
PROPOSED WAREHOUSE INDIRECT SOURCE RULE (ISR)

COMMUNITY MEETING

FEBRUARY 17, 2021



GENERAL MEETING ANNOUNCEMENTS



Please silence your cell or desk phone to avoid feedback or interference.

Everyone except the presenter will be muted unless called on by the host.

Please use the 'raise hand' feature if you have a question or comment.

ZOOM WEBINAR:

Click on the "raise your hand" button at the bottom of your screen.

TELECONFERENCE:

Dial *9 to "raise your hand"



INFORMATION OR SUBMIT COMMENTS



Proposed Rules 2305 and 316:

Victor Juan

vjuan@aqmd.gov

MEETING CONDUCT GUIDELINES



During public comment, please make your comments with courtesy and civility.

Please refrain from making profane or discriminatory comments.

Failure to comply may result in your mic being muted or you being dropped from the ZOOM or teleconference meeting lines.

INTERACTIVE MEETING FEATURES

- Meeting attendees are encouraged to participate in activities during or after the meeting
- Online feedback form *(Link will be open until March 2)*
 1. Tell your story and share your experience with warehouses
 2. Share what you most want the South Coast AQMD Board to consider with the proposed rule
 - <https://bit.ly/3b06qKb> <-Link is also listed in the Zoom Q&A
- Polling
 - Live polls and links will be provided during presentation
- Question & Answer

*We appreciate your
patience as we try
these new approaches
for receiving feedback*

FIRST POLL QUESTION

- What city are you joining the meeting from?
- <https://www.menti.com/6jbgn42i7r> <-Link is also listed in the Zoom Q&A



GOALS FOR THIS MEETING

- South Coast AQMD staff will share information on air quality and present an overview of the proposed regulation for warehouses
- We recognize the experience that meeting attendees have in these and other equally important subjects
- We want to hear your perspectives

SECOND POLL QUESTION

- Which of these items do you have the most experience with?
 - Warehouse operations
 - Trucking
 - Lived experience near warehouses
 - Air quality
 - Government and/or the law
 - Vehicle technologies and/or fueling
 - Other

THIRD POLL QUESTION

- On a scale of 1 to 5 (*5 is highest*):
“I know what South Coast AQMD does”

