



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 5/2/2012
Agenda Placement: 10A

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission
FROM: Hillary Gitelman - Director
Conservation, Development & Planning
REPORT BY: Hillary Gitelman, Director - 253-4805
SUBJECT: Climate Action Plan -- Status Report

RECOMMENDATION

CLIMATE ACTION PLAN, COUNTY-INITIATED GENERAL PLAN IMPLEMENTATION ACTION

CEQA Status: In accordance with CEQA and the State CEQA Guidelines (Section 15168), the County is proposing to use the program level Environmental Impact Report (EIR) for the General Plan Update (SCH#2005102088, certified June 2008) as the EIR for the Climate Action Plan. As discussed in a separate memorandum and checklist (initial study) dated January 28, 2011, this approach is consistent with CEQA and the State CEQA Guidelines because (1) the project is within the scope of the General Plan approved in 2008, and (2) the program EIR prepared for the General Plan Update adequately describes the activity for purposes of CEQA. In addition, (3) the County has not identified any changes in the General Plan, changes in circumstances under which the General Plan Update was adopted, or new information of substantial importance that would necessitate subsequent environmental review pursuant to CEQA Guidelines Section 15162. A copy of the General Plan Update EIR may be reviewed during regular business hours at the offices of the Department of Conservation, Development and Planning, 1195 Third Street in Napa, or on the County's website, www.countyofnapa.org.

Request: Staff will provide a status report regarding the Climate Action Plan, which the Planning Commission considered at their meeting of January 18, 2012 and recommended to the Board of Supervisors for adoption following a trial period. On Tuesday, April 3, 2012, the Board of Supervisors conducted a public hearing on the final plan (attached), including revisions discussed at the Planning Commission meeting in January. Following public testimony, the Board extended the trial period, continuing the public hearing until 9:45 AM on June 26, 2012. The additional time will provide staff with an opportunity to better evaluate the plan's effectiveness for small projects, and to pursue development of a local, non-profit carbon offset program.

Staff Recommendation: This is an information item only; no action is requested.

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EXECUTIVE SUMMARY

Proposed Action: This is a discussion item only; no action is requested.

Discussion: After the Planning Commission meeting on January 18, 2012, when the Commission recommended that the Board of Supervisors adopt the proposed Climate Action Plan following a short trial period, staff and consultants made the changes to the plan discussed at the Planning Commission meeting, continued to refine the checklist tools included in the plan (using them to evaluate pending projects on a trial basis), and scheduled the final plan for a hearing by the Board of Supervisors on April 3, 2012.

At that hearing, staff explained that there is a class of small projects (i.e. those which general green house gas (GHG) emissions mostly from transportation sources) that will find it difficult to comply with the CAP unless there is an offset program -- similar to a fee mitigation program -- available to them. As a result, the Board continued the public hearing to June 26, 2012, giving staff more time to consider the options for small projects, and to work with interested stakeholders on the local offset program and other issues.

Planning staff would like to give the Commission a presentation regarding the checklist tools in their current iteration and discuss next steps.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: In accordance with CEQA and the State CEQA Guidelines (Section 15168), the County is proposing to use the program level Environmental Impact Report (EIR) for the General Plan Update (SCH#2005102088, certified June 2008) as the EIR for the Climate Action Plan. As discussed in a separate memorandum and checklist (initial study) dated January 28, 2011, this approach is consistent with CEQA and the State CEQA Guidelines because (1) the project is within the scope of the General Plan approved in 2008, and (2) the program EIR prepared for the General Plan Update adequately describes the activity for purposes of CEQA. In addition, (3) the County has not identified any changes in the General Plan, changes in circumstances under which the General Plan Update was adopted, or new information of substantial importance that would necessitate subsequent environmental review pursuant to CEQA Guidelines Section 15162. A copy of the General Plan Update EIR may be reviewed during regular business hours at the offices of the Department of Conservation, Development and Planning, 1195 Third Street in Napa, or on the County's website, www.countyofnapa.org.

