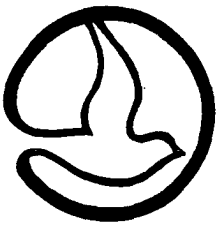


US EPA ARCHIVE DOCUMENT



**South Coast
AIR QUALITY MANAGEMENT DISTRICT**

21865 E. Copley Drive, Diamond Bar, CA 91765-4182 (909) 396-2000

*Office of the Executive Officer
James M. Lents, Ph.D.*

July 7, 1995

Regulatory Reinvention Pilot Projects
FRL-5197-9, Water Docket
Mail Code 4101
U.S. E P A
Attention: Mr. David Gardiner (Asst. Admin.)
401 M Street, S.W.
Washington, D.C. 20460

Dear Mr. Gardiner:

Enclosed please find the South Coast Air Quality Management District's application for Project XL. We are asking that Rule 1501.1 - Alternatives to Work Trip Reduction Plans be approved as a pilot project that meets the project criteria specified in the Federal Register. This application is a direct response to Mary Nichol's June 28, 1995 memorandum which states that emissions equivalence may have merit as a supplement to trip reduction options, and that EPA could implement this recommendation from the ECO Flexibilities Working Group in the context of the Project XL program.

Please note that Rule 1501.1 was adopted in April 1995 by our Governing Board with an implementation date of July 1, 1995. Our District has already received submittals from employers intending to file under Rule 1501.1, so there is a critical need for this application to be processed as soon as possible. Any delay will negatively impact employer implementation at a time of heightened interest and momentum.

It is our understanding that EPA will grant regulatory flexibility to SCAQMD in exchange for an enforceable commitment by us to achieve better environmental results than would have been attained by full compliance with the existing Rule 1501 - Work Trip Reduction Plans. Project XL is an expedient avenue for near-term application of Rule 1501.1, and AQMD staff will continue to study the most appropriate process for long-term ongoing implementation.

The SCAQMD is a leader in the development of innovative solutions to air quality problems and is implementing the largest emissions credit trading program for stationary sources (RECLAIM) in the nation. The District views alternative methods of achieving ECO air quality objectives as the next step in regulatory innovation and we look forward to approval of this project.

Sincerely,

James M. Lents, Ph.D.
Executive Officer

BRW:CLW:jg
Enclosure
C:XL

**XL PROPOSAL
FOR
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
RULE 1501.1 - ALTERNATIVES TO WORK TRIP REDUCTION PLANS**

BACKGROUND

The South Coast Air Quality Management District (SCAQMD or District) has jurisdiction over approximately 12,000 square miles, including all of Orange County and the nondesert portions of Los Angeles, Riverside and San Bernardino counties. The region's population is expected to increase significantly from 13 million in 1990 to 17.3 million in the year 2010. There are well over 25,000 regulated sources within the four-county area. Comparing 1992 air quality nationally, the federal standards were exceeded more frequently in the Basin than in any other area of the United States. Most federal standard exceedances in the Basin are for ozone, followed by carbon monoxide, and PM₁₀.

SCAQMD began regulating employer worksites with 100 or more employees upon the adoption of Regulation XV in December 1987. This program has fulfilled the requirements of the Federal Clean Air Act Employee Commute Options (ECO) requirements and has had limited success. Employer trip reduction plan implementation began in October 1988, and currently 13% of the 4721 employer worksites have met or exceeded their average vehicle ridership (AVR) target.

The Regulation XV program has proven costly for employers at an average expense of \$110 per peak window employee per year. Some employers believe they have reached a ceiling with their AVR progress and have implemented all conventional measures. However, they are willing to consider alternative strategies that would meet an emissions reduction equivalency target or an emissions equivalent AVR.

A Rule 1501 Task Force, appointed by our Governing Board and composed of eighty public and private sector representatives, met throughout 1994 to develop innovative ways to meet air quality objectives and improve program cost effectiveness. In response to the Task Force's recommendations, and in particular the business community's request for a more flexible approach, the SCAQMD developed Rule 1501.1 - Alternatives to Work Trip Reduction Plans.

Rule 1501.1 was adopted by the SCAQMD Governing Board on April 14, 1995 at a duly noticed public hearing, and offers employers three alternatives: Emissions Equivalency, an Air Quality Investment Program, and Emissions Equivalent AVR. Strategies such as remote sensing, old vehicle scrapping and work-related trip reductions offer employers choices for compliance that are not part of traditional ECO programs. Smaller employers of 100-200 employees may choose to opt out of onsite implementation by paying \$110 per peak window employee towards an Investment Fund for transportation/air quality projects resulting in equivalent emission reductions. Finally, employers may choose to maintain a core Rule 1501 trip reduction plan and add an alternative strategy to complement the rideshare employee benefit now in place at the worksite.

PROJECT CRITERIA

Environmental Results

Since Rule 1501.1 is a voluntary option for employers, they will only participate in this option if it is the most cost effective approach for compliance. Those sites which have not been able to achieve the AVR target in spite of offering various incentives to employees over the last five years, will now be able to show emissions reductions equivalent to an achieved AVR target through alternative methods.

With Rule 1501, as long as the employer demonstrates a good faith effort in implementing their approved trip reduction plan they are found to be in compliance. However, with the implementation of Rule 1501.1 employers must demonstrate that the alternative chosen will reduce emissions equivalent to the trip reductions represented by the target AVR. This is a performance-based standard, not a measure of good faith effort. For employers that have tried but have not met with success in reaching their target AVR, the alternatives option gives them assurance that their money is spent in true emissions reductions to help clean the air.

