

Village 13 Project's Mitigation Measures M-GCC-7 and M-GCC-8

M-GCC-7 Carbon Offsets – Construction Emissions

In addition to implementing all feasible construction-related and land use design practices and related mitigation measures (see mitigation measures M-AQ-1a, M-AQ-1c and M-AQ-1d) for the reduction of construction greenhouse gas (GHG) emissions, the Project Applicants (defined to be Baldwin & Sons, LLC and Moller Lakes Investment, LLC, or their designee) shall retire carbon offsets in a quantity sufficient to offset 100 percent of the Project's construction emissions (including sequestration loss from vegetation removal) consistent with the performance standards and requirements set forth below. Specifically, prior to the County of San Diego's (County) issuance of the Project's first grading permit, the Project Applicants shall retire carbon offsets equaling 38,476 metric tons of carbon dioxide equivalent (MT CO₂e), which is the quantity of construction-related emissions estimated to be generated by the Project in the certified EIR.

Carbon Offset Standards – Eligible Registries, Acceptable Protocols and Defined Terms

“Carbon offset” shall mean an instrument, credit or other certification verifying the reduction of GHG emissions issued by the Climate Action Reserve, the American Carbon Registry, or Verra (previously, the Verified Carbon Standard). This shall include, but is not limited to, an instrument, credit or other certification issued by these registries for GHG reduction activities within the San Diego County region. The Project shall neither purchase offsets from the Clean Development Mechanism (CDM) registry nor purchase offsets generated under CDM protocols. Further, no carbon offsets shall originate from international areas, as discussed in the “Locational Performance Standards” below. Qualifying carbon offsets presented for compliance with this mitigation measure may be used provided that the evidence required by the “Reporting and Enforcement Standards” below is submitted to the County demonstrating that each registry shall continue its existing practice of requiring the following for the development and approval of protocols or methodologies:

- i) Adherence to established GHG accounting principles set forth in the International Organization for Standardization (ISO) 14064, Part 2 or the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol for Project Accounting; and
- ii) Oversight of the implementation of protocols and methodologies that define the eligibility of carbon offset projects and set forth standards for the estimation, monitoring and verification of GHG reductions achieved from such projects. The protocols and methodologies shall:
 - a. Be developed by the registries through a transparent public and expert stakeholder review process that affords an opportunity for comment and is informed by science;

- b. Incorporate standardized offset crediting parameters that define whether and how much emissions reduction credit a carbon offset project should receive, having identified conservative project baselines and the length of the crediting period and considered potential leakage and quantification uncertainties;
- c. Establish data collection and monitoring procedures, mechanisms to ensure permanency in reductions, and additionality and geographic boundary provisions; and,
- d. Adhere to the principles set forth in the program manuals of each of the aforementioned registries, as such manuals are updated from time to time. The current registry documentation, copies of which are included in **M-GCC-7 Attachment “A,”** includes the Climate Action Reserve’s *Reserve Offset Program Manual* (November 2019) and *Climate Forward Program Manual* (March 2020); the American Carbon Registry’s *Requirements and Specifications for the Quantification, Monitoring, Reporting, Verification, and Registration of Project-Based GHG Emissions Reductions and Removals* (July 2019); and, Verra’s *VCS Standard, Program Guide and Methodology Requirements* (September 2019). (**M-GCC-7 Attachment “A”** is an attachment to this mitigation measure that is part-and-parcel of the mitigation measure.)

The County has reviewed the registry-administered protocols and methodologies for the carbon offset project types included in **M-GCC-7 Attachment “A,”** and has determined that such protocols and methodologies – including updates to those protocols and methodologies as may occur from time to time by the registries in accordance with the registry documentation listed in the prior paragraph to ensure the continuing efficacy of the reduction activities – are eligible for use under this mitigation measure, provided that any updated protocols shall be provided for County review as required by the “Reporting and Enforcement Standards” below prior to the County’s acceptance of offsets based on such updated protocols. The County also has reviewed and determined that the protocols and methodologies included in **M-GCC-7 Attachment “A”** require adherence to equivalent standards for carbon offset projects located both inside and outside of California.

