

BOARD MEETING DATE: December 7, 2018

AGENDA NO. 5

PROPOSAL: Execute Contract to Conduct Preliminary Cost and Economic Impact Analysis of Proposed Warehouse Indirect Source Rule

SYNOPSIS: Following Board direction at the May 2018 Board meeting, staff has begun formal rulemaking on a potential indirect source rule for warehouses. An RFP was released on September 7, 2018 to assist staff in estimating a range of potential costs based on hypothetical rule scenarios and the resultant impacts on freight operation, such as potential cargo diversion from local warehouses to facilities in adjacent regions. This preliminary analysis will be a component of a more comprehensive socioeconomic analysis that will be brought to the Board when it considers this proposed rule for adoption. This action is to execute a contract with Industrial Economics, Incorporated, in an amount not to exceed \$200,000, to conduct preliminary cost and economic impact analysis of a proposed warehouse indirect source rule. Funding for this contract is available in the Planning, Rule Development and Area Sources FY 2018-19 Budget.

COMMITTEE: Mobile Source, November 16, 2018; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Executive Officer to execute a contract with Industrial Economics, Incorporated to conduct preliminary cost and economic impact analysis of a proposed warehouse indirect source rule, in an amount not to exceed \$200,000 from the Planning, Rule Development and Area Sources' FY 2018-19 Budget, Services and Supplies Major Object, Professional Special Services account.

Wayne Nastri
Executive Officer

Background

On May 4, 2018 the Board directed staff to pursue development of facility-based emission reduction strategies for warehouses and distribution centers. The Board also directed staff to regularly report back to the Mobile Source Committee and the full Board with more detail on each proposed approach, and to provide interim assessments of the potential compliance costs and economic impacts. Specific economic factors to be assessed include potential impacts on competitiveness of the region's logistics sector, potential cargo diversion, impacts to the industrial real estate market, and regional employment. On September 7, 2018, the Board approved the release of RFP #P2019-02 to solicit qualified contractors to assist staff in conducting an evaluation of preliminary cost and economic impacts associated with regulating mobile source emissions from the operation of warehouses and distribution centers.

Proposal

Staff is seeking Board approval to authorize the Executive Officer to execute a contract with Industrial Economics, Incorporated (IEc) in an amount not to exceed \$200,000.

The purpose of the contract is to prepare a report which will classify the region's warehouses by operation type, estimate how potential costs associated with the regulation would be incurred by these facilities and associated trucking fleets, and assess the resultant impacts on freight operation, such as potential cargo diversion from local warehouses and distribution centers to facilities in nearby regions. A range of potential compliance costs will be estimated based on hypothetical rule scenarios and informed by existing literature, other ongoing studies that estimate the cost of applicable technologies, and the warehouse indirect source rule working group. The results of this study will be used to help determine the potential economic impacts of the final proposed rule that will be presented to the Board for consideration.

Outreach

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

Additionally, potential bidders may have been notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP was emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<http://www.aqmd.gov>). The RFP was also sent to various individuals, firms and organizations with potential expertise in the subject areas.

Bid Evaluation

A total of two bids were received by the 12:01 p.m. deadline on October 9, 2018 in response to the RFP. One of the firms is certified as a small business and received additional points. The other firm is certified as a low-emission vehicle business and off-peak hours delivery business and received additional points accordingly. The Attachment reflects the evaluation of the submitted proposals in response to RFP #P2019-02.

Using the prescribed evaluation criteria to consider technical and cost qualifications, only one of the two proposals for RFP #P2019-02 was scored as technically qualified. This bid was from Industrial Economics, Incorporated (IEc). The important factors noted by the review panel that contributed to the IEc proposal's high score are: excellent understanding of the problem to be studied, high level of detail and specificity as to how each task will be implemented, in depth knowledge of transportation technologies, relevant data analysis expertise, experience working directly with the goods movement sector in Southern California, and prior experience analyzing potential regulatory impacts for various federal, state, and local agencies.

Panel Composition

The submitted proposals for RFP #P2019-02 were evaluated by a panel consisting of an SCAQMD Program Supervisor, a Division Chief from CARB and a Senior Regional Planner from the Southern California Association of Governments. Of the three panel members, one is Asian, and two are Caucasian; one male and two female.

Resource Impacts

Sufficient funds in the amount of \$200,000 are available in Planning, Rule Development and Area Sources' FY 2018-19 Budget.

Attachment

Evaluation of Proposals for RFP #P2019-02

ATTACHMENT

Evaluation of Proposals for RFP 2019-02

Cost and Economic Impact Analysis of Regulating Local Warehouses and Distribution Centers to Reduce Associated Vehicular Air Pollution

Bidder	Proposed Cost	Cost Points	Technical Expertise Points	Additional Points	Total Score
Berkeley Economic Advising and Research	\$147,834.00	30	25.2*	12	67.2
Industrial Economics, Incorporated	\$199,999.72	19.4	59	7	85.4
Maximum Possible Points		30	70	17	117

*This proposal was disqualified for scoring less than 56 points on technical expertise.