 9.75 tons ROC; Torch: 7.4 tons ROC. Total is 10 tons NO<sub>x</sub> and 17.2 tons ROC.

1990. Because of the programmatic nature of the analysis, it is very difficult to quantify the effect this would have on the air quality in the County. The AQIA is a methodology used on a case-by-case basis to evaluate the impacts from a proposed project and to verify compliance with air quality standards and increments, rather than a direct requirement for controls or mitigation. It is critical that this analysis continue to be applied to projects that have a potential to contribute to or to violate any air quality standard. However, the effect of fewer AQIAs on emission increases is likely to be small if the NEI threshold for requiring AQIA is not substantially relaxed from current levels.<sup>12</sup> This issue is discussed and analyzed in Section 4.2.4.

For attainment pollutants, the proposed revisions to the NEI thresholds would result in adverse impacts since the modification of the NEI baseline year to November 15, 1990 would lower the NEI for many existing sources. These adverse impacts are not anticipated to be significant because historically, except for major oil and gas projects, sources have not triggered BACT, offsets, air quality modeling and ambient monitoring for attainment pollutants.

#### 4.2.2. Offset Thresholds

##### **Current Rule:**

The offset threshold is the emission level at which offsets are required to mitigate proposed project emissions. The current offset thresholds are presented in Tables 2-4 and 2-5.

##### **Proposed Rule:**

The offset threshold (or emission trigger level) for offsets for new or modified stationary sources has been changed in proposed Regulation VIII. For nonattainment pollutants and precursors, the trigger levels determined by the NEI are proposed to be changed from 10 lbs/hr or 25 tons/yr to 55 lbs/day or 10 tons/yr. For attainment pollutants the proposed offset threshold (240 lbs/day) has been relaxed slightly as compared to the current rule (10 lbs/hr).

##### **Discussion:**

For nonattainment pollutants, the proposed change represents a more stringent requirement for offsets, unless a stationary source operates at less than 55 lbs/day but more than 10 lbs/hr (e.g., a "batch" process). However, even for these "batch" sources, this change would not be expected to adversely affect ozone formation, since short-term emissions are not generally critical for a regional nonattainment pollutant, such as ozone and its precursors, i.e., there is no discernible difference in air quality if 55 lbs of precursor emissions are emitted over one day or one hour.

Generally, the more stringent offset threshold would require offsets for future projects that would otherwise not offset emissions growth. This more stringent offset requirement, however, is not expected to affect many sources in Santa Barbara County. Most sources in the County operate at an emission level well below the proposed lower threshold. The APCD emissions data base shows a total of 610 sources reporting actual emissions in 1994. Of these, 582 sources emitted less than 10 tons/year of ROC and 584

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12 A modification to the AQIA threshold is proposed as part of the project. If the AQIA trigger level is relaxed, the revised NEI definition may result in potentially significant adverse impacts, because analyses which verify compliance with health standards and increments would not be required for projects that may jeopardize these limits.

sources emitted less than 10 tons/year of NO<sub>x</sub>. Consequently, only a small fraction of permitted stationary sources emit more than 10 ton/yr of any nonattainment pollutant.

As stated above in Section 4.2.1, the revision to the offset threshold is proposed in conjunction with the proposed revision to the NEI definition. The lower offset threshold would generally have a beneficial impact on air quality and, as previously discussed, the revised NEI definition taken by itself would adversely affect air quality. As described in Section 4.2.1, the emission increases of nonattainment pollutants that may result from the NEI baseline date revision may be mitigated by sources that would provide offsets under the new rule but would not provide offsets under the current rule. The more stringent offset threshold may also mitigate some of the adverse (but insignificant) impacts associated with the relaxation BACT requirements. This issue is discussed in Section 4.2.3.

For sources that emit attainment pollutants for 24 hours per day, the proposed revision has no net effect on air resources. The proposed change may, however, adversely affect air quality due to attainment pollutant emission increases from sources that operate less than 24 hours per day. The APCD permit data base indicates that approximately one-third of the sources in Santa Barbara County operate 8 hours per day.<sup>13</sup> For these sources, offsets would not be triggered for attainment pollutants for emissions as high as 30 lbs/hr, a value three times higher than allowed by the current rule. Since most sources in Santa Barbara County operate less than 24 hours per day, greater emission increases of attainment pollutants could occur from new or modified sources without mitigation via offsets. As a result, the proposed offset thresholds for attainment pollutants may have an adverse impact to air quality.

Overall, for attainment pollutants the revised rule is not expected to result in significant adverse effects, however, since offsets have been required for attainment pollutants in Santa Barbara County only once in the last fifteen years. Furthermore, any adverse effects would likely be insignificant since compliance with the PSD increments would still be verified by an air quality modeling analysis. As stated previously, the AQIA threshold for modeling individual project impacts from attainment pollutants should be triggered based upon hourly trigger levels, since several State and federal standards are hourly averages.

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13 Based on information provided by permit applicants and data from permit engineering evaluations, approximately 36% of the sources operate 8 hours (or less) per day, 41% operate 12 hours (or less) per day and 23% operate 24 hours/day.

#### 4.2.3. Best Available Control Technology

##### **Current Rule:**

The Best Available Control Technology ("BACT") threshold is the level above which a source must install or implement BACT controls. BACT controls are generally the most effective emission controls (devices or emission levels) that have been achieved in practice. The current thresholds are presented in Tables 2-2 and 2-3.

##### **Proposed Rule:**

The BACT threshold for new or modified stationary sources has been changed in the proposed Regulation VIII. For all nonattainment pollutants, including precursors, the threshold has been changed from a NEI of 2.5 lbs/hr to a 25 lbs/day trigger level based upon potential to emit ("PTE") calculations. The proposed revision is the same as the 25 lbs/day minimum BACT threshold mandated by State law.<sup>14</sup> The proposed rule also adds the requirement for BACT controls to be the most stringent limitation contained in any SIP, if that is the more stringent control.

##### **Discussion:**

The new thresholds are based upon daily rather than hourly emission calculations and are intended by the APCD to streamline the permitting process. As discussed below, the proposed thresholds appear to represent a relaxation of the rule, especially for small modifications to existing sources which operate only 8 hours per day. Also, as explained below, this potential negative impact appears to be insignificant based on a review of actual BACT determinations by the APCD regarding small modifications to existing small and medium size sources. These determinations show that, in such situations, the adverse impact is not significant since BACT is often determined to be Reasonably Achievable Control Technology ("RACT") due to considerations of what has been achieved in practice for these types of sources. A detailed discussion of these points follows.

The proposed change appears to represent a relaxation of the APCD rules for both new and modified sources in Santa Barbara County. Under the proposed revised rule, existing sources that emit air contaminants for eight hours per day would be allowed to increase emissions by 3.1 lbs/hr before triggering BACT requirements.<sup>15</sup> For new sources that emit pollutants evenly more than 10 hours per day (generally the larger industrial processes)<sup>16</sup>, the proposed new threshold is more stringent. For example, a new source that operates 24 hours per day could emit only 1.04 lbs/hr before triggering BACT. When gas stations are not considered<sup>17</sup>, sources that operate more than 10 hours per day represent approximately one quarter of the total permitted sources in the County. However, the emission

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<sup>14</sup> Health & Safety Code, 1995, §40918(a)

<sup>15</sup> The current rule requires BACT at an NEI of 2.5 lbs/hr. A source operating at 8 hrs/day would be allowed  $25 \text{ lbs/day} / 8 \text{ hrs/day} = 3.1 \text{ lbs/hr}$ .

<sup>16</sup> As mentioned earlier, approximately 36% for the sources operate 8 hrs/day, 41% operate 12 hours/day and 23% operate 24 hours/day. The 8 hour/day sources include dry cleaners, auto body repair shops and degreasers. Of the 12 hour/day sources, all except one are gas stations. The sources operating 24 hours/day are petroleum-related facilities, combustion sources and food processing plants.

<sup>17</sup> The Phase I and II systems required for all gas stations are considered to be BACT.

decreases associated with the more stringent BACT trigger level for new sources that operate more than 10 hours per day would reduce some of the adverse impacts resulting from the rule relaxation for new 8 hour per day sources.

In practice, the BACT threshold relaxation may not result in substantial emission increases throughout the County. First of all, many of the small sources that are permitted slightly below the current BACT threshold of 2.5 lbs/hr, actually operate well below this trigger level. The APCD permitted these sources just below the BACT trigger to eliminate the need for permit modifications for small emission increases. Thus, even under the current rules, it is unlikely that many of these sources would actually trigger BACT in the future.