Further, any carbon offset used to reduce the Project’s GHG emissions shall be a carbon offset that represents the past or forecasted reduction or sequestration of one metric ton of carbon dioxide equivalent that is “not otherwise required” (CEQA Guidelines Section 15126.4(c)(3)). Each carbon offset used to reduce GHG emissions shall achieve additional, real, permanent, quantifiable, verifiable, and enforceable reductions, which are defined for purposes of this mitigation measure as follows:

- i) “Additional” means that the carbon offset is not otherwise required by law or regulation, and not any other GHG emissions reduction that otherwise would occur.

- ii) “Real” means that the GHG reduction underlying the carbon offset results from a demonstrable action or set of actions, and is quantified under the protocol or methodology using appropriate, accurate, and conservative methodologies that account for all GHG emissions sources and sinks within the boundary of the applicable carbon offset project, uncertainty, and the potential for activity-shifting leakage and market-shifting leakage.
- iii) “Verifiable” means that the GHG reduction underlying the carbon offset is well documented, transparent and set forth in a document prepared by an independent verification body that is accredited through the American National Standards Institute (ANSI).
- iv) “Permanent” means that the GHG reduction underlying the carbon offset is not reversible; or, when GHG reduction may be reversible, that a mechanism is in place to replace any reversed GHG emission reduction.
- v) “Quantifiable” means the ability to accurately measure and calculate the GHG reduction relative to a project baseline in a reliable and replicable manner for all GHG emission sources and sinks included within the boundary of the carbon offset project, while accounting for uncertainty and leakage.
- vi) “Enforceable” means that the implementation of the GHG reduction activity must represent the legally binding commitment of the offset project developer to undertake and carry it out.

The County has reviewed and determined that the protocols and methodologies included in **M-GCC-7 Attachment “A”** establish and require carbon offset projects to comply with standards designed to achieve additional, real, permanent, quantifiable, verifiable and enforceable reductions. Additionally, the County has reviewed and determined that the “Reporting and Enforcement Standards” below ensure that the emissions reductions required by this mitigation measure are enforceable against the Project Applicants, as the County has authority to hold the Project Applicants accountable and to take appropriate corrective action if the County determines that any carbon offsets do not comply with the requirements set forth in this mitigation measure.

The above definitions are provided as criteria and performance standards associated with the use of carbon offsets. The County hereby clarifies that such criteria and performance standards are intended only to further construe the standards under CEQA for mitigation related to GHG emissions (see, e.g., State CEQA Guidelines Section 15126.4(a), (c)), and are not intended to apply or incorporate the requirements of any other statutory or regulatory scheme not applicable to the Project (e.g., the Cap-and-Trade Program).

Locational Performance Standards

All carbon offsets required to reduce the Project’s GHG emissions shall originate from the following geographic locations (in order of priority): (1) off-site,

unincorporated areas of the County of San Diego; (2) off-site, incorporated areas of the County of San Diego; (3) off-site areas within the State of California; and, (4) off-site areas within the United States. No carbon offsets shall originate from off-site, international areas. As listed, geographic priorities would focus first on local reduction options to ensure that reduction efforts achieved locally would provide cross-over, co-benefits to other environmental resource areas.

For purposes of implementing this mitigation measure, the County shall require the carbon offsets to adhere to the following locational performance standards in order to reduce the Project's construction and vegetation removal GHG emissions:

