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November 14, 2024 El Dorado County Air Quality Management District Board of Directors 330 Fair Lane Placerville, CA 95667

Subject: Public Hearing to Adopt the State Implementation Plan (SIP) Revision for the 2008 and

2015 8-Hour Ozone National Ambient Air Quality Standards for the Sacramento Federal

Nonattainment Area (NAAQS) - Proposed Contingency Measures and Reasoned

Justification

Honorable Board Members:

> RECOMMENDED ACTION:

- The Board adopt the State Implementation Plan Revision for the 2008 and 2015 8-hour Ozone National Ambient Air Quality Standards (NAAQS) for the Sacramento Federal Nonattainment Area — Proposed Contingency Measures and Reasoned Justification (SIP Revision), (Attachment B).
- Adopt Resolution # , thereby approving the Proposed Contingency Measures and Reasoned Justification document.

BACKGROUND:

The El Dorado County Air Quality Management District (AQMD) is located within the Sacramento Federal Nonattainment Area (SFNA), which is designated as a severe nonattainment area for the 2008 8-hour ozone NAAQS and a serious nonattainment area for the 2015 8-hour NAAQS. However, the SFNA air districts requested a voluntary reclassification to severe nonattainment, as recent ambient air quality data and modeling conducted by the California Air Resources Board (CARB) indicate that additional time is needed to meet the required standard. The attainment year for the SFNA is 2024 for the 2008 8-hour ozone standard and 2032 for the 2015 8-hour ozone standard, with milestone dates for the 2015 standard set for 2026 and 2029.

Sections 172(c)(9) and 182(c)(9) of the Federal Clean Air Act (CAA) require ozone nonattainment areas classified as serious or higher to include contingency measures in their State Implementation Plans (SIPs). Historically, air agencies in nonattainment areas have met these requirements using surplus emissions reductions from existing programs, an approach previously approved by the U.S. Environmental Protection Agency (USEPA). However, recent court decisions by the United States Court of Appeals for the Ninth Circuit have effectively disallowed this approach. In 2021, the Ninth Circuit ruled that the USEPA's approval of contingency measures using this method was arbitrary and capricious, concluding that all emissions reductions required to meet the CAA's contingency requirements must come directly from the contingency measure itself. Reductions needed for contingency cannot be offset by surplus emissions from ongoing programs unless these programs have formal SIP approval from the USEPA.

In response, the USEPA published draft guidance¹ in March 2023 directing state and local agencies on addressing contingency measures in SIPs for ozone and particulate matter standards. This guidance proposes a new method for calculating one year's worth (OYW) of progress needed for contingency planning, clarifies the justification required for approving measures with smaller reductions, and outlines a calculation method to determine the necessary emissions reductions for both Volatile Organic Compounds (VOC) and Nitrogen Oxides (NOx), which are ozone precursors.

On June 15, 2023, the USEPA published a final disapproval² for the SFNA's 2008 8-hour ozone SIP due to a lack of contingency measures that would be triggered if the region failed to attain the 2008 standard.

AQMD is now on a regulatory clock to submit and obtain approval for a SIP revision that includes contingency measures to avoid USEPA sanctions. An emissions offset sanction, raising the offset ratio to 2:1 from the current 1.3:1, is set to take effect on January 17, 2025. If the revision is not approved by July 17, 2025, the region may face the loss of federal highway funds.

The SFNA air districts calculated the required One Year's Worth (OYW) of progress reduction as outlined by the USEPA and evaluated all potential control measures that could serve as contingency measures to meet USEPA's draft guidance for the 2008 and 2015 ozone NAAQS. The SIP Revision concludes that the VOC contingency measures adopted by each SFNA air district will meet the required OYW progress reduction for both standards. However, no feasible NOx control measures could be identified for the SFNA. Mobile sources, over which CARB has primary authority, account for about 80% of the NOx emissions inventory. On October 26, 2023, CARB has adopted a NOx contingency measure for light-duty vehicles. The air districts can only impact NOx reductions through incentive programs that promote cleaner technology. Local NOx measures were found to be either not cost-effective or insufficiently stringent, leading to the conclusion that no NOx contingency measures are feasible for the SFNA.

