San Joaquin Valley Unified Air Pollution Control District

E & J Gallo Winery Boiler Replacement Project

Project Number N-1122834

Merced County

Initial Study and Final Mitigated Negative Declaration

March 2013

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INITIAL STUDY AND FINAL MITIGATED NEGATIVE DECLARATION

E & J Gallo Winery Boiler Replacement Project

Project Number N-1122834

March 2013

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Project Sponsor and Location:	E & J Gallo Winery 18000 River Road Livingston, CA 95334
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A. Introduction

E & Gallo Winery (Gallo) is a wine production company with winery facilities located in Livingston, Merced County, California. Gallo is proposing to decommission an existing 90 MMBtu/hr boiler and install a 99 MMBtu/hr boiler in its place. The project is consistent with current operations and will allow for continued wine production. As presented in this environmental document, the San Joaquin Valley Unified Air Pollution Control District (District) has conducted an Initial Study and concludes that, with mitigation, the project will have a less than significant environmental impact.

B. Purpose and Authority

The District has discretionary approval power over the project via its Permits Required Rule (Rule 2010) and New and Modified Stationary Source Review Rule (Rule 2201). No other agency is known to have discretionary approval over the project. As such, the District is the public agency having principal responsibility for approving the project and serves as Lead Agency (CCR §15367).

The California Environmental Quality Act (CEQA) requires each public agency to adopt objectives, criteria, and specific procedures consistent with CEQA Statutes and the CEQA Guidelines for administering its responsibilities under CEQA, including the orderly evaluation of projects and preparation of environmental documents. The District adopted its *Environmental Review Guidelines* (ERG) in 2001. The ERG was prepared to comply with this requirement and is an internal document used to comply with CEQA.

The basic purposes of CEQA are to:

- Inform governmental decision-makers and the public about the potential, significant environmental effects of proposed activities.
- Identify the ways that environmental damage can be avoided or significantly reduced.
- Prevent significant, avoidable damage to the environment by requiring changes in projects through use of alternatives or mitigation measures when the governmental agency finds the changes to be feasible.
- Disclose to the public the reasons why a governmental agency approved the project in the manner the agency chose if significant environmental effects are involved.

Under CEQA the Lead Agency is required to:

- Conduct preliminary reviews to determine if applications are subject to CEQA [CCR §15060].
- Conduct review to determine if projects are exempt from CEQA [CCR §15061].

- Prepare Initial Studies for projects that may have adverse environmental impacts [CCR §15063].
- Determine the significance of the environmental effects caused by the project [CCR §15064]
- Prepare Negative Declarations or Mitigated Negative Declarations for projects with no significant environmental impacts [CCR §15070].
- Prepare, or contract to prepare, EIRs for projects with significant environmental impacts [CCR §15081].
- Adopt reporting or monitoring programs for the changes made to projects or conditions of project approval, adopted in order to mitigate or avoid significant effects on the environment [PRC §21081.6 & CCR §15097].
- Comply with CEQA noticing and filing requirements.

C. Project Background Information

Project Description

Gallo is a major source as defined in Section 3.40 of District Rule 2201 (New and Modified Stationary Source Review Rule). The installation and operation of stationary source equipment for this project is subject to District permit requirements. One major requirement is that new and modified equipment that has air contaminant emissions must satisfy the requirements of New Source Review (NSR). The main requirements of NSR are to require the installation of Best Available Control Technology (BACT) to minimize emission increases from such equipment and to mitigate emission increases over certain thresholds by providing emission reductions either by limiting the use of existing equipment or by providing emission offsets.

The District has received an Authority to Construct (ATC) application for the replacement of an existing 90 MMBtu/hr Nebraska natural gas-fired boiler with a new 99 MMBtu/hr Victory natural gas-fired boiler. The new boiler will be equipped with a 90 MMBtu/hr burner, a flue gas recirculation (FGR) system, a selective catalytic reduction (SCR) system, and an emissions monitoring system. The District has prepared an engineering evaluation (EE) to evaluate the potential impacts that could result from the emissions associated with the operations of the new boiler.

Gallo received their Title V permit on January 11, 2011. Pursuant to Rule 2520 (Federally Mandated Operating Permits), Section 3.29, the installation of the new boiler can be classified as a Title V significant modification and can be processed with a Certificate of Conformity (COC). As such, the project will be submitted to the US Environmental Protection Agency (US EPA) for a 45-day comment period prior to the issuance of the ATC. Gallo must apply to administratively amend the Title V operating permit to include the requirements of the ATC issued with the project.

Project Construction

The project is located within the confines of the existing winery boundaries in an area that has been previously disturbed. Construction related activities are limited to the decommissioning and removal of an existing boiler and the installation of a new boiler in its place. As the new boiler will be located in the same location as the existing boiler, the project will not require the construction of new buildings or facilities and only minimal concrete footing demolition and replacement will occur. The removal of the existing boiler is expected to begin in March 2013 with the installation of the new boiler to be completed by July 2013.

Process Description

Gallo requires a boiler to produce hot water and steam for use in their wine production operation. The boiler will be equipped with control technologies specifically, an FGR system and an SCR system, to reduce air emissions.

FGR systems reduce nitrogen oxides (NO_X) emissions by recirculating a percentage of the exhaust gas back into the windbox. This reduces the oxygen concentration in the air-fuel mixture and regulates the combustion process, lowering the combustion temperature. The lowered availability of oxygen in conjunction with lowered combustion temperature reduces the formation of NO_X.

SCR systems selectively reduce NO_X emissions by injecting ammonia (NH_3) into the exhaust gas stream upstream of a catalyst. NO_X, NH_3, and oxygen (0_2) react on the surface of the catalyst to form molecular nitrogen (N_2) and water. SCR is capable of over 90 percent NO_X reduction.

The maximum operating schedule utilized in the evaluation of potential impacts on air quality assumed the boiler would be used 24 hr/day, 7 days/week, and 52 weeks/year.

Project Location

The existing winery is located in Merced County, California, which is the San Joaquin Valley Air Basin (see Figure 1). The project is located within the existing facility boundaries at 18000 West River Road, Livingston, California (Figure 2).

Table 1: Location of Proposed Project

Section	Township	Range	Assessor's Parcel Numbers
30	6 S	11 E	047-130-030 & -034

General Plan Designation and Zoning

The project site is currently designated in the 2000 Merced County General Plan as Agricultural (A) and is currently zoned as General Agriculture (A-1).

Surrounding Land Uses and Setting

The areas immediately surrounding the project are currently designated in the 2000 Merced County General Plan as Agricultural (A) and are zoned as General Agriculture (A-1). Grape vineyards are located to the north, south, east, and west of the project site.

The District has verified that the project site is not within 1,000 feet of the outer boundary of either school. Therefore, the public notification requirement of California Health and Safety Code 42301.6 is not applicable to the project.

Other Public Agencies Whose Approval Is Required

California Air Resources Board (ARB)

Pursuant to District Rule 2201, Section 3.18 the project is classified as a Federal Major Modification. As such, the project must be submitted to the CARB for a 30-day comment period.

California Department of Fish and Wildlife (CDFW)

The CDFW has regulatory authority over projects that could result in the "take" of any species identified by the State of California as threatened or endangered. If the project would result in the "take" of any identified species, an Incidental Take Permit would be required.

California Regional Water Quality Control Board (RWQCB)

The project will not result in streambed or lake alterations. The project also will not result in an increase in waste or water discharge. Therefore; no approvals from the RWQCB will be required.

Merced County Planning Department

The project is located within Gallo's existing facility boundaries and is consistent with existing operations. The project consists only of the replacement of aging equipment. As such, the Merced County Planning Department requires only the issuance of building permits. All applicable building permits will be acquired prior to the installation of the new equipment. Currently no other specific project related items have been identified which will require further approval by the Merced County Planning Department.

US Environmental Protection Agency (US EPA)

As the project is classified as a Title V major modification to be processed with a COC, it must be submitted to the US EPA for a 45-day comment period. Gallo must apply to administratively amend the Title V operating permit to include the requirements of the ATCs issued with the project.

D. Decision to Prepare a Mitigated Negative Declaration

Consistent with CEQA requirements the District prepared an Initial Study that evaluated potential environmental effects of the project. The District has determined that with mitigation the project will have a less than significant impact on the environment. The District concludes that a Mitigated Negative Declaration would be appropriate for the project. Project design elements and mitigation measures that reduce project related impacts on the environment would be enforced through:

- District permit conditions and offset fees; and
- Incorporation of Best Performance Standards (BPS).