BACKGROUND AND DISCUSSION

Action Item CON CPSP-2 in the Napa County General Plan states that the County "shall conduct a GHG emission inventory analysis of all major emission sources in the County by the end of 2008 in a manner consistent with Assembly Bill 32, and then seek reductions such that emissions are equivalent to year 1990 levels by the year 2020. Development of a reduction plan shall include consideration of a "green building" ordinance and other mechanisms that are shown to be effective at reducing emissions."

Why Prepare & Adopt a CAP?

Local agencies across California are examining their practices and the sources of GHG emissions in their communities. They are doing this in the context of AB 32, which sets State policy and establishes requirements that apply to State agencies and large emission sources. While AB 32 does not require local agencies to adopt emission reduction plans, it did -- with SB 97 -- lead to changes in CEQA requirements, which necessitate that local agencies consider and address GHG emissions in their decision making.

Specifically, AB 32 and SB 97 lead to changes in the CEQA statues and the State CEQA Guidelines requiring agencies to consider whether projects that are being reviewed would lead to significant GHG emissions. Because the State does not offer a definition of "significant," local lead agencies must establish their own definition or threshold, or rely on one prepared and adopted by another agency. The Bay Area Air Quality Management District (BAAQMD) has established CEQA significance thresholds that can be used by Napa County, however these thresholds have been challenged in court and may have to be re-adopted by the BAAQMD following CEQA review. Some of the BAAQMD thresholds are also of questionable relevance to one type of project -- vineyard development -- which the County reviews pursuant to CEQA.

Thus, preparation and adoption of a CAP by Napa County will address the County's General Plan commitment, make Napa County an active participant in State-wide efforts to reduce GHG emissions, and provide a locally adopted basis for the analysis of future projects under CEQA. As discussed below, it will also provide an opportunity to develop a local carbon offset program that could be used to fund emission reduction programs in Napa County such as habitat restoration, land conservation, energy conservation, renewable energy, etc.

CAP Planning Process

After adoption of the General Plan Update in June 2008, County staff participated in a county-wide planning effort by the Napa County Transportation and Planning Agency (NCTPA) to develop a "Climate Action Framework" containing a county-wide emission inventory analysis and a list of emission reduction measures that could be implemented by all six county jurisdictions. The framework was ultimately adopted by NCTPA as a non-binding foundation for more specific planning efforts by the individual jurisdictions. Since the framework was adopted, the City of St. Helena and the City of Napa have both spent considerable effort on sustainability planning and the County's Departments of Conservation, Development & Planning and Environmental Management undertook preparation of the Climate Action Plan (CAP) with the assistance of ICF consultants.

To begin their work, ICF first refined the emissions inventory prepared by NCTPA by adding emissions from vineyard development and by adjusting transportation emissions based on a methodology developed by the Regional Targets Advisory Committee (RTAC) appointed after passage of SB 375 in 2009. Following development of the 2005 inventory, the consultants developed a "business as usual" forecast for 2020 and evaluated the list of emission reduction measures included in NCTPA's framework for possible inclusion in the CAP. They also evaluated the effectiveness of measures planned at the State level. A "gap analysis" then determined remaining emissions in 2020 that would have to be addressed by individual permit applicants. At this point, an important decision was made to ask applicants proposing discretionary projects to participate, and not to impose requirements on ministerial construction projects like single family homes and vineyard replants.

A draft of the CAP was released for public review on January 28, 2011 and was the subject of a hearing at the Planning Commission on February 16, 2011. Written comments on the plan were accepted until the close of Board Agenda Letter Tuesday, April 03, 2012 Page 3 business on April 4, 2011, and the County received many comment letters and emails. Most commenters found the draft plan confusing and many asked for further explanation of agricultural emissions and the emission reduction value of voluntary programs like the "Napa Green" winery and land programs.

In response to the comments, County staff and consultants undertook revisions to the CAP, meeting with

interested stakeholders on numerous occasions to discuss various issues. Revisions to the plan included more refined projections of future vineyard development based on historic data, more refined calculations of agricultural emissions from a variety of sources, and an analysis of emission reduction "credit" available to business which participate in third party certification programs like Napa Green. The revised plan, including "master responses" to the most frequently asked questions and criticisms of the draft plan, was released on October 31, 2011 and was the subject of a hearing at the Planning Commission on January 18, 2012.

