

PR2305 questions



Jiang, Hao <Hao.Jiang@disney.com>

To Victor Juan; Ian MacMillan

Reply

Reply All

Forward



Thu 3/4/2021 10:48 AM

You forwarded this message on 3/4/2021 10:59 AM.

Good Morning Juan and Ian,

Please discard email questions I sent to Ian last week as I places them here together with a few new questions. I have to admit that I might over thought this and posted some stupid questions/concerns.

- (1) For PR 2305 a NZE truck is one in which the engine meets CARB's lowest Optional Low NOx standard **at the time of manufacture**, which is currently 0.02 g/hp-hr NOx. We own 4 CNG Class 8 tractors that purchased in 2011 with certified 0.1 g/hp-hr NOx. Do you have a resource for us to determine if they are meeting NZE in 2011? And if a 3rd party dispatched CNG trucks visiting our warehouses, shall we have to determine its NZE status in order for us to take credit from WAIRE menu?
- (2) I know the District would not endorse any product/service, but you did mention a few warehouse truck traffic monitoring systems. Do you mind to let me know the brands? Our WHs gates are not staffed 24x7. We only have security camera in use at this time.
- (3) Why the District does not offer **low** activity exemption threshold? Our warehouses are large in space (to store off season stuff like Christmas decos) but with very little traffic. So our warehouses are subject to R2305 solely due to the size. Tracking truck trips will have significant impact to our operational cost. A low activity exemption threshold would be reasonable.
- (4) Vehicle Miles Traveled (VMT) is required only for the Initial Site Information Report. It is not required nor used in Annual WAIRE Report, correct? If this is true, recording VMT is not required, right?
- (5) Per Truck Trip definition, one should not count for a truck trip if the truck entered the gate but did not deliver nor pick freight. For our home base where also is warehouse in Anaheim, we should not count truck trip if a truck left home base warehouse **empty**, we should count as one when it returns with goods, correct?
- (6) One of Disneyland operated WH has solar panels that were installed by property owner. Solar generated electricity is exported to utility grid. Disneyland has no operational control over it. Can we still claim is as WAIRE points?
- (7) Disneyland Resort operates a few warehouses that are leased by Disney using different business names. For example Disney Enterprises, Inc. and Walt Disney Parks and Resorts, U.S., Inc. My question is should the owner, in the **Initial Owner Notification Report**, disclose the relationships by stating something like "Disneyland Resort DBA Disney Enterprises, Inc."?

Again I thank you in advance.

Thank you
Hao

Hao Jiang, P.E.
Environmental Affairs
Disneyland Resort
714-781-4504
Hao.jiang@disney.com

March 4, 2021

Sarah Rees, Deputy Executive Officer
South Coast Air Quality Management District
21865 Copley Dr.
Diamond Bar, CA 91765

SUBJECT: Opposition – Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Ms. Rees,

On behalf of the Los Angeles Area Chamber of Commerce (Chamber), one of the largest and most influential business organizations in the Los Angeles region, I am writing to express our opposition to the Warehouse Indirect Source Rule, Proposed Rule 2305 (PR 2305). Our organization represents over 1,400 organizations, which employ over 650,000 employees in the region. The logistics industry is critical to Southern California's economy, and warehouses are an integral part of that system. While we appreciated that SCAQMD's staff has discussed and engaged with the Chamber on this issue, the estimated \$1 billion in annual fees for this essential industry and compliance infeasibilities PR 2305 creates uncertainty in an increasingly uncertain economy.

The COVID-19 pandemic highlighted both the successes and limits of our regional and national supply chain, as people were forced to transform their daily lives and spending patterns to adapt to shelter in place measures. Goods movement was and continues to be the life blood of our modern economy, ensuring that vaccines and personal protective equipment necessary to save lives are delivered, and that our grocery stores and restaurants are stocked for customers. This industry, and the warehouses that are a part of them, rose to the challenge of COVID-19.

California's supply chain is one of the cleanest in the world, and certainly the cleanest in the United States. Cleanest available technology adoptions by the trucking and warehousing sectors have decreased localized emissions over the past decade. SCAQMD and CARB are creating duplicative regulations, with CARB's mandate that manufacturers sell zero-emission commercial vehicle and SCAQMD's Warehouse ISR. As well, reports on direct investments and plans for a zero-emission transition required by Governor Newsom's EO-N-79-30 are due back to the legislature this summer.

Furthermore, it is exceedingly difficult for real world warehouses to comply with PR 2503. It puts the responsibility of reducing truck emissions on warehouse operators and owners that do not control truck fleets. Nor do warehouse operators control the types of trucks that utilize their facilities or the schedules of these vehicles. From a technological stand point, there are items on the WAIRE menu that are not available. One prominent example of this is the technological availability and economic feasibility of zero-emission trucks.

We appreciate SCAQMD's efforts to enhance our regional air quality, however we believe that the District should work closely with industry to develop regulations that appropriately address air quality, balance costs, and realistically account for technological feasibility. Thank you for your consideration. Please contact Senior Manager, Kendal Asuncion, with any questions at kasuncion@lachamber.com or 213-580-7518.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Maria S. Salinas". The signature is written in a cursive, flowing style.

Maria S. Salinas
President & CEO

Cc: SCAQMD Governing Board Members



March 4, 2021

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov / vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan and Mr. Juan:

The Western Electrical Contractors Association (WECA) opposes the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR seems to be a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This extra cost would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time and while responding to the pandemic's challenges on behalf of our nation.
2. It is not feasible to comply with the ISR due to the following:
 - a) The proposed rule requires warehouses to control truck fleets and decrease truck emissions. Yet, warehouse operators are not able to accomplish this task.
 - b) Warehouses have no control over how truck engines are manufactured.
 - c) Warehouses do not own truck fleets, nor do they control what type of trucks shipping companies purchase.
 - d) Warehouse operators do not control which trucks come to warehouses, when they arrive, where they come from, or any other variables related to truck trips.

1180 W Spring Street
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(916) 538-2360
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Comments on Proposed Rule 2305

March 4, 2021

3. The technology is not available to accomplish items on the WAIRE menu. For example, there are no heavy-duty electric trucks available that are viable from a technology and/or economically reasonable standard.
4. Warehouses have been deemed to be essential businesses by the State for important reasons including:
 - a) The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.
5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.
 - a) Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.
6. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.
7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Sincerely,


Richard Markuson



March 4, 2021

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov / vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan:

My name is Rachel Wang, from ViewSonic Corporation. I am writing this letter to oppose the adoption of Rule 2305 (Indirect Source Rule) ("ISR"). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR seems to be a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This extra cost would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time and while responding to the pandemic's challenges on behalf of our nation.
2. It is not feasible to comply with the ISR due to the following:
 - a) The proposed rule requires warehouses to control truck fleets and decrease truck emissions. Yet, warehouse operators are not able to accomplish this task.
 - b) Warehouses have no control over how truck engines are manufactured.
 - c) Warehouses do not own truck fleets, nor do they control what type of trucks shipping companies purchase.
 - d) Warehouse operators do not control which trucks come to warehouses, when they arrive, where they come from, or any other variables related to truck trips.
3. The technology is not available to accomplish items on the WAIRE menu. For example, there are no heavy-duty electric trucks available that are viable from a technology and/or economically reasonable standard.
4. Warehouses have been deemed to be essential businesses by the State for important reasons including:
 - a) The approximately 18 million people who live in Southern California rely on

ViewSonic Corporation
10 Pointe Drive, Brea, CA 92821
<http://www.viewsonic.com>

warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.

5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.

- a) Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.

6. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.

7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,



Rachel Wang
Director, Logistics & Sales Support
ViewSonic Corporation

Cc: Governing Board Members



March 5, 2021

Chair Burke and Members of the Governing Board
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Re: Item No. 2.B – Set Public Hearing April 2, 2021 to Adopt Proposed Rules 2305 and 316 (Warehouse Indirect Source Rule)

Dear Chair Burke and Members of the Governing Board:

On behalf of Earthjustice, we submit these comments on the warehouse indirect source rule, a critical regulation that will protect the health and safety of communities who live and work adjacent to warehouses and finally address the region’s pollution crisis. Specifically, we request that the Governing Board set public hearing on April 2, 2021 to adopt Proposed Rules 2305 and 316. This rule has been years in the making, and all the while communities continue to suffer high levels of pollution from the freight industry. The agency’s vision and leadership in the development and adoption of a strong regulation will advance the warehouse industry’s long overdue transition to zero-emissions and prioritize the frontline communities who are disproportionately harmed by this industry every day.

