

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

BYRON SHER AUDITORIUM
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APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson

Dr. John Balmes

Mr. Hectar De La Torre

Mr. John Eisenhut

Mayor Pro Tem Judy Mitchell

Mrs. Barbara Riordan

Supervisor Phil Serna

Dr. Alex Sherriffs

Dr. Daniel Sperling

STAFF

Mr. Richard Corey, Executive Officer

Mr. Alberto Ayala, Deputy Executive Officer

Ms. Edie Chang, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. La Rhonda Bowen, Ombudsman

Mr. John Ellis, Manager, OBM Implementation Section,
Engineering Studies Branch, MSCD

Ms. Jennifer Gress, Legislative Director

Ms. Elizabeth Melgoza, Air Pollution Specialist, Air
Quality Data Branch, AQPS Division

APPEARANCES

ALSO PRESENT

Mr. Louie A. Brown, Jr., Kahn, Soares & Conway, LLP

Mr. Tim Corcoran, Bureau of Automotive Repair

Mr. Casey Kramer, California Cotton Ginners and Growers Associations, Western Agricultural Processors Associations

Mr. Bill Magavern, Coalition for Clean Air

Mr. Kevin Messner, AHAM

Mr. Sayed Sadredin, SCAQMD

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1 BOARD CLERK JENSEN: Professor Sperling?

2 BOARD MEMBER SPERLING: Here.

3 BOARD CLERK JENSEN: Chairman Nichols?

4 CHAIRPERSON NICHOLS: Here.

5 BOARD CLERK JENSEN: Madam Chair, we have a
6 quorum.

7 CHAIRPERSON NICHOLS: Great.

8 The usual announcements. Anyone who wants to
9 testify should fill out a card and turn it into the Clerk.
10 We will impose our usual three-minute time limit.

11 The emergency exits are to the back of the room
12 and to either side of the podium. And I think that's all
13 I need to do by way of official announcements.

14 Before we get to the consent calendar, I thought
15 it might be a good idea actually to give a brief report
16 since several of us were at the Los Angeles Auto Show
17 yesterday and had an opportunity to see the fruits of some
18 of our work in the form of some very attractive and
19 desirable cars that are available for sale or lease. But
20 particularly interesting that this year the focus is on
21 the fuel cell vehicles. And there was one in particular
22 very exciting announcement yesterday. I will to leave
23 before the press announcement, so Dr. Albert Ayala was
24 there. I'm going to ask Dr. Ayala to give us a brief
25 summary of what was announced.

1 DEPUTY EXECUTIVE OFFICER AYALA: Thank you. Good
2 morning.

3 It was, indeed, a good day. As the Board knows,
4 hydrogen fuel cell vehicles are going to be instrumental
5 in our ability to reach our goals, not only for air
6 quality, but also our climate goals. And as the Board
7 also knows, we are very lucky that -- very fortunate that
8 we've had ongoing and very significant State commitment to
9 electric vehicles both in the form of battery electric
10 vehicles and fuel cell vehicles. And it's also the case
11 that the car makers, the OEMs, have made significant
12 investment in developing the technology and getting it to
13 the point where they can actually start selling it.

14 And one of the good news stories that we all
15 heard yesterday was an announcement from specifically
16 Hyundai, who is rolling out the very first mass-produced
17 commercially available fuel cell electric vehicle starting
18 in the spring of 2014.

19 What is significant about the announcement is
20 that the car manufacturer has actually stepped it up and
21 is taking a bigger roll in the development and deployment
22 of infrastructure. As you all know, we are working very
23 hard to make sure that the stations get built, that they
24 get built where they really need to be built, and that
25 they stay in operation so that when consumers start buying

1 the cars, they can go and refuel.

2 Hyundai is taking direct approach, and they're
3 basically -- the plan they have is a lease agreement where
4 the fuel is included, unlimited fueling, so the consumer
5 will essentially get the vehicle and they will have access
6 to all the fuel they need. And in my view, I think this
7 is really the game changing strategy because it helps us.
8 It helps all of us that are trying to deploy the
9 infrastructure to really take it to in next level and the
10 next step, because truly the way these vehicles are going
11 to succeed is from the consumer standpoint, it's a
12 completely seamless transition. They should be able to
13 use these vehicles and refuel them the same way that we've
14 been doing it with conventional technology.

15 And I was very impressed. We stuck around for
16 the announcement. I think it is commendable. Obviously,
17 it's a great day because the race is on. The question on
18 the table is what are Honda going to do? What are Toyota
19 going to do? What are some of the other OEMs that are
20 also planning to deploy a fuel cell vehicles, what is
21 going to be their strategy?

22 All in all, I think it was the kind of enhanced
23 commitment that we were looking for. And it was
24 essentially worth sticking around for that announcement.

25 CHAIRPERSON NICHOLS: Yes. So yesterday was the

1 day for Air Resources Board folks mostly touring the
2 global manufacturers groups and the Japanese and Korean
3 offerings in particular. Some of us are going back again
4 next week to look at more cars. There are a great array
5 of plug-in vehicles, too. It looks like it's quite an
6 exciting show. But I thought it would be a good idea to
7 share this with everybody, because it's nice to see the
8 progress that's happening there.

9 Okay. Let's move to the consent calendar. We've
10 got several items that don't require a hearing unless
11 anybody wants to. They will come off of consent if there
12 are any witnesses who have signed up to testify or Board
13 members who request they come off consent.

14 So the first of these items is the greenhouse gas
15 quantification determination for the Santa Barbara County
16 Association of Governments' Regional Transportation Plan
17 and Sustainable Community Strategy.

18 Madam Clerk, have we got any witnesses on this
19 item? Are there any Board members who would like to have
20 the off consent? Okay. If not, then I will close the
21 record and ask the Board members if they've reviewed the
22 Resolution. And if I can get a motion and a second.

23 BOARD MEMBER RIORDAN: I'd be happy to move the
24 motion presented by staff on this item.

25 CHAIRPERSON NICHOLS: Do we have a second?

1 BOARD MEMBER BALMES: Second.

2 CHAIRPERSON NICHOLS: All in favor please say
3 aye.

4 (Ayes)

5 CHAIRPERSON NICHOLS: Any opposed? Okay. That's
6 Santa Barbara.

7 The next one is the 2013 updates to the 2009
8 Sacramento Metro Ozone Nonattainment Area State
9 Implementation Plan for the 1997 8-hour ozone standard.

10 Mr. Serna, I trust you're familiar with this one.

11 BOARD MEMBER SERNA: I would be happy to move it.

12 CHAIRPERSON NICHOLS: Is there a second?

13 BOARD MEMBER BALMES: I'll second.

14 CHAIRPERSON NICHOLS: All right. All in favor
15 please say aye.

16 (Ayes)

17 CHAIRPERSON NICHOLS: Any opposed?

18 Great.

19 The next one is a research proposal. We have
20 just one research proposal for this meeting. And if
21 there's -- if everybody has had a chance to look at it, I
22 think that can also go on consent.

23 Do we have a motion on that?

24 BOARD MEMBER BALMES: I'll move.

25 BOARD MEMBER RIORDAN: Second.

1 CHAIRPERSON NICHOLS: All in favor, aye.

2 (Ayes)

3 CHAIRPERSON NICHOLS: Any opposed?

4 Abstentions?

5 And then the last one on consent is the PM2.5
6 area designation recommendation for the revised federal
7 PM2.5 annual standard. Again, no witness has signed up
8 for this one. So I think we can go ahead and close the
9 record and move that one as well.

10 BOARD MEMBER RIORDAN: I'd move approval, Madam
11 Chairman.

12 CHAIRPERSON NICHOLS: All right. Second? Do we
13 have a second?

14 BOARD MEMBER BALMES: I'll second.

15 CHAIRPERSON NICHOLS: All in favor, please say
16 aye.

17 (Ayes)

18 CHAIRPERSON NICHOLS: Any opposed? None. Okay.

19 So that was simple. Now, we move on to a
20 slightly more complicated issue, which is the San Joaquin
21 Valley 2013 1-Hour Ozone State Implementation Plan.

22 This one has frustrated many of us I think
23 because of its legal complexity. And apparently it would
24 seem to defy common sense assistance that although U.S.
25 EPA revoked the 1-Hour Ozone Standard in 2005, never the

1 less, we still have to submit a plan for this revoked
2 standard. The Valley's 2013 plan addresses the remaining
3 planning requirements.

