

Memorandum

FOR: ARV-17-019, Anaheim Energy, LLC

Date : March 28, 2018

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From : **Taiying Zhang**
California Energy Commission
1516 Ninth Street
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Subject: California Environmental Quality Act Analysis for ARV-17-019

I am an Associate Energy Specialist in Fuel and Transportation Division, California Energy Commission, and am the Commission's Agreement Manager for proposed Agreement ARV-17-019 ("Agreement"), Centralized MSW Organic Waste to Biomethane Facility at the Rialto Bioenergy Facility (the "Project").

Pursuant to my work in developing the Agreement, including the Scope of Work for the Agreement, I have reviewed the lead agency, the City of Rialto's (the "City"), California Environmental Quality Act ("CEQA") 2018 Final Environmental Impact Report for the Project ("EIR"), the Resolution of the City approving the permit for the Project (Resolution No. 18-7309), the Resolution of the City certifying the EIR, adopting a Mitigation, Monitoring and Reporting Program, and adopting a Statement of Overriding Considerations (Resolution No. 18-7310), the City's filed Notice of Determination, the City's Action Agenda for its March 27, 2018 City Council meeting, and the proposed agreement including scope of work for proposed Agreement ARV-17-019.

It is my opinion that the work to be performed under the proposed Agreement falls within the scope of the lead agency's documents and the Agreement will not result in any new significant environmental impacts than those already considered by the lead agency. I have not found any new mitigation measures within the Energy Commission's authority that would lessen or further mitigate the Project's impacts. It is my opinion that the significant environmental impacts identified by the lead agency will be sufficiently mitigated to below significant levels or economic, legal, social, technological, or other benefits of the Project outweigh the significant unavoidable and mitigatable environmental impact. The reasons for my conclusion are as follows.

The Project includes the reestablishment and conversion of an existing non-operational regional biosolids processing facility into a regional organic waste processing facility for renewable energy. The Project will receive and process/recycle up to 1080 wet tons per day of organic waste, which includes a combination of biosolids, biogas, food waste, and liquid waste, into approximately 13.38 megawatts (MW) of renewable energy in the form of electricity and natural gas and 27 dry tons of re-usable char. The mitigation measures adopted by the lead agency will reduce potentially significant impacts to biological resources, cultural resources, geology and soils, hazards, and hazardous material, and hydrology and water quality to less than significant levels. The economic, legal, social, technological, or other benefits of the Project balanced by the lead agency outweigh the significant unavoidable environmental impact to air quality of the Project.

Land use:

The Project proposes reestablish and covert an existing non-operational biosolids processing facility on one 5.7 acre parcel of land located at 503 East Santa Ana Avenue within the Heavy Industrial zone of the Agua Mansa Specific Plan. There are no sensitive land uses near the Project site.

Biological Resources:

Because construction could have potentially significant impacts on the movement of candidate, sensitive, or special status species, construction of the Project could cause a significant impact, and mitigation is required as Mitigation Measure BIO-1. All trenches must be inspected twice daily to ensure no wildlife become entrapped. Trenches shall be covered at night. All pipes must be inspected prior to closure to ensure no wildlife are present. If a potential den or wildlife is observed at any time during construction, a qualified biologist must be contacted to determine the appropriate course of action. With the implementation of this mitigation measure, biological resource impacts during construction of the Project will be reduced to a less than significant level.

Cultural Resources:

The Project will have onsite and off-site ground disturbing activities during construction which would create a potentially significant impact and mitigation is required as Mitigation Measure CR-1 and Mitigation Measure CR-2. CR-1 requires that the grading permit contain a clause that, in the event that subsurface archaeological resources are encountered during ground disturbing activities in the Project area, these activities must be suspended in the vicinity of the find until the deposits are recorded and evaluated by a qualified archaeologist. CR-2 requires monitoring of ground-disturbing construction activities below depths of 5 feet by a qualified paleontologist to avoid inadvertent impacts to buried paleontological deposits. With the implementation of the mitigation measures, cultural resource/tribal cultural resource impacts during construction of the Project will be reduced to a less than significant level.

Geology and Soils:

The Project location and onsite activities will be consistent with the current uses of the site and surrounding areas. The Project site is completely developed as a result of the previous EnerTech Project. Additional grading activities are expected to result in potential impacts to expose persons or structures to substantial adverse effects. In order to reduce this impact, the City adopted Mitigation Measure G-1. G-1 requires that prior to Grading Plan approval, the applicant shall demonstrate to the satisfaction of the City Engineer that the soils on the site are stable for construction of the Project or that the grading plan or facility engineering has been designed to account for any site-specific soils issues related to the landfill. With the implementation of the mitigation measure, impacts to geology and soils during construction of the Project will be reduced to a less than significant level.