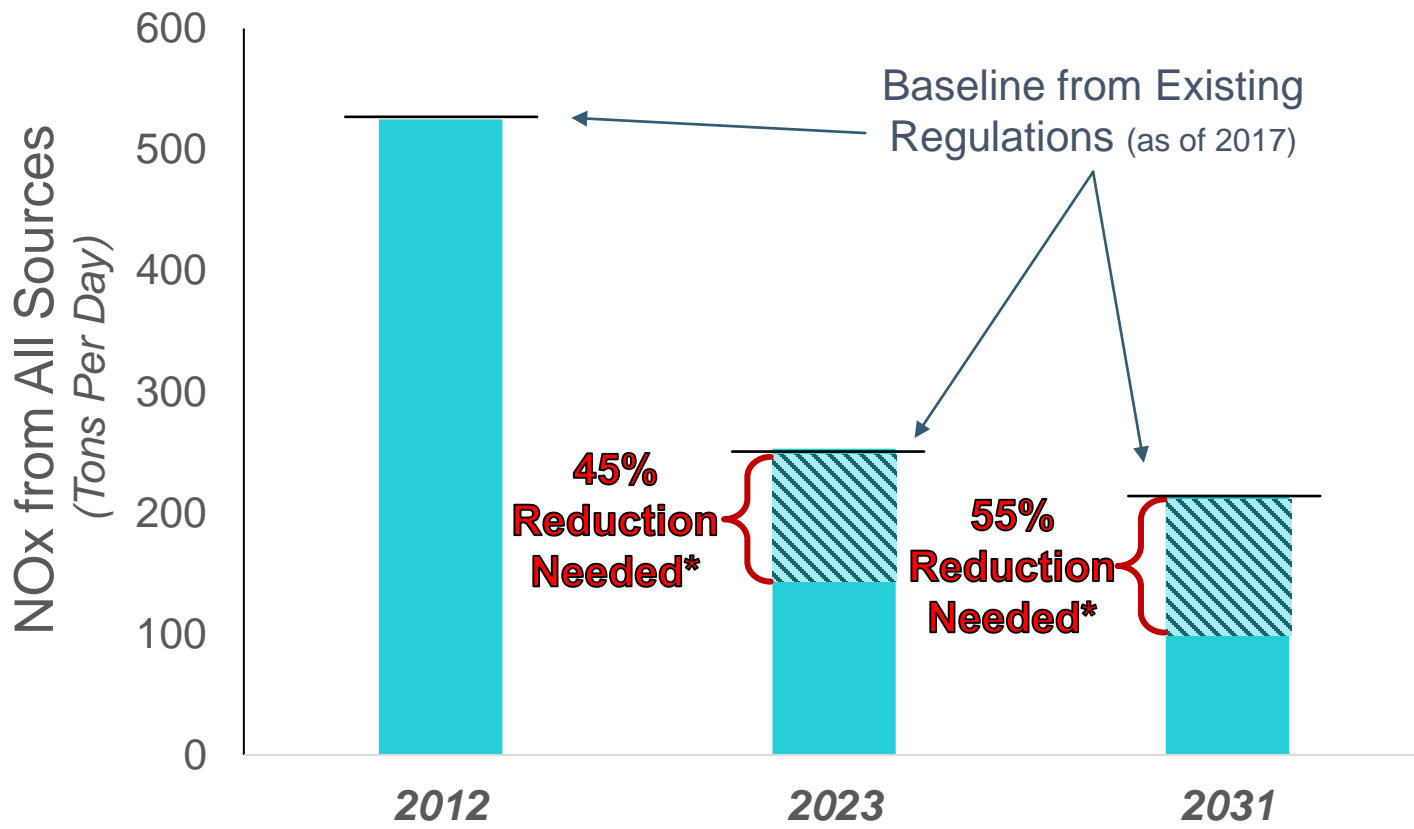
BACKGROUND OF THE SOUTH COAST AQMD

- Multi-County Air Pollution Control Agency
 - ~17 million people (>40% of CA)
- Governed by a Board of local elected and appointed officials
 - Separate from CA Air Resources Board
- Responsible for monitoring air quality and meeting federal and state air quality standards
- ~28,000 permitted sources
 - Refineries, power plants, gas stations, etc.
- Provide incentive funding for near-zero and zero emission technologies

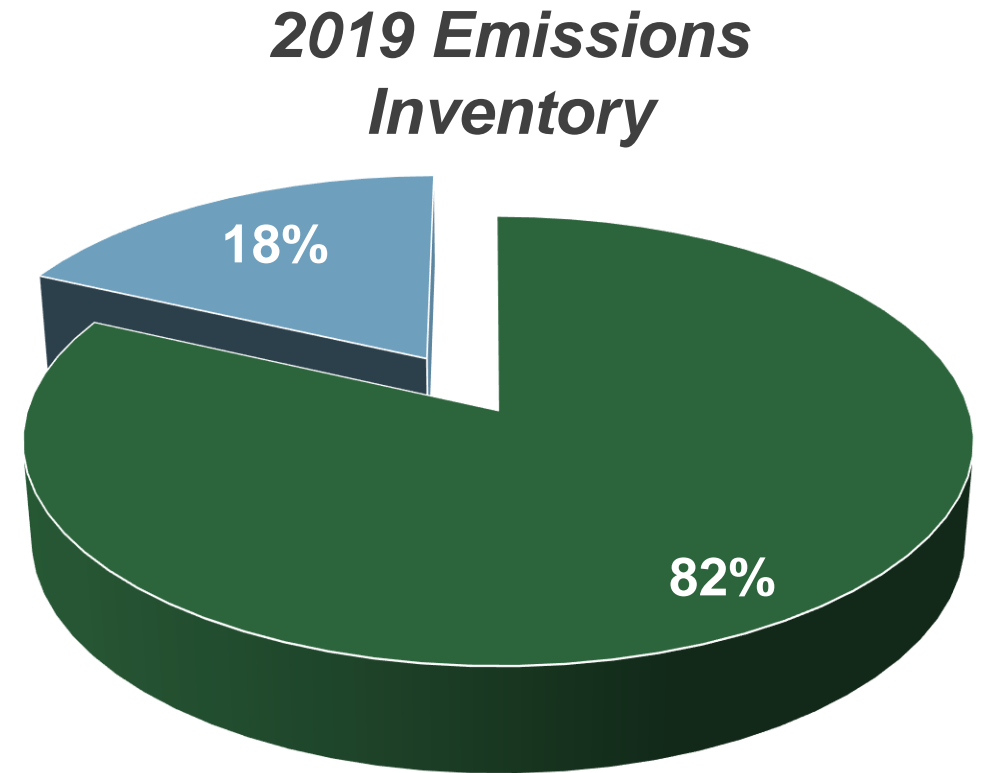


Primary Pollutant of Concern for Regional Smog

Nitrogen Oxides (NOx)



*Reductions needed to meet federal ozone air quality standards



■ **Stationary Sources**
(refineries, factories, etc.)

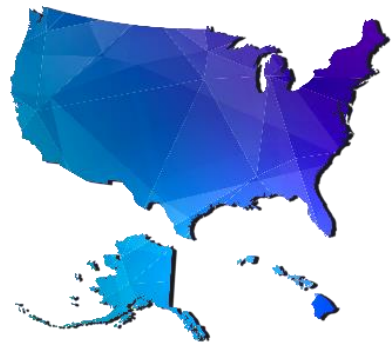
■ **Mobile Sources**
(trucks, trains, etc.)

