



September 27, 2018

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California Air Resources Board
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**Subject: 3333 California Street Mixed-use Project, Case No. 2015-014208ENV
Additional information requested by ARB**

Dear Ms. King,

Below is the additional information/clarification as requested by ARB staff, as prepared for the Applicant by Ramboll US Corporation.

Comment ARB-1:

Documentation regarding existing land uses to be relocated: We interpret the documentation in Attachment E of your AB 900 application to suggest that you have assumed that 100% of the operational GHG emissions associated with the existing land uses on the project site (estimated for year 2020) comprise the baseline emissions against which the proposed project's emissions are compared.

During our pre-application meeting, we discussed the foreseeable relocation of existing tenants currently located on the project site, and whether the relocation of existing tenants would contribute to any ongoing GHG emissions elsewhere (e.g., resulting in new construction, and/or resulting in relocation of existing operational emissions to off-site). This assumption relates to the amount of baseline GHG emissions that should be credited against the increase in GHG emissions from the proposed project to calculate the net change. Please provide justification for this assumption that 100% of existing (baseline) GHG emissions would be eliminated as a result of the project, and would result in no off-site continuation of GHG emissions due to relocation.

Response ARB-1:

The comment requests justification for the assumption that 100% of existing (baseline) GHG emissions would be eliminated as a result of the project. The inclusion of baseline GHG emissions to determine net new project emissions is common practice that has been upheld in the courts in California, and the

assumption that 100% of existing emissions would be eliminated as a result of this Project or Project Variant is justified. The first part of this response describes the regulations and precedent leading to this conclusion. The second part of the response describes how the proposed Project and Project Variant meet these criteria.

Regulations and Precedents:

While we acknowledge that the AB900 and CEQA processes are not the same and there may be differences of approach, looking to the applicable CEQA approach can be a useful guide. The May 2017 Bay Area Air Quality Management District (BAAQMD) CEQA guidelines¹ state:

“If a proposed project involves the removal of existing emission sources, BAAQMD recommends subtracting the existing emissions levels from the emissions levels estimated for the new proposed land use. This net calculation is permissible only if the existing emission sources were operational at the time that the Notice of Preparation (NOP) for the CEQA project was circulated or in the absence of an NOP when environmental analysis begins, and would continue if the proposed redevelopment project is not approved. This net calculation is not permitted for emission sources that ceased to operate, or the land uses were vacated and/or demolished, prior to circulation of the NOP or the commencement of environmental analysis. This approach is consistent with the definition of baseline conditions pursuant to CEQA.”

For purposes of assessing the environmental effects of a proposed project, CEQA Guidelines Section 15126.2 states, “the Lead Agency should normally limit its examination to changes in the existing physical conditions in the affected area as they exist at the time the notice of preparation is published.” See also, CEQA Guidelines Section 15125(a). In *Neighbors for Smart Rail v. Exposition Metro Line Construction Authority* (2013) 57 Cal. 4th 439, 452-453, the California Supreme Court explained that CEQA does not impose a uniform, inflexible rule for establishing an existing conditions baseline, but rather gives lead agencies discretion.

Other approved AB 900 projects have incorporated the GHG reductions from the removal of 100% of existing emissions sources without analyzing any potential off-site continuation of GHG emissions due to relocation:

- The Apple Campus 2 application took credit for emissions generated by the existing site, which were calculated to be greater than the operational emissions of the proposed project. It did not track whether all employees at the existing site would remain or result in no new emissions elsewhere. This application also described that the existing site was underutilized and emissions did not reflect historic emissions, which could be much higher disclosed.²
- The 8150 Sunset Boulevard application took credit for existing commercial and retail uses and concluded that the annual Project operational emissions would be lower than the baseline emissions for all years. It did not track whether these retail uses would relocate or what level emissions they might emit at a different location.³

¹ Available at: http://www.baaqmd.gov/~media/files/planning-and-research/ceqa/ceqa_guidelines_may2017-pdf.pdf?la=en.