Between release of the revised draft and the hearing, staff used the proposed checklist to evaluate several past projects as examples of how the CAP's requirements might be met and the BAAQMD reviewed the revised CAP, providing a letter dated January 6, 2012 indicating that the "Plan meets the minimum standard elements of a Qualified GHG Reduction Strategy as defined by the District's CEQA Guidelines." At their January 18, 2012 hearing, the Planning Commission recommended that the Board of Supervisors adopt the revised Climate Action Plan, asked the staff to make some minor, technical revisions to address comments that had been raised at the hearing, and directed staff to begin using the new GHG checklists on a trial basis. The Commission and staff discussed scheduling the Board of Supervisors hearing after a 60-day trial period.

After the Commission's hearing in January, staff and consultants prepared a final CAP for consideration by the Board of Supervisors. and worked to test and revise the checklists it contains. The attached version of the CAP uses tracked changes to show changes since the Planning Commission's recommendation was made, and also includes somewhat revised checklists and responses to some of the comments received in January. As discussed at the Planning Commission's January meeting, the checklists are considered living documents that will have to be amended from time to time, but are intended (i) to outline information required from project applicants to calculate GHG emissions under "business as usual" (ii) to provide the applicant with a checklist of GHG emission reduction measures for them to select for use with their project; and (iii) to provide the data that staff and consultants need to calculate emissions and reductions.

From the applicants' perspective, the checklists are intended to work just like the checklist of voluntary measures that has been part of the use permit application process for some time. The applicant would fill out the checklist when they submit their application to the County, and staff would use the information on the checklist to complete their analysis and recommendations.

Contents of the CAP

The CAP contains six chapters plus references and appendixes. While there is a brief executive summary, the plan is fairly technical, and assumes some familiarity with the concepts and terminology associated with climate change and green house gas emission reduction planning. Nonetheless, the structure of the plan is straight forward. There is:

- a green house gas emissions inventory for 2005 with total emissions of 443,670 MT CO₂e;
- a green house gas emission forecast for 2020 under "business as usual" with total emissions of 516,670 MT CO₂e;
- a green house gas emission reduction target for 2020 (based on AB 32 and the County General Plan) that is equivalent to 15% below 2005 emissions (377,120 MT CO₂e);
- a list of State-level emission reduction measures that would reduce "business as usual" emissions in 2020 by 97,100 MT CO₂e;
- a list of County actions that would reduce "business as usual" emissions in 2020 by 23,680 MT CO₂e;
- a checklist tool that will help applicants proposing discretionary projects requiring County approval to select emission reduction measures that would apply to their projects;
- calculations demonstrating that if discretionary projects reduce their emissions 38% below "business as usual," they will collectively accomplish emission reductions of 18,770 MT CO₂ in 2020;
- a commitment to monitor the plan and revise as necessary, particularly as the planning year of 2020 gets

closer.

The plan is built upon a variety of data and assumptions, including data about what the County looked like in 2005, and assumptions about the development that will occur between now and 2020. Population, housing and employment development assumptions were derived from the County General Plan EIR, and development assumptions related to vineyard development were derived from a close analysis of Agricultural Commissioner's data and aerial photography. The CAP also includes a series of six "master responses" providing detailed written responses to common criticisms and questions about the January 28, 2011 draft plan. More abbreviated responses to individual comments on the draft CAP are included in a spread sheet available in the project file.

How it Works: Sample Projects

Once the CAP is adopted, applicants who propose discretionary projects will use a GHG checklist to provide information about their proposed project and the emission reduction strategies they wish to implement. Information on the form will be used by staff (or consultants) to estimate project emissions in 2020 under "business as usual," and to calculate the effectiveness of emission reduction measures that are selected. Only emission reduction measures that can be quantified will be useful in this calculation, although applicants can indicate other measures they wish to implement, and staff expects to be able to quantify more and more measures as scientific research continues.

