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June 7, 2017

Tania Sheyner
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Subject: Seawall Lot 337 and Pier 48 Mixed-Use Project DEIR

Dear Ms. Sheyner:

Bay Area Air Quality Management District (Air District) staff has reviewed the City and County of San Francisco's (City) Draft Environmental Impact Report (DEIR) prepared for the Seawall Lot 337 and Pier 48 Mixed-Use Project (Project). The Project would include development of a mixed-use, multi-phase project at Seawall Lot 337, rehabilitation and reuse of Pier 48, and construction of approximately 5.4 acres of new open space. The Project would include up to 2.8 million gross square feet (gsf) of mixed uses, including approximately 1.1 to 1.6 million gsf of residential uses (estimated at 1,000 to 1,600 units, consisting of both market-rate and affordable housing), approximately 972,000 to 1.4 million gsf of commercial uses, and 241,000 to 245,000 gsf of active/retail uses. Additionally, the Project would include approximately 3,100 parking spaces and rehabilitation of 242,500 gsf of Pier 48 for industrial, restaurant, active/retail, tour, exhibition, and meeting space use. The Project also includes an approximately 4,000-seat entertainment venue and an on-site hotel. Construction is projected to begin in 2017 and would be phased over a six-year period, concluding in 2023.

Air District staff greatly appreciates the opportunity to work with the City to address the potentially significant air quality impacts estimated for this Project. Project design features and mitigation measures identified in the DEIR will substantially lessen the local and regional air quality impacts from construction and operation of the Project.

However, even with these Project design features and on-site mitigation measures, air quality impacts from the Project still exceed the City's thresholds of significance. Therefore, Mitigation Measure M-AQ-1.5 Emissions Offsets for Construction and Operational Ozone Precursor Emissions (M-AQ-1.5) commits the Project sponsor to provide funds to achieve additional emission reductions to reduce air pollution below the thresholds of significance. To this end, M-AQ-1.5 states that the Project sponsor would provide funding, currently estimated by the City to be approximately \$18,030 per weighted ton, with an upper limit not to exceed \$35,000 per weighted ton of ozone precursors, to the Air District to fund emissions reductions projects.

As Air District staff previously has discussed with the City, the current cost for these types of emission offset projects is approximately \$35,000 a ton, and staff anticipates that costs will rise in future years. Therefore, Air District staff recommend that the City revise M-AQ-1.5 to remove the upper limit of \$35,000 per ton in order for this Project to participate in the Air District's offset mitigation projects.

Mitigation Measure M-AQ-2.2 Reactive Organic Gases (ROG) Emissions Reduction Measures, requires the Project sponsor to implement ethanol/ROG emission reduction technologies from the microbrewery operations if "available and practical". Air District staff recommend that the City clarify how the Project sponsor would demonstrate to the City whether technologies to reduce ethanol/ROG emissions are "available and practicable" and specify what information the Project sponsor is required to submit to support this determination.

Air District staff recommend that the Project sponsor submit an Authority to Construct permit application prior to beginning construction of the microbrewery, and that the proposed microbrewery owner/operator apply for an Air District Permit to Operate for any equipment that may cause air pollution (boilers, diesel engines, grain handling/storage equipment, etc.). Please contact Barry Young, Senior Advanced Projects Advisor at 415-749-4721 or byoung@baaqmd.gov with any questions about how to apply for an Air District permit.

Air District staff is available to assist the City to address these comments. If you have any questions, please contact Alison Kirk, Senior Planner, at (415) 749-5169 or akirk@baaqmd.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jean Roggenkamp", with a horizontal line extending from the end of the signature.

Jean Roggenkamp
Deputy Executive Officer

cc: BAAQMD Director Edwin M. Lee
BAAQMD Director Hillary Ronen
BAAQMD Director Jeff Sheehy