



EGM-01: New Development and Redevelopment Projects



Working Group Meeting
March 29, 2019



South Coast
AQMD

Agenda

- Summary of Working Group Meeting #6
- Overview of Draft RFP
- Indirect Source Review and CEQA Mitigation Programs
- CEQA Air Quality Mitigation Concepts
- Next Steps

Summary of Working Group #6

- Discussed approach to Working Group process
- Staff provided an overview of responses to RFP survey
- Working Group requested:
 - RFP focus on costs of emission reductions from construction
 - Opportunity to review draft RFP

Overview of Draft RFP

Overview of Draft RFP – Purpose

- Identify potential costs of reducing emissions from construction of new development and redevelopment projects
 - Based on Working Group input
 - Consistent with approach presented to the Board in March 2018
- Results would be used with additional information gathered during the Working Group process to:
 - Inform emission reduction strategies
 - Evaluate potential economic impacts

Overview of Draft RFP – Summary

- Profile the universe of off-road construction equipment in the Basin
- Compile an inventory of construction fleets and identify fleet characteristics
 - Fleet size (# of pieces of equipment)
 - Equipment type
 - Engine size and tier
 - Number of employees
- Develop incremental costs to upgrade existing in-use off-road diesel-fueled construction equipment to tier 4 standards

Overview of Draft RFP – Summary *(continued)*

- Compile findings into a report and present at Working Group meeting
- Proposed \$75,000 to be made available for the contract
- Estimated RFP schedule:

Date	Event
April 9, 2019	RFP Release
May 9, 2019	Proposals Due to SCAQMD
May 10, 2019 to May 17, 2019	Proposal Evaluations
May 24, 2019	Anticipated Contract Execution

Indirect Source Review and CEQA Mitigation Programs

SJVAPCD Indirect Source Review – Rule 9510

- Indirect Source Review (ISR), Rule 9510
 - Applies to new development and redevelopment projects
 - Requires construction and operational emission reductions beyond unmitigated baseline calculation
 - Compliance through project design features (on-site measures) or off-site fees
 - Adopted in 2005



Project Phase	NOx	PM10
Construction	20%	45%
Operation	33%	50%

SJVAPCD Indirect Source Review – Rule 9510 (Continued)

- Applies by project size:
 - Small projects: 2K sq. ft. – 500K sq. ft.
 - Large projects: 10K sq. ft. – 500k sq. ft.
- Applies to a broad range of project types (e.g., commercial, heavy industrial, residential, etc.)
- Funds administered by SJVAPCD and spent via existing incentive programs
- 4% fee added for administration

Small Development Projects

2,000 sq. ft. commercial	25,000 sq. ft. light industrial	100,000 sq. ft. heavy industrial
20,000 sq. ft. medical office	39,000 sq. ft. general office	9,000 sq. ft. educational
10,000 sq. ft. government	20,000 sq. ft. recreational	50 residential units
9,000 sq. ft. of space not included in the list		

Large Development Projects

10,000 sq. ft. commercial	125,000 sq. ft. light industrial	500,000 sq. ft. heavy industrial
100,000 sq. ft. medical office	195,000 sq. ft. general office	45,000 sq. ft. educational
50,000 sq. ft. government	100,000 sq. ft. recreational	250 residential units
45,000 sq. ft. of space not included in the list		

*SOURCE: *Frequently Asked Questions Rule 9510 Indirect Source Review (ISR)*. Page 2. San Joaquin Valley Air Pollution Control District, March 1st, 2018. Accessed at: <http://www.valleyair.org/ISR/Documents/isr-faq.pdf>

SJVAPCD CEQA Air Quality Mitigation Program – VERA

- **Voluntary Emission Reduction Agreement (VERA)**
 - Contractual agreement between SJVAPCD and project proponent to provide \$\$ for mitigating a project's CEQA air quality impacts for multiple pollutants
 - Limits project exposure to legal challenge
 - Credited toward ISR compliance
- **ISR & VERA funds used for emission reduction projects within the SJVAPCD**
 - Projects reviewed through an application process
 - For example, heavy duty engine replacement