² Available at: <http://opr.ca.gov/docs/AppleCampus2App.pdf>.

³ Available at: [http://opr.ca.gov/docs/8150_Sunset_GHG_for_AB_900_\(Amended_031914\).pdf](http://opr.ca.gov/docs/8150_Sunset_GHG_for_AB_900_(Amended_031914).pdf).

- The 6620 West Yucca application took credit for replacing existing low-density residential uses with a high-density mixed-use development. It did not track where the existing residents would move and whether they would continue to produce emissions elsewhere.⁴

Applicability to Project and Project Variant:

The proposed Project and Project Variant would replace existing University of California, San Francisco (UCSF) operations. The project site is currently developed and contains administrative, academic research, social, behavioral, and policy science research department uses. Given that these or similar uses would continue in the absence of the Project or Project Variant and will be removed due to the Project or Project Variant, it is correct to consider them as existing conditions.

Per the regulations and precedents described above, these are sufficient conditions to justify the analysis submitted in the AB 900 application. However, since this Project Applicant does have information about the relocation of the existing emissions sources, this response also describes this information to prove beyond requirements that the emissions are accounted for.

The employees at the existing campus will be relocated to other existing UCSF locations and were considered in the projected populations at these other locations for purpose of environmental impacts in UCSF's Final Long Range Development Plan.⁵ Chapter 9, P. 114 states [**emphasis added**]:

*"If UCSF were to vacate the Laurel Heights campus site, relocation of the 1,200 employees there would likely occur in phases as programs are consolidated at other sites. **Therefore, the 1,200 employees currently at the Laurel Heights campus site are included in the projected population of the 2014 LRDP at UCSF's major campus sites at Parnassus Heights, Mission Bay, Mount Zion, and Mission Center, and the environmental impacts of projected UCSF population growth at those sites are evaluated in the 2014 LRDP EIR.** If UCSF does elect to vacate, the relocation of population necessary to vacate the building will occur after the certification of the 2014 LRDP EIR."*

Therefore, given that the emissions from all existing conditions will be removed from the Project or Project Variant site and will not result in increases in emissions elsewhere that have not already been accounted for, the analysis was justified incorporating net new emissions.

Comment ARB-2:

Documentation regarding method to mitigate/offset net increase in GHG emissions: According to the proposed methodology for estimating GHG emissions used in your AB 900 application, both the proposed project and project variant would result in a temporary net increase in GHG emissions due to construction and operational emissions. CARB is still verifying the assumptions and estimates of baseline and project-generated GHG emissions (see item 1 above). However, additional information is needed to document the specific method(s), measure(s), and commitment(s) by which the applicant would mitigate or offset the projected net increase in GHG emissions from either project scenario. Please provide specific commitment language in a revised submittal or in a supplement to your AB 900 application on exactly how the proposed project would achieve no net increase in GHG emissions. The

⁴ Available at: [http://opr.ca.gov/docs/Application_for_ELDP_wExhibits-6220_West_Yucca_\(4-10-17\).pdf](http://opr.ca.gov/docs/Application_for_ELDP_wExhibits-6220_West_Yucca_(4-10-17).pdf).

⁵ Available at: <https://www.ucsf.edu/content/long-range-development-plan-downloads>.

additional documentation should include specific language on timing, responsible parties, and any monitoring and enforcement mechanisms for mitigation measures or other commitments.

Response ARB-2:

The comment requests specific commitment language on exactly how the proposed project would achieve no net increase in GHG emissions. In response, we have prepared a new Attachment H: 3333 California Street Project Greenhouse Gas Emissions Offset Commitment Approach that contains the following information:

The Applicant submitted the application seeking certification of the Project as an Environmental Leadership Development Project (ELDP) pursuant to AB 900.

