



**South Coast
Air Quality Management District**
21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

MOBILE SOURCE COMMITTEE MEETING

Committee Members

Board Member Gideon Kracov, Chair
Mayor Larry McCallon
Supervisor V. Manuel Perez
Supervisor Holly J. Mitchell
Council Member Nithya Raman
Council Member Carlos Rodriguez

January 20, 2023 ♦ 9:00 a.m.

Pursuant to Assembly Bill 361, a meeting of the South Coast Air Quality Management District Mobile Source Committee will be held at 9:00 a.m. on Friday, January 20, 2023 through a hybrid format of in-person attendance in the Dr. William A. Burke Auditorium at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and/or virtual attendance via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.

Given health and safety concerns, seating may be limited, and the meeting format may be changed to full remote via webcast. Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates if the meeting is changed to a full remote via webcast format, and details on how to participate:

<http://www.aqmd.gov/home/news-events/meeting-agendas-minutes>

Face coverings: In accordance with state and local public health department guidelines, masks are strongly recommended for people attending the meeting at South Coast AQMD Headquarters.

ELECTRONIC PARTICIPATION INFORMATION (Instructions provided at bottom of the agenda)

Join Zoom Webinar Meeting - from PC or Laptop

<https://scaqmd.zoom.us/j/94589960931>

Zoom Webinar ID: 945 8996 0931 (applies to all)

Teleconference Dial In

+1 669 900 6833

One tap mobile

+16699006833,94589960931#

**Audience will be allowed to provide public comment in person
or through Zoom connection or telephone.**

PUBLIC COMMENT WILL STILL BE TAKEN

Cleaning the air that we breathe...

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes total for all items on the agenda.

CALL TO ORDER

ROLL CALL

INFORMATIONAL ITEMS (Items 1-2)

- 1. Update on Indirect Source Rules
(No Motion Required)**
Staff will provide a status update on Proposed Rule 2304 - Indirect Source Rule for Commercial Marine Ports and Proposed Rule 2306 - Indirect Source Rule for New Intermodal Facilities.

Elaine Shen, PhD
*Planning and Rules
Manager*
- 2. Warehouse Actions and Investments to Reduce Emissions
(WAIRE) Program Annual Report
(No Motion Required)**
Pursuant to Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program and Rule 316 – Fees for Rule 2305’s Resolution, staff will provide a status and progress update on implementation of the WAIRE Program.

Vicki White
*Planning and Rules
Manager*

WRITTEN REPORTS (Items 3-5)

- 3. STMPR Advisory Group Minutes
(No Motion Required)**
Minutes from STMPR Advisory Group Meeting held on May 31, 2022 and from the Joint Advisory Council and STMPR Advisory Group Meeting held on October 5, 2022.

Ian MacMillan
*Assistant Deputy
Executive Officer*
- 4. Rule 2202 Activity Report: Rule 2202 Summary Status Report
(No Motion Required)**
The Rule 2202 Summary Status Report summarizes activities for the period of December 1, 2022 to December 31, 2022. The report identifies the plan submittal activities by option type and lists Air Quality Investment Program funds collected by county.

Ian MacMillan
- 5. Lead Agency Projects and Environmental Documents Received
(No Motion Required)**
This report provides a listing of CEQA documents received by South Coast AQMD in December 2022, and those projects for which South Coast AQMD is acting as lead agency pursuant to CEQA.

Sarah Rees
*Deputy Executive
Officer*

OTHER MATTERS

6. Other Business

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)

7. Public Comment Period

At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.

8. Next Meeting Date: Friday, February 17, 2023 at 9:00 a.m.

ADJOURNMENT

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Mobile Source Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language-related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the South Coast AQMD. Please contact Angela Kim at (909) 396-2590 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to akim@aqmd.gov.

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Angela Kim at (909) 396-2590 or send the request to akim@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the “Raise Hand” button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the “Raise Hand” button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please dial *9 on your keypad to signal that you would like to comment.



UPDATE ON INDIRECT SOURCE RULEMAKING

Mobile Source Committee
January 20, 2023

1

KEY RECENT RULEMAKING ACTIVITIES FOR RAILYARD AND PORT INDIRECT SOURCE RULES

 <p><u>Emissions inventory work</u> to assist in identifying emission reduction opportunities</p>	 <p><u>Site visits to intermodal railyard and non-container terminals</u></p> <p><i>Sites visited since August: 4</i></p> <p><i>Total sites (including container terminals) visited: 18</i></p>	 <p><u>Stakeholder meetings with environmental & community groups, and industry</u></p>	 <p><u>Developing rule concepts – priority on new intermodal railyards; ports rule concepts not yet developed</u></p>	 <p><u>Working Group Meetings for both rules held November 15</u></p>
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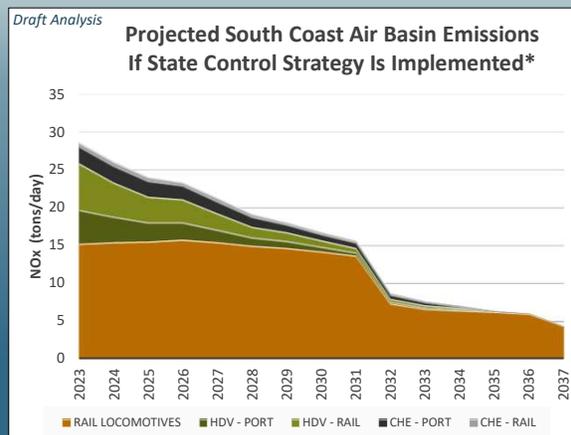
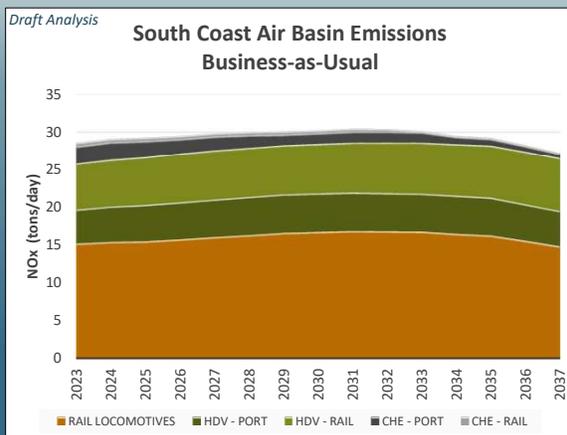
UPCOMING STATE CONTROL STRATEGIES

CARB Control Strategies: Major Components	Fleet Projection Milestones
Proposed Advanced Clean Fleets (ACF) Reg. – Drayage Trucks* - 2024: Newly registered drayage trucks must be ZE - 2025-2035: Phase out of non-ZE drayage trucks	Drayage Trucks: • 50% ZE by 2029 • 100% ZE by 2035
Proposed In-Use Locomotive Regulation* - 2024: Establish spending account to be used to purchase cleanest locos or upgrade existing locos to cleanest tier - 2030: Only locos < 23 years old can operate in CA - 2030-35: New built locos must be ZE	• Accelerated turnover to Tier 4 starting 2025 • Limit remanufactures in 2030 • ZE switchers starting 2030 • ZE line haul locos starting 2035
2022 AQMP/SIP** Strategy for Cargo Handling Equipment (CHE) - 2026: Transition yard tractors and forklifts to full ZE - 2028: Transition rubber-tired gantry (RTG) cranes to full ZE - 2032: Transition all other CHE types to full ZE	• All yard trucks and forklifts to ZE by 2030 • All RTG cranes to ZE by 2032 • 90% of all other to ZE by 2036
2022 Amended Commercial Harbor Craft (CHC) Regulation - 2023: Tier 0 and 1 engines upgrade to cleanest tier by 2026 - 2024: Tier 2 and 3 engines upgrade to cleanest tier by 2032	• Most main engines are Tier 4 by 2032 • Auxiliary engines and smaller main engines are Tier 3 by 2032

* Final proposal expected to be heard by CARB Board in 2023
 ** SIP: State Implementation Plan

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LANDSIDE EMISSION REDUCTION OPPORTUNITIES

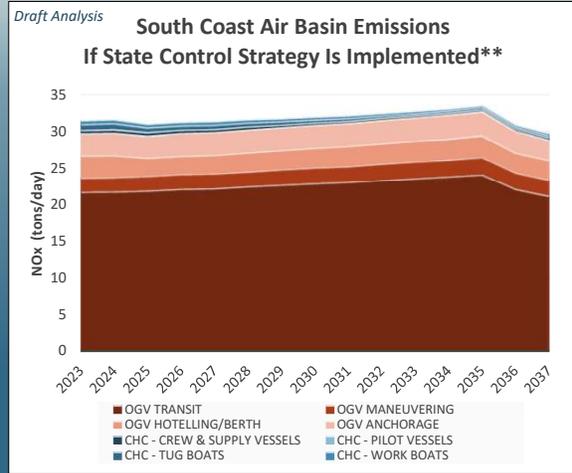
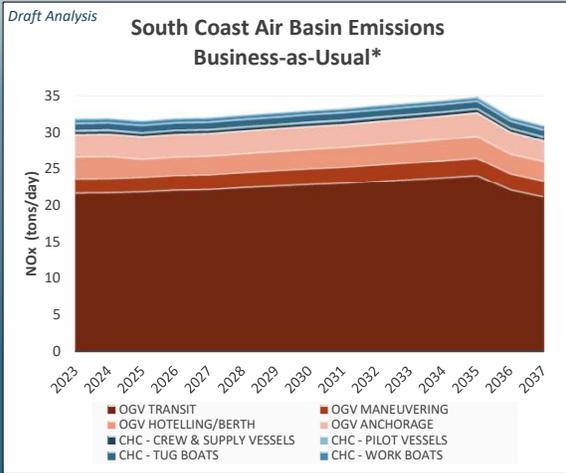


- Emissions would go down substantially by 2037 with the state control strategy if fully implemented
- Remaining emissions nearly all from locomotives

State Control Strategy includes:
 Proposed CARB Measures: In-Use Locomotive Regulation, Advanced Clean Fleets Regulation
 Proposed State SIP Strategy: Cargo Handling Equipment Regulation Amendments
 HDV: Heavy Duty Vehicles (Drayage Trucks) CHE: Cargo Handling Equipment
 * Depending on implantation of CARB regulations, projected emission reductions may not necessarily occur within the South Coast Air Basin.

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OCEANSIDE EMISSION REDUCTION OPPORTUNITIES



- Amended CHC Reg. helps reduce NOx
- OGV emissions continue to dominate and remain substantial by 2037

* Staff working with CARB to finalize projected emission reduction from At-Berth amendments
 ** State Control Strategy includes adopted Commercial Harbor Craft Amendments; 2022 SIP federal action for OGVs and Ports Green Shipping Corridors not included

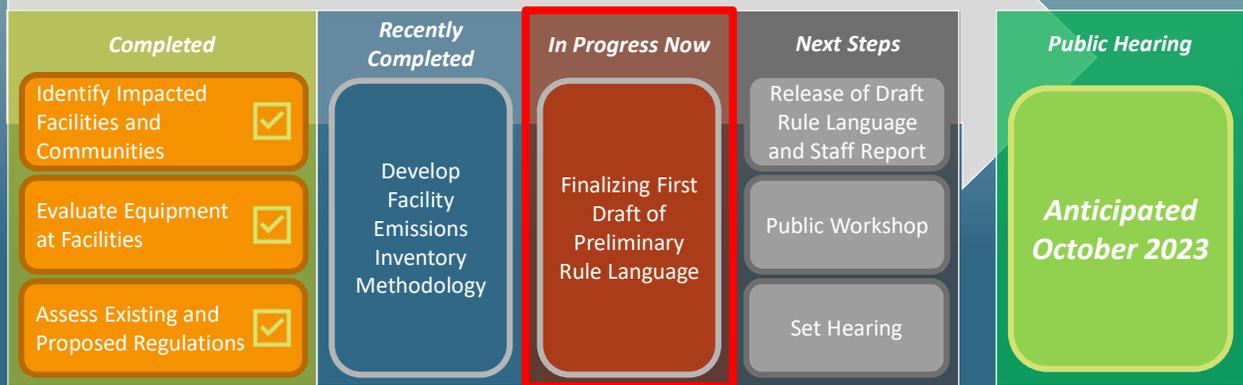
OGV: Ocean Going Vessels CHC: Commercial Harbor Craft

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UPDATE ON RAILYARD ISR – PR 2306

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PR 2306 DEVELOPMENT PROGRESS



Initial Rule Concepts Discussed During November Working Group Meeting

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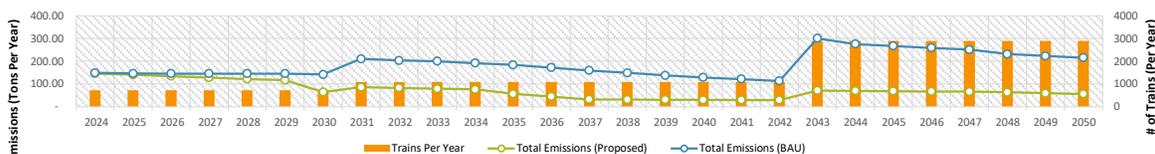
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STANDARDIZED EMISSION INVENTORY METHODOLOGY FACILITATES RULE CONCEPT DEVELOPMENT



- Staff developed emission inventory methodology to reflect the latest 2022 AQMP/SIP projections and assumptions for railyard emission sources
 - The graph below shows SCIG emission inventory*, including all source categories
- Preliminary rule concept: facility-wide emissions cap
 - Annual cap will reflect projected statewide emission reductions
 - Cap will ensure local implementation of the projected reductions
 - Cap will go beyond statewide average targets due to stronger reduction needs here
- Additional ZE infrastructure requirements to support projected onsite activities

EXAMPLE: Comparison of SCIG Emissions Between Business as Usual (BAU) and Proposed CARB Regulations**



*Activity data obtained from 2012 SCIG Final EIR: <https://www.portoflosangeles.org/environment/environmental-documents>
 ** Step function in activity and emissions based on EIR analysis expected to be more gradual transitions

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STATUS OF PR 2306 RULEMAKING



➤ Progress made to date

- Updated entire emissions inventory consistent with 2022 SIP and AQMP
 - Significant progress on development of standardized emissions inventory methodology document
- Developed rule concept
 - Preliminary first draft rule language to be released at next Working Group meeting in early February

➤ Key remaining activities

- Multiple workshops in the communities affected by the rule
- Revising rule language based on stakeholder feedback
- Drafting and revising rulemaking documents: CEQA, socioeconomic analysis, staff report

PROPOSED REVISED PR 2306 TIMELINE



UPDATE ON PORTS ISR – PR 2304

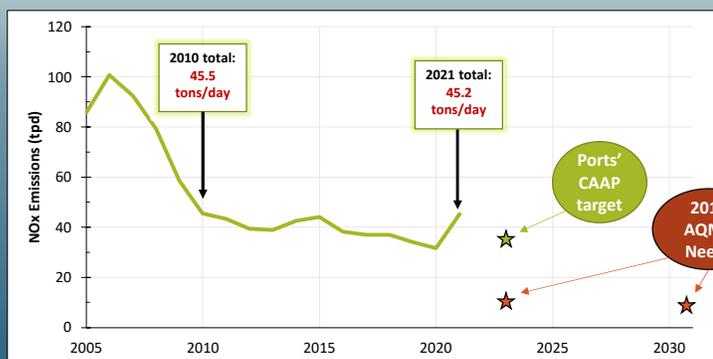
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PORT CONGESTION HIGHLIGHTS CONTINUED NEED FOR EMISSION REDUCTION SOLUTIONS



- Increase in 2021 ports' emissions chiefly due to large number of vessels at anchor or loitering nearshore
- 2022 port emissions expected to be lower than 2021, and potentially lower than 2020
 - Reduced cargo throughput in latter part of 2022 and new vessel queuing system outside our waters
- Despite expected emission reductions in past year, **significant emission reductions are still needed**

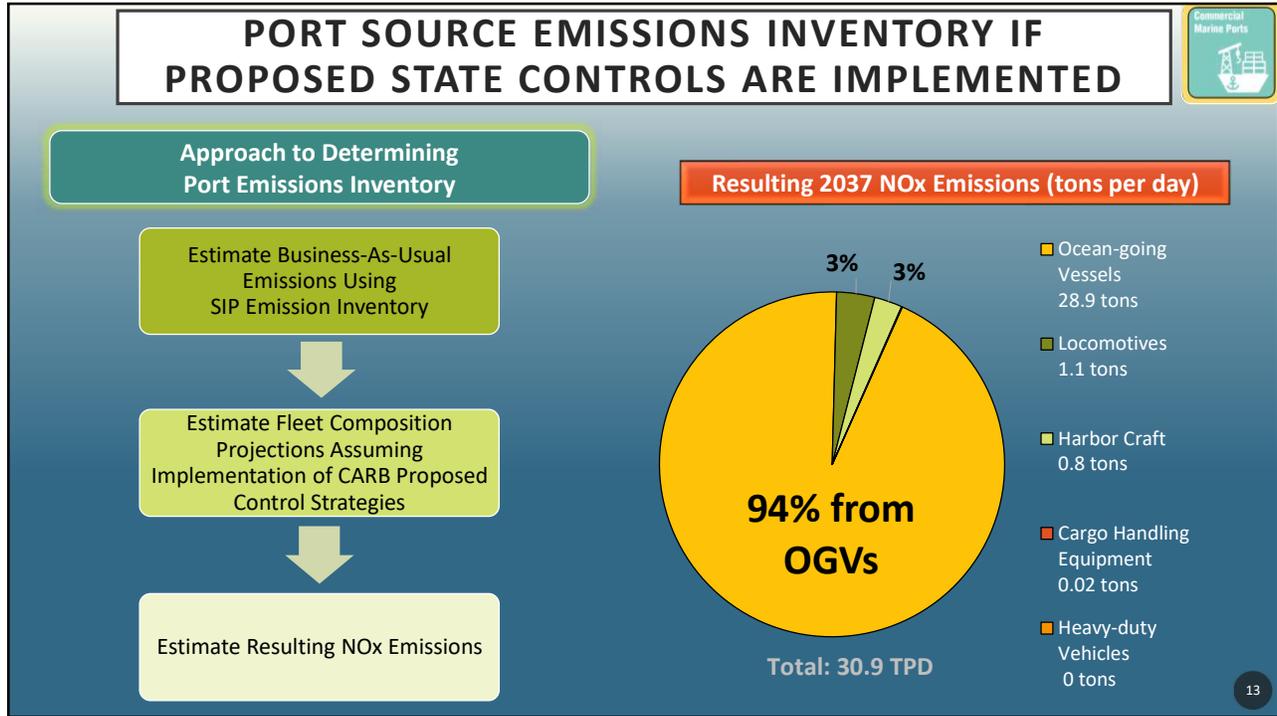


* 2022 AQMP needs for 2037 in development — figure will be updated during rulemaking

