



**South Coast
Air Quality Management District**
21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

HYBRID STATIONARY SOURCE COMMITTEE MEETING

Committee Members

Mayor Pro Tem Larry McCallon, Committee Chair
Supervisor Holly J. Mitchell, Committee Vice Chair
Chair Vanessa Delgado
Vice Chair Michael A. Cacciotti
Supervisor Curt Hagman
Board Member Veronica Padilla-Campos

April 18, 2025 ♦ 10:30 a.m.

TELECONFERENCE LOCATIONS

Kenneth Hahn Hall of Administration	Office of Senator (Ret.) Vanessa Delgado
500 W. Temple Street	944 South Greenwood Ave.
HOA Conference Room 372	Montebello, CA 90640
Los Angeles, CA 90012	

A meeting of the South Coast Air Quality Management District Stationary Source Committee will be held at 10:30 a.m. on Friday, April 18, 2025, through a hybrid format of in-person attendance in the Dr. William A. Burke Auditorium at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and remote attendance via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.

Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates if the meeting is changed to a full remote via webcast format, and details on how to participate:

<http://www.aqmd.gov/home/news-events/meeting-agendas-minutes>

ELECTRONIC PARTICIPATION INFORMATION

(Instructions provided at bottom of the agenda)

Join Zoom Meeting - from PC or Laptop, or Phone

<https://scagmd.zoom.us/j/94141492308>

Meeting ID: **941 4149 2308** (applies to all)

Teleconference Dial In: +1 669 900 6833

One tap mobile: +16699006833,94141492308#

**Audience will be allowed to provide public comment in person
or through Zoom connection or telephone.**

PUBLIC COMMENT WILL STILL BE TAKEN

Cleaning the air that we breathe...

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes total for all items on the agenda.

CALL TO ORDER

ROLL CALL

INFORMATIONAL ITEMS (Items 1-2)

- 1. Update on Proposed Amended Rule 1171 – Solvent Cleaning Operations (10 mins)** Michael Krause
(No Motion Required) Assistant Deputy
Staff will provide a summary of Proposed Amended Rule 1171 which will Executive Officer
phase out two toxic solvents from solvent cleaning operations. Planning, Rule
(Written Material Attached) Development and
Implementation
- 2. Update on Proposed Amended Rule 1111 – Reduction of NOx Emissions from Natural Gas-Fired Furnaces and Proposed Amended Rule 1121 – Reduction of NOx Emissions from Residential Type, Natural Gas-Fired Water Heaters (25 mins)** Michael Krause
(No Motion Required)
Staff will provide an update on Proposed Amended Rules 1111 and 1121 since
the March Stationary Source Committee.
(Written Material Attached)

WRITTEN REPORTS (Items 3-5)

- 3. Monthly Permitting Enhancement Program (PEP) Update (No Motion Required)** Jason Aspell
This report is a monthly update of staff's PEP implementation efforts for the Deputy Executive
previous month. Officer
(Written Material Attached) Engineering and
Permitting
- 4. Monthly Update of Staff's Work with U.S. EPA and CARB on New Source Review Issues for the Transition of RECLAIM Facilities to a Command-and-Control Regulatory Program (No Motion Required)** Michael Krause
This is a monthly update on staff's work with U.S. EPA and CARB regarding
New Source Review issues related to the RECLAIM transition.
(Written Material Attached)
- 5. Notice of Violation Penalty Summary (No Motion Required)** Bayron Gilchrist
This report provides the total penalties settled in December 2024 which General Counsel
includes Civil, Supplemental Environmental Projects, Mutual Settlement
Assessment Penalty Program, Hearing Board and Miscellaneous.
(Written Material Attached)

OTHER MATTERS

6. Other Business

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)

7. Public Comment Period

At the end of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Each speaker may be limited to three (3) minutes.

8. Next Meeting Date: Friday, May 16, 2025 at 10:30 a.m.

ADJOURNMENT

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Stationary Source Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the South Coast AQMD. Please contact Roula El Hajal at (909) 396-2763 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to relhajal@aqmd.gov.

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Roula El Hajal at (909) 396-2763, or send the request to relhajal@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment. Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually. After each agenda item, the Chair will announce public comment. A countdown timer will be displayed on the screen for each public comment. If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of the screen. This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of your screen. This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.

Proposed Amended Rule 1171 Solvent Cleaning Operations



STATIONARY SOURCE COMMITTEE
April 18, 2025

1

Background on Exempt Solvents

- South Coast AQMD relies on exempt solvents to lower VOC emissions for coatings and solvents
 - Exempt solvents produce minimal ground level ozone
 - Prohibit exempt solvents with toxic or environmental endpoints
- Some exempt solvents suspected to have toxic endpoints
- In 2017, Stationary Source Committee directed staff to prioritize toxicity over VOC
- In 2018 and 2020, *tert*-Butyl Acetate (*t*-BAc) and para-Chlorobenzotrifluoride (pCBtF) determined to have high cancer potency



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Background on Exempt Solvents



Actions taken to address pCBtF and t-BAC:

- Two rules have been adopted with future effective phase outs:
 - **Rule 1168 – Adhesives and Sealants** in 2022
 - **Rule 1151 – Automotive Coating** in 2024
- Currently amending three coating rules:
 - **Rule 1107 – Coating of Metal Parts and Products**
 - **Rule 1124 – Aerospace Operations**
 - **Rule 1136 – Wood Products Coatings**
- Will amend each VOC rule to address pCBtF and t-Bac usage, considering the most appropriate approach

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Rule 1171 Background

- Establishes VOC limits for cleaning solvents
 - Broad applicability - includes textiles, electronics, chemical, printing, automotive, manufacturing
- Proposed amendments needed to:
 - Partially implement 2022 AQMP control measure CTS-01 (Further Emission Reductions from Coatings, Solvents, Adhesives, and Sealants)
 - Phase out of pCBtF and t-BAC
 - Address solvent cleaning concerns at water and electricity distribution operations
- Public process began January 2024
 - Three Working Group Meetings and one Public Workshop



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pCBtF and t-BAC in Solvent Cleaning Materials

- t-BAC not identified in solvent cleaning formulations
- pCBtF used in some cleaning processes:
 - Automotive repair – Spray gun and parts cleaning
 - Printing – Press cleaning
- Suitable non-pCBtF alternatives widely used and commercially available
- Due to limited use and suitable alternatives, prohibition can occur shortly after rule adoption
 - Proposed prohibition date January 1, 2026
 - Allow for sell-through and use-through of existing cleaning solvents



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Revisions to Aerosol Cleaning Exemptions

