

AGENDA
Special Meeting
PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
BOARD OF DIRECTORS

Thursday, June 10, 2010
2:30 P.M.

Placer County Board of Supervisors' Chambers
175 Fulweiler Avenue Auburn, California

1. **Call to Order**
2. **Flag Salute**
3. **Roll Call / Determination of a Quorum**
4. **Public Hearing:** A public hearing for the exclusive purpose of reviewing the Proposed Preliminary District Budget for Fiscal Year 2010-11, and providing the public with an opportunity to comment. The public hearing is to be held pursuant to Section 40131 of the California Health and Safety Code.
5. **Adjournment**

NEXT REGULARLY SCHEDULED MEETING DATE:

Thursday, June 10, 2010, 3:00 PM

And

Thursday, August 12, 2010, at 2:30 PM: Scheduled second public hearing and adoption of the FY 2010-11 District Budget.

Opportunity is provided for the members of the public to address the Board on items of interest to the public that are within the jurisdiction of the Board. A member of the public wanting to comment upon an agenda item that is not a Public Hearing item, should submit their name and identify the item to the Clerk of the Board.

Placer County Air Pollution Control District is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you are hearing impaired, we have listening devices available. If you require additional disability-related modifications or accommodations, including auxiliary aids or services, please contact the Clerk of the Board. If requested, the agenda shall be provided in appropriate alternative formats to persons with disabilities. All requests must be in writing and must be received by the Clerk five business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated only if time permits.

District Office Phone – (530) 745-2330

MEMORANDUM

TO: Board of Directors, Placer County Air Pollution Control District

FROM: Jane Bailey, Administrative Services Manager

AGENDA DATE: June 10, 2010

SUBJECT: Proposed Preliminary Budget FY 2010-11 Staff Report (Public Hearing)

Action Requested:

Conduct a Public Hearing in accordance with the Health and Safety Code § 40131 (3) (A) that states: "The district shall notice and hold a public hearing for the exclusive purpose of reviewing its budget and of providing the public with the opportunity to comment upon the proposed district budget." The District also seeks guidance from the Board regarding any changes to this Proposed Preliminary Budget for FY 2010-11 for inclusion into the Final Proposed Budget, which will be presented to your Board for adoption on August 12, 2010.

Background:

The District Budget is organized into three separate funds, each with its own revenue and expenditure accounts. The three funds are briefly described below:

- **The Operations Fund** is used for the purpose of conducting the business of the District not covered by the other two funds. The revenue sources for this fund are: permit fees, fines, state subvention, interest derived from these sources, Per Capita Assessment, co-funding of projects/programs from the private sector and administrative fees. The Non-Tort Defense Fund is a sub-fund of the Operations Fund and is set aside for the legal defense of the District. Another sub-fund for contingencies in case of unforeseen events was established in the FY 2007-08 budgetary process and is currently at \$100,000. The District would like to grow this sub-fund, titled the Reserve Fund, to between 5 and 10% of the budget. In fiscal year 2010-11, the District is proposing to set aside an additional \$15,000 for this purpose. The District Reserve Fund will have a total of \$115,000 if the Board approves. The District is proposing to use an additional \$15,000 of the Reserve Fund for vehicle replacement (this will total \$30,000). The District plans to replace vehicle(s) commencing in FY 2011-2012. In the beginning of FY 2007-08, the District received settlement funds from the Sierra Pacific Industries (SPI) case brought by the State Attorney General's Office on behalf of several air districts. The District received \$2,742,500 from SPI as the District's share of the settlement. This fund is called the "Settlement Fund". The District also received \$700,000 for recovery of litigation and case development costs that was set aside in a fund called "Litigation Cost Recovery Fund". With the help of the Placer County Auditor's Office, the District set aside those funds in a sub-fund to the Operations Fund in FY 2007-08. These funds are held in an interest bearing account and the interest from those funds are proposed to be used for specific projects, programs and normal operations which are detailed in the proposed budget for FY 2010-11. The District is proposing to use \$83,000 of the Litigation Cost Recovery Fund (\$700,000) for potential one time facility relocation costs.
- **The DMV Fund** is a restricted fund that is to be used to reduce mobile source emissions and to carry out related California Clean Air Act activities, such as: air monitoring, air modeling, emission

inventory assessment and identification, control strategies, air quality planning, public information, and direct incentives to reduce mobile source emissions. The DMV Fund has four sources of revenue – DMV (AB 2766 and AB 923) Fees, also referred to as Vehicle Surcharge Fees, interest derived from these funds, a portion of the Placer County Planning Department application fees that offset work done by the Placer County Air Pollution Control District’s Planner and co-funding from outside agencies and the private sector for projects that meet the DMV approved project/program criteria. This work falls under the guidelines established for the expenditures to the DMV Fund and therefore the revenue from the Planning Department’s application fees and the co-funding offset the cost of the Planner’s salary to the DMV Fund, as well as, the contracted support to the DMV projects.

- **The Mitigation Fund** is a restricted fund that is used only for the purposes described in each individual mitigation plan. The revenue sources for this fund come from mitigation plans approved at the discretion of the Land Use Authorities. Because the District cannot predict which of these plans will be approved, the revenue for this fund is not budgeted.

Discussion:

The purpose of the following discussion of the projected year-end balances for each of the funds in FY 2009-10 is to approximate the beginning fund balances for each of the funds in the proposed budget for FY 2010-11. “Table 1” below will aid in this discussion.

Table 1

	Recap of Projected FY 2009-10	Recap of Revised Budget FY 2009-10	Difference	Percent Change
Funds Available:				
Permit Fees	785,835	821,964	(36,129)	-4.40%
Fines & Penalties	86,651	50,100	36,551	72.96%
Interest	160,993	275,000	(114,007)	-41.46%
DMV (AB2766, AB923)	1,978,095	2,173,476	(195,381)	-8.99%
State-wide PERP	38,499	25,000	13,499	54.00%
State Subvention	104,998	97,000	7,998	8.25%
Other Government Assistance	104,385	110,339	(5,954)	-5.40%
Mitigation Fees	60,211	152,275	(92,064)	-60.46%
Burn / Land / Other Permits	88,007	60,350	27,657	45.83%
Per Capita Assessment	146,023	146,023	-	0.00%
Miscellaneous	(9,800)	10,200	(20,000)	-196.08%
Private Sector - Project Participation	115,000		115,000	0.00%
TOTAL REVENUE	3,658,898	3,921,727	(262,829)	-6.70%
Operations Fund Carry-Over from the Previous FY	459,518	459,518	-	0.00%
Non-tort Defense Fund Carry-Over from the Previous FY	90,000	90,000	-	0.00%
Reserve (Contingency) Carry-Over from the Previous FY	75,000	75,000	-	0.00%
DMV (AB2766, AB923) Carry-Over from the Previous FY*	372,400	372,400	-	0.00%
Mitigation Fund Carry-Over from the Previous FY	96,714	96,714	-	0.00%
TOTAL FUND CARRY OVER	1,093,632	1,093,632	-	0.00%
TOTAL FUNDS AVAILABLE	4,752,530	5,015,359	(262,829)	-5.24%
Fund Usage:				
Salary & Benefits	2,056,208	2,205,022	(148,814)	-6.75%
Supplies & Services	538,780	1,041,652	(502,872)	-48.28%
Clean Air Grants & Incentive Programs	1,104,751	1,390,876	(286,125)	-20.57%
Equipment			-	0.00%
TOTAL EXPENSE	3,699,739	4,637,550	(937,811)	-20.22%
Operations Ending Fund Balance	266,831	152,200	114,631	75.32%
Non-Tort Defense Ending Fund Balance	90,000	90,000	-	0.00%
Reserve (Contingency) Ending Fund Balance	100,000	100,000	-	0.00%
DMV (AB2766, AB923) Ending Fund Balance*	491,825	1,020	490,806	48130.00%
Mitigation Ending Fund Balance	104,135	34,589	69,546	201.07%
TOTAL ENDING FUND BALANCE	1,052,791	377,809	674,983	178.66%
TOTAL FUND USAGE	4,752,530	5,015,359	(262,828)	-5.24%

*Includes co-funding for approved DMV projects

Fiscal Year 2009-10 Projected End of Year Fund Balances:

(1) Projected Operation Ending Fund Balance FY 2009-10:

The Operation Ending Fund Balance for FY 2009-10 is projected to be \$456,831 (This includes the ending fund balances of the Reserve Fund and the Non-Tort Defense Fund). This is \$114,631 more than budgeted for in FY 2009-10 for the following reasons:

Revenue Analysis:

- The projected net revenue increase to the Operations Fund (see page 13 of the FY 2010-11 Proposed Preliminary Budget) is \$34,931. This is primarily due to funds coming from the "Private Sector Assistance for Project Funding". Almost all other revenue streams in the Operations Fund are projected to be down in FY 2009-10.

Expenditure Analysis:

- The projected net expenditure savings is \$79,700 in the Operations Fund. This is projected savings is due to a combination of a slight increase to "Salaries and Benefits" of \$111,079 and a decrease to "Supplies & Services" for the Operation Fund by \$142,662. The District has reduced the amount projected to be spent in this area by 29%. "Special Non-DMV Projects" expenditures are expected to drop by \$48,117 as these projects come to an end and no new projects are being funded.

To summarize the Projected Operations Ending Fund Balance for FY 2009-10: the total projected revenue increase for the Operations Fund is \$34,931 and combined with additional expenditure savings of \$79,700, the **Ending Fund Balance for the Operations Fund is projected to be \$456,831.**

(2) Projected DMV Ending Fund Balance for FY 2009-10:

The DMV Ending Fund balance for FY 2009-10 is projected to be \$491,825. This is \$490,806 more than budgeted for in FY 2009-10 for the following reasons:

Revenue Analysis:

- The projected net revenue decrease to the DMV Fund is \$205,695 and is mainly due to fewer dollars being received from the State Vehicle Registration Fees. -- See page 15 of the FY 2010-11 Proposed Preliminary Budget:

Expenditure Analysis:

- There was a projected \$259,893 "Salary & Benefits" savings in the Planning and Air Monitoring Section because the District apportioned more of this expense to non-DMV projects (expended in the Operations Fund) and the ALECS (locomotive hood) project was not implemented in FY 2009-10.
- Additionally, the District is not expected to incur \$184,608 in "Supplies and Services" because some of the DMV projects did not get finished in FY 2009-10 (these will be re-budgeted for FY 2010-11) and the District will have spent less for supplies in FY 2009-10.
- In the "DMV Approved Projects", \$252,000 is projected not to be expended on the ALECS (Hood) project during FY 2009-10 but is proposed to be expended in FY 2010-11.

To recap the projected increase (\$490,806) to the DMV Ending Fund Balance for FY 2009-10: revenue is projected to decrease by \$205,695 but combined with a net projected savings of \$696,501 the **Projected DMV Ending Fund Balance for FY 2009-10 will be \$491,825.**

(3) Projected Mitigation Ending Fund Balance for FY 2009-10:

The Mitigation Ending Fund Balance for FY 2009-10 is projected to be \$104,135. This is \$69,546 more than was budgeted for in FY 2009-10 for the following reasons:

Revenue Analysis:

- The mitigation fee revenue is dependent on the approval of the land use authority for any given project and cannot be predicted from one fiscal cycle to another. The District will not be receiving the Mitigation fees that were budgeted for in this fiscal cycle. The uncollected Mitigation fees total \$92,064. Additional mitigation fees may be collected between April 30, 2010 and June 30, 2010 and will be available for projects that are determined to fall within the guidelines provided by the District’s Board approved policy on Land Use Mitigation Fees.

Expenditure Analysis:

- In FY 2009-10, \$152,275 of the Mitigation Fund was approved for Clean Air Grants. \$116,355 came from previously awarded Mitigation funded CAGs that were not completed for various reasons and another \$35,920 came from Mitigation Fees. The District awards Mitigation Funds that have not been committed for specific use in a development agreement to the Clean Air Grant Program and the Woodstove Replacement Incentive Program¹

To summarize the Projected Mitigation Ending Fund Balance for FY 2009-10: the projected reduction of \$92,064 dollars in Mitigation Fees combined with Clean Air Grants disencumbered and not expended (\$152,275) in FY 2009-10 results in a **Projected Mitigation Ending Fund Balance for FY 2009-10 of \$104,135.**

Summary of the Projected Ending Fund Balance for FY 2009-10:

The following projected ending fund balance for each of the funds will become the Fund Balance Carry-Over for each of the funds in the Proposed Preliminary Budget for FY 2010-11 as shown below:

▪ Operations Fund Balance Carry-Over	\$456,831 (includes sub-funds)
▪ DMV Fund Balance Carry-Over	491,825
▪ Mitigation Fund Balance Carry-Over	<u>104,135</u>
Total Fund Balance Carry-Over	\$1,052,791

In the Projection for FY 2009-10 to the Revised Budget for FY 2009-10 (as shown on page 2 of this memo), it appears that the District will receive 6.7% less in revenue – a sign of the economic times and even though the District made a reduction in total expenditures of 20.22%, the District’s Proposed Preliminary Budget for FY 2010-11 will be constrained by yet another year of economic hard times. If the Actual FY 2009-10 at June 30, 2010 is better than projected, the Proposed Budget for FY 2010-11 will be adjusted accordingly. The Proposed Preliminary Budget for FY 2010-11 discussion is on the following page:

¹The grand total of all Clean Air Grants awarded by Placer County Air Pollution Control District since July 1, 2000 is \$11,510,348. With the proposed \$865,000 in Clean Air Grants for Fiscal Year 2010-11, the District will be over the 12 million dollar mark. This is a total of 38.07% of all revenue received by the District being used for Clean Air Grants or 60.48% of DMV Fund revenue used for Clean Air Grants.

Proposed Preliminary Budget for Fiscal Year 2010-11:

The District offers the following analysis of the differences between the *Proposed Preliminary Budget* for FY 2010-11 and the *Approved Revised Budget* for FY 2009-10. Please use Table 2 – A comparison between the **Proposed Preliminary Budget for FY 2010-11 and the Approved Revised Budget for FY 2009-10** for the following discussion.²

Table 2

COMPARISON OF THE PROPOSED PRELIMINARY BUDGET FOR FY 2010-11 TO THE APPROVED REVISED BUDGET FOR FY 2009-10				
	Recap of Proposed Budget FY 2010-11	Recap of Revised Budget FY 2009-10	Difference	Percentage Change
Funds Available:				
Permit Fees	760,195	821,964	(61,769)	-7.51%
Fines & Penalties	35,100	50,100	(15,000)	-29.94%
Interest	165,000	275,000	(110,000)	-40.00%
DMV (AB2766, AB923)	2,013,000	2,173,476	(160,476)	-7.38%
Statewide PERP	25,000	25,000	-	0.00%
State Subvention	97,000	97,000	-	0.00%
Other Government Assistance	110,339	110,339	-	0.00%
Mitigation Fees		152,275	(152,275)	-100.00%
Burn / Land / Other Permits	57,488	60,350	(2,862)	-4.74%
Per Capita Assessment	176,597	146,023	30,574	20.94%
Miscellaneous	10,200	10,200	-	0.00%
From Cost Recovery Litigation Funds	83,000	0	83,000	0.00%
TOTAL REVENUE	3,532,919	3,921,727	-388,808	-9.91%
Operations Fund Carry-Over from the Previous FY	266,831	459,518	(192,687)	-41.93%
Non-tort Defense Fund Carry-Over from the Previous FY	90,000	90,000	-	0.00%
Reserve (Contingency) Carry-Over from the Previous FY	100,000	75,000	25,000	33.33%
DMV (AB2766, AB923) Carry-Over from the Previous FY*	491,825	372,400	119,425	32.07%
Mitigation Fund Carry-Over from the Previous FY	104,135	96,714	7,421	7.67%
TOTAL FUND CARRY OVER	1,052,791	1,093,632	(40,841)	-3.73%
TOTAL FUNDS AVAILABLE	4,585,710	5,015,359	(429,649)	-8.57%
Fund Usage:				
Salary & Benefits	2,192,422	2,205,022	(12,600)	-0.57%
Supplies & Services	987,718	1,041,653	(53,935)	-5.18%
Clean Air Grants & Incentive Programs	1,194,136	1,390,876	(196,740)	-14.15%
Equipment	-			
TOTAL EXPENSE	4,374,275	4,637,551	(263,276)	-5.68%
Operations Ending Fund Balance	497	152,200	(151,703)	-99.67%
Non-Tort Defense Ending Fund Balance	90,000	90,000	-	0.00%
Reserve (Contingency) Ending Fund Balance	115,000	100,000	15,000	15.00%
DMV (AB2766 & AB923) Ending Fund Balance*	489	1,020	(531)	-52.05%
Mitigation Ending Fund Balance	5,449	34,588	(29,139)	-84.25%
TOTAL ENDING FUND BALANCE	211,435	377,808	(166,373)	-44.04%
TOTAL FUND USAGE	4,585,710	5,015,359	(429,649)	-8.57%
*Includes co-funding for approved DMV projects				

²The Approved Budget for FY 2009-10 has been revised once since the original budget for that fiscal year. The revision was to increase Mitigation Revenue by \$152,275; and to increase DMV Revenue by \$72,476. The use of this revenue increase was approved by the Board for Clean Air Grants in the calendar year 2010.

Proposed Revenue: \$388,808 net decrease of the approved FY 2009-10 Budget for a total proposed Revenue of **\$3,532,919** in FY 2010-11 as compared to \$3,921,727 in FY 2009-10.

The net decrease specifics of the revenue analysis are as follows:

- The District is proposing a \$61,769 decrease in permit revenue over the FY 2009-10 Budget.
- Fines and Penalties are expected to be \$15,000 lower than the FY 2009-10 Budget.
- DMV Revenue (AB2766, AB923) has been under-running the budgeted amount; therefore, the District is proposing a \$160,476 decrease in that revenue stream.
- Interest is expected to be lower than previously budgeted by \$110,000.
- Since the District does not budget for Mitigation Fee Revenue (see footnote #2) and does a budget revision during the fiscal year to show the revenue after it has been received, there is a \$152,275 decrease.
- Burn/Land/Other Permit Revenue is expected to decrease by \$2,862.
- The Per Capita Assessment will return to the Board mandated level of 50 cents per capita for a \$30,574 increase over the FY 2009-10 Budget.
- In the Proposed Preliminary Budget for FY 2010-11, \$83,000 will come from the Litigation Cost Recovery Fund to cover the one-time costs for the District Facility Relocation.

Proposed Expenditures: \$263,276 net decrease of the approved FY 2009-10 Budget for a total proposed Expense of **\$4,374,275** for FY 2010-11.

