ATTACHMENT F

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Appendix 1 to the Resolution for:
Final Environmental Assessment for Proposed Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program and Proposed Rule 316 – Fees for Rule 2305

Findings and Statement of Overriding Considerations

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I. INTRODUCTION

The South Coast Air Quality Management District (South Coast AQMD) has developed Proposed Rule (PR) 2305 – Warehouse Indirect Source Rule - Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program, to facilitate local and regional emission reductions associated with existing and new warehouses with an indoor warehouse floor space equal to or greater than 100,000 square feet within a single building and the mobile sources attracted to these warehouses. PR 2305 will be submitted into the State Implementation Plan (SIP). South Coast AQMD also developed PR 316 – Fees for Rule 2305, a fee program designed to recover administrative costs associated with PR 2305. These proposed rules were determined to be a "project" as defined by the California Environmental Quality Act (CEQA) and the Public Resources Code Section 21000 et. seq. Specifically, CEQA requires: 1) the potential adverse environmental impacts of proposed projects to be evaluated; and 2) feasible methods to reduce or avoid any identified significant adverse environmental impacts of these projects to also be evaluated. Since PR 2305 and PR 316 are South Coast AQMD-proposed rules, the South Coast AQMD has the greatest responsibility for carrying out or approving the project as a whole, which may have a significant effect upon the environment, and is the most appropriate public agency to act as lead agency. [Public Resources Code Section 21067 and CEQA Guidelines Section 15051(b)].[1]

Thus, the analysis of PR 2305 and PR 316 indicated that the type of CEQA document appropriate for the proposed project is an Environmental Assessment (EA) with significant impacts. The EA is a substitute CEQA document, which the South Coast AQMD, as lead agency for the proposed project, prepared in lieu of an Environmental Impact Report (EIR) with significant impacts (CEQA Guidelines Section 15252), pursuant to the South Coast AQMD's Certified Regulatory Program (Public Resources Code Section 21080.5, CEQA Guidelines Section 15251(l); South Coast AQMD Rule 110 – Rule Adoption Procedures to Assure Protection and Enhancement of the Environment). Therefore, as lead agency, the South Coast AQMD has prepared a Final EA with significant environmental impacts pursuant to CEQA Guidelines Sections 15089 and 15132.

When considering for approval a proposed project that has one or more significant adverse environmental effects, a public agency must make one or more written findings for each significant adverse effect, accompanied by a brief rationale for each finding (Public Resources Code Section 21081 and CEQA Guidelines Sections 15065 and 15091). The analysis in the Final EA concluded that the proposed project has the potential to generate significant adverse environmental impacts on aesthetics, agriculture and forestry resources, air quality and greenhouse gas emissions, biological resources, cultural and tribal cultural resources, energy, geology and soils, hazard materials and solid and hazardous waste, hydrology and water quality, mineral resources (during operations), noise, transportation, and utilities and service systems (during operations). For a

[1] CEQA Guidelines refers to California Code of Regulations, Title 14, Section 15000 and following.

proposed project with significant adverse environmental impacts, CEQA also requires the lead agency to balance the economic, legal, social, technological, or other benefits of a proposed project against its significant unavoidable environmental impacts when determining whether to approve the proposed project. Under CEQA Guidelines Section 15093(a), "If the specific economic, legal, social, technological, or other benefits of a project outweigh the unavoidable significant adverse environmental effects, the adverse environmental effects may be considered 'acceptable.'" Thus, after adopting findings, the lead agency must also adopt a "Statement of Overriding Considerations" to approve a proposed project with significant adverse environmental effects.

South Coast AQMD's certified regulatory program does not impose any greater requirements for making written findings for significant environmental effects than is required for an EIR under CEQA.

When a lead agency adopts measures to mitigate or avoid significant adverse environmental effects, a mitigation and monitoring report may be required pursuant to CEQA Guidelines Section 15097 and Public Resources Code Section 21081.6. The Final EA does not identify any CEQA mitigation measures within the authority of South Coast AQMD to adopt or implement and South Coast AQMD has no authority to impose mitigation measures on local governments, or other agencies. Therefore, no Mitigation, Monitoring, and Reporting Program is included in this document.

A. Project Summary

The proposed project is comprised of PR 2305, including a mitigation fee program component, PR 316, to recover administrative costs, and the submittal of PR 2305 into the SIP. PR 2305 has been developed to reduce emissions and facilitate local and regional emission reductions associated with existing and new warehouses with an indoor warehouse floor space equal to or greater than 100,000 square feet within a single building and the mobile sources attracted to these warehouses. Under PR 2305, operators of applicable existing and new warehouses would be subject to an annual Warehouse Actions and Investments to Reduce Emissions (WAIRE) Points Compliance Obligation (WPCO) intended to reduce regional and local NOx and PM emissions associated with warehouses and from mobile sources attracted to warehouses. PR 2305 implements Control Measure MOB-03 – Emission Reductions at Warehouse Distribution Centers, which is one of four Facility-Based Mobile Source Measures identified in the 2016 Air Quality Management Plan (AQMP) for the warehouse and distribution sector.

To meet the WPCO, WAIRE Points can be earned by warehouse operators and/or owners by selecting from a menu of implementation measures: 1) acquiring and/or using near-zero emissions (NZE) and zero-emission (ZE) trucks; 2) acquiring and/or using ZE yard trucks; 3) installing and/or using ZE charging/fueling infrastructure (e.g., electric charger, hydrogen fuel station) for cars, trucks, and/or transport refrigeration units; 4) installing and/or using onsite energy systems

(e.g., solar panels); and 5) implementing community benefits (e.g., operation of Minimum Efficiency Reporting Value (MERV) filters or filtration systems rated MERV-16 or greater). In addition, warehouse operators may apply to earn WAIRE Points through a Custom WAIRE Plan specific to their operations that satisfy prescribed performance metrics. WAIRE Points may be earned only for "surplus" actions that go beyond existing state and federal regulations. The WAIRE Points obligation for a warehouse operator and/or owner is calculated by multiplying the number of weighted annual truck trips (WATT) by a stringency factor and an annual variable. The stringency factor is a dimensionless multiplier that determines how many points an operator needs to earn, and the annual variable is a dimensionless multiplier which controls how the stringency will phase in through time.

In lieu of earning WAIRE Points through WAIRE Menu Options or a Custom WAIRE Plan, or to supplement earned WAIRE Points to satisfy the WPCO, within each compliance year, a warehouse operator may choose to pay an optional mitigation fee to South Coast AQMD that would be used in a mitigation program implemented by South Coast AQMD to achieve or facilitate the emissions reductions. Similar to the measures used to earn WAIRE Points, the mitigation program would implement measures such as subsidizing the purchase of NZE and ZE trucks and/or the installation of charging and fueling infrastructure for ZE trucks. The mitigation program would prioritize use of the mitigation fees in areas near the warehouses using this compliance option.

Implementation of the proposed project is expected to result in long-term and permanent emission reductions of nitrogen oxides (NOx) and particulate matter (PM) in South Coast AQMD's jurisdiction, including diesel PM and reduced associated public health impacts from warehouse activities which will vary depending upon the implementation measures employed, reduce air pollution that disproportionally affects environmental justice communities in accordance with AB 617, and reduce exposure from emissions associated with warehouse activities for communities located in the vicinity of a warehouse. There may be additional industrial properties and warehouse operators and owners that will only be required to provide reports but will not be required to earn WAIRE Points.

PR 316 has been developed to establish fees to be paid by warehouses subject to PR 2305 to recover South Coast AQMD administrative costs associated with submittal and review of various notifications and reports, Custom WAIRE Plan evaluation, and implementing a program using mitigation fees from warehouse operators that chose to pay a mitigation fee, as well as compliance activities such as conducting desktop audits, onsite inspections, and reviewing records.

The main objectives of the proposed project are to:

1) Reduce NOx and PM emissions, including DPM emissions, and reduce associated public health impacts from warehouse activities.

2) Facilitate local and regional reduction of emissions associated with warehouses and the mobile sources attracted to warehouses in order to assist in meeting federal and state air quality standards for ozone and PM2.5.

3) Implement actions to reduce air pollution that disproportionally affects environmental justice communities in accordance with AB 617.

4) Reduce exposure from emissions associated with warehouse activities for communities located in the vicinity of a warehouse.

B. WAIRE Points Scenarios

Because of the programmatic nature of the proposed project, it is not possible to predict how each of the warehouse operators will comply with the WAIRE Program. As a result, it is not possible to forecast a particular, region-wide compliance approach for the initial 2,902 warehouses that would likely need to earn WAIRE Points in any given year. Instead, the Final EA analyzes the potential environmental impacts that would result if all warehouse operators subject to the proposed project chose one of the "scenarios" described in Table 1 as their compliance path from 2022 through 2031 to meet their WPCO. Each modeled WAIRE Points scenario assumes the entire universe of warehouses meet their WPCO only through that action in each scenario. The WAIRE Points scenarios modeled serve as a bounding analysis approach. No single scenario in this bounding analysis is expected to occur. Rather, they present possible extreme compliance outcomes, and thus provide a conservative estimate of potential impacts. In reality, a hybrid of all scenarios (or other compliance approaches encompassed within the range of scenarios analyzed) is expected to occur. This approach allows for the analysis of environmental impacts associated with each of the individual compliance options as well as the range of environmental impacts and benefits from the proposed project that could be anticipated. See Section 4.0.1.2 of the Final EA for further discussion on WAIRE Points scenario modeling.

Table 1
WAIRE Points Scenarios

SCENARIO #	DESCRIPTION
Scenario 1	NZE Class 8 truck acquisitions and subsequent visits from those trucks
Scenario 2	NZE Class 8 truck acquisitions and subsequent visits from those trucks (early purchase)[a]
Scenario 3	NZE Class 8 truck acquisitions (funded by Carl Moyer program) and subsequent visits from those trucks[b, c]
Scenario 4	NZE Class 8 truck visits from non-owned fleets[c]
Scenario 5	ZE Class 8 truck visits from non-owned fleet [c,d]
Scenario 6	Level 3 charger installations followed by ZE Class 6 & Class 8 truck acquisitions and subsequent visits from those trucks, using installed chargers[e]
Scenario 7	Pay Mitigation Fee
Scenario 7a	Pay Mitigation Fee and account for NZE trucks visiting the facility incentivized from the WAIRE Mitigation Program
Scenario 8	NZE Class 6 truck acquisitions and subsequent visits from those trucks
Scenario 9	NZE Class 6 truck visits from non-owned fleets[c]
Scenario 10	ZE Class 6 truck visits from non-owned fleets[c]
Scenario 11	Rooftop solar panel installations and usage[f]
Scenario 12	Hydrogen station installations followed by ZE Class 8 truck acquisitions and subsequent visits from those trucks, using the hydrogen station [g]
Scenario 13	ZE Class 2b-3 truck acquisitions and subsequent visits from those trucks
Scenario 14	ZE Class 2b-3 truck visits from non-owned fleets
Scenario 15	Filter System Installations
Scenario 16	Filter Purchases
Scenario 17	TRU plug installations and usage in cold storage facilities[h]
Scenario 18	ZE Hostler Acquisitions and Usage

Notes: MERV: Maximum Efficiency Reporting Value
a One additional truck is acquired earlier than required, thus increasing WAIRE Points earned from truck visits in subsequent years.
b Mitigation fees paid to earn WAIRE Points in first year of compliance.
c No WAIRE Points earned for truck acquisitions.
d ZE Class 8 trucks are assumed to not be commercially available until late 2022. Mitigation fees paid to earn WAIRE Points until then.
e Chargers provide ~30,000 kWh/year per Class 6 truck, and ~90,000 kWh/yr per Class 8 truck. Class 8 trucks only acquired if 25 Class 6 trucks had been previously purchased for one warehouse.
f Solar panel coverage limited to 50 percent of building square footage. Mitigation fees used to make up any shortfall in WAIRE Points.
g System installation in first year is followed by a truck acquisition. In subsequent years trucks are only acquired if needed to earn WAIRE Points.
h Scenario is only applied to cold storage warehouses. Plugs limited to 1:10,000 sq. ft. of building space.

Furthermore, the Industrial Economics, Incorporated (IEc) Study titled "Assessment of Warehouse Relocations Associated with the South Coast AQMD Warehouse ISR" analyzed potential warehouse relocations to neighboring real estate markets outside of the South Coast AQMD's

jurisdiction in response to the WAIRE Program. The IEc study found that up to 10 warehouses potentially would relocate to neighboring regions today, even without the proposed project in place. Under the most conservative scenario analyzed in the IEc Study, i.e., where compliance with PR 2305 costs warehouse operators $2.00 per square foot (which translates to a stringency factor of greater than 0.0050 WAIRE Points per WATT), the IEc study concluded that the proposed rule could result in approximately six additional warehouses being built outside of the South Coast AQMD's jurisdiction. For the currently proposed rule stringency of 0.0025 WAIRE Points per WATT, the IEc study supports the conclusion that the proposed project would not result in any warehouse relocations. Nonetheless, the Final EA assumed the potential for up to three warehouse relocations as the worst-case warehouse relocation scenario for the purpose of providing a conservative analysis of the proposed project's potential impacts on operational air quality, greenhouse gas (GHG) emissions, energy, and transportation. See Section 4.0.1.3.1 of the Final EA for further discussion on potential warehouse relocations.

Additionally, the IEc Study concluded that moving to a nearby region increases the travel time by only a few hours. In contrast, moving to a different port on the east coast would be more than 10+ days[2]; therefore, it is not reasonably foreseeable that cargo owners will ship their goods to other ports to avoid the cost of the proposed project. However, the Final EA conservatively considered that the proposed project could contribute to some cargo growth diversion at the Ports of Los Angeles and Long Beach. Since the amount of potential cargo growth diversion associated with the proposed project is speculative and it is not possible to identify where cargo would be diverted to or predict how cargo shippers would respond to the proposed project, cargo growth diversion impacts are discussed qualitatively throughout the EA, where applicable. See Section 4.0.1.3.2 of the Final EA for further discussion on potential cargo growth diversion.

The Final EA also assumed that implementation of the proposed project does not generate an increase in the national or even international demand for trucks used in the goods movement sectors because the proposed project will not increase the amount of cargo being transported. In analyzing the potential impacts of the purchase of new NZE and ZE trucks pursuant to the proposed project, the Final EA assumed that these new trucks will be replacing older trucks. The Final EA further assumes that some of the older trucks that are replaced by NZE and ZE trucks will be retired (i.e., scrapped) and some will be sold to other operators (either within the South Coast AQMD's jurisdiction or outside of it) to replace even older, higher emissions trucks in that operator's truck fleet. These assumptions are used in the analysis of the proposed project's environmental impacts and support the conclusion that the proposed project would result in a greater turnover of diesel trucks to NZE and ZE trucks than would have occurred without its implementation.

[2] South Coast Air Quality Management District.2021, April. Second Draft Staff Report Proposed Rule 2305 – Warehouse Indirect Source Rule - Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program and Proposed Rule 316 – Fees for Rule 2305 (pp 55-56). http://www.aqmd.gov/home/air-quality/clean-air-plans/air-quality-mgt-plan/facility-based-mobile-source-measures/warehs-distr-wkng-grp

II. CEQA PROVISIONS REGARDING FINDINGS

CEQA generally requires agencies to make certain written findings before approving a project with significant environmental impacts. South Coast AQMD is exempt from some of CEQA's requirements pursuant to its Certified Regulatory Program, but complies with its provisions where required or otherwise appropriate.

