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Board Agenda Item

TO: Air Pollution Control District Board

FROM: Dave Van Mullem, Air Pollution Control Officer

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SUBJECT: Greenhouse Gas Significance Threshold for CEQA and Other Revisions to District *Environmental Review Guidelines*

RECOMMENDATION

- 1) Hold a public hearing to receive public testimony on proposed revisions to the District's *Environmental Review Guidelines*, including a significance threshold for greenhouse gas emissions; and
- 2) Adopt the resolution, included as Attachment 1 of this letter, that contains the following actions:
 - a) Adoption of the "AB 32 Consistency" threshold of significance for greenhouse gas emissions, for use when the District is a lead agency under the California Environmental Quality Act (CEQA);
 - b) Adoption of the CEQA findings and the CEQA exemption that are included as Attachments 2 and 3 of this letter, respectively; and
 - c) Adoption of the District's revised *Environmental Review Guidelines*, including the selection of the "AB 32 Consistency" greenhouse gas significance threshold option, that are included as Attachment 4 to this letter.

BACKGROUND:

In April, 2014 District staff began a public process to revise and update the District's *Environmental Review Guidelines* and to establish a significance threshold for greenhouse gas (GHG) emissions from new or modified stationary sources, and other projects where the District is a CEQA lead agency. Updates on this effort were provided to your Board on May 15, 2014, August 21, 2014, January 15, 2015 and at a special Board meeting on April 16, 2015. At the April 16, 2015 Board meeting, another special Board meeting was scheduled to consider adoption of a greenhouse gas threshold for CEQA and revisions to the *Environmental Review Guidelines*.

DISCUSSION:

Greenhouse Gas Significance Threshold for CEQA

The District's *Environmental Review Guidelines* include several thresholds that help determine whether air quality impacts from projects subject to CEQA are significant. These thresholds address emissions of criteria air pollutants (such as ozone precursors and particulate matter), toxic air contaminants, and consistency with air quality goals and planning efforts.

In December, 2009 the California Natural Resources Agency adopted revisions to the state's CEQA Guidelines (Public Resources Code 15000 *et. seq.*) that provide guidance to CEQA lead agencies on how to assess and mitigate the impacts of greenhouse gas emissions. Those revisions became law in March, 2010; however, they did not include specific significance thresholds. Since that time, the District has addressed the significance of greenhouse gas emissions on a case-by-case basis. CEQA lead agencies are encouraged to adopt thresholds of significance, in a public review process and supported by substantial evidence.

The District considered a number of options for greenhouse gas significance thresholds, and over a one-year process held several public workshops and stakeholder meetings to explore those options and receive public input. The entire process is documented on the District's website at a dedicated page: www.ourair.org/greenhouse-gases-and-ceqa.

White Paper – Greenhouse Gas Mitigation and CEQA

In order to further explore the topic of GHG Mitigation and provide additional ideas and guidance for how mitigation can be done, the District prepared a "white paper" titled *Greenhouse Gas Mitigation and CEQA: A Review of Mitigation Strategies for Projects Subject to the California Environmental Quality Act* (provided as Attachment 5). Although the paper was designed to address mitigation for stationary sources of GHGs (primarily stationary combustion devices), some of the concepts also apply to mitigation strategies for other project types. The paper is not intended to be a binding document that dictates how mitigation should occur for every project that is subject to CEQA review and mitigation; it is intended to allow for some flexibility in mitigation approaches, and to introduce opportunities for local co-benefits. District staff acknowledges the need to retain flexibility when determining the appropriate mitigation.

Other Revisions to *Environmental Review Guidelines*

At the same time that a greenhouse gas threshold was being developed, District staff also prepared other minor revisions and updates to the *Environmental Review Guidelines* for consideration by your Board. These guidelines were adopted by your Board in 1995, and were last revised in November, 2000. The proposed revisions include corrections and additions to reflect current CEQA guidelines and practice, and also long-needed updates to the District's list of exempt projects included in Appendix A of the *Environmental Review Guidelines*.

Community Advisory Council Process and Staff Report

On March 25, 2015, the District held a joint public workshop and District Community Advisory Council meeting. This workshop/meeting was publicly noticed well in advance in several local newspapers. A Staff Report, titled *Revisions to District Environmental Review Guidelines*, was prepared for the March 25, 2015 workshop/meeting, and was made available to the public and council members two weeks in advance of the meeting.

