

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 735 (Carrillo) – As Amended April 24, 2025

SUBJECT: Planning and zoning: logistics use: truck routes

SUMMARY: Changes the timelines in AB 98 (Carrillo, Reyes), Chapter 931, Statutes of 2024, (AB 98) for local agencies to update their circulation element and make clarifying and conforming changes to law established by AB 98. Specifically, **this bill:**

- 1) Clarifies that logistics uses must meet or exceed all requirements of the most current building energy efficiency standards in effect at the time the building permit is issued.
- 2) Clarifies that trucks are prohibited from idling at loading bays if the truck is capable of plugging in at the loading bay and sufficient power is available.
- 3) Clarifies that the definition of “logistics use” applies to a building that is a “warehouse that is primarily used as a warehouse for the movement or storage of cargo, goods or products.”
- 4) Provides that a building that serves a primary agricultural use that is actively operate for a single period of 90 days or less each year is not a “logistics use”, as defined.
- 5) Provides that land that will be used to ensure the public’s right of access to the sea pursuant to the California Coastal Act, as specified, is not a “sensitive receptor”, as defined.
- 6) Clarifies that the “warehouse concentration region” includes the unincorporated area within the Counties of Riverside and San Bernardino.
- 7) Provides that the protection afforded to a proposed logistics use development in the entitlement process, before September 30, 2024, shall not apply if “construction activity” does not begin within 5 years from the date the entitlement process was completed, instead of “development activity.”
- 8) Provides that local roads shall be considered to predominantly serve commercial uses if more than 50% of the properties fronting the road within 1,000 feet of the sites truck entrances and exits are designed for commercial or industrial use.
- 9) Clarifies that the housing replacement provisions of AB 98 are not in conflict with existing housing law relating to the replacement of affordable housing units that have been demolished, as specified.
- 10) Requires the county or city to maximize use of arterial roads, major thoroughfares, and local roads that predominantly serve commercial and agricultural uses, instead of “predominantly commercially oriented local streets”, when state or interstate highways are not utilized.
- 11) Requires major or minor collector streets and local roads that predominantly serve commercial or agricultural uses, instead of “commercially oriented uses”.

- 12) Requires cities or counties to provide for posting of conspicuous signage to identify truck routes and additional signage for truck parking and appropriate location for idling and parking, instead of “idling facility locations”.
- 13) Requires cities or counties that are not in the warehouse concentration region to update their circulation elements within the following timelines
 - a) A city with a population that is greater than 50,000 persons or a county with a population that is greater than 100,000 persons shall implement the provisions of AB 98 by January 1, 2028.
 - b) A city with a population that is equal to, or less than, 50,000 persons or a county with a population that is equal to, or less than, 100,000 persons shall implement the provisions of AB 98 by January 1, 2035.
- 14) Requires, for purposes of 13) above, the population of a county to be determined by the population of the unincorporated areas.
- 15) Authorizes the Attorney General to impose a fine against a jurisdiction that is in violation of AB 98 if the required updates have not been made and the Attorney General finds that the jurisdiction has not made a good faith effort to meet the requirements of AB 98.
- 16) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this bill, as specified.
- 17) Includes various technical and conforming changes.

EXISTING LAW:

- 1) Establishes, pursuant to AB 98 (Carrillo, Reyes), Chapter 931, Statutes of 2024, design and operation standards, setback requirements, housing replacement requirements for non-deed restricted units, and requirements on truck routes for logistics use developments across California and the “warehouse concentration region”, as defined by the bill. [Government (GOV) § 65098-65098.9]
- 2) Requires local agencies to update their circulation element by 2028 or by 2026 for jurisdictions in the “warehouse concentration region.” (GOV § 65302.02)
- 3) Requires the South Coast Air Quality Management District (SCAQMD) to monitor air quality and collect air pollution measurements in communities near logistics use operations in Riverside and San Bernardino Counties. [Health and Safety Code (HSC) § 40458.5]
- 4) Requires SCAQMD to establish a process for receiving community input on how any penalties for violations of the Warehouse Indirect Source Rule are spent. (HSC § 40522.7)

FISCAL EFFECT: This bill is keyed fiscal and contains a state mandated local program.