- Rule currently exempts 160 ounces per day for CARB compliant aerosol solvent cleaners
 - Exemption allowance higher than most industries use
 - Monthly allowance better fits industry needs
- Proposing to maintain volume allowance for automotive throttle body cleaning, but change to monthly allowance, i.e., 4,800 ounces month
- Lower exemption level for other industries
 - Usage limit established based on stakeholder feedback
 - Revised all limits to monthly allowances to reflect operational needs

Aerosol Solvent Cleaner Usage Limits

Solvent Cleaning Activity	Usage Limits
(A) Cleaning of Automotive Parts	
(i) Throttle Body and Intake Systems	4,800 ounces per month
(ii) All Other Automotive Part Cleaning	32 ounces per month
(B) Battery Terminal Cleaning at Battery Manufacturing Facilities	2,400 ounces per month
(C) All Others Solvent Cleaning Activities	640 ounces per month

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Aerosolized Alcohol Cleaning at Utilities

- Utilities have expressed concerns on the availability of aerosolized denatured and isopropyl alcohol cleaning solvents
 - Solvents required by equipment manufacturer to clean specific equipment
- Proposing to allow the use of liquid denatured alcohol and isopropyl alcohol instead of aerosols
 - Usage limit reflects current industry needs
 - Establishing reactivity limits (PW-MIR) to ensure cleaning solvents are not more reactive than current solvents
 - Proposed changes will not increase in VOC emissions

Alternative Usage Limits

Solvent Cleaning Activity	Usage Limits (gallons per year)	PW-MIR
(A) Electricity Generating or Distribution Equipment	70	1.7
(B) Water Distribution Equipment and Water Treatment Equipment		
(i) Chlorination Systems	5	1.7
(ii) Ozone Generators	40	1.7
(iii) Ultraviolet Light Treatment Systems	30	1.7

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PAR 1171 VOC Emissions

- Proposed amendments maintain existing VOC limits at current levels
 - Alternative compliant products available without pCBtF and t-BAC
- Revision to aerosol exemption provides flexibility
 - Better reflect industry needs
 - Allows for use of liquid alcohols as substitute for aerosols
- Proposed amendments will not increase emissions or cost



Socioeconomic Impact Assessment

PAR 1171 does not affect
air quality or emission
limitations

No socioeconomic
impacts since PAR 1171
does not have any
compliance costs

No socioeconomic impact
assessment is required
pursuant to Health and
Safety Code Sections
40440.8 and 40728.5

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California Environmental Quality Act (CEQA)

- Prohibition of pCBtF and t-BAC is health protective and alternative formulations are available
- No significant adverse impacts expected
- No increase in VOC emissions
- PAR 1171 qualifies for an exemption from CEQA
- A Notice of Exemption will be prepared

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Next Step

- Public Hearing:
June 6, 2025
(subject to change)





Proposed Amended Rule 1111 – Reduction Of NO_x Emissions From Natural Gas-Fired Furnaces

Proposed Amended Rule 1121 – Reduction of NO_x Emissions From Residential-Type, Natural Gas-Fired Water Heaters

*Stationary Source Committee
April 18, 2025*

Background

- Governing Board postponed rule adoption November 2024, original hearing scheduled for December 2024
 - Concerns were raised regarding public outreach and awareness
 - Sought additional public input to improve rule concept
- Rule amendment will achieve critical emission reductions
 - Region in nonattainment for four ozone standards
 - Implementation of proposed rules will reduce estimated 6 tons of NO_x per day (second highest NO_x reductions)
- Sales targets consistent with current market trends but needed to ease in zero-emission units, get SIP credit, and fund Go Zero

Rule Background

Rule 1111 and Rule 1121 – Adopted in 1978

- Regulates NOx emissions from natural gas residential space and water heating
- Regulated through the supply chain (e.g., manufacturers, distributors, retailers and installers)

Stationary Source Committee

- October 18, 2024
- December 20, 2024
- February 21, 2025
- March 21, 2025

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Efforts Since March SSC




Further enhanced outreach with new "Myths vs Facts" sent to COGs and to 16,000 email subscribers



Adjustments to the Proposed Amended Rules



Publishing Draft Proposed Amended Rules and Supporting Documents on April 1st



Myths vs Facts

Understanding the Proposed Space and Water Heating Appliance Rules (1111/1121)

MYTH: Building appliance rules are a new concept.

FACT:

- Building appliances have been regulated since the late 1970s.
- Concepts for zero-emission technology replacements began with the 2016 AQMP.

MYTH: Proposed rules limit consumer choice to only zero-emission units.

FACT:

- Proposed rules allow consumer choice between gas units (e.g. natural gas furnace, water heater) and zero-emission units (e.g., heat pump).

MYTH: Proposed rules will eliminate all natural gas appliances.

FACT:

- Manufacturers can continue to offer consumers the choice of natural gas units even while sales of zero-emission units are expected to increase.

MYTH: These proposed rules will not significantly reduce pollution.

FACT:

- The proposed rules are expected to achieve a reduction of 6 tons per day of NOx emissions from residential building appliances.
- For context by 2037:
 - Power plants emit 3 tons/day.
 - Refineries emit 4 tons/day.
 - Passenger vehicles emit 7 tons/day.





MYTH: The new proposed rules were developed quickly without much input from stakeholders.

FACT:

- Proposed rule development has been underway for over 2 years.
- More than 100 stakeholder meetings have contributed to shaping the rules.

South Coast Air Quality Management District
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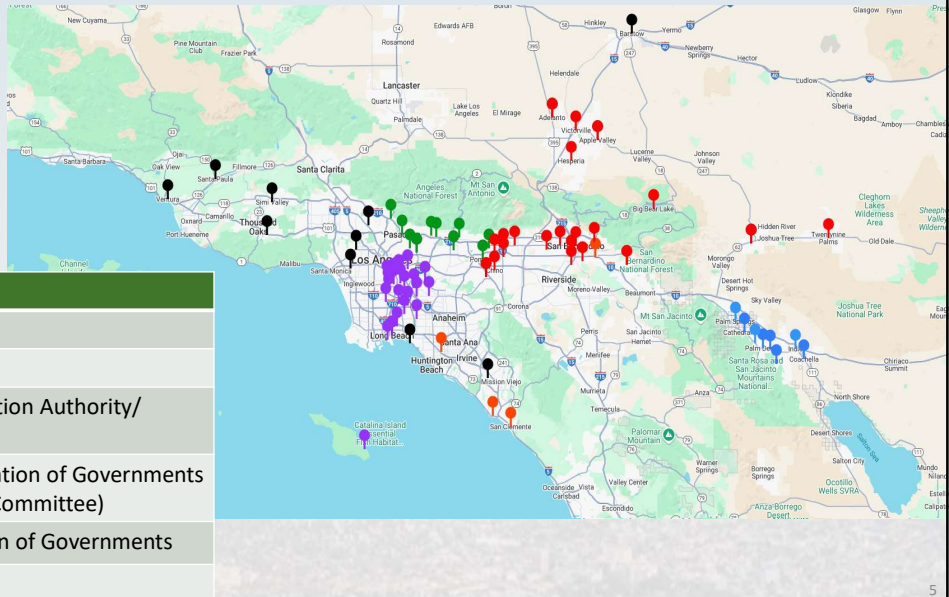
Documents found using QR code or Webpage:
<https://www.aqmd.gov/home/rules-compliance/residential-and-commercial-building-appliances>

