

July 6, 2020

Jason Cashman
Port of Stockton
Environmental and Regulatory Affairs
2201 West Washington Street
Stockton, CA, 95203

Project: Draft Environmental Impact Report for the Lehigh Southwest Stockton Terminal Project (SCH# 2019100510)

District CEQA Reference No: 20200461

Dear Mr. Cashman:

The San Joaquin Valley Unified Air Pollution Control District (District) has reviewed the Draft Environmental Impact Report (DEIR) for the Lehigh Southwest Stockton Terminal Project. The proposed project consists of redeveloping the existing bulk cementitious material receiving and distribution terminal to accommodate additional capacity and improve operational efficiency. As part of the proposed project, Berth 2 would be rehabilitated to support a new ship unloader with a greater reach and that can serve longer and wider vessels. A portion of the existing rail trestle would also be replaced to be able to accommodate full rail cars and an engine. In addition, the proposed project includes a lease modification to increase the terminal's leasehold from 5.43 to 7.34 acres (Project). The Project is located at 205 Port Road 1, in Stockton, CA. The District offers the following comments:

1. Project Scope

Per the DEIR, the project description is to redevelop the existing bulk cementitious material receiving and distribution terminal to accommodate additional capacity and improve operational efficiency. The District has received an Authority to Construct (ATC) application (ATC N-1193947) from the project proponent (Lehigh Southwest Cement Company) for the modification of the cement receiving, storage, and loadout operations to remove and replace baghouses, install new baghouses, replace storage bunker #7 with a 44,000-ton storage dome, and to install a new railcar loading operation. The activities proposed in the ATC application are evaluated in the DEIR.

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However, the project proponent has also submitted a second ATC application (ATC N-1202107) to the District for the modification of the cement receiving, storage, transfer, and loadout operations to add the receiving, storage, transfer, and loadout of slag and flyash. These activities and related impacts on the environment are not addressed in the DEIR.

The California Environmental Quality Act (CEQA) Guidelines define a project as “*the whole of the action*” that may result either directly or indirectly in a physical change to the environment. When a project involves both a discretionary and ministerial action by the Lead Agency, to avoid piecemealing, the Lead Agency is to evaluate environmental impacts associated with the whole of the action (i.e. proposed activities under both ATC N-1193947 and ATC N-1202107 combined). Section 15268(d) of the CEQA guidelines states, “*Where a project involves an approval that contains elements of both a ministerial action and a discretionary action, the project will be deemed to be discretionary and will be subject to the requirements of CEQA*”. As such, the District recommends the Port of Stockton evaluate the environmental impacts from proposed activities under both ATC projects and revise the DEIR accordingly.

2. Project Related Criteria Pollutant Emissions

Based on information provided in the DEIR, Project specific annual emissions resulting from operation of the Project will exceed one of the following thresholds of significance: 100 tons per year of carbon monoxide (CO), 10 tons per year of oxides of nitrogen (NOx), 10 tons per year of reactive organic gases (ROG), 27 tons per year of oxides of sulfur (SOx), 15 tons per year of particulate matter of 10 microns or less in size (PM10), or 15 tons per year of particulate matter of 2.5 microns or less in size (PM2.5).

Therefore, the District concludes that the Project would have a significant impact on air quality when compared to the above-listed annual criteria pollutant emissions significance thresholds for project related operational emissions.

In addition, although the construction-related emissions would have a less than significant impact, the District suggests the Port advise the project proponent utilize the cleanest reasonably available off-road construction fleets and practices (i.e. eliminating unnecessary idling).

The District has additional thresholds of significance for Toxic Air Contaminants, Ambient Air Quality Standards, and Odors. The thresholds are detailed in the District’s Guidance for Assessing and Mitigating Air Quality Impacts and can be found at: https://www.valleyair.org/transportation/GAMAQI_12-26-19.pdf

3. Health Risk Assessment

On page 99, the DEIR states that a project-specific Health Risk Assessment (HRA) was not performed. Additionally, the DEIR references the quantitative analysis for the Contanda Renewable Diesel Bulk Liquid Terminal Development Project, for estimating cancer and non-cancer risks for this Project.