COMMENTS:

- 1) **Bill Summary.** This bill extends the timelines in AB 98 for jurisdictions with a population equal to, or less than, 50,000 persons or a county with a population that is equal to, or less than, 100,000 persons from 2028 to 2035. This bill allows agricultural roads to be used in the truck routes and exempts a building that serves a primary agricultural use that is actively operates for a single period of 90 days or less each year from the definition of a “logistics use.” The bill also contains clarifying and technical changes that to assist the implementation of AB 98.

This bill is author sponsored.

- 2) **Author’s Statement.** According the author, “Last year, AB 98 established statewide standards for the siting, design, development, and operation of warehouses. AB 735 follows in AB 98’s momentum and makes technical and clarifying changes to the state law established by AB 98. This bill responds to the questions my office has received from a wide range of stakeholders on how AB 98 should be implemented.”
- 3) **Logistics Development in California.** The proliferation of e-commerce and consumer expectations for rapid shipping contributed to a boom in warehouse development in California. The Environmental Justice Bureau at the Department of Justice (DOJ) notes that in the Inland Empire alone, 150 million square feet of new industrial space was developed from 2009-2019, and that 21 of the largest 100 logistics leases signed in 2019 were located in the Inland Empire.
- 4) **Best Practices and Mitigation Measures.** DOJ adopted a guidance memo titled Warehouse Projects: Best Practices and Mitigation Measures to Comply with the California Environmental Quality Act, last updated September 2022. The memo identifies best practices for avoiding and mitigating impacts associated with warehouse development. The memo relies heavily on research prepared by the California Air Resources Board (CARB). Among the recommendations proposed in the memo related to the siting and design of warehouses, the memo notes that a best practice includes "Per CARB guidance, siting warehouse facilities so that their property lines are at least 1,000 feet from the property lines of the nearest sensitive receptors." The underlying data the memo cites in support of this recommendation found an 80% drop off in the concentration of diesel particulate matter emissions from distribution centers at approximately 1,000 feet. CARB and the South Coast Air Quality Management District (SCAQMD) analyses indicate that providing a separation of 1,000 feet would substantially reduce diesel particulate matter concentrations and public exposure downwind of a distribution center.
- 5) **CEQA and Local Approval.** CEQA requires public agencies to study and mitigate, to the extent feasible, the environmental impacts of proposed projects, providing a key protection for the environment and residents of California. Under CEQA, a local agency carrying out a discretionary project must first determine if the project may have a significant effect on the environment. If a local agency finds that the potential for significant environmental impacts exists, CEQA requires the agency to prepare and certify the completion of an EIR.

A lead agency may approve a project with unavoidable (unmitigated) adverse environmental impacts. When doing so, CEQA requires the agency to make a statement in the record of its views on the ultimate balancing of the merits of approving the project despite the

environmental impacts in a "statement of overriding considerations." Approval of discretionary projects such as warehouse facilities is subject to CEQA and the lead agency must prepare an EIR if the project may have potentially significant environmental impacts.

In practice, cities and counties may exercise this authority to approve projects that may significantly impact local residents. For example, the City of Perris prepared a Statement of Facts and Findings and Overriding Considerations for a proposed logistics development involving more than 1.7 million square feet of warehouse space. The City found in the Final EIR that the proposed project, located 300 feet from existing residents, would create long-term operational emission and cumulative criteria pollutants that constituted significant and unavoidable impacts. However, the City found such unmitigated effects were acceptable in view of specified overriding considerations. Among the overriding considerations cited were the creation of 685 new jobs and an estimated increase of \$215,000 in additional city tax revenue.

- 6) **Stockton and Fontana Warehouse Settlement Agreements.** In 2022, DOJ reached two separate settlement agreements with the City of Fontana and the City of Stockton relative to their approval of warehouse developments. In both settlements, DOJ intervened during the CEQA process where the city was acting as the lead agency approving a warehouse development. In the City of Fontana, DOJ filed a lawsuit against the city in July of 2021 challenging its approval of the project and arguing that Fontana's limited environmental review violated CEQA. In the City of Stockton, DOJ submitted letters to the city outlining concerns that its environmental review of the proposed warehouse project failed to adopt all feasible mitigation measures as required by CEQA. In April of 2022, DOJ announced a settlement agreement with the City of Fontana, the warehouse developer, and other litigants in the case. In December of 2022, DOJ announced a settlement agreement with the City of Stockton regarding its approval of warehouse developments.
- 7) **CARB Clean Truck Rules.** In 2020, CARB adopted the Advanced Clean Truck (ACT) regulation to accelerate a large-scale transition to zero-emission medium-and heavy-duty vehicles from Class 2b to Class 8. One component of the regulation is a manufacturer sales requirement. Manufacturers who certify Class 2b-8 chassis or complete vehicles with combustion engines would be required to sell zero-emission trucks as an increasing percentage of their annual California sales from 2024 to 2035. By 2035, zero-emission truck/chassis sales would need to be 55% of Class 2b– 3 truck sales, 75% of Class 4 – 8 straight truck sales, and 40% of truck tractor sales.