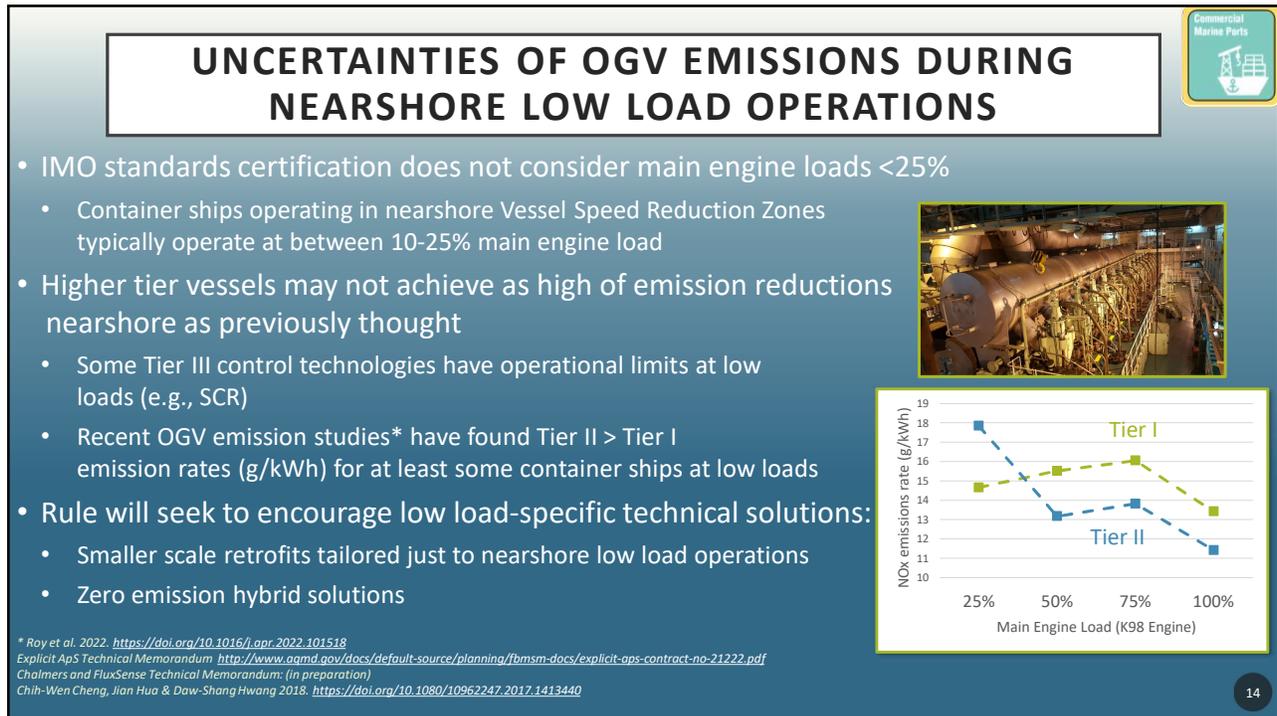
Source:
POLA/POLB Emission Inventories

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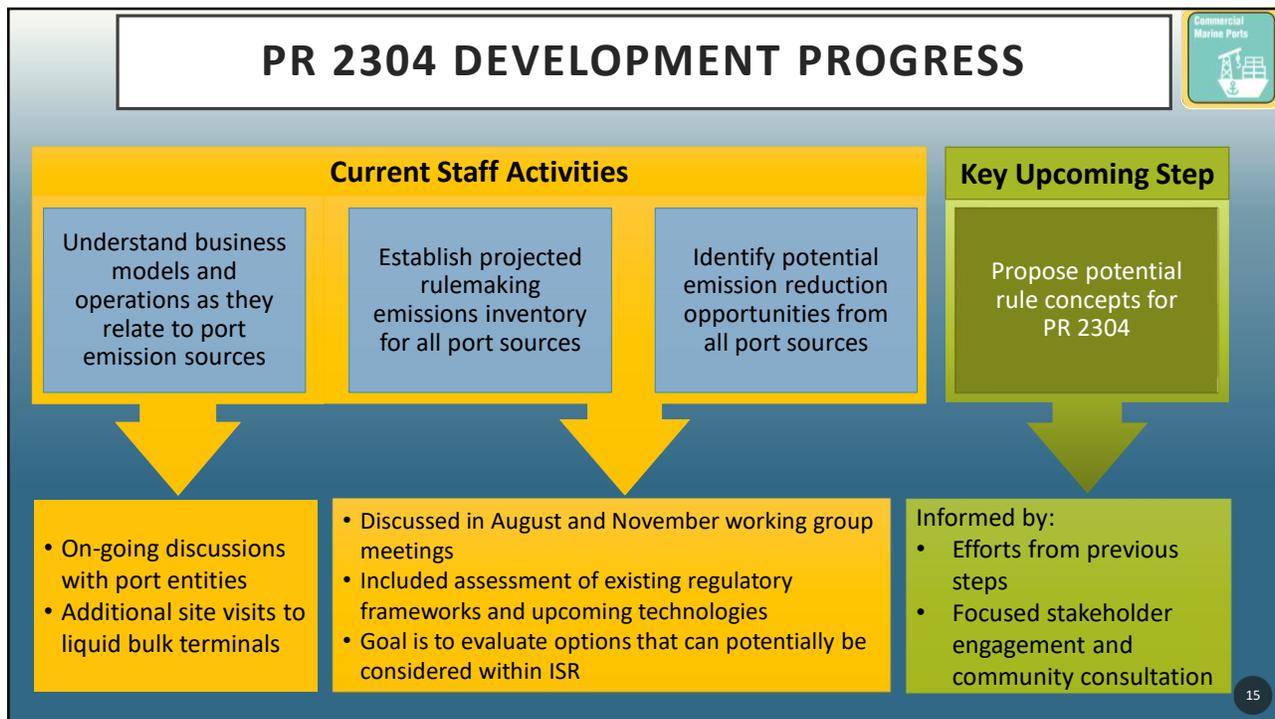
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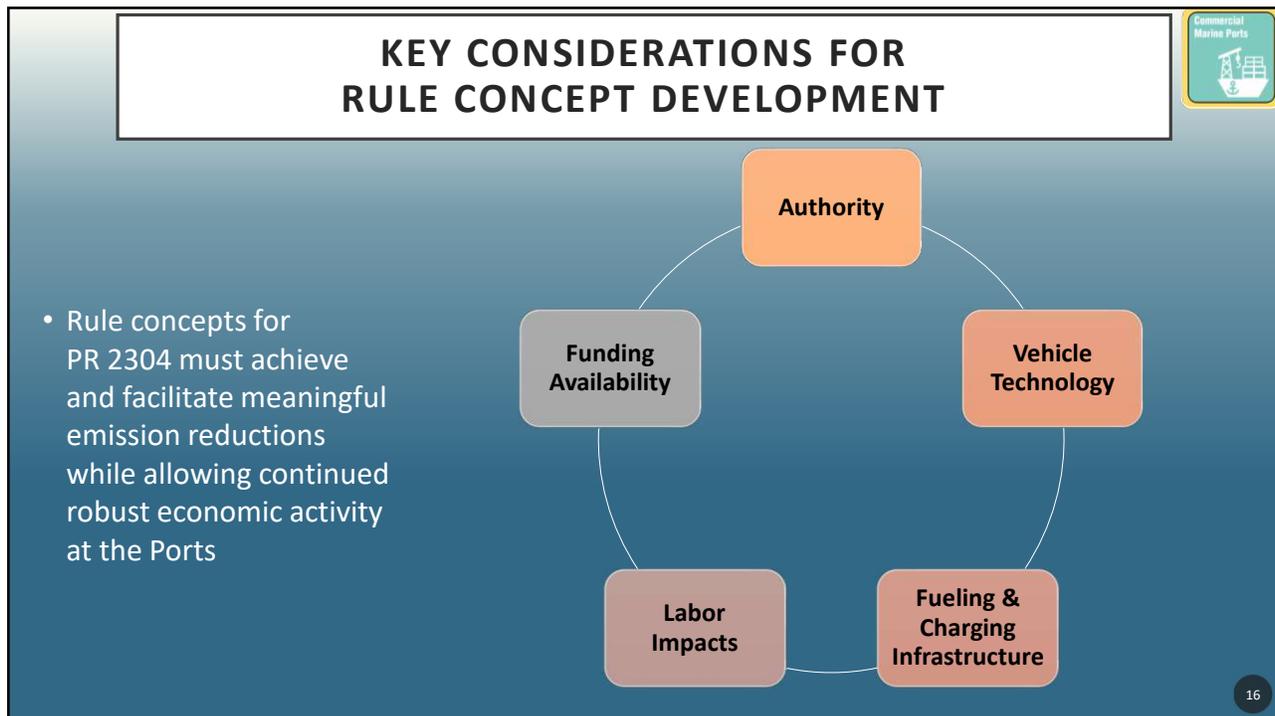
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STATUS OF PR 2304 RULEMAKING



➤ Progress made to date

- Site visits completed to nearly all terminals
- Updates to entire emissions inventory nearly complete - consistent with 2022 SIP and AQMP

➤ Key remaining activities

- Multiple workshops in the port community
- Develop rule concept and draft rule language
- Drafting and revising rulemaking documents: CEQA, socioeconomic analysis, staff report

PROPOSED REVISED PR 2304 TIMELINE



- Working Group Meeting #5
- Release of initial rule concepts

May 2023

- Update to Mobile Source Committee (MSC)
- First round of Community Workshop Meetings for public feedback
- West Long Beach

June 2023

- Working Group Meeting #6
- Release of initial preliminary draft rule language

Summer 2023

- Second round of Community Workshop Meetings for further public feedback
- Revised preliminary rule language
- Working Group Meeting #7
- Second release of initial preliminary draft rule language
- Update to MSC

September 2023

- Public Workshop
- Release Preliminary Draft Rule / Staff Report / Socioeconomic Report

November 2023

- Release of Draft Rule / Staff Report / Socioeconomic Report

Anticipated December 2023

Public Hearing

RULE 2305 - WAREHOUSE ACTIONS AND INVESTMENTS TO REDUCE EMISSIONS (WAIRE) PROGRAM



WAIRE PROGRAM ANNUAL REPORT

MOBILE SOURCE COMMITTEE
JANUARY 20, 2023



1

Background

- Rule 2305 and Rule 316 were adopted on May 7, 2021
- Designed to reduce nitrogen oxides (NOx) and Diesel Particulate Matter (DPM) from warehouses
- Rule 2305 is consistent with AB 617 Community Emissions Reduction Plans (CERPs) to develop warehouse indirect source rule
- Board resolution requires annual updates to Mobile Source Committee on status and progress of the WAIRE Program



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WAIRE Program – 1st Annual Report

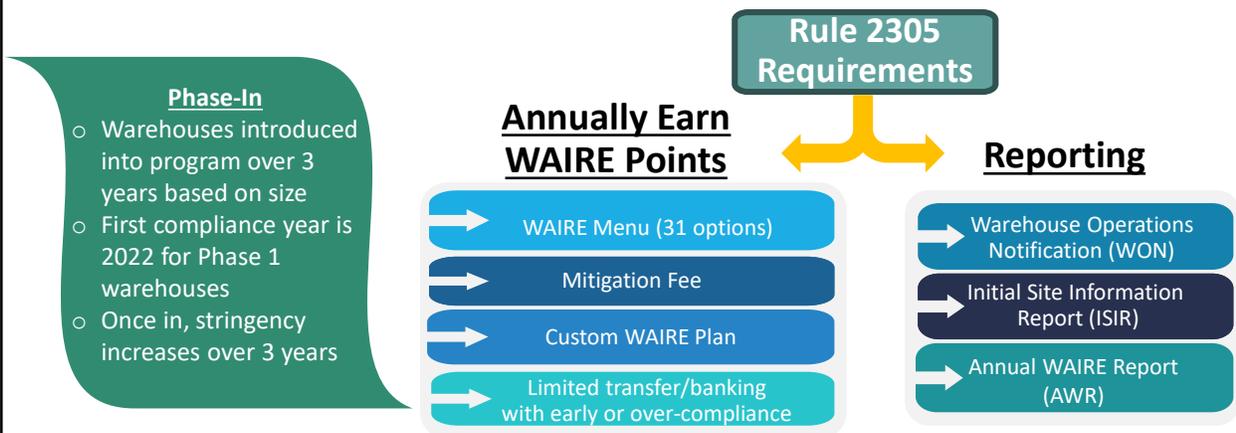


*Report period: May 7, 2021 (rule adoption) to September 30, 2022

3

WAIRE Program Overview

Owners and operators of warehouses $\geq 100,000$ sq. ft. of indoor floor space:



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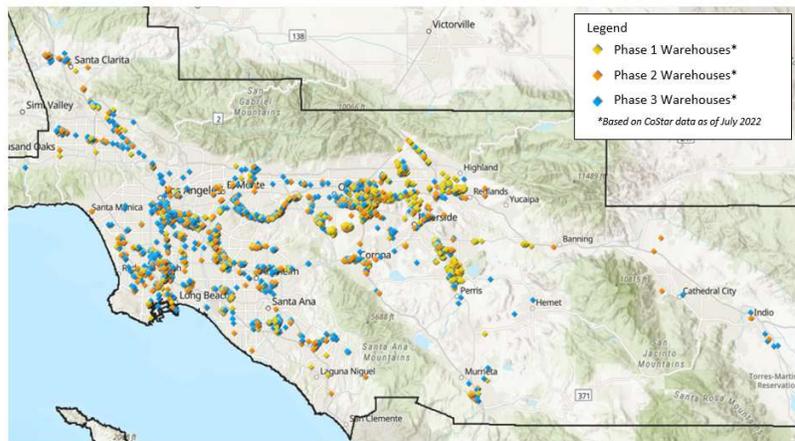
WAIRE Program Reporting Requirements

Phase	Warehouse Size (Square Feet)	Warehouse Operations Notification (WON) Due Date	Initial Site Information Report (ISIR) (One-Time)		Annual WAIRE Report (AWR)	
			Reporting Period	Due Date	Compliance Period	Due Date
			1	≥250,000		Previous 12 Months and Anticipated for AWR
2	≥ 150,000 - <250,000	September 1, 2021	Previous 12 Months and Anticipated for AWR	July 1, 2023	January 1, 2023 – December 31, 2023	January 31, 2024
3	≥100,000 - <150,000		Previous 12 Months and Anticipated for AWR	July 1, 2024	January 1, 2024 – December 31, 2024	January 31, 2025

5

Potential Population of Warehouses Subject to Rule 2305

- In May 2021, staff estimated about 3,320 warehouses
- Estimate based on analysis of commercially available databases
- As of July 2022, population grew to about 3,476 warehouses
 - Phase 1 increased by 7%
 - Phase 2 increased by 5%
 - Phase 3 increased by 3%



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WAIRE Program Startup

- Vast majority of warehouse owners and operators in WAIRE Program are not permitted with South Coast AQMD
 - Regulated entities are often unaware of program requirements
- Given scale of the program, staff focused efforts on three key areas:
 - 1) Outreach and education
 - Pandemic initially limited how outreach could be conducted
 - 2) Program development for thousands of new regulated entities
 - Reporting tools for regulated community
 - Staffing and training
 - Internal processes and tools to automate auditing and analysis where feasible
 - 3) Flexibility critical during Year 1 as WAIRE Program was starting up
 - Short deadline extensions on WONs and ISIRs (informational reports only)
 - Developed new guidance for campus style warehouses (multiple buildings on one property)
 - Working with industry to address business confidentiality concerns before posting data

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Early Outreach Efforts

- WAIRE Program hotline and dedicated email address for questions, information and compliance assistance
- WAIRE Program website:
 - Implementation Guidelines
 - 9 Training Videos
 - Frequently Asked Questions (FAQs) document
 - WAIRE User Calculator
 - Notices for upcoming compliance due dates
- Targeted outreach to new and existing warehouse owners and operators

The screenshot displays the WAIRE Program website. At the top, it says 'Webpage Resources' and 'WAIRE Program'. Below this, there is a navigation menu with 'Home / Rules & Compliance / Compliance / WAIRE Program'. The main content area includes a 'WAIRE Program' section with a 'Training Videos' link. There are sections for 'Upcoming Events', 'More Information', and 'Contact'. The 'Contact' section provides the WAIRE Program Hotline (909-396-3140) and email (waire-program@aqmd.gov). A prominent blue box highlights the 'WAIRE POP Sign In' portal, which includes fields for Email Address, Password, and a 'Remember me' checkbox. Below the sign-in box is a grid of nine 'Training Videos' thumbnails, numbered #1 through #9. The bottom of the page features the text 'Online Compliance Portal'.

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Outreach Statistics



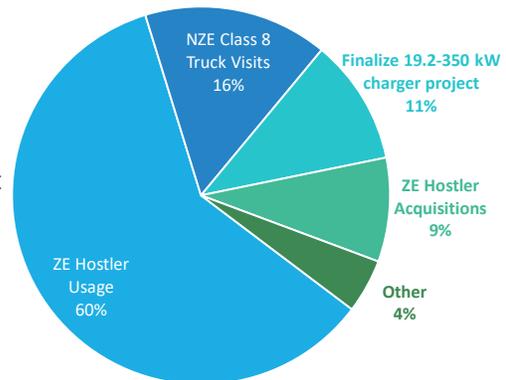
- Compliance advisory sent to >5,000 warehouse properties and owners
- 1,900+ calls and emails to WAIRE Program Hotline (909) 396-3140 and waire-program@aqmd.gov
- 21,100+ visits to www.aqmd.gov/waire
- 2,100+ views of training videos (outside of webinars)
- 600+ attendees at webinars and presentations to external groups
- 21,400+ informational emails sent about WAIRE Program resources

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Early Voluntary Compliance Option

- Warehouse operators can earn WAIRE Points for "early" actions completed prior to first compliance period:
 - Early actions from May 7, 2021 (rule adoption) to December 31, 2021
 - Must be documented in an Annual WAIRE Report (AWR)
- 98 Early Action AWRs were received
- 24 companies, 98 warehouses
- Phase 1 Warehouses:
 - 73% of reports
 - 61% of actions completed

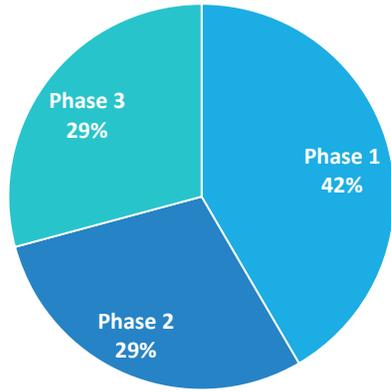


Distribution of WAIRE Menu Items Selected

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Warehouse Operations Notification (WON)

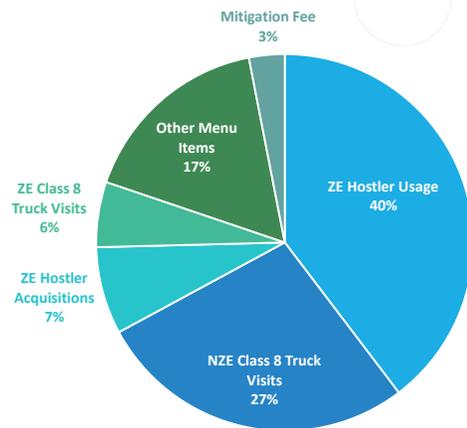


WON Reports Received by Phase

- Applicable to warehouse owners only upon program startup and when lessee or building size changes
- Initial WONs due by September 1, 2021
- Key information required in the WON:
 - Building size and location
 - Owner contact information
 - Operator(s) contact information
 - Leasing information (duration of lease term, warehousing area used by each lessee)
- Approximately 1,650 warehouses have submitted a WON (about 47% of rulemaking estimate)
 - Staff is continuing outreach to warehouse owners to increase compliance

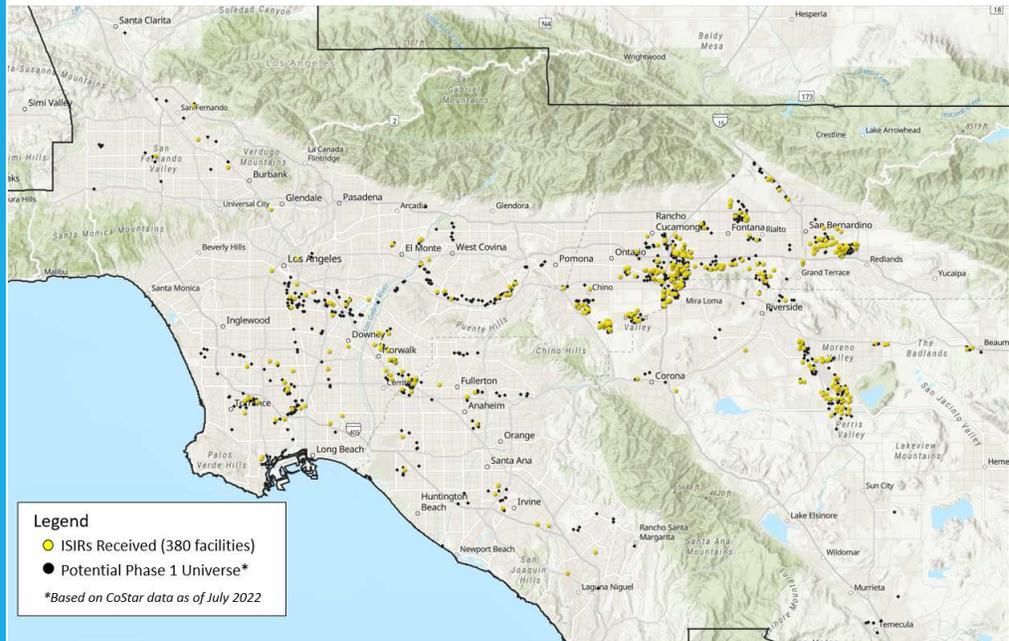
Initial Site Information Report (ISIR)

- Warehouse operators in warehouse buildings $\geq 100,000$ sf must submit an ISIR:
 - Abbreviated reporting if operator leases $<50,000$ sf
- Key information required for ISIR:
 - Truck trips in previous 12 months
 - Anticipated truck trips for current compliance period
 - Fleet information (owned and leased)
 - Anticipated actions to meet WAIRE Points Compliance Obligation (WPCO)
- Approximately 37% of anticipated Phase 1 warehouse operators have submitted an ISIR
 - Compliance has continued to increase following individual staff contact



Warehouse Operator-Reported Compliance Options Anticipated for 2022

ISIR Submissions



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WAIRE Mitigation Fee Program

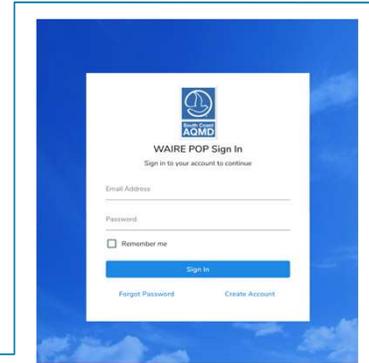
- Alternative Compliance Option
- Mitigation Fee: \$1,000 for each WAIRE Point
- Fund projects that reduce emissions in communities near warehouses that paid the fees
 - Near-zero and zero emission trucks, fueling/charging infrastructure for zero emission vehicles
- Staff will conduct public process to develop specifics of program in 2023
- Solicitations and project awards subject to approval by Governing Board
- Based on ISIRs received, at least \$5.5M in mitigation fees are anticipated in January 2023
 - Actual revenues expected to be higher



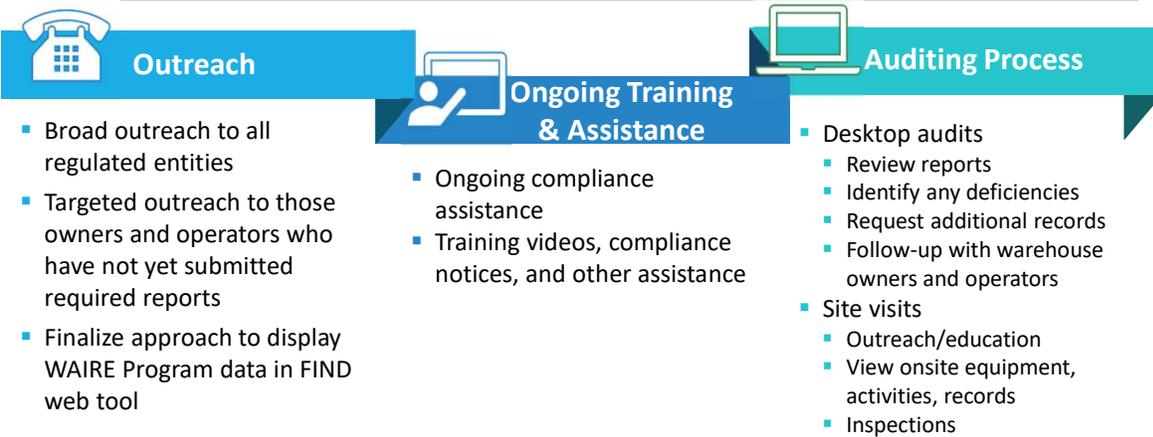
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WAIRE Program Online Portal (POP)