An HRA is project-specific, and although this Project is located in close proximity to several other projects, the District recommends that this Project be evaluated separately for potential health impacts to surrounding receptors (on-site and off-site) resulting from operational and multi-year construction TAC emissions. As such, the District believes that performing a site-specific HRA for the Project is the necessary approach.

- i) The District recommends conducting a screening analysis that includes all sources of emissions. A screening analysis is used to identify projects which may have a significant health impact. A prioritization, using CAPCOA's updated methodology, is the recommended screening method. A prioritization score of 10 or greater is considered significant and a refined Health Risk Assessment (HRA) should be performed.

For your convenience, the District's prioritization calculator can be found at:

http://www.valleyair.org/busind/pto/emission_factors/Criteria/Toxics/Utilities/PRIORITIZATION%20RMR%202016.XLS.

- ii) The District recommends a refined HRA for projects that result in a prioritization score of 10 or greater. Prior to performing an HRA, it is recommended that the Project proponent contact the District to review the proposed modeling protocol. The Project would be considered to have a significant health risk if the HRA demonstrates that the Project-related health impacts would exceed the District's significance threshold of 20 in a million for carcinogenic risk and 1.0 for the Acute and Chronic Hazard Indices, and would trigger all feasible mitigation measures. The District recommends that Projects that result in a significant health risk not be approved.

For HRA submittals, please provide the following information electronically to the District for review:

- HRA AERMOD model files
- HARP2 files
- Summary of emissions source locations, emissions rates, and emission factor calculations and methodology.

More information on toxic emission factors, prioritizations and HRAs can be obtained by:

- E-Mailing inquiries to: hramodeler@valleyair.org; or
- The District can be contacted at (559) 230-6000 for assistance; or
- Visiting the Districts website (Modeling Guidance) at: http://www.valleyair.org/busind/pto/Tox_Resources/AirQualityMonitoring.htm.

4. Voluntary Emission Reduction Agreement

As mentioned above, the DEIR indicated that the Project's operational emissions would have a significant impact. It was also determined that the implementation of the VERA would not be feasible for this Project.

On page 97, the DEIR states "Unlike credit banks used to mitigate for biological impacts, the emission reduction projects are not completed at the onset with emissions savings banked for future use as a form of mitigation. SJVAPCD instead uses the money generated by the VERA program to fund future emissions-savings projects, and there is no guarantee when such opportunities may arise, if at all. This arrangement may allow for a lapse between funding and emissions savings and/or emissions not being offset at all. Therefore, VERAs cannot ensure timely and effective CEQA mitigation of on-site emissions. All feasible mitigation has been applied. For the reasons noted above, no additional mitigation is available, and impacts are considered significant and unavoidable."

The District would like to clarify the VERA would be executed between a project proponent and the District prior to a land-use agency issuance of construction/grading permits. This is consistent with the requirements of a VERA to have mitigation in place prior to the start of the first activity generating emissions, including but not limited to demolition, grading, etc., whichever occurs first. This will ensure that the targeted construction and/or operational emissions reductions and the Project emissions occur contemporaneously to when the emissions are actually occurring. Additionally, the VERA will include requirements for the District, upon successful fulfillment of mitigation under the VERA of project-related emissions, to verify in writing to the project proponent and the land-use agency that the project-related impacts on air quality have been mitigated as required under the VERA. This process, which includes the funding of clean emission reduction projects, will occur over an extended period of time, and emission reductions will occur contemporaneously with the project related emissions. As such, project-related emissions will and can be achieved in a timely and effective manner.

The District recommends the Port reconsider and re-evaluate the feasibility of implementation of a VERA as a mitigation measure to mitigate the Project specific annual emissions resulting from operation to a less than significant level.

5. Project Trip Length Assumption for Off-Site Heavy Duty Truck Travel

The DEIR identifies with the expansion the average truck trip would have a 40-mile trip length as a typical “market area” for the Project in relation to off-site Heavy Duty trucks hauling products. The methodology applies a 40-mile trip length assumption in the DEIR for assessing the project emissions identified that the truck trips would be a mixture of local deliveries and regional travel to the Bay Area to the west. However, based the following two factors: 1) the large amount of product to be produced as a result of the Project, and 2) location of the Project, it appears that there could be other potential delivery locations to which the product could be hauled off-site by Heavy Duty trucks traveling further than the average 40 miles per trip. The trip length is a critical assumption as the Project air quality emissions identified in the Draft EIR are calculated based on the vehicle miles traveled using the 40-mile trip length.