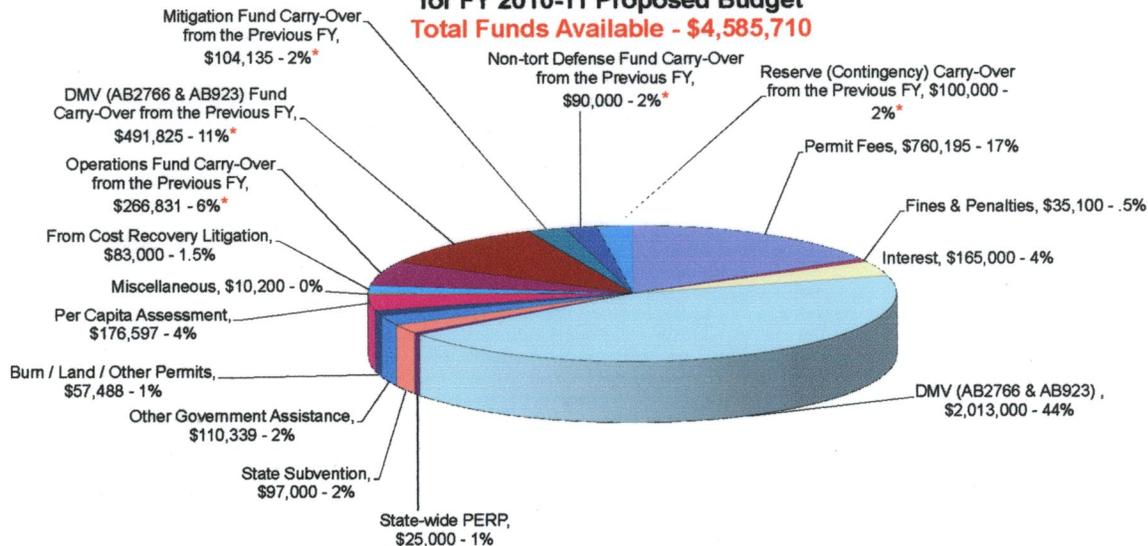
- “Salaries and Benefits” are proposed to be \$12,600 lower in FY 2010-11:
- “Supplies and Services” are proposed to be reduced by \$53,935.
- “Clean Air Grants & Incentive Programs” are proposed to be \$196,740 lower than the Revised Budget for FY 2009-10.

The total proposed Revenue -- **\$3,532,919** for FY 2010-11 combined with the total projected “Fund Carry-Over” -- **\$1,052,791** from FY 2009-10 are the “Total Funds Available” -- **\$4,585,710**. (See the top half of the pie chart on next page for a visual snapshot of the FY 2010-11 Proposed Preliminary Budget “)

The total proposed Expenditures -- **\$4,374,275** for FY 2010-11 plus the Total Ending Fund Balance -- **\$211,435** for FY 2010-11 equal the “Total Fund Usage” -- **\$4,585,710**. (See the bottom half of the pie chart on the next page.)

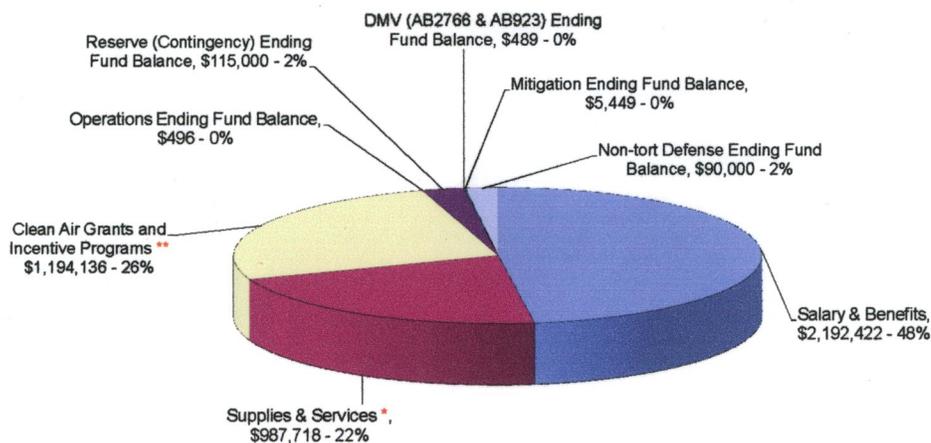
PROPOSED PRELIMINARY BUDGET FOR FY 2010-11

Consolidated Funds Available for FY 2010-11 Proposed Budget Total Funds Available - \$4,585,710



*The total projected "Fund Carry-Over" from the previous fiscal year is \$1,052,791 (based on projected revenue and expenditures from FY 2009-10).

Consolidated Fund Usage for FY 2010-11 Proposed Budget Total Fund Usage - \$4,585,710



*The "Services" contained in "Supplies and Services" are for contracted services that augment the Staff in programs and projects. These include the Biomass Project - \$43,000 (an additional \$17,000 is encumbered in FY 2009-10); "TAP" - \$60,000; "Spare the Air Program" - \$10,883; "Legal Support Services" - \$70,000; "Gasoline Dispensing Facility Inspections" - \$15,555; "Database Programming Software Support" - \$65,000; and the "District Facility Relocation Project" - \$83,000 funded from the "Litigation Cost Recovery Fund". The District also contracts with the County for an additional \$253,872 in administrative services and another \$173,000 in facility rent.

** "Clean Air Grants and Incentive Programs" are comprised of: CAGs - \$865,000; ALECS (Hood Project) - \$252,000; and \$77,136 for the Woodstove Replacement Program.

Summary of the Proposed Preliminary Budget for FY 2010-11:

The Proposed Preliminary Budget for FY 2010-11 allows the District to cover its operational costs, maintain services and program delivery, and increase selected critical resource needs.

With this proposed budget the following scenario is expected:

- An Operations Ending Fund Balance of \$205,497 at June 30, 2011 (this includes the Non-Tort Defense funding of \$90,000 and a Reserve Fund of \$115,000 for contingencies). This is 6.47% of the District's Operational Budget.³
- The \$15,000 increase to the Reserve Fund is because the District proposes to set aside \$15,000 of this reserve per fiscal year to purchase a new fleet vehicle every 3 years. Since the District fleet is no longer managed by Placer County and is *not paying replacement costs to the County*, the District has a need to set aside funds for the replacement of District Fleet vehicles beginning in FY 2011-12.
- The District is proposing to spend \$83,000 for one-time costs associated with research, planning and implementing the District Facility Relocation Project. The \$83,000 will come from the Litigation Cost Recovery Fund to cover the one-time costs for the District Facility Relocation and will be paid back over time from the rental savings. These funds will not be expended if the District chooses to renew the Facility Lease with the County.
- The DMV Fund will be spent down to \$489, as previously planned, while maintaining the Clean Air Grant Awards and DMV approved projects at 67% of the DMV vehicle surcharge.
- The Mitigation Fund will be spent down to \$5,449 (this does not reflect the revenue from mitigation plans that have not yet been approved by the Land Use Authorities). Prior to the 2011 Clean Air Grant Program and the Spring 2011 Woodstove Replacement Incentive (WRI) Program, the District will present a budget revision to the Board requesting that the available mitigation funds be allocated to the WRI program and the Clean Air Grant Program.
- This proposed preliminary budget for FY 2010-11 provides the following to sustain the existing programs. No new programs are proposed in this fiscal cycle.
 1. Technological Assessment Program (TAP) -- \$60,000 from the interest derived from the Settlement Fund.
 2. Biomass Project – \$43,000 for the project that was established at the end of FY 2007-08 but to be carried out in FY 2010-11 and beyond.

³It is recommended by the National Advisory Council on State and Local Budgeting for the Government Finance Officers Association to maintain an ending balance in the operation fund of between 5 and 15% in case of any unforeseeable catastrophic event.

3. The Woodstove Replacement Incentive (WRI) Program – The District is proposing to fund \$26,136 from the Mitigation Fund. Additional revenue for this program is derived from the interest on the SPI settlement funds -- \$51,000 for a total program funding of \$77,136 for the fall of 2010.
4. The ALECS – Phase II Test (Hood) Project –The total cost of this project is over 1.5 million dollars with UPRR, other air districts, the City of Roseville, the City of Commerce and the private sector co-funding this project. The District is applying \$100,000 (along with the \$152,000 from the above mentioned sources)⁴ of the DMV Fund towards this project.
5. Roseville Railyard Air Monitoring Project (RRAMP) -- \$50,000 is encumbered for a final Railyard Emission Analysis and has been awarded to a contractor/consultant. No new funding is being proposed.
6. Clean Air Grants (CAG) -- The District is proposing to fund \$800,000 for the CAG program from the DMV Fund. An additional \$65,000 is proposed to be funded from the Mitigation Fund. An amount, yet to be determined, will also be proposed from the Mitigation Fund as funds become available.

See page 10 for a complete list of what this Proposed Preliminary Budget for FY 2010-11 will provide expending **\$4,374,275**.

In conclusion the purpose presenting the Board this proposed preliminary budget is that the District is required by the Health and Safety Code in section 40131.(3)(A) to do the following:

“The district shall notice and hold a public hearing for the exclusive purpose of reviewing its budget and of providing the public with the opportunity to comment upon the proposed district budget.”

And in 40131.(3)(B) to do the following:

“The public hearing required to be held pursuant to this paragraph shall be held separately, by a period of not less than two weeks, from the hearing at which the district adopts its budget.

The District will bring the final budget for FY 2010-11 to the Board for its approval and adoption at the regular Board Meeting held on August 12, 2010 at 2:30 PM in the Board of Supervisors Chambers located at 175 Fulweiler Avenue, Auburn, California.

⁴The funding sources are: South Coast Air Quality Management District - \$50,000, Sac-Metro Air Quality Management District - \$25,000, Bay Area Air Quality Management District - \$50,000, City of Commerce - \$20,000 and City of Roseville - \$7,000.

The table below provides a brief overview of what the proposed preliminary budget for Fiscal Year 2010-11 will offer.

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT Listing of Programs, Projects and District Enhancements for the PROPOSED BUDGET FOR FY 2010-11		PROPOSED EXPENDITURES FY 2010-11	ENCUMBERED FUNDS IN FY 2009-10
Item #	Name:	Amount	Amount
1	Monterey AQMD MOU - Air Toxic Program Support	-	6,380
2	Grab Sampling Incident Response (Entek Contract)	-	7,000
3	Indirect Source Rule Analysis/Rule Development PH II - Jones & Stokes Contract	-	13,191
4	UPRR Air Monitoring Projects (Richard Countess Contract)	-	7,704
5	TIAX Contract (Mobile Source Analysis Support)	-	37,963
6	Rail Yard Emissions Analysis	-	50,000
7	Rule Development (Air Permitting Specialist Contract)	-	38,622
8	Public Relations (Biomass Project) - Endicott Contract	-	4,976
9	Public Outreach/Public Relations Assistance - Endicott Contract	975	14,025
10	Tahoe Inspections - NSAQMD MOU	2,643	2,957
11	CDRA Administrative Support	2,188	
12	Mowdown (Mower replacement program)	5,000	
13	Fiscal Audit	7,000	
14	CAP to CAP attendance - APCO and 1 director	7,000	
15	Spare the Air Program (#5) - CMAQ Match	10,883	
16	Air Monitoring Projects - site development	15,000	
17	Participation Funding w/ Other Air Districts	15,000	
18	AG Dept MOU - Gasoline Dispensing Facility Inspections	15,555	
19	County DA MOU - enforcement services	20,000	
20	County Council MOU	20,000	
21	Supplemental Legal Support	30,000	
22	SIG Contract (Biomass Project Support)	20,000	
23	TSS Associates Contract (Biomass Project Support)	15,000	5,451
24	Technology Assessment Program (TAP)	60,000	30,000
25	Air Permitting Specialists Contract (Operations Support - includes \$8,188 - Biomass Project)	66,238	10,084
26	Database Programming Software Support	65,000	
27	County IPSS (Data Processing) Charges	74,266	
28	District Facility Relocation Costs *	83,000	
29	Locomotive Emission Hood Project - Phase II Test	252,000	
30	Extra-Help - Administrative Support/1,000 hours	17,215	
31	Extra-Help - Permitting/Inspection Specialist/1,235 hours	48,319	
32	Extra-Help - Continuing Enforcement Specialists/480 hours	14,558	
33	Extra-Help - Planning Support/960 hours	39,671	
34	Less Furlough Savings (5 MTO days)	(24,872)	
35	GASB 45 - Provision for Post Employment Benefits	119,029	
36	Core of the Operational Budget (Minus the above projects)	1,188,143	
37	Core of the DMV Fund Budget (Minus the above projects and \$800,000 in CAGs)**	1,240,779	
38	Core of the Mitigation Fund Budget (Minus the above projects and 65,000 in CAGs)*	2,550	
39	Woodstove Replacement Incentive Program*	77,136	
40	Clean Air Grants for 2011*	865,000	1,021,587
TOTAL		4,374,275	1,249,940

*The proposed \$83,000 for the District Facility Relocation Project will only be spent if the District does not renew the facility lease with the County. Since it is a one-time expenditure that will only be expended if relocation is necessary, it is proposed to come from the Litigation Cost Recovery Fund and paid back with facility rental savings.

**The Clean Air Grants and Incentive Programs will be increased by available Mitigation Funds in February 2011. Because the District can not yet determine the amount that will be available from the Mitigation Plans, they are not included in this budget.

Fiscal Impact:

The Proposed Preliminary Budget for FY 2010-11 for \$4,585,710 is 8.57% lower than the budget presented and approved in FY 2009-10. This proposed budget has \$263,276 less in expenditures (5.68% lower) than the FY 2009-10 budget and still covers the operational costs, maintains services and program delivery, and provides for selected critical resource needs (see the list on the previous page). It also maintains an Operations Fund Balance of \$205,497 which is 6.47% of the total Proposed Operations Budget for FY 2010-11. (See footnote #3)

Recommendation:

It is recommended that your Board provide direction to Staff regarding any changes to this Proposed Preliminary Budget for FY 2010-11 for inclusion into the Final Proposed Budget, which will be presented to your Board for adoption on August 12, 2010.

Enclosure: Proposed Preliminary Budget Fiscal Year 2010-11.

AGENDA
Regularly Scheduled Meeting
PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
BOARD OF DIRECTORS

Thursday, June 10, 2010
3:00 P.M.

Placer County Board of Supervisors' Chambers
175 Fulweiler Avenue, Auburn, California

- 1. Call to Order**
- 2. Flag Salute**
- 3. Roll Call / Determination of a Quorum**

*****The first three items on this Agenda were completed at the preceding Preliminary Budget special meeting.**

- 4. Approval of Minutes: April 8, 2010, Regular Board Meeting**
- 5. Public Comment**
- 6. Synopsis of Agenda (information only, no action needed)**
- 7. Approval of Agenda**

Consent Calendar Item 8:

<p>These items are expected to be routine and non-controversial. The Board will act upon these items at one time without discussion. Any Board member, Staff member, or interested citizen may request that an item be removed from the consent calendar for discussion.</p>

- 8. Consulting Contract with Spatial Informatics Group, LLC: (Consent/Action)**
Approve Resolution #10-03 thereby authorizing the APCO to enter into a consulting contract with Spatial Informatics Group, LLC, to assist with the development and implementation of procedures to quantify air pollutant emissions and other ecosystem service benefits of forest management projects including fuel treatments and biomass for energy.

Discussion/Action Item:

- 9. Request from the City of Roseville regarding the District's Recommended CEQA Thresholds for Cumulative Impacts (Discussion/Action)**
District Staff seeks direction from the Board concerning the continued use of the 10 lbs/day cumulative threshold for land use projects within Placer County under the California Environmental Quality Act (CEQA).

- 10. Air Pollution Control Officer's Report**
(Verbal reports and/or handouts will be provided)
- a. Facility Update
 - b. Fiscal Update

11. Adjournment

NEXT REGULARLY SCHEDULED MEETING - Thursday, August 12, 2010, 2:30 PM

Opportunity is provided for the members of the public to address the Board on items of interest to the public, which are within the jurisdiction of the Board. A member of the public wanting to comment upon an agenda item that is not a Public Hearing item should submit their name and identify the item to the Clerk of the Board.

Placer County Air Pollution Control District is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you require disability-related modifications or accommodations, please contact the Clerk of the Board. All requests must be in writing and must be received by the Clerk five business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated only if time permits.

District Office Telephone – (530) 745-2330

AGENDA SYNOPSIS

June 10, 2010

- 8. Consulting Contract with Spatial Informatics Group, LLC: (Consent/Action)**
Approve Resolution #10-03 thereby authorizing the APCO to enter into a consulting contract with Spatial Informatics Group, LLC, to assist with the development and implementation of procedures to quantify air pollutant emissions and other ecosystem service benefits of forest management projects including fuel treatments and biomass for energy.

- 9. Request from the City of Roseville regarding the District's Recommended CEQA Thresholds for Cumulative Impacts (Discussion/Action)**
In a letter dated May 3, 2010, the City of Roseville requested that your Board discuss the Placer County Air Pollution Control District's threshold of 10 lbs/day used to determine cumulative impacts resulting from a land use project's related ozone precursor emissions (i.e. NO_x and ROG). Direction from the Board is requested concerning the continued use of this 10 lbs/day cumulative threshold for land use projects within Placer County under the California Environmental Quality Act (CEQA).



MEMORANDUM

TO: Board of Directors, Placer County Air Pollution Control District

FROM: Tom Christofk, Air Pollution Control Officer

AGENDA DATE: June 10, 2010

SUBJECT: Adoption of Resolution #10-03 authorizing the Air Pollution Control Officer to negotiate, sign, and amend as necessary, a consulting contract with Spatial Informatics Group, LLC. (Consent)

Action Requested:

Adopt Resolution #10-03 thereby authorizing the Air Pollution Control Officer (APCO) to negotiate, sign, and amend as necessary, a consulting contract with Spatial Informatics Group, LLC (SIG) for assistance with the development and implementation of procedures to quantify air pollutant emissions, and other ecosystem service benefits of forest management projects, including fuel treatments and biomass for energy.

Background:

Over the last couple years, the District has supported biomass and forest management related projects which have air pollution benefits. This work has been funded, in part, through a Supplemental Environmental Project that resulted from a negotiated settlement with Sierra Pacific Industries.

Discussion:

The District requires support for continuing efforts on biomass and forest management projects – particularly procedures to quantify greenhouse gas and air pollutant emissions from forest fuel treatment and biomass for energy activities. We have identified Spatial Informatics Group LLC with exemplary qualifications and capabilities to provide expert technical consultation for work areas including forest management strategies, impacts of forest fuel treatments on wildfire impacts and biomass for energy, greenhouse gas and air pollutant emissions accounting and registries, and other ecosystem services including water and wildfire benefits.