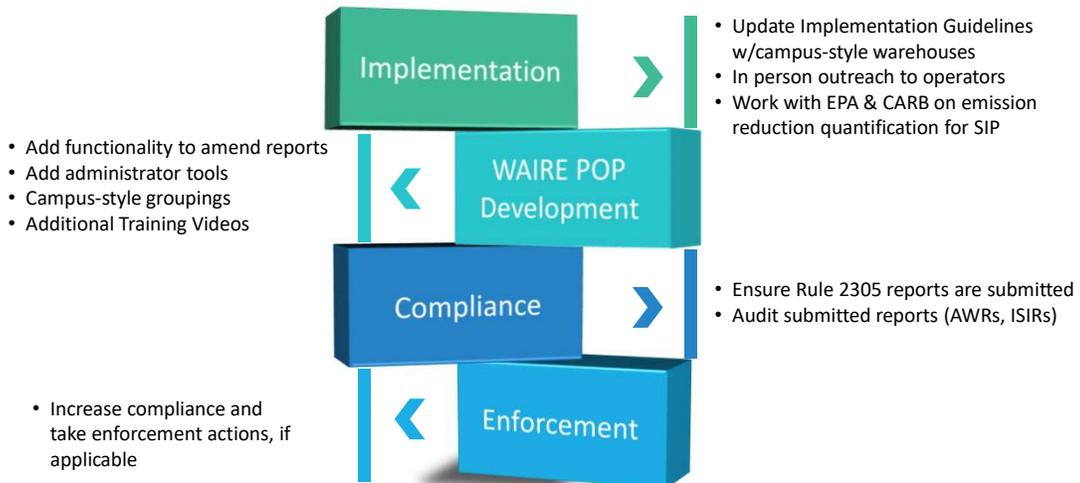
- All WAIRE Program reports must be submitted through (WAIRE POP)
- Online reporting chosen to streamline auditing/compliance instead of traditional paper form submission
- Custom software is being developed by Information Management Division and Contractor
 - Phased-in releases as modules are built in anticipation of upcoming report deadlines
 - Significant staff effort for development, testing, training for regulated community
- WAIRE POP is integrated with other internal South Coast AQMD software (e.g., CLASS)



Anticipated Compliance Focus in Year 2

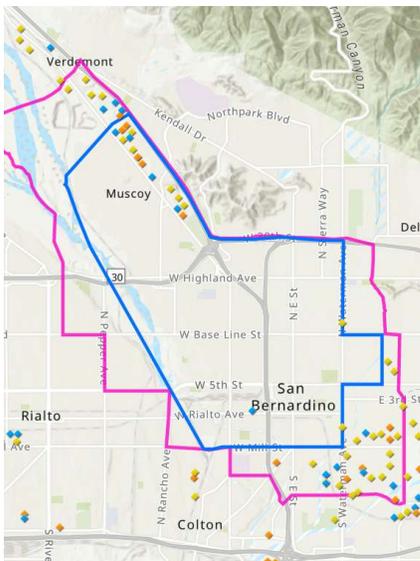


Upcoming Activities



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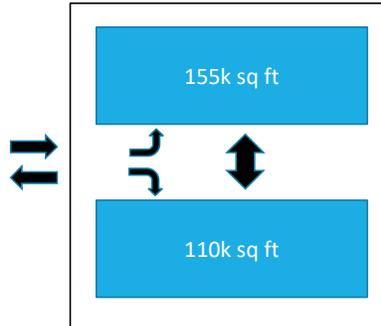
Next Steps for Compliance

- Address compliance rates using a phased approach:
 - Enhanced Outreach
 - Site Visits:
 - Collect contact information (owners/operators)
 - Disseminate program information
 - Technical assistance, if needed
 - Initial priority will be AB 617 communities
 - Issue Compliance Advisory to non-reporters
 - Subsequent enforcement action (NTCs and NOVs, as needed)
- First compliance reports due by January 31, 2023
 - Review and audit reports received
 - Refer to Compliance and Enforcement to assist with noncompliance (take any enforcement action, as needed)

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Campus-Style Approach



- Following rule adoption, stakeholders requested flexibility for campus-style operations that include multiple buildings on the same property
- Each building included in the campus must be:
 - Adjacent
 - Under the same operational control
 - Accessible to vehicles/equipment without use of a public roadway
- Operators must count truck trips to all buildings within the campus, and submit the AWR for the campus as a single warehouse facility
- Number of truck trips are expected to be lower
- WAIRE Implementation Guidelines will be updated to clarify how campus-style warehouses can be included
 - Requires updates to WAIRE POP
 - Anticipated for AWRs due January 2024

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Questions?



waire-program@aqmd.gov



(909) 396-3140



www.aqmd.gov/waire



www.aqmd.gov/sign-up → WAIRE Program Compliance

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Annual Report for the Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program

January 2023

Executive Officer
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Deputy Executive Officer
Planning, Rule Development & Implementation
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Planning, Rule Development, and Implementation
Ian MacMillan

Planning and Rules Manager
Vicki White

Program Supervisor
Nicole Silva

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Reviewers:	Barbara Baird, J.D. Mary Reichert, J.D.	Chief Deputy Counsel Senior Deputy District Counsel

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

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Representative

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Executive Summary

Introduction

The South Coast Air Quality Management District (South Coast AQMD) is the regional air quality regulatory agency for all of Orange County and large portions of Los Angeles, Riverside, and San Bernardino counties including portions of both the Salton Sea Air Basin (SSAB) and the Mojave Desert Air Basin (MDAB). The South Coast AQMD has the authority to adopt and implement rules and regulations that control emissions from indirect and areawide sources to meet air quality standards within its jurisdiction. Based on this authority, the 2016 Air Quality Management Plan (AQMP) committed South Coast AQMD to develop local Facility Based Mobile Source Measures, such as Control Measure MOB-03 – Emission Reductions at Warehouse Distribution Centers. *Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program* and its companion *Rule 316 – Fees for Rule 2305* are designed to satisfy this AQMP commitment to reduce regional and local emissions of nitrogen oxides (NOx) and diesel particulate matter (DPM). The mitigation actions required by the rule will assist in meeting state and federal ambient air quality standards for ozone and fine particulate matter and improve public health, especially in communities that are located near warehouses.

South Coast AQMD Rule 2305 includes a menu-based points system requiring warehouse operators to earn a specified number of points annually to facilitate local and regional emission reductions associated with existing and new warehouses subject to the rule, and the mobile sources attracted to these warehouses. Rule 2305 applies to both operators and owners of warehouses greater than or equal to 100,000 square feet of indoor floor space within a single building that may be used for warehousing activities. Through the implementation of Rule 2305, warehouse owners and operators will be phased in to the program over a 3-year period based on the warehouse building size, with the stringency increasing over a 3-year period once a warehouse is in the program.

Purpose

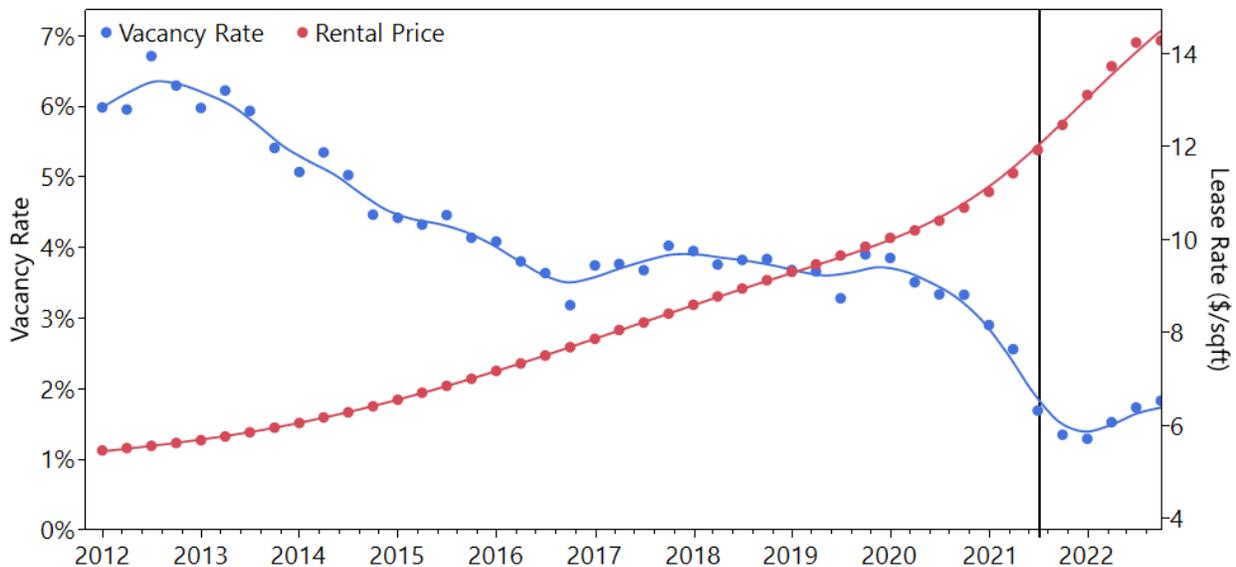
This first *WAIRE Program Annual Report* is prepared pursuant to South Coast AQMD's May 7, 2021, Governing Board Resolution No. 21-9. Subsequent annual reports will evolve over time to include additional information as the implementation of Rule 2305 progresses through the initial 3-year phase-in period and the rule's lifespan. Each subsequent annual report will include updates on the status of rule implementation based on WAIRE Program activities that occurred since the previous annual report. This annual report will provide information on rule implementation activities, including outreach, reporting, compliance, mitigation fee program, enforcement, program results and other rule-related activities, such as the WAIRE Program Online Portal (POP) development. The annual report will also identify the anticipated next steps for Rule 2305 implementation for the following year. As the first iteration of the *WAIRE Program Annual Report*, this report will provide an overview of the WAIRE Program's implementation from rule adoption, May 7, 2021, through September 30, 2022.

WAIRE Program Implementation Update

The South Coast AQMD consists of an area of approximately 10,743 square miles and is home to the nation's largest marine ports, the Ports of Los Angeles and Long Beach, which serve as the entry point of over a third of all cargo imported to the nation.¹ The goods movement sector has grown rapidly in recent years, partially due to the COVID-19 pandemic, which shifted some of American consumers' behavior from a service-based economy to a goods-based economy and brought record-high congestion at the ports. In 2021, about a quarter of the goods movement through the ports was transported by train via the Alameda Corridor.² This leaves the remaining cargo from the ports^{3,4} to be transported by trucks, where it likely flows through the largest warehouses.

Recently updated analysis of the warehousing industry in South Coast AQMD's jurisdiction area over the last 10 years (2012-2022) shows that adopting Rules 2305 and 316 had minimal impact on warehousing demand, consistent with the Rules' *Final Socioeconomic Impact Analysis*. In the last 10 years, warehouse rental prices increased by 151% to an all-time high of \$14.2 per square foot [Figure 1]. At the same time, the total inventory of warehousing space increased by 34% to 877 million square feet. In addition, while warehouse capacity increased continuously over this period and prices are at an all-time high, the available capacity (the vacancy rate) has consistently dropped to less than 2%, the lowest level since 2012⁵ [Figure 2].

Figure 1 - Vacancy Rate (%) and Rental Price (\$/sq ft) from 2012 to 2022*



¹ <https://data.bts.gov/stories/s/Port-Data-Catalog/6kur-q9xk>

² https://www.acta.org/wp-content/uploads/2022/07/Train_Counts.pdf

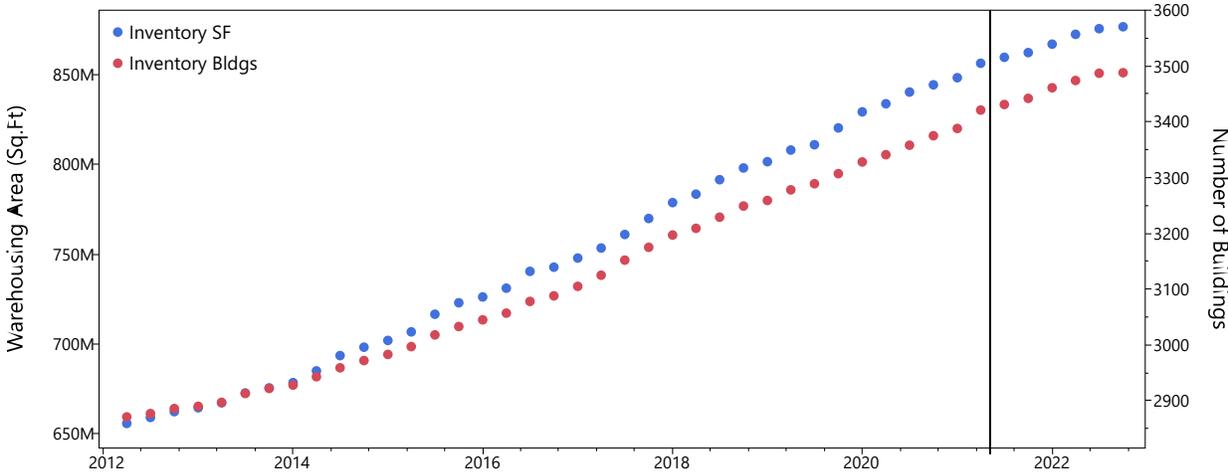
³ <https://polb.com/business/port-statistics/#yearly-teus>

⁴ <https://www.portoflosangeles.org/business/statistics/container-statistics>

⁵ South Coast AQMD staff used Costar, an online subscription database of commercial real estate information, to gather data on the warehousing market, which was also used in the *Final Socioeconomic Impact Assessment*. Using the same methodology outlined in *Appendix C: Warehouse Population Methodology* of the Final Staff Report for Rule 2305 and Rule 316, South Coast AQMD staff specifically focused on the data for warehousing space that is expected to be subject to requirements under the WAIRE Program.

*The vertical black line represents Rule 2305's adoption date (May 7, 2021).

Figure 2 - Total Warehousing Area and Total Number of Warehouses

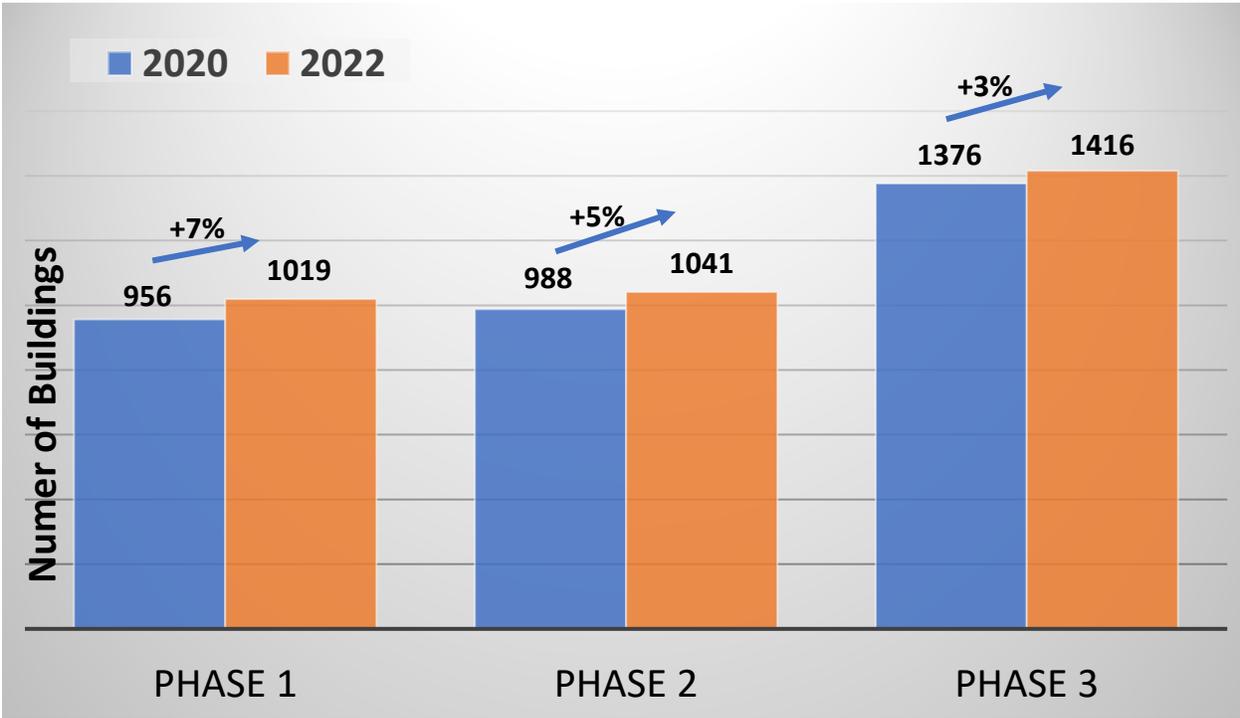


Warehouse Universe

The population of WAIRE Program warehouses described in *Appendix C: Warehouse Population Methodology* of the Final Staff Report was based on a snapshot in time. At the time of rule adoption, South Coast AQMD staff estimated that approximately 3,320 warehouses would be subject to Rule 2305 requirements. Of the 3,320 warehouse buildings, it is possible that some of these warehouses may be exempt or do not conduct ‘warehousing activities’ as defined in Rule 2305. The data and the methodology that led to this estimation are described in detail in *Appendix C*.⁶

South Coast AQMD staff updated its previous estimate of the warehousing population potentially subject to Rule 2305 in July 2022 (*Figure 3*). The phase of rule implementation is based on the warehouse building size in square feet. See *Table 1*. An additional 156 warehouses were identified as potentially subject to Rule 2305 requirements, increasing the population to 3,476 warehouses. As shown in *Figure 3*, the inventory of warehouse buildings has grown steadily for the last 10 years and has expanded since rule adoption.

Figure 3 - Warehouse Industry Growth Trend 2020 vs 2022: Total Warehouse Universe



⁶ Rule 2305 Governing Board package and Final Staff Report, <http://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2021/2021-May7-027.pdf>

Table 1: Rule 2305 Reporting Overview

		Warehouse Owners	Warehouse Operators		Warehouse Operators	
Phase	Warehouse Size (Square Feet)	Warehouse Operations Notification (WON) * Due Date	Initial Site Information Report (ISIR) (One-Time)		Annual WAIRE Report (AWR)	
			Reporting Period	1 st Due Date	1 st Compliance Period	1 st Due Date***
1	≥250,000	September 1, 2021**	Previous 12 Months and Anticipated for AWR	July 1, 2022	January 1, 2022 – December 31, 2022	January 31, 2023
2	≥ 150,000 - <250,000		Previous 12 Months and Anticipated for AWR	July 1, 2023	January 1, 2023 – December 31, 2023	January 31, 2024
3	≥100,000 - <150,000		Previous 12 Months and Anticipated for AWR	July 1, 2024	January 1, 2024 – December 31, 2024	January 31, 2025

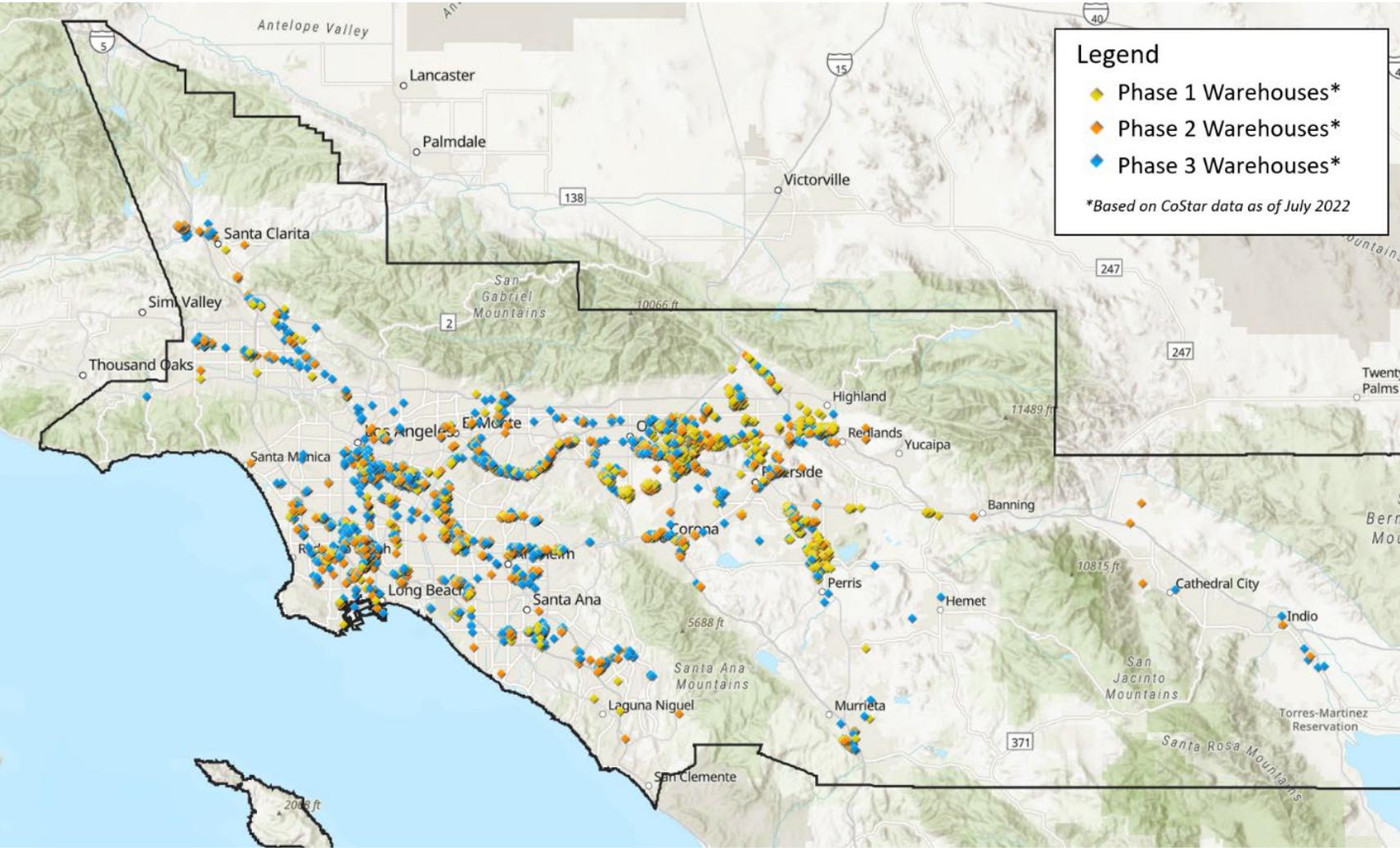
*Warehouse Operations Notification is the only required reporting obligation for warehouse owners subject to Rule 2305, see Rule 2305(d)(7)(A).