The SIP Revision document summarizes the contingency measures committed by each SFNA air district and evaluates the additional need for contingency measures based on the requirements of the USEPA's draft guidance.

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¹ 2023-06010.pdf

The analysis determined that AQMD needs to amend Architectural Coatings rule to reduce VOC emissions should the region fail to attain the standards by the attainment date. The AQMD adopted revisions to Rule 215 - Architectural Coatings on July 16, 2024. Other than continuing to implement current programs, no additional obligations will be required of AQMD.

As of the date of this letter:

- Yolo-Solano Air Quality Management District adopted the SFNA's SIP Revision on October
 9. 2024
- Placer County Air Pollution Control District adopted the SFNA's SIP Revision on October 10, 2024
- Sacramento Metropolitan Air Quality Management District adopted the SFNA's SIP Revision on October 24, 2024.
- Feather River Air Management District is scheduled to present the SFNA's SIP Revision to their Board on December 2, 2024

> PUBLIC OUTREACH:

A regional workshop was hosted by the Sacramento Metropolitan Air Quality Management District to discuss the SFNA's proposed reasoned justification for contingency measures on September 18, 2024. A copy of the public workshop notice and the workshop staff report were posted on the AQMD's web page prior to the public workshop. There were no comments received.

Furthermore, a public hearing notice for the SIP Revision document was published on the District's website and in the Mountain Democrat, the Tahoe News Tribune on November 8, 2024 (Attachment C). The Proof of Public Hearing Notice Publication is attached (Attachments D and E). The SIP Revision document (Attachment B) can be downloaded from the AQMD's website.

No public comments have been received at this time. Any comments received after publication of the Board meeting package will be presented during the public hearing on December 10, 2024

> REASONS FOR RECOMMENDATION:

The CAA mandates that areas in nonattainment of the ozone NAAQS, classified as serious or higher, include contingency measures in their SIPs. On June 15, 2023, the USEPA issued a final disapproval of the SFNA's 2008 ozone SIP due to the absence of required contingency measures. As a result, AQMD must now submit and obtain approval for a SIP revision that includes these measures to avoid USEPA sanctions, which could include the potential loss of federal highway funds.

As a contingency measure, AQMD has amended Rule 215 - Architectural Coatings. The newly adopted amendments will only be triggered if the region fails to attain the 2008 or 2015 standards. No additional requirements are anticipated for AQMD. The Resolution has been approved by the County Counsel.

FISCAL IMPACT:

No direct fiscal impact is anticipated from adopting the proposed revision plan. Should the Architectural Coatings contingency measure adopted by the Board triggered by failure to attain the ozone NAAQS, the fiscal impact to architectural coatings vendors in the County is expected to be minimal as coatings manufacturers are already producing compliant coatings being sold in other California air districts that have incorporated the new limits into their rules since (The South Coast Air Quality Management District has implemented these measures in 2014, San Diego County Air Pollution Control District in 2021, San Joaquin Unified Air Pollution Control District in 2020). The production of compliant coatings and their use throughout California are anticipated to increase during the ensuing years.

> NET COUNTY COST:

There is no net county cost.

> Environmental Review:

This action is exempt from the California Environmental Quality Act (CEQA) pursuant to California Code of Regulations Title 14, Division 6, Chapter 3,§15061(b)(3) (no possibility of a significant adverse effect on the environment) and §15308 (actions taken by regulatory agencies to assure the maintenance, restoration, enhancement, or protection of the environment). See Attachment 4, Notice of Exemption.

> ACTION TO BE TAKEN FOLLOWING APPROVAL:

- Upon adoption, the Board Clerk's office will provide a certified copy of the resolution to the AQMD
- 2. The AQMD will forward the approved resolution to CARB for CARB's Board approval and inclusion in the California SIP submittal