

Thursday, April 22, 2021

Proposed air pollution rule could impact industrial users



Photo courtesy of CoStar

The building in the Wildrose Business Park in Corona could be affected by a proposed air pollution rule being heard by the South Coast Air Quality Management District.

By Thor Kamban Biberman

A recently proposed air pollution rule could impact large portions of the Inland Empire, which often has 25 million square feet of industrial space under construction at any given time and is a world renowned center for logistics.

The proposal, slated to be heard by the South Coast Air Quality Management District (SCAQMD) on May 7, would impact warehouses with 100,000 square feet or more of floor space in the Inland Empire, Los Angeles County and Orange County.

If the agency implements the proposal, it could have a bearing on what happens in the rest of California as well.

"I suspect that air districts in the Bay Area would do this while others might do their own thing," said attorney Dana Palmer, a partner with the law firm Allen Matkins who specializes in environmental law.

Owners and operators of warehouses would be required to earn a WAIRE (Warehouse Actions and Investments to Reduce Emissions) designation, according to Palmer. The designation entails a point system whereby they are required to install such things as infrastructure supporting zero emission trucks and solar panels on buildings to comply.

Palmer said the proposed rule is intended to reduce diesel particulates and nitrous oxides that create ground-level smog.

In its 153-page preliminary draft report, SCAQMD estimated the cost of compliance for buildings of at least 100,000 square feet will be an average of 75 cents per-square-foot on an ongoing, annual basis -- a figure that can add up when the square footage is one million or more.

"The program would be ramped up over time," Palmer said, adding the proposal would be generally phased in beginning next year and fully running about two years later.

The Allen Matkins attorney said building owners and truck operators don't only have to worry about the expense of compliance, but all the paperwork involved.

Palmer said building owners and their tenants -- who sometimes work at cross purposes -- have to work closely together in these instances to both ensure compliance and continued financial viability.

"Owners can help by supplying charging stations for large (electric) trucks," he said.

Ultimately, Palmer said either the building owner or the tenant would pay the fee or they could go in an entirely new direction that might not benefit either one.

"These rules could impact the ability to site a warehouse," Palmer said. "They would have to decide the value of that location."

While the California Trucking Association couldn't be reached for comment on the measure, the association and other groups are on record as trying to stop the proposed legislation. These organizations include the commercial real estate group NAIOP, the International Council of Shopping Center, BOMA California, the California Business Properties Association, and chambers of commerce throughout Southern California.

Last month, the California Trucking Association joined 55 organizations in a letter to SCAQMD opposing the plan.

The letter contends the plan would be costly, wouldn't help air pollution, and would threaten a thriving logistics industry in the affected areas.

"The goods movement system serves as the lifeblood of California's economy, delivering essential goods, services, and medicines," the letter stated. "Never has this industry been more important than during the COVID-19 pandemic. Grocery store shelves have been stocked, vaccines delivered, and small retailers kept alive by e-commerce, thanks to the power of the modern supply chain -- allowing Californians to shelter in place and abate the spread of COVID-19.

"Goods movement also powers blue-collar jobs vital to our economy. An estimated one in 22 jobs in Southern California are tied to the logistics industry. California also has the cleanest supply chain in the United States thanks to two decades of investment in the cleanest available equipment, including early adoption by our collective members, localized emissions associated with warehouses have never been lower, falling by over 95 percent in the last decade."

thor_biberman@sdtranscript.com