Figure 1. Regional Location within the SJVAB

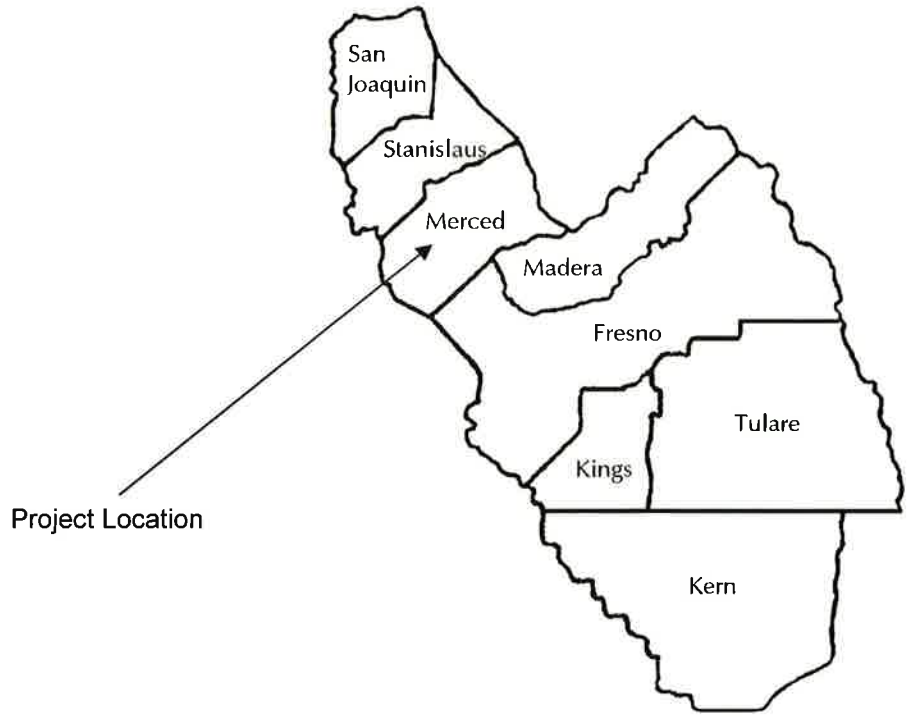
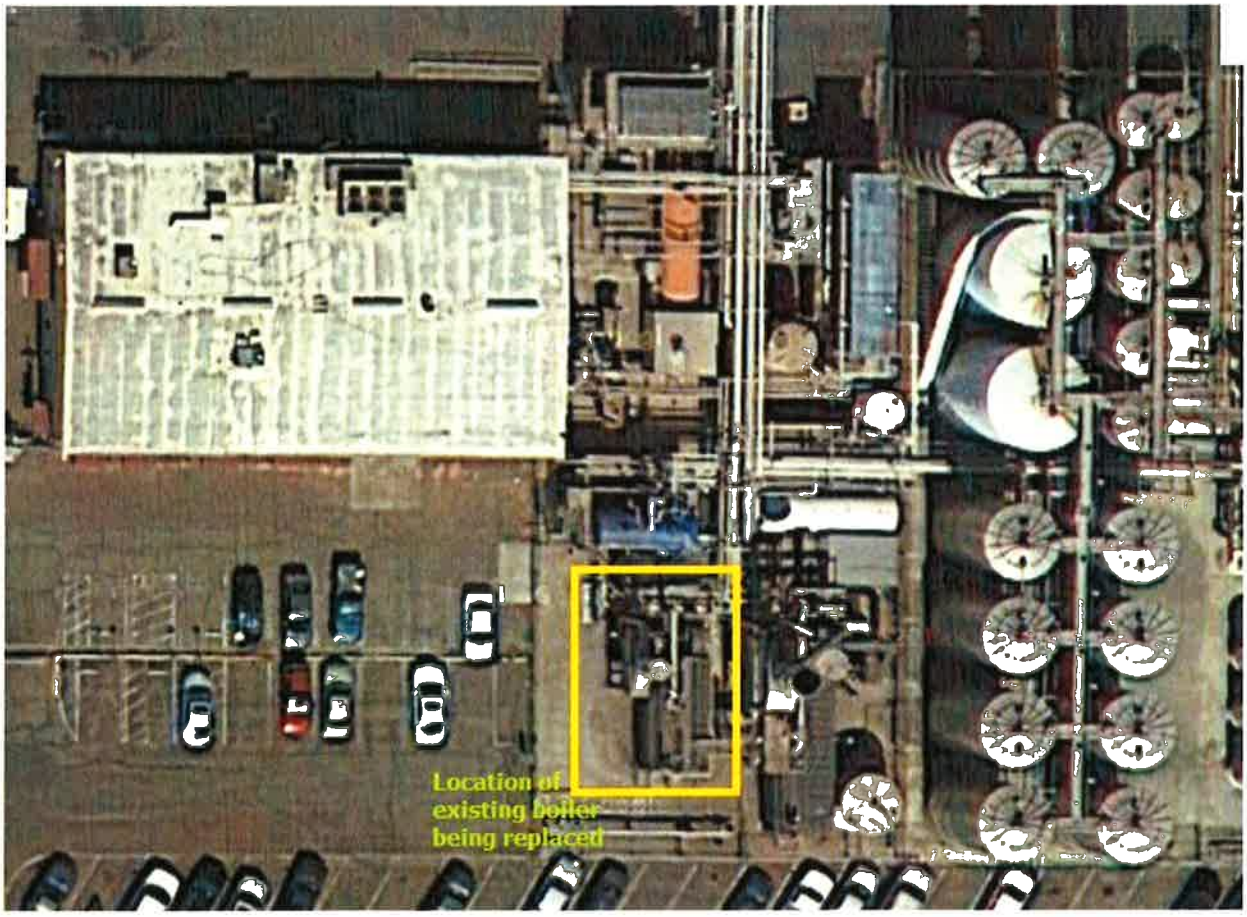


Figure 2. Existing Winery and Vicinity

Figure 3. Existing Winery Facility

Figure 4. Project Location within the Winery Facility



E. Environmental Factors Potentially Affected

The environmental factors checked below would be potentially affected by the proposed project, involving at least one impact that is a "Potentially Significant Impact" or "Potentially Significant Unless Mitigated", as indicated by the checklist on the following pages.

☐	Aesthetics	☐	Agriculture and Forestry Resources	☒	Air Quality
☐	Biological Resources	☐	Cultural Resources	☐	Geology / Soils
☒	Greenhouse Gas Emissions	☐	Hazards & Hazardous Materials	☐	Hydrology / Water Quality
☐	Land Use / Planning	☐	Mineral Resources	☐	Noise
☐	Population / Housing	☐	Public Services	☐	Recreation
☐	Transportation / Traffic	☐	Utilities / Service Systems	☐	Mandatory Findings of Significance

F. Determination

I certify that the project was independently reviewed and analyzed and that this document reflects the independent judgment of the District.

☐ I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

☒ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION has been prepared.

☐ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

☐ I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

☐ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature: _____ Date: MAR 26 2013

Printed name: for David Warner

Title: for Director of Permit Services

G. Environmental Impact Checklist

I. Aesthetics Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect on a scenic vista?				X
b) Substantially damage scenic resources, including, but not limited to trees, rock, outcroppings, and historic buildings within a state scenic highway?				X
c) Substantially degrade the existing visual character or quality of the site and its surroundings?				X
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?				X

I. AESTHETICS

Scenic Vistas and Visual Character (a-d)

Conclusion: The project will not have an impact on scenic vistas, damage scenic resources, degrade visual character in and around the sites or create new sources of light or glare.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. No scenic vistas or highways exist on the project site or on the properties adjacent to the project site. No scenic resources such as rock outcroppings, trees, or historic buildings exist on the project site. The project will not result in substantive changes to the physical character of the facility. The project will not create a new source of light which could affect nighttime views of the facility or the surrounding areas. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that construction and operation of the project would have a detrimental impact on aesthetics.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Transportation. *Officially Designated State Scenic Highways.* Website: http://www.dot.ca.gov/hq/LandArch/scenic_highways/index.htm

II. Agricultural Resources	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1197) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agricultural and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resource Board. Would the project				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				**X**
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				**X**
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220 (g)), timberland (as defined by Public Resource Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104 (g))?				**X**
d) Result in the loss of forest land or conversion of forest land to non-forest use?				**X**
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?				**X**

II. AGRICULTURAL RESOURCES

Farm and Forest Lands (a-e)

Conclusion: The project will not conflict with existing zoning and will not have an impact on agriculture and forest lands.

Discussion: The project site is currently designated in the 2000 Merced County General Plan as Agricultural (A) and is currently zoned as General Agriculture (A-1). The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. Although the surrounding area is designated as Prime Farmland, the project site itself is designated as Urban and Built-Up Land and will not extend beyond existing boundaries. No forest lands are located on the project site. The project will not convert farm or forest lands to non-farm or non-forest uses. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that construction and operation of the project would have an impact on farm or forest lands.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Conservation. *Farmland Mapping & Monitoring Program.* Website: http://www.conservation.ca.gov/dlrp/fmmp/Pages/Index.aspx.

County of Merced. *2010 General Plan and Zoning Maps*. Website: http://www.co.merced.ca.us/index.aspx?NID=1592

III. Air Quality Would the project:		**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:					
a)	Conflict with or obstruct implementation of the applicable air quality plan?			X	
b)	Violate any air quality standard or contribute substantially to an existing or projected air quality violation?			X	
c)	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?			X	
d)	Expose sensitive receptors to substantial pollutant concentrations?			X	
e)	Create objectionable odors affecting a substantial number of people?			X	

III. AIR QUALITY

Air Quality Plans and Standards (a, b, c)

Conclusion: The project, with the incorporation of mitigation measures, will have a less than significant impact on air quality.

Discussion: The District is tasked with implementing programs and regulations by the Federal Clean Air Act and the California Clean Air Act and has prepared plans to attain federal and state Ambient Air Quality Standards (AAQS). The District has established thresholds of significance for criteria pollutant emissions, which are based on federal and District New Source Review (NSR) offset requirements for stationary sources.

Stationary sources in the District are subject to some of the toughest regulatory requirements in the nation. Emission reductions achieved through implementation of federal offset requirements are a major component of the District's air quality plans. Thus, projects with emissions below the thresholds of significance for criteria pollutants would be determined not to conflict or obstruct implementation of the District's air quality plans.

Emissions from operational non-permitted equipment and activities are evaluated separate from permitted equipment and activities. A project would be determined to have a significant long-term impact on air quality if the emissions sum for any criteria pollutant exceeds its respective threshold of significance. The District's thresholds of significance for criteria pollutant emissions and their application are presented below in Table 2.

Table 2: District Thresholds of Significance for Criteria Pollutants

Pollutant	Construction Emission Threshold (tpy)	Permitted Operational Emission Threshold (tpy)	Non-Permitted Operational Emission Threshold (tpy)
NOx	10	10	10
SOx	27	27	27
PM_{10}	15	15	15
CO	100	100	100
VOC	10	10	10

Project Details

Gallo is proposing to decommission an existing 90 MMBtu/hr boiler and install a 99 MMBtu/hr boiler in its place. The new boiler will be equipped with a 90 MMBtu/hr burner, a flue gas recirculation (FGR) system, a selective catalytic reduction (SCR) system, and an emission monitoring system. The project will not require the construction of new buildings or facilities.

Construction Emissions

The project is located within the confines of the existing winery boundaries in an area that has been previously disturbed. Construction related activities are limited to the decommissioning and removal of an existing boiler and the installation of a new boiler in its place. As the new boiler will be located in the same location as the existing boiler, the project will not require the construction of new buildings or facilities and only minimal concrete footing demolition and replacement will occur. The removal of the existing boiler is expected to begin in March 2013 with the installation of the new boiler to be completed by August 2013. Construction activities are short-term and the related emissions are considered too small to affect overall project related environmental effects. Therefore, a quantitative analysis of construction related impacts is not included in this assessment.

Operational Emissions

Mobile Source Emissions: The project consists of the replacement of an existing boiler. Existing personnel will man and maintain the project. The installation of the new boiler is not expected to increase activity or production. As such, the project will not result in additional heavy duty truck trips. Therefore, a quantitative analysis of employee and trucking related criteria pollutant emissions is not included in this assessment.

Stationary Source Emissions: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies in its place. The boiler is capable of generating nitrogen oxide (NOx), carbon monoxide (CO), volatile organic compound (VOC), particulate matter 10 microns in diameter (PM10), particulate matter 2.5 microns in diameter (PM2.5),and sulfur oxide (SOx) emissions. The District has conducted an Engineering Evaluation (EE) for the project, incorporated herein by reference, which identifies project related operational emissions. As indicated in Table 3 below, project related increase in annual emissions are: 2.09 tons per year (tpy) NOx, 1.10 tpy SOx, 2.92 tpy PM10, 56.12 tpy CO, and 1.02 tpy VOC.