- i) The Project shall use all available carbon offsets within the County of San Diego (the first priority is within unincorporated areas of the County and the second priority is within incorporated areas of the County). "Available," for purposes of this subdivision, means that the Project Applicants provide objective, verifiable evidence to the County documenting that such carbon offsets are available for retirement from carbon offset projects within the subject geography no later than at the time of application for grading permit issuance. The objective, verifiable evidence to be provided includes a market survey report that shall comply with the following content requirements:
 - a. Preparation by a carbon offset broker with a minimum of 10 years of experience assisting with transactions in emissions markets;
 - b. Identification of the carbon registry listings reviewed for carbon offset availability, including the related date of inquiry; and,
 - c. Identification of the geographic attributes of carbon offsets that are offered for sale and available for retirement.
- ii) In the event that a sufficient quantity of carbon offsets are not "available" in the County of San Diego, the Project shall obtain the remaining carbon offsets needed from within the State of California (third priority). For the definition of "available," see subdivision i) immediately above.
- iii) In the event that a sufficient quantity of carbon offsets are not "available" in the County of San Diego or State of California, the Project shall obtain the remaining carbon offsets needed from within the United States (fourth priority). For the definition of "available," see subdivision i) immediately above.

Reporting and Enforcement Standards

Over the course of the construction period and prior to issuance of requested grading permits, the Project Applicants shall submit reports to the County that identify the quantity of emission reductions required by this mitigation measure, as well as the carbon offsets to be retired to achieve compliance with this measure. For purposes of demonstrating that each offset is additional, real, permanent,

quantifiable, verifiable and enforceable, the reports shall include: (i) the applicable protocol(s) and methodologies associated with the carbon offsets, (ii) the third-party verification report(s) and statement(s) affiliated with the carbon offset projects, (iii) the unique serial numbers assigned by the registry(ies) to the carbon offsets to be retired, which serves as evidence that the registry has determined the carbon offset project to have been implemented in accordance with the applicable protocol or methodology and ensures that the offsets cannot be further used in any manner, and (iv) the locational attributes of the carbon offsets. The reports also shall append the market survey report described in the “Locational Performance Standards” provision above.

If the County determines that the Project’s carbon offsets do meet the requirements of this mitigation measure, the offsets can be used to reduce Project GHG emissions and Project permits shall be issued. (Please see **M-GCC-7 Attachment “B,”** which includes a process timeline and associated flow chart for the implementation and administration of the mitigation measure’s requirements. **M-GCC-7 Attachment “B”** is an attachment to this mitigation measure that is part-and-parcel of the mitigation measure.) If the County determines that the Project’s carbon offsets do not meet the requirements of this mitigation measure, the offsets cannot be used to reduce Project GHG emissions and Project permits shall not be issued. Additionally, the County may issue a notice of non-consistency and cease permitting activities in the event that the County determines the carbon offsets provided to reduce Project GHG emissions are not compliant with the aforementioned standards. In the event of such an occurrence, Project permitting activities shall not resume until the Project Applicants have demonstrated that the previously provided carbon offsets are compliant with the standards herein *or* have provided substitute carbon offsets achieving the standards of this mitigation measure in the quantity needed to achieve the required emission reduction.

M-GCC-8 Carbon Offsets – Operational Emissions

In addition to implementing all feasible operation-related and land use design practices and related mitigation measures (see mitigation measures M-GCC-1 through M-GCC-6) for the reduction of operational greenhouse gas (GHG) emissions, the Project Applicants (defined to be Baldwin & Sons, LLC and Moller Lakes Investment, LLC, or their designee) shall retire carbon offsets in a quantity sufficient to offset, for a 30-year period, the operational GHG emissions from that incremental amount of development to net zero, consistent with the performance standards and requirements set forth below.

Because the Project will be built in phases over approximately eleven years, which influences both the quantity of operational GHG emissions and the level of reduction required to achieve net zero GHG emissions, the Project Applicants shall utilize one of the two following compliance options to secure the necessary carbon offsets:

- i) Prior to the issuance of the first building permit, the Project Applicants shall provide evidence to the County of San Diego Department of Planning & Development Services (PDS) that carbon offsets in the amount of 28,625 metric tons of carbon dioxide equivalent (MT CO₂e) per year multiplied by 30 years have been retired, for a total of 858,750 MT CO₂e, which is the quantity of operations-related emissions estimated to be generated by the Project in the certified EIR.
- ii) Prior to the issuance of each increment of building permits for the phased development of the Project, the Project Applicants shall provide evidence to PDS that the amount of carbon offsets required for the increment of development being permitted for a 30-year period have been retired. The application(s) for permit issuance shall include, as attachments, emissions calculation worksheets that identify the emissions reduction obligation of the increment of development being permitted and tracking tables that identify any previous carbon offsets retired, as well as the amount of carbon offsets anticipated to be associated with the unbuilt, unpermitted portion(s) of the Project.

