

State of the District Report

July 16, 2009

Preface

Under the existing State and federal environmental regulatory structure, the federal government is granted primary authority to establish health-based ambient air quality standards, to establish specific technology and emission requirements for sources of air pollution, regulate selected sources of air pollution (e.g., aircraft), and mandates that states comply with these requirements.

Under the State of California regulatory structure, the State maintains primary authority to regulate mobile sources of air pollution (e.g., establish vehicle emission standards), and possess regulatory oversight authority over local and regional air pollution control authorities. Local and regional agencies maintain primary authority to regulate stationary sources of air pollution (e.g., permitting industry activities and regulating open burning).

The Butte County Air Quality Management District (District) is the local county independent air pollution control agency created pursuant to Section 40100.5 et seq. of the California Health and Safety Code (HSC). The District lies within the Sacramento Valley Air Basin and participates as a member of the Sacramento Valley Basinwide Air Pollution Control Council (BCC). As part of its statutory responsibilities, the District implements a spectrum of air quality management programs. The purpose of this State of the District Report is to summarize the status of the more salient District programs.

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I. ADMINISTRATION DIVISION

✓ **District Finances**

District administration coordinated a successful fiscal audit for FY 2007-2008 with the firm Robert Gustafson CPA. The audit was presented to the Board at the January meeting. Robert Gustafson provided an unqualified opinion, with no findings or recommendations.

The District program maintained a balanced budget in FY 2008-2009 and in the previous FY 2007-2008. A balanced budget is forecast for the current fiscal year, as approved by the Board at the June 25th meeting.

The FY 2009-2010 budget reflects the reality of our current economic times, with no fee increases approved to permitted sources. The approved budget also does not include staff cost of living adjustments (COLAs). The budget assumes the state will continue to provide the annual subvention and Department of Motor Vehicle (DMV) surcharges authorized by statute, but at the same level as last fiscal year. Up until last year the DMV surcharge increased 2-3% each year.

District Administration continues to seek program improvements to ensure efficient, cost effective operations. Work continues on implementing a digital file system, which offers many advantages in records management. Documents are scanned electronically onto a computer hard drive and are accessible from network workstations. Cost savings are anticipated in more efficient information retrieval and data storage.

✓ **Human Resources**

District staffing is budgeted at 11 full time employees, down one Compliance Specialist from the

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previous year. This position was vacant and was removed as a cost cutting measure in the final budget approval. The District continues to take advantage of part-time extra help as needed, and will consider internships. Staff training continues, taking advantage of classes offered by the California Air Resources Board (CARB). Our field staff are certified in evaluating visible emissions in accordance with U.S. EPA requirements and are certified in hazardous materials response.

The District is currently in the third and last year of a three year Memorandum of Understanding (MOU) with the employees. The MOU implements the agreements reached during the 2006 compensation study. The current MOU will expire September 30, 2009. Negotiations on the terms of a new agreement are well underway and a new MOU should be in place by September 30th.

√ Facilities

The District offices have been at the Dominic Drive location since early 1996. The current office lease will expire January 31, 2011. The property owner recently began charging Common Area Maintenance (CAM or so-called “triple-net”) fees. While this was allowed by the lease since 2001, the CAM charges were never assessed. This has resulted in an effective 20% increase in monthly rent. Staff are looking at other office location options.

√ Program Compliance

District operating procedures are maintained in the Administrative Code, Parts A and B. Part A includes operating protocols for the Board and accounting procedures. The Board approves amendments to Part A. Part B includes staff operating procedures, from routine office policies to field staff inspection procedures and permitting guidance. Amendments to Part B are approved by the APCO. Maintenance of the District Administrative Code is an ongoing activity as we improve our internal processes.

The 2008-2009 Butte County Grand Jury reviewed the District programs as part of their annual review of special districts. The final report focused on the District’s work to reduced particulate matter pollution from woodstoves and fireplaces. The report was favorable to the District’s efforts and recommended efforts to secure funding for voluntary change-out of non-certified woodstoves to new clean burning Environmental Protection Agency (EPA) certified devices.