LEGAL AUTHORITY AND RESPONSIBILITY FOR MOBILE SOURCE EMISSIONS

Federal

U.S. EPA

*Sets air quality standards
Sets tailpipe standards*



State

California

Air Resources Board
*Sets tailpipe standards and
in-use fleet standards*



Regional

South Coast AQMD

*Government fleet standards
Indirect Source Authority*

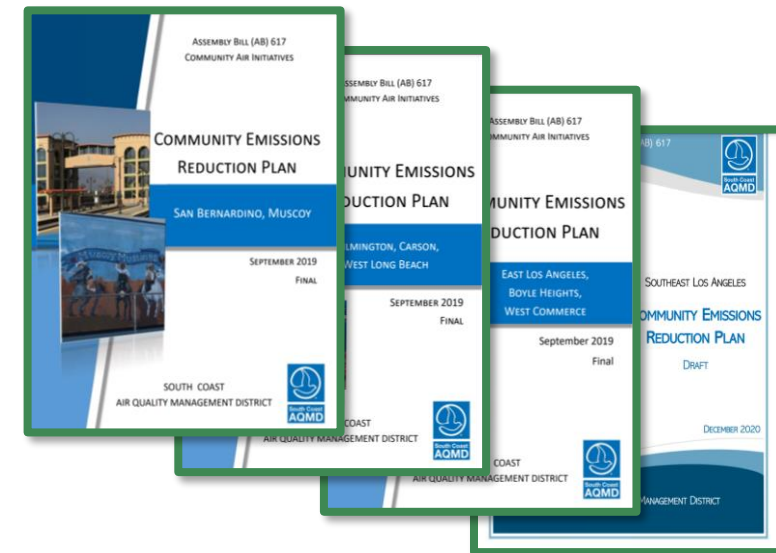
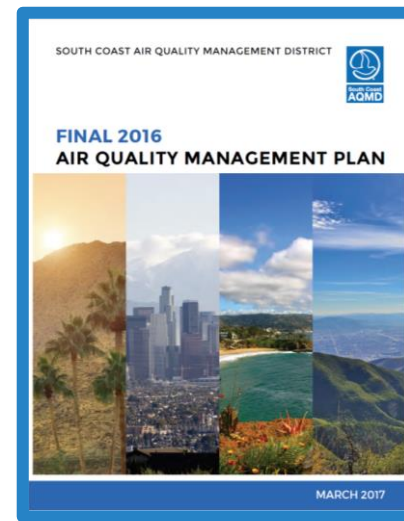


**Air
Quality
Goals**

*No single agency
can address all
air quality challenges*

WAREHOUSE ISR DEVELOPMENT BACKGROUND

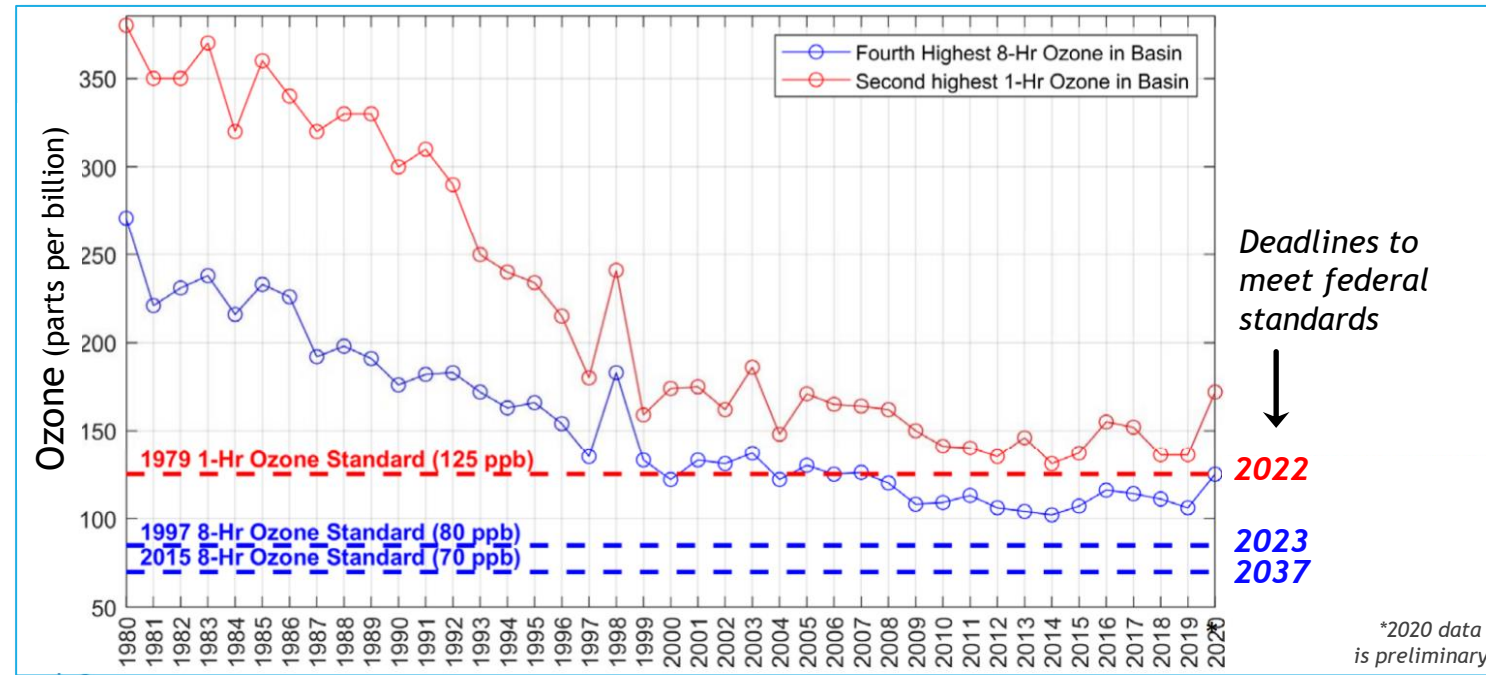
- Proposed Rules 2305 and 316 developed following South Coast AQMD Board direction in May 2018 to prepare a draft Warehouse Indirect Source Rule (ISR)
- Development of warehouse control measure included in Board-approved 2016 Air Quality Management Plan and four different AB 617 Community Emission Reduction Plans



Warehouse ISR = PR 2305 = WAIRE Program

NEED FOR WAREHOUSE ISR - REGIONAL AIR QUALITY (OZONE & FINE PARTICULATE MATTER)

