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July 17, 2017

City of San Jose
Department of Planning, Building and Code Enforcement
Kieulan Pham
200 East Santa Clara St., 3rd floor
San Jose, CA 95113

RE: DEIR for the 237 Industrial Center Project

Dear Kieulan Pham,

Bay Area Air Quality Management District (Air District) staff has reviewed the Draft Environmental Impact Report (DEIR) for the 237 Industrial Center Project (Project). The Project includes two development options. Option 1 proposes approximately 1.2 million square feet (sf) of light industrial development. Option 2 proposes a 436,880 sf data center (49.5 megawatts) with a PG&E substation to provide electrical needs to the data center, along with 728,000 sf of light industrial land uses. As noted in the DEIR, Option 2 of the Project will require an Authority to Construct and a Permit to Operate from the Air District.

Greenhouse Gas (GHG) Emissions Analysis

The DEIR utilized a power usage effectiveness (PUE) metric to assess the energy efficiency of the data center (Option 2), which will be constructed prior to 2020. Air District staff supports the use of the PUE metric to analyze the efficiency of data centers, and encourages lead agencies to achieve data center PUE levels of 1.2 and below. According to pg. 129 of the DEIR, the PUE of the Project's data center is anticipated to be 1.2 (which is considered "state-of-the-art"). The DEIR concludes that the GHG impacts for 2020 would be less than significant because the Project (Options 1 and 2) is consistent with the City's General Plan and Greenhouse Gas Reduction Strategy, and because the data center in Option 2 (which would be operational by 2020) also achieves a PUE of 1.2.

Under the data center/light industrial development option (Option 2), the data center and substation would be completed by 2020 but construction of the light industrial component would extend beyond 2020. According to the DEIR (pg. 148), "the necessary information to estimate an interim GHG target is being developed by the Air Resources Board (ARB), and the necessary information to address new state interim targets at a local level is not currently available and development of an additional target in the City's GHG Reduction Strategy will be required at a later date once the ARB 2030 Scoping Plan is complete". The Project would implement feasible energy efficiency measures post-2020 during the construction of the light industrial portion of the Project; however, the DEIR concludes that the GHG impact beyond 2020 would be significant and unavoidable.

Although the ARB 2030 Scoping Plan is not yet final, the Air District (in its recently adopted 2017 Clean Air Plan) and the State of California (Executive Order S-3-05) have established a long-term GHG reduction goal of 80% below 1990 levels by 2050. Additionally, SB 32 codified a statewide 2030 GHG emissions reduction target of 40% below 1990 levels. Buildings and structures have long operational lifespans, and many structures built now will be operational in the year 2050.

Accordingly, Air District staff recommends that the City require that all new land use projects include all of the most efficient GHG reduction strategies available at the time of project approval and construction to support the State's ability to meet future GHG reduction targets. All feasible GHG reduction strategies are needed to ensure that new development projects minimize GHG emissions to the greatest extent possible to make progress toward the State's and Air District's climate stabilization goals. Examples include but are not limited to:

- Integration of onsite renewable energy, such as solar;
- Inclusion of charging infrastructure for electric vehicles;
- Achievement of LEED Gold or Platinum, rather than Silver (as referenced in the DEIR);
- A more stringent TDM Plan to achieve the greatest feasible VMT reductions, because transportation emissions represent the largest source of GHGs in the Bay Area.

Health Risk Assessment

As previously mentioned, Air District staff notes that the Project will be required to obtain an Authority to Construct and a Permit to Operate from the Air District. As part of the permit requirements, the Project will be required to demonstrate (via an approved health risk assessment and CEQA analysis) that the Project air emissions will not exceed 10 in a million in cancer risks to nearby sensitive receptors. Please contact Barry Young at byoung@baaqmd.gov or (415) 749-4721 for guidance and recommendations on conducting the health risk assessment.

Air District staff is available to assist the City in addressing these comments. For additional information, or if you have any questions, please contact Jackie Winkel, Principal Environmental Planner at (415) 749-4933 or jwinkel@baaqmd.gov.

Sincerely,



for

Jean Roggenkamp
Deputy Executive Officer

cc: Director Margaret Abe-Koga
Director Cindy Chavez
Chair Liz Kniss
Director Rod G. Sinks