Carbon Offset Standards – Eligible Registries, Acceptable Protocols and Defined Terms

“Carbon offset” shall mean an instrument, credit or other certification verifying the reduction of GHG emissions issued by the Climate Action Reserve, the American Carbon Registry, or Verra (previously, the Verified Carbon Standard). This shall include, but is not limited to, an instrument, credit or other certification issued by these registries for GHG reduction activities within the San Diego County region. The Project shall neither purchase offsets from the Clean Development Mechanism (CDM) registry nor purchase offsets generated under CDM protocols. Further, no carbon offsets shall originate from international areas, as discussed in the “Locational Performance Standards” below. Qualifying carbon offsets presented for compliance with this mitigation measure may be used provided that the evidence required by the “Reporting and Enforcement Standards” below is submitted to the County demonstrating that each registry shall continue its existing practice of requiring the following for the development and approval of protocols or methodologies:

- i) Adherence to established GHG accounting principles set forth in the International Organization for Standardization (ISO) 14064, Part 2 or the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol for Project Accounting; and
- ii) Oversight of the implementation of protocols and methodologies that define the eligibility of carbon offset projects and set forth standards for the estimation, monitoring and verification of GHG reductions achieved from such projects. The protocols and methodologies shall:

- a. Be developed by the registries through a transparent public and expert stakeholder review process that affords an opportunity for comment and is informed by science;
- b. Incorporate standardized offset crediting parameters that define whether and how much emissions reduction credit a carbon offset project should receive, having identified conservative project baselines and the length of the crediting period and considered potential leakage and quantification uncertainties;
- c. Establish data collection and monitoring procedures, mechanisms to ensure permanency in reductions, and additionality and geographic boundary provisions; and,
- d. Adhere to the principles set forth in the program manuals of each of the aforementioned registries, as such manuals are updated from time to time. The current registry documentation, copies of which are included in **M-GCC-7 Attachment “A,”** includes the Climate Action Reserve’s *Reserve Offset Program Manual* (November 2019) and *Climate Forward Program Manual* (March 2020); the American Carbon Registry’s *Requirements and Specifications for the Quantification, Monitoring, Reporting, Verification, and Registration of Project-Based GHG Emissions Reductions and Removals* (July 2019); and, Verra’s *VCS Standard, Program Guide and Methodology Requirements* (September 2019). (**M-GCC-7 Attachment “A”** is an attachment to this mitigation measure that is part-and-parcel of the mitigation measure.)

The County has reviewed the registry-administered protocols and methodologies for the carbon offset project types included in **M-GCC-7 Attachment “A,”** and has determined that such protocols and methodologies – including updates to those protocols and methodologies as may occur from time to time by the registries in accordance with the registry documentation listed in the prior paragraph to ensure the continuing efficacy of the reduction activities – are eligible for use under this mitigation measure, provided that any updated protocols shall be provided for County review as required by the “Reporting and Enforcement Standards” below prior to the County’s acceptance of offsets based on such updated protocols. The County also has reviewed and determined that the protocols and methodologies included in **M-GCC-7 Attachment “A”** require adherence to equivalent standards for carbon offset projects located both inside and outside of California.