As is well documented by now, the COVID-19 pandemic has devastated communities in our region and continues to exacerbate the health impacts of poor air quality, just as we had one of the worst smog seasons in decades. Meanwhile, warehouses and ports have had record-breaking profit levels as consumers increasingly rely on e-commerce,¹ further compounding the health risks that nearby communities are already forced to shoulder. While those with ownership stakes in the freight system have profited handsomely, reportedly “raking in all the chips in the changing landscape brought on by the coronavirus crisis,”² communities, particularly low-income communities and communities of color, have suffered the brunt of the air pollution harms.

Proposed Rule 2305 will mean significant benefits to our region in reduced smog-forming emissions and the creation of meaningful, good quality jobs that put people to work to clean up warehouse pollution through retrofitting warehouses with clean transportation and clean

¹ See Justin Ho, [As imports boom, warehouses fill up, and businesses face a storage shortage](#), Marketplace (Oct. 1, 2020).

² Greg Cornfield, [Southern California industrial real estate market: What to know for 2021](#), Commercial Observer (Feb. 3, 2021).

energy resources. Moreover, it will mean the Governing Board finally delivering on its promise made years ago to adopt an indirect source rule to control pollution from freight facilities.

We appreciate your consideration of these comments, and the Air District staff's hard work on this important, life-saving rule. We look forward to working together with the staff and Governing Board to prioritize public health, create good quality jobs, and help our region finally achieve clean air by adopting this vital rule on April 2.

Sincerely,



Michelle Ghafar
Adrian Martinez
Regina Hsu
Earthjustice

cc:

Wayne Natri
Executive Officer
South Coast Air Quality Management District
wnatri@aqmd.gov

Sarah Rees
Deputy Executive Officer
Planning, Rule Development & Area Sources
srees@aqmd.gov

Ian MacMillan
Planning and Rules Manager
South Coast Air Quality Management District
imacmillan@aqmd.gov

Victor Juan
Program Supervisor
South Coast Air Quality Management District
vjuan@aqmd.gov







... HIGHLAND ...
Area Chamber of Commerce
Your Partner for Growth



Perris Valley
Chamber of Commerce



"Promoting Jobs in a Competitive Business Climate"





March 3, 2021

Sarah Rees, Deputy Executive Officer
South Coast Air Quality Management District
21865 Copley Dr.
Diamond Bar, CA 91765

Submitted electronically

The California Trucking Association, the California Chamber of Commerce, and the **55** undersigned organizations submit this letter in strong opposition to the South Coast Air Quality Management District's (SCAQMD) proposed Warehouse Indirect Source Rule (ISR).

The draft ISR creates a complicated system of Warehouse Actions and Investments to Reduce Emissions (WAIRE) Points that must be earned by owners and operators of warehouses, mostly through a fee on warehouse operators or by turnover of already regulated mobile sources. This rule is a costly and duplicative effort that fails to achieve demonstrable improvements in air quality in the South Coast basin.

The goods movement system serves as the lifeblood of California's economy, delivering essential goods, services, and medicines. Never has this industry been more important than during the COVID-19 pandemic. Grocery store shelves have been stocked, vaccines delivered, and small retailers kept alive by e-commerce thanks to the power of the modern supply chain, allowing Californians to shelter in place and abate the spread of COVID-19.

Goods movement also powers blue-collar jobs vital to our economy. An estimated 1 in 22 jobs in Southern California are tied to the logistics industry.

California has the cleanest supply chain in the United States. Thanks to two decades of investment in the cleanest available equipment, including early adoption by our collective members, localized emissions associated with warehouses have never been lower, falling by over 95% in the last decade.

As you know, California is the only state in the nation with the power to regulate mobile sources pursuant to its waiver under federal Clean Air Act. The California Air Resources Board (CARB) has used this power to adopt the country's strictest emission laws, including adopting the world's first mandate to manufacture and sell zero-emission commercial vehicles. CARB has also stated its intent to adopt regulations by the end of 2021 that will require nearly every equipment type at warehouses to operate in a zero-emission mode.

SCAQMD's proposed Warehouse ISR is duplicative of these regulations, exceeds the District's authority to regulate mobile sources, and will create burdensome, expensive requirements for the supply chain for questionable environmental benefit.

SCAQMD has justified the draft rule by stating that additional action is necessary to address ozone and NOx concentrations in the basin. With respect to NOx, a recent technical analysis of the draft staff report found that SCAQMD does not adequately demonstrate that the proposed Warehouse ISR will provide NOx reductions beyond those generated by CARB regulations, despite the enormous costs that will be involved in complying with this rule.

Further, as stated during AQMD's Scientific, Technical & Modeling Peer Review Advisory Group Meeting on January 27, 2021, the small quantities of NOx reductions generated by this rule will not be sufficient to decrease the ozone concentrations in the basin.

Duplicative rulemaking by CARB and the SCAQMD that does not move the needle on environmental benefit in the basin not only wastes the state's resources, but unnecessarily increases the cost of compliance for an industry that is gearing up for the all-electric future envisioned by CARB and Governor Newsom. We ask SCAQMD to reconsider this untimely, duplicative, and costly regulation and work with industry to develop a rule that takes into account the emissions reductions due to CARB rulemaking and appropriately addresses emissions that are within the bounds of SCAQMD authority.

If you have any questions, please feel free to contact:

Chris Shimoda, VP of Government Affairs
California Trucking Association
cshimoda@caltrux.org

Leah Silverthorn, Policy Advocate
California Chamber of Commerce
Leah.Silverthorn@calchamber.org

Thank You,

California Trucking Association
California Chamber of Commerce
Beaumont Chamber of Commerce
Big Bear Chamber of Commerce
Building Owners and Managers Association of California
Building Owners and Managers Association of Los Angeles
Californians for Affordable and Reliable Energy
California Beer and Beverage Distributors

California Business Properties Association
California Business Roundtable
California Distributors Association
California Fuels and Convenience Alliance
California Manufacturers and Technologies Association
California Railroads Association
California Retailers Association
California Taxpayers Association
Carson-Dominguez Employers Alliance
Chino Valley Chamber of Commerce
Construction Industry Air Quality Coalition
Engineering Contractors Association
Fontana Chamber of Commerce
Futureports
Greater Coachella Valley Chamber
Greater High Desert Chamber of Commerce
Greater Ontario Business Council
Harbor Trucking Association
Hemet/San Jacinto Chamber of Commerce
Highland Area Chamber of Commerce
Industry Business Council
Inland Action
Inland Empire Economic Partnership
International Council of Shopping Centers
International Warehouse Logistics Association
Long Beach Area Chamber of Commerce
Los Angeles Area Chamber of Commerce
Los Angeles County Business Federation (BizFed)
Moreno Valley Chamber of Commerce
Murrieta/Wildomar Chamber of Commerce
NAIOP of California
NAIOP Inland Empire
NAIOP SoCAL
National Association of Chemical Distributors
Orange County Business Council
Pacific Merchant Shipping Association
Perris Valley Chamber of Commerce
Pomona Chamber of Commerce
Rancho Cucamonga Chamber
Rebuild SoCal Partnership
Redlands Chamber of Commerce
San Gabriel Valley Economic Partnership
Southern California Leadership Council

Temecula Valley Chamber of Commerce
Upland Chamber of Commerce
Western Aerosol Information Bureau
Wilmington Chamber of Commerce

March 6, 2021

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov / vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan:

The Multicultural Business Alliance opposes the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR seems to be a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This extra cost would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time and while responding to the pandemic's challenges on behalf of our nation.

2. It is not feasible to comply with the ISR due to the following:

- a) The proposed rule requires warehouses to control truck fleets and decrease truck emissions. Yet, warehouse operators are not able to accomplish this task.
- b) Warehouses have no control over how truck engines are manufactured.
- c) Warehouses do not own truck fleets, nor do they control what type of trucks shipping companies purchase.
- d) Warehouse operators do not control which trucks come to warehouses, when they arrive, where they come from, or any other variables related to truck trips.

3. The technology is not available to accomplish items on the WAIRE menu. For example, there are no heavy-duty electric trucks available that are viable from a technology and/or economically reasonable standard.

4. Warehouses have been deemed to be essential businesses by the State for important reasons including:

- a) The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.

5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.

- a) Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.

6. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.

7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,

Roberto C. Arnold, Multicultural Business Alliance

Cc: Governing Board Members



March 8, 2021

I, Mosen Asgari being the President of Tabletops Unlimited Inc. known as one of the major distributor of houseware since 1983 in Carson California, express our strong opposition to the South Coast Air Quality Management District's (SCAQMD) proposed Warehouse Indirect Source Rule (ISR).