ATTACHMENT #1

SUBJECT:

Resolution #10-03

1 **BEFORE THE BOARD OF DIRECTORS**
2 **PLACER COUNTY AIR POLLUTION CONTROL DISTRICT**
3 **STATE OF CALIFORNIA**

4
5 **RESOLUTION NO.: 10-03**

6
7 **In the matter of:** Adoption of Resolution #10-03, thereby allowing the Air Pollution
8 Control Officer to negotiate, sign, and amend as needed, a contract with
9 Spatial Informatics Group, LLC, to provide subject matter expertise with
10 the development and implementation of quantification procedures for
11 greenhouse gas, air pollutant emission, and ecosystem service benefits of
12 forest management projects.

13
14 The following **RESOLUTION** was duly passed by the Board of Directors, Placer County Air
15 Pollution Control District, at a regular meeting held **June 10, 2010** by the following vote:

16
17 Ayes: Holmes, M. ___ Ucovich ___ Weygandt ___ Holmes, J. ___ Barkle ___ Nakata ___
18 Hill ___ Montgomery ___ Allard ___

19 Noes: Holmes, M. ___ Ucovich ___ Weygandt ___ Holmes, J. ___ Barkle ___ Nakata ___
20 Hill ___ Montgomery ___ Allard ___

21 Abstain: Holmes, M. ___ Ucovich ___ Weygandt ___ Holmes, J. ___ Barkle ___ Nakata ___
22 Hill ___ Montgomery ___ Allard ___

23
24 Signed and approved by me after its passage.

25
26 _____ Chairperson

27
28 Attest:

29
30 _____ Clerk of said Board

1 **WHEREAS**, The Placer County Air Pollution Control District requires consultation and
2 technical expertise in the development and implementation of greenhouse gas and ecosystem
3 service protocols for forest management projects, including fuel treatments and biomass for
4 energy, and

5
6 **WHEREAS**, this consulting expenditure of \$20,000 is contained in the District's FY 2010-11
7 budget from funds derived from the Sierra Pacific Industries settlement agreement for
8 Supplemental Environmental Projects; and

9
10 **WHEREAS**, Spatial Informatics Group, LLC, possesses the necessary technical expertise to
11 support this project,

12
13 **IT IS HEREBY RESOLVED** that the Placer County Air Pollution Control District Board does
14 approve the expenditure for development and implementation of greenhouse gas and ecosystem
15 service protocols for forest management projects, including fuel treatments and biomass for
16 energy, and authorizes the Air Pollution Control Officer to negotiate, sign, and amend as needed,
17 a contract with Spatial Informatics Group, LLC.

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ATTACHMENT #2

SUBJECT:

Draft Contract and Scope of Work

Contract No. 2010-003

DESCRIPTION: PROFESSIONAL SERVICES AGREEMENT TO PROVIDE SUBJECT MATTER EXPERTISE IN THE AREA OF CARBON RELATED EMISSIONS ACCOUNTING AND OFFSET PROTOCOL MARKETS TO THE PLACER COUNTY AIR POLLUTION CONTROL DISTRICT STAFF ON AN AS NEEDED BASIS

This AGREEMENT is between the Placer County Air Pollution Control District (hereinafter "PCAPCD") and Spatial Informatics Group, LLC, (hereinafter "CONSULTANT"). In consideration of the promises and covenants set forth herein, the parties agree as follows:

1. Contract Period

- (a) The term of this contract shall begin on the date signed by both parties and conclude and continue until the services contemplated herein are completed.
- (b) This contract may be canceled by either party upon serving thirty (30) days notice in writing to the other party.

2. Services

- (a) CONSULTANT agrees, during the term of this AGREEMENT, to perform the consulting services set forth below and in Exhibit "A" – Scope of Work (hereinafter "PROJECT").
- (b) CONSULTANT shall be obligated to devote as much of its attention, skill, and effort as may be reasonably required to perform the PROJECT services, in a professional and timely manner, consistent with the elements of the project.

3. Payment

- (a) PCAPCD agrees to pay for the services covered by this AGREEMENT pursuant to Exhibit "B"- Payment Schedule.
- (b) The amount paid to the CONSULTANT shall constitute full payment for all set forth herein. CONSULTANT shall not be reimbursed for any additional expenses incurred beyond the maximum sum payable without prior written agreement by the PCAPCD.
- (c) CONSULTANT shall bill PCAPCD not more often than monthly based upon the time spent on the project for that monthly billing period. CONSULTANT agrees

to provide a detailed invoice to PCAPCD by the fifth day following the end of the month. PCAPCD agrees to pay CONSULTANT within thirty (30) days of receipt of an invoice. PCAPCD retains the right to require proof of services performed or costs incurred prior to any payment under this AGREEMENT.

- (d) Notwithstanding any other terms of this AGREEMENT, no payments shall be made to CONSULTANT until PCAPCD is satisfied that work of such value has been rendered pursuant to this AGREEMENT. However, PCAPCD shall not unreasonably withhold payment and, if a dispute exists, the withheld payment shall be proportional only to the item in dispute.

4. Notices

- (a) Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or deposited in the mail, postage prepaid, sent certified or registered and addressed to the parties as follows:

TO PCAPCD:
Placer County Air Pollution Control District
Attn: Thomas J. Christofk, APCO
3091 County Center Dr. Suite 240
Auburn, CA 95603

TO CONTRACTOR:
David Saah
Spatial Informatics Group, LLC
3248 Northampton Court
Pleasanton, CA 94588

- (b) Any notice so delivered personally shall be deemed received on the date of delivery and any notice mailed shall be deemed received five (5) days after the date on which it was mailed.

5. Obligations of Air Pollution Control District

PCAPCD agrees to provide reasonable access to information necessary for completion of work on the PROJECT. CONSULTANT will be provided workspace at the office located at 3091 County Center Drive Suite 240, Auburn, CA, if on-site services are requested and reasonably necessary.

6. Hold Harmless/Indemnity

- (a) As used in paragraphs 6 and 7, the term PCAPCD includes the Placer County Air Pollution Control District, its administering agency if any, its board members, insurers, officers, agents, employees, and volunteers.
- (b) The CONSULTANT hereby agrees to protect, defend, indemnify, and hold PCAPCD free and harmless from any and all claims, debts, causes of action, costs, damages, demands, expenses, fees- including attorney fees, injuries, interest, judgments, lawsuits, liens, losses, and penalties, of every kind and character and without limitation by enumeration, (hereinafter collectively “CLAIMS”) arising in favor of any party against PCAPCD; occurring or in any way incident to, in connection with or arising directly or indirectly out of CONSULTANT’S performance pursuant to this AGREEMENT.
- (c) CONSULTANT agrees to investigate, handle, respond to, provide defense for, and defend any CLAIMS or demand made based on any CLAIMS at the sole expense of the CONSULTANT. CONSULTANT also agrees to bear all other costs and expenses related thereto, even if the CLAIM or CLAIMS alleged are groundless, false, or fraudulent.
- (d) This provision is not intended to create any cause of action in favor of any third party against CONSULTANT or the PCAPCD or to enlarge in any way the CONSULTANT’S liability.

7. Insurance Requirements

- (a) CONSULTANT shall file with the PCAPCD, concurrently herewith, Certificates of Insurance, in companies acceptable to PCAPCD, with a Best’s rating of no less than A: VII, showing coverages for Workers Compensation, General Liability, and Automobile Liability, as set forth below.
- (b) Each policy shall be endorsed with the following specific language: Cancellation Notice: “This policy shall not be canceled or materially changed without first giving thirty (30) days prior written notice to the Placer County Air Pollution Control District.”

WORKER’S COMPENSATION AND EMPLOYERS LIABILITY INSURANCE

- (c) If CONSULTANT does not hire employees, and does not hire subcontractors with employees, then the Worker’s Compensation coverage, outlined below, will not apply.

- (d) Evidence of Worker's Compensation Insurance as required by any applicable law or regulation. Employer's liability insurance shall be provided in amounts not less than five hundred thousand dollars (\$500,000) each accident for bodily injury by accident, five hundred thousand dollars (\$500,000) policy limit for bodily injury by disease, and five hundred thousand dollars (\$500,000) each employee for bodily injury by disease.
- (e) If there is an exposure of injury to CONSULTANT'S employees under the U.S. Longshoremen's and Harbor Worker's Compensation Act, the Jones Act, or under laws, regulations, or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.
- (f) CONSULTANT shall require all SUBCONTRACTORS to maintain adequate Worker's Compensation insurance. Certificates of Workers' Compensation shall be filed forthwith with the PCAPCD upon demand.

GENERAL LIABILITY INSURANCE

- (g) Evidence of Comprehensive General Liability or Commercial General Liability insurance covering all operations by or on behalf of CONSULTANT, providing insurance for bodily injury and property damage liability for the limits of liability indicated below, and including coverage for Contractual liability insuring the obligations assumed by CONSULTANT in this Agreement.
- (h) Each Comprehensive or Commercial General Liability policy shall be endorsed with the following specific language: "The Placer County Air Pollution Control District and its administering agency, its board members, officers, agents, employees, and volunteers are to be covered as additional insureds for all liability or potential liability arising out of the operations by or on behalf of the named insured. This additional insurance, including any excess liability or umbrella form coverage, is primary coverage to the named additional insureds with respect to any insurance or self-insurance programs maintained by the additional insureds, and no insurance held or owned by the additional insureds or their administering agency shall be called upon to contribute to a loss."

One of the following forms is required:

1. Comprehensive General Liability;
Commercial General Liability (Occurrence); or
Commercial General Liability (Claims Made).

- (j) If CONSULTANT carries a Comprehensive General Liability policy, the limits of liability shall not be less than a Combined Single Limit for bodily injury, property damage, and Personal Injury Liability of \$1,000,000.

If CONSULTANT carries a Commercial General Liability (Occurrence) policy then the limits of liability shall not be less than:

-\$1,000,000 each occurrence, combined single limit for bodily injury and property damage.

-\$1,000,000 for Products-Completed Operations.

-\$1,000,000 General Aggregate. If the policy does not have an endorsement providing that the General Aggregate Limit applies separately, or if defense costs are included in the aggregate limits, then the required aggregate limits shall be \$2,000,000.

- (l) CONSULTANT shall not provide a Commercial General Liability (Claims Made) policy without the express prior written consent of PCAPCD, which consent, if given, shall be subject to the following conditions: The insurance coverage provided by CONSULTANT shall contain language providing coverage up to six (6) months following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims made policy; and the limits of liability shall not be less than:

-\$1,000,000 each occurrence, combined single limit for bodily injury and property damage.

-\$1,000,000 aggregate for Products-Completed Operations.

-\$1,000,000 General Aggregate.

AUTOMOBILE LIABILITY INSURANCE

- (m) Evidence of Automobile Liability insurance covering bodily injury in an amount no less than \$1,000,000 combined single limit for each occurrence, and \$100,000 property damage for each occurrence.
- (n) Covered vehicles should include owned, non-owned, and hired automobiles / trucks.

8. Facilities, Equipment and Other Materials

Except as set forth herein CONSULTANT shall, at its sole cost and expense, furnish all facilities, equipment, and other materials, which may be required for furnishing services pursuant to this AGREEMENT. PCAPCD shall furnish CONSULTANT only those

facilities, equipment, and other materials, and shall perform only those obligations as listed herein.

9. Non-Discrimination

CONSULTANT shall not discriminate in its employment practices because of race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, sex, sexual preference, or in contravention of any other protected classification or practice identified in the California Fair Employment and Housing Act; Government Code section 12900 et seq.

10. Records and Documents

- (a) CONSULTANT shall maintain at all times complete, detailed records with regard to work performed under this Agreement, in a form acceptable to PCAPCD, and PCAPCD shall have the right to inspect such records at any reasonable time.
- (b) CONSULTANT agrees to return to PCAPCD, upon termination of this AGREEMENT, all documents, drawings, photographs, and other written or graphic material, however produced, received from PCAPCD and used by CONSULTANT in the performance of its services hereunder. All work papers, drawings, internal memoranda, graphics, photographs, and any written or graphic material, however produced, prepared by CONSULTANT in connection with its performance of services hereunder shall be, and shall remain after termination of this AGREEMENT, the property of PCAPCD and may be used by the PCAPCD for any purpose whatsoever. PCAPCD agrees that any future use of documents produced by the CONSULTANT under the terms of this contract shall be at the sole discretion of the PCAPCD and CONSULTANT shall bear no liability for the decisions on whether and how to use such documents.

11. Independent Contractor Status

- (a) CONSULTANT shall perform this contract as an independent contractor and not as an employee of PCAPCD. CONSULTANT acknowledges that CONSULTANT is not entitled to any of the PCAPCD'S fringe benefits, including without limitation, paid holidays, life insurance, sick leave, or travel or any other expenses in connection with services performed hereunder. No part of the compensation payable to CONSULTANT hereunder shall be deducted or withheld for payment of Federal or State income or other employment related taxes. It shall be the responsibility of CONSULTANT to provide all coverage necessary for CONSULTANT'S own benefit and not as an employee of PCAPCD.

- (b) Except as PCAPCD may specify in writing, CONSULTANT shall have no authority, express or implied, to act on behalf of PCAPCD in any capacity whatsoever as an agent. CONSULTANT shall have no authority, express or implied, pursuant to this AGREEMENT to bind PCAPCD to any obligation whatsoever.

12. Warranties

CONSULTANT warrants that its services are performed, with the usual thoroughness and competence of the consulting profession; in accordance with the standard for professional services at the time those services are rendered.

13. Licenses, Permits, Etc.

CONSULTANT represents and warrants to PCAPCD that it has all licenses, permits, qualifications, and approvals of whatever nature which are legally required for CONSULTANT to practice its profession. CONSULTANT represents and warrants to PCAPCD that CONSULTANT shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this AGREEMENT, any licenses, permits, and approvals which are legally required for CONSULTANT to practice its profession at the time the services are performed.

14. Assignment Prohibited

CONSULTANT may assign its rights and obligations under this AGREEMENT only upon the prior written approval of PCAPCD, said approval to be in the sole discretion of PCAPCD.

15. Modification of Agreement

This Agreement may be modified in whole or part only by way of a written modification signed by an appropriate representative of the PCAPCD and the authorized agent of the CONSULTANT.

16. Waiver

One or more waivers by one party of any major or minor breach or default of any provision, term, condition, or covenant of this AGREEMENT shall not operate as a waiver of any subsequent breach or default.

17. Entirety of AGREEMENT

This AGREEMENT contains the entire agreement of the parties with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, which is not contained in this AGREEMENT shall be binding or valid.

18. Jurisdiction

This AGREEMENT shall be governed by and construed in accordance with the laws of the State of California. Any suit, action, or proceeding brought under the scope of this AGREEMENT shall be brought and maintained to the extent allowed by law in the County of Placer, California.

19. Exhibits

All exhibits referred to herein and attached hereto are fully incorporated by this reference.

The parties so agree.

PCAPCD:

Thomas J. Christofk
Air Pollution Control Officer

Date

CONSULTANT:

David Saah, Principal
Spatial Informatics Group, LLC

Date

EXHIBIT A- SCOPE OF WORK

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT AND SPATIAL INFORMATICS GROUP, LLC

As directed by District Staff, Spatial Informatics Group, LLC, (SIG), will provide technical support services to the District in the following areas, starting August 12, 2010. Support services for tasks identified below will be discussed with SIG and District representatives prior to commencement of work such that the parameters and anticipated outcomes of each task will be delineated. The identified tasks may be viewed as representative of the type of services to be provided. It is anticipated that SIG will be supporting the District as a Subject Matter Expert in the area of carbon related emissions accounting and offset protocol markets.

Assist with a statewide carbon registry being developed by the California Air Pollution Control Officers Association; and/or a local District registry.

Provide expert technical consultation on air pollutant (including greenhouse gases), and other ecosystem service impacts of forest management alternatives, including fuel treatment impacts on wildfire and forest growth, and biomass energy.

Evaluate the applicability of the biomass and wildfire greenhouse gas offset protocols to carbon registries including the Voluntary Carbon Standard, the American Carbon Registry, Chicago Climate Exchange, Climate Action Reserve, and Green-e Climate.

Assist with implementation of the biomass for energy carbon offset protocol, including preparation of Project Development Documents for biomass for energy projects.

Prepare white papers, technical reports, presentations, and other written materials to support the above analyses if required.

Represent the District; provide expert testimony and communication of results at stakeholder meetings as requested.

EXHIBIT B – PAYMENT SCHEDULE

Contractor shall bill the District per the requirements set forth in Section 3, paragraph c of this contract.

Contract billing is not to exceed \$20,000 for Fiscal Year FY 2010-11.

Research Rates:

Principal:	\$180 / hour
Senior Scientist:	\$180 / hour
Project Manager:	\$160 / hour
Research Scientist:	\$120 / hour
Assistant Research Scientist:	\$ 90 / hour

MEMORANDUM

TO: Board of Directors, Placer County Air Pollution Control District

FROM: Yushuo Chang, Planning and Monitoring Section Manager

AGENDA DATE: June 10, 2010

SUBJECT: Request from the City of Roseville regarding the District's Recommended CEQA Thresholds for Cumulative Impacts (Discussion/Action)

Action Requested:

The City of Roseville requested, in a letter dated May 3, 2010, (Attachment #1), that your Board discuss the Placer County Air Pollution Control District's (District) threshold of 10 lbs/day used to determine cumulative impacts resulting from the land use project's related ozone precursor emissions (i.e. NO_x and ROG). Direction from the Board is requested concerning the continued use of this 10 lbs/day cumulative threshold for land use projects within Placer County under the California Environmental Quality Act (CEQA).

Background:

Placer County is located within the Sacramento Federal Ozone Nonattainment Area (SFONA), an area with air quality which does not currently meet the federal ozone standard. The ozone standard was established by the United States Environmental Protection Agency (EPA) to help achieve one of the primary federal Clean Air Act goals – to “protect and enhance the quality of the nation's air resources so as to promote the public health and welfare and the productive capacity of its population.” Currently, the SFONA ranks as the fifth worst area in the nation for ozone air pollution¹. The District is responsible for adopting plans and regulations, as a part of State Implementation Plans, (SIP) to achieve federal and state air quality standards to ensure healthy air in Placer County.

One of the District's Goals is to “mitigate effects of growth through reviewing development plans for impacts on air quality and working toward mitigating those impacts through initiatives and programs that reduce emissions.”² One way that the District supports this goal is by fulfilling its legal obligation to comment on land use development projects within its jurisdiction through the processes outlined in the CEQA³. Under CEQA, the District serves as a “commenting agency” that is obligated to review and comment on CEQA

¹ American Lung Association, the State of the Air 2010, “Most Polluted Cities: Ozone”. Information can be found at the following link: <http://www.stateoftheair.org/2010/city-rankings/most-polluted-cities.html>

² The Mission statement with District Goals and Objectives was adopted on April 13, 2000 by the Board of Directors

³ CEQA Guidelines, §15086

documents which are prepared for discretionary development projects by the lead agencies (Cities and County) within the District's jurisdiction. Some of these projects may result in substantially significant air pollutant emissions within the County. As a part of our review process, the District makes recommendations for reducing emissions of air pollutants to mitigate potential air quality impacts. These recommendations are then provided to the County, as well as incorporated cities within the County, relatively early in the planning process.