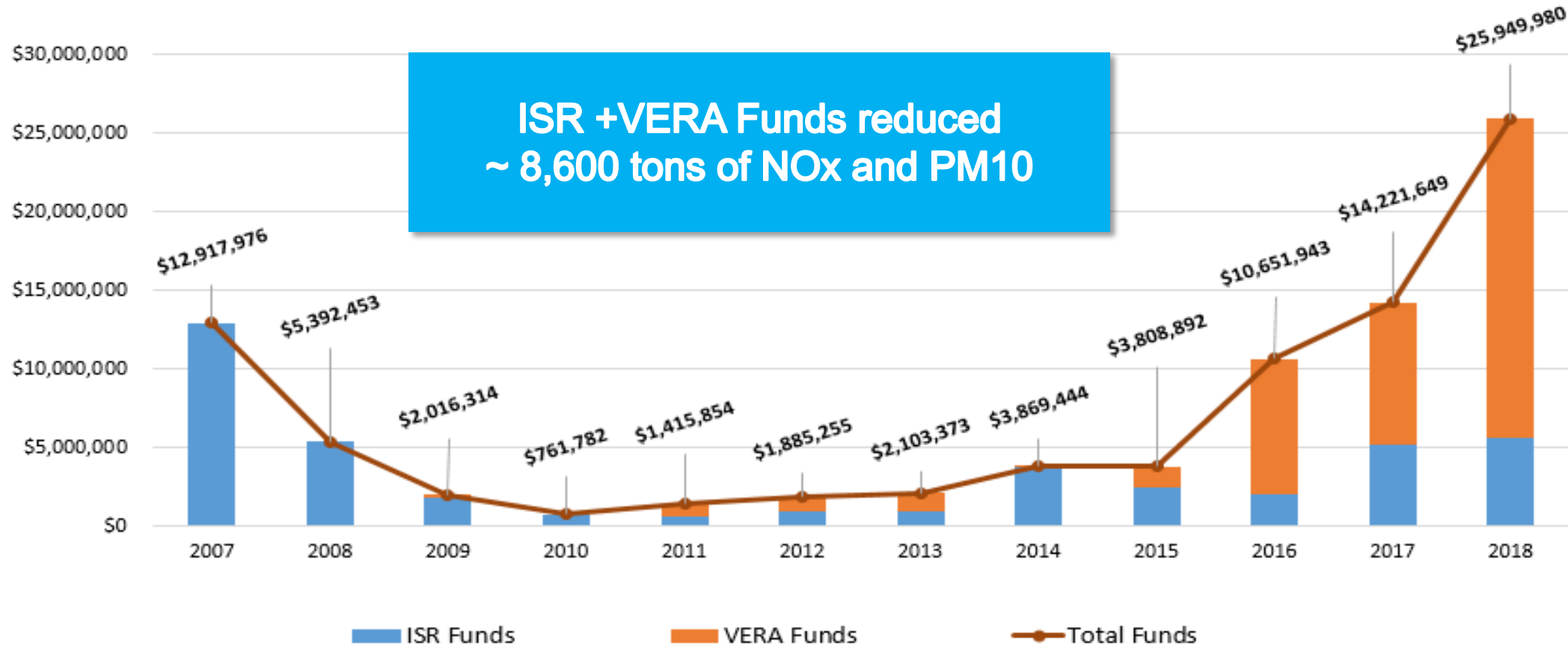
Summary of SJVAPCD ISR and VERA Program

- In 2018 SJVAPCD received highest number of ISR applications: 344
- To date, 35% of projects in SJVAPCD have reduced construction impacts through implementation of clean construction equipment
- 4,899 emission reduction projects affecting 12,232 units have been implemented through the use of ISR-VERA Funds since 2006
- \$83 million in ISR + VERA funds have been collected from 2006 – 2018 resulting in:
 - 7,900 tons of NOx
 - 630 tons of PM10

*SOURCE: 2018 Annual Report Indirect Source Review Program Reporting Period: July 1, 2017 – June 30, 2018. San Joaquin Valley Air Pollution Control District, 2018. Accessed at: <http://www.valleyair.org/isr/Documents/2018-Annual-Report.pdf>