CEQA Guidelines Section 15091 provides:

(a) No public agency shall approve or carry out a project for which an EIR has been certified which identifies one or more significant environmental effects of the project unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding. The possible findings are:

1. Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect as identified in the final EIR.

2. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

3. Specific economic, legal, social, technological, or other considerations, including provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or project alternatives identified in the final EIR.

(b) The findings required by subsection (a) shall be supported by substantial evidence in the record.

(c) The finding in subdivision (a)(2) shall not be made if the agency making the finding has concurrent jurisdiction with another agency to deal with identified feasible mitigation measures or alternatives. The finding in subsection (a)(3) shall describe the specific reasons for rejecting identified mitigation measures and project alternatives.

(d) When making the findings required in subdivision (a)(1), the agency shall also adopt a program for reporting on or monitoring the changes which it has either required in the project or made a condition of approval to avoid or substantially lessen significant environmental effects. These measures

must be fully enforceable through permit conditions, agreements, or other measures.

(e) The public agency shall specify the location and custodian of the documents or other material which constitute the record of the proceedings upon which its decision is based.

(f) A statement made pursuant to Section 15093 does not substitute for the findings required by this section.

The "changes or alterations" referred to in CEQA Guidelines Section 15091(a)(1) may include a wide variety of measures or actions as set forth in CEQA Guidelines Section 15370, including:

(a) Avoiding the impact altogether by not taking a certain action or parts of an action.

(b) Minimizing impacts by limiting the degree or magnitude of the action and its implementation.

(c) Rectifying the impact by repairing, rehabilitating, or restoring the impacted environment.

(d) Reducing or eliminating the impact over time by preservation and maintenance operations during the life of the action.

(e) Compensating for the impact by replacing or providing substitute resources or environments.

III. CALIFORNIA ENVIRONMENTAL QUALITY ACT

In conformance with the CEQA Statute and Guidelines, the South Coast AQMD's Certified Regulatory Program (Public Resources Code Section 21080.5, CEQA Guidelines Section 15251(l), and South Coast AQMD Rule 110), South Coast AQMD conducted an extensive environmental review of the proposed project. Under its Certified Regulatory Program, the South Coast AQMD typically prepares an EA, a substitute CEQA document prepared in lieu of an EIR, for proposed projects with significant impacts (CEQA Guidelines Section 15252), to evaluate the environmental impacts for rule projects proposed for adoption or amendment.

The following describes South Coast AQMD's environmental review process for the proposed project:

- South Coast AQMD determined that an EA would be required for the proposed project and issued a Notice of Preparation (NOP) of a Draft EA and Initial Study (IS) (collectively referred

to as "NOP/IS") on November 12, 2020. The 32-day public review and comment period began Friday, November 13, 2020 and ended Tuesday, December 15, 2020.

- South Coast AQMD conducted a CEQA scoping meeting via video conference and by telephone on December 2, 2020 at 1:30 p.m.
- Based upon the environmental analysis in the NOP/IS, South Coast AQMD staff determined that a Draft EA should be prepared for the proposed project. The scope of the Draft EA was determined based on the NOP/IS, comments received in response to the NOP/IS, and comments received at the CEQA scoping meeting conducted by South Coast AQMD. Sections 1.2 and 4.0.1.1 of the Draft EA describe the issues identified for analysis in the Draft EA.
- South Coast AQMD prepared a Draft EA, which was made available for a 45-day public review and comment period beginning January 26, 2021 and ending Friday, March 12, 2021.
- South Coast AQMD held a public workshop on February 16, 2021 and a community meeting on February 17, 2021 regarding the proposed project during the public review and comment period for the Draft EA.
- South Coast AQMD prepared a Final EA, Findings, and a Statement of Overriding Considerations. The Final EA also contains comments received relative to the Draft EA, written responses to those comments, revisions including clarifications to the Draft EA, and appended documents.
- The Final EA, Appendix 1, and PR 2305 and PR 316 will be considered at the Governing Board Meeting (and Public Hearing) scheduled for May 7, 2021 (subject to change).

A. Responses to Comments Relative to the Draft EA

The South Coast AQMD received comment letters relative to the Draft EA, evaluated the environmental issues raised, and prepared written responses. The Final EA contains seven comment letters received relative to the Draft EA and responses to the comments, as a separate section. The responses to the comments focus on the disposition of environmental issues as raised.

None of the comments indicate that there would be a substantial increase in the severity of a previously identified environmental impact that will not be mitigated. Instead, the information presented in the responses to comments "merely clarifies or amplifies or makes insignificant modifications" in the Draft EA. These comments do not require recirculation of the Draft EA. See CEQA Guidelines Sections 15073.5 and 15088.5(b). The Draft EA has been revised to include the aforementioned modifications as part of the Final EA.

B. Revisions to the Proposed Project

After the Draft EA was circulated for public review, and in response to comments received and stakeholder input, PR 2305 was modified in the following ways:

(a) A sunset provision was added, ending the proposed rule's requirements once state and federal air quality standards have been reached.

(b) "Low use" warehouse operators were exempted from compliance with the rule.

(c) NZE yard trucks that use renewable fuels were added as an allowable option under Custom WAIRE Plans.

(d) The compliance period was shifted by 6 months, starting January 1, 2022.

There were no changes made to PR 316. None of the revisions: 1) constitute significant new information; 2) constitute a substantial increase in the severity of an environmental impact; or, 3) provide new information of substantial importance relative to the Draft EA.

Including a sunset provision would reduce the potential environmental impacts of the proposed rule by eliminating all compliance obligations after the standards are achieved. "Low use" operators are those with a WPCO score of less than 10, meaning they receive approximately two Class 8 truck visits/day. There are not expected to be many "low use" warehouses. Exempting them from the rule would reduce the adverse environmental impacts of the proposed project because the exempt facilities would not be required to implement any compliance options, such as constructing new charging stations. The "low use" exemption could reduce the benefits of the proposed rule, but any reduction in benefit would be negligible, because there are not expected to be many "low use" warehouses and their compliance obligations would have been small to begin with. Similarly, including a sunset provision could reduce the benefits of the proposed rule, but the sunset provision is triggered only when state and federal air quality standards have been met and the need for the project benefits has therefore been reduced or eliminated. Including NZE yard trucks under the Custom WAIRE Plans could decrease air quality and GHG benefits when compared with allowing only ZE yard trucks as a compliance option but would still result in an air quality and GHG benefit with respect to baseline conditions. Additionally, allowing NZE yard trucks would also lessen the impacts of battery disposal associated with ZE yard trucks. Lastly, shifting the compliance period would result in the same impacts occurring at a later date.

The Final EA reflects revisions, clarifications, and corrections to the Draft EA as a result of changes to the proposed rule language subsequent to the public review and comment period. South Coast AQMD staff has reviewed the modifications to PR 2305 and PR 316 and has updated the CEQA analysis in the Final EA accordingly.

C. Tiering and Incorporation by Reference

South Coast AQMD's Final Program Environmental Impact Report for the 2016 Air Quality Management Plan

The EA for the proposed project tiers off of the Final Program Environmental Impact Report (EIR) for the 2016 Air Quality Management Plan (AQMP) (State Clearinghouse No. 2016071006)[3] (referred to as "the 2016 AQMP Final Program EIR"), pursuant to Public Resources Code Section 21094 and CEQA Guidelines Section 15152(g). The 2016 AQMP Final Program EIR analyzed a number of air pollution control measures to be implemented by South Coast AQMD, including Control Measure MOB-03 – Emission Reductions at Warehouse Distribution Centers, which required the assessment and identification of potential actions to reduce emissions associated with mobile sources operating in and out of warehouse distribution centers. The proposed project is consistent with the 2016 AQMP, as it implements Control Measure MOB-03. The 2016 AQMP includes a Mitigation Monitoring and Reporting Plan. There are no additional mitigation measures beyond those set forth in that Plan that South Coast AQMD could implement to reduce the significant impacts of the proposed project.

CEQA encourages tiering whenever feasible (Public Resources Code Section 21093). Pursuant to CEQA, as long as a program EIR has adequately addressed a potentially significant impact, the later EIR need not provide further analysis. See CEQA Guidelines Section 15152(f); CEQA Section 21093 ("tiering is appropriate when it helps a public agency exclude duplicative analysis of environmental effects examined in previous environmental impact reports"). An impact has been adequately addressed if it has been examined at a sufficient level of detail in the prior environmental impact report to enable the lead agency and public to consider whether those effects can be mitigated or avoided by site specific revisions, the imposition of conditions, or by other means in connection with the later project. See CEQA Guidelines Section 15152(f). The 2016 AQMP Final Program EIR adequately addressed potentially significant impacts from implementation of the 2016 AQMP, including from Control Measure MOB-03, and this analysis is incorporated by reference in the EA for the proposed project (CEQA Guidelines Section 15150).

The 2016 AQMP Final Program EIR reviewed approximately 17 environmental topic areas and analyzed whether the implementation of the 2016 AQMP, including Control Measure MOB-03, would create potentially significant adverse impacts. The analysis in 2016 AQMP Final Program EIR concluded that significant and unavoidable adverse environmental impacts are expected to occur after implementing mitigation measures for the following environmental topic areas: 1) aesthetics from increased glare, construction site staging and equipment laydown areas, and from the construction and operation of catenary lines and use of bonnet technology for ships; 2) construction air quality and GHG emissions; 3) energy (due to increased electricity demand); 4)

[3] South Coast Air Quality Management District. 2017, March. Final Program EIR for the 2016 AQMP. http://www.aqmd.gov/docs/default-source/ceqa/documents/aqmd-projects/2016/2016aqmpfpeir.pdf

hazards and hazardous materials due to: (a) increased flammability of solvents; (b) storage, accidental release and transportation of ammonia; (c) storage and transportation of liquefied natural gas (LNG); and (d) proximity to schools; 5) hydrology (water demand); 6) construction noise and vibration; 7) construction waste and operational waste from vehicle and equipment scrapping; and 8) transportation and traffic during construction and during operation on roadways with catenary lines and at the harbors.

It is important to note, however, that, because the 2016 AQMP included other measures in addition to Control measure MOB-03, not all of the conclusions of significance are applicable to the proposed project. Table 2 summarizes the significant and unavoidable adverse environmental impacts identified in the 2016 AQMP Final Program EIR and identifies which topic area applies to the proposed project in the Final EA.

Table 2
Applicability of the Significant and Unavoidable Adverse Environmental Impacts Identified in the 2016 AQMP Final Program EIR to Proposed Project for Direct Impacts

CONCLUSION OF SIGNIFICANT ENVIRONMENTAL IMPACTS IN THE 2016 AQMP FINAL PROGRAM EIR	APPLICABILE TO THE PROPOSED PROJECT?	EXPLANATION
Aesthetics from increased glare, construction site staging and laydown areas, and from the construction and operation of catenary lines and use of bonnet technology for ships	Yes	This environmental topic is applicable to the proposed project because solar panels and WPCO measures that require construction are applicable to the implementation of some of the WAIRE Points Menu actions and/or due to incentivizing increased acquisition and use of ZE trucks and yard trucks. Therefore, this conclusion is applicable to the proposed project.
Construction air quality and GHGs	Yes	The proposed project has the potential to generate direct impacts associated with construction emissions from constructing infrastructure to support NZE and ZE trucks and ZE trucks from the WAIRE Menu. Therefore, this conclusion is applicable to the proposed project.
Energy due to increased electricity demand	Yes	The proposed project would increase the penetration of ZE trucks and yard trucks resulting in an increase in electricity consumption, as well as an increased energy demand from the operation of MERV-16 or greater filters and filtration systems. Therefore, this conclusion is applicable to the proposed project.
Hazards and hazardous materials due to the increased flammability of solvents	No	Implementation of the WAIRE Points Menu actions would not require the use of solvents for their operation. Therefore, this conclusion is not applicable to the proposed project.
Hazards and hazardous materials due to the storage, accidental release and transportation of ammonia	No	Implementation of the WAIRE Points Menu actions would not require the storage and transportation of ammonia. Therefore, this conclusion is not applicable to the proposed project.

Table 2 (concluded)
Applicability of the Significant and Unavoidable Adverse Environmental Impacts Identified in the 2016 AQMP Final Program EIR to Proposed Project for Direct Impacts

Hazards and hazardous materials due to the storage and transportation of liquefied natural gas (LNG)	Yes	Since the proposed project could result in the increased use of NZE trucks, the use, storage, and transport of LNG could also increase. Therefore, this conclusion is applicable to the proposed project.
Hazards and hazardous materials due to the use of reformulated coatings, solvents, adhesives, and sealants in the proximity to schools	No	The management of hazardous materials used during the construction and operational phase of new infrastructure pursuant to the implementation of the proposed project would be regulated by federal, state, and local laws and would not be in such quantities or stored in such a manner as to pose a significant safety hazard. Therefore, impacts to nearby schools through the use and transport of hazardous materials are not expected to significant, and this discussion is not applicable to the proposed project.
Hydrology (water demand)	No	Implementation of the WAIRE Points menu options would not utilize water for their operation. Therefore, this conclusion is not applicable to the proposed project.
Construction noise and vibration	Yes	Implementation of the proposed project could generate potential noise and vibration impacts associated with the installation of air pollution control equipment, (e.g., MERV-16 or greater filters and filtration systems), replacement of existing equipment, installation of roadway infrastructure (wayside power and catenary lines or other similar technologies), installation of, battery charging or fueling infrastructure, and the installation of solar panels. Therefore, this conclusion is applicable to the proposed project.
Construction waste and operational waste from vehicle and equipment scrapping	Yes	The proposed project could result in an increased volume of vehicles, equipment, and disposal of batteries and hydrogen fuel cells that need to be retired in a short timeframe. Furthermore, since the extent and timing of construction needed to implement the proposed project at the individual warehouses is not known or possible to predict how individual warehouse subject to the WAIRE Program will comply, the potential to exceed landfill capacities is also possible. Therefore, this conclusion is applicable to the proposed project.
Transportation and traffic during construction and during operation on roadways with catenary lines and at the harbors	No	Catenary lines and the associated transportation and traffic impacts on roadways and at the harbors are not applicable to the proposed project. Therefore, this conclusion is not applicable to the proposed project.

California Air Resources Board's Final Environmental Assessment for the Advanced Clean Trucks Regulation

Because the WAIRE Program would incentivize the purchase and use of zero emission vehicles, some comments received on the Initial Study noted that the proposed project could lead to the construction of new manufacturing and battery recycling facilities, and improvements to the electrical grid. While it is too speculative to analyze the particular impacts of such future hypothetical development projects, the California Air Resources Board (CARB) provided a general, qualitative analysis of these potential development projects and the environmental impacts in its Final EA for the Advanced Clean Trucks (ACT) Regulation. The ACT Regulation is part of the mobile source emission reduction activities at the state level to accelerate a large-scale transition to zero emission vehicles by establishing a new requirement that manufacturers selling new medium- and heavy-duty trucks in California be required to sell zero-emission trucks at an increasing percentage by 2035.

In the Final EA for the ACT Regulation, CARB concluded that actions taken in response to the ACT Regulation could result in potential indirect physical changes to the environment from potential future development projects related to manufacturing, recycling, mining, and grid improvements. The Final EA for the proposed project acknowledged the potentially significant impacts of such development projects by incorporating by reference CARB's Final EA for the ACT Regulation (State Clearing House No. 2018052041).

