APPENDIX F

RESPONSES TO COMMENTS

City of Los Angeles

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October 17, 1996

James Lents, Ph.D., Executive Officer
South Coast Air Quality Management District
21865 E. Copley Drive
Diamond Bar, CA 91765

Subject: City Review and Comment on the Socioeconomic Analysis of the Draft 1997 AQMP

Dear Dr. Lents:

The City of Los Angeles has reviewed the Socioeconomic Analysis for the Draft 1997 AQMP (Plan) and has prepared the following comments for your consideration:

General Comments

SE-1 While the Socioeconomic Analysis for the Draft 1997 AQMP is clearly an improvement on the analysis conducted for the 1994 AQMP, many of the figures provided still are not well documented. The SCAQMD should provide more of the quantitative analysis, such as the model runs, within an appendix to the document so that reviewers and decision-makers can better understand how the numbers were developed. Appendix A on the Assessment Methodology provides some detail, but more specific data and more information about the assumptions are needed to give the reader a full picture of both what the costs/benefits are, as well as how they were derived.

SE-2 Both the costs and the benefits of the AQMP are significantly lower than those for the 1994 AQMP. While we understand that the costs of the Plan have been reduced because infeasible or marginally cost-effective measures have been eliminated from the plan, it is more difficult for us to understand how the value of the significant benefits of healthful air quality (i.e., reduced morbidity and mortality, visibility improvements, etc.) could be so significantly reduced from just three years ago (the benefits associated with the plan have been reduced

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SE-1 There are numerous modeling runs and spreadsheets to support the socioeconomic analysis of the draft 1997 AQMP. The socioeconomic report is written so as to be of benefit to the average reader. The background information used to generate the socioeconomic report is available upon request.

SE-2 The differences between the 1997 and 1994 AQMP socioeconomic analyses are explained in the executive summary (page ES-5). The estimated benefits are lower for the 1997 AQMP because the amount of emission reductions in the Plan is lower. In addition, staff has refined the methodologies for estimating health and visibility benefits such that health benefits for improvements in PM10 and ozone beyond federal standards are not included, and only 45 percent of the total willingness to pay factor is used to account for visibility aesthetics. Staff will continue to re-evaluate the future benefits of clean air as revisions to the AQMP occur.

from $6.0-$7.6 billion for the 1994 AQMP to $1.8-$1.9 billion for the 1997 AQMP). The SCAQMD's statement that the air is cleaner now than three years ago and, therefore, the future benefits from clean air are correspondingly less than they were three years ago does not seem to be a sufficient justification for reductions of this size. While some of the reduction in benefits may be explained by the improvement in air quality, we would recommend that the SCAQMD re-evaluate the future benefits of clean air and provide greater detail in the Socioeconomic Analysis. Additionally, the SCAQMD should explain in detail how and why the Socioeconomic Analysis for the 1997 AQMP differs from the analysis conducted for the 1994 AQMP.

SE-2 con't

Technical Comments

- Cost of Unquantifiable Measures

  The anticipated costs associated with those future measures which cannot be quantified at this time is based on the cost of quantifiable measures. However, it should be noted that as the region approaches attainment, the marginal cost to reduce the remaining emissions would be expected to be higher as additional emission reductions become more difficult to achieve. Therefore, simply relying on the average cost of known (quantified) measures to calculate the cost of future (unquantified) measures would tend to underestimate the cost of those future measures. The SCAQMD should reassess the methodology for estimating costs from unquantifiable measures to account for the anticipated increased costs to reach attainment as the region approaches attainment.

SE-3

- Geographic Distribution of Costs and Benefits

  The table below, derived from data in tables 3-2, 3-3, 3-4, 3-5, 3-8, 5-1, 5-2 of the Socioeconomic Analysis, shows the distribution of quantified benefits relative to costs on a County basis.

County	Share of Quantified Benefits*	Share of Average Annual Control Costs
Los Angeles County	35.81%	71.7%
Orange County	13.84%	12.3%
Riverside/San Bernardino Co.	50.35%	16.0%
TOTAL	100.00%	100.0%

* Includes: health, crop, visibility, and material benefits. Excludes: traffic congestion and relief.

SE-4

This table clearly shows that the benefits of the Plan will accrue largely to Riverside and San Bernardino counties and that Los Angeles County will sustain a significant portion of the costs. The SCAQMD should provide an explanation as to why this is the case.

