SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Attachment 1 to the Governing Board Resolution for Proposed Amended Rule 1113 - Architectural Coatings:

Statement of Findings and Statement of Overriding Considerations

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Introduction

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INTRODUCTION

The proposed amended Rule 1113 - Architectural Coatings is a "project" as defined by the California Environmental Quality Act (CEQA) (Cal. Public Resources Code §§21000 et seq.). The South Coast Air Quality Management District (SCAQMD) is the lead agency for the project and, therefore, has prepared an Environmental Assessment (EA) pursuant to CEQA Guidelines §15252 and SCAQMD Rule 110. The purpose of the EA is to describe the project and to identify, analyze, and evaluate any potentially significant adverse environmental impacts that may result from adopting and implementing the proposed project. The EA was circulated to the public for a 45-day public review and comment period beginning April 5, 2006 and ending May 19, 2006. During the 45-day public review and comment period, the SCAQMD received two comment letters on the Draft EA. The comments were responded to and included in the Final EA. Minor changes were necessary to make the Draft EA into a Final EA. However, these minor modifications and updates do not constitute "significant new information"[1] and, therefore, does not require recirculation of the document pursuant to CEQA Guidelines §15088.5.

SUMMARY OF THE PROPOSED PROJECT

The proposed amendments to Rule 1113 will allow the coating manufacturers to use tertiary butyl acetate (TBAc) as an exempt solvent to formulate industrial maintenance (IM) coatings only, including zinc-rich industrial maintenance primers. PAR 1113 also establishes a new high-gloss subcategory of nonflat coatings and postpones the 50 grams per liter (g/l) final VOC content limit by one year to July 1, 2007 for those nonflat high gloss coatings. Interim limits of 150 g/l and 250 g/l are proposed for quick dry enamel coatings and specialty primers, respectively, while delaying the final VOC content limit of 50 g/l for one year until July 1, 2007. In addition, the proposed amendments will require lowering the VOC content limit for the following three existing coating categories: concrete-curing compounds (except for those used for roadways, bridges and bridge decks), dry-fog coatings, and traffic coatings by July 1, 2007. The coating category of fire-retardant coatings will be eliminated and those coatings will be subject to the VOC content limit of the coating category this particular type of coating is normally classified as (i.e., primer, sealer,

[1] "Significant new information" requiring recirculation include, for example, a disclosure showing that:
(1) A new significant environmental impact would result from the project or from a new mitigation measure proposed to be implemented.
(2) A substantial increase in the severity of an environmental impact would result unless mitigation measures are adopted that reduce the impact to a level of insignificance.
(3) A feasible project alternative or mitigation measure considerably different from others previously analyzed would clearly lessen the environmental impacts of the project, but the project's proponents decline to adopt it.
(4) The draft EIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded.

flat, nonflat). These specific coating categories targeted for VOC content reductions were identified by SCAQMD staff and in one of the five proposals from the National Paint and Coating Association (NPCA) as potential cost-effective means of offsetting the VOC emissions foregone due to the delay in implementation of the final VOC content limit compliance date for nonflat high gloss, quick-dry enamel and specialty coating categories. The delay in emission reductions is expected to exceed the SCAQMD's significance threshold and, thus, generate a significant impact on air quality.

SIGNIFICANT ADVERSE IMPACTS THAT CANNOT BE REDUCED BELOW A SIGNIFICANT LEVEL

One environmental topic area, air quality, was identified as having a temporary significant adverse environmental impact due to the extension of compliance dates for several coating categories, which will delay originally anticipated reductions in VOC emissions.

Air Quality

PAR 1113 will provide an extension to the compliance date for three coating categories from July 1, 2006 to July 1, 2007 creating a temporary delay in VOC emission reductions of 1,560 pounds per day for one year before the lower VOC content limits become effective. Because the delay of VOC emission reductions exceeds the SCAQMD's operational significance thresholds of 55 pounds of VOC per day, the air quality impacts associated with the proposed amendments to Rule 1113 were concluded to be significant.

The adoption and implementation of PAR 1113 is expected to produce substantial long-term VOC emission reductions. The proposed rule provides an additional VOC emission reduction of 1,360 pounds per day from the lowering of VOC content limits for three existing coating categories. The additional emission reductions, however, will not be achieved until July 1, 2007. Table 1 outlines the proposed VOC content limits, compliance dates and the emission reductions delayed and achieved.

TABLE 1

PAR 1113 Proposed VOC Content Limits, Compliance Dates and Emission Reductions

COATING TYPE	Current VOC Limit*	Proposed Interim VOC Limit*	Final VOC Limit* w/Delayed Compliance	Delayed Emission Reductions (pounds/day)	Proposed New Final VOC Limit*	New Emission Reductions (pounds/day)
		As of 7/1/06	As of 7/1/07	7/1/06 - 7/1/07	As of 7/1/07	As of 7/1/07
Concrete-Curing Compounds	350	--	--	--	100	80
Dry-Fog Coatings	400	--	--	--	150	700
Nonflat Coatings, High Gloss	150	--	50	960	--	--
Quick-Dry Enamels	250	150	50	400	--	--
Specialty Primers	350	250	100	200	--	--
Traffic Coatings	150	--	--	--	100	580
			Emission Reductions (pounds per day)	**1,560**		**1,360**

*grams of VOC per liter of coating, less water and less exempt compounds

Further, the proposed amendments delist TBAc as a VOC when formulated in IM coatings. Using TBA as a surrogate for TBAc, a toxics analysis has been prepared that examines both cancer and non-cancer (acute) health effects from IM coatings which could be reformulated with TBAc to meet the lower VOC content limit. A "worst-case" acute (short-term exposure) analysis was conducted because IM coatings typically last ten to 20 years so long-term exposure is not expected under typical usage scenarios. However, cancer effects were analyzed at a representative sample of facilities, such as refineries and sewage treatment plants, which may continuously apply IM coatings around the site throughout the year. The health risk analysis using "worst-case" TBAc emissions for usage limited to IM coatings was concluded to be less than significant for both carcinogenic and noncarcinogenic risk.

