



South Coast Air Quality Management District

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Office of the Executive Officer
Barry R. Wallerstein, D.Env.
909.396.2100, fax 909.396.3340

April 30, 2009

The Honorable Bob Foster
Mayor, City of Long Beach
333 West Ocean Blvd., 14th Floor
Long Beach, California 90802

Subject: Senate Bill 696 (Wright)

Dear Mayor Foster:

As you may be aware, due to a recent state court ruling regarding the California Environmental Quality Act (CEQA), the South Coast Air Quality Management District (AQMD) has been forced to stop issuing permits relying on the District's internal offsets accounts. This ruling impacts over 1,100 permit applications, as well as permits we issued as far back as September 2006, involving projects such as essential public services, sewage treatment plants, hospitals, schools, fire and police stations, and landfill gas-to-energy projects. In addition, small businesses such as gas stations, dry cleaners, auto body shops, printers, and food manufacturers are unable to expand or open their doors because they cannot locate or afford credits on the open market (Attachment 1).

There are over 30 City of Long Beach (city government) projects potentially affected by the permit moratorium at AQMD. This is causing significant hardship to permit holders and applicants. For an expeditious solution to this critical issue, AQMD is sponsoring state legislation, SB 696, by Senator Rod Wright, which will provide a limited CEQA exemption for implementation of specific AQMD rules creating or providing offsets from AQMD's internal bank. It is important to note that proposed projects will still be subjected to CEQA review by the lead agency, as before, and safeguards are proposed in the legislation to limit access to AQMD's internal offsets bank by power producers.

We respectfully request the City of Long Beach to support SB 696, and I would like to thank you in advance for your assistance. Please call me at (909) 396-2000 or Oscar Abarca, Deputy Executive Officer, at (909) 396-3242 if you or your staff has any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry R. Wallerstein", written in a cursive style.

Barry R. Wallerstein, D. Env.
Executive Officer



Cost of ERCs for Businesses, If AQMD Does not Provide Offset Credits

<u>Typical Projects</u>	<u>Cost of ERCs*</u>
■ Police Station (Emergency Backup Generator)	\$77,000
■ Gas Station	\$234,000
■ Printer (Printing Press)	\$358,000
■ Auto body Shop (Spray Booth)	\$435,000
■ Hospital (Boiler)	\$1.8 million
■ Food Processing (Tortilla Fryer & Oven)	\$1.6 million
■ Sewage Treatment Plant Expansion	\$2.4 million
■ Landfill Gas Recovery (Renewable Energy)	\$115 million
■ Power Plants (state-of-the-art)	\$100-200 million

** Based on typical project emissions and average market price of ERCs in 2008/09.
Individual project emissions and ERC purchase prices may vary on a case-by-case basis.*



April 13, 2009

The Honorable Rod Wright
California State Senate
State Capitol, Room 5064
Sacramento, CA 95814
Fax: 916-445-3712

Subject: SB 696 (Wright) Air Quality: Regional Districts: Emission Reduction

Dear Senator Wright:

The Long Beach Area Chamber of Commerce supports your SB 696 (Wright) to help save jobs and get southern California's economy rolling again.

SB 696 is urgently needed to allow essential projects that are stalled or because they can no longer obtain a permit from the South Coast Air Quality Management District due to a recent lawsuit. These stalled projects will destroy thousands of jobs and lead to more not less emissions of smog-forming pollutants and greenhouse gas emissions.

SB 696 will protect air quality, while helping to get these projects and our economy moving again.

Sincerely,

A handwritten signature in black ink that reads "Randy Gordon". The signature is written in a cursive, flowing style.

Randy Gordon
President and CEO

CC:

State Senator Alan Lowenthal	916-327-9113
State Senator Jenny Oropeza	916-323-6056
Assembly Member Warren T. Furutani	916-319-2155
Assembly Member Bonnie Lowenthal	916-319-2154
California Chamber of Commerce	916-325-1272



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Jose Mejia
Director

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*Northern California
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Mike Quevedo, Jr.
*Southern California
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Regional Manager



April 14, 2009

The Honorable Rod Wright
Senate Member
2049 State Capitol
Sacramento, CA 95814

Re: SB 696 - SUPPORT

Dear Senator Wright,

On behalf of the California State Council of Laborers, I write in strong SUPPORT of your bill, SB 686.