4 Mr. Corey is going to explain this all to us, and
5 then we will take action on it.

6 DEPUTY EXECUTIVE OFFICER COREY: Maybe I'll just
7 explain some of it.

8 Thank you, Chairman Nichols.

9 The San Joaquin Valley is nearing attainment of
10 the Federal 1-Hour Ozone Standard. However, it did not
11 meet its 2010 attainment deadline. Although the U.S. EPA
12 revoked the 1-Hour Standard in 2005, the Clean Air Act
13 does not allow states to set aside any of the
14 requirements. One of these requirements is an attainment
15 demonstration. Hence, the need to continue to develop a
16 plan to meet the standard.

17 The good news is that the strategies developed to
18 meet the more stringent 8-Hour Ozone Standard are the same
19 as those needed to meet the 1-Hour Ozone Standard.

20 The San Joaquin Valley Air Pollution Control
21 District prepared this 1-Hour Ozone Plan demonstrating how
22 these strategies bring the area into attainment by 2017.

23 I'll now ask Elizabeth Melgoza of the Air Quality
24 Planning and Science Division to give the staff
25 presentation.

1 Elizabeth.

2 (Thereupon an overhead presentation was
3 presented as follows.)

4 AIR POLLUTION SPECIALIST MELGOZA: Thank you, Mr.
5 Corey.

6 And good morning, Chairman Nichols and members of
7 the Board.

8 Today, I will describe the San Joaquin Valley
9 2013 State Implementation Plan for the Federal 1-Hour
10 Ozone Standard you have before you begin today.

11 --o0o--

12 AIR POLLUTION SPECIALIST MELGOZA: I'll begin by
13 providing background on the ozone air quality planning in
14 the San Joaquin Valley, including why this plan is needed.

15 Next, I'll describe attainment status with
16 respect to the 1-Hour Ozone Standard and how close the
17 Valley currently is to meeting this standard.

18 Finally, I'll highlight ongoing 8-Hour ozone
19 planning efforts in the Valley.

20 --o0o--

21 AIR POLLUTION SPECIALIST MELGOZA: The Clean Air
22 Act requires EPA to set air quality standards and directs
23 areas that violate those standards to develop the State
24 Implementation Plan, or SIP. The SIP documents how the
25 area will attain the standard.

1 2010. This plan before you today is a replacement for the
2 2004 plan and includes updated air quality modeling and
3 emission inventories.

4 This plan also includes all other applicable
5 extreme area SIP requirements as specified in the Clean
6 Air Act. This plan is based on the benefits of ARB and
7 the district control measures adopted subsequent to the
8 2004 plan, resulting in significant reductions of
9 ozone-forming precursors which are predicted to bring the
10 Valley into attainment by 2017, if not much sooner.

11 --o0o--

12 AIR POLLUTION SPECIALIST MELGOZA: As mentioned
13 in the prior slide, the Valley is close to meeting the
14 1-Hour Ozone Standard of 124 parts per billion. A
15 violation of the 1-Hour Ozone Standard occurs when there
16 are four or more exceedances at any monitoring site in a
17 three-year period.

18 In the 1990s, ozone exceedances in the Valley
19 occurred more than 50 days a year. In 2012, the number of
20 exceedance days dropped to three, with none occurring in
21 2013. As a result of this progress, only one location,
22 the Fresno Drummond monitoring site, violates the
23 standards.

24 The district is preparing exceptional event
25 documentation for one of the exceedances in 2012 and will

1 send the evaluation to ARB and EPA sometime next year. An
2 exceptional event is an exceedance due to a source such as
3 a wild fire that is beyond an agency's control. If EPA
4 approves the exceptional event, Fresno Drummond would then
5 be considered in attainment.

6 Despite the improvement in 1-Hour ozone air
7 quality that has occurred since the 1990s, the Valley is
8 still significantly over the 8-Hour Ozone Standards. This
9 past summer, the Valley exceeded the 8-Hour Ozone Standard
10 on more than 90 days. Therefore, attaining the 1-Hour
11 Ozone Standard is a milestone in the long-term goal of
12 attaining the more stringent 8-Hour Ozone Standards in
13 2023 and 2032.

14 --oOo--

15 AIR POLLUTION SPECIALIST MELGOZA: Examining the
16 nature of the Valley's 1-Hour ozone problem in more detail
17 shows that historically 1-Hour ozone exceedances occurred
18 throughout the Valley, but were more common in Fresno and
19 Bakersfield regions.

20 In Fresno County, there are seven ozone
21 monitoring locations. Over the years, two of these
22 locations, Clovis and Fresno Drummond have alternated in
23 recording the highest one-hour ozone concentrations in the
24 Fresno area. Ozone concentrations at the Clovis site have
25 declined over the years, and this location attains the

1 1-Hour Ozone Standard as of this year. The Fresno
2 Drummond site is now the only remaining site violating the
3 standard in the Fresno area.

4 --o0o--

5 AIR POLLUTION SPECIALIST MELGOZA: Moving to the
6 south, in the Bakersfield-Arvin area, there are six
7 monitoring locations. Two of these locations, Arvin and
8 Edison, have alternated in recording the highest 1-Hour
9 ozone concentrations in the Bakersfield area.
10 Concentrations have declined throughout the region, and
11 Edison attained the 1-Hour Ozone Standard in 2011.

12 --o0o--

13 AIR POLLUTION SPECIALIST MELGOZA: In addition to
14 the exceptional event analysis I mentioned earlier, a
15 determination of attainment will require resolving air
16 quality monitoring issues in the Arvin area.

17 ARB maintained an air quality monitoring station
18 at the Arvin-Edison water storage district facility from
19 1989 through 2010. At times, the site measured the
20 highest ozone levels in the Valley.

21 After ARB lost its lease for the site, located on
22 Arvin Bear Mountain Boulevard in Arvin, a new site about
23 two miles to the north near an elementary school was
24 established.

25 Before the old site was closed, we were able to

1 monitor at both the old and new Arvin sites during the
2 summer of 2010. However, to further evaluate variability
3 in ozone concentrations in the Arvin region, this past
4 summer the district conducted a special saturation
5 monitoring study.

6 --o0o--

7 AIR POLLUTION SPECIALIST MELGOZA: The saturation
8 study consisted of 23 ozone monitors set up in 21
9 different locations as shown on the map on this slide.
10 These monitors will provide information on the
11 relationships between ozone concentrations at the new
12 monitoring site, the prior Bear Mountain site and other
13 locations within the town of Arvin during the peak ozone
14 season.

15 We anticipate the study report will be finalized
16 by the end of the first quarter of 2014. In addition, as
17 part of ongoing work, ARB staff have developed a
18 statistical method to account for missing air quality
19 data. The results of this work, along with the saturation
20 study, will provide the information necessary for ARB, the
21 district, and EPA to evaluate the near-term attainment
22 status related to the 1-Hour Ozone Standard as well as
23 determining longer-term monitoring needs for the 8-Hour
24 Ozone Standard.

25 --o0o--

1 AIR POLLUTION SPECIALIST MELGOZA: The
2 significant progress in reducing 1-Hour ozone levels in
3 the Valley has occurred as a result of ongoing reductions
4 in NOx emissions. The chart on this slide shows the
5 downward trend of NOx emissions from 1990 through 2020.
6 These emission reductions are due to control measures
7 adopted by the ARB and the district that are bringing the
8 Valley into attainment of the 1-Hour Ozone Standard.

9 --o0o--

10 AIR POLLUTION SPECIALIST MELGOZA: The Clean Air
11 Act requires the use of air quality modeling to relate
12 ozone levels to emissions in a region and simulate future
13 air quality based on changes in emissions. Modeling uses
14 emission inventories with measurements of meteorology and
15 air quality to establish this relationship.

16 Consistent with EPA guidelines, ARB modeled air
17 quality to predict the future 1-Hour ozone concentrations
18 at each monitoring site in the valley. The modeling used
19 a base year of 2007 and a future year of 2017. The 2017
20 attainment year meets the attainment time frame specified
21 in the Clean Air Act.

22 The modeling shows that all sites in the Valley
23 will have attained the 1-Hour ozone standard by 2017 based
24 on implementation of ongoing ARB and district control
25 programs.

1 with the modeling and some of the strategies that involved
2 mobile source emissions reductions and also their
3 oversight responsibilities and making sure that they hold
4 our feet to the fire to make sure everything that we do
5 satisfies the legal requirements.

6 I may go a minute two or over the time allotted.
7 I have one other staff member --

8 CHAIRPERSON NICHOLS: We'll give you permission.
9 It's a pretty short agenda this morning.

10 MR. SADREDIN: I wanted to share some great news
11 related to this item. Staff has alluded to performance
12 that's been made. Last week in San Joaquin Valley, we had
13 major celebrations up and down the Valley, which was
14 extensively covered by the broadcast media, print media,
15 and a really a sense of pride in San Joaquin Valley after
16 years of having that black mark in terms of air quality to
17 have the first sign of huge achievement doing something
18 that none of us thought would happen in our lifetime.
19 That was a great opportunity for the Valley to really
20 reflect back on the efforts that have worked.