District Staff prepared a Board memo to describe the current District CEQA review program at the Board meeting on December 11, 2008 (Attachment #2). The Board memo provided an overview of the CEQA review process in the District for land use projects and described how the District works with local jurisdictions to provide professional assistance in the identification of air quality impacts associated with land use projects. In most cases the District acts as a commenting agency in the intergovernmental review process under CEQA. The District collaborates with local jurisdictions to ensure that the air quality assessment for land use projects are defensible and are in compliance with CEQA requirements. Furthermore, the implementation of mitigation from land use projects assists the area in achieving the objectives for reducing emissions in order to meet the federal and state air quality standards. District Staff advised the Board at the December 11, 2008, Board meeting that "It is very important to note that the District suggests the use of the cumulative threshold (10 lbs/day) to trigger mitigation when a project's related emissions are below the project-level thresholds (82 lbs/day), but above the cumulative thresholds (10 lbs/day)."

As one component of the District's review program, Staff has worked with all local jurisdictions to develop a workable template of recommended mitigation measures which was sent to each jurisdiction for their final review. The list of recommended mitigation measures was sent to the City of Roseville (City) for review on December 8, 2009 (Attachment #3). On January 19, 2010, the City informed the District (attachment #4) that the City concurs with the majority of mitigation measures on the list except for the existing cumulative threshold (10 pounds per day). The District responded to the City in a letter dated March 26, 2010, in which the District described the foundation and theory for the existing cumulative threshold and how the District uses it as a tool to recommend off-site mitigation measures (Attachment #5). As previously mentioned, on May 3, 2010, the City sent a letter to argue that the threshold leads to overly onerous mitigation fees and does not lead to real air pollution reductions and also requested that the District include the existing cumulative threshold as an agenda item for discussion and possible Board action for this Board Meeting.

Discussion:

Placer County lies within SFONA; any associated emissions from either a new land use project or a new factory (stationary source) will contribute a net increase of air pollution and could jeopardize the regional efforts to attain the federal and state air quality standards. Both state and federal air quality laws require emissions in the non-attainment area to be reduced to assist the area attaining the ambient air quality standards.

Under CEQA the District is responsible for providing recommendations to lead agencies regarding the project's related air quality impacts. The recommendation from the District should meet the basic purposes of CEQA to "*prevent significant, avoidable damage to the environmental by requiring changes in projects through the use of alternatives or mitigation measures when the governmental agency finds the changes to be feasible*"⁴. The District supports the goal of CEQA by recommending to the lead agencies that they require mitigation for the emissions from the land use projects to the maximum extent possible. This mitigation should be feasible, cost-effective and create tangible emission reduction.

The District asserts that using the project threshold of 82 lbs per day and the 10 lbs/day cumulative thresholds are appropriate triggers to determine when the District should suggest to the lead agencies that land use projects require mitigation, including off-site mitigation measures. Off-site mitigation measures that are recommended by the District can include implementing off-site emission reduction projects, or the payment of in-lieu-of fees to the District's Off-site Mitigation Fund program in accordance with the Board approved Policy Regarding Land Use Air Quality Mitigation Funds⁵. A local lead agency could also adopt a similar program. Fees that are part of a well structured mitigation program have been recognized within California courts as a feasible measure to mitigate a project's emissions⁶; and the CEQA Guidelines Amendment of 2010 also mentions fee programs as a feasible measure to mitigate a project's emissions⁷.

Table 1 shows a preliminary analysis of the emissions that result from the use of two different thresholds for land use projects within Placer County (one for determining the project alone impacts on the environment and the lower one to determine the cumulative impacts). To develop this table Staff used the District's database which records the CEQA projects received from local jurisdictions for review and comment. According to the records, there were almost 700 projects forwarded from lead agencies for review and comment since 2003. District Staff has applied the land use air quality model (URBEMIS) to estimate the potential emissions from the build out of all projects that have been approved as of 2010, and ranked each project by its associated ROG and NOx emissions, respectively. Note that these projects don't include any development that was either determined by lead agencies to be exempt from CEQA or development that was not considered to be a "project" as defined by CEQA.

⁴ CEQA Guidelines, §15002 (a)(3)

⁵ The "Land use Air Quality Mitigation Funds Policy" was adopted on April 12, 2001 by the District Board of Directors and amended on December 11, 2008 to include references to Greenhouse Gas Emissions.

⁶ Save our Peninsula Committee v. Monterey County (6th Dist. 2001) 87 Cal. App. 4th 99.

⁷ CEQA Guidelines, §15126.4

Table 1: The relation between the project’s emissions and the District’s recommended CEQA threshold

Threshold (lbs/day)	ROG		NOx	
	Project Captured	Emission Captured	Project Captured	Emission Captured
82 (project-level)	7%	65%	7%	63%
10 (cumulative)	43%	94%	44%	94%

According to the results, the District’s project-level threshold (82 lbs/day) triggers about 7% of projects that go through the District’s CEQA review process for recommendation to implement mitigation measures. These 7% of projects contribute about 65% of total emissions from land use projects within the District’s jurisdiction. The environmental documents being used to review these projects could be either an environmental impact report (EIR) or mitigated negative declaration (MND). If the project cannot lower its emissions below the project level threshold (82 lbs/day), then an EIR should be prepared. If it can reduce below the 82 lbs/day threshold, then a MND can be used. Using offsite mitigation measures can be an opportunity to lower a project’s emission below the project level threshold. The City does not contest this type of mitigation strategy to avoid a “significant” finding with a project when emissions are over the 82 lbs/day threshold.

Another area of agreement between the City and the District relates to about 57% of projects which are below the District’s cumulative impact threshold (10 lbs/day). Both the City and the District agree that these projects emit low levels of air pollution (6% of total emissions), and therefore mitigation is not needed.

The disagreement between the City and the District is the application of the cumulative threshold, which requires roughly 36% (43%-7%) of the projects which emit more than 10 lb/day, but less than 82 lbs/day, to mitigate their impacts. The District recommendation is that these projects should mitigate their impacts, while the City suggests they do not need to be mitigated. From this portion of development projects comes about 30% (94%-65%) of total emissions from land use projects within the District. This additional 30% reduction is crucial in attaining regional air quality standards, and could make the difference in making state and federal goals. Also, these projects would be vulnerable to litigation if they are not mitigated for their cumulative impacts.

In summary, the analysis shows that the application of both thresholds (82 lbs and 10 lbs per day) captures the maximum emissions (94% of total emissions), but impacts less than half of projects (43% of projects). With this basic description of the conflict at hand, the District will now address each of Roseville’s specific concerns related to the cumulative impact threshold.

Responses to the Roseville letter:

The letter dated May 3, 2010, from Roseville states that the City disagrees with the District's mitigation strategy to continue applying the 10 lbs/day cumulative thresholds for ozone precursor emissions. The City states more specifically that:

- the threshold was developed from a requirement for “stationary sources” and the threshold was never formally adopted by the Board as the CEQA threshold for general land use development;
- the City is not aware of any other air quality management district that has established a mobile source threshold at such a low level;
- the threshold results in considerable mitigation costs for development projects and therefore requires careful consideration; and
- using the mitigation fees paid for the Galleria Expansion project as an example, the City questions the nexus for the mitigation fee and whether the fee actually resulted in any tangible reduction in mobile source emissions.

The District will address each of Roseville's specific concerns as follows:

Argument 1: The City argues that the existing 10 lbs/day threshold was developed for “stationary sources” and was never formally adopted by the Board to serve as a CEQA threshold for general land use development.

The CEQA cumulative threshold is the threshold at which the air pollutant emissions associated with a project are “individually limited but cumulatively considerable”.⁸ CEQA defines “cumulatively considerable” as the incremental effects of an individual project when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects. Based on this definition, emissions from land use projects can be cumulatively considerable if the project contributes a net increase of emissions within Placer County or within incorporated cities within the County.

The District's policy is to recommend that emissions exceeding the cumulative threshold be mitigated to the extent feasible – in which case the emissions after mitigation are deemed to be “less than significant after mitigation”. In contrast, the CEQA project-level thresholds of significance are established to address the *individual* air quality impacts directly caused by a land use project. The Districts project-level threshold of 82 lbs per day for NO_x, ROG and PM₁₀, was established based on the 15 tons per year stationary source offset threshold mandated by state law for “severe” ozone nonattainment areas. That state threshold for stationary sources was lowered in 2004 to 10 tons per year⁹. While other air districts in the state have chosen lower project-level CEQA significant thresholds that are commensurate with having a 10 ton per year (55 lbs/day) PM₁₀ or

⁸ CEQA Guidelines, §15065 (c)

⁹ The District Rule 502 New Source Review was amended in December, 2004 to lower offset thresholds for ROG and NO_x from 15 tons per year to 10 tons/per year pursuant Section 70600 and 70601, Title 17, California Code of Regulations, set forth the State Ozone Transport Mitigation Regulations.

ozone precursor offset thresholds for stationary sources, the District has kept the higher 82 pounds per day threshold allowing more projects to mitigate rather than go through a more stringent (i.e. Environmental Impact Report) environmental review process.

As was explained by the District in the letter to the City on March 28, 2010, the District's recommended land use "air quality impact" threshold for the cumulative impact was established based on the District's Rule 502 (New Source Review) "*Requirement to Apply Best Available Control Technology (BACT)*" threshold of 10 lbs per day. This BACT threshold requires a new stationary source or modification of an existing stationary source to apply technologically feasible mitigation measures when its emissions exceed 10 pounds per day of ROG or NOx. The BACT threshold does not require the facility to reduce the emissions below 10 lbs/day; it is a tool to require the facility to implement emission reductions technologies that will mitigate the air pollution impacts to the maximum extent.

The District's 10 lbs/day BACT threshold for ozone precursor emissions is mandated by the California Clean Air Act for a region having a "serious" non-attainment and higher non-attainment designations. The SFONA is designated as being a "severe" non-attainment area, therefore the 10 lbs/day BACT threshold for ozone precursors is mandated by state law for stationary sources¹⁰. The BACT requirement was established to assist in meeting health-based air quality standards pursuant to Federal Clean Air Act¹¹ and California Clean Air Act requirements¹². The consideration of public health concerns and the scientific studies were the foundation for the federal and state laws establishing the 10 lbs/day BACT threshold as being an appropriate threshold for mitigating air quality impacts from any continuing source of emissions. The District believes that the foundation of the BACT requirement of federal and state laws is interchangeable with regard to the appropriate level of significance for the air quality impacts resulting either from a stationary source or a land use project.

The "nexus" between the requirement for emissions reduction from a stationary source and emission reductions that are sought from a land use threshold is that both stationary sources and land use projects create air pollution that, once emitted, is indistinguishable as to the source - "air pollution is air pollution" - and has the same detrimental effect on air quality regardless of the source. Emissions from either a stationary source facility or vehicle operations associated with a major subdivision land use project will cause the same air quality impairment and will, in an equal measure to the stationary source, jeopardize reaching the attainment goals. Therefore, the District has applied the BACT threshold as a cumulative impact threshold within the land use project review since 1996 when recommending mitigation measures to lead agencies.

CEQA encourages public agencies to develop and publish thresholds of significance that

¹⁰ Health and Safety Code, §40919

¹¹ EPA NSR Program website, <http://www.epa.gov/NSR/>

¹² Health and Safety Code, §40919(a)(2)

the agency uses in the determination of the significance of environmental effects, and the thresholds should be supported by substantial evidence¹³. CEQA also requires lead agencies to formally adopt thresholds of significance used by that agency on a regular basis. However, it does *not* require commenting agencies, such as the District, to obtain legislative approval when recommending thresholds for possible use by lead agencies. While such approval is not legally required, District Staff presented the review process, including the District's existing recommended thresholds of significance for land use projects, to the District Board at a regular District Board meeting on December 11, 2008. Accordingly, the District Board was informed of the significance threshold utilized by the District, as well as being provided an opportunity to comment upon the process or to direct changes.

Another important note is that under CEQA the District is a "commenting agency" which is required by law to review land use development impacts on air quality. As a commenting agency, the District reviews a project based on its expertise and provides comments back to the lead agency to assist the lead agency in identifying key issues for the project. The air district makes *recommendations* regarding mitigation measures; the air district has no authority to *require* project mitigation (unless a project needs an independent permit from the District). The City of Roseville, as the lead agency, must make an independent finding concerning how the City will require a project to mitigate air quality impacts.

Argument 2: The City states that it is not aware of any other air quality management districts that have established a mobile source emissions (cumulative impact) threshold at such a low level.

According to a survey conducted by the California Air Pollution Control Officer Association (CAPCOA) regarding the CEQA significant thresholds used by the local air districts, there are at least three (3) air districts that have established operational emissions thresholds which are either similar or more stringent than the District (see Table 2). They are San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD), Ventura County Air Pollution Control District (VCAPCD), and San Luis Obispo County Air Pollution Control District (SLOAPCD). The following table summarizes their existing thresholds for the land use related construction emissions, operational emissions, and cumulative impacts thresholds.

¹³ CEQA Guidelines, §15064.7

Table 2: CEQA Significant Thresholds for Land Use Development

Air District	Construction (lbs/day)			Operational (lbs/day)			Cumulative (lbs/day)		Federal 8-hour Ozone Area Designation
	ROG	NOx	PM10	ROG	NOx	PM10	ROG	NOx	
PCAPCD	82	82	82	82	82	82	10	10	nonattainment (severe)
SJVUAPCD	N/A	N/A	regulation requirement ^a	55	55	regulation requirement ^a	50 residential lots ^b	50 residential lots ^b	nonattainment (extreme)
VCAPCD	N/A	N/A	N/A	25/5 ^c	25/5 ^c		less than significant if ROG or NOx emissions <= 2 lbs/day and consistent with AQMP		nonattainment (serious)
SLOAPCD	137 lbs/day (ROG+NOx)		55	25 lbs/day (ROG+NOx)		25	less than significant if (ROG+NOx) emissions less than 25 lbs/day		attainment

^a SJVAPCD Regulation VIII

^b If the project has more than 50 residential lots or 2,000 s.f for commercial project, it will be considered as potential significant and need to pay the ISR (Indirect Source Rule) fee

^c 5 lbs/day applied for Ojai Valley Planning area, 25 lbs/day applied for remainder of Ventura County; the project will be required to pay the offsite mitigation fee if exceeding the thresholds

In Placer County, a 76 lot residential subdivision project, or a community commercial project with about 28,000 square feet floor area, would likely result in about 10 lbs/day of NOx emissions from its associated operational activities (vehicle operation and utility uses). The SJVUAPCD and VCAPCD have more restricted cumulative thresholds than the District's threshold as either would require mitigation for a project size of 50 residential lots, or require a numerical threshold of 2 lbs/day. The SLOAPCD has a similar restrictive project level threshold (25 lbs/day for NOx + ROG).

All three air districts recommend that projects implement off-site mitigation measures when the reduction from on-site mitigation measures is not sufficient to offset the project's related emissions. The off-site mitigation measures that are recommended are either off-site mitigation projects or payment of an in-lieu-of fee. The mitigation fee required by SJVUAPCD is mandatory based on its Indirect Source Review (ISR) rule¹⁴. The VCAPCD and SLOAPCD recommend the off-site mitigation measure as a feasible mitigation strategy to lead agencies for their consideration^{15,16}.

From the survey results, the Placer Air Pollution Control District is not the only air district in the state that recommends the use of off-site mitigation measure to offset the project related operational emissions. There are at least two air districts having more restrictive cumulative thresholds than the District.

In addition, the District has the highest project-level threshold compared to other air districts within Sacramento area. Table 3 shows the thresholds of significance established by the other four air districts within the Sacramento ozone nonattainment area. When a land use project's emissions exceed the project-level threshold, its associated air quality

¹⁴ SJVUAPCD Rule 9510 Indirect Source Review

¹⁵ VCAPCD Air Quality Assessment Guidelines

¹⁶ SLOAPCD CEQA Air Quality Handbook

impacts are potentially significant, and an EIR process will be required. Therefore, the higher the project-level threshold, the fewer projects are being pushed into EIRs. A higher project level threshold allows for lead agencies to prepare a MND with applicable mitigation measures for more projects. It is the District’s mitigation strategy to support the faster and lower-cost MND document, while still mitigating the project’s related emissions through the implementation of the cumulative impact threshold and the Districts related off –site mitigation opportunities.

**Table 3: Thresholds of Significance for Land Use Projects
 Air Districts within Sacramento Ozone Nonattainment Area**

	Construction (lbs/day)			Operational (lbs/day)			Cumulative	
	ROG	NOx	PM10	ROG	NOx	PM10	ROG	NOx
El Dorado AQMD	82	82	AAQS ^a	55	55	AAQS ^a	less than significant if consistent with General Plan and Regional Ozone SIP	
Feather River AQMD	25	25	N/A	25 ^b	25 ^b	80	Standard mitigation measures for the project which related emissions below 25 lbs/day	
Sacramento AQMD	N/A	85 ^c	CAAQS ^a	65 ^c	65 ^c	CAAQS ^a	less than significant if emissions contribution is <=5% of CAAQS (concentration basis)	
Yolo-Solano AQMD	55	55	80	55	55	80	less than significant if consistent with General Plan and Regional Ozone SIP	
Placer County APCD	82	82	82	82	82	82	10	10

^a State Ambient Air Quality Standards

^b FRAQMD requires all projects paying a document reviewing fee (\$15 per residential unit and \$0.06 per s.f.)

^c Sacramento AQMD has the mitigation fee requirement if the project’s construction or operational emissions exceeding the thresholds

Argument 3: The City states that the threshold results in considerable mitigation costs for development projects and therefore requires careful consideration.

The District recognizes that the recommendation of requiring mitigation results in additional costs to the developer, and all costs should be carefully considered. But the District does not believe the mitigation costs generally result in an exorbitant share of the total cost of the development build-out. For example, the City cites that the Galleria Mall Expansion Project has paid total \$145,860 in air impact mitigation fees which resulted in considerable mitigation costs to the developer. However, the amount of mitigation cost for the air quality was only 0.05% of the total project costs (\$270 million)¹⁷ when it reached build-out in 2008. In addition, impacts were identified by the project’s Air Quality Impact Analysis¹⁸ that had to be mitigated in some fashion. Accordingly, the District does not conclude that the mitigation cost from the District’s recommendation resulted in unacceptably high or unwarranted air quality related mitigation costs to the project when duly considered.

