Bay Area Air Quality Management District

Guidance for Lead Agencies to Develop an Offsite Mitigation Program

The Bay Area Air Quality Management District (Air District) considers the use of an offsite mitigation program as a feasible mitigation measure pursuant to the California Environmental Quality Act (CEQA) for construction or operational emissions.   This mitigation strategy has been implemented by land use projects throughout California as a means to reduce a project's significant air quality impacts below the significance level. Land use development projects that exceed lead agency or air district thresholds of significance after implementing all feasible onsite mitigation measures should evaluate the feasibility of implementing an offsite mitigation measure. The project applicant would provide funding to the lead agency (or the Air District) to reduce the project's air quality impacts through implementation of emission reduction projects within the jurisdiction where the project is located. Offsite mitigation programs can be initiated by the project applicant or a lead agency and implemented through the CEQA process.

The general guidance provided below could be used by lead agencies to establish an offsite mitigation program that they would implement for all projects subject to CEQA within their jurisdiction. Air District staff would be available to assist project applicants or lead agencies in developing an offsite mitigation program. If a lead agency is not interested in developing an offsite mitigation program for their jurisdiction, the lead agency or project applicant could contact the Air District to discuss implementation of an offsite mitigation measure for a particular project.

Justification: The San Francisco Bay Area Air Basin (Air Basin) exceeds State and National Ambient Air Quality standards (AAQS) for ozone and particulate matter. New land use projects would contribute air pollutant emissions to an existing cumulatively significant air quality impact when they exceed the Air District's thresholds of significance. A project exceeding these thresholds of significance will hinder the region's ability to attain health based State and National AAQS and subject the region to potential Environmental Protection Agency sanctions for failure to attain the standards.

In addition to criteria pollutants (ROG, NOx, PM), a project may result in an increase in greenhouse gases (GHG) that exceed the Air District's significance thresholds. These thresholds of significance were developed based on the State's plan to minimize California's contribution to global warming, and the effect of global warming on the Bay Area. Projects that exceed the GHG thresholds of significance would hinder the State wide plan to address global warming and should also consider the feasibility of reducing any increase in GHG above the Air District's significance thresholds through an offsite mitigation program.

Process: An offsite mitigation measure would be integrated within the normal environmental review process implemented by a lead agency. The applicant would include an air quality analysis, based on Air District methodologies, of their project when they submit their project application to the lead agency. In performing their review of the project application, the lead agency would determine if the project would result in any air quality impacts above the Air District's thresholds of significance. If any emissions from the project are above the Air District's thresholds of significance, the lead agency would determine the feasibility of applying an offsite mitigation measure to reduce the projects' impacts below the significance level. If determined to be feasible, the lead agency would include the offsite mitigation measure within the environmental document, conditions of approval and mitigation monitoring and reporting program (MMRP) for the project.

Implementation: The lead agency would determine the annual amount of emissions that would need to be reduced through an offsite mitigation measure by comparing the project's calculated emissions for each pollutant with the lead agencies or Air District thresholds of significance. Any project emissions above the lead agencies or Air District's thresholds would be annualized to determine the tons per year that would need to be reduced. This would provide the lead agency with the total tons of emissions per pollutant that would need to be reduced through the offsite mitigation measure to reduce the project's air quality impacts below the significance level. The following example will illustrate how a lead agency determines the annual tons of emissions.

	Project Annual Emissions Est. Tons/Year	Thresholds Tons/Year	Tons Over Threshold
NOx	12.5	10.0	2.5
ROG	7.5	10.0	NA
PM$_{10}$	15.9	15.0	.9
PM$_{2.5}$	6.2	10.0	NA
GHG	1900	1,100	800

Once the lead agency knows the amount of emissions that will need to be reduced in an offsite mitigation measure, they would multiply the amount of pollutants in total tons per year by an established cost per ton of reducing each pollutant. The applicant would then commit to providing the funding to the lead agency prior to project construction to fund the offsite mitigation projects. Given Air District experience in administering grants for emission reduction projects, with adequate funding, the lead agency or Air District can bring about sufficient emission reductions from existing sources of emissions to fully and permanently mitigate the net air emissions from a land use development project. The emission reduction projects will permanently reduce emissions, because even after the useful life of the offsite mitigation project has ended, the funded equipment, device or vehicle will be replaced with equipment, devices or vehicles that are as clean as or cleaner than the original.

Identifying Offsite Projects: The lead agency would identify candidate projects within their jurisdiction that could be funded with monies paid by project applicants to reduce their air quality impacts below the significance level. The emission reduction projects would have to be from sources of emissions that are not required by any existing law to reduce their emissions. In essence, the funds derived from an offsite mitigation measure program should not be used to subsidize emission reduction projects that are required by law to reduce their emissions. A sample list of the types of offsite projects that could be funded through an offsite mitigation program is provided below:

- Retrofitting and or replacing heavy duty diesel engines and trucks (on or off road) with new cleaner engines and trucks.
- Retrofitting stationary sources such as back up generators or boilers with new technologies that reduce emissions.
- Replacing diesel agriculture water pumps with alternative fuels
- Fund projects within a jurisdictions adopted bicycle/pedestrian plans
- Replace non-EPA wood burning devices with natural gas or EPA approved fireplaces.
- Provide energy efficiency upgrades at residential, commercial or government buildings.
- Electrification of loading docks at distribution warehouses
- Install alternative energy supply on buildings
- Replace older landscape maintenance equipment with newer lower emission equipment.

Offsite Fee Calculations: The lead agency would identify potential offsite mitigation projects within their jurisdiction, and the cost per ton to achieve the emission reductions from each type of project. The project applicant and or lead agency would then multiply the number of tons of emission reductions needed to reduce a significant below the adopted significance thresholds by the cost per ton of emission reductions identified by the lead agency. The lead agency would be expected to add an administrative fee to implement the offsite mitigation program, usually a percentage of the total offsite mitigation fee. This calculation would provide the total offsite mitigation measure fee that the applicant would be required to pay. The lead agency would then be responsible for ensuring the emission reduction projects were funded and the emission reductions achieved over the life of the funded project.