4

Recent Outreach

- Recent outreach to Cities and Council of Governments (COGs)
- Attended by representatives from many cities

Meeting
Gateway Cities COG
San Gabriel Valley COG
San Bernardino Transportation Authority/SBCOG
Southern California Association of Governments (Energy and Environment Committee)
Coachella Valley Association of Governments
Individual Cities



Outcome of Recent Outreach to Cities and COGs

- Cities and Council of Governments took the following actions after staff provided clarification on the new rule concept

Voted to Draft a Letter of Concerns

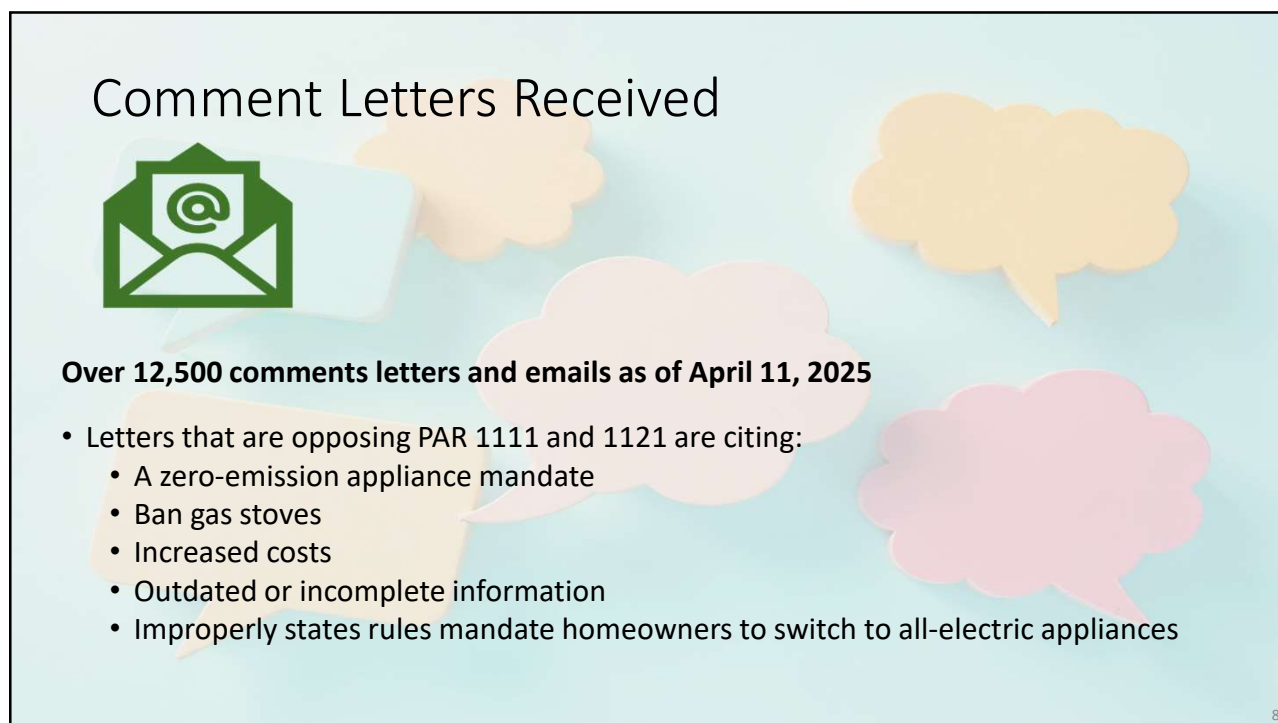
- Redlands City Council
- San Gabriel Valley COG's Energy, Environment, & Natural Resources Committee
- Coachella Valley Association of Government's Energy and Sustainability Committee

Receive and File No Action Taken


- Gateway Cities COG
- Southern California Association of Government's Energy and Environment Committee


Voted to Oppose

- Fountain Valley City Council
- San Bernardino County Transportation Authority/SBCOG



New Proposed Rule Concept

 Manufacturer Sales Targets	Target Dates	2027-2028	2029-2032	2033-2035	2036 and after
	NOx Emitting Units (e.g. gas)	70%	50%	25%	10%
	Zero-NOx Emission Units	30%	50%	75%	90%


 Reduced reporting requirements - Serial number only required for recordkeeping, not for reporting
 } Revised

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Proposed Mitigation Fee*

- Mitigation fee for gas units sold within targets
 - \$100 per furnace
 - \$50 per water heater} Increases annually to reflect consumer price index
- Mitigation fee for **increment** of gas units sold over target
 - \$500 per furnace
 - \$250 per water heater} 50% of furnace mitigation fee, consistent with mitigation fee for units sold within targets

* Increase annually to reflect consumer price index

- Lower mitigation fees represents about 1 percent of unit cost
- The \$500/\$250 mitigation fee applies only to the increment of units that are sold above the target
- Mitigation fees collected will fund Go-Zero rebate program

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Update on California Assembly Bill 306 (AB 306)

- Intended to pause any future changes to the California's residential building code
- Approved by the Assembly 71-0 on April 1st, sent to State Senate
- Does not impact adopted 2025 Building Code that goes into effect January 1, 2026
 - Maintains zero-emission appliance standard for new buildings
 - PAR 1111 and 1121 analysis based on current building code, not future changes



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Socioeconomic Impact Assessment

Socioeconomic impact assessment was conducted to assess implementation impacts

- Overall cost savings, mainly due to energy bill savings over equipment lifetime



Range of **\$174 million cost to \$191 million in cost savings** over forecast period



Analysis forecasts **500 - 580 net jobs gained annually**



PAR 1111 and PAR 1121 are anticipated to prevent approximately **2,490 premature mortalities**