Because these impacts are indirect impacts of the proposed project, and because it would be speculative to analyze the specific impacts caused by hypothetical future construction projects whose scale and location is unknown at this time, both the CARB EA and the Final EA for this Project evaluated these impacts at a more general level of detail than the proposed project's direct impacts. While lead agencies must use their best efforts to find out and disclose all that they reasonably can about a proposed project's potentially significant environmental impacts, they are not required to predict the future or foresee the unforeseeable (CEQA Guidelines Section 15144).

IV. FINDINGS ON IMPACTS DETERMINED TO BE LESS THAN SIGNIFICANT

A. Impact Areas Concluded to be Less Than Significant in the Notice of Preparation/Initial Study

South Coast AQMD prepared a NOP/IS to identify the potential significant effects of the proposed project and most environmental topic areas were concluded to have no project impacts or less than significant project impacts. After comments were received on the NOP/IS, all the environmental topic areas were re-evaluated for their potential impacts in the EA However, the following conclusions from the NOP/IS were not modified by the EA:

1. Aesthetics

The proposed project would not have a substantial direct effect on scenic vistas and scenic resources. Additionally, the proposed project would not directly alter the visual character of a project site or conflict with local regulations governing scenic quality. The proposed project would also not create a new source of substantial light or glare.

Finding. The proposed project would have less than significant direct impacts relating to aesthetics. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

2. Agriculture and Forestry Resources

The proposed project would not directly convert Farmland to non-farm use or conflict with agricultural zoning. The proposed project would not directly conflict with lands zoned as forest land or Timberland Production or result in the loss of forest land to non-forest use. The proposed project would not directly result in the loss of Farmland or forest land to non-agricultural or non-forest use.

Finding. The proposed project would have less than significant direct impacts relating to agriculture and forestry resources. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

3. Air Quality and Greenhouse Gas Emissions

The proposed project would not conflict with or obstruct the implementation of the South Coast AQMD's AQMP, and in fact implements the AQMP. The proposed project also would not diminish an existing air quality rule or future compliance requirement. The proposed project would not result in odors that adversely affect a substantial number of people.

Finding. The proposed project would have less than significant direct, indirect, and cumulative impacts relating to these air quality impacts. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

4. Biological Resources

The proposed project would not directly impact habitat for candidate, sensitive, or special status species. The proposed project would not directly impact riparian or other sensitive habitat, including wetlands. Additionally, the proposed project would not directly impact wildlife movement. The proposed project would also not conflict with local biological resources policies or conflict with habitat conservation plans or natural community conservation plans.

Finding. The proposed project would have less than significant direct impacts to biological resources. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

5. Cultural and Tribal Cultural Resources

The proposed project would not directly impact historical resources, archeological resources, human remains, or tribal cultural resources.

Finding. The proposed project would have less than significant direct impacts to cultural and tribal cultural resources. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

6. Energy

The proposed project would not conflict with or obstruct adopted energy conservation plans, or a state or local plan for renewable energy and energy efficiency. The proposed project would comply with existing energy standards. Additionally, the proposed project would not result in potentially significant environmental impacts due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation. Impacts from construction vehicles and equipment were also found to be less than significant.

Finding. The proposed project would have less than significant direct impacts for these energy impacts. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

7. Geology and Soils

The proposed project would not directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving earthquake hazards. Additionally, the proposed project would not result in substantial soil erosion or the loss of topsoil. The proposed project would also not be affected by other geological hazards (e.g., landslides, lateral spreading, liquefaction, or subsidence) or expansive soil. The proposed project would not have impacts from septic tanks or alternative waste disposal systems. Additionally, the proposed project would not result in direct impacts to paleontological resources.

Finding. The proposed project would have less than significant direct impacts to geology and soils. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

8. Hazards and Hazardous Materials

The proposed project would not result in impacts that pose a significant safety hazard to existing and proposed schools. Implementation of the proposed project would not result in impacts associated with development of a site that is listed pursuant to Government Code Section 65962.5. The proposed project would also not result in a safety hazard for projects that that are within airport safety zones including safety, noise, overflight and airspace protection. The proposed project would also not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan. Development pursuant to the proposed project would also not significantly increase fire hazards in areas with flammable materials.

Finding. The proposed project would have less than significant direct, indirect, and cumulative impacts relating to these hazards and hazardous materials topics. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

9. Hydrology and Water Quality

The proposed project would not violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water. The proposed project would also not substantially decrease groundwater supplies or interfere substantially with groundwater recharge. The proposed project would not alter the existing drainage of an affected warehouse site in a manner that would increase erosion; alter the rate or amount of surface runoff; contribute to the runoff water that would exceed the capacity of the existing drainage system or provide substantial additional sources of polluted runoff; or impede or redirect flood flow. The proposed project would not result in flood hazards from tsunami, seiche zones, or dam inundation. The proposed project would also not conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan. The proposed project would not construct or relocate new or expanded wastewater treatment or storm drain facilities or result in impacts to the wastewater treatment system. The proposed project would not result in impacts to water supply.

Finding. The proposed project would have less than significant direct impacts relating to hydrology and water quality. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

10. Land Use and Planning

The proposed project would not divide an established community or conflict with any land use plan, policy, or regulation that was adopted for the purpose of avoiding or mitigating an environmental impact.

Finding. The proposed project would have less than significant direct, indirect, and cumulative impacts relating to land use and planning. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

11. Mineral Resources

The proposed project would not result in loss of availability of a known mineral resource that is of value to the region, residents of the state, or locally important mineral resources.

Finding. The proposed project would have less than significant direct impacts relating to mineral resources. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

12. Noise

The proposed project would not generate substantial temporary or permanent increase in ambient noise above the levels established in local general plans/ordinances. The proposed project would also not generate excessive groundborne noise or vibration. The proposed project would not expose people to excessive noise from proximity to aircraft or airport noise.

Finding. The proposed project would have less than significant direct impacts relating to noise. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

13. Population and Housing

The proposed project would not induce substantial unplanned population growth or displace substantial numbers of people or housing that would necessitate replacement housing elsewhere.

Finding. The proposed project would have less than significant direct impacts relating to population and housing. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

14. Public Services

The proposed project would not result in substantial adverse physical impacts to fire protection facilities, police protection facilities, school facilities, parks, or other public facilities.

Finding. The proposed project would have less than significant direct impacts relating to public services. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

15. Recreation

The proposed project would not increase the use of existing park or other recreational facilities or include the construction of new recreational facilities that might have an adverse physical impact on the environment.

Finding. The proposed project would have less than significant direct impacts relating to recreation. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

16. Solid and Hazardous Waste

The proposed project would not conflict with regulations related to solid and hazardous waste.

Finding. The proposed project would have less than significant impacts relating to this solid and hazardous waste topic. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

17. Transportation

The proposed project would not substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses or result in inadequate emergency access.

Finding. The proposed project would have less than significant direct, indirect, and cumulative impacts relating to these transportation impacts. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

18. Wildfire

The proposed project would not impair an adopted emergency response plan or emergency evacuation plan and would not exacerbate wildfire risks. Additionally, the proposed project would not be associated with wildfire prevention infrastructure that may result in temporary or ongoing impacts to the environment. People or structures would not be exposed to post-fire impacts or a significant risk of loss, injury, or death involving wildfires due to the proposed project.

Finding. The proposed project would have less than significant direct, indirect, and cumulative impacts relating to wildfire impacts. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

B. Impact Areas Concluded to be Less Than Significant in the Final EA

This section identifies direct and indirect impacts of the proposed project determined to be less than significant within the following topic areas. This determination was based on the application of standards and/or requirements of existing regulations as detailed in Chapter 3 of the Final EA and the analysis in Chapter 4 of the Final EA. As mentioned above, the Final EA for the proposed project tiers off of and incorporates by reference the analysis from the 2016 AQMP Final Program EIR by reference. Additionally, the analysis of indirect impacts related to manufacturing, recycling, mining, and grid improvements was incorporated by reference from CARB's Final EA for the ACT Regulation.

Direct and indirect impacts of the proposed project within these topic areas that the Final EA determined to be significant are addressed in Section IV.

1. Air Quality and Greenhouse Gas Emissions

Given that all WAIRE Point scenarios, except scenarios 15 (high efficiency filtration systems) and 16 (filter purchases), would result in substantial NOx reductions and given that the proposed project would include tracking and monitoring to ensure that the NOx emissions reductions benefits from the WPCO Points are realized over time, the Final EA concluded that the emissions benefits from the proposed project far outweigh any potential increase from warehouse relocations.[4] Therefore, long-term operation of the proposed project would not result in a cumulatively considerable net increase of any criteria pollutants or expose sensitive receptors to substantial criteria pollutant concentrations. Additionally, the proposed project would not conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases. The proposed project would also have a less than significant indirect greenhouse gas emission impact associated with the construction of new or modified manufacturing or recycling facilities or infrastructure projects.

Finding. The proposed project would have less than significant direct and indirect impacts related to the thresholds for air quality and GHG emissions. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

2. Energy

Short-term energy impacts during construction of improvements at warehouses and construction-related indirect impacts associated with new or modified manufacturing or recycling facilities or

[4] It is unlikely that all warehouse operators would select installation of high efficiency filtration systems and filter purchases as the primary means of fulfilling their WPCO since installation of filtration systems in private properties is the second most expensive compliance option and is harder to implement since this option has the higher long-term costs for private properties owners, which would make it less likely to occur.

infrastructure projects would result in less than significant impacts to utility infrastructure and energy supply.

Finding. The proposed project would have less than significant direct and indirect impacts relating to these energy impacts. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

3. Hazardous Materials and Solid and Hazardous Waste

Hazardous waste impacts associated with routine transport, use, or disposal of batteries are less than significant during operation.

Finding. The proposed project would have less than significant direct impacts relating to these hazardous materials and solid and hazardous waste impacts. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

4. Transportation

Direct transportation impacts from construction activities vehicle miles traveled (VMT) and employee commute VMT from warehouse relocations that were assumed for the purpose of the environmental analysis for the proposed project would be less than significant.

Finding. The proposed project would have less than significant direct impacts relating to these transportation impacts. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

5. Other Impact Areas (Indirect Impacts)

Indirect impacts to Mineral Resources, Population and Housing, Land Use and Planning, Public Services, and Recreation due to the construction of new manufacturing and recycling facilities and improvements to the electrical grid are found to be less than significant. There would be no construction-related indirect impacts to Utilities and Service Systems. Indirect impacts to Population and Housing, Land Use and Planning, Public Services, and Recreation due to the operational phase are less than significant.

Finding. The proposed project would have less than significant indirect impacts for these environmental topics. Accordingly, no changes or alterations to the proposed project were required to avoid or substantially lessen any significant environmental impacts under those thresholds.

V. FINDINGS REGARDING POTENTIALLY SIGNIFICANT ENVIRONMENTAL IMPACTS

The following potentially significant environmental impacts were analyzed in the EA, and the effects of the proposed project were considered. Public Resources Code Section 21081(a) and CEQA Guidelines Section 15091(a) provide that a public agency shall not approve or carry out a project with significant environmental effects unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding. Three potential findings can be made for potentially significant impacts:

Finding 1: Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect as identified in the Final EA (Public Resources Code Section 21081(a)(1) and CEQA Guidelines Section 15091(a)(1)).

Finding 2: Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency (Public Resources Code Section 21081(a)(2) and CEQA Guidelines Section 15091(a)(2)).

Finding 3: Specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EA. (Public Resources Code Section 21081(a)(3) and CEQA Guidelines Section 15091(a)(3)).

Based on the analysis in the EA, there are no feasible mitigation measures that South Coast AQMD could adopt to reduce the proposed project's potentially significant environmental impacts. Therefore, South Coast AQMD's findings are limited to Findings 2 and 3.

A. Findings on Potentially Significant Adverse Environmental Impacts that Cannot be Reduced Below a Significant Level

The following summarizes the environmental impact topic areas identified in the Final EA which were concluded to have significant and unavoidable impacts, provides a description of the mitigation measures (if applicable), explains why the environmental impacts cannot be reduced to be less than significant, and presents the South Coast AQMD's findings.

The Final EA identified potentially significant and unavoidable adverse environmental impacts for the proposed project within the following 13 topic areas: 1) aesthetics; 2) agriculture and forestry resources; 3) air quality and greenhouse gas emissions; 4) biological resources; 5) cultural and tribal cultural resources; 6) energy; 7) geology and soils; 8) hazard materials and solid and hazardous waste; 9) hydrology and water quality; 10) mineral resources (during operations); 11) noise; 12) transportation; 13) and utilities and service systems (during operations).

1. Air Quality and Greenhouse Gas Emissions

Environmental Impact: Construction-related air quality impacts and impacts during overlap of construction and operational activities from the installation of ZE truck chargers and hydrogen fueling station infrastructure would result in a cumulatively considerable net increase in criteria air pollutants for which the project region is non-attainment.

The Final EA conducted construction modeling for Scenario 6 (ZE truck charger installation) and Scenario 12 (hydrogen fueling station infrastructure), the scenarios with the highest potential construction air quality impacts. Tables 4.1-3 and 4.1-4 in the Final EA represent the potential second highest and highest construction emissions scenarios, respectively, if all warehouse operators selected these options as the single, sole compliance option to meet their WPCO in a compliance year. Because the Final EA cannot predict how each of the operators will comply with the proposed project, it is not possible to forecast a particular, region-wide compliance approach for the initial 2,902 warehouses that would likely need to earn WAIRE Points in any given compliance year. Thus, the analysis in the Final EA took a conservative scenario approach to estimating the maximum potential impacts associated with the proposed project. The peak daily emissions in Table 4.1-4 in the Final EA represent the highest potential emissions that could occur with implementation of the proposed project. Construction activities associated with the proposed project have the potential to exceed South Coast AQMD significance thresholds for NOx and CO during the construction phase in the peak year.

The overlap of emissions for these two compliance options Scenarios are provided in Table 4.1-7 of the Final EA for the "worst-case" year and at compliance year 10 (year 2031) of proposed project implementation. The Final EA found that the peak daily emissions during the construction and operational overlap period would exceed the South Coast AQMD's regional air quality CEQA significance thresholds for NOx for operation in the worst-case year for Scenario 6 (i.e., year 2021) and for NOx for operation in the worst-case year for Scenario 12 (i.e., year 2024). By year 2031 the initial upfront emissions from installation would be offset by the potential emissions benefits from Scenario 6 and Scenario 12. However, because emissions modeling considers the worst-case scenario in the year where there are higher construction emissions than emissions benefits, the proposed project would temporarily result in significant adverse air quality impacts for NOx during the "worst-case" construction and operation overlap period under the most conservative scenario.

Mitigation Measures:

The mitigation measures from the 2016 AQMP Final Program EIR, as identified in the Final EA, can be used during construction to reduce these construction-related air quality impacts, where applicable and feasible. Throughout these Findings, these mitigation measures are referred to as "AQ Construction Mitigation Measures." Additionally, South Coast AQMD's Mitigation Monitoring and Reporting Plan for the 2016 AQMP is an additional resource to assist lead or

responsible agencies with identifying other potential mitigation measures. While these measures could reduce the direct air quality impacts associated with potential construction projects, South Coast AQMD does not have land use authority over those projects, and there are no other feasible mitigation measures which would reduce or eliminate this impact.