Secondly, gas stations, which comprise 40% of the total sources, are required to use Air Resources Board-approved Phase I and II vapor recovery systems. These systems are considered to be BACT. Thus, the new BACT trigger level is not applicable to gas stations, which comprise a substantial portion of the sources in the County.

Thirdly, it is difficult to require the most stringent BACT achieved in practice for small modifications to existing small and medium size sources. Such modifications that trigger BACT often result in a situation where the cost of the most efficient control technology is relatively expensive while the emission reduction achieved by the applicant of that technology is small. The effectiveness of BACT is often expressed in terms of cost effectiveness, or cost per ton of emission reduction, where "cost" equals the dollars spent to implement the technology and "ton of emission reduction" is the total emissions eliminated by the control technology. The cost effectiveness for installing certain BACT controls on small sources is generally far above values commonly accepted and thus is not considered as being "achieved in practice" for that class of source. At a minimum, the source must meet the RACT requirements of the APCD's prohibitory rules. Thus, in practice, BACT often ends up being closer to a RACT level of control. This is particularly true for small modifications at solvent-using sources such as automotive refinishing facilities (i.e., automobile body shops).

Therefore, while the proposed revision to the BACT definition in Regulation VIII may be construed as less stringent than the current definition, in practice, the current rule as implemented often leads to a determination that BACT is more in line with RACT level of control. When BACT is triggered under the proposed rule, it would be the more stringent of what has been achieved in practice for that type of source or the most stringent limitation contained in any SIP, or as determined by the Control Officer.

Additionally, any potential negative effect on air quality from the lower BACT trigger is limited by the more stringent requirement for offsets contained in the proposed rule. Under the proposed rule, if a source were to modify emissions to an NEI total greater than 55 lbs/day or 10 tons/yr, then offsets would be required. The requirement to provide offsets is an incentive for source operators to apply BACT controls to reduce their offset liability, since offset costs often exceed the cost of BACT controls. Thus, facilities may implement BACT controls at emission increase levels at or below 10 ton/yr, regardless of the BACT threshold. This conclusion is somewhat speculative, however, since the cost of BACT controls versus the cost of offsets varies depending upon the operator and the source category.

Due to the uncertainties associated with BACT control efficiencies and with the number and types of sources that may apply to the APCD for new or modified permits, a quantification of emission increases or decreases that would result from the rule revision is not possible. Although there is potential for some increases in nonattainment pollutant emissions as a result of the proposed BACT threshold revision, it appears that, in practice, the revision would not result in significant adverse impacts of nonattainment pollutants in Santa Barbara County.

For attainment pollutants, the proposed BACT threshold revisions are based on NEI and have also been changed from hourly to daily thresholds. The PSD BACT trigger levels are also the same as the PSD modeling trigger levels. The change from an hourly trigger to a daily trigger level would have no effect on sources that operate evenly 24 hours per day.<sup>18</sup> For sources that are within 10 km of a Class I area and have an impact greater than 1 microgram per cubic meter, BACT is required for any NEI increase<sup>19</sup>. However, for sources that operate less than 24 hours per day (the majority of sources in the County), the revised rule would allow increased emissions without requiring BACT controls. Thus, the revised rule may result in adverse impacts from attainment pollutants in the County. The adverse impacts to attainment pollutants are not expected to be significant.

#### 4.2.4. Air Quality Impact Analysis

##### **Current Rule:**

An Air Quality Impact Analysis ("AQIA") is the method used by the APCD to determine the effects of proposed emission increases on the air environment. The permit applicant may be required to demonstrate through an AQIA that air quality standards and increments will not be exceeded. It does not limit the Control Officer's discretion to do analysis necessary to make a decision on the project. Under current rules, an AQIA is triggered at 5 lbs per hour, 240 lbs per day or 25 tons per year, except for PM<sub>10</sub>, which triggers AQIA at 3.3 lbs per hour, 80 lbs per day, or 15 tons per year.

##### **Proposed Rule:**

The AQIA thresholds for new or modified stationary sources have been changed in proposed Regulation VIII. For nonattainment pollutants and their precursors, the thresholds have been changed from 5 lbs/hr, 240 lbs/day, or 25 tons/yr to 120 lbs/day. For PM<sub>10</sub>, the thresholds have been changed from 3.3 lbs/hr, 80 lbs/day, or 15 tons/yr to 80 lbs/day.

##### **Discussion:**

The proposed change represents an overall relaxation of the current AQIA emission trigger levels. The primary effect of this change is that the requirement for an AQIA would be based upon longer-term emission triggers, i.e., daily/annual emissions instead of hourly/daily/annual emissions. Thus, similar to the analyses presented previously, an emission source could emit a greater quantity of air pollutants over a few hours without triggering an AQIA.

The relaxation of AQIA trigger levels may affect the APCD's ability to protect the short-term health standards and increments. Several state and federal health standards are based upon maximum short-term concentrations of air pollutants (e.g., ozone CO, NO<sub>2</sub>, SO<sub>2</sub>, and H<sub>2</sub>S). Although modeling for ozone is not feasible and there is no standard for ROC, the proposed rule would allow a source to emit as much as 120 lbs of ROC or NO<sub>x</sub> (or 80 lbs/hr of PM<sub>10</sub>) in a single hour<sup>20</sup> without requiring modeling. Thus, there is potential for emissions from a new or modified stationary source to violate the short-term health standards

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<sup>18</sup> At 24 hours per day, the BACT trigger is the same as the current rule, i.e., 5 lbs/hr x 24 hrs = 120 lbs/day.

<sup>19</sup> Implements 40CFR 51.166.(b)(23)(iii)

<sup>20</sup> The proposed ROC and NO<sub>x</sub> trigger level of 120 lbs/day (or PM<sub>10</sub> trigger level of 80 lbs/day) could be emitted by a source in as little as one hour without triggering an analysis to determine compliance with the one-hour health standards.

or consume the increments for PSD pollutants. If an AQIA is not performed, compliance with the standards and the increments cannot be verified. Furthermore, as discussed in Section 4.2.1, the proposed project would reduce the NEI for all pre-1990 sources in the County, a change that would also reduce the number of AQIAs triggered for modifications to these projects. Thus, the less stringent AQIA thresholds have the potential to cause significant adverse effects to the environment because compliance with short-term health standards and increments would not be verified when, in fact, they may be jeopardized by short-term emissions. This conclusion applies to both attainment and nonattainment pollutants. Reactive air contaminants, such as ozone and PM<sub>10</sub> precursors (NO<sub>2</sub> and SO<sub>2</sub>) and nonreactive air contaminants(CO and H<sub>2</sub>S).

One feasible mitigation that was identified to protect the short-term health standards is to retain the 5 lb/hr trigger level for AQIA in the existing rule, into the proposed rule for both attainment and nonattainment pollutants that have short-term standards. This measure would require AQIAs to verify compliance with short-term health standards and increments consistent with the current rule, and would fully mitigate the potentially significant adverse impacts. Residual impacts would be insignificant.

#### 4.2.5. Offset Ratio and Distance Requirements

##### **Current Rule:**

Offsets are currently required at a minimum ratio of 1.2 : 1 and discounted with "distance factors" so as to achieve an air quality benefit and attain reasonable further progress goals toward achieving the ozone standards. The "distance factors" currently used are listed in the APCD Authority to Construct Permit Processing Manual, Table 12-1, September 4, 1987. Distance factors increase the offset ratio as the distance between the new source and offset source increases. The highest ratio that has been applied to a source in Santa Barbara County is 3.3 : 1, for an offset source 45 miles from the subject source.

##### **Proposed Rule:**

Several offset requirements for nonattainment pollutants would be modified in the proposed new Regulation VIII. The revisions would eliminate the use of current distance factors when calculating offset ratios, maintain the current minimum ratio of 1.2 to for offsets within 7.5 miles of the ATC source and would set offset ratios for regional zones, i.e., the North County and the South County. The proposed rule would set the minimum ratio for nonattainment pollutants at 1.5 to 1 for offsets and ATC sources greater than 7.5 miles apart and located in the same meteorological regime (or "zone"), i.e., the North and South County are different meteorological regimes. If the offsets are located in a different meteorological regime than the subject source, but inside the District, the offset ratio would be 6.0 : 1. Thus, the proposed rule would not only modify the offset discounting due to distance, but would allow for offsetting between the North and South County at a ratio of 6.0 : 1. Contemporaneous offsets from sources located in a specific area of Ventura County would also be allowed at an offset ratio of 6.0 : 1. This area is limited to the areas of Ventura County adjacent to the South Coast of Santa Barbara County and the Oxnard Coastal plain.