Monetized present value of **health benefits** is estimated to be **\$25.43 billion**

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Response to Key Issues

Key Issues:

Mandate

Many stakeholders continue to believe rule mandates transition to zero-emission appliances



Staff Response:

- Manufacturers can continue to sell NOx-emitting gas units
- Sales targets are not hard caps
- Staff has continued outreach efforts, but opposition groups continue to rally support against a mandate

Affordability

Mitigation fee causes affordability concern



- Mitigation fee set at a low level to help address affordability (~1% of unit cost if under sales target)
- Higher fee only applies to units sold above sales target
- Will monitor implementation

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Response to Key Issues (*cont.*)

Key Issues:

Mitigation Fee (Over Target)

Environmental stakeholders request a higher tiered mitigation fee up to \$1000



Staff Response:

- Last Stationary Source Committee staff presented higher mitigation fees, defeats affordability
- Tiered fee structure would be more complicated for manufacturers

Mitigation Fee Structure

Manufacturers oppose higher fees for units sold over the sales target, request flat fee



- Existing fee structure helps to
 - Deter cost pass through to customer
 - Encourages the sale of zero-NOx emission appliances

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Response to Key Issues (*cont.*)

Key Issues:

Staff Response:

Cost and Choice

SoCal Gas:
Rules are too expensive and will deny choice of affordable appliances



- New rule concept provides flexibility for the sales to meet the market demand
- More demand of zero-NOx emission units will drive their cost down

Authority to Impose Mitigation Fee

Latham & Watkins:
Mitigation fee is tax and Proposition 26 prevents new taxes without proper voter approval



- Proposed mitigation fee is not a tax, qualifies for an exemption under Proposition 26
- Fee is part of alternative compliance option if manufacturers choose to sell NOx emitting appliances
- Other rules have similar mitigation fee options or requirements (e.g., current Rules 1111, 1121, and 1118)
- Fees collected to mitigate emission reductions forgone/delay

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Response to Key Issues (*cont.*)

Key Issues:

Staff Response:

Violating Energy Policy and Conservation Act (EPCA) Preemption

Latham & Watkins and So Cal Gas:
Alternative compliance option mandates manufacturers to sell only zero-NOx emission units, which eliminate the use of natural gas



- Proposed amended rules are not preempted by EPCA
- Alternative compliance option allows sales of both zero-NOx and natural gas units
 - Sales targets are not hard caps
- Obligation to meet air quality standards
- Rules are technology- and fuel-neutral
- Focused on achieving the maximum NOx emission reductions possible as set forth in 2022 Air Quality Management Plan

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Response to Key Issues (*cont.*)

Key Issues:

Cost of the Rules

Third party economic analysis cites \$8.9 billion annual average



Staff Response:

- Economic analysis far exceeds staff's Socioeconomic Impact Assessment, released April 1st
- Models mandate rather than alternative compliance plan
- Applies full appliance cost when rule only applies when appliance needs to be replaced
- Assumes consumers finance purchases at 7% interest
- Significantly higher cost estimates than real world installation costs
- Does not acknowledge heat pumps provide air conditioning, replaces two (furnace and AC)
- Rejects use of plug-in heat pump water heaters, despite industry support and real-world success stories

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Next Steps

June 6, 2025
Public Hearing

Spring 2025
Launch Go Zero Incentive Program

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**Monthly Permitting Enhancement Program (PEP) Update
South Coast AQMD
Stationary Source Committee – April 18, 2025**

Background

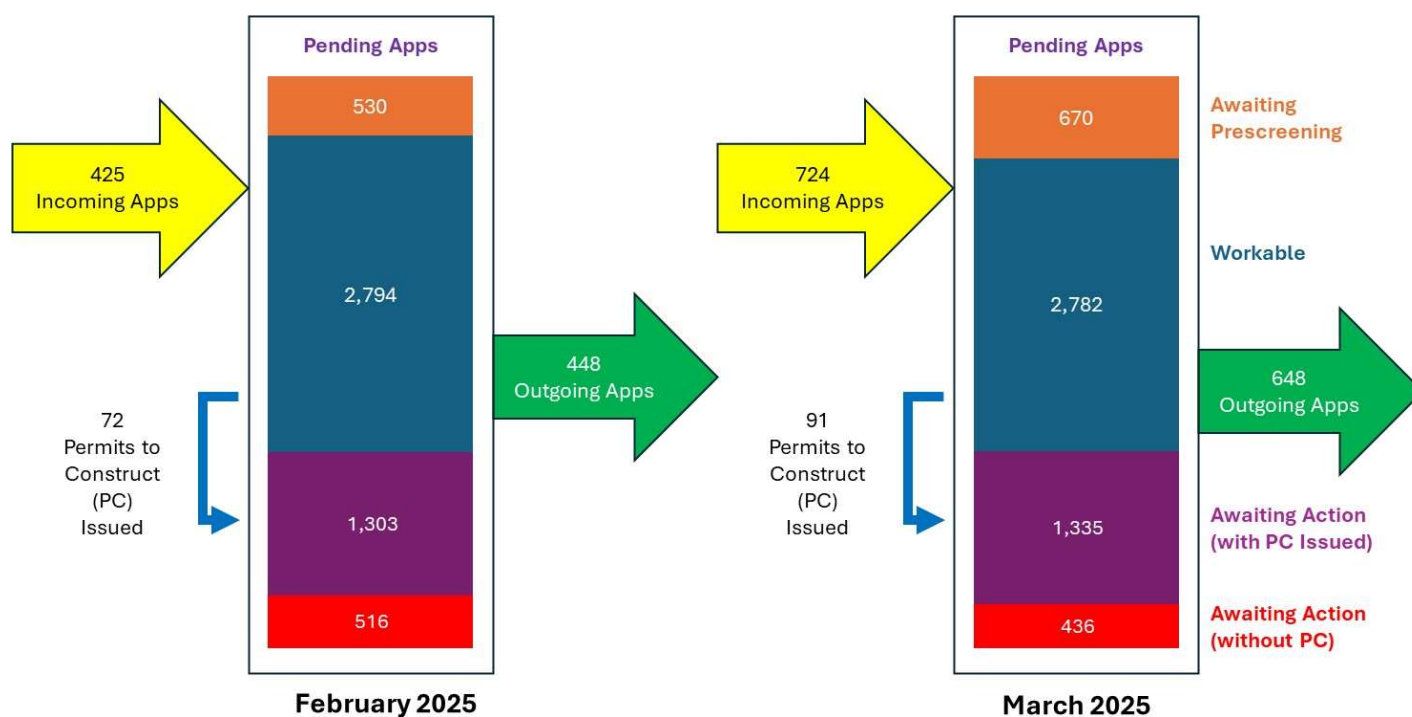
At the February 2, 2024 Board meeting, the Board directed staff to provide monthly updates to the Stationary Source Committee to report progress made under the Permitting Enhancement Program (PEP). The Chair's PEP initiative was developed to enhance the permitting program and improve permitting inventory and timelines. This report provides a summary of the pending permit application inventory, monthly production, and other PEP related activities.

