2021 Annual Report on the District's Indirect Source Review Program

San Joaquin Valley Air Pollution Control District

Governing Board Meeting

December 16, 2021

Indirect Source Review Rule (ISR)

- First in nation to adopt “indirect source” requirements to help mitigate emissions from new development projects (implemented since 2006)
- Purpose
  - Mitigate increase in growth related emissions (NOx and PM10)
  - Reduce project related construction and operational emissions
  - Promote incorporation of clean air features in project design
- If required reductions are not achieved through on-site measures, developer pays off-site fee for remaining required reductions
- On-site measures preferred over off-site fees
- All off-site fees collected by the District are used to fund emissions reduction projects in the Valley

ISR Applicability

- Development projects requiring discretionary land use approval from a public agency:
  - 50 residential units
  - 2,000 ft^2 of commercial space
  - 25,000 ft^2 of light industrial space (warehouses, distribution centers)
  - 100,000 ft^2 of heavy industrial space
  - 20,000 ft^2 of medical office space
  - 39,000 ft^2 of general office space
  - 9,000 ft^2 of educational space
  - 10,000 ft^2 of government space
  - 20,000 ft^2 of recreational space
  - 9,000 ft^2 of space not identified above
- Large development projects requiring any land use approval (e.g. ministerial) from a public agency
- Transportation and transit projects

ISR Emission Reduction Requirements

- Rule 9510 is designed to reduce emissions impacts from development projects to assist Valley in meeting air quality standards
- Construction equipment fleet emissions
  - NOx: 20% Cleaner than California Fleet Average
  - PM10: 45% Cleaner than California Fleet Average
- Operational emissions (Area and Mobile Sources)
  - NOx: 33.3% emission reductions over a period of 10 years
  - PM10: 50% emission reductions over a period of 10 years

Emission Reductions Through Project Design

- District provides an extensive list of design features to assist developers reduce on-site emission reductions
  - Clean construction equipment, trucking fleets
  - Minimize Vehicle Miles Traveled (mixed use, pedestrian friendly, access to mass transit, etc.)
  - Energy efficiency measures
  - Zero-emissions infrastructure (solar, EV charging, etc.)
- Benefits
  - Achieve immediate and permanent emission reductions
  - Emissions reductions directly benefit local communities
  - Minimize or eliminate off-site fees

Emission Reductions Through Off-site Fees

- After assessing all on-site clean air measures, off-site mitigation fees are applied to achieve the remaining emissions reductions required by the rule
- Funds are invested in cost effective clean-air projects in the Valley through the District's incentive programs:
  - Grants to Valley businesses to electrify or replace existing diesel-powered off-road equipment and agricultural tractors
  - Grants to Valley businesses to replace old trucks with new low-emission trucks
  - Grants to Valley school districts to replace older and high-polluting school buses
  - Grants to Valley municipalities to replace older transit buses and other vehicles
  - Grants to Valley residents to purchase electric vehicles
  - Grants to Valley residents to repair older high-polluting vehicles
  - Grants to Valley residents to replace fireplaces and non-certified wood burning stoves with natural gas inserts, electric heat pumps, or other cleaner burning units

2021 Annual ISR Report

- 360 project applications received
- $5.5 million collected in 2020-21
  - Includes Voluntary Emission Reduction Agreement (VERA) funds
  - Majority of collected funds have been encumbered or are in process of being encumbered for emission reduction projects during this fiscal year
- Projected emission reductions from ISR projects approved in 2020-21
  - Reductions from on-site project design elements: 3,016 tons
  - Reductions from off-site fees: 2,710 tons

ISR Program 2006-2021

- District has conducted outreach to land use agencies to assist project developers comply with ISR requirements
- Project design improvements and building practices
  - 17,274 tons of emissions reduced from on-site project design elements
- Off-site mitigation through ISR and VERA
  - $128 million in off-site mitigation fees invested in clean air projects
  - 11,500 emission reduction incentive projects
  - 15,892 tons of total emissions reductions