21 Just to share some statistics with you, in 1996,
22 we had 281 hours over the standard. In 2012, only seven
23 hours. And 2013, as your staff mentioned, zero hours.

24 We're not talking about days anymore of
25 exceedance of the standard; we're talking about hours. We

1 might be one hour away, depending on what the sort of
2 analysis you want to use from attaining the standard.

3 And this wasn't just some lucky, you know, turn
4 of events but climate or meteorology. We had strings of
5 triple digit temperatures, huge wild fires, the Rim Fire
6 you might have heard about that in the area. But in spite
7 of that, we had zero violations. That's something that
8 never happened in the recorded history of San Joaquin
9 Valley.

10 But really I want to take the opportunity to
11 thank you for helping us to achieve that. I think this
12 might be the first concrete evidence that your much talked
13 about controversial truck rule may actually be paying some
14 dividends because this is all about NOx in San Joaquin
15 Valley. Fifty percent of our NOx emissions come from
16 trucks. And there was no way that we could see this
17 progress without significant reductions in NOx emissions.

18 This is -- again, I know the decline in the
19 1-Hour Ozone Standard. But I think it's important as we
20 reflect on this major historic achievement becoming the
21 first region in the nation to go from extreme
22 non-attainment to attainment of the standard that we
23 should take some time and thank the people that made this
24 possible. I think first and foremost the investment by
25 the businesses, the farmers, the dairy families in San

1 Joaquin Valley. Our estimate is they spend over \$40
2 million in complying our regulations, modernizing their
3 facilities. And without their investment and sacrifice,
4 we could not see this achievement.

5 And also the residents. Valley residents have
6 historically listed air quality throughout the years
7 through various economic cycles, with crime, immigration
8 being a concern to them, they always ranked air quality as
9 a top quality of life issue that they cared about. And
10 that care really helped support some of the tough
11 decisions we had to make in San Joaquin Valley to achieve
12 what we had to do.

13 So I want to thank the Valley residents. In
14 recent years, we're actually asking them to do things
15 themselves to reduce air pollution. Last year, for
16 instance, we instituted the Air Alert Program, which is
17 similar to our no burn day for fireplaces. We had days
18 when the district was projecting based on meteorology
19 potential exceedences of the 1-Hour Ozone Standard and we
20 asked people on those days to do what they can to cut back
21 on driving, idling and all that. And I think they
22 responded to that. The last five or six stubborn hours we
23 had over this 1-Hour standard, I think the public's work
24 on that was crucial as well.

25 And also on the 8-Hour Ozone Standard, which is

1 really one of the conclusions that we can reach from this
2 whole exercise that we've gone through, our journey toward
3 clean air is not over. We still have some ways to go. As
4 you can see even for the 8-Hour Ozone Standard, there has
5 been significant achievement both for the '97 standard and
6 2008 standard. 2013 was the cleanest year on record.
7 Thirty-three violations for the '97 standards and 91 for
8 the 2008 standard. We still have a long ways to go and we
9 really -- as we thank these groups that helped us get
10 there, I have to tell them that we have to come back to
11 them for more. Hopefully they have some confidence what
12 we have asked of them to do and their investment and
13 sacrifice has paid off, and that would be a good
14 foundation for the more that we have to ask them.

15 With that, I thank you for your time and
16 attention and ask that you approve your staff
17 recommendation.

18 CHAIRPERSON NICHOLS: Thank you.

19 And congratulations to you and your Board. I
20 know it hasn't been easy for you all the time either. I
21 understand sometimes your Board meetings can be even more
22 contentious than some of ours. So I really want to thank
23 you for your persistence. And the partnership has been
24 great.

25 Let's hear from Mr. Kramer, and then we'll go to

1 the Board for any discussion.

2 MR. KRAMER: Good morning, Chair Nichols and
3 Board of the members.

4 Casey Kramer with the California Cotton Ginners
5 and Growers Associations and Western Agricultural
6 Processors Associations.

7 We're a part of a group of other agricultural
8 organizations that formed the Air Coalition Team Act that
9 watched this progress that as happened in the San Joaquin
10 Valley very closely. Some of the other members of
11 Agriculture Coalition are the Rice Commission, rice
12 industry, cotton, citrus, Neisi Farmers League, Grape and
13 Treefruit League, and several of the valley farm bureaus
14 all participating and seeing that progress is made in the
15 San Joaquin Valley.

16 I just want to highlight one of the things that
17 Sayed did not highlight is that this progress happened a
18 lot because of the incentives that were available in
19 helping our farmers and ranchers replace a lot of
20 tractors. It's achieving a lot of emission reductions
21 prior to any regulation. And that I think helped San
22 Joaquin in achieving that 2013 no violation.

23 So I'm here today just to support your approval
24 of this plan. And we look forward to working with you as
25 things get even more challenging. Thank you very much.

1 CHAIRPERSON NICHOLS: Thank you, Mr. Kramer.

2 The agricultural industry has really pushed the
3 incentives approach I think from the very beginning and
4 obviously has had a lot of success with that. So
5 congratulations to you, too. All right.

6 Are there any questions of the Board members have
7 on this item? If not, I'm going to ask Dr. Sherriffs to
8 move it.

9 BOARD MEMBER SHERRIFFS: With pleasure. So
10 moved.

11 CHAIRPERSON NICHOLS: All right. Do we have a
12 second?

13 BOARD MEMBER SERNA: Second.

14 BOARD MEMBER DE LA TORRE: Second.

15 CHAIRPERSON NICHOLS: All those in favor, please
16 say aye.

17 (Ayes)

18 CHAIRPERSON NICHOLS: Any opposed?

19 Any abstentions?

20 Great. Thanks.

21 BOARD MEMBER RIORDAN: It's a real pleasure to
22 have this item. Congratulations, everybody note rear.

23 CHAIRPERSON NICHOLS: The next item on the agenda
24 is the report to the Board on this year's air quality and
25 climate legislative. And while Jennifer Gress, our

1 Legislative Liaison, is moving towards the podium here, I
2 will mention was a pretty active year in the Legislature
3 on our bills. And we had some very exciting progress as
4 well through the leadership of Senator Perea and Pavely,
5 as well as Nancy Skinner and Senator Anthony Cannella, the
6 Legislature passed Assembly Bill 8 to extend funding for
7 the Carl Moyer AB 118 and local air district programs,
8 speaking of incentives.

9 In addition, through Senate Bill 359 by Senator
10 Ellen Corbit, the Legislature appropriated additional
11 funding for this fiscal year to support several programs
12 in service to the State's clean air and climate goals.

13 I note that through the passage of AB 8 and SB
14 359, the Legislature has essentially created an energy
15 security trust which is of similar size and scope to the
16 one that Congress failed to address this year. So the
17 State of California on its own is basically doing what
18 Congress was asked and has not yet managed to do.

19 With these bills, the district benefits -- the
20 direct benefits of the incentives provided will be focused
21 obviously on the state of California. Making this happen
22 required a strong cohesive coalition among a diverse array
23 of businesses, environmental groups, and public agencies.
24 I was very pleased to have been a part of that effort and
25 very much appreciate the hard work that everyone devoted

1 to it.

2 But I will now turn this item over to Richard
3 Corey to introduce.

4 DEPUTY EXECUTIVE OFFICER COREY: Thank you,
5 Chairman Nichols.

6 Incentives was, indeed, the key word this year.
7 In completing the first year of cap and trade auctions,
8 naturally engendered legislative interest and how to spend
9 the proceeds. As the Chairman noted, there are several
10 bills this year that extended and strengthened the State's
11 vehicle and equipment incentive programs.

12 The passage of AB 8 and SB 359 and several other
13 bills recognize the success of incentive programs in
14 achieving the State's air quality and climate goals by
15 dedicating continued funding for the next ten years,
16 helping us meet increased demand for incentive funding
17 this year, and refining some provisions of the AB 118
18 programs to enhance their successful implementation.

19 These efforts did more than strengthen the
20 State's incentive programs. They also gave ARB an
21 opportunity to develop and build on relationships with a
22 broad set of partners that was just mentioned, including
23 public health and environmental organizations, the
24 regulated community, and the manufactures who produce the
25 technologies needed to reduce the emissions.

1 The level of collaboration was tremendous. Work
2 does not end with the passage of legislation, however.
3 Now we must deliver on the promise to ensure that
4 incentive dollars are spent in the most effective way
5 possible and further the State's clean air, climate, and
6 energy goals.