- Regional air quality (ozone, fine PM) continues to exceed federal air quality standards
- Need persists even during the COVID-19 pandemic

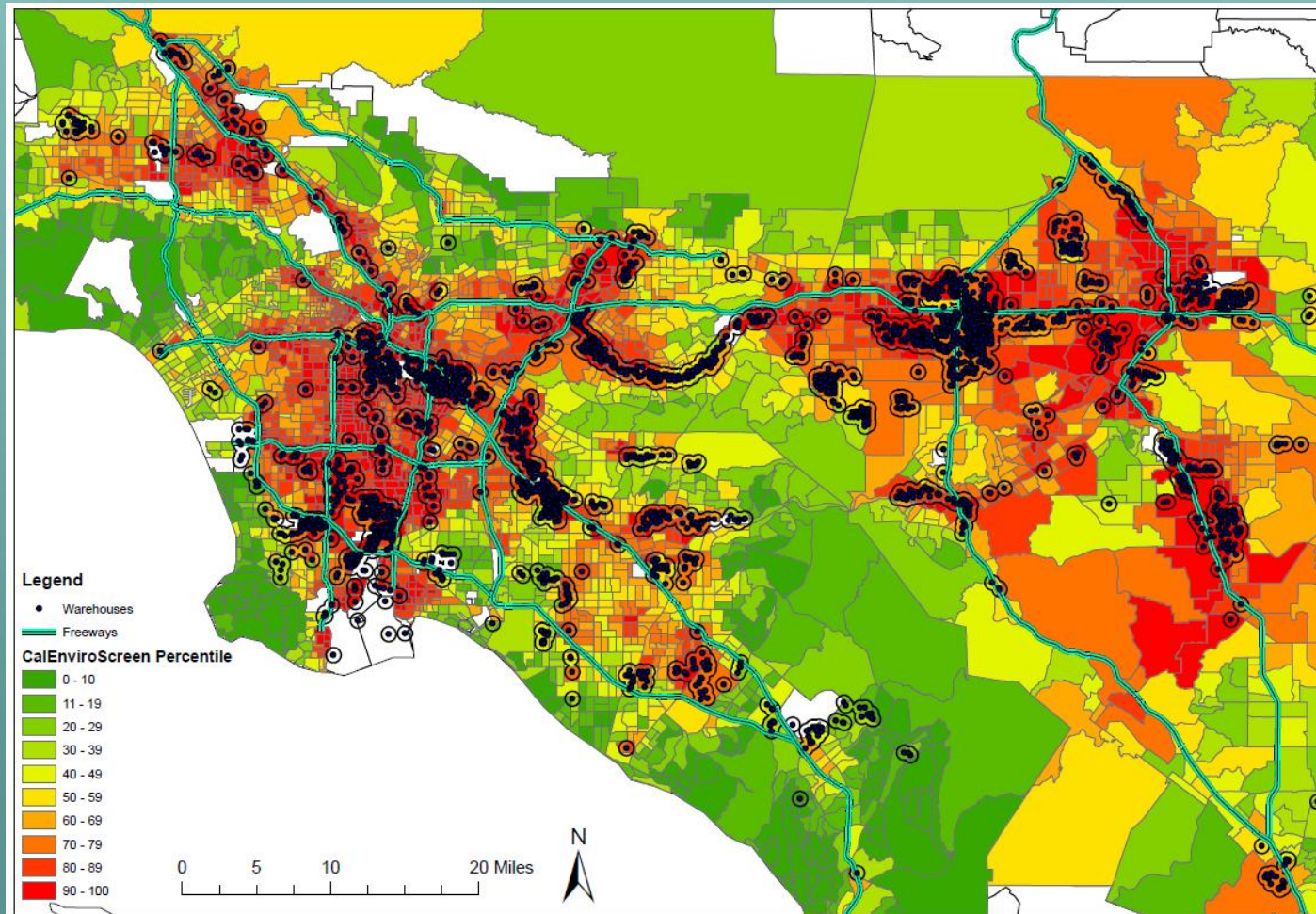


NOx

- Goods movement sources make up about half of total NOx in air basin
- Trucks are largest source of NOx

- Warehouse ISR on its own cannot bring region into attainment with federal standards
- Warehouse ISR can meaningfully contribute to addressing overall need

NEED FOR WAREHOUSE ISR – ENVIRONMENTAL BURDEN ON COMMUNITIES NEAR WAREHOUSES



CalEnviroScreen Percentile

(population-weighted average)

