SOUTHWEST CLEAN AIR AGENCY

Board of Directors Meeting
February 3rd, 2022, at 3:00 PM
Southwest Clean Air Agency
11815 NE 99th St. Suite 1294
Vancouver, Washington

This meeting will be held by video conference using Zoom:

https://us02web.zoom.us/j/81677716119

Meeting ID: 816 7771 6119

Or call in by phone (669) 900-9128

AGENDA

I. Call to Order
SWCAA Chair Bob Hamlin

II. Roll Call/Determination of Quorum
SWCAA Chair Bob Hamlin

III. Board of Directors Minutes
Board of Directors Minutes - January Meeting

IV. Changes to the Agenda
SWCAA Chair Bob Hamlin

V. Consent Agenda
A. Approval of Vouchers
B. Financial Report
C. Monthly Activity Report

V. Info Items & Public Comment
None

VII. Public Hearing
None

VIII. Unfinished Business/New Business

A. Executive Session
The Board may go into Executive Session for discussion related to litigation or potential litigation with legal counsel representing the agency in accordance with RCW 42.30.100(1)(i).

A. Fee Change Proposals

SWCAA is recommending two fee change proposals:

Proposal 1 - Small Source Fee Reduction
Would exempt small sources from the requirement to pay emission fees if their combined potential to emit (criteria and toxic air pollutants) is less than 10 tons per year. This change would result in a fee reduction for affected sources and would reduce SWCAA's workload associated with emission billing.

Proposal 2 - Gas Station Fee Restructuring
Would restructure gas station registration fees from an emission unit and emission fee model to a base fee and gasoline throughput fee model. The fees would be set at a level that would be revenue neutral to SWCAA and minimize the impact of the fee changes on individual gas stations. This change would result in a fee increase for some high throughput gas stations and a fee decrease for other low and medium throughput stations. This change is needed to maintain consistency in fees from one facility to another and maintain program funding as SWCAA updates permits and phases in new emission factors with the removal of Stage II Vapor Recovery equipment.

Recommendation - Approve SWCCA to public notice and gather public comment on the above described SWCAA's fee change proposals. A decision on adoption of the proposals would occur at a future Board meeting.

IX. Control Officer Report

A. Group Maps "Staggering" Adverse Health and Economic Impacts of Transportation-Related Diesel Emissions in U.S. (January 20, 2022) – The Clean Air Task Force (CATF) announced an interactive tool that maps the "staggering damage" caused in the U.S. by transportation-related diesel emissions. The CATF mapping tool – called Deaths by Dirty Diesel – is "Intended for use by local community members, advocates, health and environmental professionals, and reporters who are interested in identifying and quantifying the impacts of diesel on their community's well-being." According to CATF, the tool tracks EPA data by mapping the reported 8,800 deaths, 3,700 heart attacks, hundreds of thousands of respiratory illnesses and almost $1 trillion in monetized health damages per year across the country, nationally as well as by state (among the 48 contiguous states), county and metropolitan area. For further information: https://www.catf.us/deathsbydiesel/ and https://www.catf.us/2022/01/new-catf-toolmaps-staggering-health-economic-damages-caused-diesel-emissions/

B. OIG Recommends EPA Address Declining Title V Fee Revenues and Improve Oversight (January 12, 2021) – Declining Clean Air Act Title V fee revenues, as well as the misuse of Title V funds, pose a "significant challenge" to EPA and Title V permitting authorities, according to a new report published by EPA's Office of Inspector General (OIG). The report, titled "EPA's Title V Program Needs to Address Ongoing Fee Issues and Improve Oversight," summarizes the results of a two-year audit of EPA's evaluation of state and local Title V programs and its identification of insufficient collection or misuse of Title V fees. According to OIG, nine out of ten EPA regions have cited declining fee revenues as a key challenge faced by agencies in their jurisdiction. This is largely attributable to permitting authorities' reliance on emissions-based fees, as emissions of criteria pollutants dropped 73 percent between 1980 and 2020. EPA regions have also determined that at least three permitting authorities have improperly used non-Title V revenue to help fund their Title V programs, and a number of states have spent Title V funds for non-Title V purposes, in violation of Clean Air Act requirements. OIG recommended that EPA's Office of Air and Radiation take several steps to address the issues of declining Title V fee which are outlined in the report. In response to the report OAR has agreed to most of the recommendations and committed to convening a workgroup and developing strategies to address declining Title V fee revenues. For further information: https://www.epa.gov/office-inspector-general/report-epas-title-v-program-needs-address-ongoing-fee-issues-and-improve