Findings:

Finding 2. South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving construction projects implementing the proposed rule, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section V of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Environmental Impact: Indirect construction-related air quality emissions associated with the construction of new manufacturing and recycling facilities, as well as infrastructure for NZE and ZE vehicles could result in a cumulatively considerable net increase in criteria pollutant for which the project region is non-attainment.

Because the proposed project incentivizes the purchase and use of NZE and ZE vehicles, it could indirectly result in the construction and operation of new manufacturing and recycling facilities, as well as infrastructure improvements to support NZE and ZE vehicles. Construction and operational activities would result in an increase in emissions; however, such facilities would be required to seek local land use approvals prior to their implementation. Part of the land use entitlement process requires that each of these projects undergo environmental review consistent with CEQA and other applicable local requirements, and that the land use authority impose feasible mitigation. Nonetheless, because South Coast AQMD does not have land use approval authority, it could not guarantee that any mitigation measures will be imposed, and there are no other feasible

mitigation measures which would reduce or eliminate this impact. Therefore, these indirect construction-related effects are significant.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be adopted by agencies approving construction projects implementing the proposed rule, where applicable and feasible. While these measures could reduce impacts, South Coast AQMD does not have land use authority over those projects, and there are no other feasible mitigation measures which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving construction projects implementing the proposed rule, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation where applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Environmental Impact: The proposed project could generate GHG emissions from operations, either directly or indirectly, that may have a significant adverse impact on the environment from the additional energy use caused by installation of MERV 16 or greater filters and filtration systems (Scenario 15) and from cargo growth diversion that were assumed for the purpose of the environmental analysis.

Implementation of the proposed project could increase energy demand and associated GHG emissions under Scenario 15, which assumes that all warehouse operators would install and operate high-efficiency filter systems or replace filters in residences, schools, daycares, hospitals, or community centers proximate to the warehouse location as the single, sole compliance option

to meet their WPCO. The Final EA identified that by the year 2031 this scenario would exceed South Coast AQMD's GHG CEQA significance threshold. Additionally, although it is not reasonably foreseeable that cargo shippers would divert to other ports to avoid the increased cost of compliance with the proposed project, because of the uncertainty of the market response, the Final EA assumes some shipping diversion. Because the cumulative area of impact for GHG emissions is global emissions, the Final EA considers emissions outside of the South Coast AQMD's jurisdiction from cargo growth diversion and impacts are significant and unavoidable.

Mitigation Measures:

There are no feasible mitigation measures that would reduce or eliminate the increase in GHG emissions from the additional energy use caused by operation of MERV 16 or greater filters and filtration systems (Scenario 15) and from potential cargo growth diversion.

Finding:

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

2. Energy

Environmental Impact: The proposed project could expedite the need for expanded electricity, natural gas, and hydrogen fuel infrastructure resulting in project-level and cumulative energy impacts.

Impacts associated with the need for new or substantially altered utility systems, new and expanded infrastructure, and effects on peak and base period electricity demands are significant and unavoidable impacts of the proposed project. Southern California Edison (SCE) plans for and accommodates the need for electrical, natural gas, and transportation fuel grid infrastructure expansions and improvements through the biennial Integrated Energy Policy Report (IEPR) and is forecasting an increase in energy demand from ZE vehicles. While the IEPR is considering the cumulative effect of N-79-20, which would ultimately shift California's transportation economy to carbon neutral energy sources, the proposed project would expedite this timeline for ZE heavy duty trucks. Since the proposed project expedites the need for electricity, natural gas fueling, and

hydrogen fueling infrastructure to accommodate the electricity demand created by the proposed project this is considered a significant impact.

Additionally, the larger transition to NZE and ZE vehicles would warrant expansion of the energy infrastructure. Public utility companies would continue to improve infrastructure and implement strategies to diversify the grid to accommodate additional electricity demand from use of NZE and ZE vehicles. Most, if not all, new or modified facilities, no matter their size and location would be required to seek local or State land use approvals prior to their development. In addition, part of the land use entitlement process for facilities proposed in California requires that each of these projects undergo environmental review consistent with the requirements of CEQA and the CEQA Guidelines. At this time, the specific location and type of construction needed is not known and would be dependent upon a variety of market factors that are not within the control of South Coast AQMD. Thus, the specific impacts to energy service providers cannot be identified with any certainty, and individual compliance responses could potentially result in significant environmental impacts for which it is unknown whether mitigation would be available to reduce the impacts. However, as stated above, while there are ongoing planning efforts and programs in place to expand hydrogen and natural gas fueling infrastructure in addition to electricity infrastructure, the proposed project would contribute to expediting the need for expansion of the various infrastructure for these energy sources. Therefore, the proposed project's cumulative contribution to impacts on energy infrastructure is cumulatively considerable.

Mitigation Measures:

The authority to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects. While impacts could likely be reduced to a less-than-significant level by land use and/or permitting agencies, South Coast AQMD does not have the authority to implement mitigation related to new or modified energy infrastructure and such mitigation could include a wide variety of possible measures that are too speculative for identification or analysis at this time. These measures include the AQ Construction Mitigation Measures, measures from the South Coast AQMD's Mitigation Monitoring and Reporting Plan for the 2016 AQMP, and the measures described in CARB's Final EA for the ACT Regulation. There are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving or implementing energy infrastructure improvement projects, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible,

adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

3. Hazardous Materials and Solid and Hazardous Waste

Environmental Impact: The proposed project could result in a substantial increase in batteries and hydrogen fuel cells that could exceed the capacity of the existing recycling infrastructure.

The increased spent battery and fuel cell waste stream could trigger the need for additional recyclers. As described previously, it is not possible to identify the incremental increase in the number of EV batteries caused by the proposed project. Batteries used by EVs would either be reused in a secondary market (e.g., battery storage) or recycled when batteries reach their end of life.[5] As identified above, Umicore, Glencore, Inmetco, Li-Cycle, and Retriev Technologies (previously known as Toxco) have the technology to recycle NiMH, NiCad, and Li-ion batteries in the nation.[6] The limited number of existing Li-ion battery recyclers and the fact that these existing recyclers have plans to expand battery recycling, highlights that the recycling industry is only now beginning to expand operations to accommodate EV batteries reaching their end-of-life. The cumulative burden of EV waste is substantial given the growth trajectory of the EV market.[7] Unlike the solid waste sector, which is required to plan for or adequate safe disposal capacity for

[5] Harper, Gavin; Sommerville, Roberto; Kendrick, Emma; Driscoll, Laura; Slater, Peter; Stolkin, Rustam; Walton, Allan; Christensen, Paul; Heidrich, Oliver; Lambert, Simon; Abbott, Andrew; Ryder, Karl; Gaines, Linda; & Anderson, Paul (Harper *et. al.*). 2019, November 6. "Recycling Lithium-ion Batteries from Electric Vehicles." Nature 575, 75–86 (2019). https://www.nature.com/articles/s41586-019-1682-5

[6] South Coast Air Quality Management District, January 2017, Final Program Environmental Impact Report for the 2016 Air Quality Plan, http://www.aqmd.gov/docs/default-source/ceqa/documents/aqmd-projects/2016/2016aqmpfpeir.pdf, accessed December 21, 2020.

[7] Harper, Gavin; Sommerville, Roberto; Kendrick, Emma; Driscoll, Laura; Slater, Peter; Stolkin, Rustam; Walton, Allan; Christensen, Paul; Heidrich, Oliver; Lambert, Simon; Abbott, Andrew; Ryder, Karl; Gaines, Linda; & Anderson, Paul (Harper *et. al.*). 2019, November 6. "Recycling Lithium-ion Batteries from Electric Vehicles." Nature 575, 75–86 (2019). https://www.nature.com/articles/s41586-019-1682-5

a minimum of 15 years or plan for new and/or expanded facilities pursuant to Assembly Bill 939, no such requirement currently exists for the recycling industry.

To meet the increased demand of refurbishing or reusing batteries and fuel cells, new facilities or modifications to existing facilities would need to be constructed to accommodate recycling activities. In the long term, implementation of the proposed project along with State standards such as the Sustainable Communities and Climate Protection Act (SB 375) and CARB's Advanced Clean Cars program and Truck and Bus Regulation would result in a shift away from petroleum-based fuels toward hydrogen or electric. California is moving in the direction of electrifying its transportation and energy systems and it is anticipated that this would result in a corresponding increase in the market demand for recycling facilities. As more EVs and solar panel systems are introduced to the transportation and energy sector increased economic incentives are anticipated to drive modifications to existing infrastructure.

However, there are no federal, state, or local regulations that require the recycling industry to forecast the capacity of infrastructure needed to meet the demand. While CalEPA formed the Lithium-Ion Car Battery Recycling Advisory Group in 2019 to advise the Legislature on policies pertaining to the recovery and recycling of lithium-ion vehicle batteries, recommendations are still forthcoming. The group is required to submit policy recommendations on or before April 1, 2022. The policy recommendations are intended to address the end-of-life issues with a goal of ensuring that "as close to 100 percent as possible of lithium-ion vehicle batteries in the state are reused or recycled."[8] Therefore, while it is expected that efforts are underway to ensure adequate infrastructure for the reuse, recycling, or disposal of lithium-ion batteries, implementation of the proposed project could result in the generation of spent batteries and fuel cells that exceed the current capacity of local recycling infrastructure and impacts are potentially significant.

Mitigation Measures:

The requirement to mandate that the solid waste sector, and the recycling industry, in particular, identify and plan for the potential increase in batteries in the waste stream is outside of the jurisdiction of South Coast AQMD. Similarly, impacts associated with construction of new facilities could likely be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, including AQ Construction Mitigation Measures, measures from the South Coast AQMD's Mitigation Monitoring and Reporting Plan for the 2016 AQMP, and the measures described in CARB's Final EA for the ACT Regulation. South Coast AQMD does not have the authority to implement or require such conditions. Other potential mitigation is too speculative for identification or analysis at this time. Thus, there are no feasible mitigation

[8] CalEPA, 2021, Lithium-ion Car Battery Recycling Advisory Group, AB 2832 Advisory Group: Draft Work Plan, https://calepa.ca.gov/climate/lithium-ion-car-battery-recycling-advisory-group/draft-workplan-for-discussion-on-12-14-20-by-the-lithium-ion-car-battery-recycling-advisory-group/, accessed January 17, 2021.

measures that South Coast AQMD could adopt that could reduce or eliminate the impacts from the increase in battery recycling to the capacity of the existing recycling infrastructure.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by relevant permitting and regulatory agencies, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Environmental Impact: The proposed project could result in the accidental release of LNG fuel during routine transportation, use, or disposal.

LNG is non-toxic, flammable, disperses more readily in air than conventional fuels, and has more rigorous standards for transportation. It is expected that the increased use of NZE vehicles due to the implementation of the proposed project could increase facilities that receive LNG from local suppliers located in the South Coast Air Basin (Basin). Deliveries of LNG would be made by tanker truck via public roads. LNG trucks are double-walled aluminum and are designed to withstand accidents during the transport of LNG. However, accidental releases may still occur. Four accidental release scenarios were identified in the 2016 AQMP Final Program EIR as having major consequences and the adverse impacts from the four scenarios were determined (refer to section 4.3.4.7.1 of the 2016 AQMP Final Program EIR pp. 4.3-37). During transportation of LNG, it was estimated that the adverse impacts from these release scenarios would extend 0.3 mile. Because sensitive receptors may be within this distance, the accidental release of LNG during transport could cause significant adverse hazards and the increased storage and transport of LNG may substantially alter existing transportation hazards associated with mobile source fuels. Consequently, increased usage of LNG due to implementation of the proposed project could generate significant adverse hazard impacts during routine storage, disposal, use, and transport.

Mitigation Measures:

The mitigation measures from 2016 AQMP Final Program EIR, as identified in the Final EA, can be used as a reference for other agencies, where applicable and feasible, to reduce impacts related to routine storage, disposal, use, and transport LNG. However, these mitigation measures are outside of the South Coast AQMD's jurisdiction, and there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by the relevant permitting or regulatory agencies, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Environmental Impact: The project-related waste from construction and scrapped vehicles and equipment could exceed the capacity of local landfills.

Implementation of the proposed project could result in the early retirement of equipment such as on-road trucks and vehicles, off-road vehicles, gasoline-fueled engines, and diesel-fueled engines. Impacts could occur since the older equipment or vehicle parts would be taken out of service in the South Coast AQMD jurisdiction and scrapped and disposed of in landfills. However, approximately 80 percent of a vehicle can be recycled and reused in another capacity. Therefore, the amount of solid waste landfilled because of the proposed project would be relatively small, since most of the parts being replaced have commercial value as scrap metal. The generation of additional waste associated with implementation of the proposed project could impact the abilities of cities and counties to further reduce wastes. However, as discussed above the increase in solid waste expected to be diverted to a landfill is small and many of the waste streams are recyclable.

The U.S. EPA has a policy to ensure that emission reductions programs seeking credit in the SIP are quantifiable, surplus (*not already required*), permanent, and enforceable. Thus, it is expected that when older vehicles are scrapped, they are put out of service permanently and there are mechanisms in place to ensure that this requirement is enforced. Even with the ability to recycle metals from vehicles, there are no guarantees that vehicles will continue to be scrapped in the future, especially if the market is saturated with a high number of vehicles being sought for turnover. So, in an abundance of caution, the potential solid and hazardous waste impacts from the retirement of equipment is concluded to be significant.

Mitigation Measures:

There are no feasible mitigation measures that could reduce or eliminate the impacts from construction and scrapped vehicle and equipment impacts to landfill capacity. Additionally, no mitigation measures were included in the 2016 AQMP Final Program EIR for the impacts of construction waste and scrapped vehicles and equipment to the capacity of local landfills and there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Environmental Impact: The proposed project could indirectly result in the construction of new manufacturing facilities, recycling facilities, and infrastructure improvements to support the transition to NZE and ZE vehicles, which would create significant short-term construction and long-term operational impacts regarding hazards and hazardous materials through the routine transport, use, or disposal of hazardous materials during the construction and operational phase.

Because the proposed project encourages and incentivizes the purchase and use of NZE and ZE vehicles, it could also indirectly result in the construction and operation of new manufacturing and recycling facilities, as well as infrastructure improvements to support the transition to NZE and ZE vehicles. These potential impacts were analyzed in CARB's Final EA for the ACT Regulation, and this Final EA incorporates that analysis by reference here. In summary, CARB's analysis found

that short-term construction and long-term operational effects associated with the need for new manufacturing and recycling facilities, as well as infrastructure improvements to support the transition to NZE and ZE vehicles, would create significant impacts regarding hazards and hazardous materials through the routine transport, use, or disposal of hazardous materials.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used by agencies approving new facilities, where applicable and feasible. While these measures could reduce impacts, South Coast AQMD does not have land use authority over those projects, and there are no other feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

4. Transportation

Environmental Impact: In the reasonable "worst-case" analysis for up to three warehouse relocations, which the Final EA assumed would occur for the purpose of the environmental analysis, the proposed project would result in a net increase in truck VMT during operations.