As mentioned above, outside auditor Robert Gustafson CPA conducted a fiscal audit of the District’s finances for FY 2007-2008.

II. PLANNING DIVISION

√ The Carl Moyer Program

The Carl Moyer Program is a grant program that funds the incremental cost of cleaner heavy-duty diesel vehicles and other diesel equipment. \$396,200 in State Carl Moyer funding was available for Year 10 applications. The District provided an additional \$57,745 in match funding. These funds were generally available during the District’s FY 2008-2009. The District awarded 22 grants totaling \$425,641, with the remainder of the Year 10 funds carried over to Year 11 projects. \$361,587 in State Carl Moyer funding and \$60,808 in District match funds should be available for Year 11 applications, although receipt of the funds has been delayed due

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to cash flow problems at the State level. The District accepted applications from January 29, 2009 through March 2, 2009. A total of 23 grant awards were made, pending receipt of the Year 11 funds from the State.

Looking forward, staff anticipates that \$400,000 will be available for additional grants in Year 12 funds.

The District also participated in the CAPCOA/CARB Rural Carl Moyer Program. This program redistributed Year 8 funds that went unspent from other rural air districts. The District administered \$16,564 in additional funds for 1-1/2 local projects.

√ The DMV Grant Program

In 2008 your Board approved using \$57,745 in DMV funding for FY 2008-2009 as a Carl Moyer funding match for both Year 10 and Year 11 funds. Due to state fiscal issues, the grant award for Year 11 was slightly reduced and the match funds required was slightly increased from \$57,745 to \$60,808.

√ Special Clean Air Grant Program

Due to a lack of funds the District did not fund grants under this program during FY 2008-2009. While no funds were allocated for the current fiscal year, the District will review this decision mid-fiscal year.

√ Lower Emission School Bus Particulate Matter Retrofit Program

Additional funds will be made available to Butte County School Districts under Proposition 1B. This program will be administered by the Sacramento Metro AQMD. Funding has been delayed due to the current state fiscal crisis.

√ Federal Stimulus Funding

The American Recovery and Reinvestment Act includes measures reported to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need.

The Department of Energy (DOE) will be issuing awards and grants to local government under the Energy Efficiency and Conservation Block Grant (EECBG). The DOE is also distributing funds to states through the Weatherization Assistance Program (WAP) administered by the Department of Community Services and Development (CSD). The purpose of WAP is to increase the energy efficiency of homes owned or occupied by low-income Californians, reduce the amount these families spend on energy, and improve their health and safety. Preference is given to low-income people who are particularly at risk, such as the elderly, disabled, families with children, and those who use a lot of energy. CSD will receive \$185 million in DOE WAP funding under the Recovery Act.

Since the District is not eligible to apply for these grants directly, District staff is working with the City of Chico and the County Housing Authority and Community Action Agency to pursue grant proposals which will contain the air quality benefits of energy efficiency programs including the benefits of changing out non-certified woodstoves and fireplaces.

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√ **District Web Page**

The District has established a website (www.bcaqmd.org) which provides information to the public and includes: permit information, Governing Board agendas, Clean Air Kids Club information, current air quality information, agricultural and residential burning information, burn day status, staff contact information, printable forms and copies of District newsletters, Basinwide Air Pollution Control Council information and links to other air quality and transportation websites. Staff posts information relevant to special projects of interest to the public, such as the **Check Before You Light** program, the Portable Equipment Registration program and the Agricultural Engine Registration program. Last year the website was completely reconstructed to provide more user-friendly interface menu options.

