



September 27, 2018

Heather King, AICP
Air Pollution Specialist
Sustainable Communities Policy and Planning Section
Air Quality Planning and Science Division
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812-2815

**Subject: 3333 California Street Mixed-use Project, Case No. 2015-014208ENV
Greenhouse Gas Emissions Offset Commitment Approach**

Dear Ms. King,

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 Plan¹, 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

¹ Available at: https://www.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf.

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: 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.

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

