

US EPA ARCHIVE DOCUMENT



Project XL: Metropolitan Chicago Regional Air Quality and Economic Development Strategy



WHAT IS PROJECT XL?



Project XL, which stands for “eXcellence and Leadership,” is a national initiative that tests innovative ways of achieving better and more cost-effective public health and environmental protection. The information and lessons learned from Project XL are being used to assist the U.S. Environmental Protection Agency (EPA) in redesigning its current regulatory and policy-setting approaches through a collaborative process. Project XL encourages local public sector and community organizations to test new ideas that demonstrate community-designed and directed strategies for achieving greater environmental quality consistent with community economic goals. It also requires substantial involvement by stakeholders, i.e. the people and organizations affected by EPA’s decisions in conjunction with greater accountability to the local community and other stakeholders. EPA hopes that these projects will provide opportunities for everyone to think “outside the box” of our current system and to find solutions to obstacles that limit environmental performance.

SUMMARY OF THE PROJECT

The Clean Air Act requires a new major source of emissions (such as a factory) which locates in a nonattainment area to purchase offsetting emissions. Offsetting emissions are credits created by another business that reduces its emissions. Currently, in the Chicago nonattainment area, a business must purchase 1.3 tons of offsets for each 1 ton of emissions it will generate. Under this project, businesses that locate in specially designated development zones will be given an alternative method of complying with the offset requirement. Chicago will create a “bank” of emissions reduction credits through a variety of activities. Businesses locating in development zones can draw on the bank and thus avoid the expense of having to purchase emissions offsets elsewhere. Emissions reductions will be quantified under a structure approved by the U.S. EPA and Illinois EPA. In addition to providing economic benefits for businesses, this project will help rejuvenate city neighborhoods and reduce sprawl with its associated traffic and air pollution. The Metropolitan Chicago Regional Air Quality and Economic Development Strategy, EPA’s 50th XL agreement, was signed on December 8, 2000.

SUPERIOR ENVIRONMENTAL PERFORMANCE

Chicago will permanently retire 40 percent of the emissions reductions that it banks. The remaining 60% will be available for businesses that locate in specified development zones. This project is designed to deliver superior environmental performance while allowing flexibility in satisfying regulatory “offset” requirements. Environmental benefits accrue in a number of ways.

- Before emissions reductions may be used for this project, the state must demonstrate that the designated area meets the one-hour ozone standard.

- Because 40 percent of the emissions reductions generated will be retired, the emissions reduced under this project will be greater than the 1.3 to one reduction currently required.
- Because the city will create incentives to generate emissions reductions, an increased number of these activities will likely be funded and carried out.
- Participating municipalities in the Chicago metropolitan area will achieve real emissions reductions from mobile and area sources.

**FLEXIBILITY
COMMUNITY
INVOLVEMENT**

Businesses are given flexibility to use alternative methods of complying with the offset requirement, while Chicago is given the flexibility to use the growth allowance to entice sources to locate in special economic development zones.

A formal stakeholder outreach process has been developed by the Chicago Department of Environment. Outreach has included public meetings at key points throughout the project. This project will be discussed in meetings of the Campaigns for Clean Air and Development, where representatives from communities, local governments, businesses, and environmental groups will be given an opportunity to comment on the project. There also will be continuing opportunities for public comment and involvement at key points as the project is carried out.

**APPROACHES
TO BE TESTED**

- ! Does allowing a municipality to quantify and use emissions reductions from a variety of activities as an “emissions allowance incentive” encourage businesses to locate in targeted urbanized areas?
- ! Does allowing a municipality to use a percentage of area emissions reductions as a “growth allowance incentive” increase emissions reduction programs and decrease area emissions?

CONTACTS

EPA/XL HQ:	Ted Cochin	202-566-2181
Regional Contact:	Steve Marquardt	312-353-3214
Project Sponsor:	Alexandra Holt	312-744-3172

**FOR ELECTRONIC
INFORMATION**

More information about this XL Project, or the Project XL Program, is available on the Internet at <http://www.epa.gov/projectxl> under “Information on Specific XL Projects,” or via Project XL’s Information Line at (202) 260-5754.