Gallo is a major stationary source with a Title V permit and, therefore, is required to offset project related increases in stationary source emissions for any criteria pollutant exceeding the District's thresholds of significance. These offset are provided in the form of emission reduction credits (ERCs). Project related stationary source NOx and VOC offset requirements were calculated at an offset ratio of 1.5:1 based on available ERCs. As indicated in Table 3 below, Gallo will be required to surrender ERCs to offset

operational emissions by an estimated 3.82 tons of NOx and 1.53 tons of VOC. These values are represented in quarterly emission reduction credits as presented in the EE. Therefore, the District concludes that through a combination of project design features and permit conditions, project related operational emissions will have a less than significant impact on air quality.

Table 3 – Project Related Increase in Operational Emissions

	NOx (tpy)	SOx (tpy)	PM10 (tpy)	CO (tpy)	VOC (tpy)
Project Stationary Source Emissions [a]	2.09	1.10	2.92	56.12[b]	1.02[c]
Significance Thresholds	10.00	27.00	15.00	100.00	10.00
Exceeds Significance Thresholds	No	No	No	No	No
Offsets Required	Yes	No	No	No	Yes
Offsets Surrendered (ERCs)[c]	3.82[d]	0.00	0.00	0.00	1.53[d]

[a] This project consists of the removal of an existing boiler and the installation of a new boiler. Therefore, the stationary source emissions increases from this project are a combination of the potential emission increases from the installation of the new boiler and the potential emissions reductions from the removal of the existing boiler.

[b] This project results in emissions exceeding the CO Major Source and Offset thresholds; however, pursuant to District Rule 2201, §4.6.1, offsets are not required because the project does not result in a violation of AAQS.

[c] The emissions increases required to be offset for this project are a combination of the potential emissions increases from the installation of the new boiler and the baseline emissions reductions from the removal of the existing boiler.

[d] Offset requirements for this project were calculated at a ratio of 1.5 to 1.

Air Quality Plans

As previously discussed project related construction emissions are limited to the replacement of existing equipment. Construction activities would be minimal and the resulting air emissions are considered too small to have an impact on environmental effects. As summarized in Table 3 above, the increase in operational stationary source emissions do not exceed the District's thresholds of significance. The facility emissions exceed the offset requirements for VOC prior to implementation of the project and the project would result in the facility to exceed the offset requirements for NOx after implementation. Therefore, project will be mitigated to below the District's thresholds by surrendering ERCs. The ERCs must be surrendered to the District prior to the commencement of operation of the equipment proposed under the Authority to Construct (ATC) permit. As such, the project does not conflict with the implementation strategy of the San Joaquin Valley Regional Air Quality Management Plans (2008 PM 2.5 Plan; 2007 8-Hour Ozone Plan; 2007 PM10 Maintenance Plan; 2006 PM10 SIP; 2004 1-Hour Ozone SIP; 2003 PM10 SIP). Therefore, no further mitigation measures are required.

Air Quality Standards

Determination of whether project emissions would violate any AAQS is largely a function of air quality dispersion modeling. If project emissions would not exceed state and federal AAQS at the project's property boundaries, the project would be considered to not violate any air quality standard or contribute substantially to an existing or projected air quality violation.

District Rule 2201, §4.14 requires an ambient air quality analysis (AAQA) be conducted for the purpose of determining whether a new or modified Stationary Source will cause or make worse a violation of an air quality standard. The District performed an AAQA, incorporated herein by reference, to determine whether project related criteria pollutant emissions would have the potential to contribute to the possible violation of existing air quality standards. The results of the AAQA demonstrate that project specific emissions would not violate any air quality standard or contribute substantially to an existing or projected air quality violation.

Cumulative Impacts

By its very nature, air pollution is largely a cumulative impact. The nonattainment status of regional pollutants is a result of past and present development. Future attainment of state and federal AAQS is a function of successful implementation of the District's attainment plans. Consequently, the District's application of thresholds of significance for criteria pollutants is relevant to the determination of whether a project's individual emissions would have a cumulatively significant impact on air quality. If a project's emissions is less than the thresholds of significance for criteria pollutants the project would not be expected to result in a cumulatively considerable net increase of any criteria pollutant for which the District is in non-attainment under the applicable federal or state AAQS. As discussed above, project emissions are below the District's thresholds of significance for criteria pollutant emissions. Therefore, project related emissions would have a less than significant impact on air quality.

Mitigation: See below.

- **AIR-1** – Applicant will surrender ERCs sufficient to offset operational NOx and VOC emissions as required by District NSR requirements. The following conditions will be included in the Authority to Construct (ATC):

  - *Prior to operating equipment under this Authority to Construct, Permittee shall surrender NOx emission reduction credits for the following quantities of emissions: 1st quarter: 1,274 pounds, second quarter: 1,274 pounds, 3rd quarter: 1,274 pounds and 4th quarter: 1,274 pounds. Offsets shall be provided at the applicable offset ratio specified in Table 4-2 of Rule 2201 (as amended 4/21/2011). [District Rule 2201] Y*

* *Prior to operating equipment under this Authority to Construct, Permittee shall surrender VOC emission reduction credits for the following quantities of emissions: 1st quarter: 512 pounds, second quarter: 511 pounds, 3rd quarter: 511 pounds and 4th quarter: 511 pounds. Offsets shall be provided at the applicable offset ratio specified in Table 4-2 of Rule 2201 (as amended 4/21/2011). [District Rule 2201] Y*

* *ERC Certificate Numbers N-2-1, S-3892-1, S-3807-1, S-3808-1, N-2-2, N-849-2, N-1061-2, N-1010-2, N-1011-2, or N-1012-2 (or a certificates split from these certificates) shall be used to supply the required offsets, unless a revised offsetting proposal is received and approved by the District, upon which this Authority to Construct shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements, if any, shall be duplicated prior to reissuance of this Authority to Construct. [District Rule 2201] Y*

Health Risk Impacts (d)

Conclusion: The project would not expose sensitive receptors to substantial pollutant concentrations.

Discussion: Under the Clean Air Act, toxic air contaminants (TACs) are airborne pollutants that may be expected to result in an increase in mortality or serious illness or which may pose a present or potential hazard to human health. Potential health impacts from TACs include long-term health effects such as cancer, birth defects, neurological damage, or genetic damage; or short-term effects such as eye watering, respiratory irritation, throat pain and headaches. TACs may also be referred to as hazardous air pollutants (HAPs). There are currently more than 900 substances classified by the US EPA and California Air Resources Board (ARB) as TACs. Air Quality problems occur when sources of TACs and sensitive receptors are located in proximity to one another.

TACs can be separated into carcinogens and non-carcinogens based on the nature of the physiological degradation associated with exposure to the pollutant. For regulatory purposes, carcinogens are assumed to have no safe threshold below which health impacts would not occur. Cancer risk is expressed as excess cancer cases per one million exposed individuals.

Non-carcinogens differ in that there is generally assumed to be a safe level of exposure below which no negative health impact would occur. These levels are determined on a pollutant-by-pollutant basis. Acute and chronic exposure to non-carcinogens is expressed by using a Hazard Index, which is the ratio of expected exposure levels to acceptable health-acceptable exposure levels.

The Air Toxics "Hot Spots" Information and Assessment Act (AB 2588, 1987, Connelly) was enacted in 1987, and requires stationary sources to report the type and quantities of certain substances routinely released into the air. The goals of AB 2588 are to collect

emission data, to identify facilities having localized impacts, to ascertain risks to acceptable levels. AB 2588 requires air districts to establish the prioritization score threshold at which facilities are required to prepare a health risk assessment (HRA). In establishing priorities, an air district must consider potency, toxicity, quantity, and volume of hazardous materials released from the facility, the proximity of the facility to potential receptors, and any other factors that the district determines may indicate that the facility may pose a significant risk.

In implementing its responsibilities under AB 2588, the District Governing Board adopted notification procedures, including prioritization score thresholds, for notifying the public of significant carcinogenic and non-carcinogenic health risks. The District concludes that use of the existing prioritization score thresholds to establish thresholds of significance under CCR §15064.7 is an appropriate and effective means of promoting consistency in significance determinations within the environmental review process. The District's thresholds of significance for determining whether project emissions would expose sensitive receptors to substantial pollutant concentrations are:

- Carcinogens: Probability of contracting cancer for the Maximally Exposed Individual (MEI) exceeds ten (10) in one million.

- Non-Carcinogens: Ground Level concentrations of non-carcinogenic TACs would result in a Hazard Index greater than one (1) for the MEI.

An HRA is not required for a project with a total facility prioritization score of less than one (1).

Potentially hazardous materials are not expected to be associated with the operation of the new boiler. The District performed a Risk Management Review (RMR) analysis to determine possible health impacts from the project's permitted stationary source emissions on the nearest sensitive receptors. The RMR demonstrates that the facility prioritization score is greater than one (1), which requires evaluation of potential impacts from short-term acute and long-term chronic exposure. The project's acute and chronic hazard indices are both below 1.0 and the cancer exposure risk for the facility is less than ten (10) in a million. Therefore, no further analysis is required and the project is approved without Toxic Best Available Control Technology (T-BACT). The District concludes that there is no substantial evidence of record to support a conclusion that the project would expose sensitive receptors to significant health risks.

Mitigation: See below.

- **AIR-2** – To ensure compliance with the District's RMR the following condition will be included in the Authority to Construct (ATC):

  - *A non-resettable, totalizing mass or volumetric fuel flow meter to measure the amount of fuel combusted in the unit shall be installed, utilized and maintained. [District Rule 2201] Y*

Odor Impacts (e)

Conclusion: The project would not create objectionable odor affecting a substantial number of people.

Discussion: While offensive odors rarely cause any physical harm, they can be very unpleasant, leading to considerable distress among the public and often generating citizen complaints to local governments and the District. Any project with the potential to frequently expose members of the public to objectionable odors should be deemed to have a significant impact. Due to the subjective nature of odor impacts, the number of variables that can influence the potential for an odor impact, and the variety of odor sources, there is no quantitative or formulaic methodologies to determine if potential odors would have a significant impact. Rather, projects must be assessed on a case-by-case basis.

The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project will not result in increased production. As such, the District concludes that there is no substantial evidence of record to support a conclusion that the project would create objectionable odors affecting a substantial number of people.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Air Resources Board. *AB 2588 Air Toxics "Hot Spots" Program.* Website: http://www.arb.ca.gov/ab2588/ab2588.htm.