Consequently, the District recommends the Lead Agency revise the DEIR to include supporting information regarding project related trip length, for instance referring to the specific facilities where the product will be transported.

6. Heavy Duty Mobile Sources

The District appreciates the Port including mitigation measures for the Project that may reduce operational emissions associated with the implementation of the Project. However, the District recommends the Port provide an enforceability component or condition of approval to verify the mitigation measures emission reductions are actually achieved. The Port should assess the feasibility of the following potential mitigation measures.

Heavy Duty Truck Replacement with Zero and Near Zero-Emission Technology

The District is currently designated as extreme non-attainment of the federal national ambient air quality standard for ozone and non-attainment for PM_{2.5}. Mobile source emissions resulting from growth and development could have significant impacts on air quality. The San Joaquin Valley will not be able to attain stringent health-based federal air quality standards without significant reductions in emissions from Heavy Heavy Duty (HHD) Trucks, the single largest source of NO_x emissions in the San Joaquin Valley. The District recently adopted the *2018 PM_{2.5} Plan* for meeting federal PM_{2.5} standards in the San Joaquin Valley, and which relies on significant new emissions reductions from HHD Trucks. These reductions include those achieved through the implementation of the California Air Resources Board (CARB) Statewide Truck and Bus Regulation, which requires truck fleets operating in California to meet the 2010 0.2 g/bhp-hr NO_x standard by 2023. Additionally, to meet the federal air quality standards by the 2020 to 2024 attainment deadlines, the Plan relies on a significant and immediate transition of Heavy Duty truck fleets to zero or near-zero emissions technologies, including the near-zero truck standard of 0.02 g/bhp-hr NO_x established by the California Air Resources Board.

To reduce impacts from operational mobile source emissions, the District recommends that the following mitigation measures be considered for inclusion in the EIR.

- Require operational fleets to utilize the cleanest available HHD truck technologies, including zero and near-zero (0.02 g/bhp-hr NOx) technologies as feasible,
- Require all on-site service equipment (cargo handling, yard hostlers, forklifts, pallet jacks, etc.) from development projects (such as distribution centers, warehouse, etc.) to utilize zero-emissions technologies as feasible, and
- Require operational fleets and on-site service equipment to implement best practices (i.e. eliminating unnecessary idling).

In addition, to support the use of a clean HHD truck fleet, the District offers incentives for the replacement of an in-use diesel truck with cleaner technology, including battery-electric, hybrid, and near zero emission trucks. The goal of this strategy is to reduce emissions from Heavy Duty diesel trucks operating in the Port of Stockton. By reducing or eliminating emissions from Heavy Duty trucks, significant PM2.5, diesel particulate matter, and NOx emissions reductions can be achieved.

Reduce Idling of Heavy Duty Trucks

The goal of this strategy is to limit the potential for localized PM2.5 and toxic air quality impacts associated with failure to comply with the state's Heavy Duty anti-idling regulation (e.g limiting vehicle idling to specific time limits). The diesel exhaust from excessive idling has the potential to impose significant adverse health and environmental impacts. Therefore, efforts to ensure compliance of the anti-idling regulation, especially near sensitive receptors, is important to limit the amount of idling within the community, which will result in community air quality benefits.

Heavy Duty Truck Rerouting

Truck routing involves the path/roads HHD trucks take to and from their destination. The Project's air emissions from HHD trucks have the potential to impact sensitive receptors.

The District recommends the Lead Agency evaluate HHD truck routing patterns to help limit emission exposure to sensitive receptors. More specifically, this measure would assess anticipated truck routes, in consideration of the number and type of each vehicle, destination/origin of each vehicular trip, time of day/week analysis, vehicle miles traveled, and emissions.

7. Electric On-Site Off-Road and On-road Equipment

Since the Project consists of a cement receiving, storage, and loadout operation, it may have the potential to result in increased use of off-road equipment (i.e. forklifts) and/or on-road equipment (i.e. mobile yard trucks with the ability to move materials). The District recommends the Port require the project proponent to utilize electric or zero emission off-road and on-road equipment used on-site for this Project.