South Coast AQMD

61st

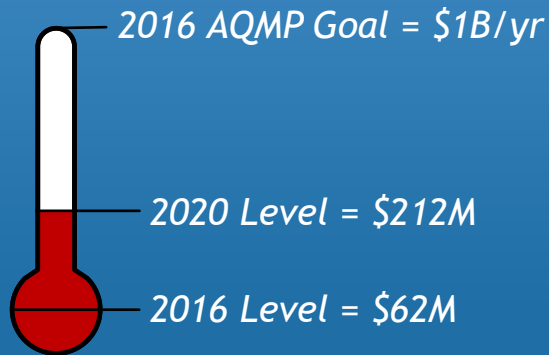
Communities <0.5 mile of a warehouse

80th

Higher score = higher pollution burden

WAREHOUSE ISR NEED - ADDITIONAL ACTION NEEDED

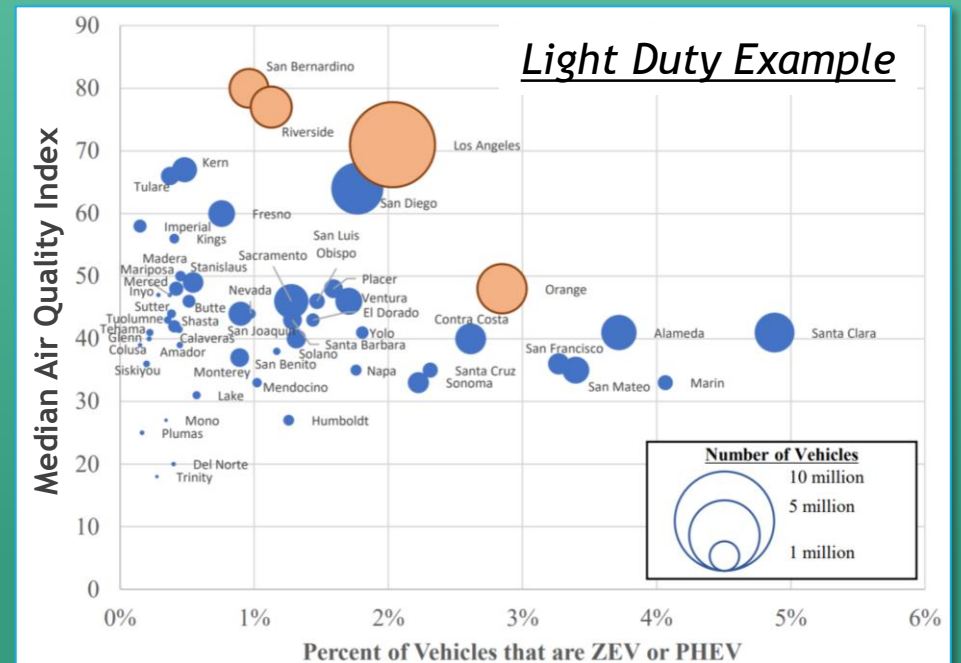
Sufficient Incentive
Funding not
Currently Available



Existing and Proposed
CARB & EPA Regulations
will not Attain Federal
Standards On Time