The proposed project is assumed to have the potential to affect regional VMT associated with potential warehouse relocations out of the South Coast AQMD's jurisdiction, potential cargo diversion to other ports, or as a result of a potential decrease in efficiency of goods movement in

the South Coast AQMD's jurisdiction. The WAIRE Program would require warehouse operators to satisfy an annual WPCO, which is based on the reported number of annual truck trips serving the warehouse. To meet the WPCO, WAIRE Points must be earned by completing actions and investments, which include options for acquiring and/or using NZE and ZE trucks. Warehouse operators with multiple warehouses in the South Coast AQMD's jurisdiction may satisfy the WPCO through acquiring NZE and ZE trucks and rerouting those trucks so that the usage points are accumulated by multiple warehouses. Similarly, warehouse operators may contract with trucking companies that already own NZE and ZE trucks to route those trucks to warehouses in the South Coast AQMD. As a result, there is a potential for trucks to be diverted by operators of warehouse to meet their WPCO, thus decreasing the efficiency of goods movement in the South Coast AQMD region, assuming truck routes are currently optimized for efficiency, which may not be true. The increase in truck VMT associated with the proposed project is considered significant and unavoidable.

Mitigation Measures:

There are no feasible mitigation measures that South Coast AQMD could adopt that could reduce or avoid the impacts from an increase in truck VMT and potential cargo growth diversion.

Findings:

Finding 3. South Coast AQMD's Governing Board finds that there are no feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Environmental Impact: Potential indirect transportation impacts resulting from the construction of new manufacturing facilities, recycling facilities, and infrastructure improvement to support the transition to NZE and ZE vehicles.

Because the proposed project encourages and incentivizes the purchase and use of NZE and ZE vehicles, it could also indirectly result in the construction and operation of new manufacturing and recycling facilities, as well as infrastructure improvements to support the transition to NZE and ZE vehicles. These potential impacts were analyzed in CARB's Final EA for the ACT Regulations, and this Final EA incorporates that analysis by reference here.

In summary, CARB's analysis found that short-term construction activities would result in short-term construction traffic (primarily motorized) in the form of worker commute- and material delivery-related trips. Depending on the amount of trip generation and the location of new facilities, implementation could result in potentially significant transportation impacts. Additionally, new manufacturing and recycling facilities may affect local roadways during the operational phase potentially increasing VMT levels on nearby roadways. Local roadways may also experience additional egress/ingress points or increased traffic that would result in hazardous conditions on local roadways. Inadequate access may impede emergency vehicle access to new facilities. Therefore, the proposed project's long-term operational-related indirect transportation impacts associated with the construction of new manufacturing facilities, recycling facilities, and infrastructure improvement were also found to be potentially significant.

Mitigation Measure:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used by agencies approving these new facilities, where applicable and feasible. While these measures could reduce impacts, South Coast AQMD does not have land use authority over those projects, and there are no other feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Finding:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

5. Other Impact Areas (Indirect Impacts)

The impact analysis for other impacts in the topic areas for Aesthetics, Agriculture and Forestry Resources, Biological Resources, Cultural Resources, Geology and Soils, Hydrology and Water Quality, Mineral Resources (during operations), Noise, and Utilities and Service Systems (during operations), is incorporated by reference from the CARB ACT Regulation Final Environmental Analysis. Pursuant to that analysis, the following impacts associated with the proposed project are considered significant and unavoidable.

Aesthetics

Environmental Impact: Aesthetics impacts, which are indirect impacts of the proposed project, during construction and operation of new manufacturing facilities, recycling facilities, and infrastructure improvement to support the transition to NZE and ZE vehicles.

There is uncertainty as to the exact locations of new and modified manufacturing/recycling facilities and infrastructure. Operation and construction of these facilities, though likely to occur in areas with appropriate zoning where other similar facilities may already exist, could introduce or increase the presence of non-natural appearing elements in areas with national, State, or county designated scenic vistas and/or scenic resources visible from State scenic highways. In addition, operation and construction may introduce substantial sources of nighttime lighting for safety and security purposes.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used by agencies approving these new facilities, where applicable and feasible. While impacts could be reduced to a less than significant level by mitigation measures prescribed by local, state, federal, or other land use or permitting agencies, South Coast AQMD does not have the authority to require implementation of mitigation measures related to new or modified facilities that would be approved by local jurisdictions. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Agriculture and Forestry Resources

Environmental Impact: Impacts to agricultural land, forest land, and timberland, which are indirect impacts of the proposed project, during construction and operation of new manufacturing facilities, recycling facilities, and infrastructure improvement to support the transition to NZE and ZE vehicles.

There is uncertainty as to the exact locations of new and modified manufacturing and recycling facilities, improvements to the electrical grid, and lithium mining; therefore, their location in relation to agricultural land, including farmland, land zoned for agricultural use, and land under Williamson Act (Government Code Section 51200 et seq.) contract is unknown. Similarly, it is uncertain where new and modified facilities would be in relation to forest land and timberland. Construction and modification of these facilities, though likely to occur in areas with appropriate zoning that would not have agricultural or forestry uses, could result in conversion of agricultural land or forest land if they are sited in areas of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance, Williamson Act conservation contracts, forest land or timberland.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used as a reference for other agencies, where applicable and feasible.

Potential agricultural and forest resource impacts could be reduced to a less-than-significant level by mitigation measures prescribed by local, state, federal, or other land use or permitting agencies with approval authority over the development projects. However, South Coast AQMD does not have the authority to require implementation of mitigation related to new or modified facilities that would be approved by local jurisdictions. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Biological Resources

Environmental Impact: Biological Resources impacts, which are indirect impacts of the proposed project, during construction and operations from new manufacturing facilities, recycling facilities, and infrastructure improvements to support the transition to NZE and ZE vehicles.

Construction of new recycling and manufacturing facilities and improvements to the electrical grid could require disturbance of undeveloped area which could adversely affect biological resources. Additionally, operation of a new facility could deter wildlife from the surrounding habitat or could impede wildlife movement through the area, operational activities could also cause a reduction in sensitive habitat, interference with a wildlife corridor, loss of special-status species, or conflict with a habitat conservation plan or natural community conservation plan.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used as a reference for other agencies, where applicable and feasible. Impacts to biological resources could be reduced to a less- than-significant level by mitigation that can and should be implemented by local agencies but is beyond the authority of South Coast AQMD and not within its purview. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Section 21081((a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Cultural Resources

Environmental Impact: Impacts to cultural resources, which could be indirectly caused by construction and operations of new manufacturing facilities, recycling facilities, and infrastructure improvement to support the transition to NZE and ZE vehicles.

The cultural resources could potentially be affected by ground disturbance activities associated with new manufacturing and recycling facilities and improvements to the electrical grid. Impacted resources could include, prehistoric and historical archaeological sites, paleontological resources, historic buildings, structures, or archaeological sites associated with agriculture and mining, and heritage landscapes. Properties important to Native American communities and other ethnic groups, including tangible properties possessing intangible traditional cultural values, also may exist. Historic buildings and structures may also be adversely affected by demolition-related activities. Most operational activities would not have the potential to affect archaeological, paleontological, or historical resources. Operation of new facilities may, however, change the visual setting of the surrounding area, which could adversely affect historic resources and districts with a visual component.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used as a reference for other agencies, where applicable and feasible.

Potential construction-related and operational-related cultural resources impacts could be reduced to a less-than-significant level by mitigation that can and should be implemented by agencies but is beyond the authority of South Coast AQMD and not within its purview. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Geology and Soils

Environmental Impact: Impacts to geology and soils, which could be indirectly caused by construction and operation of new manufacturing facilities, recycling facilities, and infrastructure improvement to support the transition to NZE and ZE vehicles.

Although it is reasonably foreseeable that construction activities could occur as a result of new or modified manufacturing and recycling facilities and improvements to the electrical grid, there is uncertainty as to the exact location of new facilities/infrastructure and, as a result, there is uncertainty as to geologic conditions at project sites. Implementation of the proposed project would not be expected to result in effects to seismicity. The level of susceptibility to geologic effects, such as erosion and landslides, varies by location and geologic conditions.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used as a reference for other agencies, where applicable and feasible. The impacts to geology and soil resources could be reduced to a less-than-significant level by mitigation that can and should be implemented by federal, State, and local agencies, but is beyond the authority of South Coast AQMD and not within its purview. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Hydrology and Water Quality

Environmental Impact: Impacts to hydrology and water quality, which could be indirectly caused by construction and operation of new manufacturing facilities, recycling facilities, and infrastructure improvement to support the transition to NZE and ZE vehicles.

New and modified manufacturing and recycling facilities and improvements to the electrical grid could be in locations with a range of hydrologic conditions. Construction of buildings may exacerbate hydrologic hazards. Precise impacts cannot be determined because specific construction details, siting locations, and associated hydrology and water quality conditions are not known at this time. Furthermore, lithium mining and extraction could result in over drafting of groundwater and has substantial effects on water quality.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used as a reference for other agencies, where applicable and feasible. Impacts could be reduced to a less-than-significant level by mitigation that can and should be implemented by other agencies where applicable, but the identified measures are beyond the authority of South Coast AQMD and not within its purview. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Mineral Resources

Environmental Impact: Impacts to mineral resources, which could be indirectly caused during operation to support the transition to ZE vehicles.

Long-term operational compliance responses associated with the proposed project include increased mining and processing of rare materials, especially lithium and platinum. Depending on the magnitude of required materials, implementation of the proposed project could conceivably affect the availability of these mineral resources, which is an indirect impact of the proposed project if access to resources becomes impeded.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used as a reference for other agencies, where applicable and feasible. While these measures could reduce impacts to a less-than-significant level, South Coast AQMD does not have land use authority over those projects. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Noise

Environmental Impact: Noise impacts, which are indirect impacts of the proposed project, during construction and operation of new manufacturing facilities, recycling facilities, and infrastructure improvement to support the transition to NZE and ZE vehicles.

Construction and modification of manufacturing and recycling facilities and improvements to the electrical grid would result in construction-related noise and vibration in excess of applicable standards or that result in a substantial increase in ambient levels at nearby sensitive receptors. Operational-related activities associated with lithium mining could produce substantial stationary sources of noise. New sources of noise associated with the implementation of the proposed project could include operation of manufacturing plants and recycling facilities. Depending on the proximity to existing noise-sensitive receptors, stationary source noise levels could exceed applicable noise standards and result in a substantial increase in ambient noise levels.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used as a reference for other agencies, where applicable and feasible. This impact could be reduced to a less-than-significant level by mitigation that can and should be implemented by other agencies where applicable, but these measures are beyond the authority of South Coast AQMD and not within its purview. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

Utilities and Service Systems

Environmental Impact: Impacts to utilities and service systems, which could be indirectly caused by operation of new manufacturing facilities, recycling facilities, and infrastructure improvement to support the transition to NZE and ZE vehicles.

New manufacturing plants and recycling facilities could generate substantial increases in the demand for water supply, wastewater treatment, storm water drainage, energy, and solid waste services in their local areas. Additionally, depending on the location, new facilities may require new utility service lines and connections. At this time, the specific location, type, and number of new manufacturing and recycling facilities developed is not known and the ultimate magnitude and location of demand for utilities such as water and wastewater cannot be known. Thus, the specific impacts cannot be identified with any certainty, and individual plants could potentially

result in significant environmental impacts related to procurement and delivery of utilities and public services.

Mitigation Measures:

The Final EA identified the mitigation measures described in CARB's Final EA for the ACT Regulation that can be used as a reference for other agencies, where applicable and feasible. Potential long-term operational-related utilities and service systems impacts could be reduced to a less-than-significant level by mitigation that can and should be implemented by other agencies where applicable, but these measures are beyond the authority of South Coast AQMD and not within its purview. Therefore, there are no feasible mitigation measures that South Coast AQMD could adopt which would reduce or eliminate this impact.

Findings:

Finding 2: South Coast AQMD's Governing Board finds that the mitigation measures identified above can and should be adopted by lead and responsible agencies approving new facilities, where applicable and feasible. However, all of these measures are within the responsibility and jurisdiction of local governments or other agencies. While these entities can and should adopt appropriate mitigation were applicable and feasible, adoption or implementation of the measures identified above is outside the responsibility and jurisdiction of South Coast AQMD.

Finding 3. South Coast AQMD's Governing Board finds that there are no other feasible mitigation measures that have been identified, taking into consideration specific economic, legal, social, technological or other factors, that would avoid or substantially lessen this impact, and further, that specific economic, legal, social, technological, or other considerations make infeasible the alternatives identified in the EA, as discussed in Section IV of these Findings (Public Resources Code Sections 21081(a)(3); CEQA Guidelines Sections 15091(a)(3)). As described in the Statement of Overriding Considerations, South Coast AQMD has determined that this impact is acceptable because specific overriding economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of the proposed project outweigh its significant effects on the environment.

VI. FINDINGS FOR ALTERNATIVES TO THE PROPOSED PROJECT

A. Alternatives Considered and Rejected During the Scoping/Project Planning Process

One public comment recommended that the EA evaluate and consider alternatives such as stricter engine emission standards to be adopted by CARB and implementation of stricter truck emission standards at the ports of Los Angeles and Long Beach. The alternatives that the comment recommended are outside the scope of the South Coast AQMD's legal authority and ability to enforce as an air district; therefore, these alternatives are legally infeasible and have not been

included in Chapter 5, *Alternatives*, of the Final EA. South Coast AQMD does not have the authority to require CARB to adopt stricter engine emission standards nor is that in the scope of the analysis of the EA. Additionally, South Coast AQMD and the Commercial Marine Ports Working Group is currently evaluating a proposed rule to address indirect sources at the Ports. This is a separate strategy evaluated in the 2016 AQMP and not under the auspice of the proposed project. Furthermore, this alternative would not achieve the project's objectives, which include reducing public health impacts from warehouse activities.

B. Alternatives Selected for Further Analysis in the EA

The following alternatives were determined to represent a reasonable range of feasible alternatives with the potential to feasibly attain most of the basic objectives of the proposed project but avoid or substantially lessen some of the potentially significant effects of the proposed project. Additionally, when comparing the overall effects of alternatives to a project that is designed to benefit the environment such as the proposed project, it is important to consider both adverse and beneficial effects.

1. Alternative A: No Project

The No Project alternative (Alternative A) consists of what would occur if the proposed project was not approved. Alternative A allows decision makers to compare the impacts of approving the proposed project with the impacts of not approving the proposed project.

Alternative A assumed that the WAIRE Program would not be implemented. Therefore, existing and new warehouses located in the South Coast AQMD's jurisdiction to which the proposed project would apply would not be required to meet their WPCO under this alternative. The WPCO compliance strategies in the form of WAIRE Menu actions, a Custom WAIRE Plan, and/or the payment of the optional mitigation fee would not be implemented.

Finding:

This alternative is not capable of meeting any of the project objectives. Because it maintains the status quo, it has no direct adverse significant environmental impacts and would not result in any of the significant and unavoidable impacts associated with the proposed project. However, Alternative A will not provide the substantial emissions reductions or public health protection benefits associated with the proposed project.

Overall, Alternative A is less environmentally beneficial than the proposed project. Unlike the proposed project, it would not provide any emission reduction benefits and would be inconsistent with the 2016 AQMP. Alternative A fails to achieve any of the proposed project objectives, which are: 1) reduce NOx and PM emissions, including DPM emissions, and reduce associated public health impacts from warehouse activities; 2) facilitate local and regional reduction of emissions

associated with warehouses and the mobile sources attracted to warehouses in order to assist in meeting federal and state air quality standards for ozone and PM2.5; 3) implement actions to reduce air pollution that disproportionally affects environmental justice communities in accordance with AB 617; and 4) reduce exposure from emissions associated with warehouse activities for communities located in the vicinity of a warehouse. Because Alternative A is not environmentally superior to the proposed project and does not achieve the project objectives, South Coast AQMD's Governing Board finds it infeasible. Pub. Resources Code 21081(a)(3); *California Native Plant Society v. City of Santa Cruz* (2009) 177 Cal.App.4th 957, 1000-1001 (upholding finding of infeasibility where agency determined alternative failed to achieve project objective).