As noted in the Staff Report, Rule 1501.1 would obtain the same emissions reductions as full implementation of Rule 1501. However, in reality, Rule 1501.1 exceeds the reductions, or at a minimum expedites the reduction because employers commit to reducing in one year the equivalent emissions of an AVR target that may actually take multiple years to reach using the good faith effort approach of Rule 1501. This longer time frame of 1501 is due to a variety of variables: time needed by the employer to learn which strategies are best suited to that specific employee population, changes in the organization such as restructuring or downsizing, and turnover of management and/or the employee transportation coordinator. The effect of these variables on emission reductions are minimized by Rule 1501.1 implementation because of its performance-based orientation. Thus, the new program will improve air quality beyond that of continued implementation of the traditional Rule 1501.

Cost Savings and Paperwork Reduction

A simple two-page 1501.1 registration form (Exhibit D) is a much reduced paperwork requirement from the 40 page 1501 plan form that describes the worksite and strategies offered to employees. Ernst and Young studies in 1992 and 1993 have found that the most expensive elements of employer trip reduction programs are actual implementation costs of staff time and the awarding/monitoring of ECO program incentives. With two of the three alternatives in Rule 1501.1, there is no requirement for an Employee Transportation Coordinator, which reduces dedicated staff time. Also, because the emissions equivalent programs (such as vehicle buy back and remote sensing) are not implemented continuously over the year by the employer, the actual time spent on the program is less.

Stakeholder Support

Rule 1501.1 has received broad-based community support. The following employers are examples of the support received for 1501.1 by a variety of regulated sources: The Gas Company, City of Covina, TRW, Walt Disney Company, GM Hughes Electronics, Unocal, and United Airlines. Many other organizations have testified in support of the program as well.

The California Air Resources Board (ARB) has also indicated support for the implementation of Rule 1501.1 as an effective emissions equivalency program that would benefit air quality and offer regulatory relief to the business community. District staff has worked hand-in-hand with ARB in developing an emissions equivalency methodology for consistency across the state.

Finally, Rule 1501.1 complies with California Health and Safety Code Section 40919 (f) which allows emission equivalency for ECO programs. Thus, Program XL approval would provide better consistency between state and federal law.

Innovation/Multi-Media Pollution Prevention

Implementation of Rule 1501.1 will open doors for far-reaching positive and long-term effects in nonattainment areas. For instance, the concept of giving employers credit for business trip reductions during the day has brought the Gas Company and Southern California Edison to the table, proposing to reduce the trips of their meter readers by one-half, as one meter reader will read both meters during one trip to the site, rather than separate trips by representatives of each utility company. School districts may select to have a remote sensing unit operating at a high school location, so young adult drivers can be made aware of the pollution their cars emit and the importance of proper car maintenance, leading to necessary repairs.

In short, the message of personal responsibility for controlling or preventing motor vehicle pollution will have more avenues to reach individuals who are not currently affected by Rule 1501.

Transferability

Rule 1501.1 provides a testing ground for the strategies of remote sensing, old vehicle buy-back, non-work-related trip reduction and clean-fueled fleet vehicles. In addition, the Investment Fund monies will be made available for proposers with innovative mobile source emissions reduction projects. As a funding mechanism, it will support not only employers but the community at large. For instance, if a Transportation Management Association proposes to provide a shuttle service from a rail station to an employer complex, there could be small businesses in the facility complex with fewer than 100 employees, and thus having no formal rideshare programs, that could benefit as well. In addition, the experience gained from implementing such a program can be transferred to other areas or industries in nonattainment areas across the nation.

Feasibility

Because Rule 1501.1 implementation is voluntary, employers will choose from the available options the most cost effective approach for their worksite. If an alternative is not feasible for their worksite, the employer will not choose it as an option for compliance.

Monitoring, Reporting and Evaluation

Simplified registration forms are used for employers that choose to take part in Rule 1501.1 alternatives. Employers may use the current AVR survey forms to establish a worksite AVR or may use the default value of 1.1 AVR. On an annual basis, the employer will submit a registration form with the chosen alternative

specified, or the Investment Fund amount included. District staff will review the calculation of emissions equivalency for accuracy. Onsite audits by District inspectors will verify the implementation of the alternative strategies. Notification to employer sites will take place on an annual basis by the District 90 days prior to Rule 1501 plan/Rule 1501.1 registration submittal. Reporting and Monitoring provisions are contained in Rule 1501.1 paragraph (f).

Shifting of Risk Burden

The implementation of Rule 1501.1 will not subject any segment of the population to unjust or disproportionate environmental or socioeconomic impacts. Projects receiving monies from the 1501.1 Investment Fund will actually produce greater air quality improvements than the traditional ECO approach because benefits will extend to all segments of the population and not be limited to employees at the larger worksites. In addition, one of the criteria in granting monies for projects is that effort will be taken to finance projects in the same county in which the donating worksites are located, as described in 1501.1 subparagraph (d)(2)(E).

As part of the rule development process, SCAQMD has prepared an Environmental and Socioeconomic Assessment in accordance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq*) and state law requirements for Socioeconomic Analysis (Health and Safety Code Section 40440.8).

C:XL

July 7, 1995