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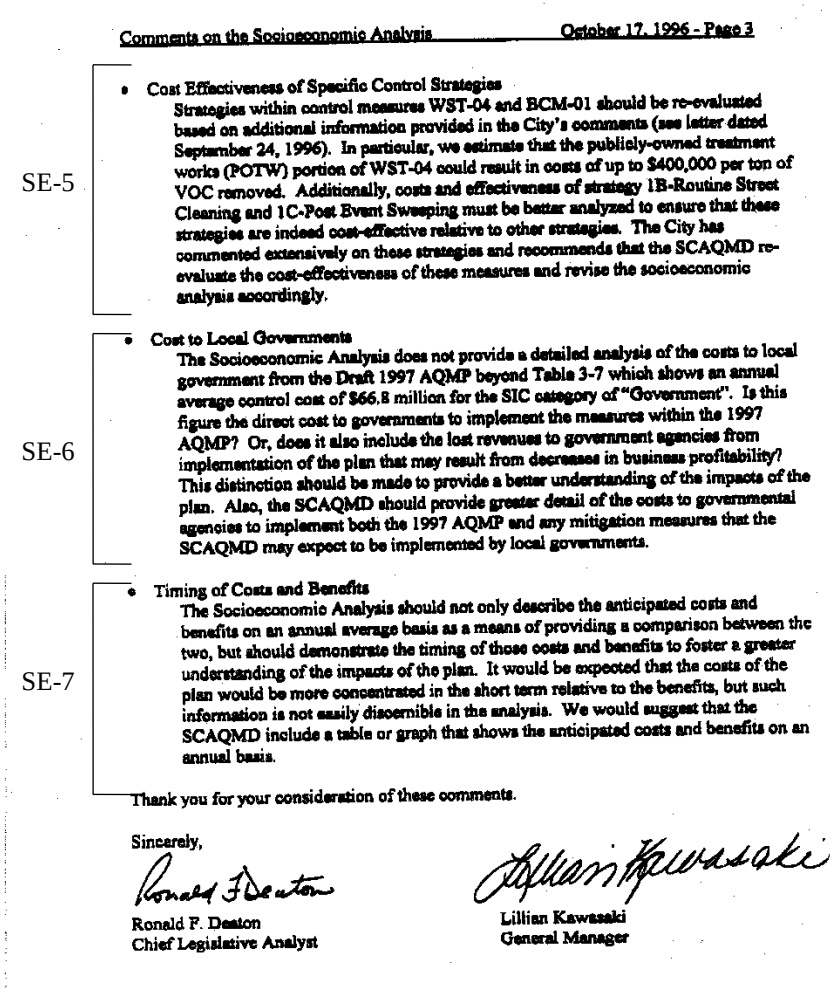
SE-3 Staff believes that using the costs of quantified measures to estimate the costs of unquantified measures is a reasonable approach in the absence of actual cost data. It should be noted that advancements in technology have been known to lower the costs of some controls, especially those associated with long-term measures. As such using the average cost of quantified measures as a surrogate for unquantified measures is likely to over predict not under predict costs.

SE-4 As pointed out in Chapter 3, Los Angeles County could incur a larger portion of the costs because most of the affected emission sources are located in Los Angeles County. Riverside and San Bernardino counties could incur a larger portion of the benefits mainly because the majority of health benefits are associated with PM10 reductions and greater reductions in PM10 occur in these counties. The regional distribution of health benefits is discussed in Chapter 5.



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- **Cost Effectiveness of Specific Control Strategies**
  Strategies within control measures WST-04 and BCM-01 should be re-evaluated based on additional information provided in the City's comments (see letter dated September 24, 1996). In particular, we estimate that the publicly-owned treatment works (POTW) portion of WST-04 could result in costs of up to $400,000 per ton of VOC removed. Additionally, costs and effectiveness of strategy 1B-Routine Street Cleaning and 1C-Post Event Sweeping must be better analyzed to ensure that these strategies are indeed cost-effective relative to other strategies. The City has commented extensively on these strategies and recommends that the SCAQMD re-evaluate the cost-effectiveness of these measures and revise the socioeconomic analysis accordingly.

SE-5

- **Cost to Local Governments**
  The Socioeconomic Analysis does not provide a detailed analysis of the costs to local government from the Draft 1997 AQMP beyond Table 3-7 which shows an annual average control cost of $66.8 million for the SIC category of "Government". Is this figure the direct cost to governments to implement the measures within the 1997 AQMP? Or, does it also include the lost revenues to government agencies from implementation of the plan that may result from decreases in business profitability? This distinction should be made to provide a better understanding of the impacts of the plan. Also, the SCAQMD should provide greater detail of the costs to governmental agencies to implement both the 1997 AQMP and any mitigation measures that the SCAQMD may expect to be implemented by local governments.

SE-6

- **Timing of Costs and Benefits**
  The Socioeconomic Analysis should not only describe the anticipated costs and benefits on an annual average basis as a means of providing a comparison between the two, but should demonstrate the timing of those costs and benefits to foster a greater understanding of the impacts of the plan. It would be expected that the costs of the plan would be more concentrated in the short term relative to the benefits, but such information is not easily discernible in the analysis. We would suggest that the SCAQMD include a table or graph that shows the anticipated costs and benefits on an annual basis.

SE-7

Thank you for your consideration of these comments.

Sincerely,

Ronald F. Deaton
Chief Legislative Analyst

Lillian Kawasaki
General Manager

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SE-5 The proposed measure WST-04 applies to emissions from landfills, POTWs, and hazardous waste disposal facilities. Based on the information received, the District will continue working with all affected parties to further evaluate the technical feasibility and cost effectiveness of implementing this control measure during the rule development process.

Based on an analysis prepared by staff, BCM-01b and BCM-01c meet the established cost effectiveness criteria and, accordingly, have been proposed for rulemaking (Proposed Rule 1186). The cost analysis was based on the difference in purchases of a PM10-efficient street sweeper versus a non-PM10-efficient street sweeper. Staff recognizes that there may be unique aspects of street sweeping activities for the City and some other municipalities and these aspects will be further analyzed as part of the development of proposed Rule 1186. The revised control cost as well as cost effectiveness will be considered in the socioeconomic assessment of proposed Rule 1186.

SE-6 The $66.8 million costs for the local government agencies (SIC 91-97) are the direct costs to local government to implement the draft 1997 AQMP. Decreases in projected profits do not necessarily translate to decreases in sales on which revenues to local governments are based. The projected positive job impacts from implementing the 1997 AQMP are more likely to result in increased sales overall. A more detailed assessment on this issue will be assessed during rulemaking.

SE-7 Figure 3-3 has been added to page 3-11 in Chapter 3 of the Draft Final Socioeconomic Report to provide a trend of annual costs of quantified measures resulting from implementing the 1997 AQMP. The benefits of the 1997 AQMP are calculated with respect to the benchmark years 2000 and 2010 for ozone reductions and 2000, 2006, and 2010 for PM10 reductions where air quality data are available. The benefits for interim years are interpolated. As shown in Table 3-10, the benefits of the Plan are much greater in the long term as more control measures are put in place.