The Staff Report, which is included as Attachment 6 to this letter, presents two greenhouse gas significance threshold options for consideration: A Bright Line threshold of 10,000 metric tons per year, and an "AB 32 Consistency" threshold. The Staff Report also provides background information, a description of the public process, data for stationary source GHG emissions in Santa Barbara County, the basis and policy objectives for both of the threshold options, substantial evidence to support the adoption of either of the two greenhouse gas significance thresholds, a discussion of CEQA mitigation requirements, and a description of the other proposed revisions to the *Environmental Review Guidelines*.

Key elements of the two greenhouse gas significance threshold options are as follows:

Bright Line Threshold

- Projects with GHG emissions greater than 10,000 metric tons per year would be considered to have a significant impact under CEQA and would require mitigation down to the 10,000 metric tons per year level to be considered less than significant.
- Projects with emissions less than 10,000 metric tons per year would be considered to have a less than significant impact.

AB 32 Consistency Threshold

- Sources that fall under the State's Cap and Trade program (emissions greater than 25,000 metric tons per year) would not be required to mitigate over and above the requirements of that program.
- Projects with emissions less than the 10,000 metric tons per year screening threshold would be considered less than significant and would not be subject to mitigation requirements.
- Projects with emissions between 10,000 and 25,000 metric tons per year would be required to reduce emissions using a "percent reduction from business-as-usual" method (currently 15.3% based on the 2014 First Update to the Climate Change Scoping Plan).
- This option includes a commitment to revise the threshold to reflect additional GHG reductions to remain consistent with California's long-term GHG reduction goals.

Following the March 25, 2015 public workshop, the Community Advisory Council deliberated and considered whether to recommend a specific greenhouse gas significance threshold, and the revisions to the *Environmental Review Guidelines*, to the District Board of Directors. A motion was made to recommend adoption of the AB 32 Consistency threshold option, the motion was seconded, and the motion carried on a vote of 15 to 7.

It should be noted that the District Community Advisory Council is purely an advisory body, with no decision making authority. The Charter of the Community Advisory Council is included as Attachment 7. The purpose of the Community Advisory Council is to advise the Air Pollution Control Officer and the District Board in matters related to attainment and maintenance planning, development and promulgation of air pollution control rules, and other related policy issues. Neither the Air Pollution Control Officer nor the Board is bound by Community Advisory Council recommendations. However, in order for all members of the Community Advisory Council and interested public to understand the full context of the deliberations and voting of the council, at the beginning of each meeting members declare whether they have a financial interest that may be affected by recommendations made at that meeting. At the March 25, 2015 Community Advisory Council meeting, six council members declared a financial interest in the matter being considered; all six of those members that declared a financial interest also voted in favor of the “AB 32 Consistency” threshold option.

A second motion was made at the March 25, 2015 Community Advisory Council meeting to recommend that the proposed revisions to the *Environmental Review Guidelines* be adopted, as presented. The motion was seconded, and the motion carried on a vote of 20 to 2.

Following the deliberations and votes, a council member expressed an interest in bringing a letter from the minority to the District Board of Directors. That letter, from council member Dave Davis, was presented to your Board at the April 16, 2015 special Board meeting by council member Lee Moldaver. The minority request was for a “bright line” greenhouse gas threshold of 1,000 metric tons per year, with special treatment of projects that emit between 1,000 and 10,000 metric tons per year under a programmatic EIR.

Air Pollution Control Officer Recommendation

In conclusion, after careful consideration of the matter and in concurrence with the Community Advisory Council recommendation, I recommend that your Board adopt the “AB 32 Consistency” greenhouse gas threshold of significance for projects when the District is a CEQA lead agency. This threshold will also be recommended for use by other CEQA lead agencies when they have not adopted their own threshold. I also recommend that your Board approve the other proposed revisions to the *Environmental Review Guidelines*.

ATTACHMENTS:

1. District Board Resolution for the Adoption of a Greenhouse Gas Threshold for CEQA and Revisions to the *Environmental Review Guidelines*
2. CEQA Findings
3. CEQA Exemption
4. District *Environmental Review Guidelines*, Revised April 30, 2015, with the “AB 32 Consistency” GHG significance threshold option
5. White Paper - *Greenhouse Gas Mitigation and CEQA: A Review of Mitigation Strategies for Projects Subject to the California Environmental Quality Act*, April 2015
6. Staff Report for *Revisions to District Environmental Review Guidelines* (includes various attachments)
7. Charter of the Santa Barbara County Air Pollution Control District Community Advisory Council