7 Pursuant to AB 8, ARB will be convening a work
8 group to examine policy changes to Carl Moyer program. In
9 addition, ARB has recently completed an evaluation of the
10 Enhanced Fleet Modernization Programs funded by AB 18,
11 which staff will present to you in the subsequent item.
12 This evaluation will inform further enhancements to the
13 program.

14 Staff's also continuing to work with the AB 8
15 coalition of stakeholders in developing metrics for the
16 Clean Vehicle Rebate Program. So while we should
17 celebrate the success of these bills now, the real work to
18 improve these programs has just started.

19 With that, Jennifer Gress, our Legislative
20 Director, will provide an overview of the year, describe
21 key legislation, and highlight what we may expect in the
22 coming year.

23 Jennifer.

24 (Whereupon an overhead presentation was given
25 as follows.)

1 LEGISLATIVE DIRECTOR GRESS: Thank you. Good
2 morning. It is my pleasure to present the legislative
3 update for 2013.

4 The past year was busy and exciting. In
5 September, I shared with you some of the successes with
6 respect to fully funding and reauthorizing ARB's incentive
7 programs.

8 Today, I will provide a more global overview of
9 ARB's legislative activity for the year. About 2500 bills
10 and resolutions were introduced and considered by the
11 Legislature. Thirty-nine percent of bills succeeded in
12 reaching the Governor's desk. And the Governor signed
13 about 89 percent of them.

14 The Legislative Office tracked about 251 pieces
15 of legislation related to air quality and climate change.
16 ARB also participated in eight special hearings and two
17 town hall meetings. These events addressed hydraulic
18 fracturing, strategies to reduce emissions from the
19 transportation sector, California's freight plan, the
20 truck and bus rule, and the economic impacts of ARB's
21 regulations.

22 --o0o--

23 LEGISLATIVE DIRECTOR GRESS: To give you a better
24 sense of the issues of interest to the Legislature, this
25 slide presents the number of bills the Legislative Office

1 tracked by major subject area.

2 As you can see, there were a large number of
3 energy and fuel bills with the majority of energy bills
4 related to renewable energy and energy efficiency,
5 including green buildings and the implementation of Prop.
6 39.

7 Fuels bills dealt with the low carbon fuel
8 standard, hydraulic fracturing, and oil and gas
9 production.

10 Bills in the climate category included climate
11 adaptation and the Cap and Trade Program, including offset
12 protocols, auction proceeds, and the Western Climate
13 Initiative, Incorporated, or WCI, Inc.

14 Motor vehicle bills addressed electric vehicle
15 charging infrastructure, alternative fueled vehicles, high
16 occupancy vehicle lanes, incentive programs, and the truck
17 and bus regulation.

18 The air quality category included miscellaneous
19 topics, such as Salton sea restoration and dust
20 mitigation, non-vehicular penalties, environmental
21 justice, and toxic air contaminants.

22 Land use and transportation bills included bills
23 on AB 375, goods movement, high speed rail, and
24 transportation funding.

25 And lastly administrative bills covered the

1 rulemaking process, including economic impact analyses,
2 government operations, and Green Collar Jobs Council, and
3 CEQA. CEQA was a hot topic this year. And bills sought
4 to provide expedited judicial review, exemptions, and
5 defining thresholds of significance for project's impact
6 on transportation, among other things.

7 --o0o--

8 LEGISLATIVE DIRECTOR GRESS: A dominant theme in
9 this year's air quality and climate legislation concern
10 funding and incentives. There were bills related to
11 incentives for cleaner vehicles and equipment, the
12 expenditures of cap and trade auction proceeds, and the
13 implementation of Prop. 39.

14 As I noted earlier, hydraulic fracturing and CEQA
15 were other prominent areas of legislative interest.

16 --o0o--

17 LEGISLATIVE DIRECTOR GRESS: The bills listed
18 here strengthen the incentives available for cleaner
19 vehicles and equipment. I described several of them in my
20 September update, so I will touch on them briefly today.

21 AB 8 extended existing motor vehicle vessel and
22 tire fees until January 1, 2024. These fees support the
23 Carl Moyer Program, Local Air District programs, and the
24 AB 118 programs, which include the Air Quality Improvement
25 Program administered by ARB, the Alternative and Renewable

1 Fuel and Vehicle Technology Program administered by the
2 California Energy Commission, and the Enhanced Fleet
3 Modernization Program, which is a vehicle retirement
4 program administered by the Bureau of Automotive Repair.
5 AB 8 provides support for ARB's incentive programs for the
6 next ten years.

7 In addition to extending existing funding
8 sources, two bills augmented funding for key AB 118
9 programs for this fiscal year. AB 108 provided 24 and a
10 half million for the Clean Vehicle Rebate project. And SB
11 359 provided 20 million for the Clean Vehicle Rebate
12 Project, ten million for the hybrid and zero emission
13 truck and bus voucher incentive project, and ten million
14 for truck loan assistance and increased spending authority
15 of eight million for the Enhanced Fleet Modernization
16 Program, or EFMP.

17 These programs did not have sufficient funding to
18 meet existing demand, and these bills ensure that the
19 programs will be fully funded for this fiscal year.

20 SB 459 directed ARB to make changes to the
21 Enhanced Fleet Modernization Program in order to maximize
22 participation by low income drivers, while also ensuring
23 that the program achieves its emission reduction goals.
24 You will hear an update on staff's work on this program,
25 including some potential changes to the program pursuant

1 to SB 459 during the next item on the agenda.

2 Incentives to purchase advanced technology clean
3 vehicles were not limited to financial incentives. Access
4 to high occupancy vehicle lanes is an important
5 non-monetary incentive. And four bills were introduced on
6 this topic.

7 Ultimately, two, AB 266 and SB 286, made it to
8 the Governor's desk. Together, these bills extended the
9 sunset date from 2016 to 2019 on the law allowing zero
10 emission vehicles, plug-in hybrid electric vehicles, and
11 some compressed natural gas vehicles to use HOV lanes
12 without regard to vehicle occupancy.

13 --o0o--

14 LEGISLATIVE DIRECTOR GRESS: Efforts to promote
15 zero emission technologies extended beyond providing
16 incentives for vehicle purchase. The Legislature also
17 introduced and passed bills to support the development of
18 fueling infrastructure necessary to support electric
19 vehicles.

20 AB 8 dedicates up to 20 million annually until
21 January 1, 2024, for the development of a hydrogen fueling
22 network, and established a process for determining how
23 many stations to fund each year.

24 SB 454 enhances access to publicly-available
25 privately-held electric charging stations by prohibiting

1 electric charging service providers from requiring
2 membership in a charging network or payment of a
3 subscription fee.

4 And SB 1092 requires the California Building
5 Standards Commission to incorporate in the next triennial
6 update of the Building Standards Code mandatory building
7 standards that support the installation of electric
8 vehicle charging infrastructure in multi-family dwellings
9 in non-residential developments.

10 --o0o--

11 LEGISLATIVE DIRECTOR GRESS: Another area of
12 legislative activity centered on the Cap and Trade
13 Program. There were a total of 18 bills on cap and trade,
14 the majority of which aimed to direct the expenditures of
15 auction proceeds.

16 The 2013 Budget Act provided for \$500 million
17 loan to the general fund for the 2013-14 fiscal year and
18 all of the proceeds bills were held in the Appropriations
19 Committees.

20 In addition to bills related to auction proceeds,
21 the Legislature expressed its intent to bring more
22 transparency and accountability to WCI, Inc. by
23 introducing three bills to subject WCI, Inc. to
24 California's Bagley-Keene Open Meeting Act. One bill, SB
25 726 by Senator Lara, provided a comprehensive approach to

1 transparency by requiring WCI, Inc. to adopt and maintain
2 open meeting and record availability policies and to amend
3 its bylaws to clarify that the nonprofit corporation is
4 limited to providing administrative support services for
5 emissions trading programs.

6 An ongoing conversation around cap and trade is
7 embodied in the phrase California First, which refers to
8 the interest in ensuring that California benefits from cap
9 and trade and that emission reductions occur in
10 California, especially disadvantaged communities.

11 California First grew out of concerns about using
12 offset credits from projects outside of California to
13 count towards a facility's compliance obligations, as well
14 as investing resources to link California's cap and trade
15 programs with those of other states and provinces. SB
16 605 by Senator Lara is a two-year bill pending in the
17 Legislature on this issue, and we have been actively
18 engaged in discussions on these concerns.

19 The final area of interest was Proposition 39,
20 with ten bills introduced to implement provisions of that
21 Act. Proposition 39 provides about one billion in
22 additional general fund revenues annually from tax changes
23 to multi-state businesses.