Due to a recent court decision, South Coast Air Quality Management District (SCQMD) is unable to issue over a thousand pending permits that are either exempt from offset requirements, or qualified to use offset credits from the district's priority reserve and is required to set aside thousands of permits already issued. SB 696 is necessary so the district can issue permits in an expeditious manner and to validate previously issued permits called into question by the Superior Court's decision.

If action is not taken to correct this situation, projects will be stopped from going forward or frozen in place, representing significant losses to the economy, as well as numerous well-paying jobs. The impact of approved projects not going forward will dramatically impede any economic recovery in Southern California and contribute to another state deficit as a result of lower tax revenues.

Affected projects include equipment replacement to reduce air emissions, plus projects for essential public services such as hospitals, schools, landfills, sewage treatment plants, renewable energy projects, and small sources, including small businesses that are unable to locate or afford credits on the open market. The Superior Courts decision also prohibits the district from issuing air credits from its priority reserve to thermal power plants that are needed to meet the current and future projected electricity needs of the region and to prevent blackouts during peak demand periods.

For these reasons and others, we are in full SUPPORT of your bill SB 696. Please do not hesitate to call me at (916) 447-7018 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jose Mejia".

Jose Mejia
Director



CALIFORNIA
HOSPITAL
ASSOCIATION

*Providing Leadership in
Health Policy and Advocacy*

April 29, 2009

The Honorable Alex Padilla
Chair, Senate Committee on Energy, Utilities and Communication
State Capitol, Room 4038
Sacramento, CA 94249-0009

Re: SB 696 (Wright) – Support

Dear Senator Padilla:

The California Hospital Association (CHA), which represents nearly 450 hospitals and healthcare systems, supports SB 696, authored by Senator Roderick D. Wright because it is needed to allow the South Coast Air Quality Management District (SCAQMD) to issue needed permits to hospitals for diesel backup generators and boilers to offset emissions as required by the Clean Air Act.

Approximately 50 percent of California hospitals are losing money on operations. Hospitals may not be able to purchase private credits to obtain permits and, if they are available, the cost of credits may be prohibitive.

As required by the State Building Code, State Licensing requirements, federal Medicare Conditions of Participation and The Joint Commission Standards, general acute care inpatient hospitals **must** remain operational 24 hours a day, every day of the year. Therefore, it is essential that hospitals have the ability to add and replace diesel backup generators and boilers, as needed, to ensure 24 hour care for their patients and service area.

In addition, California hospital buildings are now required to meet seismic standards under the Hospital Seismic Mandate, SB 1953 (Chapter 740, Statutes of 1994). By January 1, 2013 (or January 1, 2015 if an extension has been granted), every hospital building must meet specific construction standards that at minimum keep these structures standing after a major seismic event. By January 1, 2030, the law requires all hospital buildings to comply with standards intended to keep these buildings operational following a major seismic event. The SCAQMD region has 140 hospitals at this time with at least one building that must retrofit, rebuild or close by 2013/2015.

The complex hospital construction process can take many years; therefore, a number of hospitals throughout California are in the process of purchasing and installing diesel backup generators and boilers at this time, including twenty-five hospitals in the SCAQMD region.

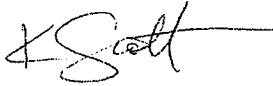
The Honorable Alex Padilla
April 29, 2009

Page 2

SB 696 will significantly reduce the cost of upgrading or replacing essential backup generators through the reduced costs of the emissions credit. For these reasons, CHA requests your "Aye" vote on SB 696.

CHA thanks you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Scott", with a long horizontal flourish extending to the right.

Kathryn Scott
Legislative Advocate

cc: The Honorable Roderick D. Wright
Members, Senate Committee on Energy, Utilities and Communication