The draft ISR creates a complicated system of Warehouse Actions and Investments to Reduce Emissions "WAIRE Points" that must be earned by owners and operators of warehouses, mostly through a fee on warehouse operators. This rule is a costly and duplicative effort that is not poised to achieve demonstrable improvements in air quality in the South Coast basin.

The goods movement system serves as the lifeblood of California's economy, delivering essential goods, services, and medicines. Never has this industry been more important than during the COVID-19 pandemic. Grocery store shelves have been stocked, vaccines delivered, and small retailers kept alive by e-commerce thanks to power of the modern supply chain, allowing Californians to shelter in place and abate the spread of COVID-19.

Goods movement also powers blue-collar jobs vital to our economy. An estimated 1 in 22 jobs in Southern California are tied to the logistics industry.

California has the cleanest supply chain in the United States. Thanks to two decades of investment in the cleanest available equipment, including early adoption by our collective members, localized emissions associated with warehouses have never been lower, falling by over 95% in the last decade. The warehouse operators are paying millions of dollars in pier pass to help improve the South Coast Air Quality by helping the trucking companies to use new trucks to reduce the emissions.

As you know, California is the only state in the nation with the power to regulate mobile sources pursuant to its waiver under federal Clean Air Act. The California Air Resources Board (CARB) has used this power to adopt the country's strictest emission laws, including adopting in July the world's first mandate to manufacture and sell zero-emission commercial vehicles. CARB has also stated its intent to adopt regulations that will require nearly every equipment type at warehouses to operate in a zero-emission mode within the next year.

SCAQMD's proposed Warehouse ISR is duplicative of these regulations, exceeds the District's authority to regulate mobile sources, and will create burdensome, expensive requirements for the supply chain for questionable environmental benefit.

During presentations, SCAQMD justified the draft rule by stating that additional action is necessary to address ozone and NO_x concentrations in the basin. With respect to NO_x, a recent technical analysis of the draft staff report found that the report does not adequately demonstrate that the proposed Warehouse ISR will provide NO_x reductions beyond those generated by CARB regulations, despite the enormous costs that will be involved in complying with this rule.

Further, as stated during AQMD's Scientific, Technical & Modeling Peer Review Advisory Group Meeting on January 27, 2021, the small quantities of NO_x reductions generated by this rule will not be sufficient to decrease the ozone concentrations in the basin. One is left with the impression that the rule, instead of addressing environmental concerns, is being used as a funding mechanism.

Duplicative rulemaking by CARB and the SCAQMD that does not move the needle on environmental benefit in the basin not only wastes the state's resources, but unnecessarily increases the cost of compliance for an industry that is gearing up for the all-electric future envisioned by CARB and Governor Newsom. We hope SCAQMD will reconsider this untimely, duplicative, and costly regulation and work with industry to develop a rule that takes into account the emissions reductions that already will occur due to CARB rulemaking and appropriately addresses emissions that are within the bounds of SCAQMD authority.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mohsen Asgari', enclosed within a large, loopy oval shape.

Mohsen Asgari
President



Todd R. Rouse, Manager
Environmental Policy
Global Regulatory Development

General Motors Global Headquarters
MC: 482-C30-B92
300 Renaissance Center
Detroit, MI 48265-3000
Phone : 419-205-2667

March 12, 2021

Mr. Ian MacMillan
Planning & Rule Manager
South Coast Air Quality Management District (SCAQMD)
21865 Copley Dr
Diamond Bar, CA 91765-4178

Transmitted via e-mail

RE: Proposed Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program

Dear Mr. MacMillan,

General Motors (GM) supports South Coast Air Quality Management District's innovative approach to begin the transition to zero emission trucks in the region through the implementation of Proposed Rules 2305 and 316.

GM owns and operates one warehouse in Rancho Cucamonga for smaller aftermarket auto parts and operates one warehouse in Fontana for bulk aftermarket auto parts. Both warehouses are roughly 400,000ft². These warehouses supply GM auto parts to much of the Pacific Coast region and are part of GM's Customer Care and Aftersales warehousing network. Globally, GM offers hundreds of thousands of parts, with about 8% of its annual volume flowing through California.

General Motors' vision is a world with Zero Crashes, Zero Emissions, and Zero Congestion. Our company's recent announcements show we are committed to our vision's emissions strategy by aspiring to only sell electric vehicles in our light-duty portfolio by 2035. Additionally, GM plans to achieve carbon neutrality by 2040. GM is also expanding its Zero Emissions vehicle strategy into the goods movement market through the addition of BrightDrop commercial electric vehicles and pallets and through collaborative agreements with Nikola and Navistar to produce fuel cell powered semi-trucks.

Clearly, GM cannot fulfill its vision of Zero Emissions without sound energy and environmental policies that encourage and enable the shift to electric vehicles. Accelerating the transition to a Zero Emission future will require a comprehensive suite of well-designed policies and incentives, including vehicle incentives, utility engagement and infrastructure support, and complementary policies to reduce costs and overcome hurdles.

Like many of the warehouses in operation in the South Coast District, GM does not own the fleets that service our warehouses and must work with our suppliers and partners to encourage this transition. The Warehouse ISR directs a gradual transition through a phased-in approach that allows warehouses both time to phase in the use of zero emission trucks and offers flexibility in

achieving WAIRE points obligations through other projects such as installing zero emission charging or fueling infrastructure, installing onsite solar panels, or through the use of an approved custom approach. As this is a first-of-its-kind regulation striving to encourage rapid uptake of vehicles that are in the early stages of pre-commercial or early commercial deployment, GM also believes the proposed stringency factor is appropriate to encourage this transition while providing needed flexibilities. Implementing this regulation now – in conjunction with complementary policies such as incentives and infrastructure support – will likely speed up the transition to cleaner air quality directly in the communities where warehouses are abundant providing a better quality of life for our employees and neighbors.

Please reach out with any questions to Todd Rouse, Environmental Policy Manager, at todd.rouse@gm.com or 419-205-2667.

Respectfully,

Todd Rouse
Environmental Policy Manager
Phone: 419-205-2667
Email: todd.rouse@gm.com



March 16, 2021

Victor Juan, Program Supervisor
South Coast Air Quality Management District
28165 Copley Drive
Diamond Bar, CA 91765

Re: Proposed Rule 2305: Warehouse Indirect Source - WAIRE Program

Dear Mr. Juan,

Orange EV looks forward to the upcoming implementation of the Warehouse ISR and the many benefits it will bring to Southern California's air quality. As the makers of 100% pure electric terminal tractors, we appreciate the SCAQMD's acknowledgement that zero-emissions (ZE) technologies offer the most proven and efficient way to enact comprehensive air quality advances for the benefit of community health.

We believe your preference for zero-emission vehicles within this rule is especially important as it sends a strong signal to fleets that ZE heavy-duty trucks are, indeed, the future of California's goods movement industry. Not only will ZE fleets prove invaluable for the state's economy, but – with 42% of NOx emissions in Southern California coming directly from goods movement – this transition stands to dramatically improve local and regional air conditions. Furthermore, including non-ZE vehicles in the program would only prolong the use of combustion vehicles in this application and would also perpetuate the pipeline of those vehicles to secondary markets.

Orange EV respects the goals of the San Bernardino/Muscoy AB 617 Community Steering Committee as key partners in your efforts to mitigate against the negative effects of mobile indirect sources powered by combustion engines. As stated unequivocally in their Community Emissions Reduction Plan (CERP), addressing emissions from warehouses is vital for improving neighborhood air quality throughout the specially designated community and beyond. We recognize the Warehouse ISR as an integral part of SCAQMD's efforts to address the larger climate crisis while simultaneously prioritizing environmental justice for those living communities near warehouses.

Orange EV's T-Series terminal tractor has been chosen by more than 85 fleets across 18 states, Canada, and the Caribbean, and our fleet has surpassed 734,000 key-on hours and driven over 2.3 million miles. In short, we have proven that 100% pure electric yard trucks can be successfully deployed in commercial operation at warehouses and rail yards. As such, we urge the SCAQMD not to be distracted from its goal of bringing about real and dramatic air quality improvements by allowing near-zero-emission and combustion engine-powered yard trucks to earn points from the WAIRE menu.

Thank you for considering these comments regarding this important regulation. While challenges may lie ahead for growing ZE fleets across the region, we appreciate that the SCAQMD is committed to this course of action and trust you shall remain so long into the future.

Respectfully,

A handwritten signature in black ink, appearing to read "J. Dake".