San Joaquin Valley Unified Air Pollution Control District. September 2012. *Authority to Construct: Application Review,* Applicant No. N-1237, Project No. N-1122834. Available at San Joaquin Valley Air Pollution Control District. 1990 E. Gettysburg Avenue, Fresno, CA 93726.

San Joaquin Valley Unified Air Pollution Control District. September 2012. *Risk Management Review,* Applicant No. N-1237, Project No. N-1122834. Available at San Joaquin Valley Air Pollution Control District. 1990 East Gettysburg Avenue, Fresno, CA 93726.

IV. Biological Resources Would the project:		Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a)	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X
b)	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations, or by the California Department of Fish and Game or US Fish and Wildlife Service?			X	
c)	Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?			X	
d)	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?			X	
e)	Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?			X	
f)	Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				X

IV. BIOLOGICAL RESOURCES

Species, Habitats, and Migratory Corridors (a-d)

Conclusion: The project will not have a less than significant impact on candidate, sensitive and special status species or on riparian habitats, natural communities, wetlands, and migratory corridors.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and surrounding land uses. The project does not require expansion of the existing facility

boundaries and occurs on land that has been previously developed. Although the Merced River lies just north of the project site, the project site itself is not part of a riparian habitat or other sensitive natural community as identified by the USFWS or CDFW. There are no waters on the project site subject to Section 404 of the Clean Water Act. There is no substantial wildlife migration through the project site. Because the project is located solely within the existing winery boundaries, it is not expected to result in the take of endangered species during project construction or implementation. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the Project would have a detrimental impact on species, habitats, and migratory corridors.

Mitigation: See below.

- **BIO-1** – To ensure the project will have a less than significant impact on biological species, the following condition will be included in the Authority to Construct (ATC):

  - *Permittee shall comply with all applicable requirements of the California Department of Fish and Wildlife (CDFW). Permittee shall retain any permits/records deemed necessary by CDFW on-site and shall make these permits/records available to the District upon inspection. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

Policies, Ordinances and Conservation Plans (e-f)

Conclusion: The project will not conflict with local policies or ordinances protecting biological resources or any provision of adopted federal, state, regional, or local conservation plans.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and surrounding land uses. The project will not conflict with any local policies or ordinances protecting biological resources. The project is not located within the boundaries of a Habitat Conservation Plan (HCP), Multiple Species Habitat Conservation Plan (MSHCP), Natural Community Conservation Plans (NCCP) or any USFWS designated critical habitat. The District concludes that there is no substantial evidence of record to support a conclusion that the construction and operation of the project would conflict with local policies or ordinances, or any provision of adopted federal, state, regional, or local conservation plans protecting biological resources.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Fish and Wildlife. *Conservation and Mitigation Banks in California Approved by the Department of Fish and Game*. Website: http://www.dfg.ca.gov/habcon/conplan/mitbank/catalogue/catalogue.html

California Department of Fish and Wildlife. *Natural Community Conservation Planning*. Website: http://www.dfg.ca.gov/habcon/nccp/.

United States Fish and Wildlife Service. *Conservation Plans and Agreements Database*. Website: http://ecos.fws.gov/conserv_plans/public.jsp

United States Fish and Wildlife Service. *FWS Critical Habitat for Threatened & Endangered Species – Critical Habitat Portal*. Website: http://crithab.fws.gov/

V. Cultural Resources Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Cause a substantial adverse change in the significance of a historical resource as defined in '15064.5?				**X**
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to '15064.5?				**X**
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				**X**
d) Disturb any human remains, including those interred outside of formal cemeteries?				**X**

V. CULTURAL RESOURCES

Historical and Archaeological/Paleontological Resources and Human Remains (a-d)

Conclusion: The project will not have an impact on historical resources, archaeological resources, paleontological resources, or human remains.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. All construction activities will occur on previously disturbed land and will not result in an expansion of the existing facility boundaries. A query of state and federal registers

indicated that there are no registered historic resources within the project site. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would have an impact on historical resources.

Human remains are not known to exist within the project site. Although there is a small possibility of archaeological/paleontological resources being discovered during construction activities at sites that have been previously developed, the project area is very small and has been previously disturbed. Standard protocol in compliance with existing regulations would require that, in the event that archaeological/paleontological resources, including human remains, are discovered during surface surveys, digging, scraping, or other construction activities, all work within 100 feet be ceased until the significance and extent of the find can be recovered by a qualified archaeologist/ paleontologist for study. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would have an impact on archaeological/paleontological resources.

Mitigation: See below.

- **CUL-1** – To ensure compliance with existing Native American Heritage Commission (NAHC) requirements, the following condition will be included in the Authority to Construct (ATC):

  - *In the event that archaeological/paleontological resources are discovered during ground-disturbing activities, all work within 100 feet of the find shall cease and Permittee shall notify and retain a qualified archaeologist/paleontologist to assess and provide an evaluation of the significance of the find. A qualified archaeologist/paleontologist shall determine whether avoidance is necessary and feasible in light of the factors such as the nature of the find, project design, costs, and other considerations, and, if necessary, develop appropriate mitigation measures in consultation with Merced County and the Native American Heritage Commission (NAHC). In addition, should archaeological/paleontological resources be discovered, Permittee shall provide the District a written report in relation to the nature of the find. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

  - *In the event that human remains are discovered during ground-disturbing activities; all work within 100 feet of the find shall cease and the discovery shall immediately be reported to the County Coroner (CC) and Native American Heritage Commission (NAHC) for further assessment. Permittee shall identify appropriate measures for treatment or disposition of the remains in consultation with the CC and NAHC. In addition, should human remains be discovered during ground-disturbing activities, Permittee shall provide the District a written report in relation to the nature of the find. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

CERES. *State Historical Landmarks.* Website http://ceres.ca.gov/geo_area/counties/Merced/landmarks.html

California Code of Resources §15064.5

California Health and Safety Code §7050.5

California Native American Heritage Commission. *Professional Guide for the Preservation and Protection of Native American Remains and Associated Grave Goods.* Website: http://www.nahc.ca.gov/profguide.html

National Register of Historic Places. *California – Merced County.* Website: http://www.nationalregisterofhistoricplaces.com/ca/Merced/state.html

VI. Geology / Soils Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.				X
ii) Strong seismic ground shaking?			X	
iii) Seismic-related ground failure, including liquefaction?				X
iv) Landslides?				X
b) Result in substantial soil erosion or the loss of topsoil?				X

VI. Geology / Soils (continued) Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?				**X**
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?				**X**
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?				**X**

VI. GEOLOGY/SOILS

Seismic Activity and Geological Stability (a, c, d)

Conclusion: Potential risks of loss, injury or death resulting from strong seismic activity, unstable or expansive soils, and ground failure are less than significant.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries and occurs on land that has been previously developed. The project is located in an area with stable soils with little potential for strong seismic activity and ground failure. The project will not be located on an unstable geological unit, unstable soil, or expansive soil. The project is not located within an Alquist-Priolo Earthquake Fault Zone or within 500 feet of a known active fault trace. No major fault systems are known to exist in central Merced County. The nearest fault to the project site is the Ortigalita Fault, approximately 20-30 miles west of the project site. The project is not located within a liquefaction hazard area, or within a landside hazard area. Therefore, potential for extensive surface rupture, strong ground shaking, and seismic ground failure, including liquefaction and landslides, is considered to be minimal.

The project is consistent with current operations and the project is designed in accordance with all building code requirements including those pertaining to

excavations, grading, and foundations. Adherence to California Buildings Standards Code (CBSC) requirements and compliance with California seismic design requirements would ensure that the project would not expose persons or property to substantial risk of loss, injury or death resulting from seismic activity.

The District concludes that there is no substantial evidence of record to support a conclusion that the project would result in significant risks to life and property as a result of impacts to geologic and soil resources.

Mitigation: None required.

Soil Erosion and Capacity for Wastewater (b, e)

Conclusion: The Project will not result in substantial soil erosion or the loss of topsoil and will have no impact on the capacity of the soil to support wastewater disposal systems.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project would involve minimal construction activities, which could potentially create erosion. However, the project does not require expansion of the existing facility boundaries and occurs on land that has been previously disturbed by similar activities. The project will not result in an increase in wine production or additional waste water requiring the use of septic tanks or additional wastewater systems. Potential impacts from soil erosion will be reduced through compliance with Merced County Building Department requirements. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would result in substantial soil erosion, loss of topsoil, or the inability of the soil to support wastewater disposal.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Conservation, California Geological Survey. *Fault Parameters-Alquist Priolo Earthquake Fault Zones*. Website: http://www.conservation.ca.gov/cgs/rghm/ap/Pages/Index.aspx

California Department of Conservation, California Geological Survey. *Seismic Shaking Hazards in California*. Website: http://redirect.conservation.ca.gov/cgs/rghm/pshamap/pshamain.html

California Department of Conservation, California Geological Survey. *Special Publication 42 Interim Revision 2007: Fault –Rupture Hazard Zones in California.* Website: ftp://ftp.consrv.ca.gov/pub/dmg/pubs/sp/Sp42.pdf

Natural Resources Conservation Service (NRCS) *Web Soil Survey.* Website: http://websoilsurvey.nrcs.usda.gov/app/

VII. Greenhouse Gas Emissions Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?		X		
b) Conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases?			X	

VII. GREENHOUSE GAS EMISSIONS

GHG Emissions (a, b)

Conclusion: Project related GHG emissions will not conflict with any applicable plans or policies to reduce GHG emissions and will not have a significant impact on global climate change.

Discussion: Greenhouse gases (GHGs) are gases that absorb and emit radiation within the thermal infrared range, trapping heat in the earth's atmosphere. There are no "attainment" concentration standards established by the Federal or State government for greenhouse gases. In fact, GHGs are not generally thought of as traditional air pollutants because greenhouse gases, and their impacts, are global in nature, while traditional "criteria" air pollutants affect the health of people and other living things at ground level, in the general region of their release to the atmosphere. Some greenhouse gases occur naturally and are emitted into the atmosphere through natural processes. Other GHGs are created and emitted solely through human activities. The principal greenhouse gases that enter the atmosphere because of human activities are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and fluorinated carbons. Additional information on GHG and global climate change can be found in the District staff report titled: *Addressing Greenhouse Gas Emissions Impacts Under the California Environmental Quality Act.*

Assembly Bill 32 (AB 32)

Assembly Bill 32 (California Global Warming Solutions Act of 2006) is a key piece of California's effort to reduce its GHG emissions. AB 32 was adopted establishing a cap

on statewide greenhouse gas emissions and sets forth the regulatory framework to achieve the corresponding reduction in statewide emissions levels. AB 32 requires the California Air Resources Board (ARB) to establish regulations designed to reduce California's GHG emissions to 1990 levels by 2020. In executing its legislative mandate under AB 32, the ARB developed a Scoping Plan that contains the main strategies California will use to reduce GHG from Business-as-Usual (BAU) emissions projected from 2020 levels back down to 1990 levels. BAU is the projected emissions caused by growth, without any GHG reduction measures. ARB determined that a 29% reduction from BAU is necessary to achieve the 1990 GHG emissions level. On December 11, 2008, ARB adopted its AB 32 Scoping Plan, setting forth a framework for future regulatory action on how California will achieve the goal of reducing GHG emissions to 1990 levels.