Finally, offset trading between Cuyama and the South Coast would not be allowed. The proposed offset ratios are summarized in the following table:

Ratio	Location of ATC Source	Location of Offsets
1.2 to 1	North Zone	North Zone (within 7.5 miles)
1.5 to 1	North Zone	North Zone
1.2 to 1	South Zone	South Zone (within 7.5 miles)
1.5 to 1	South Zone	South Zone
6.0 to 1	North Zone	South Zone
6.0 to 1	South Zone	North Zone
6.0 to 1	South Zone	Adjacent Areas of Ventura County
No Trades	South Zone	Cuyama
No Trades	Cuyama	South Zone

**Discussion:**

*4.2.5.1. Regional Offset Ratios*

Currently, offsets are based upon a 1.2 : 1 minimum ratio, which is increased by "distance factors" when the offsets originate from a source more than 15 miles from the subject source. The distance factors are applied to account for the physical dispersion (dilution) of air pollutants as they travel downwind from the offset source. That is, as the distance between the offset provider and the subject source increases, the mitigation achieved generally decreases. Although the effect of the distance factors on ozone precursors can not be accurately quantified due to the complexities of photochemical modeling<sup>21</sup>, there is a firm technical basis for distance discounting.<sup>22</sup> For nonattainment pollutants, offset trading between the North and South Counties has not been allowed<sup>23</sup>, regardless of the distance between the offset source and the subject source, due to the presence of the Santa Ynez Mountains which acts as a partial barrier to flow of air masses between the two meteorological regimes.<sup>24</sup> This policy is consistent with the Ventura County Air Pollution Control District offset policy, which does not allow offset trading across major mountain ranges.<sup>25</sup> This issue will be discussed in greater detail in Section 4.2.5.2 below.

In some cases, the increased minimum offset ratio would provide more emission reductions for new and modified stationary sources that trigger offset requirements, i.e., for those cases when an offset source is located between 7.5 and 15 miles of the subject source. Generally, however, the proposed change is likely to decrease the amount of emission reductions (offsets) provided to mitigate emission increases from new or modified sources of air pollution in the County. This decrease would likely occur since most offsets to date have been obtained from ERC sources more than 15 miles from a subject source, and, with

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<sup>21</sup> USEPA, 1990.

<sup>22</sup> Turner, 1970, pp. 11-16. This workbook presents computational techniques used by air quality scientists to estimate downwind dispersion of air contaminants. Although photochemical pollutants, such as ozone, usually increase downwind of a source, this result occurs because of the chemical kinetics of the photochemical conversion of ozone precursors. The physical dispersion of pollutants still results in lower concentrations of downwind ozone concentrations than would have occurred without the dispersion.

<sup>23</sup> SBCAPCD, 1985, p. 12-3.

<sup>24</sup> SBCAPCD, 1990, p. 2-5.

<sup>25</sup> VCAPCD, 1995, Rule 26.2.

the distance discounting, have been applied at offset ratios higher than 1.5 : 1. In fact, a review of offsets provided for projects in the County show that, historically, offsets have been applied at ratios as high as 3.3 : 1 To illustrate the potential impacts of the revised rules, all of the offsets provided to date as mitigation in Santa Barbara County were recalculated consistent with the proposed rules:

Source	Emission Reductions Required (tons/year)			
	NO <sub>x</sub>		ROC	
	Existing Rule	Proposed Rule	Existing Rule	Proposed Rule
Exxon	324.6	253.4	157	114.7
Chevron	101.1	130.7	205.9	230.1
GTC	19.4	9.8	32.1	32.1
Torch HS&P	None required	None required	89.3	111.7
<b>TOTAL</b>	445.2	336.9	484.3	488.6

The proposed rule would have required 78.9 tons less of NO<sub>x</sub> and 4.4 tons more of ROC emission reductions than the existing rule. Thus, the offset ratios in the proposed rule will achieve a net air quality benefit. This net air quality benefit will however be less than that obtained under the existing rule.

#### 4.2.5.2. Emission Trade-offs Between Different Meteorological Regimes

As stated above, the proposed Regulation VIII also allows offsetting of nonattainment pollutants between separate meteorological regimes, i.e., North County offset sources may be used to mitigate South County projects, and vice versa, at a ratio of 6.0 : 1. Presently, while the rules allow such offsets, the APCD has not allowed emission reduction trading of nonattainment pollutants between the North County and South County. This type of offset trading has not been allowed because, although the North and South County are in the same "air basin", they experience different meteorological regimes, and emissions in the North County do not affect South County air quality at all times, and vice versa. Indeed, South County emissions impact the North County very infrequently due to the prevailing winds from the northwest.

Air quality interaction between the two regimes can be substantial, but generally occurs on an "event" basis. The APCD's current policy of not allowing offset trading between the North and South County is based upon: 1) downwind dispersion of air contaminants,<sup>26</sup> 2) topographic features that impede air flow,<sup>27</sup> and 3) prevailing meteorological conditions.<sup>28</sup> This approach has technical merit, since many sources in the North County are far removed from sources in the South County, the Santa Ynez Mountains impede air flow between the North County and South County, and, as discussed in Section 3.1.1, the meteorological conditions and prevailing winds in the North and South County are often different. These technical factors have been recognized by other air districts when establishing offset trading policies.

<sup>26</sup> Turner, 1970.

<sup>27</sup> SBCAPCD, 1990, p. 2-5.

<sup>28</sup> deMarrais, 1965.

Ventura County, for example, has established offset trading zones that take into account the distance between sources, mountainous barriers, and prevailing winds.<sup>29</sup>

The proposed revisions, which would allow some offset trading between the North and South Counties, represent a partial relaxation of current APCD practices. The proposed revision however, would not be a relaxation as compared to current rules, since discounting by current distance factors would generally result in an offset ratio less than 6.0 : 1. For example, the offset ratio between sources located in Carpinteria and Santa Maria is 5.5 : 1. Additionally, under the proposed rule, offsets from a source in the Cuyama Valley would not be allowed to mitigate emissions growth in the South County as the areas are separated by three mountain ranges, are more than 35 miles from each other, and experience substantially different meteorological conditions and wind patterns.

#### 4.2.5.3. Allowing Out-of-County Offsets

Current APCD policies allow offsets from sources outside the County, but limit the sources that can be used. Only emission sources in Ventura County adjacent to the South County are allowed to mitigate emission increases within the South County. These offsets are required to be distance discounted and must be demonstrated to mitigate the emission increases from the subject source. The revised Regulation VIII would only allow contemporaneous offsets (i.e., no banked offsets) at a ratio of 6.0 to 1 from sources in Ventura County adjacent to the South Coast and from sources on the Oxnard coastal plain. This is consistent with the existing policies.

Previously, offsets obtained from sources on the OCS have not been allowed to mitigate growth within the County because OCS sources were not included in the emissions inventory. Before the APCD had regulatory authority over the OCS, some offset credits from OCS sources were allowed to mitigate emissions growth, but only for sources on the OCS. Since the APCD has been delegated authority over 15 OCS sources adjacent to Santa Barbara County pursuant to Section 328 of the Clean Air Act, and these OCS sources have been subjected to RACT controls and included in the emissions inventory, offsets credits from OCS sources may be used to mitigate growth within the District, as long as the credits are appropriately discounted, taking into account prevailing wind patterns and downwind distance from the offset source to the subject source. Because the APCD has regulatory authority over OCS sources and these emissions are included in the emissions inventory, the use of OCS sources to mitigate growth in Santa Barbara County would be consistent with the 1991 Air Quality Attainment Plan and the 1994 Clean Air Plan.

#### 4.2.5.4. Overall Impacts of the Revisions to Offset Requirements

The revisions to the offset requirements are a relaxation of some current APCD procedures and may slow progress towards attainment of ozone standards. However, the proposed revisions will not result in potentially significant adverse air quality impacts. This is because the proposed offset ratios, while no longer distance dependent, will still result in a net air quality benefit, as a greater than one-to-one offset ratio is still required.

#### 4.2.6. Permit Exemptions

##### **Current Rule:**

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<sup>29</sup> VCAPCD, 1995, Rule 26.2.

