

December 3, 2007

Ms. L.E. Buford
City of Sacramento
Development Services Department
2101 Arena Boulevard, Suite 200
Sacramento, CA, 95834

**SUBJECT: Sacramento Downtown Railyards #P05-097
SMAQMD # SAC200500788G**

Dear Ms. Buford:

The Sacramento Metropolitan Air Quality Management District (District) fully endorses the Railyards project because of its high density, mixed-use, infill nature in close proximity to downtown Sacramento. The project, by design, will allow many residents to meet their needs without a great dependency on automobile travel. The proponent, too, has been responsive to District comments and suggestions.

During the review of the Railyards CEQA documents, the District identified three areas of concern: the draft Air Quality Mitigation Plan, the methodology for calculating and mitigating construction-related air emissions, and the Greenhouse Gas (GHG) discussion. The District, proponent and City have been in discussion on all three issues and the District is satisfied with the results of those discussions and fully endorses the project. Our understanding of the status of the three issues is as follows.

1. Operational Air Quality Mitigation Plan (AQMP)

The Draft Air Quality Mitigation Plan, first published in the Railyards DEIR, claimed 25.51 (percentage) points of operational emissions reduction through the use of eighteen measures. In response to District comments, the AQMP was revised and published in the Railyards FEIR. The revised ("Final") AQMP achieves a total of 21.55 points based upon the inclusion of only those measures to which it could actually and completely commit.

The strongest and most effective of the measures in the Final AQMP are 1) the commitment to have all employee and customer parking in the project be paid parking and 2) the urban, mixed-use nature of the project. Both of these measures, one a programmatic measure and one a project design measure, will discourage the use of automobiles. We applaud the proponent for the commitment to these measures and all of the other measures. The AQMP provided ample exhibits and descriptions so that anyone monitoring these measures in the future should be able to understand what commitments have been made. Thus, the District endorses the Final AQMP.

Ms. L.E. Buford
City of Sacramento
Development Services Department
RE: Sacramento Downtown Railyards
#P05-097

December 3, 2007
Page 2

2. Methodology for assessing and mitigating construction mitigation emissions

The District, the City, and Thomas Enterprises have reached an agreement regarding the general methodology to be used to assess construction-related air quality impacts on all Railyards-related construction projects. That methodology is outlined in a District letter to you dated November 19, 2007. A key component to that methodology is the City's agreement to institute a process which will not allow grading, building or improvement permits to be granted to a Railyards proponent unless the City receives a "fee compliance" letter regarding each activity from the District.

The parties additionally agreed, within 90 days of FEIR certification, to formulate a methodology on how to calculate emissions and allocate any appropriate fee when subprojects overlap.

The District believes the approach outlined in the letter will allow the Railyards' proponent(s) to be assessed mitigation (including fees) in a fair and predictable way as this multi-phased, large project moves forward throughout the many years of its construction life. The fee payment methodology listed in the above referenced letter should be included in the Mitigation Monitoring and Reporting Program adopted by the City in order for Mitigation Measure 6.12(e) to be adequate.

3. Climate Change and Greenhouse Gas discussion

The California Attorney General's office, the District, the City and the proponent have worked together for several months to include discussion of the greenhouse gas (GHG) impacts of the project. The proponent has not only created an analysis of the effects of the project on green house gases, but has committed to mitigation to address that impact. Very recently, the proponent agreed to a few additional changes to the section on GHGs, including the commitment that membership in a TMA will be mandatory. The GHG analysis is consistent with current District recommendations.

The District appreciates the cooperation shown by the City and the proponent as we worked together to create effective air quality mitigation for this laudable project.

If you have questions, please contact Jeane Borkenhagen at 874-4885 or jborkenhagen@airquality.org or Peter Christensen at 874-4886 or pchristensen@airquality.org.

Sincerely,



Larry Greene
Air Pollution Control Officer

Ms. L.E. Buford
City of Sacramento
Development Services Department
RE: Sacramento Downtown Railyards
#P05-097

December 3, 2007
Page 3

cc: Larry Robinson SMAQMD
Sheryl Patterson City of Sacramento
Greg Bitter City of Sacramento
Ned Ferrario City of Sacramento
Elias Rashmawi Thomas Enterprises
Andrea Matarazzo Diepenbrock Harrison