CEQA Requirements

In December, 2009, the California Natural Resources Agency (NRA) amended the CEQA Guidelines to include Global Climate Change (GCC), which is now generally accepted by the scientific community to be occurring and caused by Greenhouse Gases (GHG). The amendments address analysis and mitigation of the potential effects of GHG emissions in CEQA documents. In their *Final Statement of Reasons for Regulatory Action,* NRA recognizes that the analysis of GHG emissions in a CEQA document presents unique challenges to lead agencies. NRA amended section 15064(h)(3) of the CEQA guidelines to add compliance with plans or regulations for the reduction of greenhouse gas emissions to the list of plans and programs that may be considered in a cumulative impacts analysis. In their *Final Statement of Reasons for Regulatory Action*, NRA discusses that AB 32 requires ARB to adopt regulations that achieve the maximum technologically feasible and cost effective GHG reductions to reach the adopted state-wide emissions limit. NRA goes on to state that a lead agency may consider whether ARB's GHG reduction regulations satisfy the criteria in existing subdivision (h)(3).

District CEQA Policy

CEQA requires each public agency to adopt objectives, criteria, and specific procedures consistent with CEQA Statutes and the CEQA Guidelines for administering its responsibilities under CEQA, including the orderly evaluation of projects and preparation of environmental documents. On December 17, 2009, the District adopted the policy "*District Policy (APR 2005) – Addressing GHG Emissions Impacts for Stationary Source projects Under CEQA When Serving as the Lead Agency*" and approved the District's guidance document for use by other agencies when addressing GHG impacts as lead agencies under CEQA. The policy applies to all District permitting projects that have an increase in GHG emissions, regardless of the magnitude of the increase. Under this policy, the District's determination of significance of project-specific GHG emissions is founded on the principal that projects with GHG emission reductions consistent with AB 32 emission reduction targets are considered to have a less than significant impact on global climate change. The approach in the policy relies

on the use of Best Performance Standards (BPS) that would be applicable to projects that result in increased GHG emissions. BPS is defined as the most effective achieved-in-practice means of reducing or limiting GHG emissions from a GHG emissions source. Projects implementing BPS would be determined to have a less than cumulatively significant impact. Otherwise, demonstration of a 29% reduction in GHG emissions from BAU is required to determine that a project would have a less than cumulatively significant impact consistent with GHG emission reduction targets established in ARB's AB32 Scoping Plan.

Construction Related GHG Emissions

The project is located within the confines of the existing winery boundaries. Decommission and removal of the existing boiler is expected to begin in March 2013 with installation of the new boiler to be completed by August 2013. As the project consists solely of the replacement of equipment at an existing site, minimal site preparation is needed to accommodate the installation of the equipment. The project will not require the construction of new buildings or facilities. Construction activities are short-term and the related emissions are considered too small to affect overall project related environmental effects. Therefore, a quantitative analysis of construction related impacts is not included in this assessment.

Operation Related GHG Emissions

Mobile Source Emissions: The project consists of the replacement of an existing boiler. Existing personnel will man and maintain the project. The installation of the new boiler is not expected to increase activity or wine production. As such, the project will not result in additional heavy duty truck trips. Therefore, a quantitative analysis of employee and trucking related criteria pollutant emissions is not included in this assessment.

Stationary Source Emissions: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technology. The project is not expected to increase activity or wine production. The District conducted an Engineering Evaluation (EE) for the project which demonstrates that operation of the new equipment would result in an increase in GHG emissions exceeding the District's 230 metric ton CO_{2e} zero equivalency threshold. However, the applicant has incorporated BPS into the project design to reduce GHG emissions. Therefore, pursuant to District Policy (APR-2005), the District concludes that project related operational GHG emissions will have a less than cumulatively significant impact on global climate change.

GHG Plans, Policies, and Regulations

Merced County does not have an adopted GHG Climate Change Action Plan. As discussed above the District, acting as Lead Agency, requires either the incorporation of BPS or the demonstration of a 29% reduction in GHG emissions from BAU. BPS is proposed for this project and complies with District policy for reducing GHG impacts.

Therefore, the project will not conflict with any known applicable plans, policies or regulations for addressing GHG impacts. The District concludes that there is no substantial evidence of record to support a conclusion that project related GHG emissions would have a significant impact on the environment and global climate change.

Mitigation: See below.

- **GHG-1** – To ensure compliance with District's BPS for boilers the following conditions will be included in the ATC:

  - *The boiler shall be equipped with an economizer system that consists of, at a minimum, a single stage economizer section which will recover energy from the boiler flue gas by heat exchange with the boiler feed water. The economizer system shall be designed at maximum boiler firing rate to either 1) reduce the temperature of the economizer flue gas outlet to a value no greater than 20 deg F above the temperature of the boiler feed water at maximum firing rate, or 2) heat the boiler feed water to a temperature which is no less than 30 deg F below the steam temperature at the steam drum, or 3) reduce the final temperature of the boiler's flue gas to a temperature no greater than 200 deg F. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

  - *Electric motors driving combustion air fans or induced draft fans shall have an efficiency meeting the standards of the National Electric Manufacturer's Association (NEMA) for "premium efficiency" motors and shall each be operated with a variable speed control or equivalent for control of flow through the fan. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

  - *The boiler shall be equipped with an O_2 trim system designed to control oxygen content of the stack gases to a maximum of 3% by volume dry basis except during any period where the rate of fuel consumption by the boiler is less than 20% of maximum rated firing. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

  - *The boiler shall be designed to limit the recirculation of flue gas to a value not exceeding 10 percent of total flue gas volume while meeting the applicable requirements for control of NOx emissions from the boiler. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

  - *The boiler shall be equipped with an automatic boiler blowdown control system which minimizes boiler blowdown while controlling dissolved solids in the boiler water at an optimum level. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

  - *The boiler shall be equipped with a flash steam recovery system which will recover flash steam from the blowdown pressure reduction and utilize it for*

feedwater heating in the deaerator or feedwater heater. [Public Resources Code 21000-21177: California Environmental Quality Act] N

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

San Joaquin Valley Unified Air Pollution Control District. December 2009. *Addressing GHG Emission Impacts for Stationary Source projects Under CEQA When Serving as the Lead Agency* (APR 2005). Website: http://www.valleyair.org/policies_per/policies/apr2005.pdf

San Joaquin Valley Unified Air Pollution Control District. September 2012. *Authority to Construct: Application Review,* Applicant No. N-1237, project No. N-1122834. Available at San Joaquin Valley Air Pollution Control District. 1990 E. Gettysburg Avenue, Fresno, CA 93726.

San Joaquin Valley Unified Air Pollution Control District. December 2009. *Final Draft Staff Report: Addressing Greenhouse Gas Emissions Impacts Under The California Environmental Quality Act.* Website: http://www.valleyair.org/Programs/CCAP/CCAP_idx.htm

San Joaquin Valley Unified Air Pollution Control District. September 2012. *Best Performance Standards (BPS) for Stationary Sources*. Website: http://www.valleyair.org/Programs/CCAP/bps/BPS_idx.htm

VIII. Hazards and Hazardous Materials Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?			**X**	
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?				**X**
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				**X**

VIII. Hazards and Hazardous Materials (continued) Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				X
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				X
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				X
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				X

VIII. HAZARDS & HAZARDOUS MATERIALS

Hazardous Materials and Exposure to the Public (a-d)

Conclusion: The project will not expose the public or the environment to hazardous materials.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and surrounding land uses. The area immediately surrounding the project is zoned for agricultural uses. The project is not located on a site which meets this definition of Government Code Section 65962.5, which requires specific hazardous waste facilities to submit required information to the Department of Toxic Substances Control (DTSC). Human receptors nearest the project are located at distances sufficient to reduce potential impacts from hazardous materials. The nearest residential receptors are located approximately 0.5 miles north and 0.75 miles southeast of the project site. The nearest schools, Elim Elementary School and Livingston Middle School, are located approximately 2.5 miles northwest and 4 miles east, respectively, of the project site.

The project consists of the replacement of an aging boiler with a newer one in its place. During decommissioning and removal of the existing boiler, a small amount of asbestos pipe insulation will be removed by a licensed abatement contractor. Lead paint abatement may also be required on older pipe and equipment removed during demolition activities.

Because the project is a replacement of existing equipment, the use of hazardous materials is not expected to increase with the operation of the project. However, in the event that new or additional hazardous materials are needed or result from the operations of the boiler, the materials and waste will be transported in placarded vehicles in packaging or containers as required by CFR Title 49. The District has conducted a risk screening analysis indicating that the operation of the boiler would not pose a significant risk to the public. Therefore, the risk of exposure from the transport, use, and disposal of hazardous materials is minimal.

Compliance with existing safety standards in the construction and long-term operation of the boiler will minimize any potential hazard to the public, Gallo's employees and contractors, and the environment. Occupational safety standards exist in Federal and State laws to minimize worker safety risks from both physical and chemical hazards in the workplace. The California Department of Industrial Relations Division of Occupational Safety and Health (Cal/OSHA) is responsible for developing and enforcing safety standards and assuring worker safety in the handling and use of hazardous materials. Among other requirements, Cal/OSHA obligates many businesses to prepare Injury and Illness Prevention Plans and Chemical Hygiene Plans. The Hazard Communication Standard requires that workers be informed of the hazards associated with the materials they handle, if need be. Therefore, impacts resulting from the accidental release of hazardous materials are expected to be less than significant.

The District concludes that there is no substantial evidence of record to support a conclusion that the transportation, use, or disposal of hazardous materials would pose a hazard to the public.

Mitigation: See below.