**Or within 14 days of operator change or 30 days after renovation that changes the square footage.

***If the warehouse operator vacates the warehouse during the compliance period, the AWR is due the date the operator leaves.

Figure 4 identifies the locations of the warehouses anticipated to be subject to Rule 2305, based on the July 2022 update by South Coast AQMD staff. The implementation phase of each warehouse is color-coded in this figure.

Figure 4 - Anticipated Rule 2305 Universe



Reporting

Warehouse operators and owners subject to Rule 2305 are required to submit reports to South Coast AQMD to provide details on their applicable warehouse operations and compliance. *Table 1* provides an overview of the reporting requirements for Rule 2305.

Warehouse Operations Notification (WON)

Warehouse owners subject to Rule 2305 are required to submit a Warehouse Operations Notification (WON). The WON requirement applies to landowners or owners of warehouse buildings with greater than or equal to 100,000 square feet of indoor floor space in a single building. The due date for submitting the WON to the South Coast AQMD was September 1, 2021.⁷ A WON must be submitted by the warehouse owner, or an authorized official of the warehouse owner, through the WAIRE Program Online Portal (POP) online system.⁸ The applicable administrative fee⁹ was required at the same time as the WON submittal to be deemed a complete submittal.

Information required in the WON includes, but is not limited to, the following:

- Warehouse location and building size,
- Name and contact information of warehouse owner(s) and lessee(s),
- Start and end dates of each lease, square footage used by each lessee, and square footage usable for warehousing activities by each lessee.

Since rule adoption, approximately 490 complete WONs have been received, covering a total of approximately 1,650 warehouses.¹⁰ This represents about 47% of the anticipated warehouse population based on the July 2022 CoStar data. The warehouse owners who have submitted a WON vary by phase, as depicted in *Figure 5*. Approximately 42% of the warehouses identified through WON reports are Phase 1 warehouse buildings.

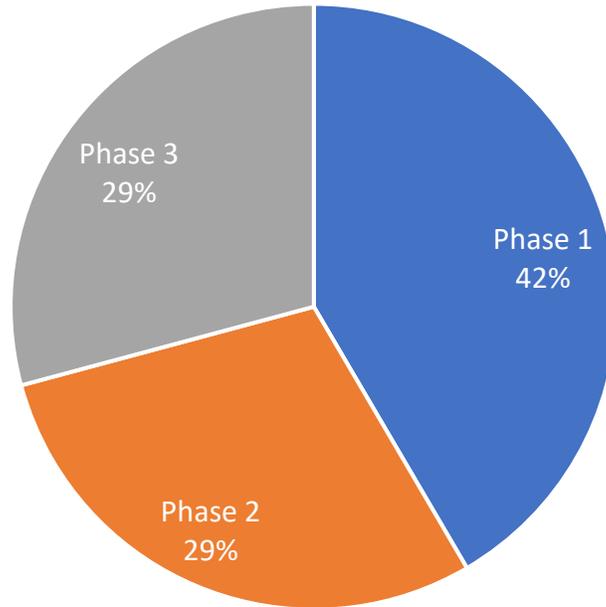
⁷ Rule 2305 sets forth requirements for warehouse owners to submit updated WON reports in a timely manner if warehouse operators change, if renovations occur and certificates of occupancy are provided, or if a formal request is made by South Coast AQMD. See Rule 2305(e)(1).

⁸ WAIRE Program Online Portal (POP), <https://xapp.aqmd.gov/isr>.

⁹ Pursuant to Rule 316 (d), the submittal fee per WON report is \$29.51. Warehouse owners submitting a WON for a warehouse with less than 100,000 square feet of floor area dedicated to warehousing activities are exempt from the reporting fee pursuant to Rule 316(h)(1).

¹⁰ A submittal may have multiple WONs. It is not necessarily a one-to-one submittal, where there is one owner submitting one warehouse location.

Figure 5 - Warehouse Operations Notification Reports Received by Phase



South Coast AQMD plans to continue conducting targeted outreach to the remaining warehouse owners that have yet to submit a WON report. South Coast AQMD has used and will continue to use the anticipated warehouse list to focus outreach efforts to those warehouse owners who have not yet submitted a WON as required by Rule 2305. Additional compliance and enforcement actions will be pursued as well to ensure reporting is completed from all applicable facilities as required by the rule.

Initial Site Information Report (ISIR)

Warehouse operators¹¹ are required to submit an Initial Site Information Report (ISIR),¹² if the warehouse operator meets the following conditions:¹³

- (1) Operates in a warehouse building that is greater than or equal to 100,000 square feet of indoor floor space, and
- (2) Operates in a warehouse building with greater than or equal to 100,000 square feet of indoor floor space that may be used for warehousing activities.

If only condition (1) is met, the warehouse operator needs to submit limited reporting.¹⁴ If the warehouse owner is also the operator, conditions (1) and (2) must be met for an ISIR to be required. If the warehouse

¹¹ Warehouse operators may include, but are not limited to, warehouse owners or third-party logistics companies that serve as operators.

¹² Pursuant to Rule 316, the applicable administrative fee per ISIR is \$140.68. Warehouse operators who operate less than 50,000 square feet of a warehouse for warehousing activities and for which Rule 2305(e)(2)(A)(ii) applies is not required to pay fees described in Rule 316(d).

¹³ See Rule 2305(b) and Rule 2305(e)(2)(A)

operator leases space in the building, they are required to submit an ISIR if they also meet the following condition:

- (3) Lease greater than or equal to 50,000 square feet of indoor floor space in the warehouse building that may be used for warehousing activities.¹⁵

Information required in the ISIR includes, but is not limited to, the following:

- The total indoor floor square footage of the applicable warehouse building and the amount of space the warehouse operator leases that may be used for warehousing activities,¹⁶
- Truck trip data including truck trips from the previous 12-month period and an estimate of the number of truck trips that will be reported during the applicable period for their upcoming AWR,¹⁷
- Fleet information (owned and/or leased), including on-road trucks or tractors and yard trucks used at the facility,
- Any onsite charging or alternative fueling stations,
- Any onsite alternative energy generation or energy storage equipment, and
- Anticipated actions and/or investments the warehouse operator anticipates using to comply with the WPCO for the current compliance period (e.g., WAIRE menu items, a Custom WAIRE Plan, transferred WAIRE Points, and/or mitigation fees).

Given that 2022 was the first compliance year requiring an ISIR for Phase 1 warehouses, South Coast AQMD staff conducted significant outreach to assist in notifying warehouses of Rule 2305 and its requirements. This outreach included: sending approximately 3,000 emails using eNewsletter Pro to Listserv subscribers, posting compliance resources to the WAIRE compliance website after rule adoption for operators, such as the Frequently Asked Questions and WAIRE Upcoming Compliance Due Dates in 2021, posting training videos explaining operator requirements for the ISIR, conducting ISIR presentations to stakeholders who requested additional information on ISIR requirements, hosting webinars before the ISIR due date. As most warehouses covered by Rule 2305 do not have permits with South Coast AQMD, outreach focused first on operator/tenant information provided in the WONs and was supplemented with other databases with more limited information such as CoStar data.¹⁸ Approximately 262 Phase 1 warehouse operators submitted their ISIR on or before July 5, 2022.¹⁹ Since the Phase 1 ISIR compliance due date,¹⁹ South Coast AQMD has emailed over 400 contacts provided in

¹⁴ See Rule 2305(e)(2)(A)(i)

¹⁵ If condition (3) is not met for warehouse operators that lease the space in the warehouse building, there is an exemption listed in Rule 2305 that requires only an ISIR be submitted with limited information and the filing fee is waived. There are other requirements of Rule 2305 that require that a multiple warehouse operators owned or controlled by a single parent company collectively leasing greater than or equal to 50,000 square feet for warehousing activities in a warehouse do not qualify for this exemption from additional reporting or the administrative fee. See Rule 2305(e)(2)(A)(ii) and Rule 316(h)(2).

¹⁶ Warehousing activities is defined in Rule 2305(c)(33). Vacant areas that may be used for warehousing activities (e.g., empty storage racks, open floor space designed for warehousing, drive paths for pallet jacks or forklifts used in warehousing activities) must be included in the square footage calculation.

¹⁷ This estimate could just be an extrapolation of the data reported above for the previous 12-month period or could include an estimate based on expected business through the end of the compliance period.

¹⁸ See the *Warehouse Universe* section of this report for more information regarding the methodology used to determine the anticipated warehouse universe applicable to Rule 2305.

¹⁹ ISIRs are due July 1 of the initial compliance period for applicable warehouses. Due to scheduled maintenance of the South Coast AQMD online payment portal, Phase 1 ISIR submittals were accepted through July 5, 2022.

the WONs, called approximately 100 warehouses, and sent follow-up emails to notify warehouse operators of the ISIR requirement for Phase 1 warehouses. Some of the outreach process to date has been limited by incorrect contact information and/or warehousing building size listings. Staff also found that many warehouse operators who were contacted were not aware of the rule, required technical assistance with WAIRE POP prior to successfully submitting an ISIR, and/or were not aware of the timing of submitting the ISIR filing fee. This additional outreach has resulted in approximately an additional 118 ISIRs that have been submitted since the July 5 reporting deadline.¹⁹

In total, about 37% or 380 of the 1,019 Phase 1 warehouses have submitted an ISIR. Staff is continuing to outreach to warehouse operators and will pursue additional compliance and enforcement actions as well to ensure reporting is completed from all applicable facilities as required by the rule. *Figure 6* displays the warehouse locations for which an ISIR was submitted compared to the expected Phase 1 population. *Figure 7* depicts the distribution by county of ISIRs received for Phase 1 warehouses.²⁰

²⁰ Subject to final auditing by South Coast AQMD.

Figure 6 - Initial Site Information Reports Received versus Anticipated Phase 1 Universe

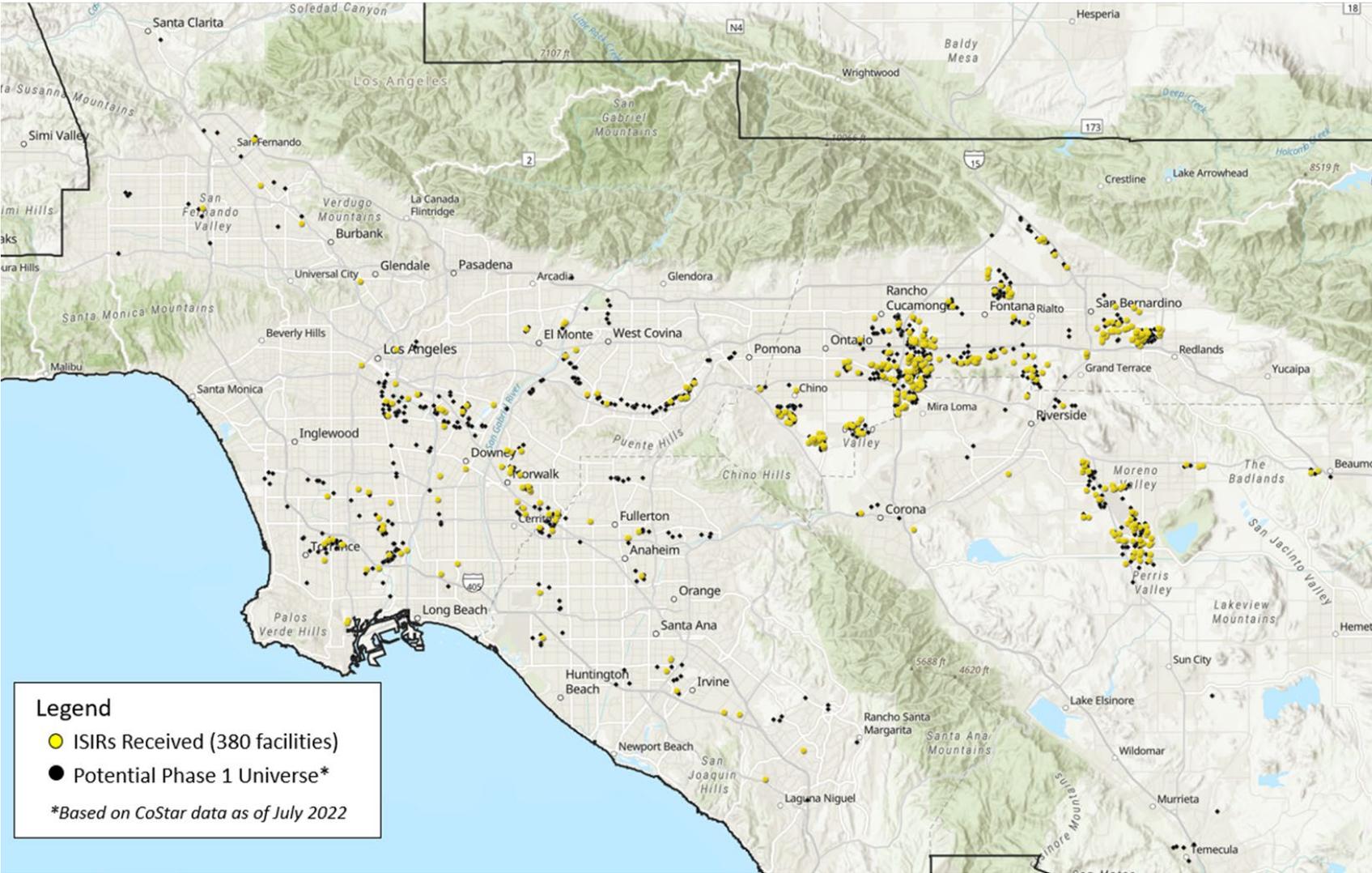
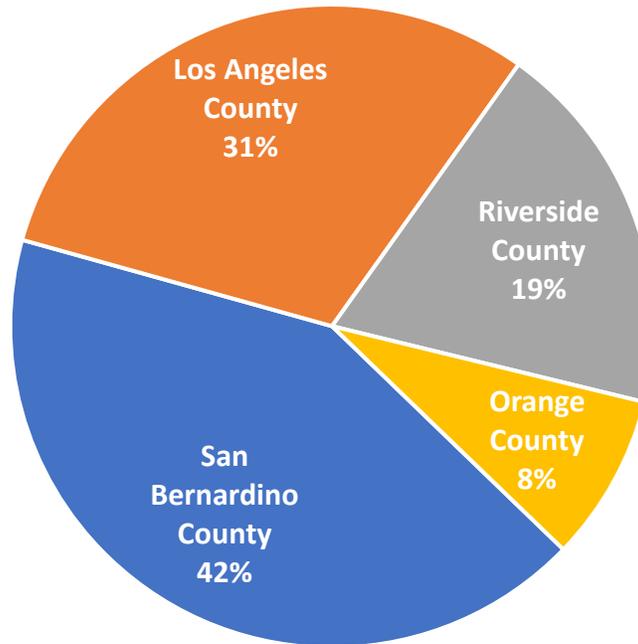
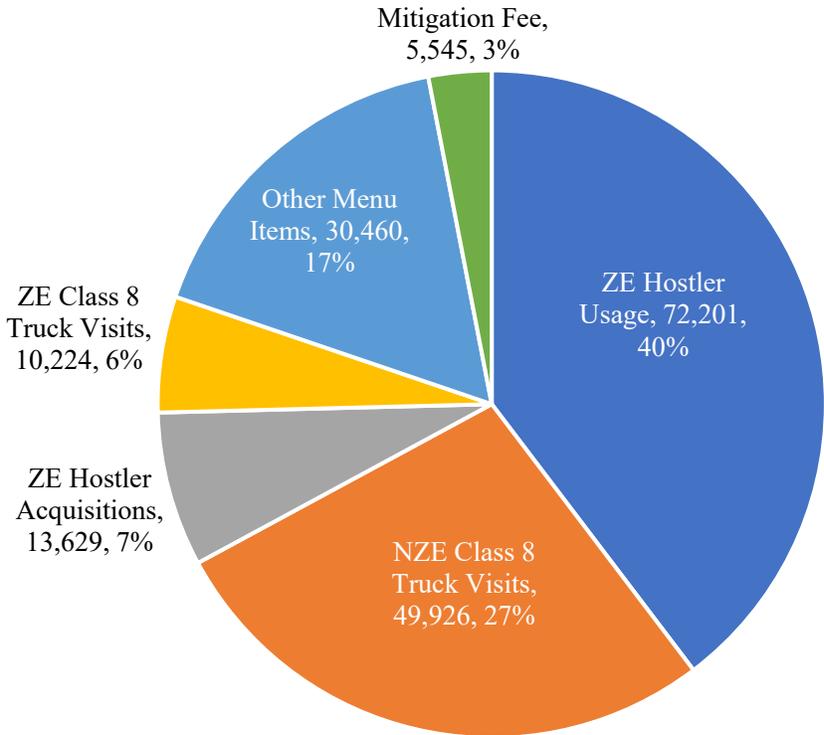


Figure 7 - Initial Site Information Reports Received by County

As stated in the WAIRE Implementation Guidelines, a portion of the ISIR report is intended to be a facility-by-facility planning exercise to assist the warehouse operators and South Coast AQMD in identifying the anticipated mechanisms that will be used for compliance. *Figure 8* provides an overview of the WAIRE Menu items and the mitigation fee points selected by 153 companies who submitted ISIRs representing the 380 different warehouse operators.²⁰ Based on the submitted ISIRs, South Coast AQMD staff anticipate that 176,439 WAIRE points will be earned by these companies. Zero emission (ZE) hostler usage, (i.e., yard tractors that move trailers and containers around warehouse facilities), accounts for about 40% of the anticipated actions selected in the ISIRs received. Additional major categories were NZE Class 8 Truck Visits (~27%) and ZE Hostler acquisition (~8%). A complete list of all the anticipated points by category is provided in *Appendix B*. In addition to taking actions from the WAIRE Menu, operators anticipate earning about 5,500 points through mitigation fees, representing about 3% of total points earned, and about \$5.5 million.

Figure 8 – Total Points and Percentage of Anticipated WAIRE Points Menu Items and Mitigation Fees



Using default assumptions about truck trip rates and building sizes, the analysis in Rule 2305 assumed these warehouses would be required to collectively earn about 61,000 Points for the historical truck trip data provided in ISIRs received. The information reported by warehouse operators in their ISIRs is based on facility-specific information rather than averages used in the rule analysis. The anticipated aggregate WPCO for ISIRs received is approximately 30,000 Points, which is roughly half of the expected amount required. This reported WPCO may have been reduced truck trip data or may be a result of misreporting. Although the anticipated WAIRE Points earned is approximately three times the required amount assumed using default assumptions, staff anticipates this excess of WAIRE Points reported for Phase 1 warehouses will be banked and/or transferred for future compliance of existing warehouses as they are phased into or continue in the program.

Annual WAIRE Report (AWR)

Warehouse operators must submit an Annual WAIRE Report (AWR)²¹ if they meet the same conditions as outlined in the ISIR section above.²²

²¹ Pursuant to Rule 316(d), the applicable administrative fee for the AWR filing is \$392.50 at the time of submittal.

²² See Rule 2305(b) and (d)(1)

- 1) Operate in a warehouse building that is greater than or equal to 100,000 square feet of indoor floor space, and
- (2) Operate in a warehouse building with greater than or equal to 100,000 square feet of indoor floor space that may be used for warehousing activities.

If the warehouse owner is also the operator, conditions (1) and (2) must be met for an AWR to be required. If the warehouse operator leases space in the building, they must submit an AWR if they also meet the following condition:

- (3) Lease greater than or equal to 50,000 square feet of indoor floor space that may be used for warehousing activities.²³

AWRs may also be submitted by a warehouse owner if they chose to voluntarily to earn WAIRE Points. Rule 2305 allows the warehouse owner to transfer earned WAIRE Points to a warehouse operator at the warehouse facility at which the WAIRE Points were earned.

Information required in the AWR includes, but is not limited to, the following:

- The number of truck trips²⁴ for the compliance period, specifying the number of and classification of trucks and tractors that entered or exited the warehouse site.
- The warehouse operator must report how the WPCO was satisfied in terms of how many WAIRE Points were earned from:
 - Each WAIRE Menu action, and/or
 - Actions in an approved Custom WAIRE Plan, and/or
 - Points transferred from another site, the warehouse owner, or banked from a previous year, and/or
 - Mitigation fees (see "WAIRE Mitigation Fee Program" for more details).
- The associated level of implementation using the reporting metrics for WAIRE Points earned from each WAIRE Menu action.²⁵

AWRs are due by January 31 of the year following the 12-month compliance period. For example, an AWR due January 31, 2023, must document compliance based on data from the compliance period of January 1, 2022 through December 31, 2022. Following the initial compliance period, an AWR is required every year thereafter until the rule sunset date (see Rule 2305(h)). The first AWR due date is based on the warehouse size, as shown in Table 1 of Rule 2305 and *Table 1* of this report. If a warehouse operator vacates a warehouse before the AWR due date in any year, they must submit an AWR no later than the date they vacate the warehouse.

