

**San Joaquin Valley Air Pollution Control District
CENTRAL REGION HEARING BOARD MEETING**

Central Region Office Video Teleconference (VTC) Room
1990 E. Gettysburg, Fresno, CA 93726

ACTION SUMMARY MINUTES

Wednesday, April 16, 2008

*Meeting held via teleconferencing (VTC) with the
Central Region Office (Fresno) participating via VTC.*

AGENDA

1. CALL MEETING TO ORDER:
The Vice-Chair, Jerry Boren, called the meeting to order at 10:00 a.m.
2. ROLL CALL:
Gerry Mulligan—public
Robert Schumacher—public
James Waterman—attorney
Dr. James Glaser—medical
Jerry Boren—engineer

Staff present— Central Region (Fresno): Phil Jay, District Counsel; Wayne Clark, Compliance Manager; Patrick Houlihan, Senior Air Quality Inspector, Leland Villalvazo, Supervising Air Quality Specialist and Toni Taber, Clerk to the Boards
3. Approval of the Minutes from March 19, 2008. The Clerk noted the Minutes for March 19, 2008 is missing the approval of the Minutes for February 20, 2008. The Chair asked if there were any comments. Hearing none, the Chair declared the Minutes approved as amended.
4. PUBLIC HEARING:
The Chair asked the Clerk to verify that all items had been properly noticed. The Clerk responded that they had. All those present to testify were sworn in by the Chair, and he requested that they sign in. The Chair asked that the agenda packet and any addenda brought forth to be entered into the official record.
 - A. C-08-06S Short Aera Energy LLC
Coalinga Oilfield
Coalinga, CA 93210

Petitioners: Tim Parcell

Patrick Houlihan presented the report. Mr. Parcell stated he concurred with the District's staff report. The Chair stated the report noted the staff report stated they could perform the maintenance by shutting down the system. Mr. Parcell stated that was correct, but the system would then be down for several days. Dr. Glaser asked if they would be likely to create a nuisance. Mr. Parcell stated they are 9 miles outside of Coalinga, and would not create a nuisance.

Public Comment—No Public Comment

Moved: Glaser Seconded: Mulligan

Ayes: Mulligan, Schumacher, Waterman, Glaser
Nays: None

Having decided the petition has met the required findings, the Hearing Board voted unanimously to pass the Motion to grant the variance subject to the conditions in the staff report.

B. C-08-07S Short PPG Industries, Inc.
 3333 S. Peach
 Fresno, CA 93725

Petitioners: Patricia O'Toole, Jim Parsons, Raymond Yee, Greg Riolo

Patrick Houlihan presented the report. Gerry Mulligan asked about offset fees. Mr. Houlihan stated PPG was given a choice of purchasing ERC's or paying a \$5/ pound of pollution over their permitted allowable. The Chair asked if this would be the maximum. Mr. Houlihan stated it is an estimated amount, and at the end of the variance, PPG would let them know the exact amount excess. Mr. Houlihan stated the fees will go towards replacing school busses, which are a major source of PM2.5 in the Valley. Mr. Parsons stated the furnace is designed to never be shut off once it's installed, and if taken to a "hot hold" state, there are still fuel and labor costs associated while the furnace is not producing. The cost would be approximately \$300,000 per day. He noted PPG is currently emitting less than they are permitted for, so excess emissions will be lower than estimated.

Mr. Yee stated PPG is not operating at capacity due to a downturn in the market, and that this variance is not designed to increase their income, but to just perform maintenance. Mr. Mulligan asked ???? (1050) The Chair (1068)
The Chair asked if they will maintain production towards the variance. Mr. Houlihan asked PPG about the use of Cullet and it's use in reducing emissions. Mr. Parsons stated Cullet is recycled glass. (1203) He stated the flat glass industry can not buy Cullet from outside sources because the quality has to be very high. He stated the more cullet that is run, the less pollution there is, He stated they will run 25% cullet during the variance period. (1294) Greg Riolo stated if the District were to require 25% they could do that.

Mr. Houlihan stated there was a similar variance to this in 2003, and the District did not charge fees. Leland Villalvazo, Supervisor in Permit Services Department, stated the PM10 emissions are 785 pounds per day (1382) And he stated the impacts they look at are at offsite locations, which are any areas accessible to the public. He stated the air quality impact results are 36.6 mcg/cubic meter. He stated California standards of PM10 are 15 mcg/cubic meter. He stated the District adds (1460) the background PM10 to the amount they emit (1482).

Mr. Villalvazo stated he recalculated the emissions based on their testimony. He stated that at 50% (1508)

Mr. Mulligan asked if there was a carpool program. Mr. Yee replied there was not.

Mr. Jay asked if PPG was opposed to (1550) Waterman offset questions (1690). Wayne Clarke stated the District maintains an offset bank and businesses can trade them. 10% are retired on trade.

Mr. Schumacher asked why \$5/ fee. Mr. Clarke stated he worked with the ERIP group. He stated (1640) that the cost is almost \$5.00/pound. Mr. Jay stated assuming the numbers 1678 in the report are correct, the potential cost is about \$11,000/day.

Mr. Yee stated there are 125 full time employees, and 40 contract employees.