√ **Check Before You Light Program**

At the October 23, 2008 meeting the Board approved the **Check Before You Light** Program, replacing the prior District “Don’t Light Tonight” Program. The program ran for the period November 1, 2008 through February 28, 2009. Based on established numeric criteria, on forecasted poor air quality days, the public was asked to voluntarily refrain from using woodstoves and fireplaces throughout the day. Forecasts were determined based on air quality monitoring data from the Chico, Gridley and Paradise monitoring sites operated by the California Air Resources Board. Woodstoves and fireplaces are a significant source of fine particulate matter pollution (PM_{2.5}) during winter months. The **Check Before You Light** program emphasized checking air quality status anytime before using wood burning devices, not just at night. Based on preliminary data, during the period of November 1st through February 28th, there were 15 advisory days for the Chico area, with 19 days above the federal standard. There were 2 days above the standard in Gridley and no days in Paradise above the federal standard. There were no advisories issued for the Gridley or Paradise areas.

A review of the program was presented at the March 26, 2009 Board meeting, with recommendations for consideration later this year, including changing the program from a voluntary to a mandatory program for the Chico area (draft Rule 208 *Mandatory Wood Burning Curtailment Periods*.)

√ **Smoking Vehicle Program**

Smoking vehicles are a hazard to health, contribute to air quality problems and constitute a nuisance. In addition, smoking vehicles reduce visibility and waste fuel. In 2001 the District initiated a voluntary program to accept complaints on smoking vehicles and provide notification to the vehicle owners. The registered owners of smoking vehicles, identified by the District are sent a letter requesting they initiate vehicle repairs to prevent the vehicle from smoking.

√ **Public Education Program**

In 2008 the District initiated the “Air Care” news bulletin to update interested members of the public and news media on the District’s work related to reviewing potential woodstove measures. District staff also provided educational materials to students, schoolteachers, attend public events including special school presentations, community events, and the Kids expo.

Staff also provides air quality information to the media on a daily basis. During the 2008 wildfires of June and July the District provided daily air quality information and forecasts to the

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media through regular air quality alerts. Joint alerts were also issued with the Butte County Health Department providing recommendations on outdoor activities to minimize exposure to smoke during this period.

This was the eighth year that the District has implemented the Clean Air Kids Calendar Contest, with Butte County children in Kindergarten through 8th grades eligible. Participating students submit artwork with pollution prevention themes. The winners have their artwork shown on the Clean Air Kids Calendar. The grand prizewinner is awarded a bicycle, courtesy of Greenlines Cycles in Oroville. This year there were approximately 1,000 entries.

In late 2007 the District initiated a series of public workshops and outreach related to potential measures to mitigate wood smoke from wood burning devices such as wood stoves and fireplaces. This work continued through 2008 and into the current fiscal year. See further discussion under “SB 656 Implementation Schedule”.

√ Air Quality Data

District staff prepare bi-monthly and annual air quality data summaries including detailed graphics. These summaries are available to interested members of the public and frequently used for public presentations. Also see the comments above.

√ CEQA/NEPA Reviews

The District continues to work closely with Butte County and cities in evaluating potential air quality impacts under the California Environmental Quality Act and National Environmental Protection Act (CEQA/NEPA). The District prepares an air quality review and analysis for developments submitted by Butte County and cities. The District has been working with the cities and county providing comments and resource information for their general plan updates. District staff have also forwarded resource information developed by the California Air Pollution Control Officers Association on evaluating climate change through the CEQA and general plan process.

√ Sacramento Valley Basinwide Air Pollution Control Council (BCC)

District staff closely coordinate program activities with the air districts in the Sacramento Valley Basinwide Air Pollution Control Council. Staff worked with a BCC-TAC committee and U.S. EPA to seek federal approval for the registration and use of ERCs generated from the phase down in rice straw burning. This work has been successful and staff plan to release a proposed rule later this year.

√ California Air Pollution Control Officers Association (CAPCOA)

CAPCOA is a professional organization of the California Air Pollution Control Officers. As more State and federal mandates are imposed on local air districts, CAPCOA offers the District opportunities to coordinate program elements Statewide on new requirements. District staff participate at varying levels with the CAPCOA Planning Managers, Engineering Managers, Enforcement Managers, Vapor Recovery, Toxics and Fiscal Managers. The District Senior Planner served as the Chair of the Planning Managers Committee during calendar year 2008.