Further, any carbon offset used to reduce the Project’s GHG emissions shall be a carbon offset that represents the past or forecasted reduction or sequestration of one metric ton of carbon dioxide equivalent that is “not otherwise required” (CEQA Guidelines Section 15126.4(c)(3)). Each carbon offset used to reduce GHG emissions shall achieve additional, real, permanent, quantifiable, verifiable, and enforceable reductions, which are defined for purposes of this mitigation measure as follows:

- i) “Additional” means that the carbon offset is not otherwise required by law or regulation, and not any other GHG emissions reduction that otherwise would occur.
- ii) “Real” means that the GHG reduction underlying the carbon offset results from a demonstrable action or set of actions, and is quantified under the protocol or methodology using appropriate, accurate, and conservative methodologies that account for all GHG emissions sources and sinks within the boundary of the applicable carbon offset project, uncertainty, and the potential for activity-shifting leakage and market-shifting leakage.
- iii) “Verifiable” means that the GHG reduction underlying the carbon offset is well documented, transparent and set forth in a document prepared by an independent verification body that is accredited through the American National Standards Institute (ANSI).
- iv) “Permanent” means that the GHG reduction underlying the carbon offset is not reversible; or, when GHG reduction may be reversible, that a mechanism is in place to replace any reversed GHG emission reduction.
- v) “Quantifiable” means the ability to accurately measure and calculate the GHG reduction relative to a project baseline in a reliable and replicable manner for all GHG emission sources and sinks included within the boundary of the carbon offset project, while accounting for uncertainty and leakage.
- vi) “Enforceable” means that the implementation of the GHG reduction activity must represent the legally binding commitment of the offset project developer to undertake and carry it out.

The County has reviewed and determined that the protocols and methodologies included in **M-GCC-7 Attachment “A”** establish and require carbon offset projects to comply with standards designed to achieve additional, real, permanent, quantifiable, verifiable and enforceable reductions. Additionally, the County has reviewed and determined that the “Reporting and Enforcement Standards” below ensure that the emissions reductions required by this mitigation measure are enforceable against the Project Applicants, as the County has authority to hold the Project Applicants accountable and to take appropriate corrective action if the County determines that any carbon offsets do not comply with the requirements set forth in this mitigation measure.

The above definitions are provided as criteria and performance standards associated with the use of carbon offsets. The County hereby clarifies that such criteria and performance standards are intended only to further construe the standards under CEQA for mitigation related to GHG emissions (see, e.g., State CEQA Guidelines Section 15126.4(a), (c)), and are not intended to apply or incorporate the requirements of any other statutory or regulatory scheme not applicable to the Project (e.g., the Cap-and-Trade Program).

Emissions Inventory “True Up” Procedures and Standards

As new federal, state and local regulations are adopted or technological advancements occur, the quantity of emission reductions needed to demonstrate achievement of the net zero emissions level may decrease. Therefore, the amount of carbon offsets needed may be reduced if the Project Applicants can demonstrate, with substantial evidence, that changes in regulation or law, or other increased technological efficiencies have reduced the total MT CO₂e emitted by the Project. As described further in the following paragraph, any modification to the emissions reduction value stated herein shall require approval from the County’s Board of Supervisors, as considered pursuant to a noticed public hearing process that complies with applicable legal requirements, including those set forth in CEQA for the post-approval modification of mitigation implementation parameters.

Specifically, if the Project Applicants elect to process a “true-up” exercise subsequent to the County’s certification of the Final EIR and approval of the Project, the Project Applicants shall provide an updated operational GHG emissions inventory for the Project that includes emissions from mobile sources, energy, area sources, water consumption, and solid waste. Subject to the satisfaction of the Board of Supervisors, these calculations shall be conducted using a County-approved model and/or methodology and must validate the continuing adequacy of modeling inputs used in the EIR that are not proposed to be altered as part of the “true-up” exercise. The inclusion of the validation requirement ensures that any updated operational GHG emissions inventories for the Project fully account for then-existing information that is relevant to the emissions modeling.

The “true up” operational GHG emissions inventory, if conducted, will be provided in the form of a Project-specific Updated Emissions Inventory and Offset Report to the County’s Board of Supervisors prior to the issuance of building permits for the next build-out phase. The subject technical documentation shall be prepared by a County-approved, qualified air quality and greenhouse gas technical specialist.

