FRIDAY, OCTOBER 1, 2010

Notice having been duly given, the special meeting of the South Coast Air Quality Management District Board was held at the Millennium Biltmore Hotel Los Angeles, 506 South Grand Avenue, Los Angeles, California. Members present:

William A. Burke, Ed.D., Chairman
Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman
Cities of San Bernardino County

Councilmember Michael A. Cacciotti
Cities of Los Angeles County – Eastern Region

Ms. Jane W. Carney
Senate Rules Committee Appointee

Supervisor Josie Gonzales
County of San Bernardino

Mayor Ronald O. Loveridge
Cities of Riverside County

Dr. Joseph K. Lyou
Governor's Appointee

Councilmember Judith Mitchell
Cities of Los Angeles County – Western Region

Councilmember Jan Perry (arrived at 9:25 a.m.)
City of Los Angeles

Mayor Miguel A. Pulido (arrived at 9:20 a.m.)
Cities of Orange County

Members Absent:

Supervisor Michael D. Antonovich
County of Los Angeles

Supervisor John J. Benoit
County of Riverside

Supervisor Bill Campbell
County of Orange

CALL TO ORDER: Chairman Burke called the meeting to order at 9:05 a.m.

- Pledge of Allegiance: Led by Councilwoman Mitchell.

- Opening Comments

  Dr. Wallerstein. Alerted the Board to a letter the District received regarding Agenda Item No. 3 from two of the firms that submitted proposals and did not get selected, suggesting that the firm that was selected is not qualified and that their bid is too low, as well as highlighting the negative aspects of the selected firm being located in Colorado.

- Presentation in Recognition of Alan K. Stazer, Public Member Alternate, AQMD Hearing Board, July 2004 – August 2009

  Chairman Burke presented a plaque to Joseph Arnold on behalf of the late Alan K. Stazer in recognition and appreciation of 5 years of service as Public Member Alternate on the AQMD Hearing Board.

- Presentation to AQMD on behalf of Los Angeles Sparks

  Mike Levy, President of the Los Angeles Sparks, presented a commemorative display to the Board for the joint effort with the AQMD during their past season. He highlighted various events in which the AQMD was involved in an effort to increase outreach regarding air quality issues including the Downtown Dribble, an outdoor game held in Carson, and the Go Green night held at Staples Center.

CONSENT CALENDAR

1. Minutes of September 10, 2010 Board Meeting

2. Set Public Hearings to Consider Amendments and/or Adoption to AQMD Rules and Regulations

   October 29, 2010

   (A). Adopt Proposed Rule 320 - Automatic Adjustment Based on Consumer Price Index for Regulation III Fees

November 5, 2010

(B). Amend Regulation XX - RECLAIM Program

(C). Adopt Proposed Rule 1714 - Prevention of Significant Deterioration for Greenhouse Gases, and Amend Regulation XXX – Title V Permits

(D). Amend Rule 1175 – Control of Emissions from the Manufacture of Polymeric Cellular (Foam) Products

Budget/Fiscal Impact

3. Execute Contract and Appropriate Funds for Production of Signature AQMD Video

4. Approve Purchase of Gas Chromatograph/Mass Spectrometer/Flame Ionization Detector Instrument

5. Execute Contract to Develop and Demonstrate Electric Drive Conversion for Fleet Vehicles

6. Execute Contract for 2010 Leaf Blower Exchange Program

7. Execute Contracts and Transfer Funds for Voucher Incentive Program

8. Execute Contract to Demonstrate Natural Gas-Powered Refuse Truck

9. Issue RFP for Demonstration of Natural Gas Stationary Fuel Cells at AQMD Headquarters

10. Issue Program Announcements for Electric Lawnmower Vendors, Licensed Scrappers and Support Service Providers

11. Recognize Funds, Approve Additional Truck Projects and Amend Awards under Proposition 1B-Goods Movement Program

12. ***This item was withdrawn by staff.***

13. Execute Contract for Hydrogen Fueling Station and Amend Contracts for Maintenance and Fueling Services for Five Cities Program Vehicles and Stations