In October 2008 staff attended a symposium sponsored by the California Air Response Planning Alliance (CARPA). The purpose of the symposium was to offer training to State, local and

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federal agencies in providing incident response information to protect public health and the environment from the impacts of accidental or deliberate releases of hazardous air pollutants. The session was very helpful as a follow-up to last summer's wildfires, where there were significant smoke impacts to much of the county for an extended period. The ability to characterize the smoke impacts from a public health perspective, and communicate the risks is an important role for the local air districts. Coordination with the local Health Department is important.

√ **Federal PM 2.5 State Implementation Plan (SIP) Development**

In late 2008 U.S. EPA released the final non-attainment area designations for the new PM 2.5 standard. Although the Air Resources Board recommended that the designation be limited to the Chico area, U.S. EPA included much of Butte County in their final determination. At the District's request, a representative of U.S. EPA discussed the designation process at the October 2008 District Board meeting. The final non-attainment area designations will not become effective until after U.S. EPA publishes the action in the Federal Register. This has been delayed due to the new administration's review of pending regulations carrying over from the previous administration. We expect the designations to be final later this year.

The Air Resources Board has begun consultations with non-attainment area districts on activities related to the new SIPs that will be required. Important early actions include identifying exceedances of the standard related to exceptional events, such as wildfires. These exceedances do not count against an area as far as the area attaining the standard. Also, review of the emissions inventory is important for future regulations that will be required. Staff expect the SIP to be due by 2012, with attainment by 2014, with a possible extension to 2019.

√ **Federal 8-hour Ozone State Implementation Plan (SIP) Development**

District staff work on a 8-hour Ozone State Implementation Plan (SIP) ceased in 2007 when U.S. EPA announced that a new SIP was not required to meet federal nonattainment area planning requirements. The status changed as a result of litigation against U.S. EPA by other entities and the fact that the District met the 8-hour standard based on the most current air quality data.

Subsequently, U.S. EPA established a new 8-hour Ozone standard in March 2008. The Air Resources Board recommended that Butte County be designated non-attainment for the new standard in March 2009. U.S.EPA is expected to make the final area designations by March 2010. Staff expect the SIP will be due by 2013.

√ **SB 656 Implementation Schedule**

In 2005 the District Board adopted an implementation schedule to consider measures to mitigate particulate matter pollution, as required by SB 656. The first measure adopted was the voluntary "Don't Light Tonight" program. As discussed above, for the 2008-2009 winter season the District Board approved the new **Check Before You Light** program, with an emphasis on public outreach in the Chico area.

In 2007 the District began reviewing potential measures to reduce particulate pollution from wood burning devices, such as wood stoves and fireplaces. This review continued into 2008, with revisions to Rule 207 *Residential Wood Combustion* adopted at the December meeting. The

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District Board will be considering new Rule 208 *Mandatory Wood Burning Curtailment Periods* later this year.

Potential amendments will also be developed by staff for the District's open burning regulations and Rule 205 *Fugitive Dust Emissions*.

√ **Rule and Regulation Development**

The California Health and Safety Code requires the District Governing Board to adopt Rules and Regulations for the implementation and enforcement of federal and State statutes and regulations. The District Board may also adopt rules based on local needs. Most of the rules proposed are required by the State Air Quality Attainment Plan (Plan). The Plan is updated every three years by the Sacramento Valley Basinwide Air Pollution Control Council and approved by the District Governing Board. The next update is scheduled to occur later this year.

The Plan includes a listing of "all feasible measures" that the District is required to consider. The District is also required to update existing regulations, such as New Source Review and Conformity. These updates are required for the SIP.

III. COMPLIANCE & ENGINEERING DIVISION

√ **Stationary Source Permit Program**

The District issues permits (authority to construct and permits to operate) to stationary sources of air pollution in Butte County. The stationary source permit is the primary means to ensure compliance with local, State and federal air quality requirements. Typical sources under permit include dry cleaners, retail service stations, auto body repair shops, lumber mills, cabinet shops, sand and gravel processing plants, asphalt concrete production, diesel-fueled generators, agricultural processing operations (almond hullers and rice dryers), and soil/groundwater remediation projects. In calendar year 2008 the District issued or renewed 675 permits to operate and issued 88 authority to construct permits.