The current rule lists the categories of sources that are specifically exempt from the permitting requirements of the APCD.

### **Proposed Rule:**

The proposed revisions to Rule 202 include changes that are generally more stringent than the current rule, although a small increase of emissions may result from the proposed new exemptions. Indeed, most of the new exemptions are for small sources, which would not trigger BACT or other control requirements, and, therefore would not represent a substantial increase of emissions over current practices.

### **Discussion:**

The proposed revisions would exempt from permit temporary equipment with emissions less than one ton and which operate in the County less than 60 days per year. The intent of the change is to provide specific regulatory relief for operators of small temporary sources in the County. Any emission increases that may result from this exemption would not result in a significant impact to air resources in the County.

The revised language of Rule 202 changes the de minimis threshold from pounds per hour to pounds per day, a change that is slightly less restrictive than the current language because it allows greater short-term (less than a day) emissions. However, the proposed revision would limit the cumulative emissions and disallow the de minimis exemption for air pollution control equipment and modified sources that are subject to federal standards, such as NSPS and NESHAPS. Overall this revision to the current rule would not result in significant adverse impacts.

The specific exemptions for military operations, amusement rides, aircraft shows, portable steam cleaning equipment, fuel cells, architectural coating application, rail cleaning, air brushing, aerobic wastewater treatment equipment, stenciling and dyeing, paving activity, contaminated soil bioremediation, safety flares, and barbecue equipment represent a slight relaxation from the current rules that did not exempt these equipment. The relaxation would be slight because the revision would also include a 10 ton/yr gatekeeper for all new exemptions (except for the semi-conductor industry which will have a 1 ton per year limit). This means they must obtain a permit if this emission threshold is exceeded. The emissions from these sources are not considered to be substantial and would not result in significant impacts to air quality.

Generally, the "gatekeepers", or maximum emission thresholds, for the various source categories are more restrictive than the existing values. The current exemption for IC engines less than 100 bhp includes a 500 bhp exemption limit for aggregate IC engines at a stationary source. In effect, the 500 bhp aggregate limit sets a gatekeeper for IC engines at no more than 47 tons/yr for NO<sub>x</sub>.<sup>30</sup>

Currently, combustion equipment, such as boilers, that are rated at less than 5 MMBtu/hr are exempt from permit. This firing rate equates to about 2.5 tons/yr of NO<sub>x</sub> for each piece of equipment. The proposed rule adds a gatekeeper for aggregate combustion equipment totaling 25 tons/yr or more. This change is more stringent than the existing rule, since the current rule does *not* have "gatekeepers".

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<sup>30</sup> A total of 47 tons/yr of NO<sub>x</sub> is calculated based upon the maximum potential for IC engine emissions at 500 bhp, operating 24 hour/day, 365 days/yr. NO<sub>x</sub> emissions are used as a benchmark for IC engines since they are substantial sources of this nonattainment pollutant.

The current rule limits the exemption for storage and transfer equipment and miscellaneous processing equipment to no more than 27 tons/yr. The gatekeeper for these categories of equipment and processes is proposed to be only 10 tons/yr, a change that is more stringent than the current rule.

Generally, the revisions to Rule 202 are more restrictive than the current rule. Any adverse impacts from the new exemptions are expected to be insignificant.

#### 4.2.7. Emission Reduction Credit System

##### **Current Rule:**

The current Rules and Regulations do not allow the banking of emission reduction credits ("ERC"s) and do not provide for an Emission Reduction Credit System.

##### **Proposed Rule:**

The draft rule implements State law in the form of an ERC System, which allows emission reductions resulting from facility shutdowns, process modifications, and replacements to be credited in a "Source Register" for use to mitigate future projects.

##### **Discussion:**

California State law requires each air pollution control district to establish an emissions "banking" system for crediting emission reductions that are to be used in offsetting future development projects.<sup>31</sup> This new state mandate, however, allows each air district substantial latitude for the development of the system. An ERC banking system is generally considered to be beneficial to air quality because it encourages voluntary emission reductions that are not otherwise required by any federal, state, or local law, rule, or regulation. For this reason, the proposed establishment of the Source Register for emission credits has the potential to benefit air quality in Santa Barbara County.

However, allowing ERCs for shut downs of facilities may adversely affect air quality in the County, since many stationary sources have a finite project "life" and will eventually shut down as the result of decreased economic viability. Allowing the banking of emissions credits for shut downs of sources that have reached the end of project "life" would result in missing opportunities to reduce emissions that would otherwise occur under current rules. Furthermore, some shut down of facilities is implicit in the growth projections used by the APCD to set reasonable further progress goals in planning documents. Banking of emission reduction credits from these sources may allow future emissions growth beyond that projected in the 1991 Air Quality Attainment Plan and the 1994 Clean Air Plan.

The USEPA recognizes the problems associated with allowing ERCs for shut downs that "might have happened anyway", since these credits may not be consistent with the Clean Air Act requirement that attainment be achieved "as expeditiously as practicable."<sup>32</sup> Furthermore, ERCs derived from shut downs may not be "surplus" because they are reductions that would have occurred in any event, and therefore,

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<sup>31</sup> Health & Safety Code, 1995, §40709 et. seq.

<sup>32</sup> USEPA, 1986, p. 43819.

would not conform with the requirement that ERCs be surplus, enforceable, permanent, and quantifiable.<sup>33</sup>

To address adverse impacts that may result from banking of emission reduction credits, the USEPA and other air districts commonly discount shut down credits in the banking program. The USEPA finds that a determination of whether a shut down would have occurred in any event is administratively unworkable. The USEPA, the states, and the air districts would find it exceedingly difficult to evaluate or rebut source evidence that a shut down was motivated solely for ERCs and that the facility would otherwise have continued to operate. As a reasonable compromise, the USEPA's final policy resolution suggests that shut down credits would be approved if the ERCs result in substantial air quality benefit and produce at least a 20 percent net reduction after an appropriate RACT discount is applied to the baseline emissions.<sup>34</sup> The USEPA concludes that such a reduction would provide an objective margin of safety against uncertainties associated with some individual shut downs and still maintain the incentive for industry to shutdown economically-marginal sources.

Other air districts have used a similar approach to assure that ERCs result in a net reduction of actual emissions. The Monterey Bay Unified Air Pollution Control District resolves the uncertainties associated with shut down credits by discounting the credits as if BACT controls were installed prior to shut down. As a result, the amount of ERCs derived from the shut down of facilities is relatively minor.<sup>35</sup> The San Joaquin Valley Unified APCD applies a RACT discount to ERCs at time of banking. The Michigan Department of Natural Resources ("MDNR"), address the issue by discounting shutdown credits when they are deposited in the bank and further discounting the ERCs annually. Furthermore, the MDNR does not allow ERCs to be banked for more than 5 years.<sup>36</sup>

The proposed rule has addressed the potential adverse impacts from shut down ERCs by requiring these ERCs to be discounted by 20 percent or BACT (only if there is no applicable RACT), which ever is more stringent, upon entry into the Source Register. In addition, RACT is required at the time of use of the ERCs. This approach is consistent with the minimum requirements of the USEPA Emissions Trading Policy to show a substantial air quality benefit from the ERCs and would likely mitigate the ERCs from shut downs that would have occurred anyway.

The ERC discounting to achieve a net air quality benefit also makes sense in light of the County's air quality monitoring record. Air quality monitoring data show that Santa Barbara County has violated the federal ozone standard and regularly exceeds the State ozone standard. Thus, a requirement for an air quality benefit is warranted. If the benefit to air quality derived from the discounting of shut down ERCs is not required, the APCD may be required to regulate existing sources more stringently, or to regulate more small sources, to achieve the same air quality benefit. Thus, the potential adverse impacts associated with the proposed ERC system can reasonably be mitigated by discounting the emission credits allowed for shut down of facilities as required in the proposed rule.

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<sup>33</sup> USEPA, 1986, p. 43831.

<sup>34</sup> USEPA, 1986, p. 43820.

<sup>35</sup> Fred Thoits, Monterey Bay Unified APCD, personal communication, July 1995.

<sup>36</sup> Clean Air Report, 1995.

#### 4.2.8. Amendment to the 1991 AQAP

The 1991 AQAP discussed updating the New Source Review Rule as a control measure. This update included increasing the minimum offset ratio from 1.2:1 to 1.5:1. The proposed Regulation VIII sets the minimum offset ratio at 1.2:1 for sources that are within 7.5 miles of the offset source. Since the minimum proposed offset ratio is less than 1.5:1, proposed Regulation VIII has the potential to have an adverse impact on air quality due to an inconsistency with the 1991 AQAP.