14. Execute Contracts for FY 2009-10 "Year 12" Carl Moyer Program and SOON Provision, Amend Carl Moyer Program Awards and Issue Program Announcement for SOON Provision

15. Recognize Funds from San Joaquin Valley Air Pollution Control District to Promote Development of Natural Gas-Fired, Fan-Type Central Furnaces with Reduced NOx Emissions

16. Execute Contract for Sources, Composition, Variability and Toxicological Characteristics of Ultrafine Particles in Southern California

17. ***This item was withdrawn by staff.***

18. Appropriate Funds and Authorize Amending Existing Contract with Special Outside Counsel to Assist with Litigation Regarding SB 827 and AB 1318 and Internal Offset Accounts

19. Approve Contract Modification, New Award and Corrected Award under FYs 2008-09 and 2009-10 AB 2766 Discretionary Fund Work Programs

Information Only/Receive and File

20. Legislative & Public Affairs Report

21. Hearing Board Report

22. Civil Filings and Civil Penalties Report

23. Rule and Control Measure Forecast

24. Lead Agency Projects and Environmental Documents Received by AQMD

25. Annual Report on 457 Deferred Compensation Plan

26. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2010-11

Dr. Lyou announced his abstention on Item No. 7 due to Cummins Cal Pacific, LLC being a source of income to his employer, Item No. 8 due to Waste Management being a source of income to his employer, Item 13 due to Air Products and Chemicals, Inc. being a source of income to his employer, and Item No. 18 regarding a Contract for Outside Counsel to assist on a lawsuit that he prefers to abstain on.

Agenda items 3, 11, and 14 were withheld for discussion.

MOVED BY YATES, SECONDED BY CACCIOTTI, AGENDA ITEMS 1, 2, 4 THROUGH 10, 13, AND 15 THROUGH 26 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES:	Burke, Cacciotti, Carney, Gonzales, Loveridge, Lyou (*except Items #7, #8, #13 and #18*), Mitchell, and Yates.
NOES:	None.
ABSTAIN:	Lyou *(Items #7, #8, #13 and #18 only*).
ABSENT:	Antonovich, Benoit, Campbell, Perry and Pulido.

27. <u>Items Deferred from Consent Calendar</u>

3. Execute Contract and Appropriate Funds for Production of Signature AQMD Video

Dr. Lyou left the meeting after recusing himself from Agenda Item No. 3 because of Makeover Earth Incorporated being a potential source of income.

Ms. Carney commented that she was present at the Administrative Committee meeting when the submitted proposals were reviewed and sample videos from each company were shown. She acknowledged the decision was difficult because of the high caliber of the proposals received; but, in the end, the overwhelming cost savings associated with selecting Cinema Vertige, LLC, coupled with their level of experience filming documentaries, was the determining factor. She recognized the importance of providing the filmmaker with the appropriate material that they will need to successfully complete the video and suggested the Board

entertain a proposal to provide the contractor with individuals with expertise on the issues the Basin faces to provide assistance on the substance of the video.

Dr. Wallerstein expressed staff's belief that the District has sufficient resources in-house to provide the required information. He also explained that staff intended to give the filmmaker an opportunity to talk with some Board Members in order to get their perspective.

Dr. Burke expressed his optimism that Cinema Vertige will bring a fresh, youthful approach to delivering the intended message.

Ms. Carney acknowledged that the company's lack of background in air quality issues was disconcerting; but, overall, the Committee was impressed with their proposal and sample video.

(Mayor Pulido arrived at 9:20 a.m.)

Mayor Yates commented that when the City of Chino awards a contract pursuant to the issuance of an RFP, they receive complaints and letters speaking out against the chosen contractor; and this practice has become more prevalent given the current economic conditions. He expressed his confidence in the ability to produce an effective film with the current contractor.

Councilman Cacciotti raised a concern regarding the great disparity between the budget presented by Cinema Vertige and the other proposals because, it would seem, that certain costs such as creative fees, on-camera talent, technical production personnel, equipment rental, location shooting, and film stock would have fixed costs. He is unsure, therefore, where they were able to cut costs to create such an affordable proposal.