- **HAZ-1** – To ensure the removal of existing equipment will not result in adverse impacts due to the accidental release of asbestos, the following condition will be included in the ATC:

  - *No later than 10 days prior to the start of construction activities, Permittee shall demonstrate compliance with District Rule 4002 (National Emissions Standard for Hazardous Air Pollutants) through the acquisition of an approved Demolition Permit Release. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

- **HAZ-2** – To ensure the removal of existing equipment will not result in adverse impacts resulting from exposure to lead paint, the following condition will be included in the ATC:

  - *Permittee shall comply with all applicable requirements of the Merced County Environmental Health Department (MCEHD) and the California Department of Toxic Substances Control (DTSC). Permittee shall retain any permits/records deemed necessary by MCEHD and DTSC and shall make these permits/records available to the District upon inspection. [Public Resources Code 21000-21177: California Environmental Quality Act] N*

Airports and Airstrips (e, f)

Conclusion: The project is not located near active airports or airstrips; therefore, the project will not have an impact on the safety of people residing or working in the project area.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing boundaries and is consistent with current operations and land uses. The project site is not within two (2) miles of a private airport, public airport or public use airport. The nearest private airport, Stevinson Strip Airport (CA 45), is located approximately 5 miles southwest of the project site. The nearest public airport, Turlock Municipal Airport (O15), is located approximately 9.5 northeast of the project site. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project's location near airports or airstrips would pose a risk to people residing or working in or near the project area.

Mitigation: None required.

Emergency Response and Fire Hazards (g, h)

Conclusion: The project will not interfere with emergency response or evacuation plans; nor will it expose people or structures to risks from wildland fires.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries and occurs on land that has been previously developed. The nearest residences are located approximately 0.5 miles north and 0.75 miles southeast of the project site. The community of Hilmar is located approximately 2.5 miles northwest of the project site while the City of Livingston is located approximately 3.75 miles to the east of the project site. No wildlands are within close proximity of the project. Although there have been occasional, brush fires within central Merced County, the California Department of Forestry and Fire Prevention (CAL FIRE) has determined that Merced County has no

Very High Fire Hazard Severity Zones (FHSZ) in the Local Responsibility Area (LRA) and only a Moderate to High FHSZ in the State Responsibility Area (SRA).

The project is consistent with the current land use which has historically been used for wine production. The project would not require any physical alterations to existing public roadways that would impair or interfere with emergency response or evacuation. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would interfere with emergency response or expose people or structures to risks from fires.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Forestry and Fire Protection. *Fire Hazard Severity Zones Map.* Website: http://www.fire.ca.gov/fire_prevention/fire_prevention_wildland_zones.php

California Department of Toxic Substances Control. *DTSC's Hazardous Waste and Substances Site List - Site Cleanup (Cortese List).* Website: http://www.dtsc.ca.gov/SiteCleanup/Cortese_List.cfm

California Department of Toxic Substances Control. *Envirostor.* Website: http://www.envirostor.dtsc.ca.gov/public/

California Environmental Protection Agency. *Cortese List: Section 65962.5(a).* Website: http://www.calepa.ca.gov/sitecleanup/corteselist/SectionA.htm

Google Earth. December, 2012.

Lowe, Steve, Supervising Environmental Health Specialist. County of Merced Environmental Health Department. Electronic and Telephone Communication.

Merced County Public and Private Airports. December 2012. Website: http://www.tollfreeairline.com/california/merced.htm

IX. Hydrology / Water Quality Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Violate any water quality standards or waste discharge requirements?				**X**
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?				**X**
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner, which would result in substantial erosion or siltation on- or off-site?				**X**
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?				**X**
e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?				**X**
f) Otherwise substantially degrade water quality?				**X**
g Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				**X**
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?				**X**
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				**X**
j) Inundation by seiche, tsunami, or mudflow				**X**

IX. HYDROLOGY / WATER QUALITY

Water Quality, Waste Discharge, Groundwater, and Flooding (a-j)

Conclusion: The project will not violate any water quality standards or waste discharge requirements; will not result in significant impacts on groundwater supplies, drainage patterns, or water quality; and will not expose people or structures to significant risks of loss.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries and occurs on land that has been previously developed. On-site wells provide both drinking water and water for production needs and the existing on-site septic system is sufficient to handle the facility's sewage needs. The project consists solely of the replacement of an existing boiler and will not result in an increase in wine production. Boiler blow down will continue to be introduced to wastewater and land applied consistent with existing operations as permitted by the RWQCB. Therefore, the project will not result in a significant increase in water usage or waste discharge. Runoff is not considered an issue because the land is flat and the project site receives relatively little rain (less than 15 inches per year). Precipitation at the project site is rarely sufficient to cause runoff and any runoff from the project site would either percolate near the site or run to existing drainage channels. The lack of water bodies on the project site precludes the possibility of potential adverse impacts on water quality. Therefore, the project will not result in a violation of water quality standards or waste discharge requirements.

The project does not include construction of any housing units. The project is not located within the 100-year flood zone as mapped on Flood Insurance Rate Maps (FIRM). The project site is in a county not identified in the Tsunami Inundation maps by the California Geological Survey as a county with inundation risk. The project site is a relatively open area and would not impede or redirect flood flows. The project site will not be altered enough to have a negative effect on surface runoff or increase flooding potential. The project would not introduce a new flood hazard and would not necessitate any new flood control projects. The project would expose persons or structures to negative impacts resulting from flooding, tsunamis, or mudflow.

For the reasons discussed above, the District concludes that there is no substantial evidence of record to support a conclusion that the project would have an impact on hydrology and water quality. Furthermore, although mitigation is not necessary, the District is placing conditions on the project to ensure the project will not have an impact on water quality.

Mitigation: See below.

❖ **HYD-1** – To ensure the project will not have an impact on water quality the following condition will be included in the ATC:

* *Permittee shall comply with all applicable Regional Water Quality Control Board (RWQCB) water quality standard and waste discharge regulations. Permittee shall retain any permits/records deemed necessary by the RWQCB on-site and shall make these permits/records available to the District upon inspection. [Public Resources Code 21000-21177: California Environmental Quality Act]* N

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Conservation, California Geological Survey. *Tsunami Information*. Website: http://www.conservation.ca.gov/cgs/geologic_hazards/Tsunami/Pages/Index.aspx

Federal Emergency Management Agency. Website: http://www.msc.fema.gov/

Western Regional Climate Center. *PRISM Precipitation Maps: 1961-90*. Website: http://www.wrcc.dri.edu/precip.html

X. Land Use / Planning Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Physically divide an established community?				**X**
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				**X**
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?				**X**

X. LAND USE/PLANNING

Land Use , Planning, and Habitat/Natural Community Conservation Plans (a-c)

Conclusion: The project will not divide an established community, conflict with applicable land use plans, policies, or regulations, or conflict with any applicable HCP, MSHCP, or NCCP.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries and occurs on land that has been previously developed. The nearest communities to the project site are Hilmar, approximately two (2) miles northwest, and the City of Livingston, approximately four (4) miles east of the project site. The Project is not located within the boundaries of a MSHCP, NCCP or any USFWS designated critical habitat. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the Project would conflict with applicable land use plans, policies, regulations or any conservation plans.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Fish and Game. *Conservation and Mitigation Banks in California Approved by the Department of Fish and Game*. Website: http://www.dfg.ca.gov/habcon/conplan/mitbank/catalogue/catalogue.html

United States Fish and Wildlife Service. *Conservation Plans and Agreements Database*. Website: http://ecos.fws.gov/conserv_plans/public.jsp

XI. Mineral Resources Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				**X**
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?				**X**

XI. MINERAL RESOURCES

Mineral Resources (a, b)

Conclusion: The project will not have an impact on mineral resources.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries and occurs on land that has been previously developed. The project site is not located in an area known to contain a mineral resource that is of value to the region or state. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would result in the loss of a known mineral resource or the availability of a locally important mineral resource recovery site.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Conservation, California Geological Survey. *Mineral Resources.* Website: http://www.conservation.ca.gov/cgs/geologic_resources/mineral_resource_mapping/Pages/Index.aspx

XII. Noise Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?				X
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?				X
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				X

XII. Noise (continued) Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?				X

XII. NOISE

Exposure of Persons to Noise and Vibration (a-d)

Conclusion: The Project is consistent with existing operations and any potential increases in ambient noise levels or vibrations would not be sufficient to result in a significant impact on nearby receptors.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing boundaries and is consistent with current operations and land uses. The nearest residences are located approximately 0.5 miles north and 0.75 miles southeast of the project site. The nearest schools, Elim Elementary School and Livingston Middle School, are located approximately 2.5 miles northwest and 4 miles east, respectively, of the project site. Sound pressure decreases as distance between the source and the receptor increases. A sound level of 85 dB measured at 50 feet from the source would decrease to about 63 dB at a distance of 600 feet. As such, the project will not exceed noise standards set forth in the Merced County General Plan or Noise Ordinance at the nearest public receptor.

Construction activities are minimal, but could result in short-term increases of noise levels. However, construction activities would occur only in daytime hours and noise associated with construction equipment would cease upon completion of construction activities. Operational activities have the potential to increase ambient noise levels. To reduce potential noise impacts from ongoing operations, the Project will comply with Merced County sound level limitations set forth in County Code Chapter 10.60. Compliance with the County's noise regulations is considered sufficient to ensure noise impacts on nearby receptors would be less than significant.

State and federal standards set by the U.S. Department of Labor Occupational Safety and Health Administration (OSHA) regulate the amount of time workers may be exposed to sound levels above 90 decibels. If the project results in noise exceeding 90 dB, Gallo will comply with all OSHA regulations for the protection against the effects of noise exposure (CCR §5095-5100). Compliance with the OSHA noise exposure regulations is considered sufficient to ensure noise impacts on employees would be less than significant.

The District concludes that there is no substantial evidence of record to support a conclusion that the project would expose the public or Gallo employees to significant increases in noise or vibrations.

Mitigation: None required.

Increased Noise Exposure Near Airfields (e, f)

Conclusion: The project will not expose people residing or working in the project area to excessive noise levels.

Discussion: The project is not located within two (2) miles of a private or public airport. The nearest private airport, Stevinson Strip Airport (CA 45), is located approximately five (5) miles southwest of the project site. The nearest public airport, Turlock Municipal Airport (O15), is located approximately nine (9) miles northeast of the project site. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would expose people residing or working in the project area to excessive noise levels.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

California Department of Industrial Relations. *General Industry Safety Orders, Group 15. Occupational Noise.* Website: http://www.dir.ca.gov/title8/sb7g15.html

County of Merced. *Year 2000 General Plan. Chapter 4 – Noise*. Website: http:www.co.merced.ca.us/DocumentView.asp?DID=220

Google Earth. December 2012.