In all instances, substantial evidence must confirm that any reduction to the total carbon offsets value as identified in the certified EIR for the Project is consistent with the commitment to achieve and maintain carbon neutrality (i.e., net zero emissions) for the 30-year life of the Project.

Locational Performance Standards

All carbon offsets required to reduce the Project’s GHG emissions shall originate from the following geographic locations (in order of priority): (1) off-site, unincorporated areas of the County of San Diego; (2) off-site, incorporated areas of the County of San Diego; (3) off-site areas within the State of California; and, (4) off-site areas within the United States. No carbon offsets shall originate from off-site, international areas. As listed, geographic priorities would focus first on

local reduction options to ensure that reduction efforts achieved locally would provide cross-over, co-benefits to other environmental resource areas.

For purposes of implementing this mitigation measure, the County shall require the carbon offsets to adhere to the following locational performance standards in order to reduce the Project's operational GHG emissions:

- i) The Project shall use all available carbon offsets within the County of San Diego (the first priority is within unincorporated areas of the County and the second priority is within incorporated areas of the County). "Available," for purposes of this subdivision, means that the Project Applicants provide objective, verifiable evidence to the County documenting that such carbon offsets are available for retirement from carbon offset projects within the subject geography no later than at the time of application for grading permit issuance. The objective, verifiable evidence to be provided includes a market survey report that shall comply with the following content requirements:
 - a. Preparation by a carbon offset broker with a minimum of 10 years of experience assisting with transactions in emissions markets;
 - b. Identification of the carbon registry listings reviewed for carbon offset availability, including the related date of inquiry; and,
 - c. Identification of the geographic attributes of carbon offsets that are offered for sale and available for retirement.
- ii) In the event that a sufficient quantity of carbon offsets are not "available" in the County of San Diego, the Project shall obtain the remaining carbon offsets needed from within the State of California (third priority). For the definition of "available," see subdivision i) immediately above.
- iii) In the event that a sufficient quantity of carbon offsets are not "available" in the County of San Diego or State of California, the Project shall obtain the remaining carbon offsets needed from within the United States (fourth priority). For the definition of "available," see subdivision i) immediately above.

Reporting and Enforcement Standards

Over the course of build out of the Project and prior to issuance of requested building permits, the Project Applicants shall submit reports to the County that identify the quantity of emission reductions required by this mitigation measure, as well as the carbon offsets to be retired to achieve compliance with this measure. For purposes of demonstrating that each offset is additional, real, permanent, quantifiable, verifiable and enforceable, the reports shall include: (i) the applicable protocol(s) and methodologies associated with the carbon offsets, (ii) the third-party verification report(s) and statement(s) affiliated with the carbon offset projects, (iii) the unique serial numbers assigned by the registry(ies) to the carbon offsets to be

retired, which serves as evidence that the registry has determined the carbon offset project to have been implemented in accordance with the applicable protocol or methodology and ensures that the offsets cannot be further used in any manner, and (iv) the locational attributes of the carbon offsets. The reports also shall append the market survey report described in the “Locational Performance Standards” provision above.

If the County determines that the Project’s carbon offsets do meet the requirements of this mitigation measure, the offsets can be used to reduce Project GHG emissions and Project permits shall be issued. (Please see **M-GCC-7 Attachment “B,”** which includes a process timeline and associated flow chart for the implementation and administration of the mitigation measure’s requirements. **M-GCC-7 Attachment “B”** is an attachment to this mitigation measure that is part-and-parcel of the mitigation measure.) If the County determines that the Project’s carbon offsets do not meet the requirements of this mitigation measure, the offsets cannot be used to reduce Project GHG emissions and Project permits shall not be issued. Additionally, the County may issue a notice of non-consistency and cease permitting activities in the event that the County determines the carbon offsets provided to reduce Project GHG emissions are not compliant with the aforementioned standards. In the event of such an occurrence, Project permitting activities shall not resume until the Project Applicants have demonstrated that the previously provided carbon offsets are compliant with the standards herein *or* have provided substitute carbon offsets achieving the standards of this mitigation measure in the quantity needed to achieve the required emission reduction.