The project has committed to meeting the requirements set forth in California Public Resources Code Section 21183 (c), which requires that the Project demonstrate that it will not result in any net greenhouse gas (GHG) emissions and in Public Resources Code Section 21180(b)(1), which requires the Project to achieve a 15 percent greater standard for transportation efficiency than comparable projects. The Applicant has committed to no net increase in construction and operation-related GHG emissions. Consistent with policy recommendations included in CARB's 2017 Climate Change Scoping Plan⁶, while offsets are a potential way to mitigate GHG emissions, other options will continue to be explored as well to the extent feasible, with the following order of preference: (1) project design feature/on-site reduction measures; (2) off-site local reductions; (3) off-site regional reductions, and (4) offset credits issued by a recognized and reputable carbon registry. To the extent offsets are used to mitigate GHG emissions, prior to issuance of the final Certificate of Occupancy for the first building constructed in each phase of the project that exceeds the existing emissions, the project sponsor or its successor shall enter into one or more contracts to purchase carbon credits issued by a recognized and reputable carbon registry, for the operational emissions attributable to that phase, which contract, together with any previous contracts, shall evidence the purchase of carbon credits in an amount sufficient to offset the remaining (after implementation of any identified, feasible project design feature/on-site reduction measures, off-site local reductions, or off-site regional reductions) operational emissions attributable to that phase over the analysis horizon of 30 years. The phases noted here are for GHG compliance purposes. Any changes to the actual order and phasing of the project construction would meet the standards for compliance based on the aggregate total phase emissions.

Prior to the issuance of grading permits for construction of each phase of the project, the project sponsor or its successor shall enter into one or more contracts to purchase carbon credits issued by a recognized and reputable carbon registry, for the construction emissions attributable to that phase, which contract, together with any previous contracts, shall evidence the purchase of carbon credits in an amount sufficient to offset the remaining construction emissions attributable to that phase.

Attachment E of the Project's AB 900 application contained a calculation of the net additional construction and operational GHG emissions associated with the Project. Attachment I:

⁶ Available at: https://www.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf.

Greenhouse Gas Emissions by Phase summarizes the construction and operational emissions by phase. The Applicant will provide documentation to CARB and the Governor's office of any project design features/on-site reduction measures, off-site local reductions, or off-site regional reductions used to mitigate GHG emissions, and shall promptly submit copies of any executed contracts for purchased carbon credits to CARB and to the Governor's office. Any identified project design features/on-site reduction measures, off-site local reductions, or off-site regional reductions used to mitigate GHG emissions and any commitments to enter into contracts to offset net additional GHG emissions will be incorporated as conditions of project approval under the Public Resources Code sec. 21183(e), which shall be binding and enforceable by the lead agency.

Ramboll also prepared a supplemental Attachment I: Greenhouse Gas Emissions by Phase, which summarizes the emissions by phase to implement the GHG reductions mechanisms described above.

Comment ARB-3:

On the proposed GHG estimation methodology itself, we have a concern about the approach to mix EMFAC model versions for baseline (EMFAC 2014) and proposed project (EMFAC 2017) calculations for mobile-source emissions. The emission rates in 2020 are approximately 6% different for San Francisco County between model versions, which is considerable. We recommend using one version of EMFAC to characterize the baseline emissions and emissions from the proposed project consistently. Please address this recommendation in your revised submittal. You may use either EMFAC 2014 or EMFAC 2017, but the same version should be used for both scenarios. The relevant sections of Attachment E are 3.1.1 and 3.2.1.

Response ARB-3:

As mentioned in section 3.2.1 of Attachment E, mobile source emissions for the Proposed Project and Project Variant were calculated using the same methodology as Baseline emissions. All scenarios used EMFAC2014 default emission factors from CalEEMod®. EMFAC2017 was only used to scale the Proposed Project and Project Variant mobile emissions for future years using the percent change between years. Since the scaling factors were calculated outside of CalEEMod®, the newest version of the EMFAC model (EMFAC2017) was used to estimate percent change over time.

Sincerely,

Laurel Heights Partners LLC
a Delaware limited liability company

By: 3333 California LP
a Delaware limited liability partnership
its managing member

By: PSKS LH LLC
a Delaware limited liability company
its general partner

By: Prado LH LLC,
a California limited liability company
its managing member

By: 
Daniel J. Safier
Manager