To further the transition to a zero-emission fleet, at the end of 2020, Governor Newsom issued Executive Order (EO) N-79-20, which requires 100% of medium- and heavy-duty vehicles in the state be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. EO N-79-20 charges CARB with developing and proposing medium- and heavy-duty vehicle regulations requiring increasing volumes of new zero-emission trucks and buses sold and operated in the state towards that goal. CARB has finalized the Advanced Clean Fleet regulation, which sets a schedule for light-duty, medium-duty, and heavy-duty vehicles to meet zero-emission goals.

- 8) **South Coast Indirect Source Rule (ISR).** In 2021, the SCAQMD adopted the Warehouse ISR, which requires warehouses greater than 100,000 square feet to directly reduce nitrogen oxide (NOx) and diesel particulate matter (PM) emissions, or to otherwise reduce emissions

and exposure of these pollutants in nearby communities.

As part of the rule, warehouse operators will need to earn a specified number of points annually. These points can be earned by completing actions from a menu that includes acquiring and using natural gas near-zero and/or zero-emission on-road trucks, zero-emission cargo handling equipment, solar panels, or zero-emission charging and fueling infrastructure and more. As alternatives to the points system, warehouse operators can prepare and implement a custom plan specific to their site or choose to pay a mitigation fee. Funds from mitigation fees will be used to incentivize the purchase of cleaner trucks and charging/fueling infrastructure in communities near the warehouse that paid the mitigation fee.

- 9) **General Plans.** State law provides additional powers and duties for cities and counties regarding land use. Each city and county must prepare and periodically update a comprehensive, long-range general plan to guide future planning decisions. The general plan has seven mandatory elements: land use, circulation, housing, conservation, open-space, noise, and safety. General plans must also either include an eighth element on environmental justice, or incorporate environmental justice concerns throughout the other elements. Cities and counties may adopt optional elements that address issues of their choosing, and once adopted, those elements have the same legal force as the mandatory elements. The general plan must be "internally consistent," which means the various elements cannot have conflicting information or assumptions.

Although state law spells out the plans' minimum contents, it also says local officials can address these topics to the extent to which they exist in their cities and counties, and with a specificity and level of detail reflecting local circumstances. Similarly, state law does not require cities and counties to regularly revise their general plans (except for the housing element, which must generally be revised every eight years).

- 10) **Circulation Element.** The circulation element identifies the general location and extent of existing and proposed major thoroughfares, transportation routes, terminals, and other local public utilities and facilities. Generally, this element contains detailed maps, standards for operation, policies, and financing plans. It serves as an infrastructure plan and must correlate with the land use element.
- 11) **AB 98 of 2024.** In response to growing concerns about the effects of warehouses on sensitive receptors, the Legislature enacted AB 98 (Carrillo and Reyes, 2024). AB 98 establishes minimum requirements that must be met for local agencies to approve development of new or expanded logistics uses (warehouses) on or after January 1, 2026 that have loading bays within 900 feet of schools, homes, daycares, nursing homes, hospitals, and parks or playgrounds. These standards require logistics uses to be located on larger roads, unless it is impractical to do so, and establishes, among other requirements:
- a) Minimum distances (setbacks) between loading bays and the property line of a sensitive receptor of 300 feet if the project is proposed on land that is zoned for industrial use, or 500 feet if not;
 - b) Buffer zones around the properties that screen sensitive receptors using trees and walls;
 - c) Site design requirements, such as orienting loading bays on the opposite side of the facility from sensitive receptors where feasible; and

- d) Building electrification requirements; and operational requirements (including phased-in mandates for zero-emission forklifts and other equipment, where feasible).

The law also requires developers replace any demolished housing on a two-for-one basis with affordable units, along with providing relocation payments to displaced tenants.