Summary of SJVAPCD ISR and VERA Program *(Continued)*

ISR-VERA Program Funds Received From March 2006 to June 2018



SOURCE: SJVACPD's 2007 - 2018 Annual Reports on the District's Indirect Source Review Program. Accessed at: <http://www.valleyair.org/ISR/ISRResources.htm#ISRReports>

Additional Air District ISR and CEQA Mitigation Programs

- **Placer County APCD**
 - Optional, Off-Site Air Quality Mitigation Fund
- **Great Basin Unified APCD**
 - Indirect source permit rule for secondary sources (i.e. buildings, facilities, operation); can impose conditions if the source will contribute to violation of air quality standard
- **Colusa County APCD**
 - Fee per unit or per square foot included in building permit part of city or county's permit process

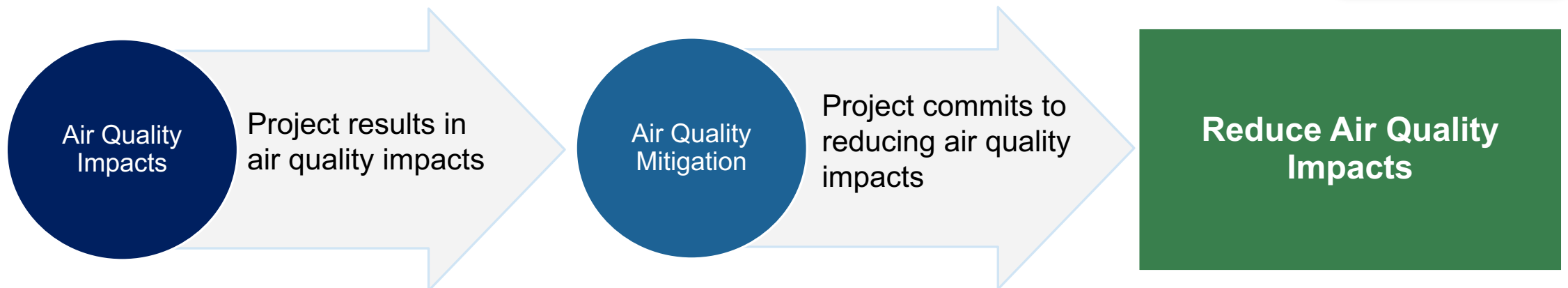
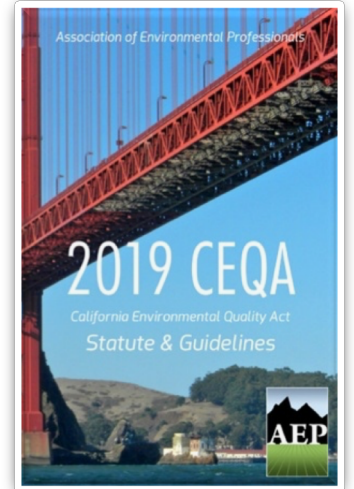
Other CEQA Mitigation Fund Program Examples

- WRCOG Transportation Uniform Mitigation Fee
 - Local jurisdictions adopt ordinance authorizing participation
 - Administered by Western Riverside COG – JPA
- World Logistics Center
 - SCAQMD Board has flexibility to spend funds – CEQA settlement
- Western Riverside Multiple Species Habitat Conservation Plan
 - Local program includes explicit interaction with state and federal entities
- California Department of Fish and Wildlife Conservation and Mitigation Banking
 - In exchange for managing natural resources
 - Land owners receive and sell credits to those who need to mitigate impacts

CEQA Air Quality Mitigation Concepts

CEQA Air Quality Mitigation Concepts

- Staff is considering voluntary emission reduction opportunities for new and redevelopment projects
- Goal is to reduce construction and operational emissions from new and redevelopment projects
 - Based on a voluntary approach
 - Focus on ozone precursors (NOx and VOC's)
 - Could go beyond CEQA significance thresholds



CEQA Air Quality Mitigation Concepts *(Continued)*

- Voluntary emission reduction opportunities could be implemented with the following mechanisms:
 - Memorandum of Understanding (MOU)
 - Mitigation exchange program
 - Adoption of an opt-in rule