2. Alternative B: Decreased Emission Reductions

The Decreased Emission Reductions alternative (Alternative B) consists of a version of the proposed project that would result in fewer emission reductions of NOx and PM2.5 in the following three ways:

- The applicability of the WAIRE Program is narrowed to reduce the number of affected warehouses. Specifically, the warehouse size requirement is increased from "greater than or equal to 100,000 square feet" to "greater than or equal to 200,000 square feet", such that the number of affected warehouses would decrease.
- The beginning of the initial compliance and reporting dates are delayed by one year, such that the regulated warehouses would have a longer time period to plan for and phase in any actions that they would need to undertake to meet their WPCO.
- The rule stringency is relaxed[9], such that the rule stringency factor for this alternative is below 0.0025 WAIRE Points per WATT and could be as low as 0.0001 WAIRE Points per WATT. The WPCO compliance strategies such as the WAIRE Menu (all of the actions), a Custom WAIRE Plan, and/or the payment of optional mitigation fee would not change.

For the purpose of comparing alternatives to the proposed project Alternative B is considered to encompass all three elements (i.e., an increase in the size requirement, a delay in the initial compliance date, and a decrease in the rule stringency factor) to provide "book-ends" of the range of potential environmental impacts and a framework for understanding the greatest potential impacts when compared to the proposed project.

Finding:

Alternative B is expected to result in fewer regional and local NOx and PM, including DPM, emission reductions than the proposed project. It would; therefore, take a longer period to achieve,

[9] Relaxing the stringency factor results in warehouses needing to acquire fewer WAIRE Points to meet the requirements of the proposed project. The stringency factor for the proposed project is 0.0025.

or never achieve, the emission reductions that are needed to meet attainment of federal and state air quality standards for ozone and PM2.5 than the proposed project. Alternative B would also provide less public health protection regionally and against exposure to emissions from mobile sources in the communities in the vicinity of warehouses, such as AB 617 communities, than the proposed project.

Furthermore, reducing the number of affected warehouses and relaxing the rule stringency would result in:

- Less adverse direct impacts to air quality during construction because fewer EV chargers and hydrogen fueling stations would be installed. Overlapping of construction and operational activities would also decrease.
- Less adverse direct impacts to GHG emission since fewer MERV 16 or greater filters and filtration systems would need to be installed and used, resulting in lower electricity demands. Additionally, Alternative B would lead to less cargo growth diversion being diverted to other ports because the rule stringency factor would be lower than the proposed project.
- Lower demand for electricity since fewer warehouses would acquire ZE trucks and yard trucks and install charging stations to earn WAIRE Points resulting in less adverse direct impacts to energy.
- Less construction activities and lower acquisition of ZE and NZE trucks. This could lead to the generation of less construction waste and scrapped vehicles resulting in a less adverse direct impact on existing landfills exceeding their capacity. Additionally, the lower demand for ZE vehicles and solar panels would reduce the number of batteries that need to be recycled resulting in less adverse direct impact on the existing recycling infrastructure from exceeding their capacity. The amount, frequency, and duration of routine transport, use, or disposal of LNG fuel would also be less than the proposed project and adverse direct impacts would decrease. Therefore, Alternative B would result in less adverse direct impacts to hazardous materials and solid and hazardous wastes.
- Less truck VMT from warehouse relocations when compared to the proposed project since the lower rule stringency factor would likely lead to fewer than the three warehouse relocations that were assumed for analyzing the proposed project's transportation impacts. Therefore, Alternative B would result in less adverse direct impacts to transportation.

If the compliance date is delayed, Alternative B is expected to result in similar direct impacts compared to the proposed project because a delayed compliance date merely gives warehouses more time to meet the WPCO without changes to the impacts from the proposed project.

Additionally, the reduction in the number or intensity of development of new facilities and grid improvement would likely lead to less adverse indirect environmental impacts in the areas of Aesthetics, Air Quality and Greenhouse Gas Emission, Agriculture and Forestry Resources, Biological Resources, Cultural Resources, Energy, Geology and Soils, Hydrology and Water Quality, Hazardous Materials and Solid and Hazardous Wastes, Mineral Resources, Noise, Transportation, and Utilities than the proposed project. If the compliance date is delayed, indirect adverse environmental impacts would be similar to the proposed project because having more time to comply with the proposed project is not expected to change how warehouses will need to meet the WPCO or change the compliance actions or activities and the level of significance for indirect adverse environmental impacts that could result.

When considering the overall effects of this alternative to the proposed project, even though Alternative B could have less adverse direct and indirect environmental impacts than the proposed project, it would also have less NOx and PM, including DPM, emissions reductions and less reduction of air pollution that disproportionately affects environmental justice communities than the proposed project. Therefore, this alternative's ongoing, long-term, and permanent air quality and public health benefits would be less when compared to the proposed project, and the alternative would satisfy project objectives to a lesser extent than the proposed project. See Section 2.4 of the Final EA (listing project objectives as: 1) reduce NOx and PM emissions, including DPM emissions, and reduce associated public health impacts from warehouse activities; 2) facilitate local and regional reduction of emissions associated with warehouses and the mobile sources attracted to warehouses in order to assist in meeting federal and state air quality standards for ozone and PM2.5; 3) implement actions to reduce air pollution that disproportionally affects environmental justice communities in accordance with AB 617; and 40 reduce exposure from emissions associated with warehouse activities for communities located in the vicinity of a warehouse). The failure to achieve project objectives to the same extent as the project renders this alternative "infeasible" under Public Resources Code section 21081(a)(3). *California Native Plant Society v. City of Santa Cruz* (2009) 177 Cal.App.4th 957, 1000-1001 (upholding finding of infeasibility where agency determined alternative failed to achieve project objective).

3. Alternative C - Increased Emission Reductions

The Increased Emission Reductions alternative (Alternative C) consists of a version of the proposed project that would result in greater emission reductions of NOx and PM2.5 in the following two ways:

- The applicability of the WAIRE Program is broadened to increase the number of affected warehouses. Specifically, the warehouse size requirement of "greater than or equal to 100,000

square feet" is removed and all warehouses, regardless of their size, will be subject to the WAIRE Program.[10]

- The rule stringency is increased, such that the rule stringency factor for the proposed project is above 0.0025 WAIRE Points per WATT and could be as high as 0.0050 WAIRE Points per WATT. The three-year initial compliance period and WPCO compliance strategies such as the WAIRE Menu (all of the actions), a Custom WAIRE Plan, and/or the payment of optional mitigation fee would not change.

For the purpose of comparing alternatives to the proposed project, Alternative C is considered to encompass both elements (i.e., a decrease in the size requirement and an increase in the rule stringency factor) to provide "book-ends" of the range of potential environmental impacts and a framework for understanding the greatest potential impacts when compared to the proposed project.

Finding:

Alternative C is expected to result in greater regional and local NOx and PM, including DPM, emission reductions than the proposed project, which would help accelerate attainment of federal and state air quality standards for ozone and PM2.5. This alternative would also provide greater public health protection against exposure to emissions from mobile sources in the communities in the vicinity of warehouses, such as AB 617 communities, than the proposed project. Thus, this alternative would go further in achieving the project objectives than the proposed project. See Final EA Section 2.4 (listing project objectives as: 1) reduce NOx and PM emissions, including DPM emissions, and reduce associated public health impacts from warehouse activities; 2) facilitate local and regional reduction of emissions associated with warehouses and the mobile sources attracted to warehouses in order to assist in meeting federal and state air quality standards for ozone and PM2.5; 3) implement actions to reduce air pollution that disproportionally affects environmental justice communities in accordance with AB 617; and 4) reduce exposure from emissions associated with warehouse activities for communities located in the vicinity of a warehouse).

However, increasing the number of affected warehouses and increasing the rule stringency would result in:

- Greater adverse direct impacts to air quality during construction because more EV chargers and hydrogen fueling stations would be installed. The overlap of construction and operational activities would also increase.

[10] The Final Socioeconomic Impact Analysis did not quantify the additional benefits associated with Alternative C from expansion of the rule to encompass warehouses under 100,000 square feet. As currently modeled, Alternative C only affects warehouses greater than or equal to 100,000 square feet and includes a stringency of 0.0050 with a 7-year phase-in period.

- Greater adverse direct impacts to GHG emission since more MERV 16 or greater filters and filtration systems would need to be installed and used, resulting in higher electricity demands. Additionally, because this alternatives' rule stringency factor would be higher than the proposed project, and because it is not reasonably foreseeable to predict how cargo shippers would respond to the increased rule stringency factor, this analysis assumes that implementation would likely lead to more cargo growth being potentially diverted to other ports and generate greater GHG emissions than the proposed project.

- Greater demand for electricity since more warehouses would acquire ZE trucks and yard trucks and install charging stations to earn WAIRE Points resulting in more adverse direct impacts to energy.

- More construction activities and a higher acquisition of ZE and NZE trucks. This could lead to generation of more construction waste and scrapped vehicles resulting in a more adverse direct impact on existing landfills exceeding their capacity. Additionally, Alternative C would result in a higher adverse direct impact on the existing recycling infrastructure from exceeding their capacity. Furthermore, the use of LNG fuel would be more than the proposed project. Therefore, Alternative C would result in more adverse direct impacts to hazardous materials and solid and hazardous wastes.

- Although it is uncertain if smaller warehouses, i.e., warehouses of less than 100,000 square feet in size, would relocate under this alternative, it is expected that the impacts to transportation from truck VMT caused by warehouse relocations could be greater when compared to the proposed project.

- Expanding the proposed project to cover up to 52,000 additional warehouses could incur a substantial administrative burden including compliance activities, such as conducting desktop audits, onsite inspections, and reviewing records.

Additionally, the increase in the number or intensity of development of new facilities and grid improvement would likely lead to more adverse indirect environmental impacts in the areas of Aesthetics, Agriculture and Forestry Resources, Air Quality and Greenhouse Gas Emission, Biological Resources, Cultural Resources, Energy, Geology and Soils, Hydrology and Water Quality, Hazardous Materials and Solid and Hazardous Waste, Mineral Resources, Noise, Transportation, and Utilities and Service Systems than the proposed project. However, Alternative C's direct and indirect environmental impacts would be similar and continue to be less than significant when compared to the proposed project for Land Use and Planning, Mineral Resources (during construction), Population and Housing, Public Services, Recreation, and Wildfire.

When considering the overall effects of Alternative C to the proposed project, even though adverse effects on the environment could be greater than the proposed project in some areas, some of the adverse effects are indirect (e.g., associated with the development of new manufacturing, battery

recycling, and grid improvement facilities) and would result in short-term, temporary construction activities. Moreover, this alternative's beneficial effects on the environment would be long-term and permanent. Alternative C would also have greater protection against exposure to emissions from mobile sources in the communities in the vicinity of warehouse, as such AB 617 communities, than the proposed project. Therefore, this alternative is considered the environmentally superior alternative. CEQA Guidelines, section 15126.6(e)(2)

Nonetheless, this alternative would impose a significant additional administrative burden on the South Coast AQMD that would not be imposed by the proposed project. This is because Alternative C would apply to up to 52,000 warehouse facilities, whereas the proposed project would apply to approximately 3,320 warehouse facilities. This increased administrative burden is a specific economic or "other" consideration that makes this alternative "infeasible" pursuant to Public Resources Code section 21081(a)(3).

4. Alternative D: All Natural Gas Options Only

The All Natural Gas Options Only alternative (Alternative D) is based on the currently proposed applicability and rule stringency factor for the proposed project. However, Alternative D limits the number of actions on the WAIRE Menu that warehouse operators could select and implement to earn WAIRE Points. Specifically, the only actions allowed to earn WAIRE Points under this alternative are related to the use of all natural gas trucks such as the acquisition and/or use of natural gas trucks renewable natural gas (RNG) and/or LNG and equipment, and installation and/or use of natural gas infrastructure. Other WPCO compliance strategies such as a Custom WAIRE Plan and/or the payment of optional mitigation fee would still be available to use by warehouse operators to comply with the proposed project but limits the custom WAIRE Plan options to natural gas options.

Finding:

Since Alternative D does not include the acquisition and/or use of ZE trucks and yard trucks as allowable actions, it could result in fewer regional and local NOx and PM emission reductions than the proposed project. Additionally, Alternative D would not provide protection against exposure to emissions from mobile sources in the communities in the vicinity of warehouses, such as AB 617 communities because it does not include MERV 16 or greater filters and filtration systems on the WAIRE Menu.

Furthermore, this alternative would result in:

- Less adverse direct impacts to air quality during construction since EV chargers and hydrogen fueling stations would not be included as actions available on the WAIRE Menu. The overlap of construction and operational activities would also decrease.

- Less adverse direct impacts on GHG emissions during operations than the proposed project because Alternative D would not result in increased use of MERV 16 or greater filters and filtration systems. The demands for renewable energy for RNG trucks could increase, but the use of RNG trucks, instead of diesel fueled trucks, could potentially generate more GHG emissions reductions.

- Alternative D would not use ZE trucks and yard trucks or ZE fueling infrastructure, therefore the need for additional electricity demands and energy infrastructure would not exist and adverse direct impacts to energy would be less than the proposed project.

- Alternative D would not generate batteries and hydrogen fuel cells, and the need to recycle them at the existing recycling infrastructure would not exist. Additionally, since natural gas fueling stations are already commercially available, the need for building new natural gas fueling stations and infrastructure would not be as great as for EV chargers and hydrogen fueling stations when compared to the proposed project, and the impact on local landfill would decrease. However, this alternative would accelerate and increase the use of NZE trucks such as LNG trucks. This could lead to a substantial increase in the amount, frequency, and duration of routine transport, use, or disposal of LNG fuel than the proposed project and a potentially greater adverse direct impact on hazardous materials and solid and hazardous waste.

- Because natural gas trucks and infrastructure are more commercially available and currently being deployed in the market, it is expected that it could be less costly to comply with the WPCO under Alternative D than the proposed project. Therefore, Alternative D is expected to have less adverse direct transportation impacts from truck VMT than the proposed project because it would likely lead to fewer than three warehouse relocations.

Additionally, since warehouses subject to the WAIRE Program under Alternative D would not need to use ZE technology or install EV chargers and hydrogen fueling stations, the development of new facilities, including manufacturing, recycling, and grid infrastructure facilities would not be needed. This would likely lead to less adverse indirect environmental impacts in the areas of Aesthetics, Air Quality and Greenhouse Gas Emission, Agriculture and Forestry Resources, Biological Resources, Cultural Resources, Geology and Soils, Hydrology and Water Quality, Hazardous Materials and Solid and Hazardous Wastes, Mineral Resources, Noise, Transportation, and Utilities and Service Systems than the proposed project.