24 For the first five years, 550 million will fund
25 projects that create energy efficiency and clean energy

1 jobs in California, funding projects from public schools,
2 universities, and facilities, job training, and workforce
3 development, and public/private partnerships. One bill
4 was signed, SB 73, which directed revenues to K through 12
5 schools and community colleges.

6 --o0o--

7 LEGISLATIVE DIRECTOR GRESS: If I could chose one
8 word to describe our work this year, it would be
9 "productive."

10 Before closing, I want to thank the staff who
11 worked in the legislative office this year.

12 Heather Arias, Chief of Staff, kept the trains
13 running on time and provided outstanding support on
14 reauthorization, fiscal analyses, and the budget, among
15 many other things.

16 Robin Neese, our Executive Assistant, was tasked
17 with keeping my ever-evolving calendar in order.

18 Alexander Kamel, ARB's Executive Fellow; and the
19 analysts, Ken Arnold, Dominic Bulone, Daniel Seeman,
20 Nicole Sotak, Steve Trumbly, and Sydney Vergis, all
21 maintained a large workload with a smile.

22 A special shout out to Dominic and Sydney who
23 were first year analysts and exceeded expectations in
24 every way possible.

25 --o0o--

1 LEGISLATIVE DIRECTOR GRESS: If you didn't get
2 enough here, let me refer to you the annual Legislative
3 summary, which contains brief descriptions of the most
4 pertinent legislation tracked by the legislative office
5 listed by subject, author, and bill number.

6 That concludes my presentation. I'd be happy to
7 answer any questions you may have.

8 CHAIRPERSON NICHOLS: Thank you, Jennifer.

9 Since you are not allowed to pat yourself on the
10 back, let me say everywhere I go in the Legislature and
11 the Horseshoe, I hear comments about the caliber of ARB's
12 legislative representation. We are very fortunate to have
13 you heading up this great team, because you've really
14 established yourself, and therefore ARB, as being a
15 credible, active, and positive player in this process.
16 And that's really critical.

17 As everybody knows, ARB does a lot have things
18 that can either please or irritate people on a daily
19 basis. And legislators hear about us frequently. So it's
20 extremely important that we have that channel of
21 communication and that members and their staffs know they
22 can get accurate information from us, not to mention
23 responses to constituents and to questions that come up.

24 So it really has been a good year on all those
25 fronts. I want to thank and congratulate you for that

1 here in front of this assembled crew, because you may not
2 hear from the Board members all the time.

3 But if any Board members have any comments either
4 about specifics of legislation or any questions about
5 where things are going, please feel free. Dr. Sperling.

6 BOARD MEMBER SPERLING: I must say I was
7 impressed with so many productive laws that have been
8 passed in the passed year. We don't always feel that way
9 about our legislative activity either in Sacramento or
10 Washington. But so many of them seem so valuable and
11 useful.

12 I just have one little question. And that is you
13 said that there were 900 bills signed. And then there was
14 an ARB bill activity at 251. Are those 251 signed bills?

15 LEGISLATIVE DIRECTOR GRESS: No. Those are the
16 total number of bills that we tracked over the course of
17 the year. Some of them died. Some of them didn't move
18 forward. With that constitutes sort of the legislative's
19 office complete work. The 900 bills signed by the
20 Governor included kind of his entire bill load.

21 BOARD MEMBER SPERLING: I'm curious from the
22 bigger picture how important some of these issues are to
23 the Legislature. How many of those 251 were signed,
24 roughly?

25 LEGISLATIVE DIRECTOR GRESS: I think there were

1 about 28 -- 27 or 28 bills that were signed.

2 BOARD MEMBER SPERLING: Out of the 250?

3 THE WITNESS: Oh, out of the 250 --

4 CHAIRPERSON NICHOLS: Out of the bills that got
5 to the Governor, I think he signed a very high proportion.
6 I think there was one bill in our area that was vetoed.

7 LEGISLATIVE DIRECTOR GRESS: Let me back up. I
8 don't know the number of the 251. We divide it up into
9 what we call our primary interest bills, which we analyze.
10 We submit EBRs on if they make it to the Governor's desk.

11 And we also track additional legislation that are
12 related to climate or to air quality, but may not have a
13 direct impact on ARB or our programs. We don't submit and
14 ask for formal positions on those bills. So I don't know
15 how many of those total were signed by the Governor.

16 BOARD MEMBER SPERLING: Okay. Thank you.

17 CHAIRPERSON NICHOLS: Anybody else? Okay.

18 If not, we have one person who signed up to speak
19 on this item, Louie Brown.

20 MR. BROWN: Morning, Madam Chair and members of
21 the Board.

22 My name is Louie Brown. I'm a partner at the Law
23 Offices of Kahn, Soares & Conway. We represent a number
24 of the groups that participated actively in the AB 8/SB 11
25 coalition. The agricultural groups, the California Cotton

1 Growers and Ginners Association, Neisi Farmers League,
2 California Citrus Mutual, Grape and Tree Fruit League, and
3 numerous areas.

4 And you stole my thunder, Madam Chair. Really
5 what I came up to do was recognize Jennifer Gress and the
6 hard work she put in.

7 The one additional adjective I would use is hard
8 working. There are numerous times throughout the session
9 that I would get e-mails, phone calls from Jen after hours
10 about what is going on. And her team did a fabulous job
11 of providing data when we needed it. AB 8 became the
12 perfect example of nothing is ever easy in the
13 Legislature. When you look at the -- when you look at the
14 coalition that was built around that and the programs that
15 we were looking to extend, most people thought it should
16 have been a no-brainer from day one. It wasn't. And it
17 took a lot of work. Took a lot of leadership and Jennifer
18 Gress was a -- she was instrumental to the passage of
19 that. I want to thank you but more importantly recognize
20 on behalf of our clients and the agricultural industry
21 that work Jennifer did with us and appreciate that.

22 CHAIRPERSON NICHOLS: Thank you so much for
23 coming. Appreciate that.

24 Thank all. We will move on our last item, which
25 is a status report on the enhanced fleet modernization

1 program or in ARB acronym, EFMP. Everybody knows the
2 EFMP. I always have to stop and try to spell it out for
3 myself.

4 In 2009, the Air Resources Board adopted
5 regulations to implement the voluntary retirement of older
6 higher emitting light-duty vehicles as authorized by AB
7 118. Fleet modernization has long been a part of
8 California's efforts to meet ambient air quality
9 standards, and the 2007 State Implementation Plan for
10 ozone contains a commitment to retire vehicles in the
11 South Coast and San Joaquin Valley. This program, the
12 EFMP, supports that commitment.

13 Funding for the program was originally scheduled
14 to sunset at the end of 2015. But as we've just heard in
15 the legislative update from the last presentation, we now
16 have funding extended until 2024. We also have
17 legislative direction to review the program and to adopt
18 new guidelines by June 30th of 2015.

19 Today, we have the opportunity to look at the
20 status of this program and get a preview of some of the
21 program improvements and enhancements staff are
22 evaluating. Clearly, this is a good point in history to
23 be doing this because there is the prospect of longer term
24 funding. But at the same time, we know there are ways in
25 which this program could be more effective. So it's

1 incumbent upon us to make sure that we are looking in
2 every way we can to make sure this the money that we will
3 have an opportunity to spend is spent to get the most
4 emission reductions that we can.

5 So with that, Mr. Corey, I'll turn it over to
6 you.

7 DEPUTY EXECUTIVE OFFICER COREY: Thank you,
8 Chairman Nichols.

9 The EFMT program allows for the voluntary
10 retirement of passenger vehicles and light-duty and
11 medium-duty trucks that are high polluters. EFMP is
12 administered by the Bureau of Automotive Repair using
13 guidelines adopted by the Board. The program is funded by
14 a one dollar vehicle registration fee, translating to
15 approximately \$30 million each year to fund the program.
16 An EFMP consists of two elements: The retirement only
17 program that provides up to \$1500 to scrap older vehicles
18 and the pilot voucher program that provides motorists
19 additional incentives to retire an older vehicle and
20 replace it through a dealer with a newer cleaner model.

21 As you'll hear, the retirement only element is
22 extremely popular with motorists, but the replacement
23 voucher program has not proven nearly as popular. Earlier
24 this year, ARB and staff in conjunction with staff and the
25 Bureau of Automotive Repair initiated a study to evaluate

1 the effectiveness of the retirement-only program as well
2 as explore the reasons why the Pilot Replacement Program
3 has not been well utilized.

4 Today's status update presents the key findings
5 from staff's review of the program, including the field
6 assessment of 164 vehicles retired at two dismantlers in
7 southern California.