Early Action Annual WAIRE Reports (AWR)

A warehouse owner or operator may choose to voluntarily submit an Early Action AWR prior to their first compliance period. Rule 2305(d)(6)(B)(iii) allows for early compliance if documented in an AWR immediately following the year in which the action or investment was completed. A warehouse operator may earn WAIRE Points prior to their first compliance period and these WAIRE Points may be banked or

²³ Multiple warehouse operators owned or controlled by a single parent company collectively leasing greater than or equal to 50,000 square feet for warehousing activities in a warehouse do not qualify for this exemption.

²⁴ Truck trip is defined in Rule 2305(c)(25).

²⁵ See Table 3 – WAIRE Menu of Rule 2305.

transferred up to three years after the warehouse operator's first compliance period. A warehouse owner or operator is eligible to submit an Early Action AWR regardless of the implementation phase of the rule they are in (see *Table 1* for phase-in schedule), provided they submit the Early Action AWR prior to their first compliance period. Early Action AWRs follow all the same requirements of AWRs, except Early Action AWRs do not require truck trip information or WPCO reporting since they are filed prior to the initial compliance period.

Early Action AWRs were first allowed to be submitted for early actions and/or investments completed between May 7, 2021 (rule adoption date) and December 31, 2021. For Early Action AWRs applicable to the May 7, 2021 through December 31, 2021 compliance period, the due date would have been January 31, 2022. South Coast AQMD accepted Early Action AWRs through April 29, 2022, due to unforeseen delays with the release of the AWR reporting functionality of the WAIRE POP. Additionally, submitters had the option of submitting a hardcopy Early Action AWR with the same content as in the WAIRE POP.

Overall, 24 companies submitted Early Action AWRs for 98 locations.²⁶ *Figure 9* and *Figure 10* depict the distribution of locations throughout South Coast AQMD's jurisdiction.

²⁶ The 98 Early Action AWRs included 11 hardcopy submittals and 87 electronic submittals through WAIRE POP.

Figure 9 - Early Action 2021 Annual WAIRE Reports Received

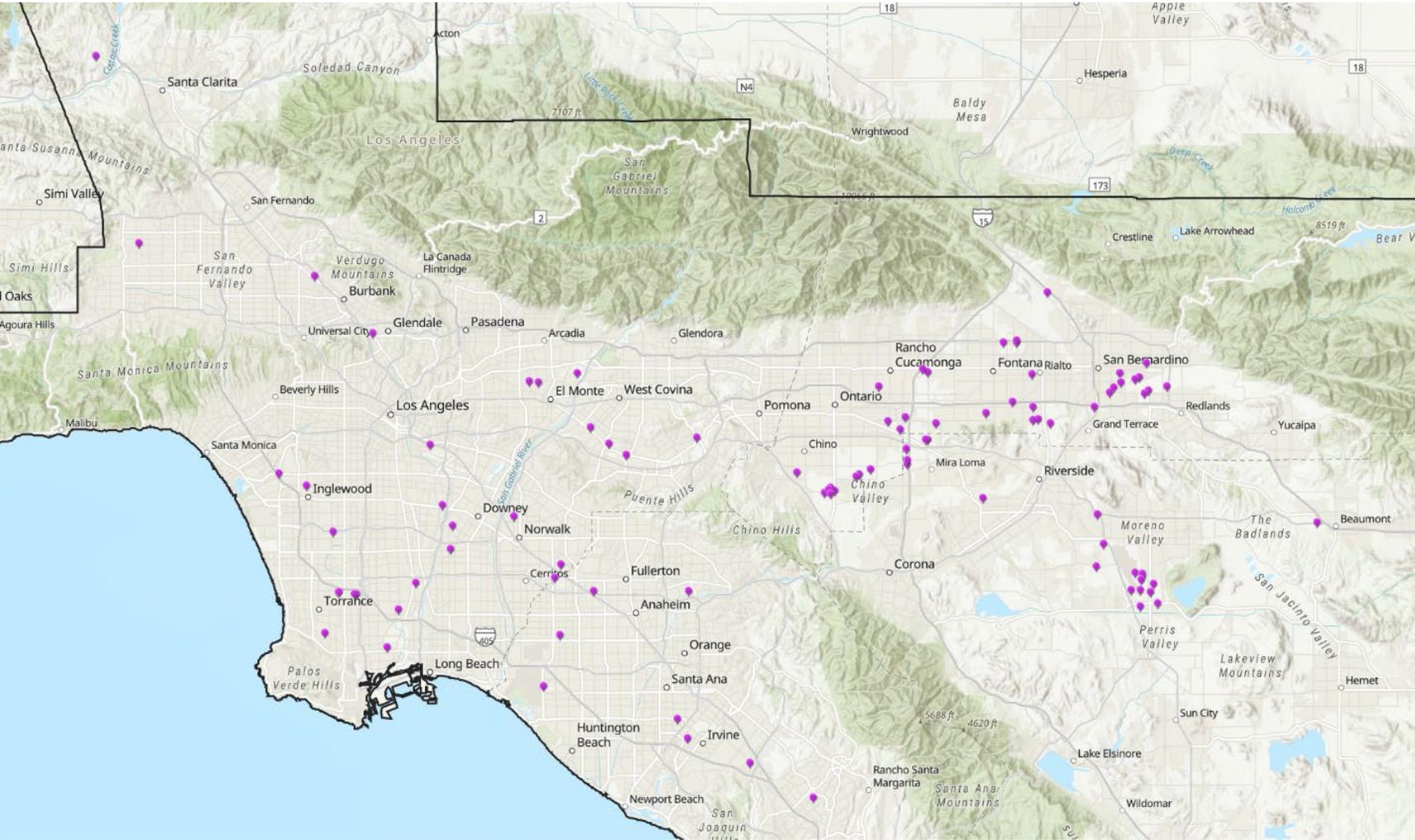
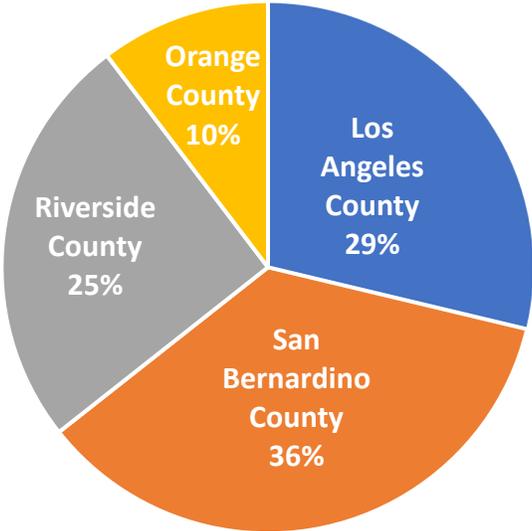


Figure 10 - Early Action Annual WAIRE Reports Submittals by County



Early Action AWRs for the 2021 compliance period were submitted by warehouses varying in size, as shown by *Figure 11*. The majority of the WAIRE Menu actions were implemented by Phase 1 warehouses. South Coast AQMD conducted desktop audits of the 98 reports submitted to verify that the WAIRE menu items selected were implemented after rule adoption. *Figure 12* provides an overview of the distribution of WAIRE Points earned through early action AWR WAIRE menu actions implemented in 2021. A complete list of all the menu actions reported by category is provided in *Appendix C*.

Figure 11 - Early Action Annual WAIRE Reports Warehouse Phase per Location

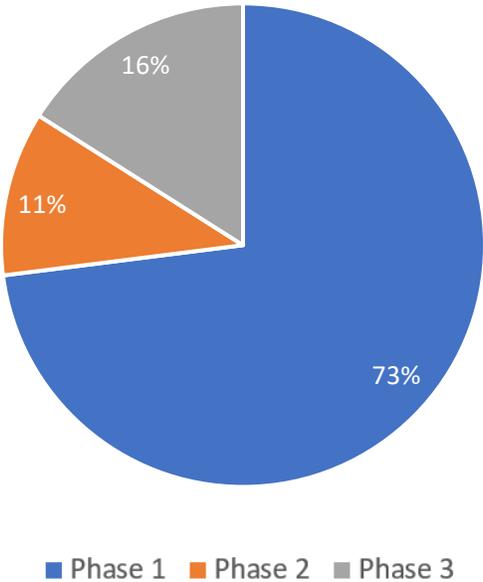
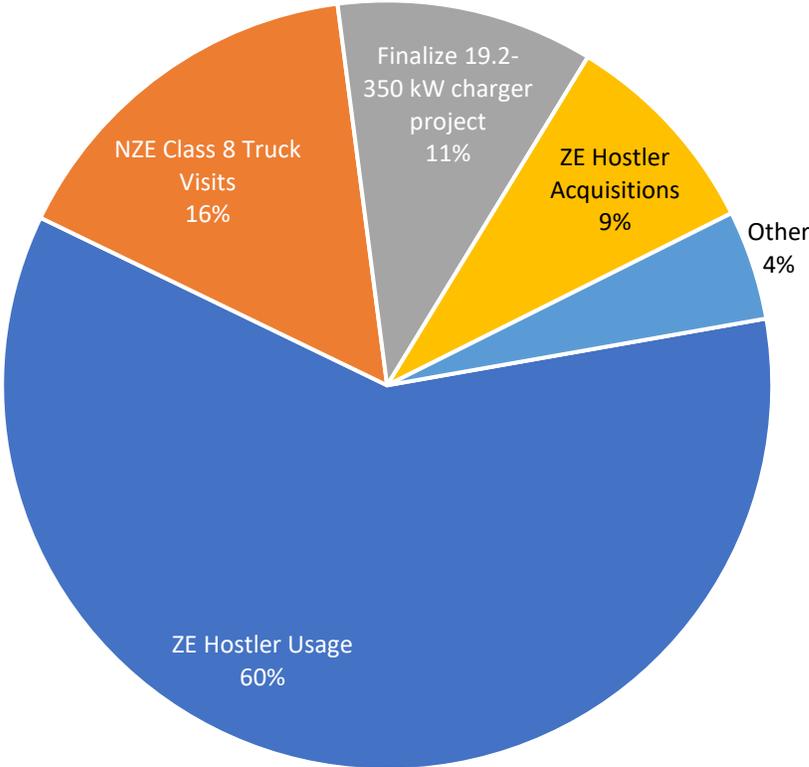


Figure 12 - Percent of WAIRE Points Used by Main Categories



WAIRE Mitigation Fee Program

The Governing Board directed South Coast AQMD to develop a WAIRE Mitigation Fee Program with the funds generated from mitigation fee payments from Rules 2305 and 316. Rule 2305 may generate funds to the WAIRE Mitigation Fee Program if a warehouse operator opts to offset their WAIRE Points Compliance Obligation (WPCO) by purchasing mitigation points through their Annual WAIRE Report (AWR) submittal. Rule 316 generates funds through the administrative fees that warehouse operators must pay to support South Coast AQMD Rule 2305's compliance activities and supporting administrative functions for the WAIRE Mitigation Fee Program.

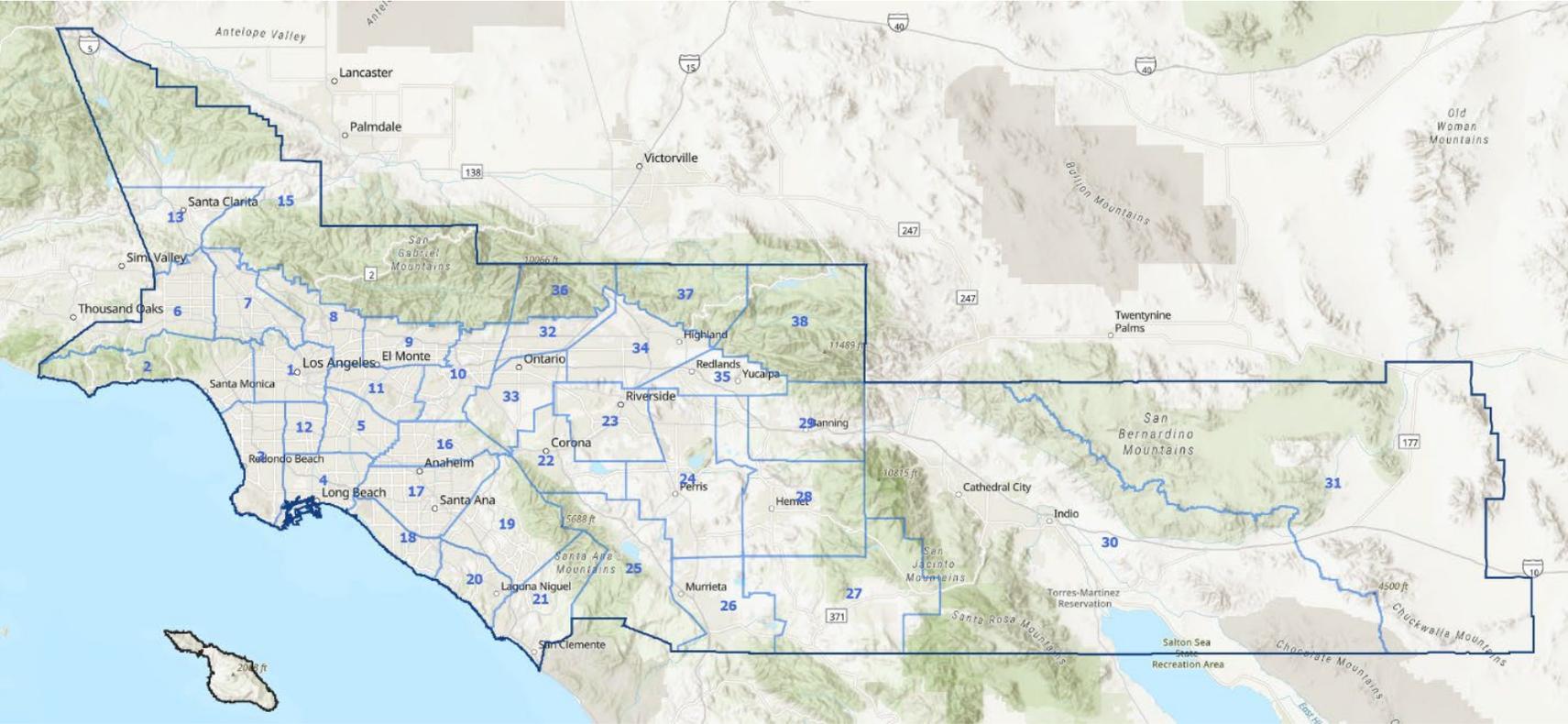
The WAIRE Mitigation Fee Program is anticipated to be a larger component of the WAIRE Program as implementation continues through the lifespan of the program. The WAIRE Mitigation Fee Program will be established after Phase 1 warehouses have submitted their initial AWRs and mitigation fee payments are received for the 2022 compliance period. Based on the ISIRs received to-date, approximately 5,544.8 WAIRE Points are anticipated to be earned through the payment of mitigation fees resulting in about

\$5,544,800 in total mitigation fee revenues in the first year of the WAIRE Mitigation Fee Program.²⁷ South Coast AQMD staff anticipates the actual revenues from mitigation fees to be higher upon submittal of the AWRs in January 2023 based on feedback from some operators that they are experiencing delays in vehicle/equipment deliveries and/or approvals for ZE infrastructure installations.

When the WAIRE Mitigation Fee Program is established, South Coast AQMD will track mitigation fees paid by warehouse operators according to the Source Receptor Area (SRA), as shown in *Figure 13*, and county in which they are located. South Coast AQMD has committed to fund projects through the WAIRE Mitigation Fee Program that achieve and/or facilitate emission reductions in the same SRAs and counties in which the mitigation fees were paid. If sufficient projects are not identified in each individual SRA relative to the available funding, South Coast AQMD staff will adhere to Rule 2305's and Rule 316's Resolution and funds may be directed either to an adjacent SRA in the same county or held for a subsequent funding.

²⁷ This number is based on the 37% of ISIRs received through September 30, 2022. South Coast AQMD recognizes this is a preliminary estimation that may increase or decrease depending on the final mechanisms selected during the initial AWR submittals for the 2022 compliance period.

Figure 13 - Source Receptor Areas in South Coast AQMD's Jurisdiction



South Coast AQMD ensures that, prior to WAIRE Mitigation Fee Program solicitations and awards, public outreach will be conducted to community groups, local governments, and small businesses. South Coast AQMD will then propose solicitations and project awards at future Technology Committees and to the Governing Board on an annual basis. South Coast AQMD will also seek Governing Board approval for proposed awards to projects through the WAIRE Mitigation Fee Program.

Additionally, in accordance with Rule 2305's and Rule 316's Resolution, South Coast AQMD shall also ensure that:

- Funding from the WAIRE Mitigation Fee Program may be combined with other incentive funding programs, if allowed by the other funding program(s); and
- Any recipients of WAIRE Mitigation Fee Program funds for projects that involve construction work must use a skilled and trained workforce as defined in Public Contract Code section 2601 to perform such work; and
- Any recipients of WAIRE Mitigation Fee Program funds for projects that involve the installation of electric vehicle infrastructure shall: 1) be installed by a contractor with the appropriate license classification, as determined by the Contractors' Contractors' State License Board, and at least one electrician on each crew, at any given time, holds an Electric Vehicle Infrastructure Training Program certification, and 2) meet a requirement that at least 25 percent of the total electricians working on an electric vehicle infrastructure project installing a charging port supplying 25 kW or more, at any given time, hold Electric Vehicle Infrastructure Training Program certification, consistent with the Public Utilities Code section 740.20; and
- Any recipients of WAIRE Mitigation Fee Program incentives or funding for the installation of ZE charging or fueling infrastructure for on-road vehicles that are not yard trucks must make the stations available for public use; and
- Consistent with existing South Coast AQMD funding programs, any recipients of WAIRE Mitigation Fee Program incentives shall disclose any labor violations in the three years prior to receiving funding and during the life of the funded project.

WAIRE Program Enforcement

A key component of WAIRE Program implementation is ensuring that applicable warehouses are aware of and in compliance with the requirements of Rule 2305 and Rule 316. South Coast AQMD staff conducted significant outreach to notify the warehousing industry of compliance requirements for the WAIRE Program. The *WAIRE Implementation Guidelines* provide an initial overview of the compliance program anticipated at the time of rule adoption. South Coast AQMD will periodically conduct both desk and field audits to verify compliance with the WAIRE Program. An overview of the main requirements for Rule 2305 was provided in the *WAIRE Implementation Update* section of this report. Rule 316 was developed as a companion rule to support South Coast AQMD's administration and enforcement of the WAIRE Program.

Throughout rule development and in the WAIRE Program's first year of implementation, South Coast AQMD conducted significant outreach to identify warehouses that are subject to the rule. The outreach efforts have included, but are not limited to, mailing hardcopy fliers about the program, hosting webinars, developing online WAIRE Training Videos, presenting requested topics to stakeholders, sending informational emails through eNewsletter Pro, and fielding calls and emails to the WAIRE Program

Hotline (909-396-3140) and Helpdesk (waire-program@aqmd.gov). For detailed information on the outreach efforts conducted, please refer to the *Outreach* section in this report.

South Coast AQMD staff have completed desk audits of the reported information from the Early Action AWRs and are in the process of completing audits of the reported information in the WONs and ISIRs. The audits are conducted to verify reported information and assure that the warehouse owners and operators are following recordkeeping requirements.²⁸ Audits will be an effective tool to verify the methods used by warehouse operators to count truck trips and earn WAIRE Points are reliable and verifiable. Audits will also be conducted to verify exemptions claimed through report submittals.²⁹ As with other compliance activities conducted by South Coast AQMD, inspectors may conduct unannounced site inspections to see how a facility operates and to verify WAIRE menu actions implemented through the WAIRE Program. If inspectors observe a potential violation, a Notice to Comply (NC) may be issued to request information or to order the facility to take corrective action. If noncompliance with air quality rules is identified, however, a Notice of Violation (NOV) may be issued to inform a business that it is out of compliance with specific South Coast AQMD rule requirements or permit conditions. NOV's are referred to the South Coast AQMD legal department for settlement negotiations and can result in civil penalties. If no settlement is reached, a civil lawsuit may ultimately be filed in superior court.³⁰

WAIRE Program Online Portal (POP)

As part of the Resolution for Rule 2305 and Rule 316, the South Coast AQMD Governing Board directed South Coast AQMD staff to develop an online portal to submit required reports and documents as required by Rule 2305. Rule 2305 requires all reporting be submitted by an authorized official of either the warehouse operator, or owner if the WAIRE Points are earned by the owner, through the Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program Online Portal (POP), or WAIRE POP online system. After Governing Board adoption in May 2021, South Coast AQMD staff from Planning, Rule Development, and Implementation and Information Management began developing WAIRE POP to support warehouse owners and operators comply with the reporting requirements set forth by Rule 2305.

Development

Following the adoption of Rule 2305 in May 2021, South Coast AQMD began working with a South Coast AQMD prequalified contractor, AgreeYa Solutions, Inc., in the development and design of the WAIRE POP that warehouse owners and operators would use to submit their Rule 2305 compliance reports. The software system was developed to provide South Coast AQMD the ability to track warehouse owner or operator activities recorded through the various reporting requirements set forth by the rule, such as those related to implementing, acquiring, or using near zero emissions (NZE) and/or zero emissions (ZE) on-road trucks, ZE cargo handling equipment, ZE charging/fueling infrastructure, solar

²⁸ Rule 2305 requires that all records used to demonstrate compliance with all reporting requirements shall be maintained by warehouse operators (or owners if applicable) for a period of no less than seven years and made available to South Coast AQMD upon request during normal business hours to determine compliance.