When considering the overall effects of Alternative D to the proposed project, it should be noted that even though this alternative could have less adverse direct and indirect environmental impacts than the proposed project, it could also have less NOx and PM, including DPM, emissions reductions than the proposed project. NZE trucks result in approximately 90 percent of reductions in NOx emissions and some PM emissions reductions while electric trucks result in 100 percent of NOx and PM emissions reductions. Additionally, Alternative D would not provide protection

against exposure to emissions from mobile sources in the communities in the vicinity of warehouses that the proposed project provides. Alternative D does not include MERV 16 or greater filters and filtration systems on the WAIRE Menu or Custom WAIRE Plans. Therefore, this alternative's ongoing, long-term, and permanent air quality benefits as well as protection against exposure to emissions from mobile sources could be less when compared to the proposed project. As a result, this alternative is not environmentally superior to the proposed project.

Moreover, the alternative would satisfy project objectives to a lesser extent than the proposed project because it would likely result in fewer emission reductions. See Section 2.4 of the Final EA (listing project objectives as: 1) reduce NOx and PM emissions, including DPM emissions, and reduce associated public health impacts from warehouse activities; 2) facilitate local and regional reduction of emissions associated with warehouses and the mobile sources attracted to warehouses in order to assist in meeting federal and state air quality standards for ozone and PM2.5; 3) implement actions to reduce air pollution that disproportionally affects environmental justice communities in accordance with AB 617; and (4) reduce exposure from emissions associated with warehouse activities for communities located in the vicinity of a warehouse). The failure to achieve project objectives to the same extent as the project renders this alternative "infeasible" under Public Resources Code section 21081(a)(3). *California Native Plant Society v. City of Santa Cruz* (2009) 177 Cal.App.4th 957, 1000-1001 (upholding finding of infeasibility where agency determined alternative failed to achieve project objective).

5. Alternative E: All Electric Options Only

The All Electrical Options Only alternative (Alternative E) is also based on the currently proposed applicability and rule stringency factor for the proposed project at 0.0025 WAIRE Points per WATT. However, Alternative E limits the number of actions on the WAIRE Menu that warehouse operators could select and implement to earn WAIRE Points. Specifically, the only actions allowed to earn WAIRE Points under this alternative are related to the use of all electric equipment such as the acquisition and/or use of all electric trucks and installation and/or use of ZE fueling or charging infrastructure. Other WPCO compliance strategies such as a Custom WAIRE Plan and/or the payment of optional mitigation would still be available to use by warehouse operators to comply with the proposed project.

Finding:

Alternative E is expected to result in greater regional and local NOx and PM2.5 emission reductions than the proposed project, which would help accelerate attainment of federal and state air quality standards for ozone and PM2.5. However, due to the current market availability of electric trucks and yard trucks within the initial compliance period, compliance with Alternative E to use only the ZE technology would be challenging for some warehouse operators at the beginning. Additionally, Alternative E would not provide protection against exposure to emissions

from mobile sources in the communities in the vicinity of warehouses, such as AB 617 communities through the use of air filtration systems on the WAIRE Menu or Custom WAIRE Plan.

Furthermore, Alternative E would result in:

- Similar air quality impacts directly resulted from construction and overlapping construction and operations to those for the proposed project.
- Although electricity uses for electric trucks and yard trucks and associated GHG emissions could increase under Alternative E, this increase could be partially offset by the reductions of electricity uses and GHG emissions associated with the use of MERV 16 or greater filters and filtration systems because filters and filtration systems would no longer be on the WAIRE Menu or Custom WAIRE Plans. Therefore, this alternative could have less adverse direct impacts on GHG emissions during operations than the proposed project.
- The magnitude of additional electricity demand and energy infrastructure would be similar to the proposed project since some of the modeled WAIRE Points scenarios already accounted for the possibility of all ZE serving the warehouses subject to the WAIRE Program. Therefore, Alternative E would have similar but likely somewhat greater than some scenarios direct impacts on energy during operations.
- The amount of spent EV batteries and hydrogen fuel cells generated by Alternative E would be similar to the proposed project since some of the modeled WAIRE Points scenarios already accounted for the possibility of all ZE serving the warehouses subject to the WAIRE Program. Therefore, the direct impacts on hazardous materials and solid and hazardous waste with regards to exceeding the capacity of the existing recycling infrastructure to meet the recycling of batteries and hydrogen fuel cells of Alternative E is similar to the proposed project. Additionally, this alternative's direct impact on hazardous materials and solid and hazardous waste from construction waste that could be characterized as potentially hazardous would not be as great as the proposed project because of the similar amount of ZE serving the warehouses, and because construction debris from installing MERV 16 or greater filters and filtration systems would not exist. Since the use of NZE trucks such as LNG trucks would not be included on the WAIRE Menu or Custom WAIRE Plans, the direct impact on hazardous materials and solid and hazardous waste from routine transport, use, or disposal of LNG fuel would not exist.
- When the only available compliance option is the ZE technology, and a market-wide commercial deployment of ZE technology, particularly in trucks, is not currently available at the time of this EA, Alternative E is likely to cause more warehouses that are not able to use the ZE technology to relocate outside the South Coast AQMD's jurisdiction, thereby resulting

in greater adverse transportation impacts on truck VMT from warehouse relocation than the proposed project.

Additionally, the indirect adverse environmental impacts on air quality and GHG emissions, energy, hazardous materials and solid and hazardous waste, and transportation could be greater for Alternative E than the proposed project. Since the only available compliance option is the ZE technology, this could lead to an increased use and demand of the ZE technology (e.g., electric trucks and yard trucks) and necessary supporting infrastructure that could indirectly lead to construction of more manufacturing and battery recycling facilities, and more improvements to the electrical grid. The increase in the development of new facilities and grid improvement would likely lead to greater adverse indirect environmental impacts in the areas of Aesthetics, Agriculture and Forestry Resources, Biological Resources, Cultural Resources, Geology and Soils, Hydrology and Water Quality, Mineral Resources, Noise, and Utilities and Service Systems than the proposed project. As a result, this alternative is not environmentally superior to the proposed project.

Alternative E could have greater NOx and PM, including DPM, emissions reductions than the proposed project; however, using only the ZE technology would be challenging for some warehouse operators at the beginning. This technological challenge makes this alternative "infeasible" pursuant to Public Resources Code section 21081(a)(3). When considering the overall effects of this alternative to the proposed project, this alternative is intended to further accelerate the use of ZE technology than the proposed project to make it more available and less costly. This alternative's ongoing, long-term, and permanent air quality benefits could be greater overtime than the proposed project. However, because Alternative E does not include MERV 16 or greater filters and filtration systems on the WAIRE Menu or Custom WAIRE Plans, it would not provide protection against exposure to emissions from mobile sources in the community in the vicinity of warehouse, such as AB 617 communities that the proposed project provides. Alternative E is also likely to cause more warehouses that are not able to use the ZE technology to relocate outside the South Coast AQMD's jurisdiction, thereby resulting in fewer emission reductions. As a result, this alternative would satisfy some project objectives to a lesser extent than the proposed project. See Section 2.4 of the Final EA (listing project objectives as: 1) reduce NOx and PM emissions, including DPM emissions, and reduce associated public health impacts from warehouse activities; 2) facilitate local and regional reduction of emissions associated with warehouses and the mobile sources attracted to warehouses in order to assist in meeting federal and state air quality standards for ozone and PM2.5; 3) implement actions to reduce air pollution that disproportionally affects environmental justice communities in accordance with AB 617; and (4) reduce exposure from emissions associated with warehouse activities for communities located in the vicinity of a warehouse. The failure to achieve project objectives to the same extent as the project renders this alternative "infeasible" under Public Resources Code section 21081(a)(3). *California Native Plant Society v. City of Santa Cruz* (2009) 177 Cal.App.4th 957, 1000-1001 (upholding finding of infeasibility where agency determined alternative failed to achieve project objective).

VII. FINDINGS CONCLUSION

Based on the preceding, South Coast AQMD's Governing Board finds that there are no feasible mitigation measures it could adopt which would reduce or avoid the proposed project's potentially significant environmental impacts. While the Final EA identifies certain mitigation that can or should be adopted or implemented by local governments or other agencies when acting as lead or responsible agencies, and where feasible and appropriate, these measures are within the responsibility and jurisdiction of these other agencies. In addition, South Coast AQMD's Governing Board finds that specific economic, legal, social, technological, or other considerations make infeasible the project alternatives identified in the Final EA.

VIII. STATEMENT OF OVERRIDING CONSIDERATIONS

CEQA requires decision makers to balance the benefits of a proposed project against its unavoidable environmental risks when determining whether to approve a project. If the benefits of the project outweigh the unavoidable adverse environmental effects, those effects may be considered "acceptable" (CEQA Guidelines Section 15093(a)). CEQA requires the decision-making agency to support, in writing, the specific reasons for considering a project acceptable despite its significant impacts. Such reasons must be based on substantial evidence in the Final EA or elsewhere in the administrative record (CEQA Guidelines Section 15093 (b)). The agency's statement is referred to as a Statement of Overriding Considerations.

The following provides a summary of the proposed project's significant and unavoidable adverse environmental impacts and the South Coast AQMD's statement of overriding considerations.

A. Impacts of the Proposed Project

If significant adverse environmental impacts of a proposed project remain after incorporating mitigation measures, or no measures or alternatives to mitigate the significant adverse impacts are identified or feasible, the lead agency must make a determination that the benefits of the project outweigh any significant adverse environmental effects if it is to approve the project (CEQA Guidelines Section 15093(a)). If the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse effects may be considered "acceptable" (CEQA Guidelines Section 15093(a)). Accordingly, a Statement of Overriding Considerations has been prepared. This Statement of Overriding Considerations is included as part of the record of the project approval for the proposed project. Pursuant to CEQA Guidelines Section 15093(c), the Statement of Overriding Considerations will also be noted in the Notice of Decision for the proposed project.

As set forth above, in the EA, and the Second Draft Staff Report for the proposed project, the proposed project has potentially significant direct and indirect adverse impacts in the following

areas: aesthetic, agriculture and forestry resources, air quality and greenhouse gas emission, biological resources, cultural resources, energy, geology and soils, hazardous materials and solid and hazardous waste, hydrology and water quality, mineral resources (with regards to long-term, operation-related impacts), noise, transportation, and utilities and service systems (during operations).

However, the analysis of potential adverse environmental impacts incorporates a conservative approach, as follows:

- **Conservative Findings for Warehouse Relocations.** Based on the currently proposed rule stringency of 0.0025 WAIRE Points per WATT, the proposed project would not result in warehouse relocations out of South Coast AQMD's jurisdiction. Under the most conservative scenario analyzed in the IEc Study at $2.00 per square foot (which translates to a stringency factor greater than 0.0050 WAIRE Points per WATT), the proposed project would result in a maximum of six warehouse relocations. The Final EA conservatively considers the potential for up to three warehouse relocations from the proposed project, even though no such relocations are expected based on the IEc Study, to provide a conservative analysis of the operational air quality and GHG emissions, energy, and transportation impacts. An analysis of greater relocations is provided in the Alternatives section of the EA, which includes an alternative rule that uses a stringency of 0.0050 WAIRE Points per WATT.

- **Conservative Findings for Cargo Growth Diversion.** It is speculative to identify where cargo would be diverted given the number of options of ports outside the South Coast AQMD's jurisdiction for international shipping companies. The Ports of Los Angeles and Long Beach have recently studied the potential impacts of imposing a clean truck fund rate on trucks transporting goods to and from the Ports pursuant to the Ports' Clean Truck Program. In particular, the analysis studied whether the cost of complying with that proposed update would cause cargo owners to ship their goods to other ports. The analysis concluded that it would be more cost effective for the vast majority of goods (98.6 percent) to continue using the ports of Los Angeles and Long Beach than to relocate to other ports. Furthermore, the IEc Study found that at a stringency factor of 0.0050 WAIRE Points per WATT (which is higher than the stringency factor of the proposed project) only up to six warehouses might relocate to a nearby region. Because moving to a nearby region increases the travel time by only a few hours, rather than 10+ days from moving to a different port on the east coast, it is not reasonably foreseeable that cargo owners will ship their goods to other ports to avoid the cost of the proposed project if those costs are less than or equal to the costs associated with a 0.0050 WAIRE Points per WATT stringency factor. Nevertheless, the Final EA assumed that there may be some cargo owners who decide to ship their cargo to a different port to avoid the cost of compliance. This is a conservative assumption, as it is a highly unlikely market response.

- **Conservative Analysis of Environmental Impacts Associated with the WAIRE Points Scenarios.** Because the proposed project is a rule that will govern future activities, and because the rule allows regulated parties to comply in a variety of ways, it is impossible to predict or forecast precisely what the environmental impacts of the rule would be. The WAIRE Menu has 32 compliance options, which can be combined, and an approved Custom WAIRE Plan could include compliance options that are not on the WAIRE Menu. The warehouse operator's strategies to satisfy their WPCO may vary from year to year. Since it is speculative to determine individual market actions operators will choose to comply with the proposed project, the Final EA considered the WAIRE Points scenarios to identify the environmental impacts of the WAIRE Points isolated for each individual compliance option. The WAIRE Points scenarios modeled serve as a bounding analysis approach, whereby all 2,902 warehouses were assumed to only comply with a single scenario approach from 2022 through 2031. The scenarios in the Final EA result in a conservative estimate of impacts because it is highly unlikely that all operators would choose to fulfill their WPCO through a single compliance option, every compliance year, for 10 years. No single scenario in this bounding analysis is expected to occur. Rather, they present possible extreme compliance outcomes, and thus provide a conservative, "book-end" estimate of potential impacts. The Final EA selected scenarios based on the greatest potential to result in air quality and GHG emissions, energy consumption, generation of EV batteries and fuel cells, and increase in truck VMT in order to show the range of potential environmental consequences associated with the proposed project therefore providing a very conservative estimate of the potential greatest possible impact associated with the proposed project. In reality, a hybrid of all scenarios (or other compliance approaches encompassed within the range of scenarios analyzed) is expected to occur.

- **Conservative Findings from Truck Vehicle Miles Traveled.** Neither the Office of Planning and Research's (OPR) Technical Advisory on Evaluating Transportation Impacts in CEQA (Technical Advisory) nor CEQA Guidelines Section 15064.3(a) directly address how to analyze transportation impacts associated with changes to goods movement, which is largely carried out by heavy-duty trucks. CEQA Guidelines Section 15064.3(a) specifies that VMT to be analyzed is defined as the amount and distance of automobile travel attributable to a project. The term 'automobile' refers to on-road passenger vehicles, specifically cars and light trucks. Senate Bill (SB) 743 is not intended to require the inclusion of heavy-duty truck trips, utility vehicles, or other types of vehicles in the VMT analysis. Nonetheless, to provide a conservative estimate of the potential impacts of the proposed project, the transportation analysis in the Final EA considered potential impacts from truck VMT associated with up to three warehouse relocations that were assumed for the purpose of the analysis. Goods movement generally refers to the movement of raw, semi-finished, and finished materials and products used by businesses and residents across the transportation system. Products can make their way to a business, retail store, or directly to consumers versus traditional purchases by consumers at physical retail outlets. Under this definition, goods movement in Southern California closely

resembles the transportation patterns of retail uses described in the OPR's Technical Advisory. In the Technical Advisory, the recommended significance threshold for retail projects is a net increase in total VMT. Since OPR has not identified guidance for heavy-duty trucks, the Final EA conservatively considered changes in truck VMT associated with the proposed project to be significant if implementation of the proposed project would result in a net increase in total truck VMT associated with up to three warehouse relocations that were assumed for the purpose of the analysis.