8. Locomotives, and Railcar Movers/Switchers Sources

Replacing older locomotives is important to reduce the public's exposure to diesel emissions, including PM2.5 in the form of diesel particulate and NOx. These pollutants negatively impact human health, especially for sensitive populations such as children and the elderly. New, clean-technology locomotives generate significantly lower emissions than older, uncontrolled diesel locomotives.

The District offers two incentive programs for locomotive fleets interested in transitioning to newer, clean technology, including:

- Heavy Duty Program – <http://valleyair.org/grants/locomotive.htm>
Locomotive replacements, including switcher locomotives and railcar movers, can be funded as an eligible project category under the District's funding provided to support AB 617. These projects are administered according to the Carl Moyer Program guidelines.
- Proposition 1B - <http://valleyair.org/grants/locomotives-prop1b.htm>
This program incentivizes the reduction of emissions and health risks associated with freight movement along California's trade corridors via upgrading to cleaner technologies or installation of emissions capture and control systems.

9. Vegetative Barriers and Urban Greening Sources

While various emission control techniques and programs exist to reduce air quality emissions from mobile and stationary sources, vegetative barriers have been shown to be an additional measure to potentially reduce a population's exposure to air pollution through the interception of airborne particles and the uptake of gaseous pollutants. Examples of vegetative barriers include, but not limited to the following: trees, bushes, shrubs, or a mix of these. Generally, a higher and thicker vegetative barrier with full coverage will result in greater reductions in downwind pollutant concentrations. In the same manner, urban greening is also a way to help improve air quality and public health in addition to enhancing the overall beautification of a community with drought-resistant low maintenance greenery.

10. Air Quality Permitting for Stationary Sources

Stationary Source emissions include any building, structure, facility, or installation, which emits or may emit any affected pollutant directly or as a fugitive emission. District Rule 2010 requires operators of emission sources to obtain an Authority to Construct (ATC) and Permit to Operate (PTO) from the District. District Rule 2201 requires that new and modified stationary sources of emissions mitigate their emissions using best available control technology (BACT).

This Project will be subject to District Rule 2010 (Permits Required) and Rule 2201 (New and Modified Stationary Source Review) and will require District permits. The District has received ATC applications from Lehigh Southwest Cement Company for the following projects:

- ATC N-1193947 - Modification of the cement receiving, storage, and loadout operations to remove and replace baghouses, install new baghouses, replace storage bunker #7 with a 44,000-ton storage dome, and to install a new railcar loading operation
- ATC N-1202107 - Modification of the cement receiving, storage, transfer, and loadout operations to add the receiving, storage, transfer, and loadout of slag and flyash.

For further information or assistance, the project proponent may contact the District's Small Business Assistance (SBA) Office at (209) 557-6446.

11. Other District Rules and Regulations

The proposed Project may be subject to other District rules and regulations, including: Regulation VIII (Fugitive PM10 Prohibitions), Rule 4102 (Nuisance), Rule 4641 (Cutback, Slow Cure, and Emulsified Asphalt, Paving and Maintenance Operations), Rule 4702 (Internal Combustion Engines – Certified Equipment for Internal Combustion Engines), Rule 4201 (Particulate Matter Concentration), Rule 4202 (Particulate Matter Emission Rate) and Rule 4101 (Visible Emissions). In the event an existing building will be renovated, partially demolished or removed, the Project may be subject to District Rule 4002 (National Emission Standards for Hazardous Air Pollutants).

The above list of rules is neither exhaustive nor exclusive. To identify other District rules or regulations that apply to this Project or to obtain information about District permit requirements, the applicant is strongly encouraged to contact the District's Small Business Assistance (SBA) Office at (209) 557-6446.

Current District rules can be found online at: www.valleyair.org/rules/1ruleslist.htm.

If you have any questions or require further information, please contact Eric McLaughlin by e-mail at Eric.McLaughlin@valleyair.org or by phone at (559) 230-5808.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jacob Whitson', with a stylized flourish at the end.

Jacob Whitson
Program Manager

JW: em