Jason Dake
Vice-President of Legal and Regulatory Affairs



909 355-4100
8600 Banana Avenue
Fontana, CA 92335, United States
RDSRally.com

March 12, 2021

Victor Juan
South Coast Air Quality Management District
28165 Copley Drive
Diamond Bar, CA 91765

Re: Proposed Rule 2305: Warehouse Indirect Source – WAIRE Program

Dear Mr. Juan,

We would like to take this opportunity to provide feedback in support of our goal as an organization towards reducing emissions. At our Fontana campus we have replaced our gas forklifts and yard spotters and have now nearly completely replaced all movable equipment with electric powered units. We also installed two CARB compliant automatic generators to become self-sufficient when the GRID failed to function.

In collaboration with one of our large accounts located in Ontario, CA, we are in the process of converting our diesel yard spotters with new electric units. This transition will help this client meet its Corporate 2050 zero emissions objectives.

The benefits of zero emission yard spotter equipment in addition to reducing emissions are driver safety. Zero fuel exhaust, noise is minimal and ease of use due to minimal vibration during operation. With a goal of achieving zero emissions and reducing our carbon footprint, we will also be purchasing zero emission yard spotters for our new campus in Bloomington, CA.

Should you have any questions about our goals or experience with zero emission yard tractors, please do not hesitate to contact me directly.

Sincerely,

Debbie Thomas
Vice President Logistics Solutions
RDS Logistics Group
Debbie.thomas@rdsrally.com
(909) 630-6708

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IDEON®

symmetry®

To whom it may concern,

In response to: Proposed Rule 2305 WAIRE PROGRAM

Upon review of the proposed rule 2305 WAIRE PROGRAM as a business that employs over 500+ associates locally we strongly urge the SCAQMD to reconsider this rule. If passed this will not only jeopardize jobs but without doubt drive us to include other providers out of Southern California.

Sincerely,

David Nester

Facilities Manager

P: 714-995-4800 x 518

M: 714-713-7899

Dnester@exemplis.com

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SitOnIt • Seating®

6415 Katella Ave, Cypress, CA 90630

March 3, 2021

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov / vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan:

We oppose the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR seems to be a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This extra cost would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time and while responding to the pandemic's challenges on behalf of our nation.
2. It is not feasible to comply with the ISR due to the following:
 - a) The proposed rule requires warehouses to control truck fleets and decrease truck emissions. Yet, warehouse operators are not able to accomplish this task.
 - b) Warehouses have no control over how truck engines are manufactured.
 - c) Warehouses do not own truck fleets, nor do they control what type of trucks shipping companies purchase.
 - d) Warehouse operators do not control which trucks come to warehouses, when they arrive, where they come from, or any other variables related to truck trips.
3. The technology is not available to accomplish items on the WAIRE menu. For example, there are no heavy-duty electric trucks available that are viable from a technology and/or economically reasonable standard.

4. Warehouses have been deemed to be essential businesses by the State for important reasons including:

- a) The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.

5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.

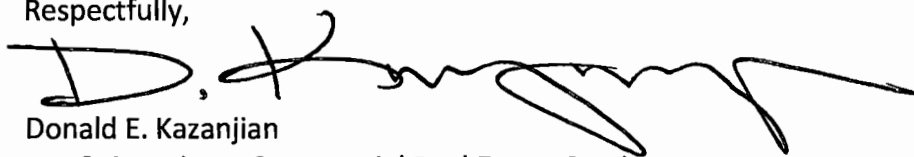
- a) Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.

6. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.

7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,



Donald E. Kazanjian
Lee & Associates Commercial Real Estate Services

Cc: Governing Board Members

March 3, 2021

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov / vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan:

As a building owner, we oppose the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR seems to be a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

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3. The technology is not available to accomplish items on the WAIRE menu. For example, there are no heavy-duty electric trucks available that are viable from a technology and/or economically reasonable standard.

4. Warehouses have been deemed to be essential businesses by the State for important reasons including:

- a) The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.

5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.

- a) Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.

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7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,



Don Kazanjian
KLK Vineyard, LLC.

Cc: Governing Board Members



March 16, 2021

Sarah Rees, Deputy Executive Officer
Ian MacMillan, Planning and Rules Manager
Victor Juan, Program Supervisor
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Sent via Email

Re: Proposed Warehouse Indirect Source Rule (“ISR”)

Dear Ms. Rees, Mr. MacMillan and Mr. Juan,

Howard Industrial Partners (“HIP”) is a developer of warehouse and industrial buildings throughout the Southern California basin. The principals at HIP have a combined seventy years of experience working in the markets throughout the basin and we have dealt with an entitlement landscape over the years that has become more and more complicated. We have continued to be at the forefront of designing our buildings to meet stringent environmental standards. We believe, however, that the ISR is an overreach by SCAQMD that is complicated and costly and we question its ability to demonstrably improve air quality. That is why we strongly oppose the adoption of this rule.

There are so many ways that the expansion of the warehouse/industrial markets in Southern California is improving the quality of life for its citizens. This has been especially true during the COVID-19 pandemic as efficient goods movement provided by the influx of regional and local warehousing has allowed goods to be available for the multitude of people sheltering in place to avoid spreading COVID-19. The expansion has also created more blue-collar jobs in areas of the basin where unemployment has tended to be higher that are vital to our economy.

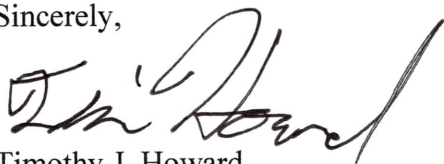
It is not an exaggeration to say that a rule like the ISR could have a profound negative effect on future development of warehouse space in the basin. Having worked in this area for the last 35 years, the principals of HIP have seen firsthand how the addition of a complicated system that penalizes tenants and landlords can dampen demand and supply alike. This would obviously reduce the benefits that increased warehouse development would provide.

California already has the most stringent requirements of any state, the cleanest supply chain of any state, and has seen a tremendous reduction in emissions associated with warehouse activities over the last decade at the same time there has been an influx of warehouse development. Given

the positive news coming from the warehouse sector, it seems like overkill to introduce another piece of legislation to further hinder its growth.

HIP remains committed to developing warehouse projects that meet the needs of consumers in the Southern California markets but there is a real chance that rules like ISR could make our business virtually obsolete.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Howard". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Timothy J. Howard

-----Original Message-----

From: Bryan Bradford <bryanbradford25@gmail.com>

Sent: Wednesday, March 17, 2021 9:48 AM

To: Clerk of Board <Front_PC@aqmd.gov>; Wayne Nastri <wnastri@aqmd.gov>; Sarah Rees <SRees@aqmd.gov>; Ian MacMillan <imacmillan@aqmd.gov>

Subject: Support for the Indirect Source Rule

Dear Governing Board of the South Coast Air Quality Management District,

I'm a resident of the city of Riverside, and I'm writing to voice my support for the Indirect Source Rule that is soon to be considered by the Mobile Source Committee.

As someone who has made financial sacrifices to utilize clean energy and improve the health of our community, I believe the business community should be willing to do the same. I understand the need to preserve jobs, but the warehouse industry isn't going to abandon the Riverside area. Empty land near major ports is not a readily available resource, and they need us more than we need them. To require them to make an investment in the health of their employees and the other residents of our community is not unreasonable. Indeed, it is the ethical thing to do.

I hope the Mobile Source Committee will recognize the value of the ISR. Thank you for your consideration.

Best,

Bryan Bradford
4383 Oakwood Pl
Riverside, CA

ROCKEFELLER GROUP

March 17, 2021

Mr. Ian MacMillan
Mr. Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov / vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan:

Rockefeller Group opposes the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR seems to be a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This extra cost would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time and while responding to the pandemic's challenges on behalf of our nation.
2. It is not feasible to comply with the ISR due to the following:
 - a) The proposed rule requires warehouses to control truck fleets and decrease truck emissions. Yet, warehouse operators are not able to accomplish this task.
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 - c) Warehouses do not own truck fleets, nor do they control what type of trucks shipping companies purchase.
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4. Warehouses have been deemed to be essential businesses by the State for important reasons including:
 - a) The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.

5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.
 - a) Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.
6. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.
7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction or authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Sincerely,

ROCKEFELLER GROUP



James V. Camp

Senior Managing Director

Cc: Governing Board Members



March 19, 2021

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178

*sent via email: imacmillan@aqmd.gov
vjuan@aqmd.gov*

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Messrs. MacMillan & Juan:

Pacific Industrial opposes the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry and the industry plays a crucial role in the supply chain from food, medical supplies, household goods, clothing, equipment, and raw materials to just about everything that is consumed. As the public grows increasingly more dependent on e-commerce which has been accelerated by the COVID-19 pandemic, the resulting tax if ISR is implemented, has the consequence of crippling Southern California's supply infrastructure which is already reeling from COVID impact shortages and disruptions.