- **Conservative Findings from Indirect Impacts.** For indirect impacts, the proposed project's Final EA incorporates the analysis from the CARB's Final EA for the ACT Regulation by reference. The proposed project would likely result in fewer new facilities than CARB's ACT Regulation, given the more limited geographic scope of the proposed project (only within South Coast AQMD's jurisdiction), its more limited application (just to subject warehouses), and the alternative methods of compliance available to warehouses (e.g., installing filtration systems at nearby sensitive receptors). Nonetheless, the Final EA adopted CARB's conservative approach and concludes these potential indirect impacts, while uncertain, are significant and unavoidable.

- **Conservative Findings from Cumulative Impacts.** Cumulative impacts were assessed based on a 'worst-case' relocations analysis and were based on the highly unlikely scenario that all operators would choose to fulfill their WPCO through a single compliance option, every compliance year, for 10 years. The cumulative impact analysis also assumed that there may be some cargo owners who decide to ship their cargo to a different port to avoid the cost of compliance even though cargo shipping diversions are not reasonably foreseeable. As a result, the actual cumulative impacts are not expected to be as great as considered in the EA.

B. Benefits of the Proposed Project

The South Coast AQMD region continues to experience ozone and fine particulate matter levels that exceed federal air quality standards. This poor air quality is among the worst, if not the worst, in the nation and is a key reason why the proposed project is needed. The proposed project will bring about the following benefits:

1. **NOx and PM Emissions Reductions.** 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 South Coast Air Basin. Trucks are the largest source of NOx emissions in the air basin and for the emissions associated with warehouses. Diesel particulate matter (DPM) reductions would also help meet federal and state air quality standards for fine PM (PM2.5). The main objective of the proposed project is to reduce NOx and PM emissions, including DPM, thus contributing to reducing emissions from the goods movement sector by requiring warehouse operators to take actions to reduce

emissions directly through their own actions, or through taking actions to facilitate emissions reductions. It is expected that PR 2035 will result in 3,200 to 8,600 tons of NOx reductions and 48 to 64 tons of PM reductions over the compliance period (2022-2031).

2. **Regional Public Health Benefits**. The Final Socioeconomic Impact Assessment for the proposed project estimated the public health benefits resulting from compliance with the proposed project. The Socioeconomic Impact Assessment estimated the proposed project would result in 150 to 300 fewer deaths, 2,500 to 5,800 fewer asthma attacks, and 9,000 to 20,000 fewer work loss days from 2022-2031. Additionally, the Socioeconomic Impact Assessment conducted a monetary valuation of reductions in adverse health outcomes (see Table 41 of the Socioeconomic Impact Assessment) for each compliance scenario summed over the entire compliance period (2022- 2031).[11] Total discounted monetized health benefits are expected to range from $1.2B to $2.7B over the compliance period.

3. **Public Health Benefits to Disadvantaged Communities.** 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 the proposed project identified that risks posed from PM2.5 and diesel PM are also higher for populations located within 0.5-mile of warehousing facilities. Communities within 0.5-mile have an average asthma rate of 56 per 10,000 individuals (64th percentile) and experience heart attacks at a rate of 9.2 per 10,000 individuals (65th percentile). Comparably, the district-wide percentiles for asthma and cardiovascular incidence rates are 53rd and 57th, respectively. Warehouse-adjacent communities are 62.1 percent Hispanic and 7.6 percent African American, while the district-wide population is 45.4 percent Hispanic and 6.5 percent African American. In addition, the warehouse-adjacent communities experience poverty at a higher rate (46.7%) than non-warehouse-adjacent communities (38.2%). Trucks are the largest source of NOx emissions in the air basin and truck activity is focused at warehouses, which as the Socioeconomic Impact Assessment identifies, are disproportionately located in disadvantaged communities. Therefore, the proposed project would have a beneficial impact on these communities.

4. **Ozone Attainment.** The primary goal of the 2016 AQMP is to reduce NOx emissions, as one of many local, state, and federal strategies to meet the 1997 and 2008 8-hour ozone National Ambient Air Quality Standards (NAAQS). If these standards are met, then all other federal and state ozone and PM standards within South Coast AQMD should be achieved. In order to meet these air quality standards, total NOx emissions in the SCAB must be reduced by

[11] South Coast Air Quality Management District, March 2021, Draft Socioeconomic Impact Assessment for Proposed Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program and Proposed Rule 316 – Fees for Rule 2305, http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules, accessed March 25, 2021.

approximately 45 percent below 'baseline' 2023 levels, and 55 percent below 'baseline' 2031 levels**.** Existing regulations are not sufficient to meet either the 2023 or 2031 federal ozone attainment standard dates. Even newly proposed regulations from CARB and U.S. EPA will not reduce NOx emission enough to be able to meet these air quality standards on their own, and additional actions are needed. No single regulation could achieve federal air quality standards on its own, including the proposed project. However, the WAIRE Program will effectively contribute to additional emissions reductions and enhance emission reductions from other programs and is part of the collective of actions needed to meet air quality standards.

5. **Implements the Control Strategies of the AQMP.** The proposed project would implement Control Measure MOB-03, Emission Reductions at Warehouse Distribution Centers, of the 2016 AQMP. The goal of this measure is to assess and identify potential actions to further reduce emissions associated with emission sources operating in and out of warehouse distribution centers. The proposed project directly implements MOB-03, which was intended to result in emissions reductions at warehouse distribution centers. Additionally, the 2016 AQMP estimated that at least one billion dollars per year in incentive funding to clean up vehicle and engine fleets would be needed – absent any further regulations – to meet the 2023 and 2031 attainment dates. Although incentive funding has increased, it has not reached a level sufficient to turn over enough vehicles to meet air quality standards. The proposed project will work with existing and future incentive programs. The requirements in the WAIRE Program are expected to increase the industry's interest in incentive programs in order to reduce the cost of compliance. This will help ensure that all incentive funds are spent and spread incentives to a broader segment of industry if more recipients sign up for funding. A regulatory requirement may increase requests for funding from the legislature by many stakeholders, which has the potential to further increase the amount of funding available and reduce the cost of compliance to industry.

6. **Supports Statewide Efforts to Increase the Number of NZE and ZE Vehicles (e.g., CARB's Mobile Source Strategy and 2017 Scoping Plan Update).** The proposed project provides support for statewide policies and objectives to increase the number of NZE and ZE vehicles. There are many actions occurring across state government to increase the use of ZE vehicles to satisfy many goals, including meeting federal and state air quality standards, reducing localized air quality impacts, reducing GHG emissions, etc. The South Coast AQMD is uniquely positioned to contribute to this effort with its indirect source authority. The proposed project encourages NZE and ZE vehicle use at warehouse facilities as one of many options of compliance. By compliance year 2031, implementation of the proposed project could result in a daily reduction in diesel truck VMT above the cumulative baseline of 2,281,476 miles for Scenario 13, to 10,520 for Scenario 6. Despite the net increase in daily truck VMT from the 'worst-case' potential warehouse relocations of 11,896, this hypothetical increase would be offset by the potential emissions benefits associated with a decrease in

diesel-fueled truck VMT in the South Coast AQMD region for all scenarios except one (the WAIRE Points Scenario 6). Overall, the proposed project is expected to result in a substantial decrease in diesel-fueled truck VMT and an increase in use of NZE and ZE vehicles. Reducing VMT from diesel-fueled trucks is consistent with CARB's Mobile Source Strategy, and state's long-term GHG emissions reduction goals such as those set forth in SB 743 and the 2017 Scoping Plan Update to reduce GHG emissions and traffic-related air pollution.

7. **Ensures that State Actions to Require Cleaner Vehicles Actually Occur in the South Coast AQMD Region.** The proposed project encourages the purchase and use of cleaner vehicles within South Coast AQMD's jurisdiction. The recent ACT and Low NOx Omnibus regulations assume a certain number of new truck sales every year. However, while these regulations ensure that lower emissions will occur *if* trucks are sold, they do not require that these trucks be sold or operate within the South Coast AQMD's jurisdiction. Similarly, the upcoming Transport Refrigeration Unit (TRU) regulation is expected to require that newly manufactured trailer TRUs meet lower PM standards, yet will not mandate that fleets purchase these TRUs. The proposed project would place requirements on warehouse operators within South Coast AQMD's jurisdiction that will encourage them to use cleaner vehicle with an estimated 22,778 Class 6 and 8 trucks purchased for compliance under Scenario 6. This ensures that the potential benefits from new state regulations occur within South Coast AQMD's jurisdiction.

8. **Reduces Localized Air Pollution Proximate to Environmental Justice Communities.** In addition to the regional pollution that exceeds federal air quality standards from emission sources associated with warehouses, there are serious localized health effects from air pollution. Communities have repeatedly expressed concern about these impacts, including through the AB 617 process. An analysis of communities in South Coast AQMD shows that those living within 0.5 miles of a warehouse subject to PR 2305 rank in the 80th percentile according to CalEnviroScreen[12], whereas the average community in South Coast AQMD has much lower burden ranking in the 61st percentile. The WAIRE Program will reduce this local pollution burden on environmental justice communities. Some of these disadvantaged communities with local pollution issues were selected to be part of the AB 617 Program, and all three Year 1 communities requested that the warehouse ISR be developed due to concerns about carcinogenic DPM.[13] Additionally, funds generated by the proposed project's mitigation fee program are expected to result in economic benefits in the surrounding community.

[12] This tool ranks communities based on their pollution burden (e.g., air pollution levels), as well as community characteristics that can make them more susceptible to impacts from pollution (e.g., socioeconomic status). Communities are given a percentile score (out of 100%) to show how they compare with the rest of the state – higher scores mean they experience higher burden. (https://oehha.ca.gov/calenviroscreen).

[13] Each year AB 617 requires CARB's governing board to consider selecting communities for participation in the Community Air Protection Program. Year 1 communities include the communities CARB selected for the first year (2018) of the Community Air Protection Program.

9. **GHG Emissions Co-Benefits.** The proposed project is projected to have substantial long-term air quality benefits, which will result in GHG emissions co-benefits. By compliance year 2031, implementation of the proposed project could result in potential GHG emission reductions of up to 1,644,880 MTCO2eq. GHG emissions co-benefits were identified for Scenario 6 (ZE truck acquisition and use), Scenario 11 (solar panel installation and usage), Scenario 12 (hydrogen fueling infrastructure and trucks), Scenario 13 (ZE Class 2b-3 truck acquisitions and visits), Scenario 14 (ZE Class 2b-3 truck visits from non-owned fleets), and Scenario 18 (ZE cargo handling equipment acquisition and use).

10. **Supports the State's Carbon Neutrality Initiatives.** The WAIRE Program incentivizes the purchase and use of NZE and ZE vehicles, the construction of alternative fuel vehicle charging stations, and the installation of solar panels. This transition to an alternative energy future is anticipated by utility providers and provides an overall energy benefit. Additionally, the expansion of hydrogen fueling infrastructure is supported through AB 8 and EO B-48-18, and state programs such as CARB's LCFS Hydrogen Refueling Infrastructure credit provision and the CEC's Grand Funding Opportunity 19-602 grant solicitation, and the CEC's Clean Transportation Program. In addition, there is also opportunity to offset grid energy impacts through installation of solar panel systems.

11. **Expedites Transition to NZE and ZE Trucks.** The WAIRE Program would allow for purchase of new NZE and ZE trucks as a way for warehouse operators to meet their WPCO. It is anticipated that these operators would replace their trucks with new NZE and ZE trucks and that the older trucks would be retired (i.e., scrapped) or transitioned to other uses or warehouses outside of the South Coast AQMD's jurisdiction for trucks that are no longer eligible to access the San Pedro Bay Ports. It is estimated that up to 22,778 Class 6 and 8 trucks would be purchased for compliance under Scenario 6. However, even where the trucks are transitioned to other uses, the Final EA reasonably assumes that they would replace even older, higher emissions trucks in an operator's truck fleet. This assumption is based on the fact that the proposed project does not generate an increase in the national or international demand for trucks used in the goods movement sector. Thus, operators that purchase the trucks replaced by NZE and ZE trucks pursuant to the proposed project would be replacing an existing truck that has aged out of or is nearing the end of its useful life. Accordingly, the proposed project would result in a greater turnover of diesel trucks to NZE and ZE trucks than would have occurred without implementation of the proposed project.

12. **Encourages Truck Efficiency.** The WAIRE Program would require warehouse operators to satisfy an annual WPCO, which is based on the reported number of annual truck trips serving the warehouse. Therefore, there is an incentive to potentially increase efficiency of truck movements to reduce the number of truck trips generated by a warehouse facility, if those truck

movements are not currently at peak efficiency. Reducing truck trips and enhancing efficiency of truck movements would be a beneficial effect of the proposed project.

C. Conclusion

In balancing the project's benefits described above against the significant unavoidable adverse environmental impacts, South Coast AQMD's Governing Board finds that the project's substantial and far-reaching environmental and health benefits, including up to 300 reduced mortalities over the ten-year compliance period, which aim to meet the goals and policies of the 2016 AQMP, outweigh and override the potentially significant unavoidable adverse environmental impacts associated with the project, and these impacts, therefore, are considered acceptable in the light of the project's benefits. South Coast AQMD's Governing Board finds that each of the benefits described above is an overriding consideration, independent of the other benefits, that warrants approval of the project notwithstanding the project's potentially significant unavoidable adverse environmental impacts.

IX. RECORD OF PROCEEDINGS

For purposes of CEQA and these Findings, the Record of Proceedings for the proposed project consists of the following documents and other evidence, at a minimum:

- The NOP/IS and all other public notices issued by South Coast AQMD in conjunction with the proposed project.
- The Final EA for the proposed project, including appendices and technical studies included or referenced in the Final EA, and all other public notices issued by South Coast AQMD for the Final EA.
- The Draft EA for the proposed project including appendices and technical studies included or referenced in the Draft EA, and all other public notices issued by South Coast AQMD for the Draft EA.
- All written comments submitted by agencies or members of the public during the public review comment period on the NOP/IS and Draft EA.
- All responses to written comments submitted by agencies or members of the public during the public review comment period on the NOP/IS and Draft EA.
- All written and verbal public testimony presented during a noticed public hearing for the proposed project.
- The reports and technical memoranda included or referenced in the Response to Comments.

- All documents, studies, EIRs/EAs, or other materials incorporated by reference and tiered off in the Draft EA and Final EA.
- The Resolution adopted by South Coast AQMD in connection with the proposed project, and all documents incorporated by reference therein, including comments received after the close of the public review and comment period and responses thereto.
- Matters of common knowledge to South Coast AQMD, including but not limited to federal, state, and local laws and regulations.
- Any documents expressly cited in these Findings.
- Any other relevant materials required to be in the record of proceedings by Public Resources Code Section 21167.6(e).

A. Custodian and Location of Records

The documents and other materials which constitute the administrative record for South Coast AQMD's actions related to the proposed project are at the South Coast AQMD at 21865 Copley Drive, Diamond Bar, California. The Deputy Executive Officer of the Planning, Rule Development, and Area Sources Division is the custodian of the administrative record for the proposed project. Copies of these documents, which constitute the record of proceedings, are and at all relevant times have been and will be available upon request. This information is provided in accordance with Public Resources Code Section 21081.6(a)(2) and CEQA Guidelines Section 15091(e).