8 The presentation will also identify suggested
9 areas of improvement and further study for both elements
10 of the program. And also as I wanted to acknowledge Tim
11 Corcoran with the Bureau of Automotive Repair who's joined
12 staff at the staff table.

13 With that, I'd like to turn the presentation over
14 to John Ellis of the Mobile Source Operations Division who
15 will be providing the staff presentation. John.

16 (Thereupon an overhead presentation was
17 presented as follows.)

18 OBD IMPLEMENTATION SECTION MANAGER ELLIS: Thank
19 you, Mr. Corey. Good morning, Chairman Nichols, members
20 of the Board.

21 Today's presentation is an update on the status
22 of the Enhanced Fleet Modernization Program, or EFMP.
23 Last October, as part of an item discussing smog check, we
24 presented some information about EFMP. And today, we
25 return with a report on our assessment of the program.

1 In today's presentation, I'll provide a brief
2 overview of EFMP and the assessment staff conducted in
3 coordination with the Bureau of Automotive Repair. This
4 assessment yielded useful information that played a role
5 in recent legislation which paves the way for improving
6 the program. I'll discuss our preliminary concepts for
7 improvement and conclude with the next steps we intend to
8 take.

9 --o0o--

10 OBD IMPLEMENTATION SECTION MANAGER ELLIS: EFMP
11 is designed to remove older higher polluting passenger
12 vehicles from California roads and replace them with newer
13 cleaner vehicles. Annual funding of approximately 30
14 million is provided through a one dollar vehicle
15 registration fee. Participants in the program may choose
16 to simply retire their vehicle or they may retire their
17 vehicle and receive an additional incentive towards
18 replacement.

19 Under authority granted by the Legislature, in
20 Assembly Bill 118, EFMP began purchasing vehicles for
21 retirement in August of 2010. At that time, this marked a
22 significant expansion of vehicle retirement at the state
23 level.

24 --o0o--

25 OBD IMPLEMENTATION SECTION MANAGER ELLIS: As

1 ARB's Mobile Source Program has caused new engines to
2 become cleaner and cleaner at certification, the relative
3 emissions contribution from in-use older vehicles has been
4 growing to the extent that it will soon make up the
5 majority of the mobile source emissions.

6 This graph shows emission rates for light and
7 medium duty vehicles. As seen on the plot, a 20 year old
8 vehicle, which is the mean age of vehicles retired through
9 EFMP, emits ozone precursors at roughly 30 times the rate
10 of a late model vehicle.

11 Our emissions inventory models show that although
12 vehicles 20 years old and older account for only five
13 percent of all miles traveled, they contribute 40 percent
14 of daily smog-forming emissions. These facts make
15 retirement of older vehicles an attractive option to
16 continue to get emissions reductions from the on-road
17 fleet needed to help meet State and federal air quality
18 standards.

19 --o0o--

20 OBD IMPLEMENTATION SECTION MANAGER ELLIS: Our
21 2007 State Implementation Plan, or SIP, includes a goal to
22 retire about 60,000 vehicles each year in the South Coast
23 and San Joaquin Air Districts. However, the current
24 implementation of EFMP accounts for only about 25,000
25 vehicles annually statewide and about 12,000 vehicles in

1 these two air districts. So given the current pace,
2 improvements are needed to increase participation. It is
3 hoped that the assessment and concepts for improvement
4 presented today will be leveraged with other State funding
5 and other programs at the local level to achieve needed
6 emission reductions in both the South Coast and San
7 Joaquin Valley areas in the near future.

8 --o0o--

9 OBD IMPLEMENTATION SECTION MANAGER ELLIS: While
10 retirement of older vehicles may appear to be a simple
11 solution, there are many confounding factors. The
12 emission benefits of vehicle retirement are not only
13 determined by the vehicle's emission rate, but also by how
14 long it would have been otherwise been driven. Retiring
15 even a gross polluting vehicle offers very little benefit
16 if the owner had already decided to scrap it because it
17 was at the end of its useful life.

18 The timing of a vehicle retirement is critical in
19 delivering real air quality benefits. So we want to buy
20 old cars, but they need to be functional. The key to
21 success is early retirement. A successful emission
22 reduction program must balance the incentive amount and
23 the remaining life or emission benefits. This is not a
24 trivial task, because it isn't always easy to predict
25 remaining life, and the value of a vehicle tends to be

1 proportional to its expected remaining life. Early
2 retirement programs must be designed to include an
3 appropriate incentive amount to attract targeted vehicles
4 cost effectively.

5 --o0o--

6 OBD IMPLEMENTATION SECTION MANAGER ELLIS: The
7 fundamental challenge of a vehicle retirement program is
8 to buy a car that would have otherwise been driven and
9 retire it early. At some point, the cost of repair will
10 exceed the value of any vehicle. Necessary repairs may be
11 mechanical, affecting the physical ability to use the
12 vehicle, or they may be emission related, affecting the
13 legal ability to register and use the vehicle.

14 Typically, when vehicles reach the point where
15 repair costs exceed the value of the vehicle, the owner
16 retires the vehicle. Over one million vehicles leave the
17 California fleet naturally through this process every
18 year. Regardless of emissions rate, paying to retire a
19 vehicle at the end of its useful life does not generate
20 any additional emission benefits because the vehicle will
21 be scrapped and no longer pollute anyway. A vehicle at
22 the end of life and ready for the scrap yard may be
23 inexpensive to purchase, but that is not a cost effective
24 use of limited public resources. Retirement programs must
25 include safeguards to block participation by the end of

1 life vehicles if they are to achieve meaningful emission
2 reductions.

3 --o0o--

4 OBD IMPLEMENTATION SECTION MANAGER ELLIS: There
5 are several other vehicle retirement programs either
6 planned or currently operating within the state. Six are
7 local programs operated by air districts using Carl Moyer
8 Program or AB 923 funds, but these programs are much
9 smaller than EFMP in terms of funding. EFMP and the
10 Consumer Assistance Program, or CAP, are the two statewide
11 programs. Both receive approximately the same level of
12 funding and both are implemented by the Bureau of
13 Automotive Repair. Under statute, the Board adopts the
14 EFMP guidelines. In doing so, ARB coordinates closely
15 with BAR on EFMP and have tried to make it mirror parts of
16 cap.

17 --o0o--

18 OBD IMPLEMENTATION SECTION MANAGER ELLIS: CAP
19 actually predates EFMP by about a decade. It was, as the
20 name implies, established to provide assistance to
21 consumers, specifically those who fail a smog check test.
22 CAP offers \$1,000 for vehicle retirement, but consumers
23 meeting the low income eligibility requirements of 225
24 percent of the federal poverty level can receive \$1500.
25 To participate, an applicant applies to BAR by

1 mail and then after receiving approval, drives the vehicle
2 to an authorized BAR dismantler where they sell the
3 vehicle and receive a check on the spot.

4 In addition to retirement options, CAP also
5 offers repair assistance to income eligible motorists who
6 have failed a smog check test.

7 Retirement under CAP does not deliver additional
8 emissions benefits, but by providing a mechanism to keep
9 marginal cars to be driven unregistered, it plays a role
10 in supporting the overall benefits achieved by the Smog
11 Check Program.

12 --o0o--

13 OBD IMPLEMENTATION SECTION MANAGER ELLIS: As
14 mentioned, EFMP retirement has been constructed to mirror
15 CAP in many ways. Participants even use the same
16 application for both programs. The incentive amounts
17 offered currently are identical, as is the process.

18 The difference is eligibility. While cap is only
19 available to those registered vehicles that have failed a
20 smog check, EFMP has broader eligibility criteria. To
21 participate in EFMP, a vehicle need only be shown to have
22 been operated for the last two years in California and not
23 to have been registered in any other state or country
24 during that period.

25 The intention was to procure high emitters that

1 were in operation and remove them, regardless of
2 registration status. Thus, any vehicle eligible for cap
3 is also eligible for EFMP, but only some of the vehicles
4 eligible for EFMP are also eligible for CAP.

5 The broader eligibility contributes to the
6 popularity of the EFMP retirement, which typically
7 exhausts its annual funding within eight months. During
8 the course of answering thousands of phone calls and
9 e-mails with questions about the EFMP program, staff
10 became concerned about the quality of vehicles entering
11 the program. Callers almost universally described their
12 vehicles as scrap, not worth repairing, or that the
13 repairs cost more than the vehicle is worth.