The District's proposed ISR seems to be a misguided policy especially during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021 with insufficient time for the warehousing industry to plan and prepare for proper implementation.

More importantly, Rule 2305 is targeting an industry with a specific tax to reduce emissions in the region yet the subject of the tax in this case, a warehouse, has no power to regulate the indirect sources. This seems illogical and is frustrating and confusing to business owners as to why they are being singled out. While true that trucks and autos visit warehouses and create emissions through the trips generated, the same sources also visit grocery stores, shopping malls, restaurants, hotels, airports, entertainment centers, retail centers, farms, manufacturing facilities, agricultural fields and nearly every other activity or service. In only targeting warehouses for a special tax under Rule 2035, ISR is rendered even more punitive by the arbitrary nature of its application.

In response to the proposed Rule 2305, we implore you to consider the following:

1. This rule would impose additional and permanent taxes on warehouses of approximately \$.90-\$1.00 per square foot. This tax would create an unfair burden on the warehousing industry which is providing an essential benefit to the economy.
2. The ISR impact could generate an estimated \$1 billion in annual fees but no information has been provided to date on how those funds will be spent or what the expected return will be.
3. Most warehouses impacted under Rule 2305 are not household names with deep pockets but local and regional suppliers of key goods and materials. Some of those warehouse operators will not survive the impact of this tax further worsening the unemployment rate.
4. As presented, it is not feasible to comply with the ISR as the proposed rule will require warehouses to control truck fleets and decrease truck emissions, but warehouse operators are not able to accomplish this task due to the following:
 - a) Warehouses have no control over how truck engines are manufactured.
 - b) Warehouses largely do not own truck fleets, nor do they control what type of trucks shipping companies purchase.
 - c) Warehouse operators do not control which trucks come to warehouses, when they arrive, where they come from, or any other variables related to truck trips.
 - d) The technology is not available to accomplish items on the WAIRE menu. For example, there are no heavy-duty electric trucks available that are viable from a technology and/or economically reasonable standard.
5. Warehouses have been deemed to be essential businesses by the State for important reasons as approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive.
6. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.
7. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.
8. The proposed ISR seeks to "indirectly" regulate the trucking industry through the warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

While we live and work in Southern California and all support the goal of lowering emissions and promoting better health for our region and community, this is not the correct approach.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,



Terri Allen
Chief Operating Officer

cc: Governing Board Members



Allyssa Holcomb
Mobile No.
(949) 573-4936
Email Address
aholcomb@garrettllp.com

March 19, 2021

VIA ELECTRONIC MAIL (cob@aqmd.gov) AND VIA OVERNIGHT DELIVERY

Chair William Burke and Governing Board Members
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765-4178

Re: Comments to Proposed Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program (“PR2305”) and Proposed Rule 316 – Fees for Regulation XXIII (“PR316” and collectively with PR2305, the “Proposed Rules”)

Ladies and Gentlemen:

This firm represents Warland Investments Company and affiliated entities (collectively, “Warland”), which has real estate holdings consisting of over 3.5 million square feet of space within the South Coast area. Warland’s presence brings great value to the area by maintaining facilities that draw first-class operators. Warland is an interested party in that its holdings include numerous warehouses that would be impacted by the Proposed Rules referenced above. As such, Warland hereby respectfully submits its comments on the Proposed Rules prior to the final vote by South Coast Air Quality Management District (“SCAQMD”) regarding the same.

While Warland supports the SCAQMD’s intended objectives of reducing emissions of nitrogen oxides and particulate matter in order to improve air quality, Warland objects to adoption of the Proposed Rules as written for the reasons set forth below.

I. Lack of Legal Authority.

A. PR2035 Exceeds SCAQMD’s Indirect Source Rule Authority.

Section 40440 of the California Health and Safety Code authorizes SCAQMD to adopt indirect source rules that serve to provide controls (i) for areas of the South Coast District “in which there are high-level, localized concentrations of pollutants”, or (ii) related to “any new source that will have a significant effect on air quality in the South Coast Air Basin”.

Under PR2305 Section (b) (Applicability), PR2305 would apply to all owners and operators of warehouses located in the SCAQMD jurisdiction with at least 100,000 square feet of indoor floor space in a single building that may be used for warehousing activities by one or more warehouse operators. PR316 would apply to owners and operators of facilities subject to PR2305. Accordingly, as drafted, the Proposed Rules would apply to all warehouses of a certain size, without any regard to whether the warehouse in question is

3200 Bristol Street, Suite 850, Costa Mesa, CA 92626
Tel: (714) 384-4300 | Fax: (714) 384-4320

either located in an area “in which there are high-level, localized concentrations of pollutants” or already exists and, therefore, is not a “new source”. This attempt to regulate warehouses based on size via an indirect source rule alone clearly exceeds SCAQMD’s authority pursuant to the California Health and Safety Code.

B. SCAQMD Lacks Authority to Impose Special Taxes.

The Proposed Rules, if adopted, would require owners and operators of warehouses with at least 100,000 square feet of indoor space in a single building to either (i) reduce emissions through certain and arguably non-feasible methods, or (ii) pay a so-called “mitigation fee”. However, any such charge must meet certain requirements under the California Constitution to be deemed a permitted fee rather than a special tax. In this case, the proposed “mitigation fee” does not satisfy those requirements.

Proposition 26, approved by voters in 2010, expressly defined the distinction between taxes, which require a vote of two-thirds of the electorate in order to be enacted, and fees, which regulatory agencies have authority to impose. Any taxes or fees enacted on or after January 1, 2010 must comply with the requirements of Proposition 26, which became Article XIII C, section 1 to the California Constitution. The “mitigation fee” contemplated by the Proposed Rules is not a permitted fee under such section because it (i) does not provide a specific benefit to the payor, (ii) is not fairly apportioned among payors, (iii) generates money for a regulatory program, and (iv) is not reasonable. As such, the “mitigation fee” would be considered a special tax, rather than a fee, under the California Constitution. SCAQMD does not have authority to impose any special tax without first obtaining approval of two-thirds of the electorate, which approval has not yet been obtained.

II. The Proposed Rules Will Negatively Impact the South Coast Area.

The Proposed Rules unduly burdens warehouse owners and operators in that they would have to either assume substantial costs of upgrading their facilities and/or purchasing near-zero emission trucks, or assume an average annual compliance cost of approximately \$0.90/square foot as soon as the year 2025. Although improving air quality is important to South Coast businesses and residents, the Proposed Rules will substantially increase the costs to operate by warehouse owners and operators, which will in turn increase the costs of goods and services for those same businesses and residents. Even more critically, the Proposed Rules will almost certainly drive warehouse owners and operators, as well as jobs, out of the South Coast area. The potential negative economic impact of the Proposed Rules cannot be overstated and demands further evaluation.

III. Compliance with Proposed Rules is Not Feasible.

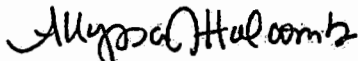
As noted by many other citizens and groups opposing the Proposed Rules, much remains unclear on how warehouse owners and operators would feasibly comply with the Proposed Rules. For example, numerous proposed scenarios in the Staff Report on the Proposed Rules (“PDSR”) suggest compliance could be achieved by purchasing near-zero emissions trucks with a gross vehicle weight rating of greater than 33,001 pounds; however, no such trucks are currently commercially available. As another example, the PDSR contemplates installing charging stations at warehouse facilities, but the PDSR lacks sufficient analysis on how warehouse charging stations would be built, where such charging stations would fit within existing warehouse properties, and how the existing electrical infrastructure is sufficient to support such charging

Chair William Burke and Governing Board Members
South Coast Air Quality Management District
March 19, 2021
Page 3

stations. In addition, the PDSR's "estimated" costs of compliance for the Proposed Rules are based on just eighteen (18) different theoretical scenarios; however, many other complicated compliance scenarios would be bound to arise and the projected cost of compliance for such scenarios remains unknown. Some potential credits are discussed in the PDSR and Proposed Rules, such as the State Implementation Plan Credit, but such credits are unclear and no defined guidelines exist to obtain such credits. At this time, compliance with the Proposed Rules appears generally unfeasible for most warehouse owners and operators, which suggests the proposed "mitigation fee" will ultimately serve as such parties' sole source of compliance. Adopting the Proposed Rules without first outlining reasonable metrics for compliance is unreasonable and will not achieve SCAQMD's stated objections of improving air quality.

