

July 8, 2005

Joyce Horizumi, Environmental Planner
County of Sacramento Department of Environmental Review and Assessment
827 7th Street, Room 220
Sacramento, CA 95814

RE: Off-site Mitigation Fees for Significant Construction Air Quality Impacts

Dear Ms. Horizumi:

The purpose of this letter is to advise all local lead agencies and interested individuals that Sacramento Metropolitan Air Quality Management District (SMAQMD) staff is preparing to issue new CEQA guidance to recommend an expanded mitigation fee program for all significant construction air quality impacts identified in any CEQA document. Currently, mitigation fees are an acceptable mechanism in mitigated negative declarations (MNDs) to reduce air quality impacts to less than significant. The proposed new CEQA guidance will expand the application of mitigation fees to off-set significant air quality impacts identified in environmental impact reports (EIRs).

CEQA requires that MNDs mitigate any significant impact to below the threshold of significance. In the case of construction related air quality impacts, if the District's standard recommended mitigation does not reduce impacts to below the construction threshold, a mitigation fee is recommended to reduce emissions below the threshold. The mitigation fee is calculated based on the amount of emissions over the construction threshold, and the cost of reducing equivalent off-site emissions. Mitigation fees are used by SMAQMD to fund cost-effective and quantifiable emission reduction projects, such as replacing older construction equipment engines with newer, lower emission engines.

Since these mitigation alternatives can offset emissions from most projects, there is no reason to limit the application of the mitigation measure to MND projects. Consequently, SMAQMD staff intends to recommend an off-site mitigation fee for all significant construction impacts identified in EIRs. The details of how to implement this recommendation are being finalized as of this writing; however, we expect to recommend off-site mitigation fees on those projects that show significant air quality impacts after the SMAQMD standard mitigation has been applied. As a reminder, the SMAQMD standard construction mitigation involves the use of construction equipment that is documented to be 20 percent cleaner than the average California fleet. At this time, we are not planning to recommend mitigation fees for significant operational impacts in EIRs. Before such a recommendation can be made, additional research is needed on methodologies to quantify the potential benefits of off-site operational mitigation projects.

To assist lead agencies with understanding how this mitigation fee program will affect their work and the SMAQMD review of projects, it is our intent to host a workshop for interested lead agency staff. You will be notified once the workshop is scheduled. We anticipate having the expanded mitigation fee program in place for any environmental documents published on or after October 10, 2005. This proposed schedule should allow time to have the workshop and address any issues or concerns that may arise.

Please contact Ron Maertz of my staff at 916.874.4882 (rmaertz@airquality.org) if you have any questions or concerns. Thank you for your cooperation in this matter.

Sincerely,



Larry Greene
Air Pollution Control Officer