14 --o0o--

15 OBD IMPLEMENTATION SECTION MANAGER ELLIS:

16 Although EFMP does currently have an operational check to
17 ensure some operability, the requirements are minimal.
18 The vehicle must be driven under its own power to the
19 dismantler, must started readily, and must travel a
20 minimum distance of ten yards under its own power. These
21 operability requirements set a low bar and one can easily
22 think of vehicles that meet these requirements but are
23 still at end of life. Suspicion that a substantial number
24 of end-of-life vehicles were entering the program prompted
25 a closer look at what vehicles are submitted.

1 the retirement program is popular with over 70,000
2 vehicles retired to date, the assessment indicates that we
3 are not retiring the vehicles needed to deliver
4 substantial emission reductions. While the vehicles
5 turned in are high emitting, they appear to have much less
6 remaining useful life than estimated and therefore provide
7 very little real emission benefits.

8 Although the number of vehicles assessed is
9 small, these results indicate areas in which the program
10 can be improved. The popularity of the program and
11 recurring oversubscription does suggest the current
12 incentive amount is sufficient to attract participants.
13 But overwhelmingly, those participants do not retire the
14 kind of vehicle needed.

15 It may be more cost effective and beneficial to
16 increase the incentive amount and be more selective so
17 that we can accept only higher quality vehicles with
18 longer remaining useful lives and therefore greater
19 emission benefits.

20 --o0o--

21 OBD IMPLEMENTATION SECTION MANAGER ELLIS: The
22 second element of EFMP is a retirement plus replacement
23 program that was piloted in the South Coast air basin.
24 The replacement program offered a substantially larger
25 incentive than retirement only. In addition to the base

1 amount paid for retiring their vehicles, owners could
2 receive an additional \$2,000 voucher towards a replacement
3 vehicle or \$2500 for low income participants.

4 In the pilot, BAR identified known and suspected
5 high polluting vehicles using smog check test data. The
6 owners of those vehicles were then solicited by mail to
7 participate by first retiring the vehicle at a BAR
8 authorized dismantler and then visiting a dealership to
9 redeem a voucher towards the purchase of an eligible
10 replacement vehicle. Eligible replacement vehicles
11 included anything less than four years old with fuel
12 economy in approximately the top 50th percentile of the
13 fleet. Low income participants were eligible to select a
14 vehicle up to eight years old. While BAR implemented the
15 retirement of the vehicle, the South Coast Air Quality
16 Management District handled the replacement
17 implementation.

18 --o0o--

19 OBD IMPLEMENTATION SECTION MANAGER ELLIS: The
20 popularity of the retirement only element of EFMP
21 contrasts with the very limited participation in the
22 replacement pilot program, which attracted only 21
23 participants. This prompted a close examination of the
24 pilot's structure and operation in conjunction with the
25 BAR and the South Coast Air District.

1 The issues faced here are not as straight forward
2 as those for vehicle retirement alone. First, there are
3 multiple points in this process where participants can
4 drop out from either frustration or confusion. Under the
5 piloted approach, a participant must have a vehicle
6 identified as a high polluter, must be solicited to
7 participate, must get retirement approval from BAR, must
8 then take the old vehicle to a dismantler, then must
9 receive replacement approval by the air district, and
10 finally must purchase a newer vehicle at a dealership
11 under contract with the district. A much simpler process
12 would likely increase participation.

13 Another concern is that the incentive amounts are
14 too low. Marketplace surveys suggest that the total
15 incentive for retirement plus replacement is on average
16 slightly less than the vehicles targeted for retirement.
17 Few people who do not already intend to sell would scrap a
18 car and take on the cost of the more expensive replacement
19 without some additional premium.

20 Clean vehicle affordability for low income
21 households is a significant challenge. Economic surveys
22 and statistics reveal low income households can barely
23 meet the annual cost of ownership for any vehicle. There
24 is essentially no remaining income left to pay for
25 acquisition of a newer, cleaner, more expensive vehicle.

1 replacements and greenhouse gas reductions.

2 All of these are consistent with the findings
3 noted in the assessment and the concepts for improvement
4 that we have identified, which I'll now briefly discuss.

5 --o0o--

6 OBD IMPLEMENTATION SECTION MANAGER ELLIS: Both
7 the staff assessment of the program and legislative
8 direction call for an improved test for sufficient
9 remaining useful life. The remaining life of
10 participating vehicles is directly proportional to
11 emission reductions and cost effectiveness of the program.

12 As mentioned earlier, the current operational
13 test is minimal. And while this requirement does ensure
14 some measure of vehicle usefulness, it can be improved.
15 One option under consideration is requiring all vehicles
16 to successfully pass a smog check test on a dynamometer.
17 A smog check test is both relatively inexpensive and
18 universally available. This would help ensure that the
19 vehicles have more substantial operability and could
20 provide the added benefit of directing failing vehicles to
21 the CAP program and passing vehicles to EFMP. Overall,
22 this approach means that the vehicles that are accepted
23 into EFMP would have a higher market value.

24 --o0o--

25 OBD IMPLEMENTATION SECTION MANAGER ELLIS: This

1 triggers some concerns that interest in the program could
2 suffer since current incentives are less than the value of
3 those desired vehicles, but it is difficult to know at
4 this time what the appropriate level of incentive should
5 be.

6 So instead of simply raising incentive amounts
7 initially, one option is to maintain current incentive
8 levels after the implementation of measures to restrict
9 end of life vehicles and closely monitor participation
10 rates.

11 In implementing this, staff will explore how we
12 might coordinate with existing programs that address older
13 high-polluting vehicles such as charitable organizations
14 and vehicles being reported to the smoking vehicles
15 hotline in order to increase participation.

16 Conceptually, the new guidelines could include
17 specific dates to review participation rates and provide a
18 mechanism to increase incentive amounts if participation
19 drops below pre-determined levels.

20 Although the program overall would purchase fewer
21 vehicles with a higher incentive, it should attract a
22 higher quality vehicle, and thus provide more emission
23 benefits by creating a better balance between incentive
24 and remaining life.

25 --o0o--

1 OBD IMPLEMENTATION SECTION MANAGER ELLIS: The
2 concepts for improve the replacement side of the program
3 center on influencing people who are already considering
4 replacement to making a cleaner choice. One option,
5 moving the focus of the replacement program to vehicle
6 dealerships, could provide several advantages, including
7 making the program far simpler.

8 Many vehicles currently traded in to dealerships
9 are excellent candidates for accelerated retirement. As
10 we saw earlier, age alone establishes sufficiently high
11 emissions to justify retirement. As a dealership
12 typically purchases trade-in cars for less than resale
13 value and the vehicle winds up being sold to another
14 household, these vehicles could be intercepted at a price
15 agreeable to both the seller and the dealer and then
16 retired instead of continuing high emission operation
17 through subsequent resale.

18 Dealerships are well equipped to assess a
19 trade-in's condition and potential remaining life, so this
20 could also be used to limit end-of-life vehicles from
21 entering the program.

22 This is another area where the flexibility to
23 adjust the incentives based on participation rates and
24 that we get what we are paying for.

25 In implementing this concept, care would need to

1 be taken to protect consumer interests. ARB staff will
2 evaluate and incorporate strategies during the regulatory
3 process to ensure that the trade-in vehicles are
4 permanently retired and that the consumers are being
5 treated fairly and equitably during the vehicle purchase
6 process.

7 --o0o--

8 OBD IMPLEMENTATION SECTION MANAGER ELLIS: This
9 paradigm shift to maximum the benefits of the replacement
10 vehicle will require the flexibility to pay more for a
11 cleaner replacement vehicle. Here, the concept is to
12 offer a base amount for retirement of any eligible vehicle
13 and replace it with a vehicle meeting some minimum level
14 of cleanliness, such analyses ultra low emission vehicle.
15 SB 459 sets a minimum base amount of \$2500 for low income
16 motorists, but larger incentives could be offered to make
17 advanced technology hybrid and electric vehicles more
18 attractive and offset the additional expense.

19 Such a progressive incentive structure could also
20 provide greenhouse gas benefits by offering higher
21 compensation for more fuel efficient vehicles. In
22 developing such strategies, special consideration will be
23 needed to address advanced technology vehicles, including
24 hybrid and electric vehicles being purchased on the
25 secondary market, as well as potential infrastructure

1 needs.

2 ARB is already developing research to examine
3 this market. And as we revise EFMP, we will use this
4 information to help determine minimum replacement vehicle
5 requirements, such as potential provisions for low
6 odometer readings and warranty.