If the emission reduction measures selected do not meet the 38% target even when State measures like improved fuel efficiency standards are accounted for, the applicant will have the option of selecting more measures, or choosing emission off-sets. Off-sets can include off-site habitat restoration, avoided deforestation, or buying emission "credits" from a reputable source. (See next steps, below for a discussion of a local off-set program.)

Since the revised CAP was issued on October 31, 2011, planning staff has used the proposed checklist to evaluate several past projects as examples to help us understand what adoption of the CAP will require from future developers. The examples fell into two categories: vineyard development and commercial/industrial development and permitted a number of observations as follows:

- The CAP creates a clear standard for vineyard projects and most applicants will be able to meet its requirements by conserving potential vineyard land on or off site (i.e. "avoided deforestation"). In many of the examples we examined -- which included large and small projects affecting various habitat types -- the conservation of land was already required by another CEQA mitigation measure, and thus the CAP would require modification of an existing requirement, rather than a new requirement for the development.
- The CAP creates an incentive for vineyard developers to avoid placing new vineyards on habitat types that contain lots of carbon (e.g. forests and woodlands) if possible. This is because projects affecting grassland will involve fewer emissions, and will therefore have a smaller emission reduction requirement.
- Wineries and other types of building development will benefit from State-adopted measures more than vineyard projects do, and thus have to come up with fewer project-specific reductions or offsets.
- New wineries and building development projects that are fairly "green" (i.e. the proposals include lots of energy conservation measures, renewable energy generation, etc.) will have no problem meeting the 38% requirement.
- Less "green" development projects will experience increased costs because they will need to implement emission reduction measures in order to comply with the CAP.
- Smaller discretionary projects (like use permit modifications involving changes in operations rather than lots of new construction) will find it very challenging to meet the CAP's requirement because so many of their emissions will be transportation-related. To comply, applicants will either have to expand the scope of their projects to include energy retrofits to existing buildings, or they will have to resort to carbon offsets. This suggests that the CAP should be adopted concurrent with a viable carbon offset program, as described under Next Steps, below.

Next Steps

The Board of Supervisors continued the public hearing on the CAP until late June, giving staff additional time to work with stakeholders and pursue development of a local carbon offset program that will function much like a fee mitigation program for project applicants who find it infeasible to reduce project emissions to comply with the CAP. Staff plans to reach out to applicant/stakeholders to discuss the latest checklist (attached) in early June.

Once a CAP has been adopted, it will be used by the County in evaluating discretionary projects and will effectively create a market demand for carbon "credits" or "offsets" when applicants choose not to reduce their emissions on site. County staff has been talking with the local non-profit organization, Sustainable Napa County, about establishing a local offset program to meet this market demand and with their help and assistance from the City of Napa has applied for a Sustainable Communities Planning Grant to develop an implementation plan. (We should know in mid-May whether the grant request has been funded.)

County staff has also been discussing the idea with operators of existing offset programs that are not local to Napa County, and is open to collaborations with others. Establishment of a local program would require identification and quantification of emission reduction projects in various sectors (e.g. waste-to-energy, building energy conservation, habitat restoration, transportation, etc.), pricing of resulting credits, and a robust organizational foundation to ensure effectiveness and accountability. Once established, a non-profit local offset program would offer the advantage of keeping co-benefits of emission offset projects local (e.g. habitat restoration would happen here instead of elsewhere), and would allow for local monitoring.

Following adoption of the CAP, County staff will also have an obligation to monitor the plan's effectiveness over time, and to prepare revisions as needed to achieve the plan's goals. Since the plan is based on assumptions about the amount of development that will occur, the amount of emissions that will result, and the emission reductions that will be achieved due to State and local actions, it will be important to revisit these assumptions regularly and revise the CAP if needed. Any revisions that would alter requirements for project applicants would be subject to Planning Commission review and Board of Supervisors approval.

SUPPORTING DOCUMENTS

A . March 2012 Final CAP

B . Data Request for RCI projects

Napa County Planning Commission: Approve

Reviewed By: Melissa Gray