In conclusion, the Proposed Rules should not be adopted as drafted. SCAQMD lacks legal authority to impose the PR2035 as an indirect source rule. The "mitigation fee" is not a permitted fee and, therefore, SCAQMD lacks authority to impose it. The Proposed Rules will profoundly impact warehouse owners and operators, which will, without question, negatively impact the South Coast economy as a whole. Finally, there are no feasible metrics for compliance outside of paying annual mitigation fees. We respectfully request that SCAQMD disapprove the Proposed Rules until the foregoing issues have been thoroughly and appropriately addressed and resolved.

Regards,



Allyssa J. Holcomb

cc: Mr. Carl W. Robertson, Jr. (via email)
Ms. Hope I. Warschaw (via email)

March 18, 2021

Chair Burke and Members of the Governing Board
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765
cob@aqmd.gov

Re: Comments on the Warehouse Indirect Source Rule (Proposed Rule 2305)

Dear Chair Burke and Members of the Governing Board,

We write to express our support for Proposed Rule 2305. GRID Alternatives is a nonprofit organization working towards a rapid and equitable transition to renewable energy. Solar power is key to promoting economic growth and alleviating environmental harms in communities most impacted by environmental harms such as air pollution.

The South Coast Air Basin is home to more than 1.4 billion square feet of warehouses and that number will continue to grow. These warehouses attract a large number of polluting trucks that contribute significant pollution in surrounding communities. The warehouse indirect source rule is an important tool that will help bring clean zero-emission trucks to southern California and reduce this toxic pollution. However, warehouses in the South Coast also use a significant amount of energy primarily generated by dirty power plants, which also negatively impacts air quality in one of the most polluted regions in the nation. The warehouse indirect source rule has the potential to shift over 800 million square feet of warehouses in southern California towards renewable energy. A transition to solar energy at these facilities will reduce our reliance on fossil fuels and provide significant economic and environmental benefits to overburdened communities sited near warehouses.

We appreciate that the Warehouse Actions and Investments to Reduce Emissions (WAIRE) program includes solar installation as a compliance option. Clean energy solutions like solar power are critical to lessening the environmental footprint of the warehouse industry. The installation and use of onsite solar panels at warehouses will reduce emissions from dirty power plants and provide much needed regional emissions reductions of nitrogen oxides. This rule will provide significant air quality benefits that will alleviate health risks imposed on residents by polluting industries.

As warehouses shift towards renewable energy, the region will also benefit from additional training and employment opportunities in the green-tech economy. GRID Alternatives is committed to creating a solar workforce that provides opportunities to all by ensuring access to groups traditionally underrepresented in the solar industry. Additionally, we partner with local solar companies to ensure that trainees learn through participation on real-world solar installations. GRID Alternatives stands ready to assist warehouses and support workers through hands-on training to help us all achieve a sustainable clean energy future.

Thank you for the opportunity to provide comments. We appreciate the Air District staff's hard work on this important rule and look forward to working with the agency to clean up our air and protect our workers.

Sincerely,

Stanley Greschner, Chief Policy Officer

GRID Alternatives

cc:

Wayne Natri
Executive Officer
South Coast Air Quality Management District
wnatri@aqmd.gov

Sarah Rees
Assistant Deputy Executive Officer
Planning, Rule Development & Area Sources
srees@aqmd.gov

Ian MacMillan
Planning and Rules Manager
South Coast Air Quality Management District
imacmillan@aqmd.gov

Victor Juan
Program Supervisor
South Coast Air Quality Management District
vjuan@aqmd.gov



288 Mayo Avenue
City of Industry, CA 91789
Phone: 909.839.4111
Fax: 909.839.4109

March 23, 2021

Mr. Michael A. Cacciotti
Board Member, SCAQMD
c/o City of South Pasadena
1414 Mission Street
South Pasadena, CA 91030
macacciotti@yahoo.com
shotay@gmail.com

Mr. Rex Richardson
Board Member, SCAQMD
City of Long Beach
rrichardson@aqmd.gov
mhamlett@aqmd.gov

Mr. Larry McCallon
Board Member, SCAQMD
c/o City of Highland
27215 Base Line
Highland, CA 92346
lmccallon@cityofhighland.org
rrketcham@verizon.net

Ms. Janice Rutherford
Board Member, SCAQMD
County of San Bernardino
385 No. Arrowhead Avenue, 5th Floor
San Bernardino, CA 92415
supervisorrutherford@sbcounty.gov
mark.taylor@bos.sbcounty.gov
suzetteswallow@bos.sbcounty.gov

Re: Opposition to Warehouse Indirect Source Rule

Dear SCAQMD Board Members,

My name is Marty Brogden and I am the CFO of a Southern California based warehouse operators (3PL) named Port Logistics Group urging you to NOT to adopt the proposed Indirect Source Rule.

Born in 1958, I was raised in the Western SGV until I left in 1978 to continue my college education in San Diego. I have witnessed first-hand the health benefits resulting from the efforts of the SCAQMD. For those of us who experienced the ill effects of the smog during the '60s and '70s and today to be able to see the San Gabriel Mountains from 50 miles away during the Summer and take a deep breath without choking is astonishing! This is due in large part to the work of the SCAQMD.

However, while I personally support the SCAQMD mission, the proposed Indirect Source Rule is imposed on 3PLs which (a) do not contractually control the vehicles that visit our warehouses, and (b) will cost hundreds of jobs at our company's 3.5 million square feet of 3PL facilities in Long Beach, City of Industry, and Chino. Our customers determine which logistics carriers deliver and pickup their products at our facilities and we have no legal or contractual right to pass on costs which would be imposed upon our company as a result of this proposed rule.



288 Mayo Avenue
City of Industry, CA 91789
Phone: 909.839.4111
Fax: 909.839.4109

From a legal perspective, the mitigation “fee” imposed by the proposed rule is a special tax requiring voter approval.

The SCAQMD's proposed rule will impose a significant new tax on the broad Supply Chain at the worst possible time. First, due to almost 20 years of the California Air Resources Board (CARB) adopting strictest-in-nation regulations, emissions associated with warehouses have never been lower. Second, warehouses' operating costs are already at their highest due to the implementation of measures protecting essential workers from COVID exposure. Their safety has been our number one priority since the pandemic was announced. Finally, the Supply Chain & Logistics industry is supporting thousands of working-class jobs at a time where millions of Californians are unemployed and where other jobs are fleeing the State.

3PLs like our company and the broader Supply Chain in general are vital to Southern California's economy, distributing medicines, food and essential goods for approximately 18 million people. Our business specifically is comprised of fulfillment of products delivered directly to people's homes. 3PLs have played in a key beneficial role during the ongoing pandemic, enabling small businesses to remain afloat through e-commerce and allowing Southern California residents to stay safely at home (and thereby reducing harmful emissions). Taxing the sector that provides a significant number of career pathways to essential workers makes no sense.

The proposed rule would increase the costs of goods and services, including groceries, for our region's residents and families. Additionally, penalizing warehouses which already implemented solar or EV charging improvements is inappropriate. The proposed regulation should not be considered until such time as readily available trucking technology and infrastructure is in place to allow for logistics providers, not warehouse operators, to comply with the mandates.

Please oppose these costly new taxes and regulations that will kill jobs and harm our economy at a time we can least afford it.

PLEASE VOTE NO on the Warehouse Indirect Source Rule.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Martin K. Brogden".

Martin K. Brogden
Chief Financial Officer
Port Logistics Group
mbrogden@portlogisticsgroup.com



Distribution Specialists

1430 SOUTH EASTMAN AVENUE LOS ANGELES, CALIFORNIA 90023

March 24, 2021

Sent Via Email to Clerk of the SCAQMD Board: cob@aqmd.gov

Chair William Burke and Governing Board Members
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

RE: South Coast Air Quality Management District Proposed Indirect Source Rule 2305
Anticipated Vote Date: May 7, 2021

Dear Ladies and Gentlemen:

Please allow this correspondence to serve as official opposition to the pending Indirect Source Rule (ISR) 2305, which is proposed by the South Coast Air Quality Management District (SCAQMD) and currently scheduled for Board vote on May 7, 2021.

The SCQAMD, by its charter, already has the responsibility to regulate stationary (operating facilities) sources in our region such as refineries and manufacturing plants. However, with this proposed rule, the SCAQMD is attempting to regulate mobile sources (trucks, cars) which are already regulated by both the US EPA and the California Air Resources Board.