Summary**Pending Permit Application Inventory**

The permitting process consists of a constant stream of incoming applications and outgoing application issuances, rejections, and denials. The remainder of the applications are considered the pending application inventory. The inventory consists of applications that are being prescreened prior to being accepted, workable applications, and non-workable applications. Non-workable means that staff are unable to proceed with processing an application because it is awaiting actions to address various regulatory requirements or deficiencies. As an example, after staff issues a Permit to Construct to a facility, staff must wait for the facility to construct and test the equipment prior to issuing a final Permit to Operate. Once a final Permit to Operate is issued, the permit application is removed from the pending application inventory. Other examples include facilities that may be in violation of rules and cannot be permitted until a facility achieves compliance, staff awaiting additional information from facilities, or facilities that have not completed the CEQA process for their project. During the life of an application, it may switch several times between being workable and non-workable as actions are taken by facilities and staff. Attachment 1 contains more detailed descriptions of the categories of non-workable permit applications. Figure 1 below provides monthly snapshots of the pending application inventory from this month and last month.

Figure 1: Application Processing Workflow – February and March 2025

Table 1 below lists the categories included in Awaiting Action (Non-Workable) for the last month. Please note that Table 1 provides a snapshot of data and applications may change status several times before final action. Multiple categories may apply to a single application.

**Table 1: Awaiting Action (Non-Workable) Applications Summary**

Awaiting Action (Non-Workable) Categories	Without PC Issued			With PC Issued		
	Jan 2025	Feb 2025	Mar 2025	Jan 2025	Feb 2025	Mar 2025
Additional Information from Facility	292	282	235	29	23	26
CEQA Completion	32	29	29	-	-	-
Completion of Construction	-	1	-	1,119	1,162	1,192
Facility Compliance Resolution	20	22	28	7	-	-
Facility Draft Permit Review	75	63	43	-	-	-
Fee Payment Resolution	5	4	3	-	-	-
Other Agency Review	51	73	40	3	3	3
Other Facility Action	25	-	-	1	1	1
Other South Coast AQMD Review	-	-	-	-	-	-
Public Notice Completion	16	21	34	-	-	-
Source Test Completion	27	22	26	127	115	113

Please see Attachment 1 for more information on these categories.

Not reflected in Figure 1 are an additional 46 applications processed through the online permitting system, which did not impact the permit application inventory. Staff has automated the permitting process for certain equipment allowing staff to focus their efforts on other permit applications. These 46 permit completions are reflected in Figure 2 below.

Since outgoing applications (green arrow) plus permits to construct issued (blue arrow) were greater than incoming applications (yellow arrow) this month, the number of workable

applications in the inventory decreased. A large number of applications were submitted in March after a period of lower application submittals in January and February. For more detailed information the past Monthly PEP Updates may be accessed in Attachment 2.

The inventory of Awaiting Action applications has steadily increased. Most of the Awaiting Action applications have a Completion of Construction status. From March 2024 to March 2025, staff issued many Permits to Construct, thereby increasing the Completion of Construction status from 770 to 1,192, including 91 Permits to Construct issued in March. Staff must wait for construction of the equipment to be completed prior to moving forward on these applications.

The rate of incoming applications is unpredictable and is dependent on business demands and the economic climate, as well as South Coast AQMD rule requirements. Maintaining the average production rate of outgoing applications greater than average rate of incoming applications is key to reducing the pending application inventory until a manageable working inventory is established. As stated above, the spike in incoming applications occurred in June as expected, and this typically results in a swell in the inventory as time is needed to address the surge of permit applications.

Maintaining a low vacancy rate with trained and experienced permitting staff is the biggest factor in maintaining high production and reducing the pending application inventory. In addition, data and analysis showed that addressing vacancies at the Senior and Supervising AQ Engineers was vital since these positions are the review and approval stages of the permitting process.

Production

Prior to staff retirements, permit production levels in 2020 were typically above 500 completions per month. Prior to PEP implementation, high vacancy rates resulted in decreased permit completions. Lower production rates nearing 400 completions per month occurred as the vacancy rate peaked. As the vacancies have been reduced and staff have been trained, production has increased. Figure 2 below shows a rolling 12-month average of application completions and the monthly production for the last six months. For most of the last year, increased monthly production levels (orange circles) are raising the rolling 12-month production averages (black line) in the chart below as compared to the period before PEP. The rolling 12-month average includes the monthly totals from the last year to visualize the trend over time, as production in individual months often fluctuates (in addition to fluctuations in incoming application submittals). The current rolling 12-month average production rate increased to 496 completions per month. March production had a sharp increase to 671 as staff efforts shifted from the Aged Application Initiative for the previous two months. Additionally, March 2025 includes an additional week of production data due to the calendar. A higher rolling 12-month average will indicate sustained higher production levels. These higher production levels will begin to reduce the pending application inventory and improve permit processing times. A new fiscal year (FY) goal was set to increase production by 500 completions as compared to 2023. This equates to a soft target of 489 completions per month. The red line

in Figure 2 shows this new fiscal year goal. Staff will continue to balance production to meet the FY goal as well as address aged applications awaiting Permits to Construct.