STATEMENT OF FINDINGS

Public Resources Code §21081 and CEQA Guidelines §15091(a) state that "No public agency shall approve or carry out a project for which an EIR has been completed which identifies one or more significant adverse environmental effects of the project unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding." Additionally, the findings must be supported by substantial evidence in the record (CEQA Guidelines §15091(b)). As identified in the Final EA and summarized above, the proposed project has the potential to create significant adverse air quality impacts. The SCAQMD Governing Board, therefore, makes the following findings

regarding the proposed project. The findings are supported by substantial evidence in the record as explained in each finding. This Statement of Findings will be included in the record of project approval and will also be noted in the Notice of Determination.

1. **Delay in VOC emission reductions would exceed SCAQMD daily VOC significance thresholds.**

   Finding and Explanation: Extending the compliance date for three coating categories from July 1, 2006 to July 1, 2007 creates a temporary delay in VOC emission reductions of 1,560 pounds per day for one year before the lower VOC content limits become effective.

   No feasible mitigation measures are available to lessen the significant adverse impact to air quality from the proposed delayed compliance. CEQA defines "feasible" mitigation measures as those that are "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors" (Public Resources Code §21061.1). No program for reporting or monitoring changes was required in the proposed project or made a condition of approval pursuant to CEQA Guidelines §15091(d). Therefore, a mitigation monitoring plan, per Public Resources Code §21081.6 and CEQA Guidelines §15097, has not been prepared.

   The Governing Board finds further that aside from the No Project Alternative, which is not feasible to comply with, the Final EA considered alternatives pursuant to CEQA Guidelines §15126.6, but no project alternatives would reduce to insignificant levels the significant air quality impacts identified for the proposed project.

   The record of approval for this project may be found in the SCAQMD's Clerk of the Board's Office located at SCAQMD Headquarters in Diamond Bar, California.

STATEMENT OF OVERRIDING CONSIDERATIONS

If significant adverse impacts of a proposed project remain after incorporating mitigation measures, or no measures or alternatives to mitigate the adverse impacts are identified, the lead agency must make a determination that the benefits of the project outweigh the unavoidable adverse environmental effects if it is to approve the project. CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to approve the project (CEQA Guidelines §15093 (a)). If the specific economic, legal, social, technological, or other benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable" (CEQA Guidelines §15093 (a)). Accordingly, a Statement of

Overriding Considerations regarding potentially significant adverse air quality impacts resulting from the proposed project has been prepared. This Statement of Overriding Considerations is included as part of the record of the project approval for the proposed project. Pursuant to CEQA Guidelines §15093(c), the Statement of Overriding Considerations will also be noted in the Notice of Determination for the proposed project.

Despite the inability to incorporate changes into the project that will mitigate potentially significant adverse air quality impacts to a level of insignificance, the SCAQMD's Governing Board finds that the following benefits and considerations outweigh the significant unavoidable adverse environmental impacts:

1. Extending the date for high gloss nonflat coatings, quick dry enamels and specialty primers to comply with the lower VOC content limit will allow manufacturers more time to formulate and test more successful coatings for these three categories at a lower VOC content limit.

2. The analysis of potential adverse environmental impacts incorporates a "worst-case" approach. This entails the premise that whenever the analysis requires that assumptions be made, those assumptions that result in the greatest adverse impacts are typically chosen. This method likely overestimates the actual emission reductions temporarily foregone from the proposed project.

3. The delay in emission reductions from the proposed project is temporary for one year and not permanent.

4. The proposed rule provides an additional VOC emission reduction of 1,360 pounds per day from the lowering of VOC content limits for three existing coating categories, however, these additional emission reductions will not be achieved until July 1, 2007.

5. Cumulative air quality impacts from the proposed amendments are not expected to be significant because while the delay of VOC emission reductions is significant, the delay is temporary and not permanent. In addition, PAR 1113 will require new lower VOC content limits for three other existing coating categories providing new VOC emission reductions of 1,360 pounds per day from the rule. These new emission reductions will not be realized until after July 1, 2007, when the new lower VOC content limits are promulgated. Although there is a delay in 0.78 tons per day (1,560 pounds per day) of VOC emission reductions, there is still an overall net VOC emission reduction benefit from Rule 1113 when considering the 4.05 tons per day of VOC emission reductions achieved from the previous rule amendments in November 2003.

6. Cumulative air quality impacts from the proposed amendments, previous amendments and all other AQMP control measures considered together are not expected to be significant because implementation of all AQMP control measures is expected to result in net emission reductions and overall air quality improvement. This determination is consistent with the conclusion in the 2003 AQMP EIR that cumulative air quality impacts from all AQMP control measures are not expected to be significant (SCAQMD, 2003). Indeed, air quality modeling performed for the 2003 AQMP indicated that the Basin would achieve all federal ambient air quality standards by the year 2010 (SCAQMD, 1997). Future VOC control measures will assist in achieving the goal of ozone attainment by 2010.

The SCAQMD's Governing Board finds that the above-described considerations outweigh the unavoidable significant effects to the environment as a result of the proposed project.