This proposed rule is outside the authority of the local air district and it is not mission driven as it has no sunset date. Furthermore, it is poorly written, fails to understand the dynamics of the goods movement sector, and includes an arbitrary menu of options and credits. Furthermore, the rule has questionable projections on any actual emission reductions it will achieve. Additionally, it will impose significant administrative requirements on warehouse Landlords/Owners and create substantial mitigation expenses on Tenants. As written, this rule is in essence a tax on the warehousing sector while indirectly regulating the trucking industry, which will create a substantial negative impact on the warehouse industry.

Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above. Thank you for your attention to these comments.

Sincerely,

Joseph Medlin
Executive Vice President

(323) 264-1011

March 17, 2021

Ian MacMillan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov /

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan:

Operon Group opposes the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR is a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This extra cost would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time and while responding to the pandemic's challenges on behalf of our nation and could possibly be a prop 13 violation.
2. It is not feasible to comply with the ISR due to the following:
 - a) The proposed rule requires warehouses to control truck fleets and decrease truck emissions. Yet, warehouse operators are not able to accomplish this task.
 - b) Warehouses have no control over how truck engines are manufactured.
 - c) Warehouses do not own truck fleets, nor do they control what type of trucks shipping companies purchase.
 - d) Warehouse operators do not control which trucks come to warehouses, when they arrive, where they come from, or any other variables related to truck trips.

OPERON GROUP

3. The technology is not available to accomplish items on the WAIRE menu. For example, there are no heavy-duty electric trucks available that are viable from a technology and/or economically reasonable standard.

4. Warehouses have been deemed to be essential businesses by the State for important reasons including:

- a) The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.

5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.

- a) Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.

6. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.

7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,

Operon Group



Chris Kwasizur,

President

Cc: Governing Board Members

March 17, 2021

Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. Juan:

Operon Group opposes the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR is a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

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OPERON GROUP

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Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,

Operon Group



Chris Kwasizur,

President

Cc: Governing Board Members

March 17, 2021

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov / vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan:

Operon Group opposes the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering goods to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR is a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This extra cost would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time and while responding to the pandemic's challenges on behalf of our nation and could possibly be a prop 13 violation.
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OPERON GROUP

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- a) The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.

5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.

- a) Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.

6. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.

7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,

Operon Group



Donald E Russell,

Vice President

Cc: Governing Board Members

March 29, 2021

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
Sent Via Email: imacmillan@aqmd.gov / vjuan@aqmd.gov

Subject: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan:

Tech Data Corporation opposes the adoption of Rule 2305 (Indirect Source Rule). Warehouses are integral to the Southern California logistics industry. The logistics industry plays a crucial role in the response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment but also in delivering high tech products to a public that has become increasingly dependent on e-commerce.

The District's proposed ISR seems to be a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption. The substantive WAIRE Points obligations will commence as soon as July 2021.

The following further comments are provided in response to the District's Proposed Rule 2305:

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This extra cost would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time and while responding to the pandemic's challenges on behalf of our nation.
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The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.

5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.

Uncertainty should not be created in this critical, essential business sector, especially considering the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.

6. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.

7. The proposed ISR seeks to "indirectly" regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,

Rob Auslander

Rob Auslander
Vice President Regulatory Compliance
Tech Data Corporation

Cc: Governing Board Members

MARCH 8, 2021

VIA E-MAIL

Ian MacMillan
Victor Juan
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178
imacmillan@aqmd.gov
vjuan@aqmd.gov

Re: Comments on Proposed Rule 2305 (Warehouse Indirect Source Rule)

Dear Mr. MacMillan and Mr. Juan:

I write on behalf of the Building Owners and Managers Association Greater Los Angeles (BOMA/GLA), which represents over 135 million square feet of commercial office space throughout Los Angeles County. Our members contribute an estimated annual \$3.5 billion to California's economy.

Commitment to Sustainability

Advancing sustainability in commercial buildings has been a cornerstone of BOMA/GLA's mission since the 1990s.

For over two decades, our Sustainability Committee has been on the vanguard of developing educational programs, guides, and a written content to promote building sustainability practices and give building owners and operators the know-how to move the needle in their assets.

But BOMA/GLA has not only promoted a culture around sustainability in commercial real estate – we have taken concrete action and consistently advocating for bold sustainability policies. Recent actions include supporting LA County's Sustainability Plan and continuing to work with County staff on its implementation and working in partnership with LA City government and other stakeholders to help develop the Existing Buildings Energy and Water Efficiency (EBEWE) program into what it is today.

Our commitment to sustainability is guided by an industry-wide consensus: For example, Kilroy Realty Corporation announced that it has [achieved carbon neutral operations](#) just this year. And, many other major commercial building owners representing all types of assets and investors are following suit by making aggressive carbon neutrality commitments over the next decade.

As achieving aggressive sustainability goals has become the norm across commercial real estate, we welcome well-balanced policies that continue to yield both carbon reduction and economic growth.

However, we believe Rule 2305 (Indirect Source Rule) does not accomplish this objective. Further, we believe it will cause undue economic damage to the warehouses, their tenants, and the logistics industry at large, especially during the COVID-19 economic downturn.

Opposition to Rule 2305

We believe that Rule 2305 will lead to economic distress and create additional hurdles for warehouses to achieve greater sustainability right when the market demands are pointing them in that direction in that direction. BOMA Greater Los Angeles therefore officially opposes the adoption of Rule 2305 (ISR).

A significant portion of our membership is involved in the support and development of distribution warehouses that are integral to the Southern California logistics industry.

The logistics industry is playing a key role in our response to the COVID-19 pandemic—not only in the distribution of medical supplies, vaccines, and equipment, but also in the delivery goods to a public that has become increasingly dependent on e-commerce.

We believe the District’s proposed ISR is an especially misguided policy in the midst of the COVID-19 pandemic and more broadly. The District is pursuing a regulation targeted at a sector that serves as a lifeline to our region and the nation, and which is deemed essential by federal and state governments. Under the current draft rule, reporting obligations begin only 60 days from rule adoption, and the substantive WAIRE Points obligations will commence as soon as July, 2021.

Currently, BOMA/GLA has the following comments in response to the District’s Proposed Rule 2305 (Warehouse Indirect Source Rule):

1. This rule would impose additional/permanent costs on warehouses of approximately \$.90 per square foot. This would amount to targeting a specific essential industry with \$1 billion in annual fees during the worst possible time, as it responds to the challenges of the COVID-19 pandemic on behalf of our nation.
2. It is not feasible to comply with the ISR due to the following:
 - a. The proposed rule requires warehouses to control truck fleets and decrease truck emissions but warehouse operators are not able to accomplish this task.
 - b. Warehouses have no control over how truck engines are manufactured.
 - c. Warehouses do not own trucks fleets nor control what type of trucks shipping companies purchase.
 - d. Warehouse operators do not control which trucks come to warehouses, when they arrive, where they come from or any other variables related to truck trips.
3. The technology is not fully available to accomplish items on the WAIRE menu. For example, there are no heavy-duty electric trucks available that are 100% viable from a technology and/or economic reasonable standard.

4. Warehouses have been deemed to be essential businesses by the State for important reasons including:
 - a. The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system, to get them the items they need to survive, like clothing, food, medical supplies, etc.
5. This rule creates tremendous uncertainty in the economy as the full negative impact of this ISR is not known.
 - a. Uncertainty should not be created in this critical, essential business sector, especially in light of the current economic downturn/unemployment crisis associated with the COVID-19 pandemic.
6. Warehouses provide a broad range of jobs for people of every level of education and skill sets. Warehouses and the logistics industry as a whole, provide jobs that lead to upward mobility. This job creation is a socioeconomic benefit that would be threatened by the onerous costs imposed by the proposed ISR.
7. The “mitigating” measures of installing additional solar panels and EV chargers will increase pricing for the manufacturing and installation of them. This will put barriers to voluntary installation for other sites and facilities. The manufacturers would be hit by these same costs, which would increase their cost to make and distribute. This would be a major setback to buildings’ ability to elect into implementing long-term sustainability infrastructure and other measures.
8. The proposed ISR clearly seeks to “indirectly” regulate the trucking industry through the Warehouse industry. The District should publicly explain how it has the jurisdiction/authority to regulate a mobile source that is such an integral part of interstate commerce as the trucking industry.

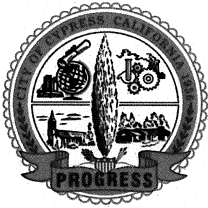
Thank you for your attention to these comments. Please include these comments as part of the official record for Proposed Rule 2305 (Warehouse Indirect Source Rule) so that all SCAQMD Board Members may have the opportunity to review the above.