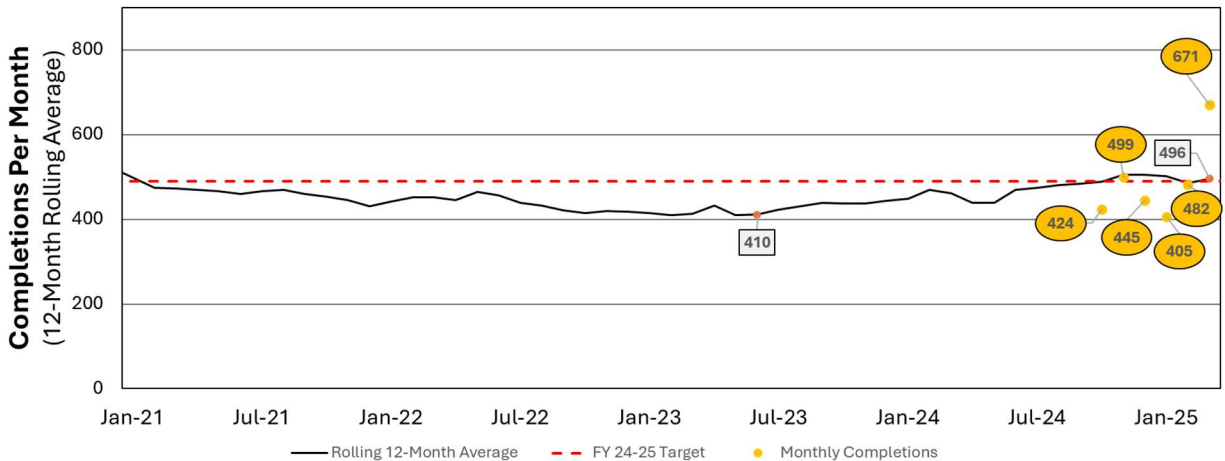


Figure 2: Application Completions - Rolling 12-Month Average and Recent Six Months

Production began to increase in the second half of 2023 as substantial promotions and hiring occurred. New engineering staff were trained and production increased over several months. As staff becomes more experienced in their duties, they can process more complex projects and become more efficient.

Engineering & Permitting (E&P) Vacancy Rate

The current E&P vacancy rate is 13.4%. The minimum target vacancy rate for PEP is 10%. When PEP was first announced, the E&P vacancy rate was greater than 20%. Multiple E&P staff retired in March, which increased the vacancy rate. These retirements were anticipated, and a recruitment of engineers was timed to coincide with the retirements and is nearing completion. New engineers are expected to onboard in 2Q 2025 to reduce the vacancy rate.

Key Activities

- Staff met with their contractor and the consultant who assisted with authoring the previous Certified Permitting Professional Manual to discuss potential options for enhancing the CPP program. A Permitting Working Group meeting will be held in April to discuss the program.
- Several interviews were conducted for the Air Quality Engineer recruitment in March and early April.
- Staff participated on a panel for the Women in Engineering event at Cal State Long Beach. Approximately 40 participants attended the panel discussion regarding engineering careers.
- Staff introduced a Title V Workplan to address and prioritize several items for the federal permitting program that is implemented by South Coast AQMD. Staff is committing to these matters over the next two years and includes a strategy to address aged Title V permit renewal applications.

Upcoming Meetings:

- Staff will conduct a hybrid format Permitting Working Group meeting tentatively scheduled for April 23, 2025 to discuss the Certified Permitting Professional (CPP) program and potential enhancements under PEP.
- Staff will conduct at least six public meetings regarding permitting in Fiscal Year 2024-2025.

Attachment 1

Explanation of Non-Workable Application Statuses

Workable applications are those applications where staff have the required information to process the permit application.

Non-workable applications are those applications where the application process has been paused while staff are awaiting the resolution of one or more related tasks or where the permit cannot be issued.

Description of Non-Workable/Awaiting Action Terms

Additional Information from Facility

During permit processing staff may need additional information from a facility that was not included in the original permit application package or a change of scope of the proposed project. Additional information may include items regarding materials used in the equipment (such as toxics), equipment information, or other items to perform emission calculations or determine compliance for the proposal in the application.

CEQA Completion

Prior to issuing permits, CEQA requirements are required to be evaluated and completed. South Coast AQMD can either be the Lead Agency that certifies or approves the CEQA document or the Responsible Agency that consults with the Lead Agency (typically a land use agency) on the CEQA document.

Completion of Construction

After a Permit to Construct is issued, the permit application file remains in the pending application inventory. Staff must wait for the facility to complete construction prior to completing other compliance determination steps before the permitting process can continue. Typically, a Permit to Construct is valid for one year, but it may be extended for various reasons if the facility demonstrates they are making increments of progress. For some large projects, construction may take years while the permit application remains in the pending application inventory.

Facility Compliance Resolution

Prior to issuing permits the affected facility must demonstrate compliance with all rules and regulations [Rule 1303(b)(4)]. Prior to the issuance of a Permit to Construct, all major stationary sources that are owned or operated by, controlled by, or under common control in the State of California are subject to emission limitations must demonstrate that they are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act. [Rule 1303(b)(2)(5)].

Facility Draft Permit Review

If a facility requests to review their draft permit, staff provides the facility a review period prior to proceeding with issuance. During the review period, staff do not perform any additional evaluation until feedback from the facility is received. Some projects include several permits or large facility permit documents which may take a substantial time to review.

Fee Payment Resolution

Prior to issuing permits, all fees must be remitted, including any outstanding fees from associated facility activities including, but not limited to, annual operating and emission fees, modeling or source testing fees, and permit reinstatement fees.

Other Agency Review

The Title V permitting program requires a 45-day review of proposed permitting actions by U.S. EPA prior to many permitting actions. During the review period, staff are unable to proceed with permit issuance. If U.S. EPA has comments or requests additional information, the review stage may add weeks or months to the process before staff can proceed with the project.

For Electricity Generating Facilities (Power Plants), CEC may provide a review of proposed permits prior to issuance.

Other Facility Action

Prior to issuing a permit, a facility may need to take action to address deficiencies or take steps to meet regulatory requirements. This may include acquiring Emission Reduction Credits after staff notifies a facility the project requires emissions to be offset, performing an analysis for Best Available Control Technology requirements, or conducting air dispersion modeling.

Other South Coast AQMD Review

Prior to proceeding with a permit evaluation, permit engineering staff may require assistance and support from other South Coast AQMD departments. For example, IM support for electronic processing due to unique or long-term project considerations or to complete concurrent review of separate phases or integrated processes for multi-phase projects is routinely needed.

Public Notice Completion

There are several South Coast AQMD requirements that may require public noticing and a public participation process prior to permit issuance. Rule 212 and Regulation XXX both detail public noticing thresholds and requirements which include equipment located near schools, high-emitting equipment, equipment above certain health risk thresholds, or significant projects or permit renewals in the Title V program. The public notice period is typically 30 days, and staff are required to respond to all public comments in writing prior to proceeding with the permitting process. Other delays in the public notice process may include delays in distribution of the notice by the facility, incomplete distribution which may require restarting the 30-day period, or requests for extension from the public.

Source Test Completion

Many rules require source testing prior to permit issuance. Source testing is the measurement of actual emissions from a source that may be used to determine compliance with emission limits, or measurements of toxic emissions may be used to perform a health risk assessment. Lab analysis of an air sample is often required as part of the process. The testing is performed by third party contractors who prepare a source test protocol to detail the testing program, and a source test report with the results of the testing and equipment operation. Both the protocol and report need to be reviewed and approved by South Coast AQMD staff.