¹⁷ History for the Westfield Galleria at Roseville, <http://westfield.com/galleriaatroseville/centre-information/history/>

¹⁸ Jones & Stokes "Air Quality Impact Analysis for Expansion of Galleria Regional in Roseville, CA" November 18, 2005

In addition, when considering costs, the City should consider that the Galleria Mall Expansion Project would have been required to prepare an EIR if it were located in the other surrounding counties in Sacramento area because its related operational emissions exceed the project-level thresholds established by the other four air districts within Sacramento area (as shown in Table 3). For comparison purposes, had the developer been in Sacramento County the developer would have likely needed to expend far more than \$145,860 for EIR preparation. Using the District’s threshold and off-site mitigation measures, the final environmental document for the project was a MND, with application of the off-site mitigation measure - a faster and lower-cost process for the developer. Furthermore, the fee paid by the developer was awarded to projects through the District’s annual Clean Air Grant Program that reduced emissions region wide. In fact, all land use mitigation funds collected by the District are applied toward emissions reducing projects through the grant program (except for a 5% load for administration of the contracts), and all mitigation funds are applied in accordance with the aforementioned Board approved policy. In the case of the Galleria Mall Expansion Project, it seems beneficial for both the developer to have accelerated the CEQA review process, and for the District to use the fees collected on actual emission reduction projects on the ground within Roseville and other places within the District.

Argument 4: The City questions the nexus for the fee requirement and whether it actually results in any tangible reduction in mobile source emissions.

The operational emissions emanating from a land use project are generally associated with mobile and related area-wide sources (e.g. vehicle exhaust, residential combustion, and energy use). Table 4 shows the operational emissions analysis for the Galleria Mall Expansion Project.

Table 4: Operational emission estimates for the galleria Mall Expansion Project

Galleria Mall Expansion Project Operational Emisions (in summer)					
	ROG	NOx	CO	SO2	PM10
Area Sources Emission					
Natural gas	0.26	3.61	3.03	0	0.01
Landscaping	0.21	0.01	1.38	0	0
Architectural coating	5.23				
Vehicle Emissions					
Regional shopping center	45.51	55.45	550.26	0.36	54.59
Movie theater	6.09	7.3	72.49	0.05	7.19
Total Emission (lbs/day)	57.3	66.4	627.2	0.4	61.8

sources: Jones & Stokes "Air Quality Impact Analysis for Expansion of Galleria Regional in Roseville, CA"
 Final Report, November 2005

The use of off-site mitigation measures is recommended to offset a project’s incremental contribution when the project’s operational emissions exceed 10 lbs/day threshold. If the District’s recommendation is accepted by the lead agency, the amount of required emission reductions will be determined by multiplying the amount of emissions above 10

lbs per day by 184 days to reflect the amount of emission reduction required for one ozone season (from May to October).

The developer can implement the measure by either 1) proposing off-site mitigation projects approved by the District which will provide the same amount of emission reduction needed, or 2) paying a mitigation fee based on the amount of emission reduction needed and the cost-effectiveness cap proposed by the CARB Carl Moyer Program Guidelines¹⁹. Cost-effectiveness is a measure of the dollars which can be provided to a project for each ton of covered emission reductions. The current cost-effectiveness cap is \$16,000 per ton of emissions reduced, adjusted from \$14,300 by the 2008 Guidelines.

If the off-site mitigation measure is accepted by the lead agency, and the developer chooses to implement the off-site mitigation measure by paying the in-lieu fee to the District's Off-site Air Quality Mitigation Fund, an agreement will be established with the developer through the development of the project's Conditions of Approval document approved by a local lead agency. When the District receives the mitigation fee from the land use developers, the funds are distributed through the District's annual Clean Air Grant (CAG) Program to fund emission reduction projects. This process has been in effect since 2001 and the CAG program has been operated successfully to improve the air quality in Placer County. As of the end of the 2008-09 fiscal year, the District has received almost \$3.4 million in mitigation funds paid by the new land use developments that have participated in the program. The funds received were applied toward the annual CAG program and other District incentives such as the mower and wood stove replacement programs and special projects approved by the Board. The overall lifetime emission reductions achieved through the application of mitigation funds to date is about 200 tons.

The following two pie charts show how the District has received and applied the mitigation fees from land use development in Placer County. Figure 1 shows the mitigation fees received from the land use development projects located within each local jurisdiction from 1997 to the end of June, 2009. Figure 2 shows the amount of mitigation funds awarded to the air pollution mitigation project by each local jurisdiction from 1997 to the end of June, 2009.

¹⁹ The CARB Carl Moyer Program is a statewide grant program to provide incentive grants for cleaner-than-required engines, equipment and other mobile sources of pollution to harvest early or extra emission reductions.
<http://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>

Figure 1: Mitigation funding received from 1997 to the end of June, 2009

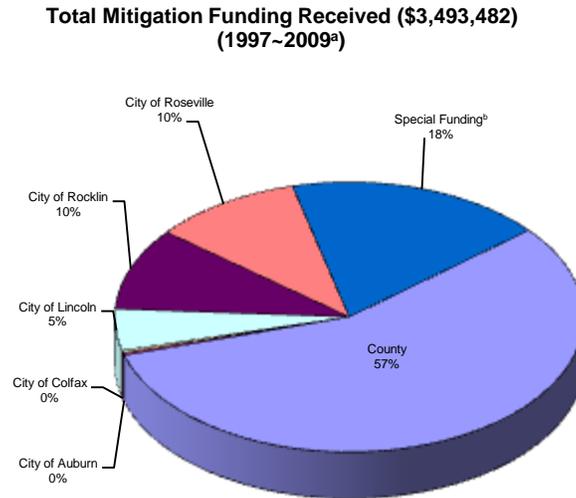
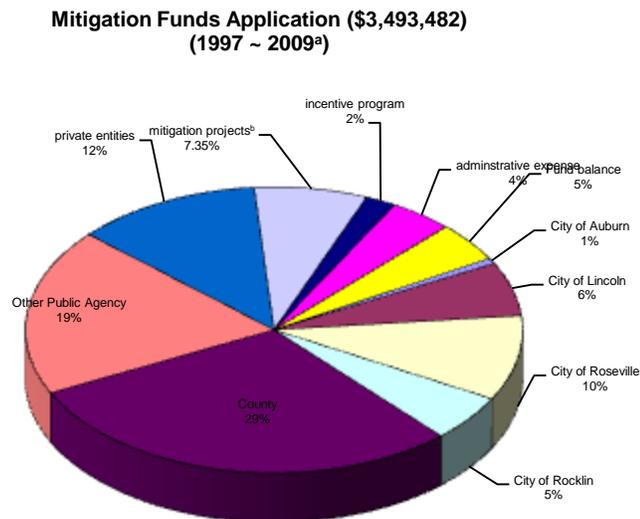


Figure 2: Mitigation funding awarded from 1997 to the end of June, 2009



Using the example of the Galleria Mall Expansion Project cited by the City of Roseville, the mitigation fee (\$145,860) paid by Westfield Corporation, Inc was incorporated into the 2008 CAG program along with the other mitigation fees received to partially fund two City projects: East Roseville Intelligent Transportation Systems (ITS) Equipment Conversion Project and the City Pool Vehicle Modernization (incremental cost for the purchases of five hybrid vehicles). The implementation of these two projects benefited not only the City but also the entire region because they will improve the traffic control and the fleet modernization project will lower the fuel consumption to reduce the City's operational costs. These are on the ground, local projects that result in tangible emissions reductions.

Again, it is important to conclude with an acknowledgement that CEQA requires the lead agency to make the environmental determination for a project. The lead agency should balance a variety of public objectives including economic, environmental, and social factors²⁰. Therefore, as a lead agency within the CEQA process, the City has the discretion based on its analysis and judgment to accept or reject the District's recommendation on any given project, as well as to determine which thresholds of significance it wants to use. The City can make the final determination of mitigation measures for a project to meet the City's best interests.

Further Considerations for retaining the 10 lbs/day Cumulative Threshold:

In the District's letter to the City dated on March 26, 2010, the District indicated that since 1996 Placer County, as well as surrounding counties, has been required to meet more restricted ozone standards which are mandated by federal and state law. It is a critical challenge for the region to identify enough emission reductions from all sources to attain the federal and state ozone standards in the proposed air quality management plan. Although the land use projects do not "directly" discharge air pollutants into the air, the emissions from operational activities (e.g., vehicle exhausts and utility usage) associated with land use projects will truly impact the air quality. Mitigation of ozone precursor emissions (ROG and NOx) from proposed land use projects is critical; especially the reduction of mobile source emissions from those projects, and will assist Placer County as well as surrounding counties in improving air quality within the region.

The following discussion illustrates the ties between land use projects and the District and regional air quality commitments.

Mobile source emission reduction in the regional plan: Figure 3 and 4 show the 2010 ROG and NOx planning emission inventories for the SFNOA, respectively. According to the ROG and NOx emission inventories, on-road mobile sources are the biggest emission contributors in the area. Almost 90% of total NOx emissions are from mobile sources (including on-road and off-road mobiles). Compared with the mobile sources, the NOx emission contribution from stationary sources is relatively minor (9%).

To meet Federal Clean Air Act requirements, the District works with the other local air districts in Sacramento area to develop air quality management plans, known as the State Implementation Plan (SIP). The SIP is a comprehensive plan that describes how an area will attain national ambient air quality standards (NAAQS) in the target year. The Sacramento Region 8-hour Ozone SIP (2007 Ozone SIP) has been prepared and was approved by your Board in February 2009²¹. This SIP includes the proposed control strategies through photochemical modeling analysis to determine additional emission reduction needed for the area to meet 1997 federal 8-hour ozone standards (0.084 ppm) in

²⁰ CEQA Guidelines, §15021

²¹ The Sacramento Regional 8-hour Ozone Attainment and Reasonable Further Progress Plan, <http://www.arb.ca.gov/planning/sip/planarea/sacsip/sacplanozone2009.pdf>

the target year. Because the area designation for the SFONA is “severe”, 2018 is the target year for attainment analysis purposes.

Figure 3: ROG Emission Inventory

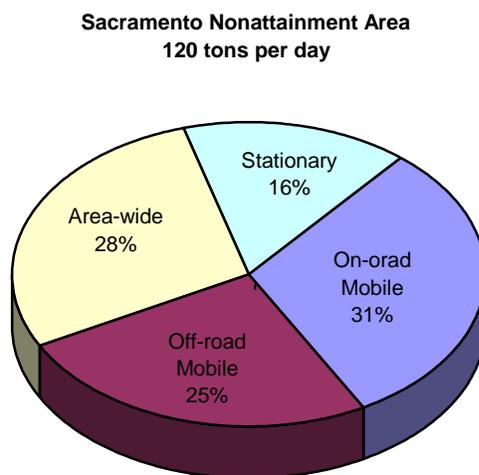


Figure 4: NOx Emission Inventory

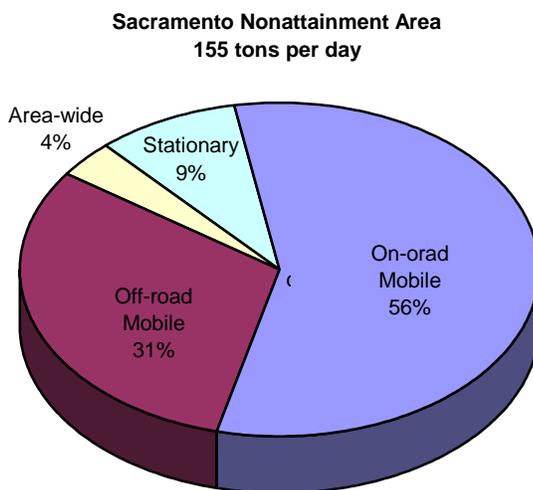
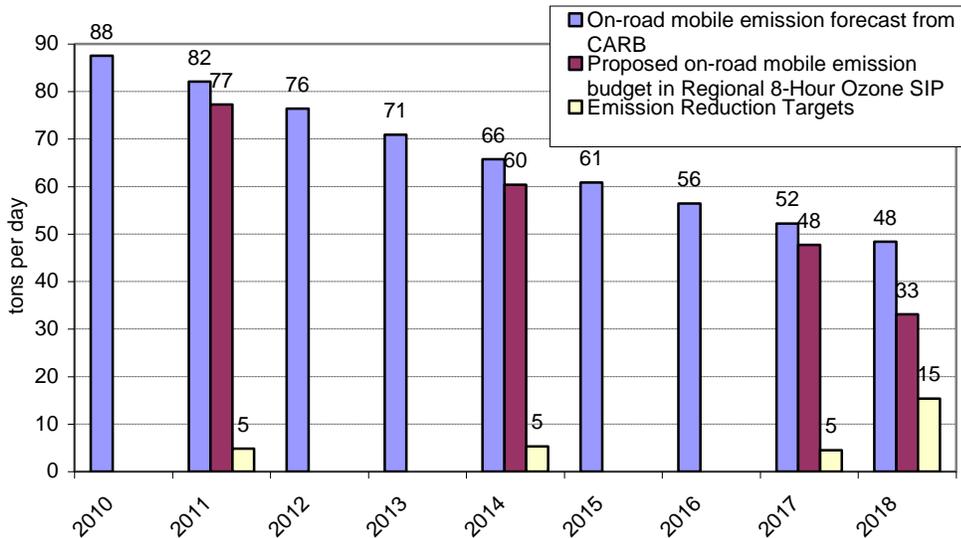


Figure 5 represents the on-road mobile emission analysis proposed in the 2007 Ozone SIP. The blue columns show the forecast of the on-road mobile emissions by growth and existing control strategies in subsequent years. The red columns show the proposed on-road mobile emissions from the modeling analysis, which will demonstrate the progress achieved by the area toward attainment. The yellow columns are the difference between the blue and red column that show the required emission reduction for attainment. Although the pattern of overall on-road mobile emissions from 2010 to 2018 is declining, the 2007 Ozone SIP analysis indicates that additional emissions (shown as yellow) are still necessary from the on-road mobiles sources to assist the area toward attainment in 2018.

Figure 5: On-road Mobile NOx Emissions from Sacramento nonattainment area



Connection between land use projects and the SIP Commitment: In general, the majority of operational emissions generated from a land use project are from vehicle activities over the life of the project’s operation. As the modeling results in Table 4 indicate, almost 95% of NOx emissions related to the Galleria Mall Expansion Project are from vehicle activities, which are associated with the trips generated from the project. Although a land use project does not emit emissions directly, the relative mobile emissions from its operation will cause the project to indirectly affect the goal of reducing mobile source emissions identified in the SIP.

Figure 6: Proposed NOx Emission Reduction from On-Road Mobile Sources

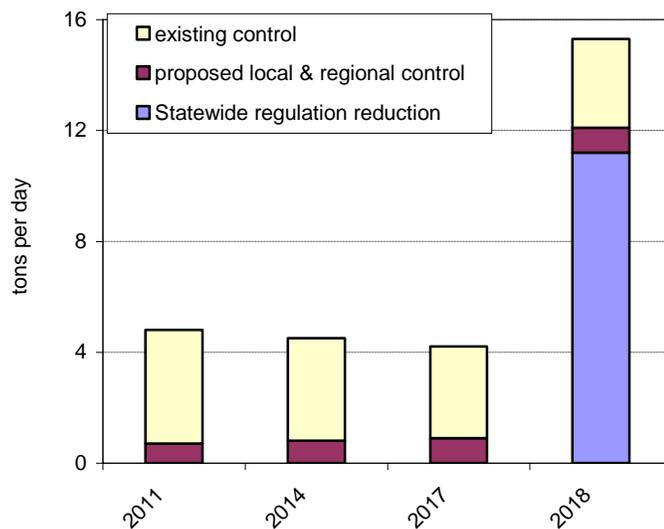


Figure 6 shows the analysis regarding the required NOx emission reduction from on-road mobile sources in the 2007 Ozone SIP. The yellow shows the emission reductions (3.2 tons

per day) from existing adopted transportation control measures (TCM) which are not reflected in State’s mobile source emission model (EMFAC 2007), but will nevertheless continue reducing the on-road mobile emissions. The blue is the emission reduction (11 tons per day) from new state and federal measures, which will be implemented in or before 2018. The red presents the emission reduction (0.9 tons per day) from the existing and new regional or local control measures or incentive programs, which are committed by each local district individually in the 2007 Ozone SIP.

The District has committed to develop an indirect source rule and to continue managing the incentive program (CAG), as other regional air districts are doing in order to achieve this total 0.9 tons per day NOx reduction in the region. The District CAG is funded by the DMV surcharge and the land use mitigation fees received from the land use projects as an alternative to on-site reductions. The District’s mitigation strategy for land use projects will assist the District in achieving the emission reduction as a part of the federal commitment proposed in the 2007 Ozone SIP.

On January 6, 2010, EPA announced that they are reconsidering the ozone standards set in 2008. EPA is proposing to strengthen the 2008 8-hour ozone primary standards from 0.075 ppm down to a level within the range of 0.060-0.070 ppm, which will be 23% lower than 1997 8-hr ozone standard (Table 5). According to the 2006-2008 air monitoring data, Placer County (including the Lake Tahoe area) would be designated as nonattainment along with El Dorado, Nevada, Sacramento, Sutter, Yolo, and Yuba County. This proposed action by EPA will cause the Sacramento area Districts, including this District, to seek additional emission reductions to the commitments identified in the 2007 Ozone SIP. It will be a difficult challenge for the region to reduce the emissions enough to meet this more stringent air quality standard. A new SIP for 2010 8-hour ozone standard will be due to EPA in December 2013. All existing commitments in the 2007 Ozone SIP will be carried over to the new SIP.

Table 5: History of National Ambient Air Quality Standard (NAAQS) for Ozone

	1-hr ozone primary standard	8-hr ozone primary standard	Attainment Deadline	% lower than 1997 standard
1982 standard	0.12 ppm		2005	
1997 standard		0.084 ppm	2018	
2008 standard		0.075 ppm		11%
2010 standard ^a		0.070 ~ 0.060 ppm	TBD	23% ^b

^a EPA will issue the final standard in August 2010

^b Assuming the final standard is 0.065 ppm

Indirect Source Rule: The development and implementation of an Indirect Source Rule (ISR) is a District commitment in the regional 8 Hour ozone SIP. An ISR is designed to reduce emissions generated during the operational phase of indirect sources to achieve the

attainment of ambient air quality standards²². An indirect source is defined as any facility, building, structure or installation, or combination thereof, which generates or attracts mobile source activity that results in emissions of any pollutant for which there is a state ambient air quality standard. According to the definition, land use projects are indirect sources. The proposed rule will require indirect sources to mitigate a portion of their emissions through a combination of on-site and off-site mitigation measures to achieve the required emission reductions when on-site mitigation is insufficient.