C. EPA Publishes Final Findings of Failure to Submit SSM SIP Revisions (January 12, 2022) – EPA published in the Federal Register (87 Fed. Reg. 1,680) a final action making findings of failure to submit State Implementation Plan (SIP) revisions to appropriately address excess emissions that occur during periods of startup, shutdown and malfunction (SSM). On September 30, 2021, EPA issued a memorandum withdrawing an October 2020 memorandum that superseded a 2015 policy and SIP call (thereby reinstating the 2015 policy and SIP call). Under the September 2021 memo, EPA determined that SIP provisions that exempt emission limits during SSM or that provide affirmative defense provisions are inconsistent with the Clean Air Act and, generally, not approvable. With the 2015 policy reinstated, enforceable emission limits are back in place under all modes of source operation. There are 12 jurisdictions to which the findings of failure to submit apply: Alabama; Arkansas; San Joaquin Valley (CA) Air Pollution Control District; District of Columbia; Illinois; Forsyth County (NC); Ohio; Rhode Island; South Dakota; Shelby County (TN); Washington – Energy Facility Site Evaluation; and Southwest Clean Air Agency (WA). The findings set a 24-month deadline for EPA to either approve submitted SIPs or finalize Federal Implementation Plans (FIPs) to apply in jurisdictions that do not submit an approvable SSM SIP. The findings also initiate two mandatory sanctions "clocks." Under the first, a 2:1 offset ratio for the nonattainment New Source Review (NSR) program goes into effect in areas that have not submitted complete SSM SIPs within 18 months after the final findings take effect. Under the second, federal highway funding may be withheld if complete SIPs are still not submitted within 6 months following the imposition of the NSR offset sanctions. The final findings of failure to submit take effect February 11, 2022. For further information: https://www.govinfo.gov/content/pkg/FR-2022-01-12/pdf/2022-00138.pdf

D. EPA Strengthens Light-Duty Vehicle GHG Emission Standards (December 30, 2021) – EPA published in the Federal Register (86 Fed. Reg. 74,434) a final rule strengthening the greenhouse gas (GHG) emission standards for model year (MY) 2023 through 2026 light-duty vehicles (LDV) set by the previous administration in April 2020 under the "SAFE 2" Rule (the "Safer Affordable Fuel-Efficient Vehicles" Rule). The "SAFE 2" Rule rolled back LDV GHG emission standards established in 2012. The final rule, which EPA originally announced on December 21, 2021, increases the stringency of the "SAFE 2" GHG standards year over year from MY 2023 through MY 2026. According to EPA, "The standards finalized for MYs 2025 and 2026 are the most stringent option considered in the proposed rule and the MY 2026 requirements establish the most stringent GHG standards ever set for the light-duty vehicle sector. The final rule significantly accelerates the rate of stringency increases to between 5 and 10 percent each year from 2023 through 2026. Under the previous standards stringency increased at a rate of roughly 1.5 percent per year. The final standards are expected to result in average fuel economy label values of 40 mpg, while the standards they replace (the SAFE rule standards) would achieve only 32 mpg in MY 2026." This final rule takes effect on February 28, 2022. For further information: https://www.govinfo.gov/content/pkg/FR-2021-12-30/pdf/2021-27854.pdf , https://www.youtube.com/watch?v=sxFhhk-p6-4

E. NHTSA Repeals "SAFE 1" Rule Preempting Light-Duty Vehicle Standards (December 29, 2021) – The U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) published in the Federal Register (86 Fed. Reg. 74,236) a final rule repealing in full the September 2019 "SAFE 1" Rule (the "Safer Affordable Fuel-Efficient Vehicles Rule Part One: One National Program"), in which NHTSA codified regulatory text and made additional pronouncements relative to the preemption of state and local laws related to Corporate Average Fuel Economy standards; this final rule was first announced on December 21, 2021. The purpose of the "SAFE 1" Rule was to preempt the federal waiver for the greenhouse gas (GHG) emission standards and Zero Emission Vehicle (ZEV) standards under California's Advanced Clean Cars (ACC) program. NHTSA proposed to repeal the "SAFE 1" Rule in May 2021 and has now finalized that proposal stating, "In doing so, the Agency underscores that any positions announced in preambulatory statements of prior NHTSA rulemakings, including in the SAFE 1 Rule, which purported to define the scope of preemption under the Energy Policy and Conservation Act (EPCA), do not reflect the Agency's reconsidered understanding of its proper role in matters of EPCA preemption. Through this final rule, NHTSA makes clear that no prior regulations or positions of the Agency reflect ongoing NHTSA views on the scope of preemption of states or local jurisdictions under EPCA." This final rule takes effect on January 28, 2022. EPA must still take action to reinstate the GHG and ZEV components of California's ACC waiver, which will also allow other states that adopted these standards under Clean Air Act Section 177 to implement them for their respective state clean cars programs. For further information:
https://www.govinfo.gov/content/pkg/FR-2021-12-29/pdf/2021-28115.pdf and
https://www.nhtsa.gov/press-releases/cafe-preemption-final-rule

X. Board Policy Discussion Issues
As Necessary

XI. Issues for Upcoming Meetings
Fee Restructuring Decision - March
Cost of Living Adjustments - April
Merit Pool - April
Budget – May

XII. Adjourn

Notes:

(1) *Served by C-TRAN Routes: 7, 72 and 76.*

(2) *Accommodation of the needs for disabled persons can be made upon request. For more information, please call (360) 574-3058 extension 110.*