Quality Code Publishing. *Merced County Code. Chapter 10.60 Noise Control.* Website: http://www.qcode.us/codes/mercedcounty/

United States Department of Labor. *Occupational Safety and Health Administration. Regulations (Standards - 29 CFR.)* Website: http://www.osha.gov/pls/oshaweb/owadisp.show_document?p_id=9735&p_table=STANDARDS

XIII. Population / Housing Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?				X
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				X
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				X

XIII. POPULATION AND HOUSING

Population and Housing (a, b, c)

Conclusion: The project will not result in a substantial growth in population growth or the displacement of people or housing units.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries. The project will not increase substantial population growth in the area because the project is expected to be maintained and manned by existing Gallo personnel. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would induce substantial population growth or displace substantial numbers of people or housing.

Mitigation: None needed.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

XIV. Public Services Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
i) Fire protection?				X
ii) Police protection?				X
iii) Schools?				X
iv) Parks?				X
v) Other public facilities?				X

XIV. PUBLIC SERVICES

Fire Protection (a.i-a.v)

Conclusion: The Project will not require additional fire or police protection services, schools, parks, or other public facilities, nor will it negatively impact existing facilities' ability to provide services.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries. The project would not require any physical alterations to existing public roadways that would impair or interfere with emergency response or evacuation. The project will be operated and maintained by existing employees and, as such, will not increase the population in the surrounding area. A lack of substantial increase in population precludes the possibility of the project having a negative impact on police services, local schools and parks, or any other public facility. Therefore the District concludes that there is no substantial evidence of record to support a conclusion that the project would have a significant impact on public facilities and services.

Mitigation: None needed.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

XV. Recreation Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				**X**
b) Include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?				**X**

XV. RECREATION

Recreational Facilities (a, b)

Conclusion: The project will not have an impact on neighborhood or regional parks, or any other local recreational facilities.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries and occurs on land that has been previously developed. The project is expected to be maintained and manned by existing employees and, therefore, will not increase the population in the surrounding area. The project does not include new recreational facilities, and a lack of substantial increase in population precludes the possibility of the project having a negative impact on neighborhood and regional parks. The District concludes that there is no substantial evidence of record to support a conclusion that the project would have a significant impact on or resulting from recreational facilities.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

XVI. Transportation / Traffic Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation systems, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?				X
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?				X
e) Result in inadequate emergency access?				X
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?				X

XVI. TRANSPORTATION / TRAFFIC

Programs, Plans and Policies, Traffic Patterns, and Emergency Response (a-f)

Conclusion: The project will not conflict with any transportation or traffic related plans or programs and will not result in changes in traffic patterns affecting emergency response.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries and occurs on land that has been previously developed. The project will be operated and maintained by existing employees. The project will not result in an increase in wine production. Therefore, the project will not result in an increase in traffic in the surrounding area.

The project does not include the construction of new public roads or alterations to existing public roads or intersections. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would conflict with transportation and transit plans or would result in negative impacts to existing circulation systems.

Mitigation: None required.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

XVII. Utilities / Service Systems Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				**X**
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				**X**
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				**X**
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?				**X**
e) Result in a determination by the wastewater treatment provider that serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				**X**
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				**X**

XVII. Utilities / Service Systems (continued) Would the project:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less Than Significant Impact	No Impact
g) Comply with federal, state, and local statutes and regulations related to solid waste?				X

XVII. UTILITIES / SERVICE SYSTEMS

Wastewater, Solid Waste, and Facilities (a-g)

Conclusion: The Project would not significantly impact existing utility and service systems.

Discussion: The project consists of the replacement of an existing boiler with a new boiler equipped with emission control technologies. The project is located within Gallo's existing winery facility boundaries and is consistent with current operations and land uses. The project does not require expansion of the existing boundaries and occurs on land that has been previously developed. On-site wells provide both drinking water and water for production needs. The existing on-site septic system is sufficient to handle the facility's sewage needs.

The project consists solely of the replacement of an existing boiler and will not result in an increase in wine production. Boiler blow down will continue to be introduced to wastewater and land applied consistent with existing operations as permitted by the RWQCB. Therefore, the project will not result in a substantial increase of industrial wastewater or waste discharge. Runoff is not considered an issue because the land is flat and the project site receives relatively little rain (less than 15 inches per year). Precipitation at the project site is rarely sufficient to cause runoff and any runoff from the project site would either percolate near the site or run to existing drainage channels. The project will not result in an increase in use, discharge, and transportation of hazardous material. Therefore, the District concludes that there is no substantial evidence of record to support a conclusion that the project would have a detrimental impact on existing utility and service systems. Furthermore, although mitigation is not necessary, the District is placing conditions on the project to ensure the project will not have an impact on utilities and services.

Mitigation: See below.

- **UTL-1** – To ensure the project will not have an impact on utilities and service systems the following condition will be included in the ATC:

  - *Permittee shall comply with all applicable Regional Water Quality Control Board (RWQCB) and Department of Toxic Substances Control (DTSC) requirements. Permittee shall retain any permits/records deemed necessary by the RWQCB*

and DTSC on-site and shall make these permits/records available to the District upon inspection. [Public Resources Code 21000-21177: California Environmental Quality Act] N

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

XVIII. Mandatory Findings of Significance Would the project:	**Potentially Significant Impact**	**Potentially Significant Impact Unless Mitigated**	**Less Than Significant Impact**	**No Impact**
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?		X		
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively Considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?		X		
c) Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?			X	

XVIII. MANDATORY FINDINGS OF SIGNIFICANCE

Impacts on the Environment and Special Status Species (a)

Conclusion: The project, with the incorporation of mitigation measures, will have a less than significant impact on the environment and special status plant and animal species.

Discussion: With the incorporation of required permit conditions, the surrender of ERCs, and the incorporation of mitigation measures as outlined in the Initial Study, the project will have a less than significant impact on air quality, biological resources, and cultural resources.

Mitigation: See Mitigation Measures: AIR-1, AIR-2, BIO-1, CUL-1 and GHG-1.

Cumulative Impacts (b)

Conclusion: The project will not have cumulatively significant impacts on the environment, plant and animal species, or the human population.

Discussion: CEQA Guidelines state that a Lead Agency shall consider whether the cumulative impact of a project is significant and whether the effects of the project are cumulatively considerable (CCR §15065). The assessment of the significance of the cumulative effects of the project must, therefore, be conducted in connection with the effects of past projects, other current projects, and probable future projects. Due to the nature and location of the project and consistency with environmental policies, incremental contributions to impacts are considered less than cumulatively considerable. The project is not a part of any larger, planned developments. Therefore, the project would not contribute substantially to adverse cumulative conditions, or create any substantial indirect impacts (i.e., an increase in population that could lead to an increase need to housing, increase in traffic, air pollutants, etc.).

Mitigation: See Mitigation Measures: AIR-1; AIR-2, BIO-1, CUL-1, GHG-1, HAZ-1, HAZ-2, HYD-1, and UTL-1.

Impacts on Humans (c)

Conclusion: The project will not result in environmental impacts that would cause substantial adverse effects on human beings.

Discussion: The analyses of environmental issues contained in this Initial Study indicate that the project is not expected to have a substantial impact on human beings, either directly or indirectly. Project design elements and mitigation measures have been incorporated into the project to reduce all potentially significant impacts to less than significant.

Mitigation: See Mitigation Measures: AIR-1; AIR-2, CUL-1, GHG-1, HAZ-1, HAZ-2, HYD-1, and UTL-1.

References

Burns, Kim, Environmental Manager. E & J Gallo Winery. Electronic and Telephone Communication.

San Joaquin Valley Unified Air Pollution Control District. September 2012. *Authority to Construct: Application Review,* Applicant No. N-1237, project No. N-1122834. Available at San Joaquin Valley Air Pollution Control District. 1990 E. Gettysburg Avenue, Fresno, CA 93726.

San Joaquin Valley Unified Air Pollution Control District. September 2012. *Risk Management Review* Applicant No. N-1237, project No. N-1122834. Available at San Joaquin Valley Air Pollution Control District. 1990 East Gettysburg Avenue, Fresno, CA 93726.

H. List of Attachments

I. Acronyms and Abbreviations

AAQA	Ambient Air Quality Analysis
AAQS	Ambient Air Quality Standards
AB 2588	Assembly Bill 2588 – Air Toxics "Hot Spots" Information and Assessment Act
AB 32	California Global Warming Solutions Act of 2006
ARB	California Air Resources Board
ATC	Authority to Construct
BACT	Best Available Control Technology
BAU	Business as Usual
dB	Decibel
BPS	Best Performance Standards
CAL FIRE	California Department of Forestry and Fire Prevention
Cal/OSHA	California Department of Industrial Relations - Division of Occupational Safety and Health
CBSC	California Building Standards Code
CCR	California Code of Regulations
CFR	Code of Federal Regulation
CDFW	California Department of Fish and Wildlife
CEQA	California Environmental Quality Act
CH_4	Methane
CO	Carbon Monoxide
CO_2	Carbon Dioxide
CO_2e	Carbon Dioxide Equivalent
COC	Certificate of Conformity
District	San Joaquin Valley Unified Air Pollution Control District
DTSC	California Department of Toxic Substances Control
EE	Engineering Evaluation
ERC	Emission Reduction Credit
ERG	Environmental Review Guidelines
FGR	Flue Gas Recirculation
FHSZ	Fire Hazard Severity Zone
FIRM	Flood Insurance Rate Map
GCC	Global Climate Change
GHG	Greenhouse Gas
HAP	Hazardous Air Pollutant
HCP	Habitat Conservation Plan
HRA	Health Risk Assessment
LRA	Local Responsible Area
MEI	Maximally Exposed Individual
MMBtu/hr	Million British Thermal Units Per Hour
MSHCP	Multiple Species Habitat Conservation Plan

N_2	Nitrogen
N_2O	Nitrous Oxide
NAHC	Native American Heritage Commission
NCCP	Natural Community Conservation Plan
NH_3	Ammonia
NOx	Nitrogen Oxides
NRA	Natural Resources Agency
NSR	New Source Review
O_2	Oxygen
OSHA	US Department of Labor - Occupational Safety and Health Administration
PM10	Particulate Matter 10 microns in diameter
PM2.5	Particulate Matter 2.5 microns in diameter
PRC	Public Resources Code
RMR	Risk Management Review
RWQCB	Regional Water Quality Control Board
SCR	Selective Catalytic Reduction
SOx	Sulfur Oxides
SRA	State Responsible Agency
T-BACT	Toxics Best Available Control Technology
TAC	Toxic Air Contaminant
tpy	Tons Per Year
US EPA	US Environmental Protection Agency
USFWS	US Fish and Wildlife Service
VOC	Volatile Organic Compound