The Title V Program requires a federal major source to have a permit, which includes all of the federal requirements applicable to the facility. The District has three Title V sources under its jurisdiction: 1) Pacific Oroville Power, Inc., a 22 megawatt biomass-fired electric generation facility, 2) SFPP, L.P., a bulk gasoline distribution terminal, and 3) Butte County Department of Public Works for the Neal Road Sanitary Landfill. Title V Operating Permits are valid for 5 years from the date of issuance and are renewable. One Title V Operating Permit for SFPP, L.P. has recently been renewed with applications pending review for the Neal Road Sanitary Landfill.

The renewal process requires a detailed review of each facility with respect to any equipment changes and changes to the applicable regulatory requirements.

In 2004 SB 700 amended State law to remove the permit exemption for agricultural sources under certain circumstances. To date, staff have not identified any potential sources requiring permits.

√ **Stationary Agricultural Engine and Portable Equipment Registration Programs**

In 2005 the local portable equipment registration program was approved by the Board. This program was developed as a local alternative to the existing state-wide program. The program helps implement the new Portable Equipment Airborne Toxic Control Measure (ATCM),

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allowing the regulated industry additional time to upgrade particulate controls on their portable equipment. To date, the District has processed 123 certificates of registration.

In 2007 District staff proposed and the Board adopted new Rule 1001, *Airborne Toxic Control Measure for Stationary Compression Ignition (CI) Engines Used in Agricultural Operations* as an alternative to the State ATCM. At that time the District also proposed new Rule 441, *Registration Requirements for Stationary Compression Ignition (CI) Engines Used in Agricultural Operations* which was also adopted by the Board. The registration rule required that owners of all existing engines apply for a Certificate of Registration by March 1, 2008 and the owners of any new engines apply for registration no later than ninety (90) days from the date of installation. Subsequent to the adoption of the above rules, the CARB issued policy guidance that allows portable engines to be registered and regulated as stationary engines. To date, the District has processed 267 certificates of registration.

At the June 25, 2009 meeting the District Board approved amendments to Rule 1001 allowing for a limited “low use” exemption, delaying compliance with the emission standards. The allowable hours of operation will be based on a site-specific health risk assessment. The Board also adopted amendments to Rule 441 and Rule 513 *Registration Fees for Stationary Compression Ignition (CI) Engines Used in Agricultural Operations*. These amendments implemented a new reduced fee for tracking registrations, for low use engines and engines in compliance with the final emission standards of Rule 1001.

√ **Emission Inventory Program**

The District is required to maintain records and report periodically to the California Air Resources Board regarding emissions from stationary sources and area sources. Reporting is performed for the criteria pollutants and air toxics. Staff utilize the California Emission Inventory Development and Reporting System (CEIDARS) and Community Health Air Pollution Information System (CHAPIS). Data is available for access by the public at the CARB website (www.arb.ca.gov).

The emissions inventory is an important planning tool used in attainment demonstrations. Facility emissions data is generated during the annual permit renewal process so inventory maintenance is assigned to the permitting staff. Staff reviews and submits regular updates to CARB on the emissions inventory.

Air Toxics emissions inventories are evaluated by District staff under the AB 2588 Air Toxics “Hot Spots” program for potential health risks to the public.

√ **Air Toxics “Hot Spots” Program**

The AB 2588 Air Toxics “Hot Spots” program requires the District to develop inventories of stationary sources of air toxics, assess the potential risks from exposures and provides information to the public regarding exposures. Staff continue to work on implementing new inventory software. Significant efforts are forecast in the future to ensure that stationary and portable diesel-fueled engines comply with the AB 2588 reporting requirements.