In the proposed rule, the on-site mitigation could include strategies that reduce vehicle trips or vehicle miles traveled (VMT). Other on-site mitigation measures could be considered, such as improved energy efficiency to reduce related emissions from power plants or reducing the emissions from on-site combustion sources such as water heaters and central heating systems. The off-site mitigation will be required when the required emission reduction cannot be achieved through the on-site mitigation measures. The off-site mitigation measure could be implemented by either conducting off-site emission reduction projects or through paying the mitigation fee which will invest in emission reduction projects through the District's existing CAG program.

The proposed rule development will likely include quantification of emissions before and after mitigation measures are applied, and will define types of land use projects and their emission reduction requirements. In addition, the proposed rule development will integrate the Transportation Control Measures identified in SACOG's Blueprint Metropolitan Transportation Plan (MTP2035) and look for synergistic opportunities from AB32-California Global Warming Solution Act of 2006 and SB375-legislation to reduce greenhouse gases through land use planning. The mandated greenhouse gases reduction will also benefit in reducing the ozone precursor emissions. Therefore, the proposed ISR could help to identify the potential air quality impacts from land use projects and to demonstrate what types and amounts of reduction that will be essential for the Sacramento region to reach the ozone standard. The District committed to adopt this rule in 2014 and implement it in 2016.

Greenhouse Gas Emissions: Recent CEQA Guidelines Amendment requires that the analysis should be conducted based on available information to determine the significance of impacts resulting from the project's greenhouse gas emissions (GHG)²³. The District is working with the other four local air districts in Sacramento area to develop a regional threshold to address the cumulative impacts resulting from the land use project's related GHG emissions. It will be a synergistic opportunity to integrate the concerns regarding the cumulative impacts both from GHG and ozone precursor emissions generated from land use projects. In addition, SACOG is working with CARB and the other statewide Metropolitan Planning Organizations (MPOs) to develop regional GHG emission reduction targets for passenger vehicles in compliance with SB375 requirements. The implementation of

²² California Health and Safety Code, §40716

²³ CEQA Guidelines, §15064.4

regional emission reduction targets for mobile sources would be achieved through comprehensive mitigation strategies, by urban planning strategies and enforceable regional transportation plans. The mitigation strategies would essentially impact the design of land use projects and could result in emission reductions from mobile sources. The future implementation of the strategies would give the land use developers and lead agencies relief from certain environmental review requirements under CEQA and protect them from protracted litigation.

Summary

Staff believes that the foundation underlying the establishment of the 10 lbs per day cumulative impact threshold for ozone precursor emissions (NO_x and ROG) is logical and appropriate to address air quality impacts for land use projects under CEQA. Using the relatively high threshold for project level impacts and the relatively low cumulative threshold allows for fewer projects to be forced into the cumbersome EIR process, but still requires substantive credible mitigation strategies for air quality impacts caused by land use projects. CEQA does not require the District to establish the thresholds of significance legislatively, nevertheless, the District's land use policies were previously presented for the Board's information and consideration. In addition, this threshold is not used by the District to determine the type of environmental review that should be prepared for a project. It is used solely as a tool to recommend mitigation measures which would mitigate an already identified impact as determined by the lead agency under CEQA.

Other local air districts also recommend off-site mitigation measures as an alternative to mitigate land use air quality related emissions. The off-site mitigation concept is recognized by CEQA as a feasible mitigation measure in case law interpreting CEQA. Finally, the District pools the mitigation fees for land use projects with DMV fees to provide grants for emission reduction projects through the District's annual Clean Air Grant (CAG) program. The emission reductions harvested from approved CAG projects is tangible and quantifiable and assists the District in meeting state and federal commitments.

In regard to the CEQA document review process, District Staff propose continuing to apply the existing mitigation strategy of using the 10 lbs/day threshold as a tool to recommend the mitigation measures for cumulative emission impacts from land use projects to all jurisdictions in a consistent manner. The threshold is based on related thresholds for stationary sources that are mandated for those sources, and is well founded in health-based scientific research. The use of the threshold to determine when mitigation of cumulative emissions should be recommended is necessary to meet air planning goals, and the effectiveness of this program in practice has been demonstrated. Any other threshold would not have an equally well founded nexus to air quality laws (and their foundation in public health and scientific studies) and a higher threshold would not be as effective in assisting in achieving attainment of ozone standards.

At a later date when the regional GHG threshold and the ISR are developed they will be submitted to your Board for approval, and may well be substituted as effective alternatives

to the current cumulative impact threshold. The District recognizes that the final determination of mitigation measures for a project determined by the lead agency, and as a Commenting Agency the District's findings are only recommendations. Staff will continue working with County and City planning staffs to identify key issues within projects. It is the District's desire to collaborate with local governments to ensure that the air quality assessment for a land use project are in compliance with CEQA requirements and achieve the objectives for reducing emissions to meet the federal and state air quality standards.

Fiscal Impact:

Environmental review of land use projects is a core program area and associated staff resources are included in the District budget. There are no plans to increase staffing resources beyond those current allocations at this time.

Recommendation:

Staff recommends that the District continue to use the 10 lbs/day threshold in assessing when mitigation of air quality impacts are to be recommended due to the cumulative impact of land use projects, or that the Board direct Staff to develop and implement a different threshold. It is further recommended that this threshold be reassessed for its effectiveness in concert with the development of both the GHG thresholds of significance and related SB375 work products, as well as the Indirect Source Rule commitment. The implementation of the District's recommendations will be decided by local jurisdictions based on their discretion.

Attachment(s)

- #1: Letter from the City of Roseville "Request for Agenda Item for the June 10, 2010 Board Meeting", May 3, 2010
- #2: Board Memo "Environmental Review Program for Land Use Projects in Placer County Air Pollution Control District, December 11, 2008
- #3: Letter to the City of Roseville "Placer County Air Pollution Control District Recommendations related to Environmental Review of City Projects", December 8, 2009
- #4: Letter from the City of Roseville "Response to Placer County Air Pollution Control District Master Mitigation List", January 19, 2010
- #5: Letter to the City of Roseville "Revised Mitigation Measures", March 26, 2010

ATTACHMENT #1

SUBJECT:

Letter from the City of Roseville dated May 3, 2010



City Manager

311 Vernon Street
Roseville, California 95678-2649

May 3, 2010

Tom Christofk, APCO
Placer County Air Pollution Control District
3091 County Center Drive, Suite 240
Auburn, CA 95603

Subject: Request for Agenda Item for the June 10, 2010 Board Meeting

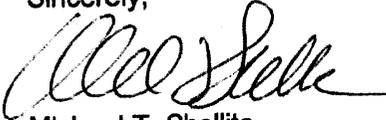
Dear Mr. Christofk,

The City of Roseville appreciates the District's recent outreach to Placer County cities as part of updating the District's Master Mitigation List for Significant Air Quality Impacts. The effort has helped clarify the District's mitigation expectations for development projects subject to CEQA. As discussed below, the effort also highlighted a major area of disagreement between the City and the District; that is the District's intent to continue to apply, without Board direction, a cumulative impact significance criterion of 10 pounds per day for ozone precursor emissions for projects subject to CEQA.

The City has received District's March 26, 2010 letter which comments on the City's letter of January 19, 2010. It is clear from a review of these letters and follow up conversations with District staff that the District intends to continue to apply the 10 lb/day threshold for ozone precursor emissions. The District takes this position while acknowledging in their March 26th letter that this threshold was developed for "stationary sources" and was never formally adopted by the Board to serve as a CEQA threshold for general land use development. Furthermore, the City is not aware of any justification by any air quality management district for establishing a mobile source threshold at such a low level. While we agree the threshold does not determine the level of environmental review required under CEQA (i.e., EIR vs. Neg Dec) it does result in considerable mitigation costs for development projects and therefore requires careful consideration. For example, the recent Galleria Expansion project was required to pay a \$145,000 fee to the District to mitigate for an increase in mobile source emissions. We question the nexus for this fee and whether it actually resulted in any tangible reduction in mobile source emissions. If the more equitable 82 pound per day threshold were applied to the Galleria project, no impact fees would have been required.

Given the importance of this issue to economic development activities in the region, the City requests that the cumulative threshold be included as an agenda item for discussion and possible Board action at the June 10th Board meeting. Should you have any questions regarding this request, please don't hesitate to contact Mark Morse with the Roseville Community Development Department at 774-5334.

Sincerely,



Michael T. Shellito
City Manager

cc: Roseville City Council
Jim Holmes, Placer County Supervisor, District 3
Kent Nakata, City of Lincoln
Peter Hill, City of Rocklin
Mike Holmes, City of Auburn
Donna Barkle, City of Colfax
Robert Weygandt, Placer County Supervisor, District 2
Jennifer Montgomery, Placer County Supervisor, District 5
Miguel Ucovich, Town of Loomis

ATTACHMENT #2

SUBJECT:

Board Memo
“Environmental Review Program for Land Use Projects in
the Placer County Air Pollution Control District”
December 11, 2008.



MEMORANDUM

TO: Board of Directors, Placer County Air Pollution Control District

FROM: Yushuo Chang, Planning and Monitoring Section Manager

AGENDA DATE: December 11, 2008

SUBJECT: Environmental Review Program for Land Use Projects in Placer County Air Pollution Control District (Information only)

Action Requested:

No action required. This is an “information only” item which will describe the current review program for land use projects within the Placer County Air Pollution Control District (District) under the California Environmental Quality Act (CEQA).

Background:

Placer County is located within the Sacramento Federal Ozone Nonattainment Area (SFONA), an area with air quality which does not currently meet the federal ozone standard. The ozone standard was established by the United State Environmental Protection Agency (EPA) to help achieve one of the primary federal Clean Air Act goals – to “protect and enhance the quality of the Nation’s air resources so as to promote the public health and welfare and the productive capacity of its population.” Currently, the SFONA ranks as the sixth worst area in the nation for ozone air pollution¹. Our District is not only responsible for achieving federal and state air quality standards to ensure healthy air in Placer County, it is also responsible for working with jurisdictions outside of Placer County to bring the entire Ozone Nonattainment Area into compliance.

One of the District’s Goals is to “mitigate effects of growth through reviewing development plans for impacts on air quality and working toward mitigating those impacts through initiatives and programs that reduce emissions”. As part of an ongoing effort to improve air quality, the District reviews and comments on CEQA documents which are prepared for discretionary development proposals that may result in substantially significant air pollutant emissions within the County. As a part of our review process, the District makes recommendations for reducing emissions of air pollutants to mitigate potential air quality impacts. These recommendations are then provided to the County, as well as incorporated

¹ American Lung Association, the State of the Air 2008, “Most Polluted Cities: Ozone”. Information can be found at the following link: <http://www.stateoftheair.org/2008/most-polluted/>

cities within the County, relatively early in the planning process.

Discussion:

The California Legislature enacted CEQA in 1970. CEQA requires that public agencies (i.e., local, county, regional, and state government) consider and disclose the environmental effects of a particular project to the public and governmental decision-makers. Further, it mandates that agencies implement feasible mitigation measures or alternatives that would mitigate significant adverse impacts on the environment.

CEQA is intended to address a broad range of environmental issues including water quality, noise, land use, natural resources, transportation, energy, human health, and air quality. Typically under CEQA, a public agency reviews an Initial Study and will decide which type of environmental document (e.g., negative declaration or environmental impact report) is required in order to evaluate the potential impacts on the environment. Once the appropriate environmental document is determined, then that document will indicate the manner in which those potential impacts could be mitigated or avoided, and when an EIR is required, and to identify alternatives and any impacts that cannot be fully mitigated.

Public Agency Roles in the CEQA Review Process:

Public agencies take an active part in the intergovernmental review process under CEQA. In carrying out the duties under CEQA, a public agency may act as a Lead Agency, a Responsible Agency, Trustee Agency, or a Commenting Agency (in which case the Agency is making a comment much like a member of the public would make on a project).

Lead Agency – A Lead Agency is the public agency with the principle responsibility for carrying out or approving a project subject to CEQA. In general, a local government agency with jurisdiction over land use (normally a city or county) is the preferred lead agency for land use development projects. Lead Agencies are responsible for complying with CEQA by ensuring that the potential environmental impacts of projects are adequately assessed. This may include determining that a project is exempt from CEQA, preparing a Negative Declaration, Mitigated Negative Declaration, or the preparation of an Environmental Impact Report. Lead Agencies must also consult with and solicit comments from Responsible Agencies and others during the preparation of certain projects.

Responsible Agency – A Responsible Agency is a public agency, other than the Lead Agency which has the responsibility for reviewing and/or approving a project (e.g., the project must obtain a permit from the Agency). The role of Responsible Agency is different from that of a Lead Agency. While a Lead Agency must consider all of the potential impacts for a project, the Responsible Agency is required to comment on those aspects that are within the agency's area of expertise and are related to the Agency's permitting authority.

Trustee Agency – There are also several State agencies that may not require a permit from development projects, but nevertheless under the law are required to comment on projects. These State Departments are called “Trustee Agencies” (e.g., California Department of Fish and Game). The Air District is not a Trustee Agency.

Commenting Agency – A Commenting Agency is a public agency with “jurisdiction by law” over a particular natural resource, but is neither a Lead Agency nor a Responsible Agency. A Commenting Agency reviews a project based on its expertise and provides comments back to the Lead Agency to assist the Lead Agency in identifying key issues for the project. Generally, a local air district falls into this category with respect to land use and development projects. Air districts review and comment on the air quality analysis within environmental documents when local lead agencies submit those documents to the air district for comment. However, while the air district makes *recommendations* regarding mitigation measures, the air district has no authority to *require* project mitigation (unless a project needs an independent permit from the District).

Placer County APCD’s Role in the CEQA Review Process

As a public agency, the District takes an active part in the intergovernmental review process under CEQA. In most of cases, the District acts as a Commenting Agency for land use projects that are distributed by the Lead Agency for review and comment. The District has an internal process for reviewing and commenting on the documents received. The District provides comments addressing the potential air quality concerns back to the Lead Agency within a specific timeframe. The comments from the District are based on the professional expertise and information developed by the District. Comments are focused on the adequacy of the air quality analysis for the project. Comments normally include identifying a project’s impacts on air quality based on scientific modeling analysis and the recommendation of feasible mitigation measures to offset the project related air quality impacts. The District is available for consultation at any time, by any jurisdiction within its boundaries, before or during the project review process.

The District would act as a Responsible Agency if a project or a portion of a project is required to obtain an air district permit. The District is required to comment on any Negative Declaration or EIR prepared by the lead agency, within 30 days of receiving an initial application, and make comments directly related to any environmental effects that the District believes are appropriate. During subsequent environmental review, the District is required, once again, to analyze the adequacy of the air quality portion of the document within 30 days.

Although rare, in some cases, the District could act as a Lead Agency. The District can change from a Responsible Agency to a Lead Agency if a Lead Agency (1) failed to prepare any environmental analysis under CEQA, (2) the District determines that a subsequent EIR is required for the project, or (3) determines that the prepared EIR, Mitigated Negative

Declaration, or Negative Declaration was inadequate *and* the District did not receive any notice of the document when it was circulated. If the District determines any of these circumstances to be the case, then the District could become the Lead Agency.

District CEQA Review Program

The District has jurisdiction over most air quality matters in Placer County, specifically pollutants in the ambient air. The District is responsible to implement certain programs and regulations for controlling air pollutant emissions to improve air quality in order to attain federal and state ambient air quality standards. In addition to industrial sources, land use projects have the potential to generate air pollutants which result in adverse environmental impacts and are therefore subject to CEQA. In the “Sacramento 1-hour Ozone State Implementation Plan” (SIP), the local air districts (including Placer County) have committed to reduce 1 ton per day of reactive organic gases (ROG) and 3 tons per day of nitrogen oxides (NOx) through the land use review process as well as off-road control measures. This same commitment will be carried into the new 8-hour Ozone SIP, which is scheduled for a public hearing and possible adoption in February 2009. The District has developed a review program that includes two components: 1) thresholds of significance, and 2) evaluation process. The District uses the review program as a Commenting Agency to evaluate land use projects within the Cities and Counties in order to accomplish these mandates.

Through the review program, the District Staff evaluates the types and levels of emissions generated by the project, the existing air quality conditions, and the other neighboring land uses in order to determine the significance of air quality impacts resulting from the proposed projects. The first step is the determination of significance for the project, which is based on modeling analysis. During the second step, the District Staff identifies any feasible mitigation measures, and recommends those measures to the Lead Agency. Finally, District Staff will prepare either a letter, or prepare the “Air Quality “ portion of an Initial Study, which both include recommended mitigation measures which should be implemented by the project, and describe the reasoning behind those recommendations. The Lead Agency can use this information, if it chooses, in order to help offset the potential air quality impacts generated by the proposed project.

Thresholds of Significance - “Thresholds of significance” are used to determine the level of significance for air quality impacts from any given land use project. CEQA encourages each public agency to develop and publish thresholds of significance that the agency uses in the determination of the significance of environmental effects. The thresholds of significance should be supported by substantial, scientific evidence.² In setting these thresholds, the District considers both the health-based air quality standards as well as the attainment strategies developed in conjunction with the California Air Resources Board (CARB) and the U.S. Environmental Protection Agency (EPA).

²CEQA Guidelines, §15064.7

The New Source Review (NSR) is a permitting program which requires stationary sources of air pollution to get permits before they start construction. The NSR program was established by the U.S. Congress as part of the 1977 Clean Air Act Amendments. The NSR program has two objectives: 1) setting the emission thresholds to ensure that air quality is not significantly degraded from the addition of new and modified industrial sources and 2) requiring Best Available Control Technology (BACT) to assure that any large new or modified industrial source within a given area will be as clean as possible, and that advances in pollution control occur concurrently with industrial expansion.³

The District has concluded that the industrial pollutants described under the above NSR Program, are similar to those pollutants generated with land use projects (e.g., vehicle emissions). Therefore, the District has historically applied the concept of the NSR program to establish the thresholds for projects under the CEQA review program. The following table explains this concept in greater detail.

- Project-Level Thresholds - Table 1 is the current project-level thresholds of significance established by the District to the impacts of construction and operational emissions associated with a land use project.

Table 1 Project-Level Thresholds of Significance⁴

	Thresholds of Significance		
	ROG (lbs/day)	NOx (lbs/day)	PM10 (lbs/day)
Construction Emissions (short-term)	82	82	82
Operational Emissions (long-term)	82	82	82

The threshold of 82 lbs per day was established based on 15 tons per year, which was set as the total emission threshold in the District Rule 502 New Source Review.⁵ The District uses these thresholds to determine the level of significance for emissions associated with a project's construction activities (e.g., demolishing, site preparation, earthmoving, and building, etc.) and operational activities (e.g., energy consuming, motor vehicle trips, and landscaping maintenance). If any project's associated emission exceeds the threshold, the District will then make a determination that the project related air quality impacts would be "potential significant". Mitigation measures are then

³ EPA NSR Program website, <http://www.epa.gov/NSR/>

⁴ Does not currently include green house gas thresholds, which the Office of Planning and Research and Air Resources Board are developing the policy guidance.