Respectfully,



Aaron Taxy
Director of Government and Public Affairs
BOMA Greater Los Angeles
(213) 332-4776
ataxy@bomagla.org

cc: SCAQMD Governing Board



CITY of CYPRESS

5275 Orange Avenue, Cypress, California 90630

Phone 714-229-6700 www.cypressca.org

March 30, 2021

Chair William Burke and Governing Board Members
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765-4178

SOUTH COAST AQMD
CLERK OF THE BOARDS

21 APR -2 AIO :30

NOTICE OF OPPOSITION

Proposed Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program and Proposed Rule 316 – Fees for Rule 2305

Dear Chair Burke and Governing Board Members:

I am writing on behalf of the City of Cypress to express our opposition to Proposed Rules 2305 and 316 set for public hearing on April 2.

We were made aware of Proposed Rules 2305 and 316 by Warland Investments Company, which is one of the largest landowners in the Cypress Business Park and a crucial component of Cypress' local economy. Warland objects to the Proposed Rules for several reasons; however, the objection of most concern to the City is the burden on warehouse owners and operators to either assume substantial costs of upgrading their facilities and equipment or significant mitigation fees.

While the City supports the intended objectives of reducing emissions in order to improve air quality, the Proposed Rules as currently written will result in substantial operational cost increases to warehouse owners and operators, and are likely to result in increased costs of goods and services for businesses and residents. Even more critically, the Proposed Rules may drive warehouse owners and operators, as well as the jobs they provide, out of the South Coast area. For these reasons, we respectfully request you oppose Proposed Rules 2305 and 316.

Sincerely,

Jon E. Peat
Mayor

Jon E. Peat, Mayor

Stacy Berry, Mayor Pro Tem

Anne Hertz, Council Member

Frances Marquez, Ph.D., Council Member

Paulo M. Morales, Council Member

April _8_, 2021

Chair William Burke and Governing Board Members
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178

Re: **OPPOSITION TO PROPOSED RULE 2305 (WAREHOUSE INDIRECT SOURCE RULE)**

Dear Mr. Burke and Governing Board Members,

Currently, there are pending changes concerning air quality regulation that are due to be voted on by you. As a business that relies on affordable warehouse space, we are deeply concerned what potential impacts Rule 2305 will have to our operating expenses. If Rule 2305 passes it will result in increased property taxes and consequently, higher overhead operating expenses creating economic hardship in an already difficult economic climate. Currently in our lease, we as the Tenant, are responsible for any resulting increases in taxes imposed through this new Rule.

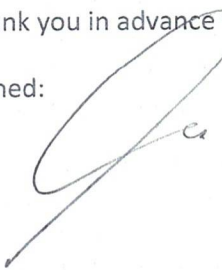
We are very concerned about the potential negative impacts on the warehousing/logistics sector by the South Coast Air Quality Management District. We are reaching out to you today to encourage you to reconsider the implementation of Rule 2305. Although we are also concerned with improving the air quality in Southern California, this Rule could deeply hurt our business and effectively our employees.

In consideration of this, we believe this proposed rule is outside the authority of the local air district and it is not mission driven as it has no sunset date. Furthermore, it is poorly written, fails to understand the dynamics of the goods movement sector, and includes an arbitrary menu of options and credits. Furthermore, the rule has questionable projections on any actual emission reductions it will achieve. Additionally, it will impose significant administrative and mitigation expenses. As written, this rule is in essence a tax on the warehousing sector.

While we understand Rule 2305 is well intended, we believe it will cause significant harm to our business for the reasons mentioned above. As such, we respectfully request that you oppose Rule 2305, as the potential damages to our business, and businesses like ours, across Southern California could be economically devastating, particularly when considering the financial hardships many business owners are already experiencing due to COVID-19 related closures, delays and ordinances.

Thank you in advance for your time and consideration.

Signed:

A handwritten signature in black ink, appearing to be 'Shaghal', written over the 'Signed:' label.



April 9, 2021

Chair William Burke and Governing Board Members
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765-4178

Re: **OPPOSITION TO PROPOSED RULE 2305 (WAREHOUSE INDIRECT SOURCE RULE)**

Dear Mr. Burke and Governing Board Members,

Currently, there are pending changes concerning air quality regulation that are due to be voted on by you. As a business that relies on affordable warehouse space, we are deeply concerned what potential impacts Rule 2305 will have to our operating expenses. If Rule 2305 passes it will result in increased property taxes and consequently, higher overhead operating expenses creating economic hardship in an already difficult economic climate. Currently in our lease, we as the Tenant, are responsible for any resulting increases in taxes imposed through this new Rule.

We are very concerned about the potential negative impacts on the warehousing/logistics sector by the South Coast Air Quality Management District. We are reaching out to you today to encourage you to reconsider the implementation of Rule 2305. Although we are also concerned with improving the air quality in Southern California, this Rule could deeply hurt our business and effectively our employees.

In consideration of this, we believe this proposed rule is outside the authority of the local air district and it is not mission driven as it has no sunset date. Furthermore, it is poorly written, fails to understand the dynamics of the goods movement sector, and includes an arbitrary menu of options and credits. Furthermore, the rule has questionable projections on any actual emission reductions it will achieve. Additionally, it will impose significant administrative and mitigation expenses. As written, this rule is in essence a tax on the warehousing sector.

While we understand Rule 2305 is well intended, we believe it will cause significant harm to our business for the reasons mentioned above. As such, we respectfully request that you oppose Rule 2305, as the potential damages to our business, and businesses like ours, across Southern California could be economically devastating, particularly when considering the financial hardships many business owners are already experiencing due to COVID-19 related closures, delays and ordinances.

Thank you in advance for your time and consideration.

Signed:

Mark Linville
Chief Financial Officer



1800packrat.com
zippyshell.com



800-722-5728
888-947-7974



1-800-PACK-RAT, LLC | Zippy Shell, Inc
11640 Northpark Drive, Suite 300 Wake
Forest, NC 27587

Victor Juan

From: Clerk of Board
Sent: Wednesday, April 7, 2021 2:37 PM
To: Carole Wayman; Faye Thomas
Subject: FW: Rule 2305: We OPPOSE the Warehouse Indirect Source Rule

Follow Up Flag: Follow up
Flag Status: Flagged

From: Bob Khalsa [mailto:myvoice@oneclickpolitics.com]
Sent: Wednesday, April 7, 2021 1:23 PM
To: Clerk of Board <Front_PC@aqmd.gov>
Subject: Rule 2305: We OPPOSE the Warehouse Indirect Source Rule

Re: Rule 2305: We OPPOSE the Warehouse Indirect Source Rule

Dear Members of the AQMD Board;

I am writing to you to express my opposition to the adoption of Rule 2305 (Indirect Source Rule).

Warehouses are integral to the Southern California logistics industry. The District's proposed ISR is a misguided policy during the COVID-19 pandemic. The District is pursuing a regulation targeting a sector that serves as a lifeline to our region and the nation and is deemed essential by federal and state governments.

The following reasons highlight our primary concerns with the rule:

1. This rule will impose additional/permanent costs on warehouses that could range in the millions of dollars – which will be passed onto consumers, employees, businesses and elsewhere. The logistics industry is complex and tied to many different industries – the costs associated with this rule will have a ripple effect in the system.
2. The ISR requires warehouses to control what types of trucks make up their fleet or what types of trucks come to their warehouses – which is not feasible. The trucks the SCAQMD is asking warehouses to purchase are not in existence nor can warehouses control what trucks come to their facilities.
3. The approximately 18 million people who live in Southern California rely on warehouses as an integral part of the goods movement system to get them the items they need to survive, like food, medical supplies, clothes etc.
4. Warehouses provide a broad range of jobs for people of every level of education and skillset. Warehouses and the logistics industry offer jobs that lead to upward ability. This job creation is a socioeconomic benefit that the proposed ISR's onerous costs would threaten.
5. Proposition 26 specifically states that governing bodies can only impose a "fee" on a business if that owner will receive a direct benefit from it. Otherwise, it MUST be considered a tax. We strongly believe that the "mitigation fee" associated with this rule is a tax that should be brought before voters.

6. It is unclear how many emissions will actually be reduced as a result of this rule. We believe the district is imposing a burdensome regulation with high costs with little to show for it. This is not how regulations should be adopted.

For these reasons, and more, I OPPOSE Indirect Source Rules.

Sincerely,
Bob Khalsa
bobfoxbat@gmail.com
22916 Lyons Ave, Ste 1A Newhall, CA 91321 Constituent

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