II. Monitoring and Reporting Program

Impact	Measure Number	Significance Prior to Mitigation	Mitigation Measure	Enforcement Agency	Significance After Mitigation
Operational emissions may exceed the District's thresholds of significance.	AIR-1	Potentially Significant	Gallo shall comply with all applicable District permitting requirements and shall surrender Emission Reduction Credits to offset operational emissions as required by District NSR requirements prior to the start of construction activities. The following condition will be included in the Authority to Construct: * *Prior to operating equipment under this Authority to Construct, Permittee shall surrender NOx emission reduction credits for the following quantities of emissions: 1st quarter: 1,274 pounds, second quarter: 1,274 pounds, 3rd quarter: 1,274 pounds and 4th quarter: 1,274 pounds. Offsets shall be provided at the applicable offset ratio specified in Table 4-2 of Rule 2201 (as amended 4/21/2011). [District Rule 2201] N* * *Prior to operating equipment under this Authority to Construct, Permittee shall surrender VOC emission reduction credits for the following quantities of emissions: 1st quarter: 512 pounds, second quarter: 511 pounds, 3rd quarter: 511pounds and 4th quarter: 511 pounds. Offsets shall be provided at the applicable offset ratio specified in Table 4-2 of Rule 2201 (as amended 4/21/2011). [District Rule 2201] N* * *ERC Certificate Numbers N-2-1, S-3892-1, S-3807-1, S-3808-1, N-2-2, N-849-2, N-1061-2, N-1010-2, N-1011-2, or N-1012-2 (or a certificates split from these certificates) shall be used to supply the required offsets, unless a revised offsetting proposal is*	San Joaquin Valley Air Pollution Control District	Less Than Significant

Impact	Measure Number	Significance Prior to Mitigation	Mitigation Measure	Enforcement Agency	Significance After Mitigation
			received and approved by the District, upon which this Authority to Construct shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements, if any, shall be duplicated prior to reissuance of this Authority to Construct. [District Rule 2201] Y		
The project could expose people to health risk	AIR-2	Less Than Significant	To ensure compliance with the District's RMR the following condition will be included in the Authority to Construct (ATC): * *A non-resettable, totalizing mass or volumetric fuel flow meter to measure the amount of fuel combusted in the unit shall be installed, utilized and maintained. [District Rule 2201] Y*	San Joaquin Valley Air Pollution Control District	Less Than Significant
The project could have an impact on biological species.	BIO-1	Less Than Significant	To ensure the project will have a less than significant impact on biological species, the following condition will be included in the Authority to Construct (ATC): * *Permittee shall comply with all applicable requirements of the California Department of Fish and Wildlife (CDFW). Permittee shall retain any permits/records deemed necessary by CDFW on-site and shall make these permits/records available to the District upon inspection. [Public Resources Code 21000-21177: California Environmental Quality Act] N*	San Joaquin Valley Air Pollution Control District	Less Than Significant

Impact	Measure Number	Significance Prior to Mitigation	Mitigation Measure	Enforcement Agency	Significance After Mitigation
The project could have an impact on archaeological or	CUL-1	Less Than Significant	To ensure compliance with existing Native American Heritage Commission (NAHC) requirements, the following condition will be included in the Authority to Construct (ATC): * *In the event that archaeological/paleontological resources are discovered during ground-disturbing activities, all work within 100 feet of the find shall cease and Permittee shall notify and retain a qualified archaeologist/paleontologist to assess and provide an evaluation of the significance of the find. A qualified archaeologist/paleontologist shall determine whether avoidance is necessary and feasible in light of the factors such as the nature of the find, project design, costs, and other considerations, and, if necessary, develop appropriate mitigation measures in consultation with Merced County and the Native American Heritage Commission (NAHC). In addition, should archaeological/paleontological resources be discovered, Permittee shall provide the District a written report in relation to the nature of the find. [Public Resources Code 21000-21177: California Environmental Quality Act] N* * *In the event that human remains are discovered during ground-disturbing activities; all work within 100 feet of the find shall cease and the discovery shall immediately be reported to the County Coroner (CC) and Native American Heritage Commission (NAHC) for further assessment. Permittee shall identify appropriate measures for treatment or disposition of the remains in consultation with the CC and NAHC. In addition, should human remains be discovered during ground-disturbing activities, Permittee shall provide*	San Joaquin Valley Air Pollution Control District	Less Than Significant

Impact	Measure Number	Significance Prior to Mitigation	Mitigation Measure	Enforcement Agency	Significance After Mitigation
			the District a written report in relation to the nature of the find. [Public Resources Code 21000-21177: California Environmental Quality Act] N		
Operational emissions may exceed the District's thresholds of significance.	GHG-1	Potentially Significant	To ensure compliance with District's BPS for boilers the following conditions will be included in the ATC: * *The boiler shall be equipped with an economizer system that consists of, at a minimum, a single stage economizer section which will recover energy from the boiler flue gas by heat exchange with the boiler feed water. The economizer system shall be designed at maximum boiler firing rate to either 1) reduce the temperature of the economizer flue gas outlet to a value no greater than 20 deg F above the temperature of the boiler feed water at maximum firing rate, or 2) heat the boiler feed water to a temperature which is no less than 30 deg F below the steam temperature at the steam drum, or 3) reduce the final temperature of the boiler's flue gas to a temperature no greater than 200 deg F. [Public Resources Code 21000-21177: California Environmental Quality Act] N* * *Electric motors driving combustion air fans or induced draft fans shall have an efficiency meeting the standards of the National Electric Manufacturer's Association (NEMA) for "premium efficiency" motors and shall each be operated with a variable speed control or equivalent for control of flow through the fan. [Public Resources Code 21000-21177: California Environmental Quality Act] N*	San Joaquin Valley Air Pollution Control District	Less than Significant

Impact	Measure Number	Significance Prior to Mitigation	Mitigation Measure	Enforcement Agency	Significance After Mitigation
			* *The boiler shall be equipped with an O2 trim system designed to control oxygen content of the stack gases to a maximum of 3% by volume dry basis except during any period where the rate of fuel consumption by the boiler is less than 20% of maximum rated firing. [Public Resources Code 21000-21177: California Environmental Quality Act] N* * *The boiler shall be designed to limit the recirculation of flue gas to a value not exceeding 10 percent of total flue gas volume while meeting the applicable requirements for control of NOx emissions from the boiler. [Public Resources Code 21000-21177: California Environmental Quality Act] N* * *The boiler shall be equipped with an automatic boiler blowdown control system which minimizes boiler blowdown while controlling dissolved solids in the boiler water at an optimum level. [Public Resources Code 21000-21177: California Environmental Quality Act] N* * *The boiler shall be equipped with a flash steam recovery system which will recover flash steam from the blowdown pressure reduction and utilize it for feedwater heating in the deaerator or feedwater heater. [Public Resources Code 21000-21177: California Environmental Quality Act] N*		
The project could expose people to asbestos during construction activities.	HAZ-1	Less Than Significant	To ensure the removal of existing equipment will not result in adverse impacts due to the accidental release of asbestos, the following condition will be included in the ATC:	San Joaquin Valley Air Pollution Control District	Less Than Significant

Impact	Measure Number	Significance Prior to Mitigation	Mitigation Measure	Enforcement Agency	Significance After Mitigation
			* *No later than 10 days prior to the start of construction activities, Permittee shall demonstrate compliance with District Rule 4002 (National Emissions Standard for Hazardous Air Pollutants) through the acquisition of an approved Demolition Permit Release. [Public Resources Code 21000-21177: California Environmental Quality Act] N*		
The project would expose people to lead paint during construction activities.	HAZ-2	Less Than Significant	To ensure the removal of existing equipment will not result in adverse impacts resulting from exposure to lead paint, the following condition will be included in the ATC: * *Permittee shall comply with all applicable requirements of the Merced County Environmental Health Department (MCEHD) and the California Department of Toxic Substances Control (DTSC). Permittee shall retain any permits/records deemed necessary by MCEHD and DTSC on-site and shall make these permits/records available to the District upon inspection. [Public Resources Code 21000-21177: California Environmental Quality Act] N*	San Joaquin Valley Air Pollution Control District	Less Than Significant
The project could have an impact on water quality.	HYD-1	Less Than Significant	To ensure the project will not have an impact on water quality the following condition will be included in the ATC: * *Permittee shall comply with all applicable Regional Water Quality Control Board (RWQCB) water quality standard and waste discharge regulations. Permittee shall retain any permits/records deemed necessary by the RWQCB on-site and shall make these permits/records available to the District upon inspection. [Public Resources Code 21000-21177: California Environmental Quality Act]* N	San Joaquin Valley Air Pollution Control District	Less Than Significant

Impact	Measure Number	Significance Prior to Mitigation	Mitigation Measure	Enforcement Agency	Significance After Mitigation
The project could have an impact on utilities and service systems.	UTL-1	Less Than Significant	To ensure the project will not have an impact on utilities and service systems the following condition will be included in the ATC: * *Permittee shall comply with all applicable Regional Water Quality Control Board (RWQCB) and Department of Toxic Substances Control (DTSC) requirements. Permittee shall retain any permits/records deemed necessary by the RWQCB and DTSC on-site and shall make these permits/records available to the District upon inspection. [Public Resources Code 21000-21177: California Environmental Quality Act] N*	San Joaquin Valley Air Pollution Control District	Less Than Significant

III. Appendix A – Engineering Evaluation

Available Upon Request at District Office:

San Joaquin Valley Air Pollution Control District
Central Region
1990 E. Gettysburg Ave.
Fresno, CA 93726
(559) 230-6000

IV. Appendix B – Risk Management Review

Available Upon Request at District Office:

San Joaquin Valley Air Pollution Control District
Central Region
1990 E. Gettysburg Avenue
Fresno, CA 93726
(559) 230-6000

V. Appendix C – Comments Received and District Response

Response to Comments Received for the E & J Gallo Winery Boiler Replacement Project Project No. N-1122834

The San Joaquin Valley Air Pollution Control District (District) provided a Notice of Intent to adopt a Mitigated Negative Declaration for the decommission of an existing 90 MMBtu/hr boiler and installation of a 99 MMBtu/hr boiler in its place within the existing winery facility located at 18000 West River Road, Livingston, California. The Initial Study and Draft Mitigated Negative Declaration were available for public review from February 1, 2013 to March 3, 2013.

The District did not receive any written or verbal comments regarding the proposed Initial Study and Mitigated Negative Declaration.