⁵ The District Rule 502 New Source Review was amended in December, 2004 to lower offset thresholds for ROG and NOx from 15 tons per year to 10 tons/per year pursuant Section 70600 and 70601, Title 17, California Code of Regulations, set forth the State Ozone Transport Mitigation Regulations.

suggested by the District to the Lead Agency to offset the project’s related air quality impacts. An EIR process may be recommended by the District to the Lead Agency if the project related emissions cannot be mitigated to a less than significant level and the project cannot achieve the thresholds described above.

Table 2 shows the types and sizes of projects corresponding with the thresholds of significance by the year of project build out. The table is based on the default setting from the URBEMIS model and the actual emissions from the project may vary based on the types of projects and locations.

Table 2 Project Sizes corresponding with the significant threshold

The size of land use project for 82 lbs/day threshold for NOx only¹					
assumed builtout year	2009	2010	2015	2020	2025
Residential Project ²	600 units	650 units	950 units	1300 units	1700 units
Commercial Project ³	180,000 sf	200,000 sf	300,000 sf	450,000 sf	600,000 sf

- 1. Urbemis 2007 9.2.4 version
- 2. single family units
- 3. regional shopping center

- Cumulative Thresholds – In addition to reviewing the impacts associated with the project individually, CEQA requires that Lead Agencies review the project’s possible environmental effects which are “individually limited but cumulatively considerable”.⁶ CEQA defines “cumulatively considerable” as the incremental effects of an individual project when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects. Therefore, it can be argued that any land use project’s related emissions would be cumulatively considerable if the project contributes a net increase of emissions within Placer County or within incorporated cities within the County.

The District applies a “10 lbs per day” standard as the threshold for a project’s cumulative impacts resulting from its ROG and NOx emissions because Placer County lies within the federal ozone nonattainment area. This threshold was established based on the NSR BACT requirement, which means that any stationary source that emits more than this threshold must employ Best Available Control Technology. Stationary source emissions of criteria pollutants are similar to those emitted by “indirect sources” (emissions generated by land use development actions), and thus the nexus that projects emitting above this threshold should employ mitigations (or BACT) to reduce their cumulative impacts. Therefore the District recommends to Lead Agencies that any project that emits more than this amount should include mitigation measures to offset such impacts, although the final decision resides with the Lead Agency.

⁶ CEQA Guidelines, §15065 (c)

Mitigation measures could include both on-site and off-site mitigation measures.

It is very important to note that the District suggests the use of the cumulative threshold (10 lbs/day) to trigger the need of mitigations when a project's related emissions are below the project-level thresholds (82 lbs/day) but above the cumulative thresholds (10 lbs/day). Because Placer County lies within the SFONA, any associated emissions from a land use project will contribute a net increase and degrade the air quality within the County. At a macro scale, a land use project would be required by the Lead Agency to implement mitigation measures which were identified by the previous certified EIR associated with the General Plan, Specific Plan, or Community Plan to mitigate cumulative impacts. However, the previous certified EIR could be outdated due to the time lag between its environmental analysis (in most cases many years and possibly decades) and newer more restricted ozone standards and emission analysis and impacts model updates. Those mitigation measures initially identified in that original environmental document may not be sufficient to offset the project's related cumulative impacts in today's environment. Therefore, the District utilizes the cumulative threshold as a tool to require additional mitigation measures. Those mitigation measures have been recognized as the feasible measures implemented by recent approved projects within Placer County.

One of the recognized feasible mitigation measures is the offsite mitigation program which allows an offsite project (e.g., retrofitting vehicles, alternative fuel application, etc.) to be implemented by the applicant or a payment of fees to the District's Offsite Mitigation Funds in lieu of on-site reductions. The District then applies these funds towards emission reduction projects through the District's annual Clean Air Grant (CAG) process. The recommendation for the use of offsite mitigation measures is based on approved action taken by the Board in April 2001 with the "Policy Regarding Land Use Air Quality Mitigation Funds". It provides an alternative to offset the land use project's related emissions (e.g. vehicle exhaust, water heater, and consumer products) when **on-site** mitigation measures are not sufficient to offset the emissions resulting from projects. This recommendation to the Lead Agencies is a suggestion only. Local agencies can always opt to justify their conclusions regarding air quality through their own analysis.

The District does **not** recommend the use of this cumulative threshold to determine the need for an Environmental Impact Report. Local governments acting as Lead Agencies have the responsibility to determine the type of environmental document that should be prepared by the project and should determine when a project's impacts, even after complying with the District's offsite and/or fee programs, are potentially significant as defined under CEQA.

Table 3 shows the types and sizes of projects corresponding with the 10 lbs/day threshold. The table is based on the default setting from the most recent Urbemis model. The actual emission from a project may vary based on the types of projects as well as the project's locations.

Table 3 Project Sizes corresponding with the cumulative threshold

The size of land use project for 10 lbs/day threshold for NOx only¹					
assumed builtout year	2009	2010	2015	2020	2025
Residential Project ²	75 units	76 units	100 units	120 units	135 units
Commercial Project ³	25,000 sf	28,000 sf	44,000 sf	55,000 sf	70,000 sf

1. Urbemis 2007 9.2.4 version

2. single family units

3. regional shopping center

With the use of the two different thresholds of significance outlined above, the District is able to evaluate the environmental impacts of the projects it reviews, whether those projects are required to be reviewed by the District as a lead or responsible agency, or when local jurisdictions request District review on their projects. Below is a discussion on how the District performs environmental analysis.

Process of Environmental Review - Generally, the District receives the bulk of its CEQA project review from the County and the Cities. The District occasionally receives CEQA documents from outside the County for review. The District also receives documents from other jurisdictions when the District is a Responsible Agency. The District receives documents to comment on when the Lead Agency is required to seek consultation from the District during the circulation of the draft Negative Declaration, Mitigated Negative Declaration or EIR.⁷ This scenario is when the District is only a "Commenting Agency" under CEQA.

District Staff will review the project description and related information to prepare a preliminary modeling analysis for the project. When reviewing environmental documents, District Staff will review the associated chapters (e.g., project description, land use, traffic analysis, and air quality) to verify the accuracy of modeling analysis and the conclusions drawn from that analysis.

- Modeling and Determinations of Significance - A good modeling analysis is the key foundation to provide scientific data and support the project related impact analysis and conclusion. The result from the modeling analysis provides a quantitative analysis to determine the level of significance for a project's related air quality impacts.

⁷. CEQA Guidelines, §15073 & §15086

The **URB**an **EMIS**sions (URBEMIS) is the most common model utilized by many air districts in California for a land use project related air quality impact analysis. The URBEMIS includes emissions factors for estimating emission from construction activities, motor vehicles, and area sources resulting from the project. URBEMIS offers conservative mass emissions computation in a user-friendly Windows environment. While the use of URBEMIS is the preferred approach for estimating project related emissions, the District may also utilize other approaches to estimate the project related emission.

The determination of significance is one of the key decisions in the CEQA review process. The determination is based on comparing a project's emissions estimated by the modeling analysis to the thresholds of significance established by the District (as discussed in the Section above). If a project's emission estimates do not exceed the project-level thresholds shown in Table 1, then a determination will be made that emission impacts will be "less than significant". If the estimated emissions exceed one of thresholds, the project related impacts could be "potentially significant" and mitigation measures should be identified to mitigate the project related impacts.

If a project's related operational ROG or NOx emissions are below the project-level threshold (82 lbs/day) but above the cumulative threshold (10 lbs/day), the District considers that the project would result in a net increase cumulatively to the Sacramento ozone nonattainment area. The District will identify feasible mitigation measures for the project to mitigate its cumulative impacts.

After the determination of significance, the District will move on to the next phase of the analysis: determining proper mitigation for the identified impacts.

- Project Mitigation - CEQA requires Lead Agencies to mitigate or avoid the significant effects on the environment of projects that it approves whenever it is feasible to do so.⁸ Environmental documents for projects that have one of more significant environmental impacts must identify feasible mitigation measures or alternatives to reduce the adverse impacts below a level of significance.

When the project related emission estimates exceed any of the thresholds discussed above, its preliminary conclusion for the project's related impacts would be "potentially significant". A broad range of potential mitigation measures should be considered to maximize the potential to mitigate the project's related impacts. District Staff will identify the feasible mitigation measures for the project based on the best practices recognized by the past approved projects or acknowledged by the other local air districts. These identified mitigation measures would include both

⁸ CEQA §21002.1 (b)

construction and operational emissions mitigations and should minimize the project's impacts to the maximum extent.

- Project Recommendation - For a project application, District Staff will review the application and prepare a comment letter or assist in the preparation of an Initial Study. Depending on the type of environmental document, the District may discuss whether there are project design alternatives that could later help the project avoid additional mitigation measures, and will summarize any findings by the District regarding mitigation measures in the form of recommendations to the Lead Agency for consideration. If the District Staff feels that any given impact may be so significant that it might not be able to be mitigated, this would be included in its letter to the Agency, or as outlined in the Initial Study. :

For environmental document review, District Staff will review the detailed air quality analysis. The review includes verifying the accuracy of the modeling analysis and the feasibility of the mitigation measures and identifying if any additional mitigation measure should be addressed into the Mitigated Negative Declaration or EIR document. The District's analysis will include the findings of the review and any additional mitigation measure for the project's implementation.

Comment letters and assistance with Initial Studies from the District (when the District is acting as a Commenting Agency) are project based, and provided to the Agencies to assist them in identifying key issues for the project. The District recognizes that the final determination of mitigation measures for a project will be determined by the Lead Agency.

Summary

In addition to the efforts for CEQA document review, District Staff continues to work with County and Cities Staff to identify key issues within projects. District Staff is available for consultation at any time before or during the project review process, including prior to the preparation of the environmental documents, as well as during public review of the complete documents. Joint meetings with the planners and the project applicant is another approach used by District Staff to find solutions prior to the final environmental document approval. It is the District's desire to collaborate with local governments to ensure that the air quality assessment for a land use project would be in compliance with CEQA requirements and to achieve the objectives for reducing emissions to meet the federal and state air quality standards.

Fiscal Impact:

Environmental review of land use projects is a core program area and the staff resources allocated to it are addressed in the District budget. There are no plans to increase staffing resources beyond those current allocations at this time.

Recommendation:

None. This is an “information only” item to explain the current District’s CEQA review program. The District will continue working with local jurisdictions under the existing staff level to provide professional assistance for the identification of air quality impacts associated with land use projects within Placer County. Staff is committed to the development of a “CEQA Review Handbook” as a work product for use by Lead Agencies and others and will be bringing that to the Board for consideration when it is completed. This handbook will incorporate both criteria pollutants and green house gases emission impact evaluations and mitigations.

ATTACHMENT #3

SUBJECT:

Letter to the City of Roseville
“Placer County Air Pollution Control District Recommendations related to
Environmental Review of City Projects”
December 8, 2009.

December 8, 2009

Paul Richardson, Planning & Redevelopment Director
City of Roseville
311 Vernon Street
Roseville, CA 95678

Subject: Placer County Air Pollution Control District recommendations related to environmental review of city projects

Dear Mr. Richardson:

Thank you very much for working with PCAPCD staff in developing a workable template of Conditions of Approval/Mitigation Measures for use by the local governments within the jurisdictions of the Air District. All of the written comments and meetings have been appreciated. We have finalized our "Master Mitigation List" (Attachment 1) and, therefore, no additional comments from local jurisdictions will be reviewed by the district.

Before beginning review of the attachments, the District should clarify that as a commenting agency, it is the District's preference to review the administrative drafts of your environmental documents - if your agency would prefer to receive our comments early in the process. Otherwise, the District will provide comments during the public comment period. Please note that on the rare occasion that the District is a responsible agency for a particular project, the lead agency should be sure to involve the District as soon as possible. Finally, please do not send the District any projects that the City has found are exempt from CEQA, or any projects that the City has not yet made that determination. It is not appropriate for the District to comment on exempt projects, or projects that could be determined to be exempt at a later date.

Attached you will find two documents that are the culmination of all of the different jurisdictions comments and ideas, as well as hours of work by District staff. We hope that the documents are helpful when your jurisdiction is conducting environmental review.

Attachment 1: APCD Master Mitigation List

The first document attached is entitled "*Master Mitigation List*" (ATTACHMENT 1) and is based on District experience and policy. The list should be used as a menu of various mitigation measures most often recommended by APCD for land use projects in order to mitigate project related air quality impacts. Please note that this list of proposed mitigation measures has been carefully analyzed and critiqued, and that District staff feels that they are feasible and effective when looking for ways to mitigate potential impacts. Please note that APCD does not intend that every one of these measures be applied to all development projects. Each project must be considered on a case by case basis to determine which of these measures are applicable.

Attachment 2: District, State and Federal Rule based requirements

The second document is entitled “*District, State and Federal Rule Based Requirements*” (ATTACHMENT 2). This list of requirements is based on existing District, state and federal law. The laws and regulations themselves can be long and/or vague. In order to more effectively implement the law, the District has drafted the list of requirements. Each requirement references the law that is the basis for the requirement and a web link where the law can be referenced in its entirety. The District recommends that Attachment 2 be included within the approval documentation of development of city projects such as Improvement Plans, Grading Permits, and Design Reviews (including projects determined to be exempt from CEQA) in order for project applicants to be aware of, and compliant with, existing law.

Attachment 2 is broken down into two sections. Section “A” lists the various requirements that would typically be associated with the improvement plan stage of the development of property. Section “B” deals with requirements that would be typically be referenced during the construction phase of a project. As these requirements are based on existing law, it is important for developers to become aware of their applicability.

When CEQA Requires Environmental Review

When a project requires environmental review under CEQA, a local jurisdiction can normally accomplish integration of the requirements in Attachment 2 by using them as mitigation measures within a project’s environmental document. These requirements are well suited to help mitigate for impacts that projects may have on air quality. If, however, a project does not have air quality impacts that need mitigating, or the jurisdiction has other means of mitigating some impacts, then these requirements could be 1) put into the regulatory setting section of an environmental document, or 2) within the project description section of an environmental document. Please keep in mind that in some circumstances the District may recommend one of these approaches over the other, depending on the nature and complexity of the project.

If your jurisdiction chooses *not* to use these requirements as mitigation and places them instead within the regulatory setting or project description settings, the document should *not* state “no further mitigation is required”. When that statement is made the Lead Agency is essentially saying that the requirements are indeed mitigating for impacts. Your jurisdiction must choose whether or not to use these requirements as mitigation. Placing them in other sections of an environmental document in and of itself does not change how the document is relying on the requirement. If the requirement is being used to mitigate an impact, it should be listed as mitigation measure and be included in the mitigation monitoring plan.

Also, please include the requirements found in Attachment 2, Section “A” on project improvement plans or grading plans in either circumstance. This will insure that project builders and managers are aware of the legal requirements related to air quality. The District also recommends that all jurisdictions include the “District, State and Federal Rule Based Requirements”, Attachment 2, Section “B” within building plan documents or other notification documents related to construction.

When an activity does not trigger CEQA or when a project is exempt form CEQA

As mentioned above, when a project does not require an environmental document, (the project is not subject to CEQA or is exempt from CEQA), then the list of requirements should be shared with the developer in some way. At a minimum the District requests that all jurisdictions include the “District,

State and Federal Rule Based Requirements”, Attachment 2, Section “A” on project improvement plans or grading plans. This will insure that project builders and managers are aware of the legal requirements related to air quality. The District also recommends that all jurisdictions include the “District, State and Federal Rule Based Requirements”, Attachment 2, Section “B” within building plan documents or other notification documents related to construction.

In summary, the District is requesting that your jurisdiction agree to the menu of mitigation measures listed in Attachment 1, to be utilized during CEQA review, with the understanding that not all of these measures will be recommended by the District. In addition, the District is recommending that your jurisdiction agree to include the requirements listed in Attachment 2, section “A” as standard notes on all Improvement Plans or Grading Permits (during the development phase of a project) and to include the requirements listed in Attachment 2, section “B” on all building permits (during the construction phase of all projects), whether or not the project is subject to CEQA.

Other PCAPCD Activities

The District would like to make you aware of the District’s current approach towards the analysis of greenhouse gas impacts. At this time District staff is working diligently on developing a threshold of significance that will eventually be useful for our local agencies. Our District also instigated the current statewide effort that is underway to quantify a broad array of mitigation measures that are typical to residential and commercial development. Until these projects are complete, the District is working with jurisdictions on a project by project basis to support the defensibility of development projects with quantifiable analysis and strategy. Currently we work with local jurisdictions to review a menu of thresholds that have been studied by state organizations and other Districts. Our District can also help with the quantification of potential mitigation measures in order to meet this menu of thresholds.

The District would also like to further update you on its progress in other areas of CEQA guidance. Currently the District staff is working on a “*CEQA Handbook*” that we hope will be available to you in 2010. This handbook will describe the District CEQA review program including the existing thresholds of significance, the recommended modeling analysis and determination of significance, and the recommended mitigation measures for the criteria air pollutants as well as greenhouse gases. If the District has concluded its work on greenhouse gas thresholds and/or quantification of mitigation work, then this will also be incorporated into the Handbook.

Conclusion

The District hopes that you find this letter helpful as you work through analyzing the impacts of air quality within your jurisdictions. Please consider responding to us with a confirmation of your receipt of this letter and your commitment to the including Attachment 2 as notes within improvement plans, grading plans, or as notes on approved building permits (whichever method is appropriate) as approved by your jurisdiction. We believe this will help with district wide compliance with applicable law. It would be appreciated if each jurisdiction could contact the District in writing to confirm their commitment to this approach. Please send letters to:

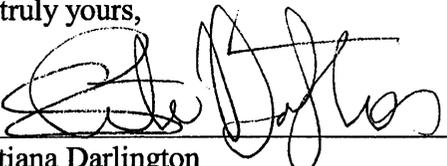
Tom Thompson
tthompso@placer.ca.gov

or

c/o Placer County Air Pollution Control District
3091 County Center Drive, Suite 240 Auburn, CA 95603

The District is committed to supporting all of the local agencies efforts to provide quality environmental review. Everyone in our community wins when solid, defensible CEQA documents are approved. Please contact our office if you would like to discuss any of these issues in more detail.