To illustrate the potential impact of the proposed project all the offsets provided to date as mitigation in Santa Barbara County were recalculated at the minimum ratio of 1.5:1 and at the ratios specified in proposed Regulation VIII, as shown in the table below. The table shows that the propose rule would require 105.5 tons less of NO<sub>x</sub> and 52.7 tons less of ROC. However, the proposed rule would still provide a net air quality benefit at a greater than 1:1 ratio.

Source	NO <sub>x</sub>		ROC	
	Minimum 1.5 Ratio	Proposed Rule	Minimum 1.5 Ratio	Proposed Rule
Exxon	335.5	253.4	163.6	114.7
Chevron	117.0	130.7	232.3	230.1
GTC	19.4	9.8	33.7	32.1
Torch HS&P	None required	None required	111.7	111.7
<b>TOTAL</b>	472.4	336.9	541.3	488.6

The 1991 AQAP acknowledged that the emission reductions from the control measure were difficult to quantify and speculative and consequently were not provided in that document. Thus, no emission reduction credit was taken for this control measure in the 1991 AQAP. The purpose of the measure was to fully mitigate growth. The proposed Regulation VIII accomplishes this objective of fully mitigating growth and providing a net air quality benefit, albeit, at a lesser rate than would have been achieved with the minimum 1.5:1 ratio. It should be noted that the control measure was never put into effect. Section 4.2.5 should be referred to for a comparison of current Rule 205.C to proposed Regulation VIII.

#### 4.2.9.

## Consistency with the 1991 Air Quality Attainment Plan and the 1994 Clean Air Plan

An amendment to the 1991 AQAP to make the offset ratios consistent with the proposed Regulation VIII is part of this proposed project. Approval of the amendment by the APCD Board would make the NSR revisions consistent with the 1991 AQAP.

The APCD adopted its 1994 Clean Air Plan (or "CAP") on November 2, 1994 in order to attain federal and state ozone standards. The CAP was submitted to CARB and forwarded by CARB to the USEPA to satisfy the APCD's obligation under Section 182b of the Clean Air Act to submit a plan that demonstrates attainment of the federal ozone standard by November 15, 1996. The USEPA is required to take action to approve the CAP as part of the State Implementation Plan for California, and also to make it federally enforceable. The status and applicability of the CAP is discussed in Section 3.2 of this EIR.

The control strategy in the CAP does not rely specifically on emission reductions from new source review (i.e., a permitting program) as a method of attaining the federal and state ozone standards. Rather, the control strategy focuses on the implementation of local emission control technologies on existing stationary sources, implementation of transportation control measures by the cities and the County, CARB's regulation of motor vehicles and consumer products, and federal mandates for controls on a variety of sources.<sup>37</sup> The strategy relies on a balance between reductions in both of the pollutants which form ozone (ROC and NO<sub>x</sub>) and on a fair apportionment of reductions between stationary and mobile sources of air pollution.<sup>38</sup>

The adoption of an updated NSR rule, however, is relied upon in the CAP as necessary for addressing pollution from new or modified stationary sources and for providing mitigation measures to ensure that the new or modified sources will not cause nor interfere with attainment of state and federal clean air standards.<sup>39</sup> Specifics of such an NSR rule are not detailed in the Plan, however, assumptions of the Plan are set forth in Chapter 6, "Emission Forecasting," which set bounds on what must be accomplished via all APCD rules so that the demonstration of attainment of the federal and state ozone standards is not jeopardized. In particular, Chapter 6 documents the levels of emission inventory at which Santa Barbara County will demonstrate attainment of the federal ozone standard.<sup>40</sup> Deviation from these parameters which leads to a significant increase in inventoried emissions could undermine the attainment demonstration.

Since the CAP relies on a balanced strategy of mitigating ROC and NO<sub>x</sub> emissions, the NSR rule must address both pollutants in order to be consistent with the CAP. Additionally, for specified source categories, the CAP assumes mild growth of emissions for all activity indicators (or source categories) except for the petroleum industry, agriculture, vehicular miles traveled, locomotives, and "employment-industry."<sup>41</sup>

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<sup>37</sup> SBCAPCD, 1994, p. EX-8.

<sup>38</sup> Ibid.

<sup>39</sup> SBCAPCD, 1994, p. 8-15.

<sup>40</sup> SBCAPCD, 1994, p. 6-6.

<sup>41</sup> SBCAPCD, 1994, Table 6-1, p. 6-7.

Some mild growth is projected for several source categories.<sup>42</sup> However, the growth is not significant, and the plan assumes that significant sources of air pollution will be fully mitigated through the NSR provisions of APCD rules.<sup>43</sup> Therefore, some minor emissions growth is not inconsistent with the CAP.

In sum, the parameters of the Clean Air Plan are:

- × An NSR rule is necessary to mitigate pollution from significant sources of air pollution;
- × the NSR rule must address both NO<sub>x</sub> and ROC;
- × mild growth of air pollution will not jeopardize the attainment demonstration; and
- × deviation from Plan assumptions which leads to a significant increase in inventoried emissions could undermine the attainment demonstration.

Assuming the NSR rule falls within these parameters, it should not interfere with the District's demonstration of attainment of the federal and state ozone standards.

#### 4.2.10. Net Effect of the Proposed Project

The individual components of the proposed NSR Rule revisions indicate the potential for significant and insignificant adverse impacts. None of the proposed revisions would result in significant unavoidable adverse environmental impacts (Class I) for which the decision-makers must adopt a Statement of Overriding Consideration because feasible mitigation measures are available.

The only revision in the proposed rule which was determined to have potentially significant adverse environmental impacts (Class II) that can be feasibly mitigated to insignificance and for which the decision-maker must adopt findings and mitigation measures is the relaxation of AQIA thresholds.

All other potential adverse impacts were determined to be insignificant adverse environmental impacts (Class III) for which the decision-makers do not have to adopt findings. Several of the rules are presented as "packages", that when analyzed as a whole along with the proposed mitigations, result in insignificant adverse impacts. It is important to note that if portions of the "packages" are eliminated from the proposed project, the impacts would increase.

#### 4.3. MITIGATION MEASURES

This section discusses the mitigation measure required for the only potentially significant, adverse environmental impact (Class II) identified in the impact analysis in Section 4.2.

**Class II Impact: Relaxation of AQIA thresholds.** To ensure compliance with state and federal short-term health standards and fully mitigate significant adverse impacts identified in Section 4.2.4, the proposed rule **must** be revised to include 5 lb/hr emission trigger levels for AQIA ( for attainment and nonattainment pollutants that have a short-term standard). Equivalent measure(s) which would ensure the protection of the short-term standards may be substituted.

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<sup>42</sup> Ibid.

<sup>43</sup> SBCAPCD, 1994, p. 8-15.

If the above mitigation measure is adopted and project "packages" remain unchanged, all adverse impacts identified for the project would be insignificant. Residual impacts for the project would also be insignificant.

## 5. CUMULATIVE IMPACTS

CEQA defines cumulative impacts as "two or more individual effects which, when considered together, are considerable or which compound or increase other environmental impacts. The cumulative impacts from several projects is the change in the environment which results from the incremental impact of the project when added to other closely related past, present and reasonably foreseeable probable future projects".<sup>44</sup>

The proposed Regulation II, Rule 102, and Regulation VIII are rules that would have widespread effects that may impact or be impacted by projects both within Santa Barbara County and in adjacent air districts. The primary cumulative impacts would occur as a result of the implementation of NSR rule revisions in other air districts in the SCCAB, i.e., the Ventura County and San Luis Obispo County APCDs. It is not possible, however, to determine the overall, cumulative effects of NSR rule revisions in the three air districts, because the specific data necessary to make such a determination is highly speculative. The amendment to the 1991 AQAP will not result in any cumulative impacts, as proposed Regulation VIII fully mitigates growth and provides a net air quality benefit.