CEQA Air Quality Mitigation Concepts – MOU

- Legally binding agreement between the lead agency and/or project proponent and SCAQMD
 - Provide an opportunity to mitigate air quality impacts
 - Not limited to projects resulting in significant air quality impacts
 - May include other interested parties
- MOU would contain mitigation measures and include:
 - Terms, conditions, and timeline for implementation
 - Enforceability (e.g. implementing agencies), monitoring and reporting
- MOU approach could be standardized or project specific

CEQA Air Quality Mitigation Concepts – Mitigation Exchange

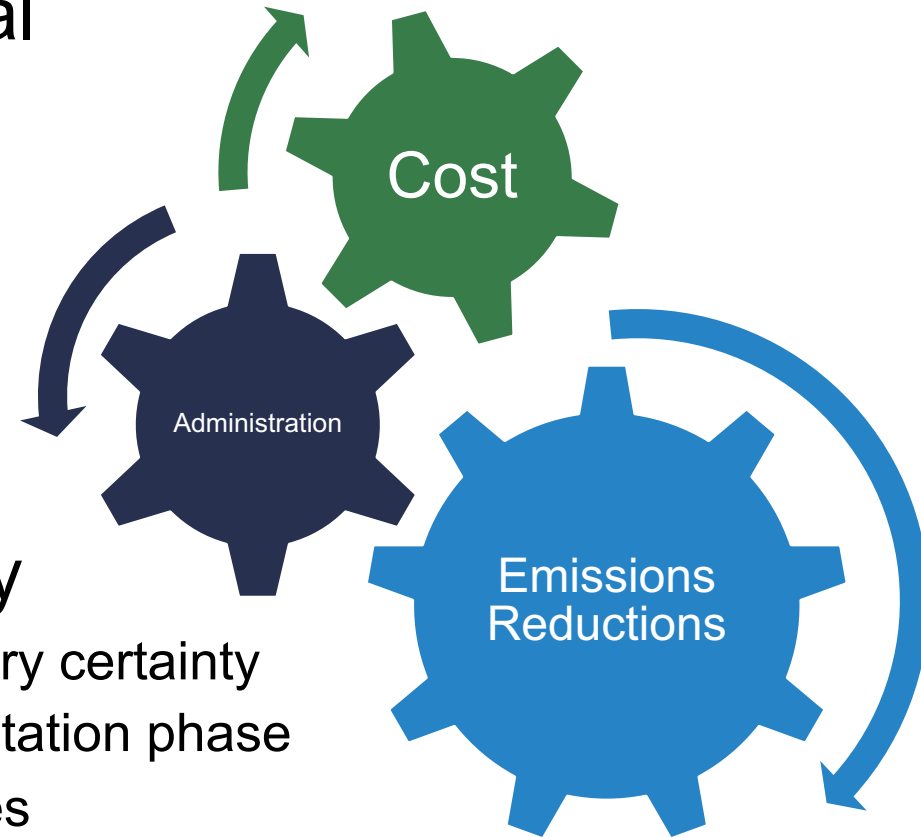
- Emission reductions would be identified by the project proponent or SCAQMD
- Project proponent would partner with entity responsible for reducing emissions
 - Develop formal agreement for reductions
 - Establish monitoring and reporting requirements
- SCAQMD would verify emission reductions

CEQA Air Quality Mitigation Concepts – Opt-in Rule

- SCAQMD would develop rule through rule development process
- Rule would apply to projects that opt to voluntarily reduce air quality impacts
- Rule would establish requirements based on project characteristics (e.g., type and size)
- Examples of requirements could include:
 - Both on-site and off-site mitigation requirements
 - Mitigation fee structure, etc.

CEQA Air Quality Mitigation Concepts – Considerations

- **Emission reduction potential**
 - Level of emission reductions
 - Feasibility of emission reductions
- **Cost impacts**
 - Project specific cost impacts
 - Consumer impacts
 - Industry-wide economic impacts
- **Administrative responsibility**
 - Opportunity for legal and/or regulatory certainty
 - Role of public agencies in implementation phase
 - Resource impacts on public agencies



Next Steps

Next Steps

- Release Draft RFP
 - April 2019 – RFP release date
 - May 2019 – estimated contract execution
- Next Working Group meeting
 - May 2019
 - Status of RFP and mitigation concepts

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