Ms. O'Toole (1707) stated PPG is looking at paying a fee, but PPG would like to ask the Board to consider forgiving or reducing fees because PPG is one of the cleanest glass plants (1735). She stated the (1759) She noted for the variance request (1776) Ask the board (1820) to forgive the excess emission fees or entertain other options. She noted this repair is being done to control emissions.

Waterman asked how large the corporation is. Mr Yee stated over 125 ?. Mr. Yee stated sales were \$8 billion. Mr. Waterman stated it's not an economic hardship for the company. Ms. O'Toole stated each plant is judged separately. (1878) the Chair?? Ms. O'Toole stated they calculate \$10,000/day. Ms. O'Toole stated there are other AQMD that charge excess emission fees for a long time, and the excess emission fees for PM and Sox are (1922)?? She noted their fees are a third of the District's fees. She stated next month they are going to (1933). She stated they understand the excess emission fees going towards PM10. She stated the Plant feels the fees directly, even if the corporation doesn't. (1998) she stated there was consternation at Corporate Headquarters.

Dr. Glaser asked the Board's role in fees. Mr. Jay stated there is no rule on the rulebooks, but the District makes a recommendation, so the Board has a wide discretion. He stated the Hearing Board has the authority to raise or lower the fees.

Mr. Waterman asked wages Yee \$16-\$18/hour plus benefits.

Mr. Mulligan asked if he had a conflict of interest because he works for a school district. Mr. Jay stated it would not be a conflict of interest.

The Chair (2114) stated he didn't want to compare south coast with the Valley because we have serious problems in the valley with PM10. He stated if we were to maintain or reduce the fees, the next group will ask for the same fee if we reduce it, etc. . . .(2144). He stated that whatever we do becomes the new low or the new high. Ms. O'Toole stated it depends on the reasons we make the reductions. She stated PPG (2170) The Chair (2183)

(2200) stated the controlled vs. uncontrolled emissions plants hit the controlled much harder because the uncontrolled plants have higher limits (2220). Ms O'Toole stated the pollutant that the District is worried about here seems to be PM10 and I understand what you are saying regarding PM10 in the district that there are options for not imposing the fee on Sox emissions, which are also very much lower than other plants, and we are being penalized for operating so low on a regular basis. 2260 She noted this is not in a rule 2295

The chair asked if we did nothing and accepted it as staff recommended, what does that do to this particular local plant with employees. 2322 what would be PPG's next step. Ms. O'Toole stated they would continue with the repair. Mr. Yee stated he doesn't know what would happen. He stated if Fresno's cost/ton basis is significant, they could shift production to another facility and lower tonnage and lower the employment here. 2380. The Chair stated is that a viable alternative. Mr. Yee stated he would fight to not make that decision, but it would be an option. 2419 stated he had not planned for these fees and had to go to corporate to tell them about the fees. SOUNDS LIKE AN AWFUL COMPANY.

Mr. Houlihan stated 2430 Dr. Glaser asked if they had negotiated the fees with us. Mr. Clarke stated they just brought it up this morning. He stated the District is not just concerned about PM because Sox is a precursor for PM. He stated that the plant is paying a huge amount of money per day in energy and salary, and stated he didn't feel it was a huge percentage increase over the cost of running the plant. Mr. Clarke stated he would not like to create a precedent of decreasing fees 2512.

Ms. O'Toole asked if the District would forgive the fee for excess Sox emissions.

Mulligan stated (2540). Schumacher and Waterman agree. 2558. Glaser and the Chair stated they didn't want to negotiate this in the Hearing. 2576 Schumacher stated his suggestion would be for the District to negotiate with PPG outside of the Hearing. Mr. Schumacher stated there is more death in the Valley from air pollution than anywhere in the United States, so he wants to balance public health with economic considerations

Public Comment—No Public Comment

Moved: Mulligan Seconded: Glaser

Ayes: Mulligan, Waterman, Glaser
Nays: Schumacher

Having decided the petition has met the required findings, the Hearing Board voted unanimously to pass the Motion to grant the variance subject to the conditions in the staff report.

C. C-08-08S Short O'Neill Vintners & Distillers
8418 South Lac Jac Avenue
Parlier, CA 93648

Petitioners: Tom Vitali (2693)

Patrick Houlihan presented the report. Mr. Vitali stated the staff report adequately explained their situation.

Public Comment—No Public Comment

Moved: Waterman
Seconded: Glaser, Mulligan, Schumacher, Waterman

Having decided the petition has met the required findings, the Hearing Board voted unanimously to pass the Motion to grant the variance subject to the conditions in the staff report.

5. The Central Region heard no emergency variance orders.
6. PUBLIC COMMENTS: No public comments.
7. HEARING BOARD MEMBER COMMENTS: No comments.
8. NEW BUSINESS: No New Business
9. NEXT SCHEDULED MEETING: Wednesday, May 21, 2008 at 10:00 a.m.
The meeting will be held via video conferencing (VTC) in the Southern Region Office (Bakersfield) with the Central Region Office (Fresno) participating via VTC.
10. ADJOURNMENT
The Chair adjourned the meeting at 11:30 a.m.