The EIR has adequately considered possible cumulative impacts due to the proposed project. In particular, the interplay of the impacts that may be caused by the proposed a new baseline date, new NEI calculation, and new offset threshold have been reviewed in detail. (Sections 4.2.1-4.2.2.) Indeed, the total emissions change that could occur in the County solely as a result of the proposed NEI base year change and the lower offset threshold will be about a 13 tons per year decrease of total ozone precursor emissions. (Section 4.2.1)

The proposed offset trading ratios and new zones for offset trading will be less stringent than current rules. (Section 4.2.5.1.) The new ratios still provide a net air quality benefit, however, for new or modified projects that are required to provide offsets. (Section 4.2.5.4.) Since new and modified projects will continue to be more than fully mitigated through minimum offset trading ratios of 1.2:1 or greater, the proposed AQAP and rule amendments will not adversely impact the air quality environment. Rather, new and modified projects will continue to be more than fully mitigated and achieve a net air quality benefit on the environment by providing emission reductions that exceed the amount of new pollution generated, albeit at a reduce level. (Section 4.2.5.1.)

The 1991 AQAP does not rely on a minimum offset trading ratio of 1.5:1 to attain the state standard. Additionally, this trading ratio is not relied on in the CAP to attain the federal standard. Also, if the District is reclassified as a serious nonattainment area for the federal standard, the 1.2:1 trading ratio meets the minimum federal standards for serious nonattainment areas.

Additionally, the modification to the 1991 AQAP offset trading ratio is not significant because most offset trades involve reductions from sources more than 15 miles from the new or modified source. (Section 4.2.5.1 at 4-14.) This together with the above considerations means that the 1.2:1 offset trading ratio for sources within 7.5 miles will not adversely impact the air quality environment and will not undermine the District's efforts to attain the federal and state ozone standards.

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<sup>44</sup> CEQA Guidelines, 1994, §15355.

The net effect of the proposed project (NEI, baseline date, exemptions, offset ratios, BACT, AQIA thresholds, etc.) has also been reviewed and there are no identified significant adverse impacts to the environment. The only Class II impact identified was the proposed amendment to the AQIA threshold (see Section 4.2.4) and that potential impact has been fully mitigated (Section 4.2.10.)

A possible weakening of the current rule was identified for the proposed amendment to the BACT requirements. (Section 4.2.3 at page 4-9.) The proposed BACT amendments (which rely on a 24 hour rather than an 8 hour threshold), will not significantly change the current practice. (Section 4.2.3 at pages 4-9 to 4-10.) Under the proposed rule, BACT reviews will often no longer be done for modifications that involve low levels of emissions. This is because BACT determinations for such modifications usually have been to require installation of a RACT level of control due to cost considerations. By not doing a BACT review for such modifications, the same level of RACT control will still be required and, at the same time, the level of staff review will be reduced, thereby streamlining the permit process. Additionally, while there have been no significant potential adverse impacts identified by the proposed change to the BACT requirements, the new proposed offset threshold of 10 tons per year will protect the environment from any unanticipated significant adverse impacts because sources that significantly increase emissions will approach or exceed the offset trigger of 10 tons per year. Typically, sources will choose feasible project emission reductions to avoid obtaining offsets whenever possible or, alternatively, the source will trigger offsets and fully mitigate the project such that it will provide a net air quality benefit. (Section 4.2.3 at page 4-10.)

In summary, based on all available evidence, no cumulative impacts have been identified due to the proposed project.

## 6. ALTERNATIVES TO THE PROPOSED PROJECT

CEQA requires that an EIR evaluate a range of reasonable alternatives to the proposed action, including the "No Project Alternative", which could feasibly attain the basic objectives of the proposed project and evaluate the comparative merits of the alternatives. The discussion of the alternatives must focus on alternatives capable of eliminating any adverse environmental effects or reducing the adverse effects to a level of insignificance, even if the alternative would impede to some degree the attainment of project objectives, or would be more costly.<sup>45</sup>

The key issue in determining the range of alternatives is whether the selection and discussion of alternatives produces informed decision making and informed public participation. The EIR need not consider an alternative whose effect cannot be reasonably ascertained and whose implementation is remote and speculative. A feasible alternative is one which can be "accomplished within a reasonable period of time, taking into account economic, legal, social and technological factors".<sup>46</sup>

**The following alternative was analyzed and eliminated from consideration:**

### THE PROPOSED PROJECT WITH A FIVE-YEAR ROLLING NEI DEFINITION

This alternative is similar to the proposed action, but with an NEI definition based upon a 5-year rolling baseline period. This proposed calculation methodology is based upon USEPA regulations, but only the emission increases and decreases during the 5 years prior to the date on which the application for the proposed project is deemed complete by the APCD are considered in the NEI calculation.

Using this approach, the NEI for any permitted source would be reset to zero every five years if no emission increases or decreases occurred during the five-year period. This would allow unlimited unmitigated growth from permitted sources in the County, because accumulation of emissions from a stationary source would not be addressed beyond any five-year period. In effect, a source could expand operations up to the offset threshold, then wait until the accumulated NEI drops off, start with a clean slate and grow up to the threshold again without mitigating the growth.

The USEPA regulation requires an NEI calculation that subtracts a source's actual emissions from its permitted emissions, thus increasing the offset liability of a source if permitted emissions are higher than actuals. For instance, if a source's current permitted emission rate is 100 tons/yr, actual emissions are only 50 tons/yr, and an application is made for a 10 ton/yr increase, the NEI would be 60 ton/yr, the difference between the current actual emissions and the new permitted emission limit. This 60 tons/yr of NEI would then be subject to offsets. The USEPA recommends this approach because clean air plans are based on actual emissions, not permitted emissions, and the existence of significant potential emission growth within existing permits may interfere with an area's ability to meet the goals of its clean air plan.

This calculation methodology only benefits air quality, however, for sources with permitted emissions well above actual emissions. There is the potential for unmitigated growth from new sources and sources with permitted emissions close to actual emissions. Also, tracking the constantly changing NEI for each

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<sup>45</sup> CEQA Guidelines, 1992, §15126(d)(3).

<sup>46</sup> CEQA Statute, 1994, §21061.1.

source in the County would a complicated and time-consuming task for APCD staff and source operators. Thus, this alternative would result in significant adverse impacts to air quality as compared to the proposed project and existing rules, due to the potential for substantial unmitigated emissions growth. No feasible mitigation measures could be identified to reduce the impacts from this alternative. Residual impacts would be significant.

The environmental effects of the following four alternatives, which reduce impacts as compared to the proposed project have been assessed in this EIR and considered in determining the environmentally superior alternative, as required by CEQA.

#### 6.1. ALTERNATIVE 1 - NO PROJECT ALTERNATIVE

The No Project Alternative consists of not adopting the proposed revisions to Regulation II and Rule 102, including the state mandates and comments made by members of the APCD Board, industry, and staff. The No Project Alternative would also not amend the 1991 AQAP. If the proposed revisions are not adopted, the current Regulation II and Rule 102 would remain in effect. This alternative would eliminate the adverse environmental impacts that would result from implementation of the proposed rules. Additionally it would leave the inconsistency between the offset ratios in existing Rule 205.C and the ratios required by 1991 AQAP. However, because the No Project Alternative would not address the revisions mandated by California State law, this alternative is not considered to be a feasible option taking into account the "economic, legal, social, and technological factors" discussed above.

#### 6.2. ALTERNATIVE 2 - MINIMUM CHANGES NECESSARY TO MEET STATE AND FEDERAL MANDATES

Many of the modifications to Regulation II have been proposed to address comments made by members of the APCD Board, industry, and staff to clarify the regulation and create a more streamlined permit process. The APCD is not required to make these changes, i.e., the changes are not "mandated" by state or federal law (however, the APCD Board has authority to approve or deny rule changes). Furthermore, the revisions to Regulation II specifically mandated by California State law allow for a substantial range of interpretation of required actions. Alternative 2 presents a comparative analysis of the effects that may occur if Regulation II were revised with only the minimum changes required to meet state law and none of the changes requested by the Board or industry. The minimum changes are interpreted to be those changes that would least affect the regulatory requirements of the current Regulation II and associated definitions. The following analysis presents a discussion of each identified issue area with respect to Alternative 2. A list of the state and federal mandates is presented in Section 1.1.

##### 6.2.1.

## Revised NEI Definition

The proposed revision to Rule 102 to create a new NEI baseline date is not mandated by state or federal law. As a result, Alternative 2 maintains the current definition of NEI, with a baseline date of July 2, 1979. Implementation of Alternative 2 would eliminate adverse impacts associated with the revised NEI definition. However, those impacts have been mitigated in the proposed rule by lowering the offset trigger.