Attachment 2

Links to Previous Monthly PEP Updates

2024

[April 19, 2024](#) – First Monthly PEP Update

[May 17, 2024](#)

[June 21, 2024](#)

July 2024 – No Stationary Source Committee meeting

[August 16, 2024](#)

[September 20, 2024 - canceled](#)

[October 18, 2024](#)

[November 15, 2024](#)

[December 20, 2024](#)

2025

[January 24, 2025](#)

[February 21, 2025](#)

[March 21, 2025](#)

April 2025 Update on Work with U.S. EPA and California Air Resources Board on New Source Review Issues for the RECLAIM Transition

At the October 5, 2018, Board meeting, the Board directed staff to provide the Stationary Source Committee with a monthly update of staff's work with U.S. EPA regarding resolving NSR issues for the transition of facilities from RECLAIM to a command-and-control regulatory structure. Key activities with U.S. EPA and CARB since the last report are summarized below.

- RECLAIM/NSR Working Group meeting is not planned for April
- The RECLAIM/NSR Working Group will be reconvened when there is information to report

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office**

Settlement Penalty Report (03/01/2025 - 03/31/2025)

Total Penalties

Civil Settlement: \$229,588.00

Hearing Board Settlement: \$1,000.00

MSPAP Settlement: \$256,353.00

Total Cash Settlements: \$486,941.00

Total SEP Value: \$0.00

Fiscal Year through 03/31/2025 Cash Total: \$7,005,267.26

Fiscal Year through 03/31/2025 SEP Value Only Total: \$0.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
132266	AMERICA WOOD FINISHES CORP	1113	03/25/2025	EC	P79805	\$3,500.00
201117	AMWARE FULFILLMENT	2305	03/25/2025	RM	O15148, SRV2024-00089	\$14,000.00
800016	BAKER COMMODITIES INC	415, 2004, 3002	03/06/2025	DH	P63824, P65291, P65293, P67318, P67319, P67321, P72855, P72866, P72871, P72872	\$30,000.00
187400	GIBRALTAR CHEMICAL WORKS INC	1113	03/14/2025	JL	P65666	\$5,000.00
190666	H&T SEAFOOD, INC	2305	03/05/2025	JL	O15128	\$4,000.00
202595	HANCHETT PAPER COMPANY	2305	03/05/2025	JL	O15215	\$15,000.00
12841	HARTWELL CORP	1469	03/05/2025	JL	P76128, P76139	\$3,000.00
189973	HESTAN COMMERCIAL CORPORATION	201, 203	03/11/2025	DH	P65198, P78724	\$780.00
189433	HOME CHEF	2305	03/05/2025	JL	O15212	\$11,000.00
193561	IBY LLC	1100, 2004, 3002	03/05/2025	JL	P73174, P76060, P76067, P76086	\$97,300.00
181257	MONTEBELLO CONTAINER COMPANY LLC	203	03/05/2025	ND	P65893	\$14,508.00
187493	POLYGUARD PRODUCTS INC	1113	03/25/2025	EC	P73899	\$16,500.00
39097	SO CAL GAS CO	203	03/26/2025	JL	P79216	\$2,000.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
202558	WELLNESS	2305	03/12/2025	JJ	O15167	\$13,000.00
Total Civil Settlements: \$229,588.00						
Hearing Board						
146536	WALNUT CREEK ENERGY LLC	203, 2004, 3002	03/06/2025	KCM	6230-6	\$1,000.00
Total Hearing Board Settlements: \$1,000.00						
MSPAP						
160637	4929 WILSHIRE LP	203, 1470	03/21/2025	VB	P76000	\$1,059.00
199873	AERONET WORLDWIDE ONT	2305	03/14/2025	CL	O15125	\$5,000.00
82584	AIR TEC	461	03/14/2025	VB	P73816	\$12,168.00
134184	ALL COUNTY ENVIRONMENTAL INC	1403, 40 CFR 61.145	03/07/2025	VB	P78642	\$1,209.00
185365	AMAZON.COM SERVICES LLC	203	03/21/2025	SW	P81201	\$1,009.00
127600	AMERICAN HONDA MOTOR CO	461	03/07/2025	CM	P79718	\$1,513.00
204119	APARTMENTS AT PARK VIEW LLC	1403, 40 CFR 61.145	03/21/2025	CM	P79755	\$1,513.00
205230	BRIDGEVIEW CONSTRUCTION SERVICES	403	03/07/2025	CM	P78468	\$7,254.00
169573	CIRCLE K STORES INC (#2709440)	203	03/21/2025	CL	P73518, P75361	\$3,627.00
169742	DANNY RYAN PRECISION CONTRACTING INC	1403	03/07/2025	CL	P80317	\$911.00
155429	DOWNEY ENERGY INC	461, H&S 41960.2	03/07/2025	CM	P79382	\$1,513.00
191903	DWWMO INC	461	03/14/2025	SW	P80279	\$4,036.00
74607	E & F ARCO (#81356)	461, H&S 41960.2	03/21/2025	CM	P73540	\$1,783.00
155640	EARTH TEK ENGINEERING CORP	1401, 40 CFR 61.145, 13 CCR 2454	03/07/2025	CL	P75759, P79345	\$4,292.00
149032	FLORENCE SHELL	461	03/14/2025	SW	P80937	\$3,060.00
170504	FOOTHILL 550 INC (DBA "LA CANADA ARCO")	203	03/14/2025	CM	P74685	\$2,727.00
148373	FULLERTON CUSTOM WORKS INC	203, 1469	03/07/2025	VB	P69178	\$2,342.00
203659	FUMITO NAGASU	1403	03/14/2025	VB	P78124	\$2,522.00
40682	G & M OIL CO LLC (#5)	461, H&S 41960.2	03/14/2025	CM	P77683	\$1,009.00
178953	G & M OIL CO (#19)	201	03/14/2025	CM	P80968	\$1,009.00
187233	G & M OIL CO (#131)	201, 203	03/14/2025	CM	P80641	\$2,018.00
198447	G & M OIL CO (#133)	201	03/14/2025	CM	P80646	\$1,009.00
81338	GARDENA CITY	203, 461	03/07/2025	CM	P78447	\$8,885.00
140117	GARY CARDIFF ENTERPRISES INC	461	03/07/2025	CM	P74280	\$2,395.00
183567	GS II INC.	3002	03/14/2025	CL	P76266, P76286	\$8,872.00
184007	HI GRADE MATERIALS CO	1157	03/07/2025	CL	P80322	\$4,036.00
2912	HOLLIDAY ROCK CO INC	2012	03/07/2025	CL	P78470	\$2,647.00
12582	INGLEWOOD CITY	203	03/07/2025	VB	P79407	\$3,836.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
196309	JAMISON PROPERTIES LP	403	03/07/2025	CL	P75959	\$3,075.00
195775	JNIK INC	203	03/21/2025	VB	P80635, P80643	\$24,663.00
201499	JT THORPE & SONS INC	203, 13 CCR 2460	03/07/2025	CL	P78720	\$11,461.00
189076	K3M BUILDING CONTRACTORS INC	1403, 40 CFR 61.145	03/07/2025	CM	P79754	\$1,286.00
198756	KEHE BUILDING A	2305	03/21/2025	CM	O15255	\$6,000.00
91147	LA PREP INC	461	03/14/2025	SW	P73838	\$4,765.00
36585	LA CITY DWP	203, 461	03/07/2025	CM	P80417	\$1,209.00
196849	LIPPERT CONSTRUCTION INC	403	03/07/2025	CL	P76458	\$4,656.00
12748	LMDD ENTER INC (DBA "DIXON HARD CHROME")	203, 1469	03/07/2025	CL	P78260	\$6,654.00
17623	LOS ANGELES ATHLETIC CLUB	2004	03/07/2025	CL	P66895	\$2,000.00
111379	LOS ANGELES DWP	203, 1470	03/07/2025	CM	P80416	\$1,209.00
182968	MATRIX OIL CORP	1173	03/07/2025	CL	P80729	\$2,522.00
41131	MEREDITH & SIMPSON CONSTRUCTION CO	461	03/07/2025	CM	P79350	\$2,143.00
20280	METAL SURFACES INTERNATIONAL LLC	203, 430	03/07/2025	CL	P75761, P75767	\$13,078.00
195849	MITTERA CALIFORNIA LLC	2012	03/07/2025	CL	P80156	\$7,254.00
162044	MONTEBELLO COLLISION CENTER	1151	03/21/2025	CL	P74484	\$1,009.00
169896	MULTI INVESTMENT ASSOCIATES	203, 1415	03/07/2025	CM	P74880	\$3,027.00
182712	NEWHOPE AUTO SERVICE LLC	461	03/14/2025	SW	P74699	\$2,572.00
204664	NEWPORT COAST SURGICAL INSTITUTE	203	03/07/2025	CM	P77837	\$1,009.00
177613	NICK OIL AND MARKET	461	03/07/2025	CM	P74700	\$1,715.00
119285	ORANGE COUNTY ORANGEWOOD CHILDRENS HOME	203	03/07/2025	CM	P78597	\$909.00
146908	PROVIDENCE LITTLE COMPANY MARY MEDICAL CENTER	1146	03/21/2025	VB	P75907	\$14,508.00
194573	PULTE HOMES	403	03/07/2025	VB	P74282	\$4,436.00
144019	RADA INDUSTRIES INC	461, H&S 41960.2	03/14/2025	VB	P73537	\$1,286.00
150363	REBILT METALIZING CO	203, 1469	03/21/2025	CL	P78618	\$3,097.00
146643	RJ'S CHIPPING AND GRINDING OPERATION	403	03/14/2025	VB	P75558	\$2,418.00
115117	S & S FOODS LLC	203, 222	03/07/2025	CM	P73184	\$7,254.00
94656	SANNIPOLI CORPORATION	222	03/07/2025	CL	P79306	\$1,914.00
203378	SASCO	2305	03/07/2025	CL	O15243	\$3,000.00
200294	SCP DISTRIBUTORS LLC	2305	03/07/2025	CM	O15122	\$5,000.00
76065	THE TERMO CO	203, 1173	03/21/2025	CL	P67915, P80725	\$5,700.00
205002	TRUE HEAT SOLUTIONS	203	03/14/2025	SW	P77838	\$908.00
197081	UNITED BUSINESS MANAGEMENT INC	461, H&S 41960.2	03/07/2025	SW	P79389	\$2,572.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
152974	UNITED EXCAVATION	1403	03/07/2025	CM	P75282	\$1,009.00
172373	UNITED GAS SOLUTIONS	203, 461	03/07/2025	CM	P74684	\$3,177.00
198405	VINAI JETVIROJ	1403	03/21/2025	CL	P76250	\$1,150.00
14495	VISTA METALS CORPORATION	461	03/07/2025	CL	P80276	\$1,059.00
205575	WEN CHAO LIU	1403	03/07/2025	VB	P78640	\$2,395.00
Total MSPAP Settlements: \$256,353.00						

SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX FOR MARCH 2025 PENALTY REPORT

REGULATION II - PERMITS

- Rule 201 Permit to Construct
- Rule 203 Permit to Operate
- Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II

REGULATION IV - PROHIBITIONS

- Rule 403 Fugitive Dust
- Rule 415 Odors from Rendering Facilities
- Rule 430 Breakdown Provisions
- Rule 461 Gasoline Transfer and Dispensing

REGULATION XI - SOURCE SPECIFIC STANDARDS

- Rule 1100 Implementation Schedule for NO_x Facilities
- Rule 1113 Architectural Coatings
- Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters
- Rule 1151 Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations
- Rule 1157 PM₁₀ Emission Reductions from Aggregate and Related Operations
- Rule 1173 Fugitive Emissions of Volatile Organic Compounds

REGULATION XIV - TOXICS

- Rule 1401 New Source Review of Toxic Air Contaminants
- Rule 1403 Asbestos Emissions from Demolition/Renovation Activities
- Rule 1415 Reduction of Refrigerant Emissions from Stationary Air Conditioning Systems
- Rule 1469 Hexavalent Chromium Emissions from Chrome Plating and Chromic Acid Anodizing Operations
- Rule 1470 Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

- Rule 2004 Requirements
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO_x) Emissions

**SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX
FOR MARCH 2025 PENALTY REPORT**

REGULATION XXIII - FACILITY BASED MOBILE SOURCE MEASURES

Rule 2305 Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (Waire) Program

REGULATION XXX - TITLE V PERMITS

Rule 3002 Requirements

CODE OF FEDERAL REGULATIONS

40 CFR 61.145 Standards for Demolition and Renovation

CALIFORNIA HEALTH AND SAFETY CODE

H&S 41960.2 Gasoline Vapor Recovery

CALIFORNIA CODE OF REGULATIONS

13 CCR 2454 Portable Equipment Registration Process

13 CCR 2460 Portable Equipment Testing Requirements