Very truly yours,

By: 

Christiana Darlington

Counsel for Placer County Air Pollution Control District

ATTACHMENT #4

SUBJECT:

Letter from the City of Roseville
“Response to Placer County Air Pollution Control District Master Mitigation List”
January 19, 2010



Planning & Redevelopment Department
311 Vernon Street
Roseville, California 95678-2649

January 19, 2010

Tom Thompson, Associate Planner
Placer County Air Pollution Control District
3091 County Center Drive, Suite 240
Auburn, CA 95603

Subject: Response to Placer County Air Pollution Control District Master Mitigation List

Dear Mr. Thompson,

Thank you for the District's December 8, 2009 letter detailing the final list of recommended mitigation measures for future CEQA documents. The City appreciates the District's outreach and efforts to address the comments and concerns of the various South Placer cities.

The District's letter indicates that no further comment will be accepted regarding the master list; therefore, the purpose of this letter is to inform the District of the measures considered feasible by the City and to outline our implementation approach. In summary, the city agrees with the District's recommendation to incorporate adopted rules as construction notes, and will take immediate steps to incorporate standard air quality notes in future plan sets. The City also concurs with the majority of mitigation measures identified on the master list with the exception of the ten pound per day cumulative impact threshold for reactive organic gases (ROG) and nitrous oxides (NOx).

Cumulative Impact Threshold

The District's continued use of a ten pound per day cumulative impact threshold for ROG and NOx remains an issue of significant concern to the City. As expressed in previous correspondence with the District, the City believes it is premature to implement this threshold until the PCAPCD Board takes formal action to adopt it as a CEQA significance threshold. Further, we are not aware of any policy document or study relied upon by the District to support use of the ten pound per day standard.

Until the District takes formal action to adopt the ten pound per day standard, the City will work to implement a reasonable threshold based on best available information and scientific evidence. To that end, City staff is researching the standards of neighboring districts for comparison. Until either the District or the City takes formal action to adopt a cumulative significance threshold with appropriate justification, the City will continue to use the District's adopted project-level threshold of 82 pounds per day as the cumulative threshold.

Master Mitigation List

We understand and appreciate the District's approach to create a "master list" to be applied universally to all South Placer cities. However, the City maintains that many of the recommended mitigation measures are redundant with existing City ordinances and development policy documents. Application of redundant mitigation measures creates an additional and unnecessary layer of requirements that must be tracked, monitored, and reported under CEQA. This approach adds burden on City staff and diverts resources from other important City services.

The following table summarizes the mitigation measures the City intends to implement when significant air quality impacts are identified, and those that duplicate existing City requirements or do not apply to Placer County Cities and therefore will not be included as CEQA mitigation measures. Measures MM1a and MM6 will be "conditionally implemented" as outlined below. A final City list is included for your reference as Attachment 1.

Mitigation Measures to be Included	Mitigation Measures that Duplicate Existing City Standards or Do Not Apply
<ul style="list-style-type: none"> • MM1a – Submit Construction Emission/Dust Control Plan to District for approval (Conditional Implementation: for projects over 5 acres with a required 30-day response time by District) • MM1b – Submit vehicle inventory to District. • MM1c – Heavy-duty off-road vehicle NOx and particulate emission reduction. • MM4 – Utilize existing power sources or clean fuel generators. • MM5 – provision for natural gas outlet for outdoor cooking appliances. • MM6 – Cumulative air quality threshold (Conditional Implementation: using 82 lb/day threshold) <p>Climate Change Measures (Case-by-case)</p> <ul style="list-style-type: none"> • MM11 – Solar power • MM13 – External power in truck loading docks. 	<ul style="list-style-type: none"> • MM2 – Dust control is required by citywide improvement standards and SWPPP. • MM3 – Preconstruction meetings already required by Improvement Standards and reiterated in conditions of approval. PCAPCD will be added to required list of invitees. • MM7 – Stationary sources - Authority to Construct (this seems more appropriate on the "Rules" list and will be incorporated into standard construction notes). • MM8 – Landscaping (applicable to Placer County only). • MM9 – Idling time (applicable to Placer County only). <p>Climate Change Measures (Case-by-case)</p> <ul style="list-style-type: none"> • MM10 – Bike lanes are identified in the City's General Plan, Bikeway Master Plan, and other policy documents. • MM12 – Carpool parking is required by the City's Transportation Systems Management Ordinance. • MM14 – Bicycle racks (applicable to Placer County only).

Again, the City appreciates the District's outreach and efforts to address the City's comments and concerns. We look forward to a similar process with the opportunity to comment on the pending CEQA Handbook and associated greenhouse gas emission thresholds.

If you have any questions regarding the City's approach, please do not hesitate to contact me in the Planning Department at (916) 774-5276 or via email at prichardson@roseville.ca.us.

Regards,



Paul Richardson
Planning & Redevelopment Director

Enclosures
PR:mi

Cc: City of Rocklin
City of Lincoln
City of Auburn
County of Placer



MASTER MITIGATION LIST FOR SIGNIFICANT AIR QUALITY IMPACTS

(The following list represents a "menu" of mitigation measures that may be applied to projects to mitigate significant air quality impacts, as needed)

MM 1

1a. Prior to approval of Grading or Improvement Plans (whichever occurs first) on project sites greater than five (5) acres, the applicant shall submit a Construction Emission / Dust Control Plan to the Placer County APCD. The applicant shall provide written evidence, provided by APCD, to the local jurisdiction (city or county) that the plan has been submitted to APCD. If APCD does not respond within twenty (20) days the plan shall be considered approved. It is the responsibility of the applicant to deliver the approved plan to the local jurisdiction. The applicant shall not break ground prior to receiving APCD approval, of the Construction Emission / Dust Control Plan, and delivering that approval to the local jurisdiction issuing the permit.

1b. Include the following standard note on the Grading Plan or Improvement Plans: The prime contractor shall submit to the District a comprehensive inventory (i.e. make, model, year, emission rating) of all the heavy-duty off-road equipment (50 horsepower or greater) that will be used in aggregate of 40 or more hours for the construction project. If any new equipment is added after submission of the inventory, the prime contractor shall contact the APCD prior to the new equipment being utilized. At least three business days prior to the use of subject heavy-duty off-road equipment, the project representative shall provide the District with the anticipated construction timeline including start date, name, and phone number of the property owner, project manager, and on-site foreman.

1c. Prior to approval of Grading or Improvement Plans, whichever occurs first, the applicant shall provide a written calculation to the Placer County APCD for approval by the District demonstrating that the heavy-duty (> 50 horsepower) off-road vehicles to be used in the construction project, including owned, leased and subcontractor vehicles, will achieve a project wide fleet-average 20 percent NOx reduction and 45 percent particulate reduction as required by CARB. Acceptable options for reducing emissions may include use of late model engines, low emission diesel products, alternative fuels, engine retrofit technology, after-treatment products, and/or other options as they become available. The following link shall be used to calculate compliance with this condition and shall be submitted to the Placer County APCD as described above: <http://www.airquality.org/ceqa/> (click on the current "Roadway Construction Emissions Model").

MM 2 - Include the following standard note on the Improvement/Grading Plan: During construction the contractor shall utilize existing power sources (e.g., power poles) or clean fuel (i.e. gasoline, biodiesel, natural gas) generators rather than temporary diesel power generators.

MM 3 - Prior to building permit approval, the applicant shall show, on the plans submitted to the Building Department, provisions for construction of new residences, and where natural gas is available, the installation of a gas outlet for use with outdoor cooking appliances, such as a gas barbecue or outdoor recreational fire pits.

MM 4 - The proposed project exceeds the cumulative air quality thresholds as established by the APCD (a maximum of 82 pounds per day of ROG and/or NOx). The estimated total amount of excessive ROG and NOx for this project is _____ pounds per day (equivalent to ____ tons per year). In order to mitigate the projects contribution to long-term emission of pollutants, the applicant shall either:

a. **(preferred by APCD):** Establish mitigation **on-site** by incorporating design features within the project. This may include, but not be limited to: "green" building features such solar panels, energy efficient heating and cooling, exceeding Title 24 standards, bike lanes, bus shelters, etc. **NOTE:** The specific amounts of "credits" received shall be established and coordinated through the Placer County Air Pollution Control District. .

b. Establish mitigation **off-site** within the same region (i.e. east or west Placer County) by participating in an offsite mitigation program, coordinated through the Placer County Air Pollution Control District. Examples include, but are not limited to participation in a "Biomass" program that provides emissions benefits; retrofitting, repowering, or replacing heavy duty engines from mobile sources (i.e. busses, construction equipment, on road haulers); or other program that the project proponent may propose to reduce emissions.

c. Participate in the Placer County Air Pollution District Offsite Mitigation Program by paying the equivalent amount of money, which is equal to the projects contribution of pollutants (ROG and NOx), which exceeds the cumulative threshold of 82 pounds per day. The estimated payment for the proposed project is \$ _____ based on \$14,300 per ton for a one year period. The actual amount to be paid shall be determined, and satisfied per current California Air Resource Board guidelines, at the time of (Choose one): [recording of the Final Map, issuance of a Building Permit].

d. Any combination of a, b, or c, as determined feasible in consultation with the APCD.

NOTE: All mitigation measures (either a, b, c, or d) must be satisfied prior to (Choose one): [recording of the Final Map, issuance of a Building Permit]. It is the applicant's responsibility to forward written proof of satisfaction of this condition to APCD.

CLIMATE CHANGE

MM 5 - Prior to the issuance of a Building Permit, the floor plans and exterior elevations submitted in conjunction with the Building Permit application, shall show that the applicant has installed _____ [insert number] (Choose one): [solar panels, Photovoltaic roofing tiles] on _____ [insert number] (Choose one): homes, structures) throughout the project as follows: (describe lot numbers, locations, and/or building numbers and locations here).

MM 6 - Diesel trucks shall be prohibited from idling more than (Choose one): [five minutes, (Placer County) or ____ minutes (local jurisdiction). Prior to the issuance of a Building Permit, the applicant shall show on the submitted building elevations that all truck loading and unloading docks shall be equipped with one 110/208 volt power outlet for every two dock doors. Diesel Trucks idling for more than the allotted time shall be required to connect to the 110/208 volt power to run any auxiliary equipment. 2'x3' signage which indicates "Diesel engine Idling Limited to a Maximum of _____ Minutes" shall be included with the submittal of building plans.



Public Works - Engineering
311 Vernon Street
Roseville, CA 95678
(916) 774-5339
(916) 774-5379 FAX

PUBLIC IMPROVEMENTS REQUIREMENTS

AIR QUALITY:

THE FOLLOWING NOTES ARE PROVIDED AS REFERENCE TO APPLICABLE PLACER COUNTY AIR POLLUTION CONTROL DISTRICT ADOPTED RULES AND REGULATIONS. COMPLIANCE WITH ALL APPLICABLE APCD RULES IS THE SOLE RESPONSIBILITY OF THE CONTRACTOR. AIR QUALITY RULES ARE ENFORCED SOLELY BY THE PLACER COUNTY AIR POLLUTION CONTROL DISTRICT.

1. CONSTRUCTION EQUIPMENT EXHAUST EMISSIONS SHALL NOT EXCEED PLACER COUNTY APCD RULE 202 VISIBLE EMISSION LIMITATIONS. OPERATORS OF VEHICLES AND EQUIPMENT FOUND TO EXCEED OPACITY LIMITS ARE TO BE IMMEDIATELY NOTIFIED BY APCD TO CEASE OPERATIONS AND THE EQUIPMENT MUST BE REPAIRED WITHIN 72 HOURS. *(BASED ON APCD RULE 202)*
2. THE CONTRACTOR SHALL SUSPEND ALL GRADING OPERATIONS WHEN FUGITIVE DUST EXCEEDS PLACER COUNTY APCD RULE 228 (FUGITIVE DUST) LIMITATIONS. THE PRIME CONTRACTOR SHALL BE RESPONSIBLE FOR HAVING AN INDIVIDUAL WHO IS CARB-CERTIFIED TO PERFORM VISIBLE EMISSIONS EVALUATIONS (VEE). THIS INDIVIDUAL SHALL EVALUATE COMPLIANCE WITH RULE 228 ON A WEEKLY BASIS. IT IS TO BE NOTED THAT FUGITIVE DUST IS NOT TO EXCEED 40% OPACITY AND NOT GO BEYOND THE PROPERTY BOUNDARY AT ANY TIME. LIME OR OTHER DRYING AGENTS UTILIZED TO DRY OUT WET GRADING AREAS SHALL NOT EXCEED PLACER COUNTY APCD RULE 228 FUGITIVE DUST LIMITATIONS. OPERATORS OF VEHICLES AND EQUIPMENT FOUND TO EXCEED OPACITY LIMITS WILL BE NOTIFIED BY APCD AND THE EQUIPMENT MUST BE REPAIRED WITHIN 72 HOURS. *(BASED ON APCD RULE 228)*
3. DURING CONSTRUCTION, TRAFFIC SPEEDS ON ALL UNPAVED SURFACES SHALL BE LIMITED TO 15 MILES PER HOUR OR LESS. *(BASED ON APCD RULE 228 / SECTION 401.2)*
4. DURING CONSTRUCTION, NO OPEN BURNING OF REMOVED VEGETATION SHALL BE ALLOWED UNLESS PERMITTED BY THE PCAPCD. ALL REMOVED VEGETATIVE MATERIAL SHALL BE EITHER CHIPPED ON SITE OR TAKEN TO AN APPROPRIATE RECYCLING SITE, OR IF A SITE IS NOT AVAILABLE, A LICENSED DISPOSAL SITE. *(BASED ON APCD RULE 310)*
5. A PERSON SHALL NOT DISCHARGE INTO THE ATMOSPHERE VOLATILE ORGANIC COMPOUNDS (VOC'S) CAUSED BY THE USE OR MANUFACTURE OF CUTBACK OR EMULSIFIED ASPHALTS FOR PAVING, ROAD CONSTRUCTION OR ROAD MAINTENANCE, UNLESS SUCH MANUFACTURE OR USE COMPLIES WITH THE PROVISIONS RULE 217. *(BASED ON APCD RULE 217).*
6. PROCESSES THAT DISCHARGE 2 POUNDS PER DAY OR MORE OF AIR CONTAMINANTS, AS DEFINED BY HEALTH AND SAFETY CODE SECTION 39013, TO THE ATMOSPHERE MAY REQUIRE A PERMIT. PERMITS MAY BE REQUIRED FOR BOTH CONSTRUCTION AND OPERATION. DEVELOPERS/CONTRACTORS SHOULD CONTACT THE DISTRICT PRIOR TO CONSTRUCTION AND OBTAIN ANY NECESSARY PERMITS PRIOR TO THE ISSUANCE OF A BUILDING PERMIT. *(BASED ON THE CALIFORNIA HEALTH & SAFETY CODE SECTION 39013: [HTTP://WWW.LEGINFO.CA.GOV/CGI-BIN/DISPLAYCODE?SECTION~HSC&GROUP=39001-40000&FILE=39010-39060](http://www.leginfo.ca.gov/cgi-bin/displaycode?section~HSC&group=39001-40000&file=39010-39060))*

ATTACHMENT #5

SUBJECT:

Letter to the City of Roseville
"Revised Mitigation Measures"
March 26, 2010.

March 26, 2010

Paul Richardson
Planning & Redevelopment Director
City of Roseville
311 Vernon Street
Roseville, CA 95678

Subject: Revised Mitigation Measures

Dear Mr. Richardson,

Thank you for your efforts to assist APCD in attempting to reach consensus regarding mitigation measures and rules as they apply to air quality issues within the City of Roseville. I apologize for the delay in our response. Also, we did not receive your response letter dated January 19, 2010 until mid February. Unfortunately, because I only work part time, as well as potential routing delays between Roseville and the County, this letter took several weeks to reach my desk. In order to avoid delays with conventional mail, I would like to suggest that all future correspondence be sent via e-mail with conventional mail follow up.

APCD Staff has reviewed your response letter and we have the following comments:

1. We are generally in agreement that mitigation measures that duplicate existing city standards should be not be applied to projects. Our dilemma is that we deal with multiple jurisdictions and not all jurisdictions have the same ordinances relating to air quality. Short of coming up with six different lists, we are including wording that states: "or as required by ordinance within each local jurisdiction" (see attached).
2. Regarding MM 1a. (Dust Control Plan requirement), we do not agree with the cities proposed exemption for projects under 5 acres. It has been our experience that a more reasonable "threshold" for this requirement is 1 acre. As I'm sure you would agree, there are many projects between 1-5 acres that produce enough dust to cause concern. Therefore, on future projects, we will continue to recommend Dust Control Plans for projects over 1 acre in size. Additionally, the District concurs with the recommended time limitation to approve dust control plans or other plans. We have therefore added wording which clarifies that "If APCD does not respond within twenty (20) days *of the plan being accepted by APCD as complete*, the plan shall be considered approved (our additional wording in *italics*). The obvious reason for this additional wording is our concern that an applicant will submit an incomplete plan to us, we ask for additional information, the applicant doesn't respond for 30 days, etc. resulting in the **applicant** delaying the process well beyond the 20 day limit. Once we accept the submitted plan as

complete, the “20 day clock” would begin (see attached).

3. In terms of our “10 lbs per day” cumulative threshold we would like to reiterate that this threshold is not used to determine the type of environmental review required under CEQA (i.e. EIR vs. Neg Dec). However, District staff does use this threshold as a tool to recommend mitigation measures which would mitigate an already identified impact as determined by the lead agency under CEQA. As a lead agency within the CEQA process, the city has the discretion to accept or reject a commenting agencies suggested mitigation measure on any given project, as well as to determine thresholds of significance.

The District’s recommended land use thresholds for the air quality cumulative impacts were established based on the District’s Rule 502 (New Source Review or “NSR”) “*Requirement to apply Best Available Control Technology (BACT)*”. This NSR Rule was adopted by our Board on November 3, 1994 pursuant to the Federal Clean Air Act and California Health & Safety Code requirements. This Rule states that mitigation measures shall be required, for a stationary source, when the emissions exceed 10 pounds per day of ROG or NOx. The District recognizes that neither our project-level threshold of 82 lbs per day nor the cumulative threshold of 10 lbs per day have been formally adopted by our Board to serve as the recommended CEQA thresholds for land use development. The District believes, however, that there is “nexus” between a stationary threshold and a land use threshold because “air pollution is air pollution” whether from a stand-alone factory or from a major subdivision. Accordingly, the District has applied the NSR thresholds to land use projects since 1996 in comments to lead agencies during the CEQA review process. Note that since 1996 Placer County, as well as surrounding counties, has been required to meet more restricted ozone standards which are required by federal and state law. Mitigation of ozone precursor emissions (ROG and NOx) from proposed land use development will assist Placer County as well as surrounding counties in improving air quality within our region.

Therefore, the District will continue recommending this mitigation strategy on all land use projects within its boundaries, as appropriate, based on the emissions generated by such proposed projects which are subject to CEQA review.

If you have any questions or comments please phone 530-745-2382

Sincerely,

Tom R. Thompson

Tom R. Thompson
Placer County Air Pollution Control District
Associate Planner
tthompso@placer.ca.gov
(530) 745-2382