

CALIFORNIA METALS COALITION

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June 22, 2017

Mr. Victor Douglas
Bay Area Air Quality Management District (BAAQMD)
375 Beale Street
San Francisco, CA 94015
Sent via email: vdouglas@baaqmd.gov

RE: Proposed Rule (PR) 11-18 Comments on HRA's and Voluntary Risk Reductions

The California Metals Coalition (CMC) appreciates the opportunity to submit written comments regarding the Bay Area Air Quality Management District's (BAAQMD) Proposed Rule 11-18: *Reduction of Risk from Air Toxic Emissions at Existing Facilities*.

California is home to approximately 3,000 metalworking facilities, employing over 100,000 Californians with middle-class manufacturing jobs and health benefits. 8 out of 10 employees in the metalworking sector are considered ethnic minorities or reside in disadvantaged communities.

California metal manufacturers use recycled metal to make parts for clean energy technologies, electric cars, biotech apparatuses, medical devices, aerospace products, national defense items, agriculture, infrastructure, construction machinery, household appliances, food processing and storage, movement of water, and millions of other products wanted by society.

Comment #1: Adjusting New HRAs Based on Anticipated New PR 11-18 Language

CMC expects most, or all, of its members impacted by Phase One of PR 11-18 to have completed a current Health Risk Assessment (HRA) by September 2017. Voluntarily conducting a new HRA, which costs at least \$40,000, allows the facility to proactively reduce potential risks.

CMC encourages BAAQMD staff to work on amendments during the PR 11-18 rulemaking process, but must convey that changes to the proposed language will impact HRAs that are currently being completed by CMC members.

Once the next round of PR 11-18 amendments is released, it will require at least 4 weeks to review the language's impact on current HRAs. Facilities must update their models, assumptions, and data in order to draw new conclusions. Therefore, once the new amended language is complete, we request the necessary time to run updated modeling, and then provide comments for dialogue to staff. This process will take a minimum of 6-8 weeks.

Comment #2: Including Language to Allow for Binding Facility Changes Prior to a Final HRA

The HRA modeling conducted by the BAAQMD will be based on a specific set of data points and facility assumptions. Some CMC members may be in the middle of facility upgrades, or prepared to conduct facility upgrades that will further reduce their risk. The overall goal is to get below the nation-leading proposed risk level of 10 in 1 million.

PR 11-18 must allow for facilities to make binding commitments for facility upgrades prior to the BAAQMD completing its HRA report. Binding commitments for the metals industry can be done through Rule 12-13 and 6-4. The BAAQMD-approved plans are enforceable, but have to go through a review process.

New PR 11-18 language must allow for binding facility changes to be counted prior to the BAAQMD HRA. This will result in facilities reducing their risks to the lowest levels, which is the goal of this rule.

Comment #3: Defining Unreasonable Economic Burden and Other Real-World Economic Scenarios

One of the key changes to PR 11-18 will be for BAAQMD staff to define "Unreasonable Economic Burden." Based on current language, PR 11-18 may result in significant facility investments to implement total enclosures, process changes, new equipment, and/or upgraded control systems.

The South Coast Air Quality Management District (SCAQMD) recently passed Rule 1430, which includes total enclosures and upgraded control systems for metal grinding. SCAQMD cost assumptions for a total enclosure alone were estimated at \$118/square foot (which CMC believes is low), and is expected to cost \$1.2 million per facility for a total enclosure.

With PR 11-18 impacting numerous point sources, fugitive emissions, grandfathered sources, exempt sources, and total enclosures, BAAQMD should expect costs for a metalworking facility to be at least \$2,500,000, and potentially exceeding \$10,000,000.

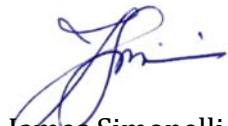
As the BAAQMD completes its economic analysis of PR 11-18, CMC challenges BAAQMD's assumption that this investment can be done through a 20+ year loan. This assumption relies on

the ability to borrow money to pay for upfront costs. CMC requests the BAAQMD to provide a list of banks who will provide a 20-year loan on improvements such as a \$1.2 million total enclosure.

Another point of analysis that CMC challenges is to spread the cost of PR 11-18 over 20+ years of anticipated profits. The cost requirements of PR 11-18 do not increase production at a facility—in fact, it could be argued that PR 11-18 will stagnate or decrease production. Spreading the cost of PR 11-18 over 20+ years of profit also assumes that a company is profitable every year. One just has to look at the last 20 years (1997-2017) to see that periods such as the U.S. Great Recession put many businesses below profitability.

CMC looks forward to the next working group meeting, receiving feedback on its enclosed comments, and finding quick, science-based solutions for communities in the Bay Area.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jim', with a long horizontal flourish extending to the right.

James Simonelli
Executive Director