



May 28, 2025

South Coast Air Quality Management District Board of Directors
21865 Copley Drive
Diamond Bar, CA 91765

Matthew Pagano
Mayor

John Gabbard
Mayor Pro Tem

Jamey M. Federico

Mike Frost

Michael Villar

RE: Updated Comments – Economic Concerns on Proposed Amended Rules 1111 and 1121

Dear Chair Delgado and Members of the Board,

This letter is a follow-up to the comment letter submitted by the Dana Point City Council on AQMD Rules 1111 and 1121.

The Dana Point City Council expresses serious concerns about the accuracy of the economic analysis and the disproportionate financial burden it may place on consumers—particularly seniors, renters, and low-income households.

Moreover, the rule's framework and accompanying socioeconomic analysis fail to adequately account for the substantial costs associated with retrofitting older homes and multifamily properties, such as electrical panel upgrades and other infrastructure improvements.

The Council is particularly troubled by the study's apparent underestimation of panel upgrade costs. It assumes a cost of just \$1,700 per upgrade—an unrealistically low figure. For comparison, the E3 study (cited elsewhere in the assessment) listed panel upgrade costs at \$2,000–\$4,000 back in 2018. As of 2025, a more accurate range is \$4,000–\$7,000.

Additionally, the assessment relies on trailing data from completed Tech Clean California conversions to estimate the number of required panel upgrades. However, this dataset is inherently biased—it draws from projects where conversion was already financially or logistically viable. In contrast, many homes that remain unconverted are likely operating at or near full panel capacity, particularly those that have added solar panel systems, EV chargers, or undergone remodels requiring compliance with updated building codes. These homes will have a much higher likelihood of needing costly upgrades.

Further questions arise regarding how the rule accounts for actual, current construction costs. Although the assessment references data from 2019 and 2023 (Pages ES-2 & 4), it is unclear what inflation adjustment factor was used. While the study claims to use "current dollars," it does not specify the construction cost inflation rate applied—despite the fact that some indices show construction costs in California have risen by up to 50% since 2020.

Without this transparency and considering the low-end assumptions like the \$1,700 panel upgrade, the credibility of the entire set of construction cost estimates is in question.

Combined with the use of 1–4% real interest rates in financial calculations, the study likely underrepresents the true cost burden of implementation.

Further, does the cost average include incentives? If so, it's inaccurate and unreliable. From Tech Clean California's website, multi-family incentives are currently unavailable:

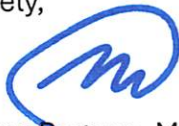
"As of February 26, 2025, multifamily heat pump HVAC, heat pump water heater, cooktop, range, oven, and/or heat pump clothes dryer HEEHRA rebates offered through TECH Clean California to income-qualified multifamily property owners are paused due to a pause of federal funding by President Trump's January 20, 2025 Executive Order (Section 7, Unleashing American Energy)."

Most importantly to Dana Point, conversion is a net loss (expense) for homes without air conditioning (473,928 estimated homes in the study). While the study presents an overall net savings by combining all conversion types, it fails to account for the specific burden on furnace-only conversions, which are common in coastal rental units. In these cases, the study's own (conservatively low) numbers show a capital cost of \$79.2 million versus just \$11.8 million in fuel savings. This equates to an added cost of \$6,200 per rental unit, with an annual fuel savings of only \$48.50, meaning it would take more than a century for these units to break even. In the meantime, these costs will likely be passed on to tenants. Notably, these units already place minimal strain on the electrical grid, as they don't use air conditioning.

We strongly urge South Coast AQMD to revise its approach to better prioritize flexibility, affordability, and community resilience. A strategy that emphasizes incentives and empowers consumer choice—rather than imposing penalties—would be far more effective in advancing both environmental goals and equity outcomes.

Thank you for your consideration of these important concerns.

Sincerely,



Matthew Pagano, Mayor

cc: City Council