Dr. Burke replied that the company's references were thoroughly checked and all respondents awarded them extraordinarily high marks regarding budgetary matters. In the event that they did go over the allocated budget, there is such a large difference between their budgeted cost and the budgeted cost of the other proposers, the District would still be saving money as opposed to having chosen one of the other proposals.

Councilman Cacciotti expressed the need for the filmmaker to meet with members of the Board in order for them to gain the information and knowledge necessary to make the film a success.

Councilwoman Mitchell raised the concern of the potential for increased production costs due to filming in the Basin that the out-of-state filmmaker would not be familiar with and therefore did not account for in their proposal.

(Councilwoman Perry arrived at 9:25 a.m.)

Dr. Wallerstein responded that the thorough reference checks that were completed included questioning on whether or not the company brought their project in on budget, and the responses from the former clients were all positive.

MOVED BY CACCIOTTI, SECONDED BY GONZALES, AGENDA ITEM 3 APPROVED AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Carney, Gonzales, Loveridge, Mitchell, Perry, Pulido and Yates.

NOES: None.

ABSENT: Antonovich, Benoit, Campbell and Lyou.

11. Recognize Funds, Approve Additional Truck Projects and Amend Awards under Proposition 1B-Goods Movement Program

At the request of Kurt Wiese, General Counsel, the Chairman conducted individual votes on four of the contracts contained within Item No. 11; and a vote on the remainder of the contracts.

MOVED BY MITCHELL, SECONDED BY GONZALES, AND UNANIMOUSLY CARRIED (Absent: Antonovich, Benoit, and Campbell), THE BOARD APPROVED THE FOLLOWING ACTIONS ON AGENDA ITEM NO. 11, AS RECOMMENDED BY STAFF:

1.) RECOGNIZING UPON RECEIPT UP TO $2,710,000 IN “YEAR 1” PROPOSITION 1B GOODS MOVEMENT PROGRAM FUNDS FROM CARB COMPRISED OF UP TO $2,610,000 FOR “OTHER TRUCKS” AND UP TO $100,000 FOR “PORTS AND INTERMODAL RAIL YARD TRUCKS” PROJECTS AND PLACE THEM INTO THE AQMD PROPOSITION 1B – GOODS MOVEMENT PROGRAM FUND (81).

2.) AUTHORIZING THE EXECUTIVE OFFICER TO

a. EXECUTE A CONTRACT WITH CASCADE SIERRA SOLUTIONS TO REPLACE TWO TRUCKS SERVING PORTS AND INTERMODAL RAIL YARD FACILITIES AS SHOWN IN TABLE 1, IN AN AMOUNT NOT TO EXCEED $100,000 FROM THE PROPOSITION 1B – GOODS MOVEMENT PROGRAM FUND (81);

b. EXECUTE CONTRACTS FOR UP TO 50 ADDITIONAL "OTHER TRUCKS" REPLACEMENT PROJECTS IN RANK ORDER FROM THE LIST OF BACKUP PROJECTS APPROVED BY THE BOARD ON JUNE 4, 2010, UNDER AGENDA NO. 9, IN AN AMOUNT NOT TO EXCEED $2,500,000 FROM THE PROPOSITION 1B-GOODS MOVEMENT PROGRAM FUND (81), EXCEPT FOR PROJECTS BY MATICH CORPORATION, CARDENAS MARKETS, INC., ECOLOGY AUTO PARTS, ROBERTSON'S READY MIX AND UPS, WHICH WERE VOTED ON SEPARATELY, AS NOTED BELOW; AND

c. AMEND PROPOSITION 1B- GOODS MOVEMENT PROGRAM AWARDS APPROVED BY THE BOARD ON FEBRUARY 5, AND JUNE 4, 2010, TO CHANGE AWARD RECIPIENTS FROM PIER WEST TRANSPORTATION FOR EIGHT TRUCKS, RUDY VERNON GOMEZ FOR ONE TRUCK AND WESTAR TRANSPORT FOR EIGHT TRUCKS TO CASCADE SIERRA SOLUTIONS FOR UNCHANGED AWARD AMOUNTS AS OUTLINED IN TABLE 2.

