

BOARD MEETING DATE: May 1, 2026

AGENDA NO. 8

PROPOSAL: Transfer and Appropriate Funds for Development of Grant Management System for Warehouse Actions and Investments to Reduce Emissions Mitigation Program

SYNOPSIS: Staff is developing the Warehouse Actions and Investments to Reduce Emissions (WAIRE) Mitigation Program to provide incentive funding using mitigation fees collected under Rule 2305 – Warehouse Indirect Source Rule. The development of a Grant Management System for this program is necessary to receive and process applications for proposed funding projects upon Program Announcement approval by the Board. This action is to transfer and appropriate up to \$275,000 from the administrative portion of the WAIRE Mitigation Special Revenue Fund (86) into Information Management’s FY 2025-2026 and/or FY 2026-27 Budget, Services and Supplies and/or Capital Outlays Major Objects for development of WAIRE Mitigation Program Grant Management System.

COMMITTEE: Technology, April 17, 2026; Recommended for Approval

RECOMMENDED ACTION:

Transfer and appropriate up to \$275,000 from the administrative portion of the WAIRE Mitigation Special Revenue Fund (86) into Information Management’s FY 2025-26 and/or 2026-27 Budget, Services and Supplies and/or Capital Outlays Major Objects for the development of WAIRE Mitigation Program Grant Management System.

Wayne Natri
Executive Officer

Background

Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) was adopted on May 7, 2021 and applies to approximately 4,000 large warehouses in the South Coast AQMD jurisdiction, with the purpose of reducing NOx and Diesel PM emissions associated with warehouse activities. The rule requires applicable warehouses to offset air quality impacts associated with its activities by selecting from a menu of compliance measures. Alternatively, they can instead pay a mitigation fee. As of February 28, 2026, approximately \$71.4 million has been collected in mitigation fees and is held in the WAIRE Mitigation Special Revenue Fund (86) with funds anticipated to support the deployment of zero-emission vehicles and infrastructure.

Proposal

Staff is currently developing the first year of the WAIRE Mitigation Program to provide incentive funding using mitigation fees collected under Rule 2305 for projects that reduce NOx and Diesel PM emissions in areas where warehouses that paid mitigation fees are located. Funding distribution by county is approximately 28% for Los Angeles County, 5% for Orange County, 22% for Riverside County, and 46% for San Bernardino County. A Grant Management System (GMS) is necessary to effectively manage the full project lifecycle, including application intake, review, processing, contracting, invoicing, inspections, and annual reporting upon Program Announcement approval by the Board.

Staff recommends the transfer of up to \$275,000 from the administrative portion of the WAIRE Mitigation Special Revenue Fund (86) into Information Management’s FY 2025-26 and/or 2026-27 Budget, Services and Supplies and/or Capital Outlays Major Objects for the development of WAIRE Mitigation Program Grant Management System.

Benefits to South Coast AQMD

The use of a centralized in-house GMS and database to manage WAIRE Mitigation Program projects will better suit the operational needs of the South Coast AQMD due to the unique requirements for application review and project tracking. The GMS will facilitate the submittal process for participants, the evaluation and approval processes for staff, and project management tracking for both participants and staff. In addition, a GMS offers seamless integration with the District’s OnBase systems; particularly with invoicing and contract modules.

Resource Impacts

Sufficient funding is available from the administrative portion of the WAIRE Mitigation Special Revenue Fund (86) in the amount up to \$275,000 for the development of the WAIRE Mitigation Program GMS.