



Meeting: **Reservoir Committee & Authority Board**
Agenda Item 2.5

October 17, 2025

Subject: **Sites Project Air Quality Memorandum of Understanding (MOU)**

Requested Action:

Reservoir Committee and Authority Board consider authorizing the Executive Director to execute the Memorandum of Understanding with the Colusa and Glenn Air Pollution Control Districts (APCDs).

Detailed Description/Background:

Project construction actions, even with best management practices (BMP) and mitigation measures (MM), would result in emissions of nitrogen oxides (NOx) and particulate matter of 10 microns or less in diameter (PM10) that exceed the applicable air quality thresholds and cause significant air quality impacts within certain Air District boundaries. Mitigation Measure (MM) AQ-1.2 in the Final EIR/EIS requires the Authority to enter into an MOU or MOUs with APCDs to reduce construction NOx and PM10 emissions that exceed thresholds through offsite mitigation programs administered by the air districts. Staff have been working with the Colusa and Glenn APCDs to prepare such an MOU for construction emissions generated within Colusa and Glenn APCD boundaries.

The MOU requires the Authority to pay an offset fee of \$34,000 per ton of NOx and PM10 emissions above the Air District's thresholds. A non-refundable deposit of an anticipated 10% of emissions fee is paid in the year prior to the emissions occurring along with the Administrative Fee (discussed below). The Authority then monitors actual construction emissions within each County. The Authority has the opportunity to work with the construction contractor to implement actions beyond the BMPs to minimize emissions and fees. The Authority pays the Air Districts to mitigate the remainder of the emissions. Fees are collected (fee based on fee for actual emission minus the deposit) in the year after emissions occur. The Air Districts use the emissions offset fees paid by the Authority to implement emissions reductions projects. The Air Districts shall implement these projects in geographies closest to the Project footprint first and go to larger geographies if adequate emissions reductions projects cannot be found in close geographies. All emissions reductions projects must occur in the Sacramento Valley Air Basin. The Air Districts are to report to the Authority yearly with a list of projects implemented in the prior calendar year. Emissions reduction projects must be those that are not otherwise required by existing laws and regulations and would not have been achieved absent the offset

funds from the Authority. The emissions reductions projects will be selected by the Air Districts and the Authority will have no role in the selection.

Recognizing the complexity of estimating and documenting emissions reductions for actions that the Air Districts cannot control (for example, how many hours a large zero-emission truck is used per year), the Air Districts will do their best to select offset projects, but there is no obligation to meet certain emissions levels in these projects. Conversely, there is no obligation for the Authority to pay more to ensure that certain emissions offset levels are achieved. In other words, upon the Authority fully paying fees under the MOU, the Authority has completed its obligations for that year of emissions.

The Authority also pays an Administrative Fee - the MOU specifies 7.25% of the total offset fees which is in the reasonably customary range for these types of agreements. This fee is paid in generally equal installments starting the year prior to construction and ending 2 years after the end of construction. This Administrative Fee is to be used by the Air Districts to manage and administer the Authority's emissions reduction funds. Based on the Final EIR/EIS analysis and modeling, emissions offsets paid by the Authority under this MOU are estimated to be \$63,700,000 and the Administrative Fee is estimated to be \$4,600,000 (approx. \$500,000 per year). The MOU allows the Air Districts to allocate this fee between them as they see best.

The Authority anticipates that Colusa and Glenn APCDs will execute a separate written agreement among themselves regarding the collection, administration, and distribution of funds provided by the Sites Authority. Staff understand this separate agreement to be in development and the Executive Director would wait to sign the MOU with the Air Districts until this separate agreement has been finalized.

The MOU fully satisfies the Sites Authority's obligation to implement MM AQ-1.2 for emissions generated within Colusa and Glenn APCD boundaries. The Final EIR/EIS identified a small amount of construction emissions that possibly exceed the thresholds in the Yolo-Solano APCD boundaries. If these emissions cannot be reduced below the thresholds with BMPs and/or alternative construction approaches, the Authority will need to also enter into a separate MOU with Yolo-Solano APCD in the future. The Authority will have minor construction actions in Tehama County (installation of 2 additional electric pumps into an existing structure at the Red Bluff Pumping Plant), which are not expected to exceed thresholds.

This MOU does not cover operations. There are air emissions expected during operations associated with boating and mitigation measure AQ-2.2 requires implementation of offsets if Colusa and Glenn Counties, similar to the construction phase. However, actual emissions will depend on the number of recreators and boat

engine technology improvements over time and thus, it is more appropriate to address these operational emissions closer to actual operations.

Prior Action:

None.

Fiscal Impact/Funding Source:

Costs associated with the fees associated with this MOU are included in the updated Project cost estimate within the factors used in the mitigation items.

Staff Contact:

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Attachments:

None.