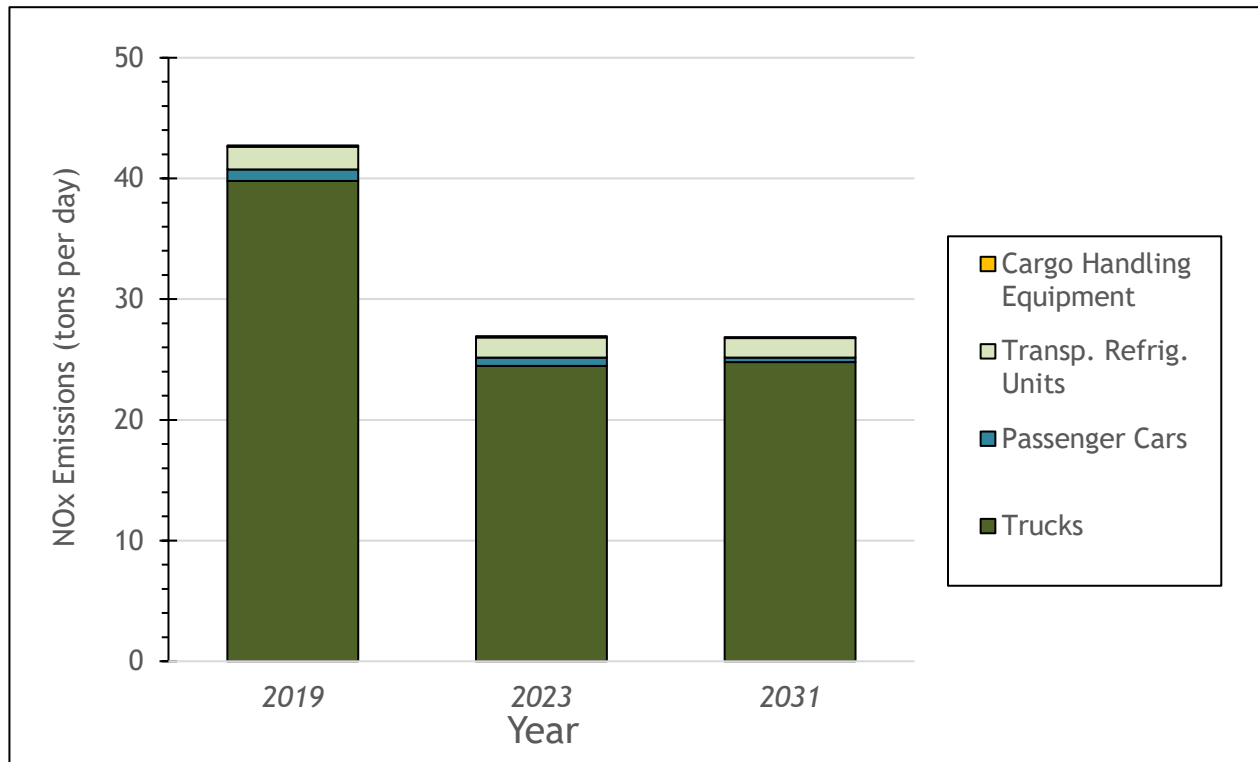


Statewide Benefits Needed in South Coast AQMD

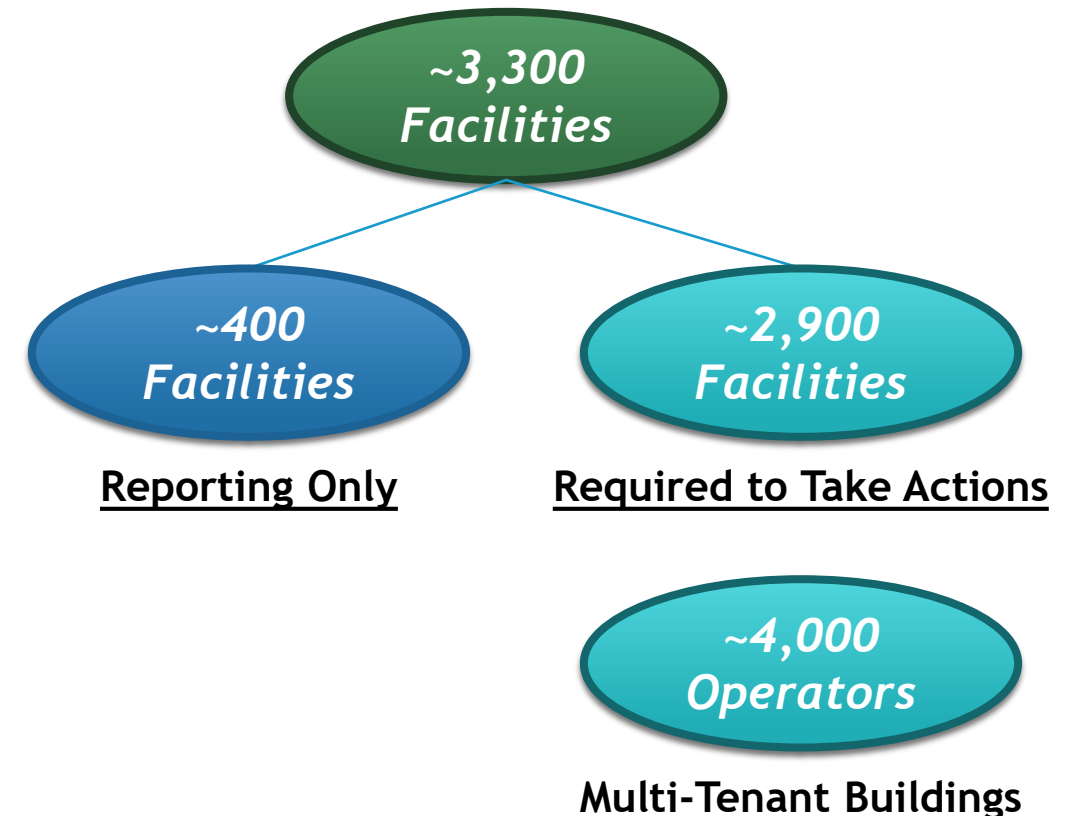


SCOPE OF PROPOSED WAREHOUSE ISR

**Estimated NOx Emissions*
Associated with Warehouses
Without Warehouse ISR**

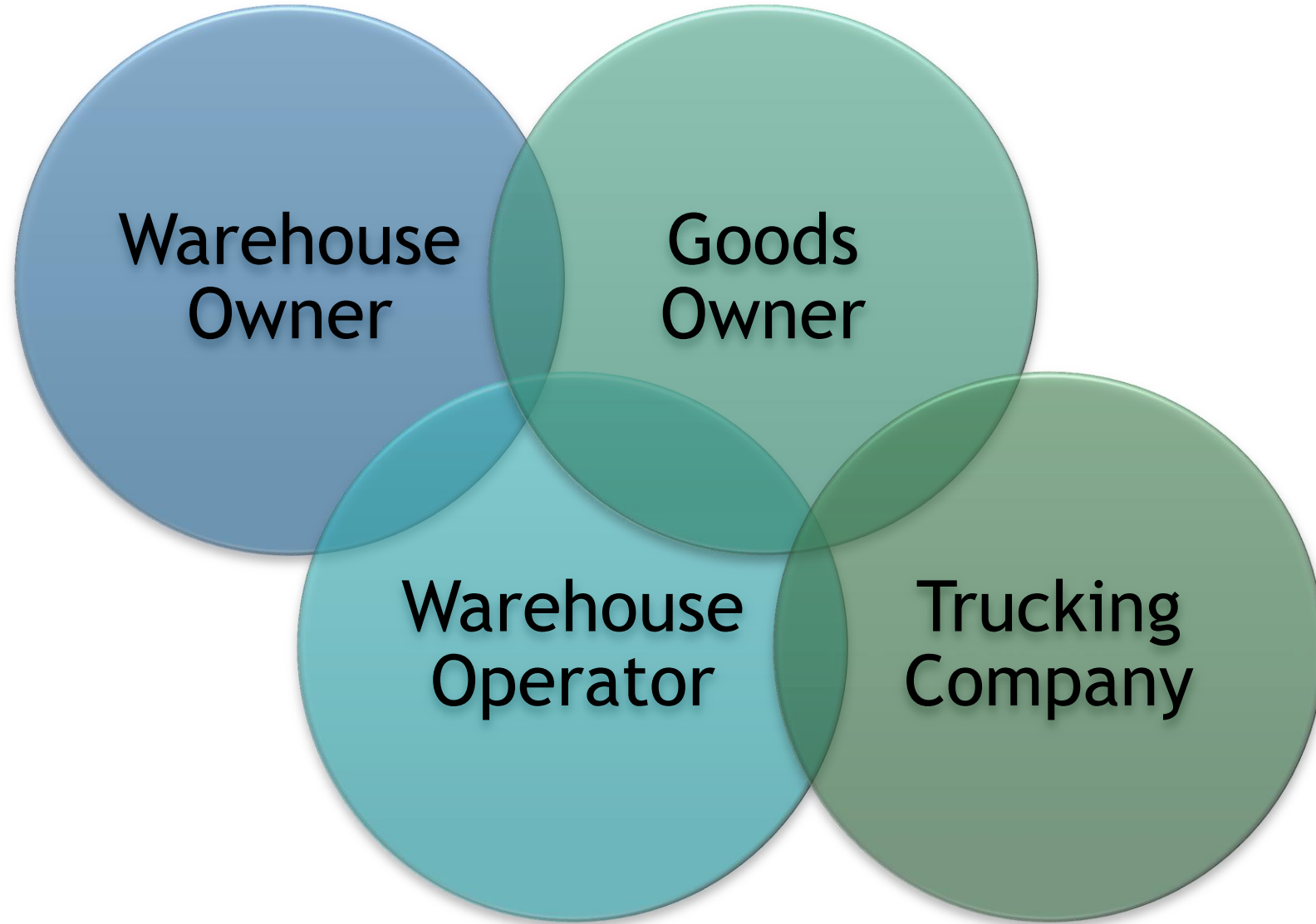


Facilities Covered Under PR 2305 & 316



*Accounts for warehouse growth and CARB regulations (HD I&M, Low NOx Omnibus, ACT)

WAREHOUSE BUSINESS RELATIONSHIPS



**Relationship among four entities varies from warehouse to warehouse*

OVERVIEW OF PR 2305

Applicability

- Owners and operators of warehouses $\geq 100,000$ sf
- Owners are only subject to reporting, but they can voluntarily earn points

Phase-In

- Warehouses introduced into program over 3 years
- Largest are first
- Once in, stringency increases over 3 years

Requirements

Annually Earn WAIRE Points

Warehouse Actions and Investments to Reduce Emissions (WAIRE) Menu

Mitigation Fee

Custom WAIRE Plan

Limited transferring/banking with early or over-compliance

Funds projects in communities near warehouses that paid the mit. fee

Reporting

Warehouse Operations Notification