AB 98 applies stricter criteria to logistics uses in the warehouse concentration region (WCR), which includes Counties of Riverside and San Bernardino and the Cities of Chino, Colton, Fontana, Jurupa Valley, Moreno Valley, Ontario, Perris, Rancho Cucamonga, Redlands, Rialto, Riverside, and San Bernardino. Among other things, all new or expanded logistics uses in the WCR must have a 500-foot setback from nearby sensitive receptors.

Logistics uses under 250,000 square feet do not have to meet as stringent standards, including no required setbacks if they are on industrial land. The law also includes specific exemptions for certain projects already existing or in the planning process before September 30, 2024.

Furthermore, AB 98 mandates that all cities and counties update their general plan's circulation element by January 1, 2028 (or January 1, 2026 for jurisdictions in the WCR) to designate truck routes that avoid residential areas and sensitive receptors, maximizing the use of highways and major arterials. The law includes requirements for public input and making route maps publicly available.

Finally, AB 98 directs the South Coast Air Quality Management District to conduct air quality monitoring near warehouses in Riverside and San Bernardino Counties and report on pollution impacts to evaluate the effectiveness of the mandated setbacks.

- 12) **Related Legislation.** SB 415 (Reyes) Makes various changes to AB 98 (Carrillo and Reyes, 2024), which regulates warehouse development.

- 13) **Previous Legislation.** AB 1000 (Reyes, 2023), which died in the Assembly Local Government Committee, contained similar provisions to AB 2840, but would have allowed setbacks as low as 500 feet if specified mitigation requirements were met.

AB 1748 (Ramos, 2023), which died in the Assembly Appropriations Committee, would have required specified local agencies to impose a 300-foot setback requirement on parcels that are adjacent to sensitive receptors and include a warehouse that is larger than 400,000 square feet unless the local agency adopts specified alternative policies.

AB 2840 (Reyes, 2022), which died in the Senate Governance and Finance Committee, would have required cities and counties within the Counties of Riverside and San Bernardino to impose setbacks of 1,000 feet from residences, schools, and other sensitive receptors, or equivalently protective alternative measures, as specified.

- 14) **Arguments in Support.** This City of Victorville has a support if amended position and writes in, "In general, AB 98 affects new warehousing developments by requiring that significant buffer space be created between the warehouse building and any sensitive receptor. Sensitive receptors are generally being described as homes, hospitals, schools, and public recreational areas. The bill would also require all local governments to update their

circulation element to establish truck routes among other things so that warehouse trucking can't impact such sensitive receptors. This bill, as approved by the legislature, directly impacts development that has been proposed in support of our adopted specific plan at SCLA. Notably, properties along Adelanto Road, adjacent to Amazon and Dr. Pepper along with Nevada Street where warehouse operations of Mars Inc., and Newell-Rubbermaid exit, and where we are seeing the next wave of development occurring. Altogether the bill negatively impacts our City due to the unknown cost associated with updating our circulation element unnecessarily and it impairs close to 30 years of effort placed by this City on re-developing the former George Airforce Base. Therefore, the City respectfully requests an exemption be applied for former military bases as part of the clean-up legislation.”

- 15) **Arguments in Opposition.** Madera County writes in opposition, “Effective January 1, 2025, AB 98 requires specific standards on new or expanded logistic use and warehouse developments on existing and rezoned industrial sites, where the development is within 900 feet of a sensitive receptor. The law requires all local governments to update their circulation elements, for some jurisdictions as early as January 1, 2026, to include logistic use development related information, including truck routes, signage, parking, and idling, and authorizes the Attorney General to fine local jurisdictions \$50,000 every six months if they are not in compliance with the law.

“While both AB 735 and SB 415 were initially amended on March 26, 2025, we are submitting our letter of concerns position until both measures include the attached local government priorities as amendments for the AB 98 clean up. These modest revisions will help ensure the law can be implemented effectively:

1. Allow flexibility for how cities, towns and counties meet the truck route requirements, including through adopted ordinances or other plans, rather than the General Plan, to effectively implement these measures.
2. Provide a Good Faith Effort provision protecting local governments working in good faith to update their circulation elements from enforcement actions by the Attorney General.
3. Avoid unintended consequences that could pose impacts on local communities.
4. Support for general clarification to provisions and definitions to ensure clarity regarding zoning standards, land use authority, and consistency of terms in the law.”

REGISTERED SUPPORT / OPPOSITION:

Support

City of Victorville (If Amended)

Opposition

Madera County

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