### 6.2.2. Offset Thresholds

The emission trigger levels for offsets were not revised in response to state or federal mandates. Thus, Alternative 2 would maintain the NEI emission trigger level of 10 lbs/hr or 25 tons/yr, based on PTE. Implementation of Alternative 2 would eliminate the adverse impacts associated with the proposed project with respect to the offset threshold of 10 TPY, based on NEI.

The mandated requirements from the Health & Safety Code Section 40918(a) would be included in Alternative 2, however. Thus, new or modified sources of nonattainment pollutants with a PTE over 25 tons/yr would be required to provide emission reductions to offset any increase of nonattainment pollutants. This change would have a beneficial impact to air quality as compared to the proposed action or the current rules, due to the more stringent "zero emission threshold" offset requirement.

### 6.2.3. BACT Thresholds

The BACT thresholds for new or modified stationary sources have been changed in the proposed Regulation VIII as mandated by the Health & Safety Code Section 40918(a). For ozone precursors, NO<sub>x</sub> and ROC, and PM<sub>10</sub>, the threshold under Alternative 2 has been changed to include an NEI of 2.5 lbs/hr and PTE of 25 lbs/day (whichever is triggered first), since the state mandate does not prohibit the more stringent current threshold. The proposed change for Alternative 2 represents a more stringent alternative than the proposed and existing rules, since the trigger levels would be based upon both PTE and NEI.

### 6.2.4. AQIA Thresholds

The modified AQIA thresholds for the proposed project were not required by state or federal law. Thus, Alternative 2 maintains the hourly AQIA emission trigger levels in the current NSR Rule. Implementation of Alternative 2 would eliminate the significant adverse impacts associated with the proposed AQIA emission trigger levels.

### 6.2.5. Offset Ratio and Distance Requirements

The offset requirements proposed in the revised Regulation VIII, including not using distance factors, emission trade-offs between different meteorological regimes, and out-of-County offsets are not required by state or federal law. However, the federal Clean Air Act Amendments of 1990, Section 182(b)(5), require a minimum offset ratio of 1.15 to 1.0 for ROC emissions. As a result, Alternative 2 would revise the offset requirements to include the minimum 1.15: 1.0 ratio for ROC and 1.2:1.0 ratio for NO<sub>x</sub>.

emissions. Thus, the net air quality benefit associated with the revised offset requirements in the proposed new Regulation VIII would be increased for NOx and slightly decreased for ROC by implementation of Alternative 2.

#### 6.2.6. Permit Exemptions

The exemptions proposed for adoption are not mandated by law and have some beneficial and some adverse effects on air quality in the County. Elimination of the proposed revisions to Rule 202 would eliminate the Class III (adverse but insignificant) impacts, but also eliminate the beneficial impacts that would result from the proposed action. Additionally, the APCD would have to modify Regulation XIII to develop a criteria for insignificant activities, as Rule 202 would not meet that requirement. Alternative 2 would include the permit exemptions in the current rule and include criteria for insignificant activities.

#### 6.2.7. Emissions Banking System

California State law requires each air pollution control district to establish a system by which all emission reductions that are intended for use as offsets for future emission increases to be banked.<sup>47</sup> This new state mandate, however, allows each air district substantial latitude for the establishment of the banking system. Alternative 2 would include a banking system similar to that in the proposed project. This alternative would satisfy the intent of Section 40709 of the Health & Safety Code by encouraging voluntary emission reductions by allowing sources to profit from the reductions.

Overall, Alternative 2 would eliminate all adverse air quality impacts and eliminate the one significant impact related to the AQIA threshold associated with the proposed project. The amendment to the 1991 AQAP would still be required.

### 6.3. ALTERNATIVE 3 - THE PROPOSED PROJECT WITH OFFSET LIABILITY FOR LARGE SOURCES (> 25 TPY PTE)

This alternative would be similar to the proposed action, but with a modified requirement for offsets. Offset requirements would follow the minimum requirements set forth in Health & Safety Code Section 40918(a), which require new or modified sources of nonattainment pollutants with "potential to emit" ("PTE") over 25 tons/yr to provide emission reductions to offset any increase of nonattainment pollutants. In this alternative, offset trigger levels are based upon the PTE, rather than NEI calculations, and the offset threshold would be set at 25 tons/yr.

This alternate offset requirement places the full burden of offsets on the larger (>25 ton/yr) sources in the County. New or modified source of emissions would not have to offset any emission increases until the PTE exceeds the 25 ton/yr. There are currently 37 stationary sources in Santa Barbara County that exceed this threshold for ozone precursors. Thus, it is likely that most of the offset burden would be placed on these 37 sources and any new large sources. Clearly, this alternative would allow growth in the small and medium size industry section of the economy while strictly regulating growth in the major polluting source industry sectors.

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<sup>47</sup> Health & Safety Code, 1995, §40709 et. seq.

This alternate offset requirement would be less restrictive than current practices for some new or modified sources, since sources that operate 8 hrs/day could emit more than 17 lbs/hr before triggering offsets. The current threshold is 10 lbs/hr. On the other hand, since the offset threshold is based upon PTE rather than NEI, this alternative may be more restrictive for some sources, because the potential to emit is usually equal to or greater than the NEI. For sources with a PTE over 25 tons/yr, this alternative is clearly more restrictive than the existing rule, due to the more stringent "zero emission threshold" offset requirement for any increase above 25 tons/yr.

As shown in Section 4.2.1, Alternative 3 may be more restrictive than the proposed project. Whereas the proposed project would modify the NEI baseline data to November 15, 1990 and lower the offset trigger level to 10 tons/yr, Alternative 3 would require the use of PTE, which may result in greater overall emission reductions. The only remaining significant impact would be due to the relaxed AQIA trigger.

#### 6.4. ALTERNATIVE 4 -THE PROPOSED PROJECT WITH MINIMUM OFFSET RATIO of 1.5 : 1

Alternative 4 would be similar to the proposed project, but the minimum offset ratio would be revised to 1.5:1 for sources in the same meteorological regime. A ratio of 1.5 : 1 would be consistent with the adopted 1991 Air Quality Attainment Plan and the Clean Air Act, since the federal Clean Air Act Amendments of 1990, Section 182(b)(5) requires a minimum offset ratio of 1.15 : 1 for ROC. This alternative represents a more stringent offset requirement than the proposed rule.

Compared to the proposed rule, Alternative 4 would result in greater emission reductions for new or modified stationary source that would trigger offsets and are located within 7.5 miles of the offset provider. This would have the effect of increasing the net air quality benefit derived from the offsets and would marginally increase the rate of progress toward clean air in Santa Barbara County. When compared to the proposed rule, Alternative 4 may provide a marginal increase in net air quality benefit. This Alternative would not require an amendment to the 1991 AQAP.

#### 6.5. ENVIRONMENTALLY SUPERIOR PROJECT

Implementation of the requirements of the above alternatives would eliminate some of the residual adverse environmental impacts associated with the proposed project. Alternative 1, however, is not a viable option, since it does not address the minimum mandates of California State law. Alternative 3 may result in eliminating the significant adverse impacts from the proposed project due to the requirement of offsets based upon PTE, but the other adverse impacts identified for the proposed project would remain. Alternative 2, which requires the minimum mandated changes to existing rule and policies, would result in a slight decrease in ROC emissions due to the minimum mandated offset ratio of 1.15:1. Overall, Alternative 2 would eliminate all adverse air quality impacts and eliminate the one significant impact related to the AQIA threshold associated with the proposed project. Thus, Alternative 2 represents the environmentally superior project.

## 7. OTHER CEQA TOPICS

Section 7 includes the CEQA topics: Relationship Between Short-term Uses and Long-term Productivity, Significant Irreversible Changes, Growth-Inducing Impacts, and Socio-Economic Impacts.

### 7.1. RELATIONSHIP BETWEEN SHORT-TERM USES AND LONG-TERM PRODUCTIVITY

CEQA requires that the EIR describe the cumulative and long-term effects which adversely affect the environment and justify why the project must be implemented now rather than in the future.<sup>48</sup> Primarily, the purpose of the revisions to Regulation II and Rule 102 are to satisfy mandates required by state and federal law. Secondly, the revisions are intended to address comments made by members of the APCD Board, industry, and staff in Santa Barbara County to simplify, streamline, and clarify the APCD permit process.