Initial Site Information Report

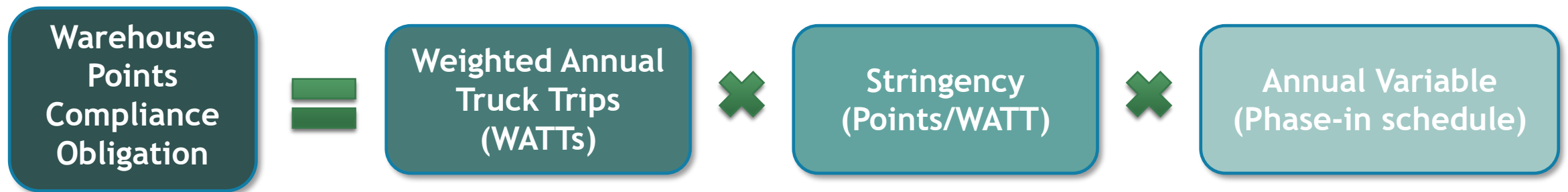
Annual WAIRE Report

WHAT'S MOST IMPORTANT TO YOU WITH THIS RULE?

- We'd like your feedback!
- Feel free to provide your thoughts using the link below
- <https://bit.ly/3b06qKb> <-Link is also listed in the Zoom Q&A

PR 2305 PROPOSED STRINGENCY

- Stringency determines how many WAIRE Points a warehouse operator needs to earn every year



- Proposed stringency considers 1) air quality need, 2) significance of indirect emissions from warehouses, 3) potential emission reductions, 4) impact to industry
- Current staff proposal: stringency = 0.0025 Points/WATT, phase-in = 3 years

POTENTIAL IMPACT OF WAREHOUSE INDIRECT SOURCE RULE

➤ Preliminary Draft Analysis:

- NOx reductions = ~2.5 - 4 tons per day beyond CARB rules for most scenarios

- ~10% - 15% reduction from baseline, similar reductions for DPM
- Significant emission reductions expected by 2023

For comparison: CARB's 'most significant NOx regulation in a decade' = 7 tpd by 2031 (Low NOx Omnibus for trucks)

- Potential costs vary widely depending on approach chosen by warehouse operators