Proposed Changes to SWCAA Fee System

Uri papish, executive director
Southwest Clean Air Agency

February 3, 2022

SWCAA
Southwest Clean Air Agency

Fee Change Proposals

SWCAA
Southwest Clean Air Agency

Two Proposed Fee Changes

1) Small Source Fee Reduction

And

2) Gas Station Fee Restructuring

Fee Change Proposals

Current Fee Structure:

1. **Emission Unit Fee** ($116 per emission unit)

2. **Emission Fees**
   - Criteria Pollutant Fee ($60 per ton)
   - Toxic Pollutant Fee ($32 per ton)

Calculating Emission Fees is Labor Intensive

Emission Factors x Activity = Emissions

Fee Change Proposals

Proposal 1

Small Source Fee Reduction

Small Source Fee Reduction

SWCAA
Southwest Clean Air Agency

Proposed Change:

- Exempt small sources from emission fees
  - <10 tons (PTE)/year of total air pollutants
- Changes would apply to 52% of registered sources that
  - Contribute 7% of criteria pollutants
  - Contribute 10% of toxic air pollutants
- Average fee would go from $450 to $409 (9% reduction)
- SWCAA fee revenue loss $9,000/year
- Offset by reduced workload

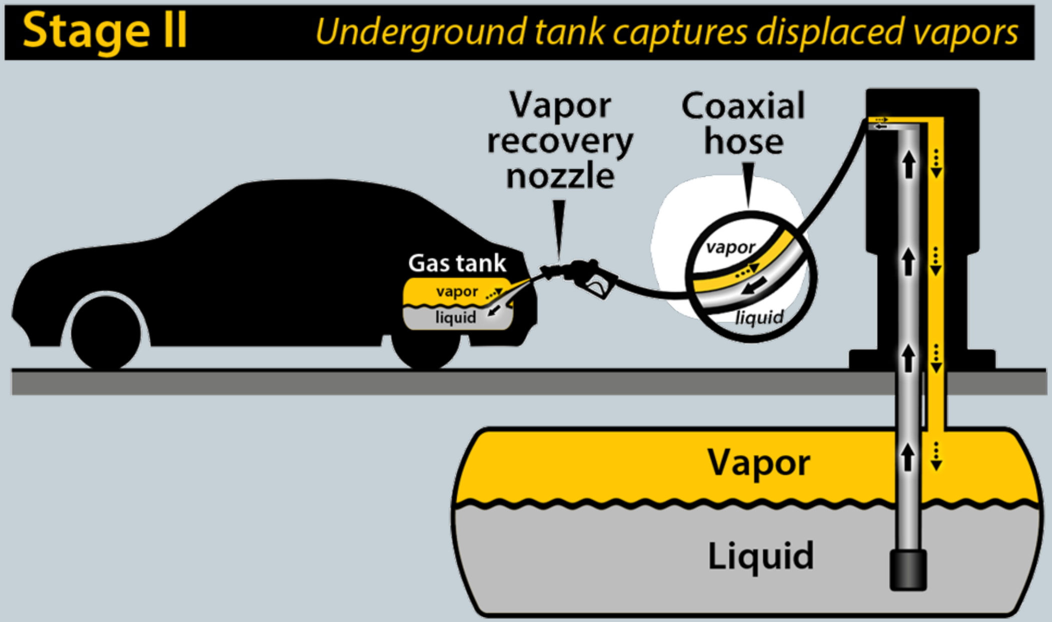
Fee Change Proposals

Proposal 2

Gas Station Fee Restructuring

Background:

SWCAA has removed Stage II Vapor Recovery requirements



Repermitting stations is gradual and impacts emission fees

Gas Station Fee Restructuring

Reason for Restructuring:

- New emission factors consider controls on newer cars
  - Old emission factors are high
  - New emission factors are low
- Re-permitting to remove Stage II:
  - Creates a mix of emission factors (based on age of permit) and uneven fee levels not reflective of actual emissions; and
  - Gradually reduces SWCAA's fee revenue
- Restructuring provides simplicity and consistency

Gas Station Fee Restructuring

SWCAA
Southwest Clean Air Agency

Current Fee Structure:

- Emission Unit Fee ($116 per emission unit)
- Emission Fees
  - Criteria Pollutant Fee ($60 per ton)
  - Toxic Pollutant Fee ($32 per ton)

Proposed New Fee Structure:

- Base Fee ($218 per facility)
- Gasoline Throughput Fee ($0.11 per thousand gallons)

Gas Station Fee Restructuring

SWCAA
Southwest Clean Air Agency

Fee Restructuring Impact: Revenue Neutral to SWCAA

- **Large Gas Stations**
  - 2 to 15 million gallons per year
  - Currently pay $350 to $1,800
  - Under new structure $440 to $1,800
- **Medium Gas Stations**
  - 0.5 to 2 million gallons per year
  - Currently pay $175 to $900
  - Under new structure $275 to $425
- **Small Gas Stations**
  - Less than 0.5 million gallons per year
  - Currently pay $116 to $360
  - Under new structure $218 to $270

Fee Change Proposals

Request Board Approval to Public Notice:

1. Small Source Fee Reduction ; and
2. Gas Station Fee Restructuring

QUESTIONS?

Uri Papish
Executive Director

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