MOVED BY CARNEY, SECONDED BY YATES, APPROVED ACTION 2B FOR **MATICH CORPORATION**, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Carney, Loveridge, Lyou, Mitchell, Perry, Pulido and Yates.

NOES: None.

ABSTAIN: Gonzales, due to receipt of a campaign contribution from Matich.

ABSENT: Antonovich, Benoit, and Campbell.

MOVED BY CARNEY, SECONDED BY YATES, APPROVED ACTION 2B FOR **CARDENAS MARKETS, INC.**, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Carney, Loveridge, Lyou, Mitchell, Perry, Pulido and Yates.

NOES: None.

ABSTAIN: Gonzales, due to receipt of a campaign contribution from Cardenas.

ABSENT: Antonovich, Benoit, and Campbell.

MOVED BY CARNEY, SECONDED BY YATES, APPROVED ACTION 2B FOR **ECOLOGY AUTO PARTS**, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Carney, Gonzales, Lyou, Mitchell, Perry, Pulido and Yates.

NOES: None.

ABSTAIN: Loveridge, due to receipt of a campaign contribution from Ecology Auto Parts.

ABSENT: Antonovich, Benoit, and Campbell.

MOVED BY YATES, SECONDED BY CACCIOTTI, APPROVED ACTION 2B FOR **ROBERTSON'S READY MIX**, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Carney, Loveridge, Lyou, Mitchell, Perry, and Yates.

NOES: None.

ABSTAIN: Gonzales and Pulido, due to receipt of a campaign contribution from Robertson's Ready Mix.

ABSENT: Antonovich, Benoit, and Campbell.

MOVED BY CARNEY, SECONDED BY YATES, APPROVED ACTION 2B FOR **UPS**, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Carney, Gonzales, Loveridge, Mitchell, Perry, Pulido and Yates.

NOES: None.

ABSTAIN: Lyou, due to UPS being a potential source of income.

ABSENT: Antonovich, Benoit, and Campbell.

14. Execute Contracts for FY 2009-10 "Year 12" Carl Moyer Program and SOON Provision, Amend Carl Moyer Program Awards and Issue Program Announcement for SOON Provision

Mr. Wiese announced the abstentions of Supervisor Gonzales on the contract with Burrtec Waste Industries due to a campaign contribution and of Dr. Lyou on the Waste Management Collection and Recycling contract due to Waste Management being a source of income to his employer.

MOVED BY MITCHELL, SECONDED BY PERRY, AGENDA ITEM 14 APPROVED AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Carney, Gonzales *(except as to Burrtec Waste contract)*, Loveridge, Lyou *(except as to the Waste Management Contract)*, Mitchell, Perry, Pulido and Yates.

NOES: None.

ABSTAIN: Gonzales *(as to the Burrtec Waste contract only, due to receipt of a campaign contribution from Burrtec),* and Lyou *(as to the Waste Management contract only, due to Waste Management being a potential source of income)*.

ABSENT: Antonovich, Benoit, and Campbell.

BOARD CALENDAR

28. Administrative Committee

29. Legislative Committee

30. Mobile Source Committee

31. Stationary Source Committee

32. Technology Committee

33. Mobile Source Air Pollution Reduction Review Committee

MOVED BY PERRY, SECONDED BY GONZALES, THE BOARD APPROVED AGENDA ITEMS 28 THROUGH 33 AS RECOMMENDED, RECEIVING AND FILING THE COMMITTEE REPORTS, AND ADOPTING THE POSITIONS ON LEGISLATION AS SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Carney, Gonzales, Loveridge, Lyou, Mitchell, Perry, Pulido and Yates.

NOES: None.

ABSENT: Antonovich, Benoit and Campbell.