Revisions to the current rules that are mandated by state and federal law would not appreciably degrade air quality. Generally, the intent of the mandates is to improve air quality or prevent deterioration of air resources. Some of the proposed revisions, however, would increase emissions of attainment and nonattainment pollutants in Santa Barbara County and jeopardize planning efforts to attain the state and federal ozone standards and the state PM10 standard. The deterioration of air quality in the County would detract from long-term productivity, considering increased health care costs, damage to crops and forests, and deterioration of materials, such as paints, and rubber and plastic products, and textile fibers.

There would be short-term cost savings to industrial source operators in Santa Barbara County as a result of the proposed project, since fewer BACT controls and less mitigation of emission increases from stationary sources would be required. These short-term financial gains would be at the expense of some long-term productivity.

Overall, the proposed project, with the required mitigation to protect the hourly air quality standards, would result in adverse but insignificant impacts with no major impact on long-term productivity.

### 7.2.

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<sup>48</sup> CEQA Guidelines, 1994, §15126(e).

## SIGNIFICANT IRREVERSIBLE CHANGES

Overall, the proposed Regulation VIII, Regulation II, and Rule 102 would result in a relaxation of current APCD rules and practices. This relaxation would be potentially significant only for the proposed revision to the AQIA trigger requirements. If the proposed mitigation measure listed in Section 4.3 is adopted, however, the adverse effects of the project have been determined to be insignificant.

### 7.3. GROWTH INDUCING IMPACTS

The proposed project has the potential to have a growth inducing effect in the County. This may be attributed to the new permit exemptions, relaxation of the current BACT and offset triggers. These revisions are likely to make it easier for sources to locate or expand their operations in the County. However, it would be speculative to estimate the amount of such development.

### 7.4. SOCIO-ECONOMIC IMPACTS

Where appropriate, CEQA requires a discussion of social and economic impacts of a proposed project. By themselves, however, socio-economic impacts "shall not be treated as significant effects on the environment."<sup>49</sup> The EIR may trace a chain of cause and effects through anticipated socio-economic and physical changes that may be considered significant effects. Secondary physical effects, therefore, may occur due to primary socio-economic effects.

The primary short-term socio-economic benefit from the proposed project would be reduced costs to industry as a result of fewer BACT emission controls and other measures such as the change in BACT, AQIA and offset triggers to daily thresholds and the reduction in required offsets for new or modified stationary sources. These short-term effects are beneficial to local industrial operators. As previously discussed, although the effects are not significant, the long-term socio-economic disadvantage relates to increased costs to individuals and the government associated with health care, damaged crops and forests, and deteriorated materials.

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<sup>49</sup> CEQA Guidelines, 1992, §15131(a).

## REFERENCES

### **The following documents are incorporated by reference :**

California Air Resources Board, letter from Michael Kenny, Executive Officer, to Douglas Allard dated January 31, 1997.

CEQA Guidelines, 1994: CEQA - California Environmental Quality Act Guidelines, California Code of Regulations, Section 15000 et. seq., 1994.

CEQA Statute, 1994: The California Environmental Quality Act, Public Resources Code Section 21000 et. seq.

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deMarrais, 1965: DeMarrais, G.A., Holzworth G.C. and Hosler, C.R. 1965. Meteorological Summaries Pertinent to Atmospheric Transport and Dispersion over Southern California, Weather Bureau Technical Paper No. 54.

Health and Safety Code, 1995: Health and Safety Code, Division 26, Air Resources, State of California, 1995.

Kessler, 1988: Kessler, R.C., Schulman, L.L., Douglas, S. G., and Hovind, E. L., Analysis of Wind Fields for the SCCCAMP 1985 Intensive Measurement Periods. Report prepared for MMS Contract No. 14-12-0001-30329.

SBCAPCD, 1985: Santa Barbara County Air Pollution Control District, Authority to Construct Permit Processing Manual, April 8, 1985.

SBCAPCD, 1990: Santa Barbara County Air Pollution Control District, 1989 Air Quality Attainment Plan, Federal Ozone Standard, South County, Final Report.

SBCAPCD, 1991: Santa Barbara County Air Pollution Control District, 1991 Air Quality Attainment Plan, State Ozone Standard, Countywide, Final Report.

SBCAPCD, 1994: Santa Barbara County Air Pollution Control District and Santa Barbara County Association of Governments, 1994 Clean Air Plan, Final Report.

SJVUAPCD, 1994: San Joaquin Valley Unified Air Pollution Control District, Proposed Post 1996 Rate of Progress Plan, October 3, 1994.

Turner, 1970: Turner, D. Bruce, Workbook of Atmospheric Dispersion Estimates, U.S. Environmental Protection Agency, 1970, pp. 11-16.

USEPA, 1986: United States Environmental Protection Agency, Emissions Trading Policy Statement, 51 FR 43814, December 4, 1986.

USEPA, 1990: United States Environmental Protection Agency, Users Guide for the Urban Airshed Model, Vol.1: Users Manual for UAM (CB-IV), EPA-450/4-90-007A, June 1990.

USEPA, 1996: Interim Implementation Policies for Implementation for New or Revised Ozone and Particulate Matter NAAQS, 61 F.R. December 31, 1996, pp. 65752-65762).

VCAPCD, 1994: Ventura County Air Pollution Control District, Draft 1994 Air Quality Management Plan, November 1994.

VCAPCD, 1995: Ventura County Air Pollution Control District, Rules and Regulations, July 1995.

VCAPCD, 1995b: Ventura County Air Pollution Control District, ERC Summary by Area of County Balances as of June 5, 1995.

**APPENDIX A (Notice of Preparation)**



## NOTICE OF PREPARATION

**DATE:** July 15, 1994

**SUBJECT:** Notice of Preparation of an Environmental Impact Report for proposed revisions to Santa Barbara County Air Pollution Control District Rule 102, Regulation II and a new Regulation VIII (New Source Review).

The Santa Barbara County Air Pollution Control District (APCD), as Lead Agency under the California Environmental Quality Act (CEQA), will prepare an Environmental Impact Report (EIR) to analyze the effects of proposed revisions to existing Rule 102 (Definitions), Regulation II (Permits) and a new Regulation VIII (New Source Review). The project is commonly referred to as the NSR Revisions.

### **Project Location**

The NSR Revisions will apply to Santa Barbara County, the state tidelands and the outer continental shelf (OCS). State tidelands facilities are located in coastal waters within three miles of the coastline. OCS facilities are in waters within 25 miles of the seaward boundaries of the state and located off the coast of Santa Barbara County, which is the corresponding onshore area.

### **Project Description**

The proposed NSR Revisions are a comprehensive overhaul of the existing APCD rules governing permits for new or modified stationary sources of air pollution. New Source Review is a system designed, through the use of permits, to reduce air pollution by requiring emission controls such as Best Available Control Technology (BACT) and emission offsets. Some of the changes are based on the mandatory requirements of the 1990 Federal Clean Air Act Amendments, the California Clean Air Act revisions and permit streamlining legislation. Other changes are discretionary under APCD efforts to attain and maintain good air quality while allowing for healthy economic growth. Major revisions are proposed to the definition of Net Emission Increase (the quantity by which BACT, offsets or enhanced review is triggered); the triggers for BACT, offsets, enhanced review and offset ratios. New programs include a proposed marketable emission reduction credit system, a community emission bank, expedited permit processing, incentives for "green businesses" and mobile source emission reduction credits.

### **EIR Issue Areas**

The APCD has determined that the probable environmental effects of the proposed NSR Revisions will be limited to air quality and an EIR will be required for this project. Therefore, pursuant to CEQA Guidelines §15063 (a), no Initial Study was prepared. The exact proposed changes to the existing regulation have not yet been determined. The EIR will analyze a range of reasonably foreseeable discretionary options for BACT and offset triggers, offset ratios, emission credits and other issues, including the No Project and worst-case scenario alternatives.

### **Project Comments**

The views of concerned agencies and any interested persons regarding the scope and content of the EIR for the proposed project are hereby requested. Please send your written responses to: Vijaya Jammalamadaka, 26 Castilian Drive, B-23, Goleta, CA 93117 or contact by telephone at (805) 961-8893. Due to time limits mandated by state law, your response must be sent at the earliest possible date but not later than 30 days after the receipt/publication of this notice.

NOTE: NO COMMENTS WERE RECEIVED IN RESPONSE TO THIS NOTICE.

**APPENDIX B**

**Comments on 1995 Draft EIR**



**Comments on the 1997 Draft Revised EIR**



**Responses to Comments on the 1997 Draft Revised EIR**