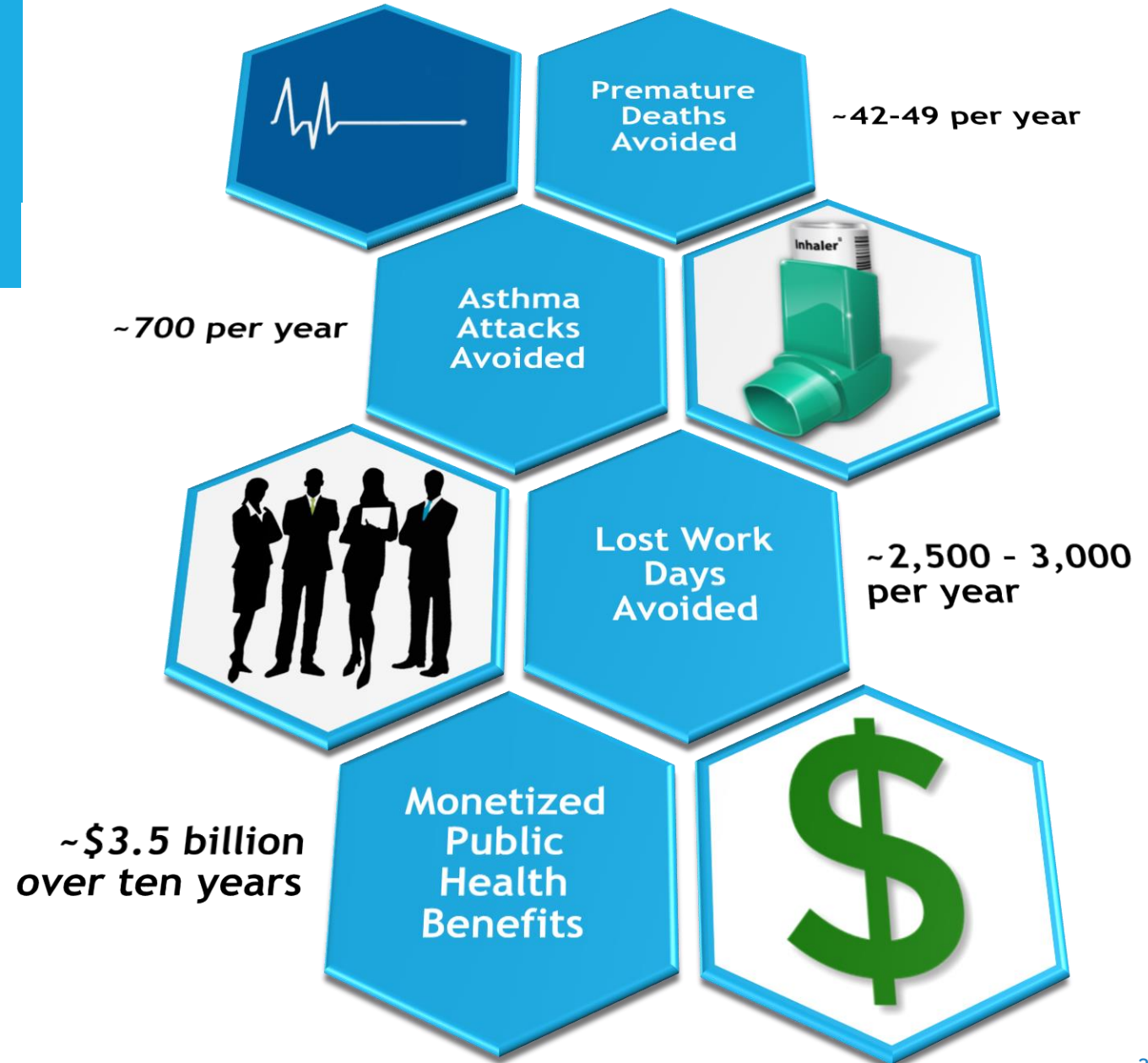
- Range of costs is ~\$0.05/sf/yr to ~\$0.78/sf/yr
- 'Typical' 250,000 sf warehouse annual cost of compliance = ~\$12,500 - \$195,000

- Current rents are ~\$10/sf/yr
- Past decade has averaged ~\$0.50/sf/yr increase
- Vacancy <5%

- Total cost ~\$35M to ~\$630M per year
- Cost-effectiveness similar to stationary source control measures (low end) and mobile source funding programs (high end)
- More expensive options allowed within the rule if operator so chooses

WAREHOUSE ISR PUBLIC HEALTH BENEFITS - PRELIMINARY DRAFT RESULTS

- Warehouse ISR analysis tiers off of comprehensive 2016 AQMP analysis
 - Assumes the benefits from implementing 2016 AQMP applies equally to emission reductions from Warehouse ISR*
- Benefits only shown from reduced PM2.5, the pollutant with highest impact
 - Ozone benefits not quantified, but would increase the benefit
- Benefits from reducing regional pollution are ~20-25% greater per capita in EJ communities



*Reductions of about 3 ton/day NOx and 50 lbs/day PM 2.5

FINAL POLL

- In three words or less, this is my top priority for the proposed Warehouse ISR
- <https://www.menti.com/td1zwfjhqc> <-Link is also listed in the Zoom Q&A



WHERE TO GET MORE INFORMATION

- Preliminary Draft Staff Report:
www.aqmd.gov/docs/default-source/planning/fbmsm-docs/preliminary-draft-staff-report.pdf
 - Draft Staff Report and Draft Socioeconomic Impact Assessment available for review and comment on March 3
- Draft Environmental Assessment (CEQA):
www.aqmd.gov/home/research/documents-reports/lead-agency-scaqmd-projects
- Additional information:
www.aqmd.gov/fbmsm

***Staff is available for Office Hours by appointment for any interested stakeholders
Contact Victor Juan at vjuan@aqmd.gov or (909) 396-2374***

NEXT STEPS

- South Coast AQMD
Mobile Source Committee - Feb. 19
- Set Hearing - Mar. 5
- Public Hearing - Apr. 2

- Comments on the Preliminary Draft
Staff Report due March 2
 - Send to: vjuan@aqmd.gov
- Comments on the Draft CEQA document
due March 12
 - Send to: rbanuelos@aqmd.gov



OPEN DISCUSSION

- Click the 'raise hand' button in Zoom
- For callers, dial *9 to 'raise your hand'