²⁹ See Rule 2305(g) and Rule 316(h).

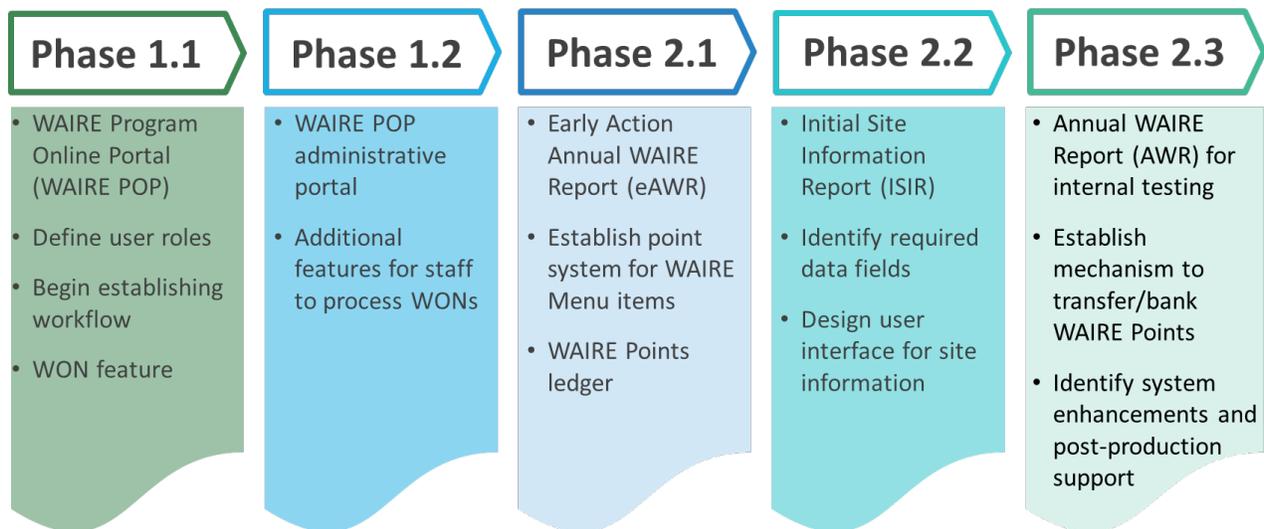
³⁰ More information can be found on the South Coast AQMD website:
<https://www.aqmd.gov/nav/about/authority/enforcement>.

panels, or air filtration systems installed or replaced at residences, schools, daycares, hospitals, or community centers.

The contractor issued a draft charter document to develop and deploy the online reporting portal for warehouse owners and operators to submit Warehouse Operation Notification (WON) reports, Initial Site Information Reports (ISIR), and Annual WAIRE Reports (AWR). The project was separated into two major phases, as depicted in *Figure 14*:

- Phase 1, consisting of Phase 1.1 and Phase 1.2:
 - Phase 1.1 was to develop publicly available web portal where warehouse owners and operators can register, submit, and pay for their WON report. Phase 1.2 was to develop a mechanism for South Coast AQMD staff to process report data into the WAIRE POP database.
- Phase 2 of the WAIRE POP development included adding new features to provide internal and external users the ability to file AWRs and ISIRs through the WAIRE POP system.

Figure 14 - WAIRE POP Development Phases to Date



South Coast AQMD worked with the contractor and participated in project planning activities and tasks which included daily status meetings for 18-months, project milestones tasks, user meetings, and different planning sessions to work on the deliverables based upon meetings and discussions. During the meetings, South Coast AQMD was involved in providing background information about Rule 2305 and making sure that the information provided on the WAIRE POP were easy-to-understand and applicable to all the end users. Upon approval of the software requirement specifications, functional design and performance of the design activities, the contractor was able to build the software components in stages for testing based upon meetings and discussions conducted with South Coast AQMD.

A test version of WAIRE POP online system was rolled out by the contractor on the Stage environment for testing and evaluation internally by South Coast AQMD. The purpose of the testing phase was to verify that the WAIRE POP was working correctly. During the testing period, the contractor and South Coast AQMD check every page of the program to ensure there are no errors or bugs in the structure,

content, functionality, and performance of the WAIRE POP online system. South Coast AQMD also accessed the user-friendliness and the feasibility of the detailed, step-by-step process during testing and was able to identify potential problems, errors, and proposed corrective procedures prior to rolling out WAIRE POP for external users.

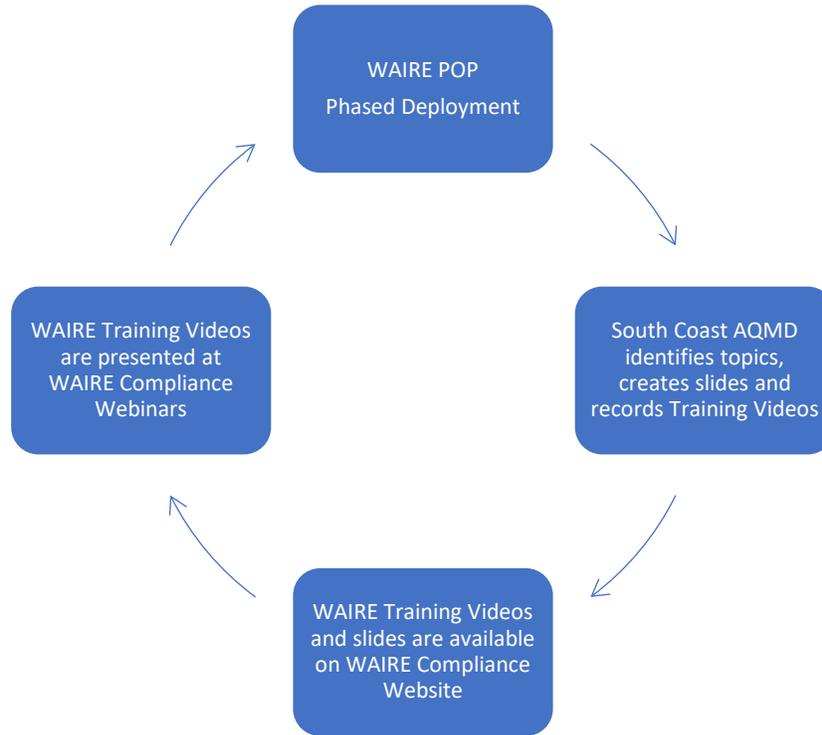
Phase 1.1 of WAIRE POP for Warehouse Operation Notification (WON) report submission was deployed in August 2021 for warehouse owners to submit the required report and associated fee. Throughout the web development and subsequent phases of the WAIRE POP release, South Coast AQMD provides continuous feedback to Information Management and the contractor the scopes of improvements from user interactions and make necessary modifications and enhancements to the WAIRE POP. Every phase of the program development is significant, South Coast AQMD continues to work with Information Management and the contractor to perform continuous testing during each phase of the WAIRE POP to make sure that each section is working properly in its place and all sections are working efficiently within the whole system.

Implementation

Following the adoption of Rule 2305 and Rule 316, multiple channels of outreach were used to inform warehouse owners and operators of the WAIRE Program and associated requirements. The WAIRE Program Hotline (909-396-3140) and Helpdesk email inbox (waire-program@aqmd.gov) were established to directly assist warehouse owners and operators with WAIRE Program questions and information about the program. The hotline and email address are also used to provide outreach, respond to compliance questions, and schedule individual facility consultations. Staff developed guidance resources to assist warehouse owners and operators in submitting the reports as required by Rule 2305, and to provide information to the public about rule compliance options. The Rule 2305 WAIRE Program Compliance Website (www.aqmd.gov/waire) went live in June 2021. This new compliance website included compliance alerts for the WAIRE Program and served as the main hub for the following guidance resources: the WAIRE Program Implementation Guidelines, online WAIRE Training Videos, the Frequently Asked Questions (FAQs) document, WAIRE User Calculator, and WAIRE upcoming compliance due dates.

To assist warehouse owners and operators with a better understanding of WAIRE Program requirements and compliance options for Rule 2305, the South Coast AQMD staff created a series of online Training Videos on different topics related to WAIRE Program compliance. The Training Videos were also uploaded on the WAIRE Program Compliance website (www.aqmd.gov/waire) so users may view these trainings at their own convenience. The WAIRE Training Videos were created to provide detailed information and explain key points of Rule 2305, such as counting truck trips, early action WAIRE Points, and instructions for the different reports required by the rule, in 5-to-15-minute segments. The Training Videos also provide a step-by-step tutorial in how to navigate and submit reports on the WAIRE POP online system. There are currently nine Training Videos on the following topics: WAIRE Program Overview, Truck Trips Counting for WPCO, Early Action Opportunities to Earn WAIRE Points, Overview of WON, WON Spreadsheet Template, WAIRE POP for WONS, Early Action AWR, Overview of ISIR, and WAIRE POP for ISIR. More videos are currently under development and will be released in conjunction with future enhancements to the WAIRE POP as they are deployed to the external users. *Figure 15* below represents a simplified diagram of the WAIRE Training Video developmental process.

Figure 15 - Work Flow for WAIRE POP Phased Deployment



A series of WAIRE Compliance Webinars were presented by South Coast AQMD to provide training for Rule 2305 compliance. The first introductory webinar was held on June 30, 2021, Staff presented Training Videos #1-3 followed by a Questions and Answer session on 3 topics: the WAIRE Program Overview, Truck Trip Counting, and Early Action Opportunities. South Coast AQMD has hosted 6 WAIRE Compliance Program Training Webinar since rule adoption. The goals of the WAIRE Compliance Webinars are to educate and provide guidance resources about Rule 2305 and to facilitate a successful Questions-and-Answers session that is of interest to all stakeholders.

Outreach

Implementation Efforts

As part of the Resolution for Rule 2305 and Rule 316, the South Coast AQMD Governing Board directed South Coast AQMD staff to conduct outreach to applicable warehouse owners and operators and provide training and guidance on how to comply with Rule 2305 with emphasis on warehouse operators that are small businesses. As part of the outreach plan, South Coast AQMD staff setup the Rule 2305 WAIRE Program Compliance Website (www.aqmd.gov/waire), which went live in June 2021. There have been over 21,100 visits to the website since June 2021. This website was designed to provide a central hub for all web-based resources to assist warehouse owners and operators subject to the rule requirements by providing online access to compliance guidance documents such as the:

- WAIRE Program Implementation Guidelines,

- WAIRE Training Videos,
- Frequently Asked Questions (FAQs) document,
- WAIRE User Calculator, and
- WAIRE upcoming compliance due dates.

South Coast AQMD also has a dedicated WAIRE Program Hotline (909-396-3140) and Helpdesk (waire-program@aqmd.gov) to provide guidance on Rule 2305 requirements, especially reporting requirements. Since rule adoption, South Coast AQMD has responded to over 1,900 calls and emails to the WAIRE Program Hotline and Helpdesk.

In addition to public virtual outreach efforts, over 5,000 compliance advisory mailers were sent to all warehouse owners that have warehouse facilities potentially applicable to Rule 2305. The mailers were sent to the warehouse owners to inform warehouse owners of their obligations and to submit the Warehouse Operations Notification (WON). South Coast AQMD have sent over 21,413 informational emails about WAIRE Program resources, conducted multiple in person and virtual webinar presentations to warehouse owners/operators, elected/appointed officials, community/environmental organizations, consultants, AB 617 Community Steering Committees, various trade associations, and chambers of commerce.

South Coast AQMD also held 6 publicly noticed WAIRE Compliance Webinars and recorded 9 Compliance Training Videos with detailed guidance on how to comply with Rule 2305. The Compliance Training Videos were uploaded on the WAIRE Program Compliance website so users may view these trainings at their own convenience, there have been over 2,122 views of the Compliance Training Videos outside of webinars. South Coast AQMD staff continued to work with Legislative, Public Affairs & Media Office staff to reach out to new and existing warehouse operators and owners on the requirements of Rule 2305, increase awareness of their obligations and the steps that can be made to meet them. South Coast AQMD staff is currently utilizing data from the WON reporting to conduct outreach to Phase 1 warehouse operators to advise of Rule 2305 requirements, including tracking truck trips and earning WAIRE Points for the 2022 compliance period.

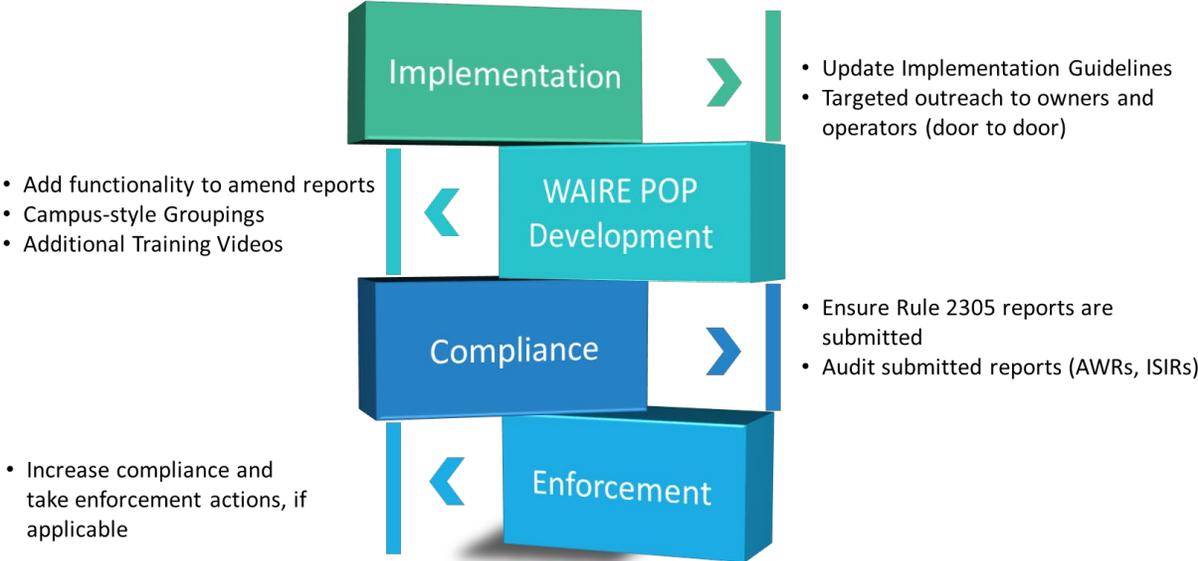
Next Steps

The first year of implementation for the WAIRE Program was primarily focused on program development, outreach and providing technical support for warehouse owners and operators subject to Rule 2305. Development of the WAIRE Program Online Portal (POP) was a significant undertaking to design, program, test and deliver a user-friendly software reporting tool for warehouse owners and operators subject to Rule 2305 within a very short timeframe to meet the initial reporting due dates established by the rule. South Coast AQMD staff also focused on outreach and developing implementation guidelines, a Frequently Asked Questions document, fact sheets, training videos and other materials to provide technical support for the approximate 3,400 warehouses that are anticipated to be subject to Rule 2305. Given the initial reporting statistics, staff understand the importance of outreach to inform the universe of warehouses potentially subject to Rule 2305 and the requirement to complete certain actions and/or investments to meet their compliance obligations under the rule, with the goal of increasing compliance from warehouse owners and operators.

Figure 16 identifies the activities that will be completed by South Coast AQMD in the next iteration of this report. For example, after rule adoption, operators requested a campus-style grouping for instances

where they had adjacent facilities operating as one warehouse despite occupying multiple buildings. Staff has drafted guidance to accommodate a proposed approach for campus-style report filings. Once the draft guidance has been approved by the Executive Officer, it will be added as an appendix to the WAIRE Implementation Guideline as an option for future report compliance.

Figure 16 - Overview of Future WAIRE Program Activities



Appendix A: Warehouse Indirect Source Rule (ISR) Implementation in Assembly Bill 617 (AB 617) Communities

Introduction

Assembly Bill 617 (AB 617)³¹ is a 2017 California law that addresses disproportionate impacts of air pollution in environmental justice communities. Since AB 617's first year of implementation in 2018, South Coast AQMD has designated six communities for participation in the program:

- Year 1 Communities (2018)
 - East Los Angeles, Boyle Heights, West Commerce (ELABHWC)
 - San Bernardino, Muscoy (SBM)
 - Wilmington, Carson, West Long Beach (WCWLB)³²
- Year 2 Communities (2019)
 - Eastern Coachella Valley (ECV)
 - Southeast Los Angeles (SELA)
- Year 3 Community (2021)
 - South Los Angeles (SLA)

AB 617 requires South Coast AQMD to work with each community to develop and adopt a Community Emissions Reduction Plan (CERP) one year from designation. To achieve this goal, each community establishes a Community Steering Committee (CSC), comprised of people who may live, work, own businesses, or attend school within the community, to lead the CERP development process in partnership with South Coast AQMD and the California Air Resources Board (CARB). Through the CERP development process, the CSC identifies air quality priorities and works with diverse entities (e.g., regulatory agencies, local organizations) to develop exposure or emission reduction measures to address those air quality priorities.

All six of the AB 617 communities within South Coast AQMD's jurisdiction identified impacts from neighborhood truck traffic or diesel mobile sources³³ as an air quality priority for their respective communities due to the impact from these sources on a day-to-day basis. For example, the community of WCWLB is home to the Port of Long Beach and Port of Los Angeles (Ports). The Ports serve as a gateway for the world's markets through the movement of goods. These goods are transported to and from the Ports by ships, trains, and heavy-duty trucks. Trucks travel along freeways that pass through the AB 617-designated communities and often travel near and through local neighborhoods to reach their destinations thus exposing residents to harmful air pollutants.

NOx is the primary pollutant that needs to be reduced to meet federal and state air quality standards, and mobile sources associated with goods movement make up about 52 percent of all NOx emissions in the

³¹ California Health and Safety Code Section 44391.2

³² Wilmington, Carson, West Long Beach Community Emissions Reduction Plan, <http://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/wilmington/cerp/final-cerp-wcwlb.pdf>

³³ AB 617 related air quality priorities include neighborhood and freeway traffic from trucks and automobiles, neighborhood truck traffic, diesel mobile sources, truck traffic and freeways, and mobile sources.

South Coast Air Basin. Trucks are the largest source of NOx emissions in the air basin and for the emissions associated with warehouses. Truck activity is focused at warehouses, which as the Socioeconomic Impact Assessment identifies, are disproportionately located in disadvantaged communities.⁶ The population within 0.5-mile of a large warehouse has a population-weighted average CalEnviroScreen 3.0 (CES 3.0) Score of 46.6 (85th percentile statewide), while the South Coast AQMD jurisdiction has a population weighted average CES 3.0 Score of 33.9 (67th percentile statewide). The Final Socioeconomic Impact Assessment for Rule 2305 and Rule 316 identified that risks posed from PM2.5 and DPM are also higher for populations located within 0.5-mile of warehousing facilities.

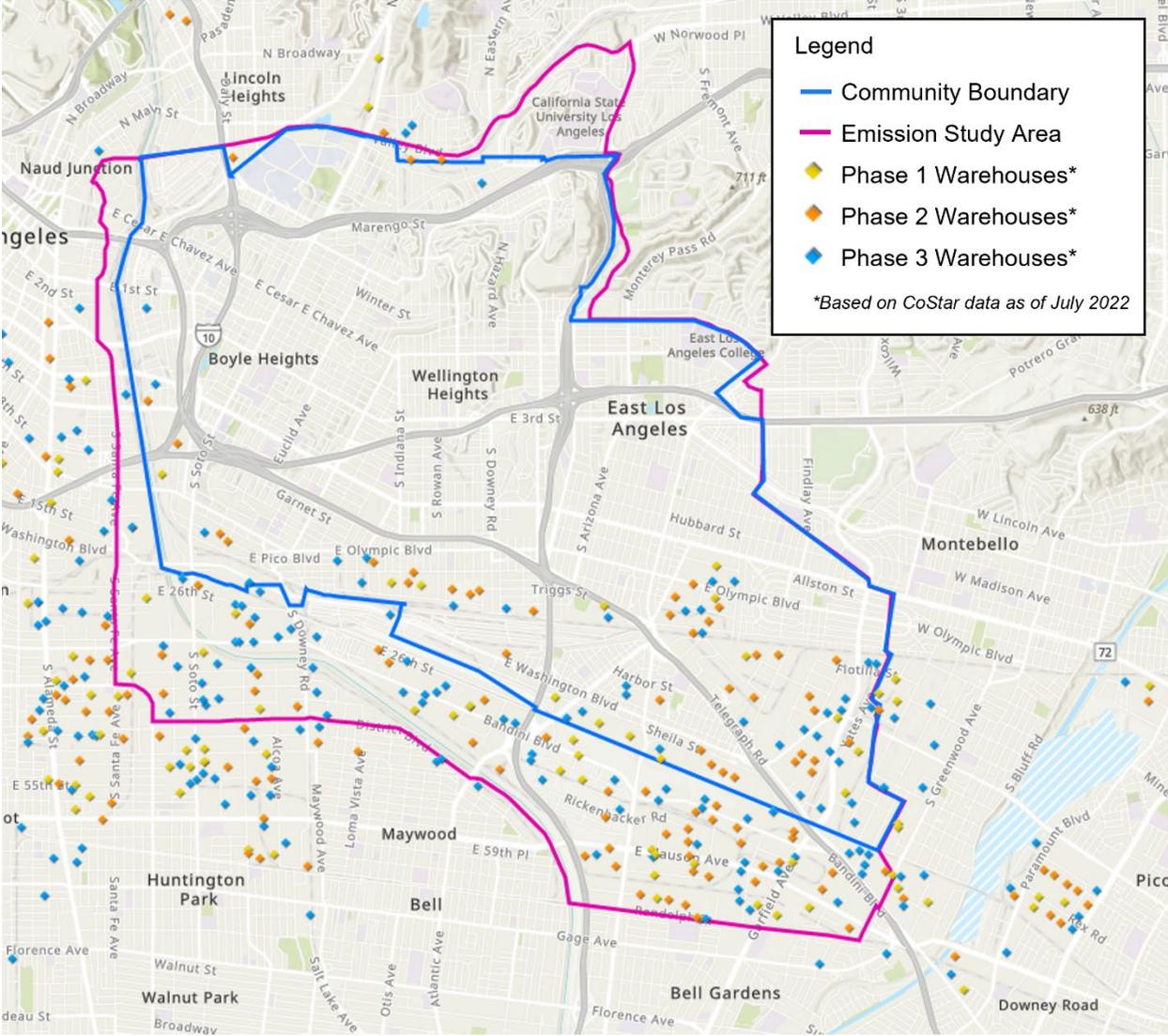
Public health benefits to disadvantaged communities were identified as part of the analysis for the benefits of Rule 2305 and Rule 316 at the time of adoption. Public health is on the forefront of the minds of the community members participating in the AB 617 program. Although South Coast AQMD does not conduct public health studies, community groups often come to South Coast AQMD as a data source for emissions information so that they may then work with other entities or conduct a health study themselves. Therefore, South Coast AQMD anticipates that community groups affiliated with AB 617 or other environmental justice efforts, will seek additional data related to the WAIRE Program implementation. Overtime, in addition to this report, South Coast AQMD plans to release WAIRE Program related data through its Facility INformation Detail (F.I.N.D.) tool as well. South Coast AQMD is actively working with District Counsel and Information Management to determine how F.I.N.D. may be updated to support such data inquiries.