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√ State Airborne Toxic Control Measure (ATCM) Program

The Toxic Air Contaminant Identification and Control Act (AB 1807, Tanner 1983) created California's program to reduce exposure to air toxics. Under AB 1807, the CARB is required to use certain criteria to prioritize the identification and control of air toxics. A two-step process was established for risk identification and risk management to address the potential adverse health effects from public exposure to toxic air contaminants. The end result of the process is an Airborne Toxic Control Measure (ATCM) which the local air districts are required to implement and enforce.

To date, CARB has identified and taken regulatory action to control airborne toxic emissions from several source categories, including perchloroethylene from dry cleaning operations, dioxins from medical waste incinerators, and hexavalent chromium from chrome plating operations and cooling towers. CARB has also approved ATCMs affecting portable and stationary diesel fueled engines. The District implements these regulations as part of a permit to operate issued to the facility subject to the ATCM, or through Certificates of Registration for portable equipment and engines used in agricultural operations.

The Naturally Occurring Asbestos Airborne Toxic Control Measure (ATCM) for Construction, Grading, Quarrying and Surface Mining Operations became effective in late 2002. New emission control measures, including dust suppressants, apply to activities such as road construction and road maintenance, construction, grading, quarrying and surface mining operations in areas with naturally occurring asbestos/serpentine rock found in ultramafic rock formations. Construction sites of more than one acre are required to develop dust control plans and submit them to the local air district for approval. The regulation affects certain areas in the eastern and southeastern parts of Butte County with known ultramafic rock units. Staff have provided the maps to Butte County Planning, Development Services and Public Works to aide in the identification of these areas along with implementation guidance.

√ District Enforcement Program

The District utilizes three main tools to enforce District regulations: the Notice of Noncompliance (NON), the Notice to Comply (NTC) and the Notice to Apply for a Permit (NTA). These notices are a formal record of the District's finding that a violation of a State or federal law or District regulations affecting air quality has occurred. In most cases, a violation can be settled by taking corrective action and paying a penalty. A Notice of Noncompliance can also involve monetary penalties, civil suits, or criminal prosecution for failure to respond, repeated violations, or serious pollution cases. Notices are issued in response to complaint investigations, stationary source inspections and special District investigations.

In 2008 the District issued 88 Notices of Noncompliance. These violations include open burning (i.e. burning on a no-burn day or burning prohibited materials), fugitive dust, vapor recovery and permit condition violations. The District has issued offers to settle through the Board-approved Civil Penalty Program. District staff continue to monitor and follow-up on the open cases.

Staff coordinate with other enforcement agencies and the Butte County District Attorney (DA) on cases as appropriate.

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√ Hearing Board and Variance Program

The California Health and Safety Code requires each air district to maintain a Hearing Board which serves as a quasi-judicial body, acting on petitions and appeals for variances from District Rules and Regulations. Membership on the Hearing Board is specified in law and must include: one attorney, one professional engineer, one representative from the medical profession, and two public members. All members of the Hearing Board are appointed by the District Governing Board for terms of three years. The current Hearing Board members are:

Carl Leverenz, Chair (attorney representative)

Dr. Michael Ward, P.E., Vice Chair (professional engineer representative)

Dr. Janet Wilson (medical professional representative)

Tammie Watkins, P.E. (public representative, and alternate professional engineer representative)

Josh Sheppard (public representative)

Lloyd Foster (alternate public representative)

In 2008 there were 9 Hearing Board petitions for variance processed and approved.

√ 2008-2009 Smoke Management Program

The Sacramento Valley Smoke Management Program (SMP) governs all agricultural open burning in the Sacramento Valley. The SMP is reviewed and updated on an annual basis by the Sacramento Valley Basinwide Air Pollution Control Council, and forwarded to the California Air Resources Board for final approval.

As required by State law, District rules and the SMP, burn permits are issued to growers to burn agricultural wastes. In 2008, the District issued 798 burn permits. In addition to having a valid burn permit, growers may burn only on permissive agricultural burn days, as determined by the SMP and CARB. During calendar year 2008 there were 253 burn days, and 29,925 acres of agricultural wastes were burned.