Bill/Title	**Recommended Position**
S. 3495 (Dorgan) Promoting Electric Vehicles Act of 2010	Support with Amendments
S. 3608 (Schumer) Fuel Cell Industrial Vehicle Jobs Act of 2010	Support
H.R. 5174 (Tonko) Fuel Cell Industrial Vehicle Jobs Act of 2010	Support with Clarification
S. 3629/H.R. 5976 (Lautenberg/Sires) Freight Transportation Policy and Strategic Development (companion bills)	Support with Amendments

34. California Air Resources Board Monthly Report

MOVED BY LYOU, DULY SECONDED, AND UNANIMOUSLY CARRIED (Absent: Antonovich, Benoit, and Campbell), THE BOARD APPROVED RECEIPT/FILING OF AGENDA ITEM 34 AS RECOMMENDED.

Staff Presentation

35. Clean Fuels Program Draft Plan Update

Dr. Matt Miyasato, Assistant DEO Science and Technology Advancement gave the staff presentation.

Mayor Loveridge commented that the District should be more invested in the deployment of electric vehicles since the technology advancements in the field warrant a shift in the focus from demonstration to promotion and deployment.

Dr. Miyasato replied that the District wants to ensure that the public and private infrastructure resources being provided by the Department of Energy will be intelligently deployed throughout the Basin, while the original equipment manufacturers consider residential charging the top priority. Staff wants to ensure that public infrastructure is sufficient to have market penetration but not be overbuilt causing a waste of public funds. Staff did not focus on residential charging because the Department of Energy and the vehicle manufacturers are going to ensure that area is sufficiently provided for. He added that the research plan includes staff's findings that infrastructure is going to be important, but the main focus will be to expand investment of medium- and heavy-duty applications, because those technologies will offer significant emissions benefits.

Mayor Loveridge noted that the City of Riverside recently purchased six Zap vehicles, and indicated that local cities and counties are open to these technologies and the District should focus its efforts to further advocate for the utilization of these technologies by other entities.

Dr. Miyasato added that there are different considerations with each of the different types of vehicles including the city electric vehicles such as the Zap, the slightly wider range vehicles such as the Nissan Leaf, as well as the plug-in hybrids with a 300-600 mile range; and staff will need to consider how to best support each of these various applications.

Supervisor Gonzales explained that the District needs to capitalize on the new opportunities that are present as a result of the technologies that are now becoming more of a reality to the public. She emphasized the importance of effectively spreading the message of the benefits and uses of these new applications to ensure they are being deployed in the most effective manner.

Dr. Burke commented that he believes it would be beneficial to work with those companies that will benefit from this technology, including the electrical companies and automobile manufacturers, about a joint-promotion package where they help fund this technology in order to make it more widely available to the public.

Dr. Miyasato confirmed that staff will reach out to those stakeholders as requested.

Councilman Cacciotti expressed his agreement with the previous comments, and suggested that the amount of funds devoted to electric and hybrid technologies be increased to 30 percent. He suggested lessening the percentage of project funds devoted towards engine systems in order to increase the infrastructure and deployment funds to 10 percent. He is encouraged by the possibility of utilizing more electric and hybrid technologies in city and county government fleets, and stressed the importance of having financial assistance available for those conversions to take place.

Dr. Burke asked staff to look into redistribution of the potential project funds in the Draft Plan based on the comments made by Board Members.

Councilwoman Mitchell expressed a concern with the focus on expansion of the use of and infrastructure for CNG, which is a fossil fuel.

Dr. Miyasato responded that CNG is currently the lowest emission option for heavy-duty vehicles and highlighted the benefits of CNG, including reduction of criteria pollutants, GHG emissions, and reliance on petroleum. He added that it can be created renewably which produces a greater reduction in GHG emissions.

In response to Councilwoman Mitchell's inquiry into the negative effects of mining natural gas, Dr. Miyasato responded that most of the natural gas used is from North America and the full life-cycle analyses that are completed account for all of the emissions and the energy associated with extraction. The majority of natural gas used is from reserves and it does not suffer those same types of environmental consequences.

Councilwoman Mitchell asked staff to balance the focus on the need for zero-emission light-duty vehicles with the current technology for heavy-duty vehicles in the District's Clean Fuels Program.

Dr. Wallerstein recommended that staff address the comments that were made by the Board Members and present those at the next meeting of the Technology Committee; a report of the Committee's proceedings will be included on the Board's November 5, 2010 meeting agenda.