In this iteration of the WAIRE Program Annual Report, Figure A-1 through Figure A-6 provide a visual representation of potential warehouse locations within each AB 617 designated community within South Coast AQMD's jurisdiction.

Year 1 Communities

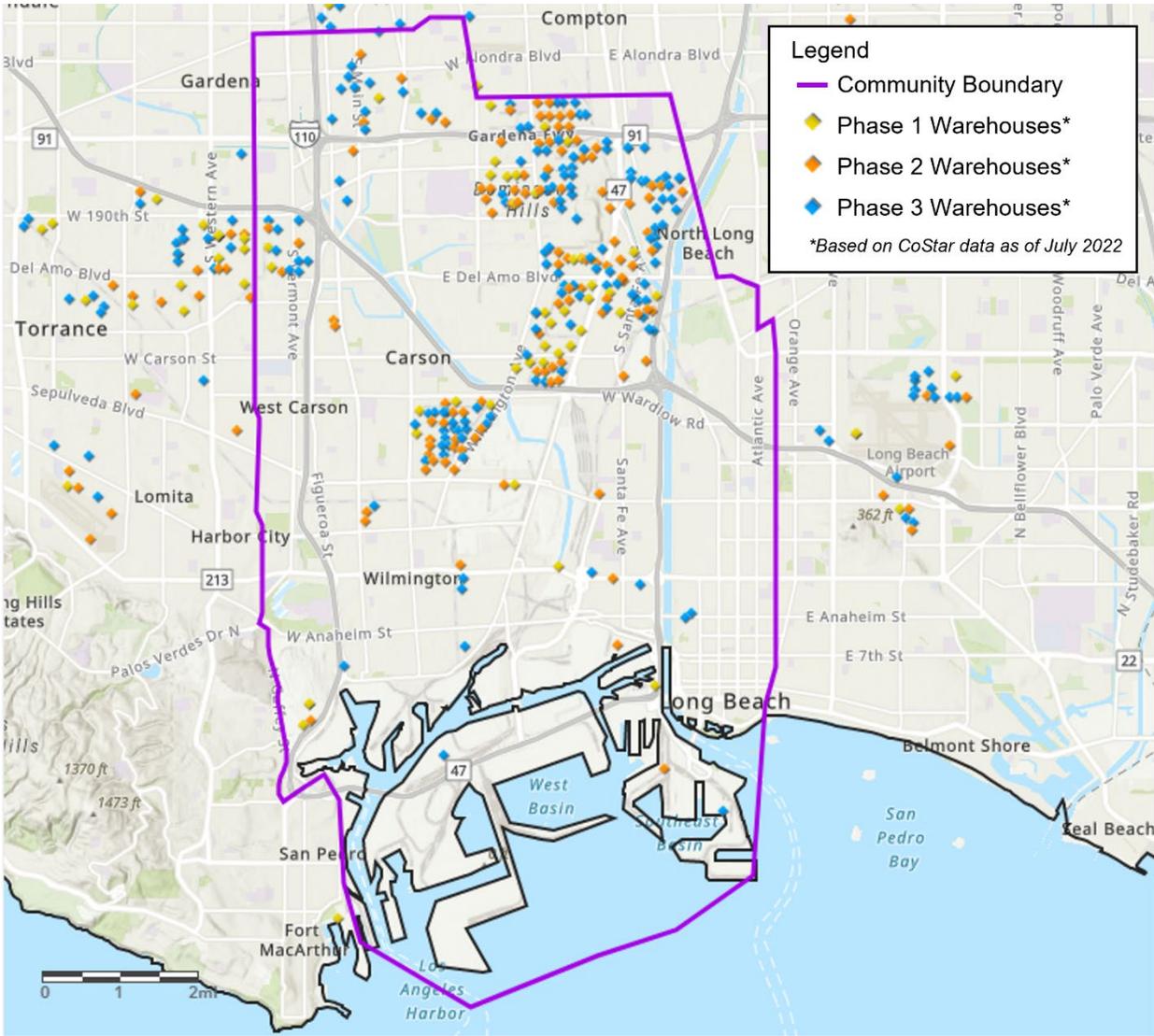
East Los Angeles, Boyle Heights, West Commerce (ELABHWC)

Figure A-1 – Potential Warehouses Located in East Los Angeles, Boyle Heights, West Commerce (ELABHWC) by Phase



Wilmington, Carson, West Long Beach (WCWLB)

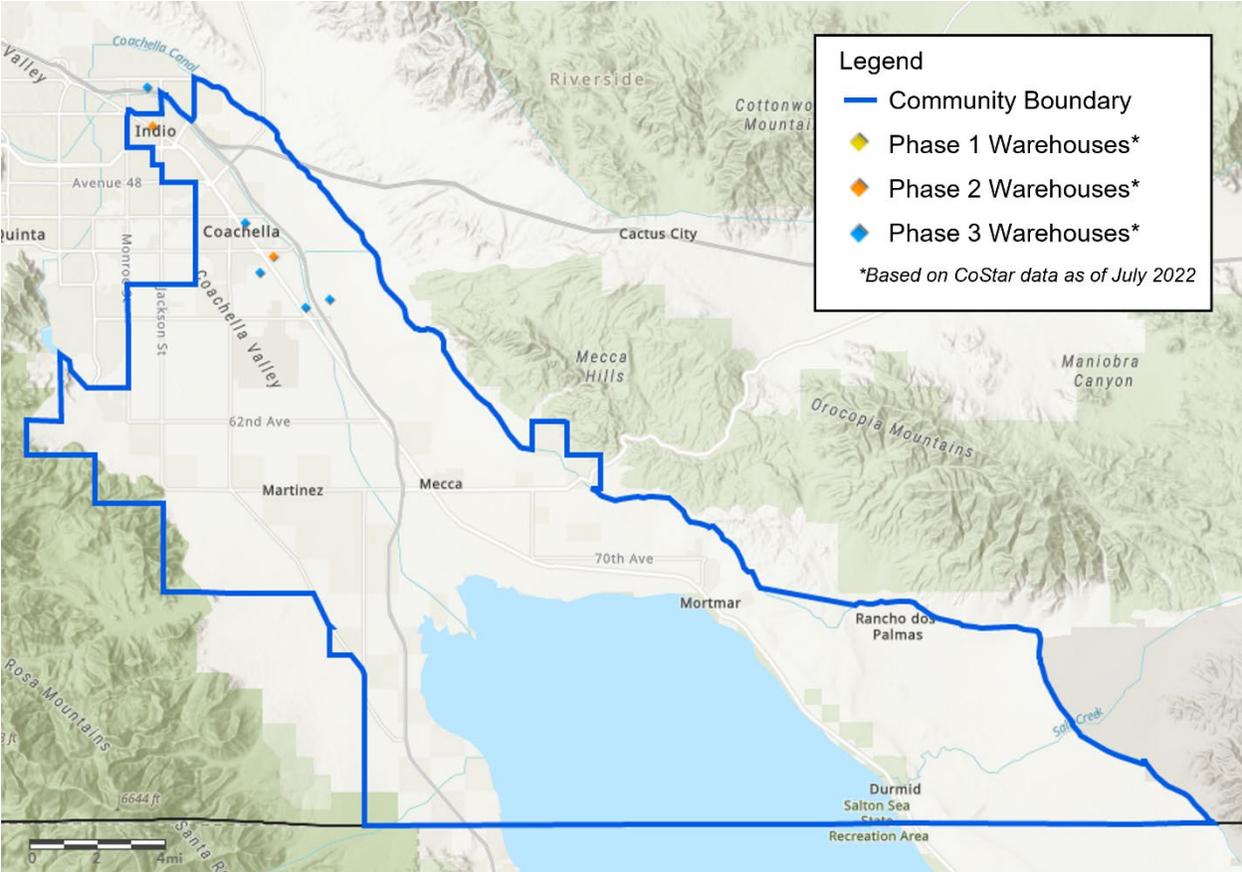
Figure A-3 Potential Warehouses Located within Wilmington, Carson, West Long Beach (WCWLB) by Phase



Year 2 Communities

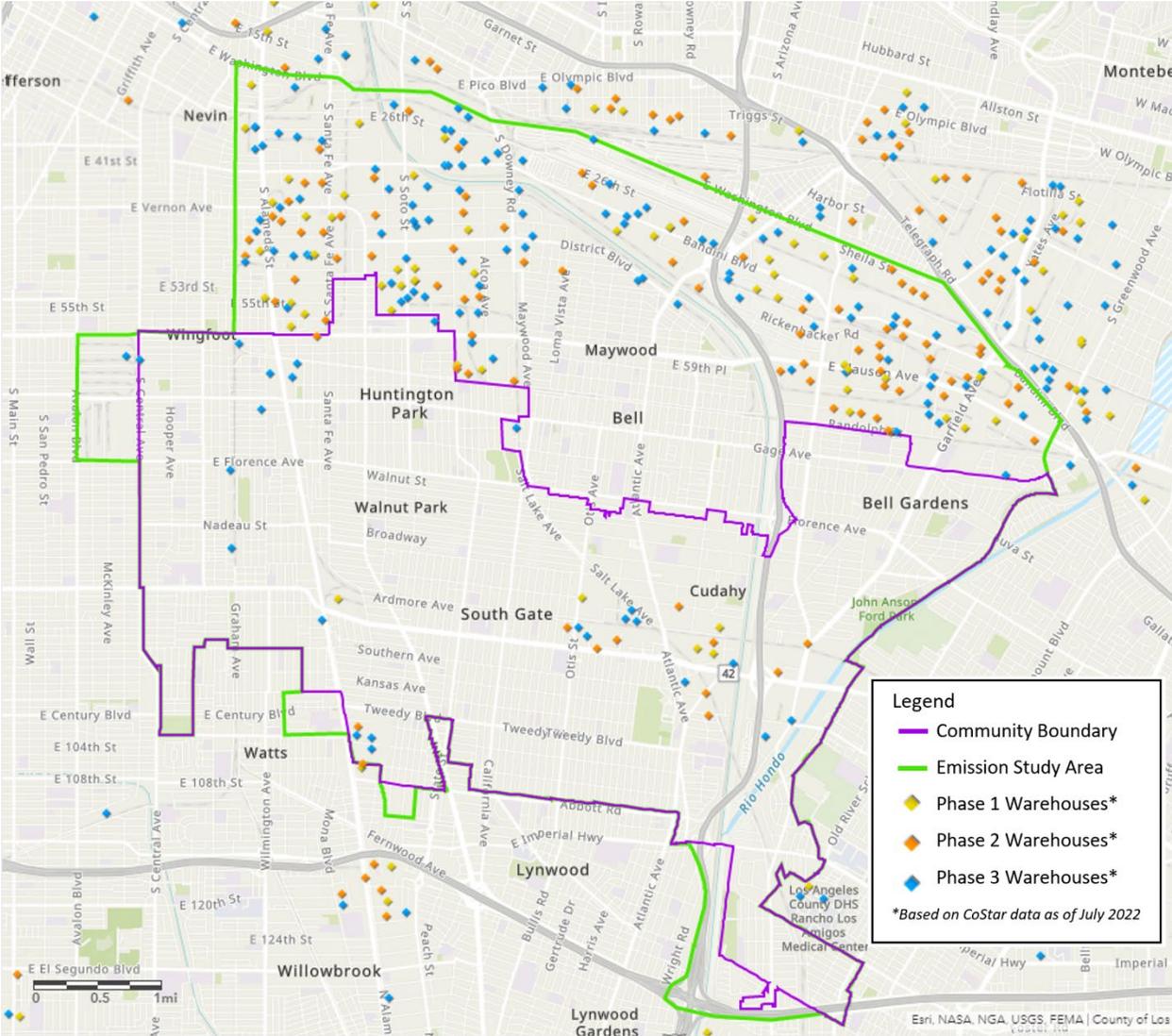
Eastern Coachella Valley (ECV)

Figure A-4 – Potential Warehouses Located within Eastern Coachella Valley (ECV) by Phase



Southeast Los Angeles (SELA)

Figure A-5 Potential Warehouses Located within Southeast Los Angeles (SELA) by Phase



Appendix B: Initial Site Information Report (ISIR) WAIRE Menu Items Anticipated

This table provides a complete list of all the anticipated WAIRE Points earned by WAIRE menu item name, or category, reported in the Initial Site Information Reports (ISIRs) received through September 30, 2022. This table also includes the number of times, or occurrence³⁴, a category was selected in those ISIRs. Mitigation points are also listed in the table, although they are not part of Table 3: WAIRE Menu in Rule 2305.

Menu Item Name	WAIRE Points	Occurrence ³⁴
ZE Hostler Usage	71,575.8	59
NZE Class 8 Truck Visits	49,926.1	57
ZE Hostler Acquisitions	13275	56
ZE Class 8 Truck Visits	10,223.5	84
ZE Class 8 Truck Acquisitions	6,930	8
NZE Class 4-7 Truck Visits	4,020.6	17
Finalize TRU Plug project	3,444	2
Begin Construction on TRU Plug project	2,760	7
Finalize 19.2-350 kW charger project	2360	40
Rooftop Solar Panel Installations	2,353.6	6
TRU Plug Acquisition	1,641	4
Charger Usage	1537.1	72
150-350 kW EVSE Acquisition	1,298	11
TRU Plug Usage	1,089.5	6
51-149 kW EVSE Acquisition	663	13
Solar Panel Usage	509	45
Up to 19.2 kW EVSE Acquisition	275	55
Finalize up to 19.2 kW charger project	250	50
19.2-50 kW EVSE Acquisition	208	8
Begin Construction on 19.2-350 kW charger project	189	21
Begin Construction on up to 19.2 kW charger project	140	28
ZE Class 4-7 Truck Acquisitions	136	2
ZE Class 2b-3 Truck Acquisitions	98	2
H2 Station Usage	83.9	3
Filter System Installations	50.6	2
Filter Purchases	29.2	2
ZE Class 2b-3 Truck Visits	7.4	4
ZE Class 4-7 Truck Visits	6.7	4
Mitigation Fee Points	5,544.8	109

³⁴ These occurrences may differ from menu option to menu option. For example, the number of occurrences that corresponds to “Finalize 19.2- 350 kW charger project” reflects the number of individual chargers, or EVSE, that are anticipated to complete final energization or permit sign off in the 2022 compliance period.

Appendix C: Early Action Annual WAIRE Report (AWR) WAIRE Menu Items Implemented

This table provides a complete list of all the reported WAIRE Points earned by WAIRE menu item name, or category, reported in the Early Action Annual WAIRE Reports (AWRs) received for the 2021 compliance period (from May 7, 2021, to December 31, 2021). This table also includes the number of times, or occurrence,³⁵ a category was selected in those Early Action AWRs.

Menu Item Name	WAIRE Points	Occurrence
ZE Hostler Usage	29841.8	28
NZE Class 8 Truck Visits	7850.9	57
Finalize 19.2-350 kW charger project	5369	91
ZE Hostler Acquisitions	4425	26
Rooftop Solar Panel Installations	1129.2	5
ZE Class 8 Truck Visits	602.6	28
Charger Usage	216.2	27
Solar Panel Usage	123.9	23
Begin Construction on 19.2-350 kW charger project	108	12
51-149 kW EVSE Acquisition	51	1
ZE Class 8 Truck Acquisitions	45.6	2
Begin Construction on up to 19.2 kW charger project	10	2
ZE Class 2b-3 Truck Acquisitions	3	5
ZE Class 2b-3 Truck Visits	2.7	1
NZE Class 4-7 Truck Visits	0.1	1

³⁵ These occurrences may differ from menu option to menu option. For example, the number of occurrences that corresponds to “Finalize 19.2- 350 kW charger project” reflects the number of individual chargers, or EVSE, that completed the final energization or permit sign off in the 2021 compliance period.

COMMITTEE MEETING DATE: December 16, 2022 AGENDA NO.

REPORT: STMPR Advisory Group Minutes

SYNOPSIS: Minutes from STMPR Advisory Group Meeting held on May 31, 2022 and from the Joint Advisory Council and STMPR Advisory Group Meeting held on October 5, 2022.

RECOMMENDED ACTION:
Receive and file.

SLR:IM:IES:CN:WS:BV

**Approved Minutes from the Scientific, Technical and Modeling Peer Review
Advisory Group Meeting held on May 31, 2022**

Advisory Group Members

Present: Jeremy Avise, Chief of Modeling & Meteorology, CARB
 John Cho, Southern California Association of Governments
 Ken Davidson, U.S. EPA Region IX
 Peter Evangelakis, Vice President, REMI, Inc.
 Gloria González-Rivera, University of California, Riverside
 Ralph Morris, Principal, Ramboll
 Anthony Oliver, Senior Economist, CARB

Absent: Greg Osterman, Jet Propulsion Laboratory/NASA
 Robert Kleinhenz, Kleinhenz Economics
 Gabriele Pfister, National Center for Atmospheric Research
 Fred Lurmann, Sonoma Technology Inc.
 Rynda Kay, U.S. Environmental Protection Agency, Region 9
 Alex Gunther, University of California, Irvine
 Pablo Saide, University of California, Los Angeles
 Kelly Barsanti, University of California, Riverside

For additional details of the Scientific, Technical & Modeling Peer Review Meeting, please refer to the Webcast at: [Webcast](#)

AGENDA ITEM:

1. Welcome, Introduction, and Approval of March 16th STMPR Meeting Minutes

Ian MacMillan, Assistant Deputy Executive Officer, Planning, Rule Development & Implementation, welcomed STMPR members and introduced staff. The STMPR Advisory Group approved the March 16th meeting minutes. For additional details, please refer to the [Webcast](#) beginning at 00:00.

2. Preliminary Costs of the 2022 AQMP – South Coast AQMD Measures

Brian Vlasich, Air Quality Specialist, Planning Rule Development and Implementation, provided a summary on the preliminary costs of the Draft 2022 AQMP control measures.

Harvey Eder, Public Solar Power Coalition, requested that the 2022 AQMP residential control measures address cooling and solar renewables in the cost-effectiveness and public health benefits analyses. For additional details, please refer to the [Webcast](#) beginning at 17:09.

3. 2022 State Strategy for the State Implementation Plan: Economic Analysis Approach

Dr. Jie Zhou, Office of Economic and Policy Analysis Section, California Air Resources Board (CARB), presented a summary of CARB’s economic impact analysis approach for the State Implementation Plan (SIP) and next steps for the publication and outreach for the next draft of the SIP.

Mr. Eder expressed concerns regarding renewable natural gas and support for solar power. For additional details, please refer to the [Webcast](#) beginning 38:10.

4. Preliminary Public Health Benefits Associated with the 2022 AQMP Implementation

Henry Roman and William Raich, Industrial Economics, Inc. (IEc), presented a summary of the preliminary public health impacts of the Draft 2022 AQMP.

Dr. Ken Davidson, United States Environmental Protection Agency (U.S. EPA), inquired whether there were any additional health endpoints considered with California or South Coast specific baseline data. Mr. Roman responded that his team has been looking for local health endpoint data where possible and that county level data was obtained from the U.S. EPA Environmental Benefits Mapping and Analysis Program (BenMAP), and data obtained from the California Department of Health Care Access and Information (HCAI) are more refined and current than BenMAP. Dr. Elaine Shen, Planning and Rules Manager, Planning, Rule Development and Implementation, also responded that the analysis also utilizes data from the California Department of Finance data to project future mortality rates

stratified by age group, gender, and other demographic units. For additional details, please refer to the [Webcast](#) beginning 1:20:32.

Dr. James Enstrom, Scientific Integrity Institute, expressed concern that the results presented by IEc misrepresent the public health impacts from ozone and particulate matter (PM) exposures in the South Coast region. Dr. Enstrom commented that the measured personal individual exposures in the South Coast region are far below the reported monitor levels and national ambient air quality standards (NAAQS) for ozone and PM, and asked that IEc staff consider two scientific articles Dr. Enstrom published finding the lack of mortality effects of PM_{2.5}. Dr. Enstrom expressed desire to engage with South Coast AQMD staff to further discuss health impacts. Staff welcomed discussions with Dr. Enstrom. For additional details, please refer to the [Webcast](#) beginning 1:29:41.

Mr. Mark Abramowitz, Community Environmental Services, commented on the importance to include the most conservative data to prevent the underestimation of air adverse quality impacts on public health and to weigh studies with differing conclusions appropriately when conducting health impact analyses. For additional details, please refer to the [Webcast](#) beginning 1:37:35.