The biggest element to the SMP is management of the intensive fall burn program, when peak demand occurs to burn rice straw after harvest. The intensive fall burn program focuses burn authorization decisions to reduce smoke impacts in populated areas from field crop burning. During the fall burn season the Central Computer Operator (CCO), under contract with the BCC, coordinates burn day status and acreage allocations through an internet-based system used by each of the nine (9) air districts in the Basin. The CCO works closely with CARB personnel and contract meteorologists to implement the Smoke Management Program. District personnel use the acreage allocations from the CCO and meteorological forecasts to allocate fields to be burned. A conservative approach to allocations is employed by the CARB, CCO, and District staff.

Fall of 2008 began the eighth year of District implementation of the Conditional Rice Straw Burning Permit Program (Program), which restricts the burning of rice straw to fields where there is a significant amount of confirmed disease (HSC 41865). Butte County burned 12,281 acres of rice straw for the period September 1, 2008 through May 31, 2009.

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√ Residential Open Burning Program

The District publicizes the daily burn day status for residential open burning on the District website (www.bcaqmd.org), on burn day status line (896-2537) and to the media. Staff also spend considerable time communicating with the public regarding residential open burning requirements, including the “burn barrel ban” that became effective in January 2004. The District continues to closely coordinate the open burning program with local fire agencies. The local fire agencies rely on the District and the residential daily burn day status line to inform the public of the burn ban during fire season. The District began working on potential changes to the residential open burning regulations in 2008 and the work continues into the current year.

√ Vapor Recovery Program

Certified vapor recovery systems are required on all gasoline dispensing equipment at retail service stations. The vapor recovery systems are under permit with the District and subject to regular inspections.

New State Enhanced Vapor Recovery (EVR) regulations establish additional vapor recovery requirements for new and existing gasoline dispensing facilities. All gasoline dispensing facilities must comply with the EVR Phase I and II requirements. The District conducted an outreach program over the previous several years to the affected facilities. To date, there are 78 stations out of 83 that comply with the EVR Phase II requirements. The District is working with the remaining 5 stations to come into compliance. Since the deadline was April 1st, compliance agreements are being worked out with the facilities.

√ Emission Reduction Credit Banking Program

Federal and State requirements mandate emission increases at new and modified facilities to be offset under certain circumstances. District Rule 431, *Emission Reduction Credits and Banking*, establishes the procedures for recognizing emission reductions which are then eligible for use as “offsets” (called emission reduction credits or ERCs).

Key program areas include; 1) policy development, 2) issuance of biomass certificates of emission reduction credit, 3) issuance of stationary source certificates of emission reduction credit, 4) maintenance of the banking register, and 5) processing unclaimed credits for deposit into the District’s community bank.

To track ERC transactions, the District has developed a banking register. The tracking of ERC certificates can be quite complex. Certificates can be split, sold or leased, and there must be a clear paper trail that links the disposition of the credits to the initial certificate issued. In addition, portions of the credits deposited are placed in a community bank for air quality purposes, and/or are designated for use to promote essential public services.

At the May 28, 2009 meeting the District Board approved amendments to Rule 431 to better define and clarify the use of ERCs deposited in the community bank.

As mentioned earlier in this report, staff will be proposing a rule later this year for the registration and use of rice straw burning ERCs.

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√ **Implementation of Geographic Information System Technologies**

In 2002 the District contracted to begin work on an integrated Geographic Information System (GIS) software package linked to data bases containing comprehensive information on facility permits and compliance information. This package will effectively link all District technical programming activities (planning, permitting, open burning and compliance) using GIS as a platform for accessing the data. This offers opportunities for enhanced efficiency by allowing quick access of facility information, permit application status, etc. The GIS program can be coordinated with neighboring air districts as appropriate, for example, in tracking ERCs. Progress on the GIS program was slow last year due to budgetary constraints and other priorities. This work is being coordinated with Butte County and other interested agencies.

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