Dr. Burke commented that all of the various low-emission technologies are important in different ways because of the various purposes they serve; stressed the importance of the District being able to promote utilization of vehicles which are going to help reduce emissions in the Basin; and suggested that, at the next Board retreat, staff could give a short overview of the strengths of the various fuel systems and technologies available.

RECEIVED AND FILED; NO ACTION NECESSARY.

PUBLIC HEARINGS

36. Adopt Proposed Rule 1420.1 - Emissions Standard for Lead From Large Lead-acid Battery Recycling Facilities

(Continued from September 10, 2010 Board Meeting)

Ms. Carney recused herself from Agenda Item No. 36 because of U.S. Battery being a source of income to her, and left the room.

Mayor Yates reported that all members of the Stationary Source Committee recommended that this item be held over another 30 days in light of new information that has come from one of the manufacturers regarding lower levels of emissions, which may result in a change in staff's recommendation to the Board.

Chairman Burke asked that anyone in the audience who wanted to testify on the item as it is currently drafted, instead of waiting for the November Board meeting, do so at this time. The six individuals who submitted cards to speak on the item waived comments.

Written Comments Submitted by:
Duncan McKee
10 Employees of Rehrig Pacific
Quemetco, Inc.
Sheppard Mullin Richter & Hampton LLP on behalf of Exide Technologies

Dr. Lyou reminded the Board Members that there was still a substantive question that needs to be addressed at either the Stationary Source Committee or the November Board Meeting with regard to the legal context or the purpose of this Rule and whether it had to do with the national ambient air quality standards or whether it was more focused on toxics.

Mr. Wiese alerted the Board to two errata sheets containing alternative language that staff composed in relation to the recommendations of the Stationary Source Committee that was provided to the Board Members and made available to the public.

THE PUBLIC HEARING ON RULE 1420.1 WAS CONTINUED BY UNANIMOUS CONSENT OF THE BOARD TO THE NOVEMBER 5, 2010 BOARD MEETING, AS RECOMMENDED BY THE STATIONARY SOURCE COMMITTEE.

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3)

There was no public comment on non-agenda items.

CLOSED SESSION

The Board recessed to closed session at 10:05 a.m., pursuant to Government Code section 54956.9(a) to confer with its counsel regarding pending litigation which has been initiated formally and to which the District is a party, as follows:

- NRDC, et al. v. SCAQMD, et al., U.S. District Court Case No. CV08-05403 GW (PLAx) and United States Court of Appeals, 9th Circuit, Case No. 09-57064;
- CCAT, et al. v. State of California; SCAQMD, et al., Los Angeles Superior Court Case No. BS124264 and California Court of Appeal, Second District, Case No. B226692;
- Petition Before the Administrator of the U.S. Environment Protection Agency In the Matter of Alleged Failure of California to Comply with Mandatory Procedures to Amend SIP Regarding Internal Bank Offset Credits Held by the South Coast Air Quality Management District (filed December 10, 2009);
- Association of American Railroads, et al. v. SCAQMD, et al., U. S. District Court Case No. CV06-1416 JFW (PLAx) and United States Court of Appeals, 9th Circuit, Case No. 07-55804; and
- W.M. Barr & Company, Inc. v. SCAQMD, Los Angeles Superior Court Case No. BS127359.

Following closed session, General Counsel Kurt Wiese announced that there were no reportable actions taken in closed session.

ADJOURNMENT

There being no further business, the meeting was adjourned by General Counsel Kurt Wiese at 10:30 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on October 1, 2010.

Respectfully Submitted,

Denise Pupo
Senior Deputy Clerk

Date Minutes Approved: _____

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Dr. William A. Burke, Chairman

ACRONYMS

CARB = California Air Resources Board

CNG = Compressed Natural Gas

CO_2 = Carbon Dioxide

FY = Fiscal Year

GHG = Greenhouse Gas

MSRC = Mobile Source (Air Pollution Reduction) Review Committee

NO_X = Oxides of Nitrogen

RFP = Request for Proposals

SO_x = Oxides of Sulfur

U.S. EPA = United States Environmental Protection Agency