Dr. Stan Young, former statistician at a pharmaceutical company, commented that ozone does not pose health risks based on multiple sources and requested that CARB data sets used for ozone health impact analyses be publicly available. For additional details, please refer to the [Webcast](#) beginning 1:42:38.

OTHER MATTERS:

5. Other Business

Mr. MacMillan presented on the proposed cost-effectiveness approach in the Draft 2022 AQMP for the South Coast AQMD Control Measure Implementation.

Mr. Abramowitz expressed concern with increasing cost-effectiveness thresholds based on cost of living, given that the South Coast AQMD has not identified ways to achieve standards under the cost-effectiveness thresholds and requested that staff not prioritize more costly stationary source measures over less costly mobile source measures. For additional details, please refer to the [Webcast](#) beginning 1:50:41.

6. Public Comment on Non-Agenda Items

None.

7. Next Meeting Date

TBD

Adjournment

The meeting adjourned at 11:55 a.m.

Draft Minutes for the Joint Meeting of the Advisory Council and the Scientific, Technical and Modeling Peer Review Advisory Group held on October 5, 2022

Advisory Council Members

Present: Jennifer Bullard, Orange County Business Council
Ken Chawkins, Chawkins Communications Consulting
Vanessa Delgado, (Board liaison) South Coast AQMD Governing Board
Alfred Fraijo
Jo Kay Ghosh, Heluna Health
Ana Gonzalez, Center for Community Action and Environmental Justice
Paul Granillo Inland Empire Economic Partnership
Yassi Kavezade, Sierra Club
Michael Kleinman, University of California, Irvine
Bill La Marr, California Alliance of Small Business Associations
Greg Ostermann, Jet Propulsion Laboratory, NASA
David Rothbart, The Los Angeles County Sanitation Districts and Southern California Alliance of Publicly Owned Treatment Works
Andrew Silva, San Bernardino County Resident
Scott Weaver, Ramboll
Je-Show Yang, Asian and Pacific Islander Forward Movement

Absent: Irene Burga, GreenLatinos
Natalie Hernandez, Climate Resolve
Adonis Galarza, Alianza Coachella Valley

Advisory Group Members

Present: Jeremy Avise, CARB
Kelly Barsanti, University of California, Riverside
John Cho, Southern California Association of Governments
Ken Davidson, U.S. EPA Region IX
Peter Evangelakis, REMI, Inc.
Gloria González-Rivera, University of California, Riverside
Alex Gunther, University of California, Irvine
Ralph Morris, Ramboll
Anthony Oliver, CARB
Greg Osterman, Jet Propulsion Laboratory/NASA

Absent: Rynda Kay, U.S. EPA Region IX
Robert Kleinhenz, Kleinhenz Economics
Fred Lurmann, Sonoma Technology Inc.
Gabriele Pfister, National Center for Atmospheric Research
Pablo Saide, University of California, Los Angeles

For additional details of Joint Meeting of the Advisory Council and the Scientific, Technical, and Modeling Peer Review Advisory Group, please refer to the Webcast at: [Webcast](#)

AGENDA ITEM:

1. Welcome, Introduction, and Roll Calls

Ian MacMillan, Assistant Deputy Executive Officer/Planning, Rule Development and Implementation called the meeting to order at 10:01 a.m. For additional details on Agenda item 1, please refer to the [Webcast](#) beginning at 00:00.

2. Comply with AB 361 Requirements to Allow the Joint Meeting of the Advisory Council and the Scientific, Technical, and Modeling Peer Review Advisory Group to Meet Remotely

Barbara Baird, Chief Deputy Counsel, Legal, introduced the provisions that allow the joint meeting to be conducted remotely. The Advisory Group approved, 12-0. The STMPR Advisory Group approved, 9-0. For additional details on Agenda item 2, please refer to the [Webcast](#) beginning at 11:10.

3. Approval of Minutes for Advisory Council

Mr. MacMillan asked the Advisory Council for the approval of minutes from the August 10, 2022 meeting of the Advisory Council. No opposition was recorded. For additional details on Agenda item 3, please refer to the [Webcast](#) beginning at 18:55.

4. Approval of Minutes for Scientific, Technical, and Modeling Peer Review Advisory Group

Mr. MacMillan asked the Advisory Council for the approval of minutes from the May 31, 2022 meeting of the STMPR Advisory Group. No opposition was recorded. For additional details on Agenda item 4, please refer to the [Webcast](#) beginning at 20:20.

5. Advisory Council's Comments on the 2022 AQMP Health Effect Analysis

Eric Praske, Ph.D., Acting Program Supervisor, Planning Rule Development and Implementation, presented a summary of comments and feedback from the Advisory Council on the health effects analysis. For additional details on Agenda item 5, please refer to the [Webcast](#) beginning at 21:15.

Advisory Council/STMPR Advisory Group Member Comments:

Dr. Michael Kleinman commented that U.S. EPA's Clean Air Scientific Advisory Committee (CASAC), of which he is a member, is anticipating the finalization in December of its discussion of scientific issues related to the 2020 Ozone Integrated Science Assessment. He indicated supportive evidence for a lower ozone standard and the associated implications for AQMP. He offered to summarize CASAC comments for the Advisory Group.

6. Updated Health Benefits and Incremental Costs Based on the Revised Draft 2022 AQMP

Henry Roman, Principal/Industrial Economics, Inc. (IEc), and Elaine Shen, Ph.D., Planning and Rules Manager, Planning Rule Development and Implementation, presented on the updated health benefits and incremental costs analyses, respectively, associated the Revised Draft 2022 AQMP. For additional details on Agenda item 6, please refer to the [Webcast](#) beginning at 28:48.

Advisory Council/STMPR Advisory Group Member Comments:

Ralph Morris commented that health effects were estimated for interim years while air quality modeling was not reported for interim years. Dr. Lee responded that, in addition to the attainment year 2037 for the South Coast Air Basin (SCAB), an additional interim year 2032 was also modeled for the purpose of attainment demonstration for Coachella Valley but with modeling done for SCAB as well.

Bill La Marr asked about what value of statistical life (VSL) figure was assumed for the health benefits monetization analysis, and cited some different figures used by other agencies and how they differ from what is used in the health benefits analysis of the 2022 AQMP. He further asked whether benefits are overstated relative to the costs and impacts on businesses in the region. Mr. MacMillan acknowledged that the overall costs are significant in the 2022 AQMP, but the benefits outweigh the costs over time. Mr. Roman responded by describing the methodology in developing VSL. Dr. Shen mentioned that the appendices in the Draft Socioeconomic Report include sensitivity analyses based on alternative VSLs.

David Rothbart and Mr. La Marr asked about grid capacity to meet future energy demand of electrification associated with control measures requiring zero-emission (ZE) technologies. Mr. MacMillan mentioned the efforts across agencies at the state level and suggested that it is uncertain to what extent the possibility that shortfalls in electricity supply could be partially bridged by use of hydrogen fuel. Mr. La Marr suggested that an energy summit would allow businesses to offer considerations in the rollout of ZE infrastructure. Dr. Kleinman commented on the role of energy storage in ZE infrastructure. Mr. La Marr expressed concerns over ZE technology cost impacts and would like utilities providers to estimate the timeline and costs associated with attaining Senate Bill 100's clean energy goals. Ken Chawkins remarked that future utility expansion costs will likely get passed along to rate-payers.

Public Comments:

Dr. James Enstrom, Scientific Integrity Institute, challenged the estimates on premature death avoided by citing his own research and previously submitted

written comments on the lack of health effects due to ozone and PM exposure, and requested to speak directly to Board Member Delgado.

Shayne Seever, Vista Metals, commented on the potential emissions of hydrogen generation and supply, especially when mixed with natural gas, and also whether this possible outcome was studied in the emission projections. Mr. MacMillan responded that the evaluation of impacts on NOx emissions will be studied in conjunction with the rollout of hydrogen technology. Robert Silence, Optivus Technology, commented that if every home were equipped with its own solar generation and battery equipment, as to be incentivized by the Inflation Reduction Act, there would be virtually no need for infrastructure expansion to meet future electricity demand with regard to ZE technology. He further commented on the need to use only green hydrogen produced by electrolysis. Adrian Martinez, Earthjustice, commented that further investigation is needed on hydrogen and NOx emissions and suggested it to be done via the Clean Fuels Program Advisory Group. Mr. Martinez also suggested to include health benefits for on-site workers as industrial facilities switch to ZE alternatives.

Kathleen Wells, Project 21, asked whether demographics and small business were considered as variables in the cost-benefit analysis, citing an interview she had with a black owner/operator of a trucking business that was adversely impacted by federal trucking regulations.

7. Environmental Justice Analysis of Implementing the Revised Draft 2022 AQMP

Stefani Penn, Ph.D., Senior Associate/ IEC, presented on environmental justice by examining the distribution of health benefits across EJ and non-EJ communities. For additional details on Agenda item 7, please refer to the [Webcast](#) beginning at 1:44:55.

Advisory Council/STMPR Advisory Group Member Comments:

Ana Gonzales asked how the avoided premature deaths estimated for 2022 AQMP compare to the 5,000 premature deaths associated with air pollution. Dr. Shen responded that the latter figure was based on CARB's analysis using historical data while the AQMP analysis projects health benefits for future years. Ms. Gonzales cited significant increases in truck traffic resulted from the expansion of warehouses in the Inland Empire and whether the associated air quality impacts are accounted for in the 2022 AQMP. Mr. MacMillan responded by affirming that warehouse industry growth is included in the projections outlined in the Revised Draft 2022 AQMP and noted projected decreases in per-truck emissions due to implementation of adopted and proposed regulations.

Mr. La Marr commented on the typographical errors for the estimated asthma related emergency room visits reduced. He also asked about how the avoided asthma incidence was estimated. Mr. Roman acknowledged the typographical errors and described the methodology and data sources.

Je-Show Yang asked how regulation and rule compliance was factored into the analysis. Mr. MacMillan responded that full compliance is typically assumed.

Mr. Chawkins expressed concern about insufficient meeting time for the remaining items on the agenda. Mr. MacMillan asked the participants whether to reschedule the remaining items for another time or to proceed with the remaining agenda items, and most participants indicated their preference to proceed. Mr. MacMillan added that the recorded meeting will be made available on the South Coast AQMD website.

Public Comments:

Ms. Wells commented on the need to further distinguish different racial/ethnic groups within the broad definition of “minority population” and that a community’s racial makeup changes over time. She then questioned whether there is a scientifically proven causal relationship between asthma and air pollution. Mr. Roman confirmed that projections take into account population demographics and movement/redistribution of the population throughout the region. He also cited scientific evidence on the causal relationship between ozone/PM2.5 levels and asthma.

8. Job Impacts of the Revised Draft 2022 AQMP

Dr. Peter Evangelakis, Senior Vice President/Regional Economic Models, Inc. (REMI), presented on the model used to simulate regional economic impacts. Dr. Shen presented on the employment impacts resulting from the Revised Draft 2022 AQMP. For additional details on Agenda item 8, please refer to the [Webcast](#) beginning at 2:33:26.

Public Comments:

Theral Golden, West Long Beach Association, asked about the health effects analysis underlying the job impacts associated with health benefits. Dr. Shen responded that the analysis was presented earlier and included in the Draft Socioeconomic Report for the 2022 AQMP.

9. Cost-Effectiveness

Mr. MacMillan presented on cost-effectiveness thresholds proposed in the Revised Draft 2022 AQMP. For additional details on Agenda item 9, please refer to the [Webcast](#) beginning at 2:48:01.

Advisory Council/STMPR Advisory Group Member Comments:

Mr. Rothbart asked whether the U.S. EPA quantifies its regulatory costs in the same way as how staff estimated the costs for the proposed control measures under the Federal Actions category. Mr. La Marr commented that a cost of \$325,000 per ton of NOx reduced will have a detrimental impact on small business.

Public Comments:

Ms. Wells commented that some racial/ethnic groups may be disproportionately impacted by more stringent regulation which is therefore a form of racism.

Bill Quinn, California Council for Environmental and Economic Balance (CCEEB), stated that their membership is fine with the proposed \$325,000/ton threshold and asked for clarification on how the threshold would be applied. Mr. MacMillan responded that it would serve as a screening threshold for additional analysis of alternatives to be discussed via a public process.

OTHER MATTERS:

10. Other Business

None.

11. Public Comment on Non-Agenda Items

None.

12. Next Meeting Date

TBD

Adjournment

The meeting adjourned at 1:09 p.m.



South Coast Air Quality Management District

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Rule 2202 Summary Status Report

Activity for January 1, 2022 – December 31, 2022

Employee Commute Reduction Program (ECRP)	
# of Submittals:	369

Emission Reduction Strategies (ERS)	
# of Submittals:	403

Air Quality Investment Program (AQIP) Exclusively		
County	# of Facilities	\$ Amount
Los Angeles	43	\$ 233,593
Orange	5	\$ 45,188
Riverside	0	\$ 0
San Bernardino	1	\$ 10,234
TOTAL:	49	\$ 289,015

ECRP w/AQIP Combination		
County	# of Facilities	\$ Amount
Los Angeles	1	\$ 24,213
Orange	0	\$ 0
Riverside	1	\$ 51
San Bernardino	0	\$ 0
TOTAL:	2	\$ 24,264

Total Active Sites as of December 31, 2022

ECRP (AVR Surveys)			TOTAL Submittals w/Surveys	AQIP	ERS	TOTAL
ECRP ¹	AQIP ²	ERS ³				
517	9	85	611	101	636	1,348
38.36%	0.67%	6.31%	45.34%	7.48%	47.18%	100% ⁴

Total Peak Window Employees as of December 31, 2022

ECRP (AVR Surveys)			TOTAL Submittals w/Surveys	AQIP	ERS	TOTAL
ECRP ¹	AQIP ²	ERS ³				
368,890	3,223	13,925	386,038	13,653	273,570	673,261
54.79%	0.48%	2.07%	57.34%	2.03%	40.63%	100% ⁴

- Notes:**
1. ECRP Compliance Option.
 2. ECRP Offset (combines ECRP w/AQIP). AQIP funds are used to supplement the ECRP AVR survey shortfall.
 3. ERS with Employee Survey to get Trip Reduction credits. Emission/Trip Reduction Strategies are used to supplement the ECRP AVR survey shortfall.
 4. Totals may vary slightly due to rounding.

BOARD MEETING DATE: February 3, 2023

AGENDA NO.

REPORT: Lead Agency Projects and Environmental Documents Received

SYNOPSIS: This report provides a listing of CEQA documents received by South Coast AQMD between December 1, 2022 and December 31, 2022, and those projects for which South Coast AQMD is acting as lead agency pursuant to CEQA.

COMMITTEE: Mobile Source, January 20, 2023, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Nasti
Executive Officer

SR:MK:MM:SW:ET

CEQA Document Receipt and Review Logs (Attachments A and B) – Each month, South Coast AQMD receives numerous CEQA documents from other public agencies on projects that could adversely affect air quality. A listing of all documents received during the reporting period December 1, 2022 to December 31, 2022 is included in Attachment A. A total of 53 CEQA documents were received during this reporting period and 21 comment letters were sent. A list of active projects for which South Coast AQMD staff is continuing to evaluate or prepare comments for October 2022 and November 2022 reporting period is included as Attachment B.

The Intergovernmental Review function, which consists of reviewing and commenting on the adequacy of the air quality analysis in CEQA documents prepared by other lead agencies, is consistent with the Board's 1997 Environmental Justice Guiding Principles and Environmental Justice Initiative #4. As required by the Environmental Justice Program Enhancements for FY 2002-03, approved by the Board in October 2002, each attachment notes proposed projects where South Coast AQMD has been contacted regarding potential air quality-related environmental justice concerns. South Coast

AQMD has established an internal central contact to receive information on projects with potential air quality-related environmental justice concerns. The public may contact South Coast AQMD about projects of concern by the following means: in writing via fax, email, or standard letters; through telephone communication; and as part of oral comments at South Coast AQMD meetings or other meetings where South Coast AQMD staff is present. The attachments also identify, for each project, the dates of the public comment period and the public hearing date, if applicable. Interested parties should rely on the lead agencies themselves for definitive information regarding public comment periods and hearings as these dates are occasionally modified by the lead agency.

In January 2006, the Board approved the Workplan for the Chairman's Clean Port Initiatives. One action item of the Chairman's Initiatives was to prepare a monthly report describing CEQA documents for projects related to goods movement and to make full use of the process to ensure the air quality impacts of such projects are thoroughly mitigated. In response to describing goods movement, CEQA documents (Attachments A and B) are organized to group projects of interest into the following categories: goods movement projects; schools; landfills and wastewater projects; airports; general land use projects, etc. In response to the mitigation component, guidance information on mitigation measures was compiled into a series of tables relative to off-road engines; on-road engines; harbor craft; ocean-going vessels; locomotives; fugitive dust; and greenhouse gases. These mitigation measure tables are on the CEQA webpages portion of South Coast AQMD's website at: <http://www.aqmd.gov/home/regulations/ceqa/air-quality-analysis-handbook/mitigation-measures-and-control-efficiencies>. Staff will continue compiling tables of mitigation measures for other emission sources.

Staff focuses on reviewing and preparing comments for projects: where South Coast AQMD is a responsible agency; that may have significant adverse regional air quality impacts (e.g., special event centers, landfills, goods movement); that may have localized or toxic air quality impacts (e.g., warehouse and distribution centers); where environmental justice concerns have been raised; and which a lead or responsible agency has specifically requested South Coast AQMD review. If staff provided written comments to the lead agency as noted in the column "Comment Status," there is a link to the "South Coast AQMD Letter" under the Project Description. In addition, if staff testified at a hearing for the proposed project, a notation is provided under the "Comment Status." If there is no notation, then staff did not provide testimony at a hearing for the proposed project.

During the period of December 1, 2022 to December 31, 2022, South Coast AQMD received 53 CEQA documents which are listed in the Attachment A. In addition, there are 19 documents from earlier that either have been reviewed or are still under review. Those are listed in the Attachment B. The current status of the total 72 documents from Attachment A and B are summarized as follows:

- 21 comment letters were sent;
- 27 documents were reviewed, but no comments were made;
- 24 documents are currently under review.

(The above statistics are from December 1, 2022 to December 31, 2022 and may not include the most recent “Comment Status” updates in Attachments A and B.)

Copies of all comment letters sent to lead agencies can be found on South Coast AQMD’s CEQA webpage at the following internet address:

<http://www.aqmd.gov/home/regulations/ceqa/commenting-agency>.

South Coast AQMD Lead Agency Projects (Attachment C) – Pursuant to CEQA, South Coast AQMD periodically acts as lead agency for stationary source permit projects. Under CEQA, the lead agency is responsible for determining the type of CEQA document to be prepared if the proposal for action is considered to be a “project” as defined by CEQA. For example, an Environmental Impact Report (EIR) is prepared when South Coast AQMD, as lead agency, finds substantial evidence that the project may have significant adverse effects on the environment. Similarly, a Negative Declaration (ND) or Mitigated Negative Declaration (MND) may be prepared if South Coast AQMD determines that the project will not generate significant adverse environmental impacts, or the impacts can be mitigated to less than significance. The ND and MND are written statements describing the reasons why projects will not have a significant adverse effect on the environment and, therefore, do not require the preparation of an EIR.

Attachment C to this report summarizes the active projects for which South Coast AQMD is lead agency and is currently preparing or has prepared environmental documentation. As noted in Attachment C, South Coast AQMD continued working on the CEQA documents for two active projects during December 2022.

Attachments

- A. Incoming CEQA Documents Log
- B. Ongoing Active Projects for Which South Coast AQMD Has or Is Continuing to Conduct a CEQA Review
- C. Active South Coast AQMD Lead Agency Projects

**ATTACHMENT C
ACTIVE SOUTH COAST AQMD LEAD AGENCY
PROJECTS THROUGH DECEMBER 31, 2022**

PROJECT DESCRIPTION	PROPONENT	TYPE OF DOCUMENT	STATUS	CONSULTANT
<p>Quemetco is proposing to modify existing South Coast AQMD permits to allow the facility to recycle more batteries and to eliminate the existing daily idle time of the furnaces. The proposed project will increase the rotary feed drying furnace feed rate limit from 600 to 750 tons per day and increase the amount of total coke material allowed to be processed. In addition, the project will allow the use of petroleum coke in lieu of or in addition to calcined coke, and remove one existing emergency diesel-fueled internal combustion engine (ICE) and install two new emergency natural gas-fueled ICEs.</p>	<p>Quemetco</p>	<p>Environmental Impact Report (EIR)</p>	<p>The Draft EIR was released for a 124-day public review and comment period from October 14, 2021 to February 15, 2022 and approximately 200 comment letters were received.</p> <p>Staff held two community meetings, on November 10, 2021 and February 9, 2022, which presented an overview of the proposed project, the CEQA process, detailed analysis of the potentially significant environmental topic areas, and the existing regulatory safeguards. Written comments submitted relative to the Draft EIR and oral comments made at the community meetings, along with responses will be included in the Final EIR which is currently being prepared by the consultant.</p>	<p>Trinity Consultants</p>
<p>Sunshine Canyon Landfill is proposing to modify its South Coast AQMD permits for its active landfill gas collection and control system to accommodate the increased collection of landfill gas. The proposed project will: 1) install two new low emission flares with two additional 300-horsepower electric blowers; and 2) increase the landfill gas flow limit of the existing flares.</p>	<p>Sunshine Canyon Landfill</p>	<p>Subsequent Environmental Impact Report (SEIR)</p>	<p>South Coast AQMD staff reviewed and provided comments on the preliminary air quality analysis, health risk assessment (HRA), and Preliminary Draft SEIR which are currently being addressed by the consultant.</p>	<p>SCS Engineers</p>