Hazards and Hazardous Materials:

The Project will be storing food waste and biosolids in large receiving bins located at the facility. In order to reduce the potential significant hazard through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment, the City adopted Mitigation Measure HAZ-1. HAZ-1 requires that prior to operations, the Project will prepare and implement a California Accidental Release Prevention Program (CalARP) compliant Risk Management Plan for sulfuric acid. CalARP is authorized under Health and Safety Code Sections 25531 to 25543.3, with program regulations in California Code of Regulations Title 19, Section 2735.1 through 2785.1. The intent of the Risk Management Plan is to provide basic information that may be used by first responders to prevent or mitigate damage to public health and safety and the environment from the release or threatened release of a hazardous material. With the implementation of the mitigation measure, impacts to hazards and hazardous material during construction of the Project will be reduced to a less than significant level.

Water Quality:

Construction of the Project has the potential to result in a violation of water quality standards, waste discharge requirements, or otherwise substantially degrade water quality. In order to reduce this impact, the City adopted Mitigation Measures W-2 and W-4 which requires that prior to issuance of City permits, the Project applicant apply to be enrolled in the existing National Pollutant Discharge Elimination System Statewide General Permit for Storm Water Discharges from Construction Activity and file Form 200 completely as required by the Santa Ana Regional Water Quality Control Board to document/disclose the disposal of the water that was dewatered from the sludge. Additionally the Project will be subject to annual storm water reporting requirements to State Water Resources Control Board in addition to the preparation of a SWPPP and monitoring plan. With the implementation of these mitigation measures, impacts to hydrology and water quality during construction of the Project will be reduced to a less than significant level.

Air Quality:

The Project will result in a cumulatively considerable net increase of a criteria pollutant for which the Project region is in nonattainment under an applicable federal or State ambient air quality standard. Nearly all operational emissions of the Project would be below South California Air Quality Management District (SCAQMD) daily thresholds. However, the emissions of oxides of nitrogen (NO_x) would exceed the 55 lb/day threshold. NO_x emissions from operations would be mainly associated with combustion sources. In order to reduce this impact, the City adopted Mitigation Measures 4.8.1 and 4.9.1 which require the applicant to enter into a Title V permit with the SCAQMD and further reduce NO_x emissions as part of the air permit application process. With the implementation of the mitigation measures 4.8.1 and 4.9.1, NO_x emissions would be reduced but would remain above the 55 lb/day threshold of significance. Since there are no reasonably feasible mitigation measures for operational air quality emissions of NO_x, this impacts is considered significant and unavoidable.

Statement of Overriding Consideration:

Although nearly all of the long-term operational emissions for the Project would be below SCAQMD daily thresholds, the NO_x emissions would exceed the 55 lb/day threshold of significance. The City, after balancing the specific economic, legal, social, technological and other benefits of the Project, determined that the unavoidable adverse environmental impacts may be considered acceptable due to the following specific considerations which outweigh the unavoidable, adverse environmental impacts. Therefore, the City Council adopted a Statement of Overriding Considerations in order to balance the benefits of the Project against the significant unavoidable adverse environmental impact in reaching its decision to approve the Project. The City considered each of the following considerations as sufficient to support approval of the Project in accordance with CEQA.

1. Revitalize existing industrial area. The Project site is on a non-operational biosolids plant. This regional biosolids processing facility, developed by EnerTech, is on City of Rialto property and has been unproductive for several years. The Project would reuse some of the existing equipment and would put into operation this existing non-operational industrial site.
2. Develop Renewable Energy from Organic Waste Streams. The Project will produce 13.38 MW in equivalent electricity of renewable energy from up to 1080 tons per day combination of food waste, liquid waste, and municipal biosolids. Renewable energy will be produced in the form of electricity (3.0 MW) used for sale for SCE through the BioMAT Power Purchase Agreement and biogas upgraded for delivery to the Southern California Gas Company (8.2 MW of equivalent power) for use in offsite power generation and vehicle fuels. The Project will be converting organic waste streams by 2019 and assist large-quantity commercial food waste

generators with meeting the AB 1826's new mandatory commercial organic waste recycling program requirements.

3. Reduce Regional Greenhouse Gases. The Project would reduce GHG emissions by over 433,000 metric tons of carbon dioxide equivalents over the next 10 years regionally through diverting 1,080 tons per day of food waste and municipal biosolids from landfill disposal and converting it into renewable energy.
4. Create an Additional Income Stream for the City of Rialto and Employment Opportunities for the Region. The Project would generate lease and tipping fee income for the City of Rialto from the use of City property.
5. Implementation of the Agua Mansa Industrial Corridor Specific Plan. The Project will replace old industrial uses to more modern, clean industrial development consistent with the Agua Mansa Industrial Corridor Specific Plan.

The City concluded that economic and social benefits and important public policy objectives from the Project will outweigh the significant unavoidable adverse environmental impact of the Project. Given the substantial social and economic benefits that will accrue to the City and to the region from the implementation of the Project, it is my opinion that the Project's identified benefits override the Project's identified significant unavoidable and immitigable environmental impact. Therefore, I recommend adopting the California Environmental Quality Act findings and statement of overriding considerations for Anaheim Energy LLC's bioenergy facility project and approving Agreement ARV-17-019 with Anaheim Energy LLC.