7 --o0o--

8 OBD IMPLEMENTATION SECTION MANAGER ELLIS: Other
9 programs, like the Clean Vehicle Rebate Program, do
10 already offer funding for purchases of more fuel efficient
11 and lower emission new vehicles. Improving coordination
12 between EFMP and these programs by leveraging incentives
13 would made cleaner choices even more attractive and
14 potentially allow increased market penetration of these
15 vehicles into low and moderate income households by
16 reducing some of the financial barriers to entry. While
17 we recognize this goal is ambitious, our plan is to
18 proceed with a pilot program that is flexible and designed
19 for long-term success.

20 --o0o--

21 OBD IMPLEMENTATION SECTION MANAGER ELLIS: The
22 next steps in rebalancing the program begin with upcoming
23 public workshops to fully develop the concepts presented
24 today. Staff will continue its coordination with BAR and
25 local air districts and will work to develop other

1 partnerships to ensure that the goals of SB 459 are
2 attained. Staff intends to return to the Board next
3 summer with proposed revisions well in advance of the June
4 2015 deadline set by SB 459.

5 --o0o--

6 OBD IMPLEMENTATION SECTION MANAGER ELLIS: The
7 ultimate goal of these efforts is a properly balanced
8 program offering substantial emission benefits to the
9 public, ensuring participation of low and moderate income
10 populations, and furthering the goal of clean cars for
11 all. Thank you.

12 CHAIRPERSON NICHOLS: So extremely interesting
13 public policy issue here for those who like to study these
14 things, the interplay of economics, psychology, the auto
15 market emissions. I'm sure people have a lot of ideas
16 about how to go.

17 But I think perhaps the most important thing to
18 focus on is what the next steps should be in even
19 beginning to analyze this because the topic is pretty wide
20 open at the moment. And as I said before, we're in the
21 wonderful position of having been authorized to spend some
22 money, but now we need to figure out how to get the most
23 out of the program. Before we discuss this among
24 ourselves, we have one witness, Bill Magavern, who perhaps
25 will explain it all to us, Coalition for Clean Air. Hi,

1 Bill.

2 MR. MAGAVERN: Good morning. Thanks for putting
3 us on the agenda and paying attention to this issue.
4 Fleet modernization is something that we've been concerned
5 with for a very long time from Coalition for Clean Air's
6 involvement in the creation of the Smog Check Program
7 through our support this year for both AB 8, which as
8 you've heard continues the funding for the program and
9 also SB 459 Senator Pavely's Clean Cars For All Program.

10 And we share Senator Pavely's concerns and the
11 concerns articulated by the staff that the program should
12 be better targeted and also that it should be better
13 reaching disadvantaged communities.

14 And something that I maybe didn't hear as much of
15 in the staff report and partly it could be because the
16 Appropriations Committee in the Assembly actually stripped
17 out the outreach funding from the bill is that we need to
18 improve the outreach particularly to low income
19 communities, non-English speaking consumers, because I
20 think that a lot of the availability of the program is not
21 necessarily penetrating to a lot of the people who need it
22 the most.

23 So I would consider the Board to look to
24 potentially other funding sources like, for example, the
25 cap and trade funding to make that outreach program

1 available. I think the estimate in the legislation was
2 one and a half million dollars a year. So I think that
3 would be money that's very well spent.

4 I appreciate the analysis from the staff. And I
5 think there are a lot of good ideas here that we should
6 explore moving forward, particularly in terms of
7 increasing incentives for cleaner vehicles, because right
8 now I think it has to be above the medium for fuel
9 efficiency. But since we have now a lot of much cleaner
10 vehicles in California and those are starting to move into
11 the used car market, we want to make sure that people in
12 low income communities can benefit from those vehicles and
13 not just the more affluent. This is something we're
14 hearing loud and clear from our community partners who are
15 showing real interest in this.

16 The other point that I would make is that as the
17 presentation noted, there is a parallel program through
18 smog check. And there were a number of reforms made to
19 the Smog Check Program through AB 2289 a few years ago
20 which was sponsored by ARB, and I know you heard an update
21 on that last October. I think more recently there should
22 be more data available about the success of those reforms.
23 So that's something that you might want to consider for
24 the agenda for a future meeting. Thank you.

25 CHAIRPERSON NICHOLS: Thank you very much. We do

1 have one other witness whose card just came up to me,
2 Kevin Messner.

3 MR. MESSNER: Hi. Thank you. Kevin Messner with
4 the Association of Home Appliance Manufacturers.

5 I actually wasn't planning on speaking on this,
6 but I found the presentation fascinating. I just wanted
7 to make the Board aware that we are working on a national
8 initiative on early replacement, early retirement program
9 for home appliances. If you look at the greenhouse
10 reductions, today's refrigerator only uses about 50 wats.
11 If you replace that old refrigerator that's in your
12 basement with a new one, the greenhouse gas reductions and
13 the savings are staggering.

14 We did a study. We weren't expecting it to be as
15 high, but if you replace half of the 15 and older
16 refrigerators, just half, over a four-year program, the
17 energy savings to greenhouse gas reductions you achieve
18 will be the same as the Energy Star's achieved in about
19 twelve years. It's very significant.

20 We're looking through this working with Energy
21 Star, looking at the Department of Energy, working with
22 utilities and things and maybe a partnership that I can
23 talk with CARB staff as well in more detail to get a
24 better understanding of what you've done on vehicles,
25 because we're looking at the same issues, working what's

1 the sweet spot. If the appliance is about to just get
2 thrown out anyway, how much it's going to be there. All
3 the same issues. We've done a lot of work and studies on
4 this.

5 So look forward and just wanted to bring that to
6 the Board's attention that's out there. And maybe that's
7 something where the appliance industry and CARB can work
8 together on something to help with the environment.

9 CHAIRPERSON NICHOLS: Actually, your coming
10 forward is a great opening for a comment I wanted to make,
11 which is that the more I've thought about this program,
12 the more it seemed to me that a critical element that was
13 missing in this is the people who buy and sell used cars
14 for profit because they would have the vested interest,
15 obviously, in attracting the kinds of cars that we want
16 and in selling people newer cars as well, if there was a
17 way to work the program out.

18 It's also a way to get around possibly some of
19 the difficulties of outreach that government faces when
20 you're dealing with a private sector entity. And they can
21 buy billboards and ads and be on the radio and they are
22 all the time. So if this was a program that had some
23 co-sponsorship from the industry, it would I think really
24 enhance its ability to get to the people who need it.

25 Any other comments at this point?

1 MR. MESSNER: Sorry. Excuse me. I was going to
2 follow up. I totally agree the consumer products that we
3 sell, the manufacturers are very excited and can provide a
4 lot of marketing in that as well as to help support it.
5 You're right on. Thanks.

6 CHAIRPERSON NICHOLS: Dr. Sherriffs, or you were
7 just pointing out?

8 BOARD MEMBER SPERLING: I think that clearly this
9 program needs to be reformed. It's not a new idea. I
10 mean, I did a paper on this in the early 1990s about how
11 flawed many of these scrappage programs are. By the
12 way --

13 BOARD MEMBER BALMES: A lot of good that paper
14 did.

15 CHAIRPERSON NICHOLS: That was a personal
16 comment.

17 (Laughter)

18 BOARD MEMBER SPERLING: Actually, it's a good
19 observation because there's been a whole stream of papers
20 and studies that have said exactly the same thing, and
21 hardly any that have said that programs have been cost
22 effective in accomplishing their goals.

23 And you know, there were these big programs a few
24 years ago the UE did, the US, and they were really
25 motivated to simulate the auto industry, not to reduce

1 pollution or carbon. I think this is a great opportunity.
2 And so I'm glad to see all these good ideas coming up and
3 I think a lot of them are really good ideas.

4 But there's one idea I did not hear, and that is
5 my understanding is that there are programs that say you
6 don't have to use it to use it to buy a car. You could
7 use it for other types of mobility that are even lower
8 carbon.

9 And I point out that we have this program called
10 SB 375 and the intent of that is to reduce VMT. And so
11 why not make eligible people -- make funds available that
12 people can use for transit passes or to buy a bicycle or
13 to participate in car sharing programs. That seems in
14 many ways more -- and especially lower income people are
15 going to be -- especially some of those appeal to them,
16 but you know, lots of other people as well.

17 CHAIRPERSON NICHOLS: But just to respond on that
18 one. Doesn't that get you the people who were going to
19 stop driving anyway and therefore fail the test of cost
20 effectiveness? Because why would the opportunity to get a
21 little help with a bicycle really motivate me to stop
22 driving? I mean, it would be nice to have. But I could
23 be getting ready to stop driving anyway.

24 BOARD MEMBER SPERLING: I think the evidence is
25 overwhelming the vehicles that are being scrapped would

1 have been junked anyway.

2 CHAIRPERSON NICHOLS: Yeah, that's what I'm
3 saying. So why not at least get something good for it
4 rather than just another car, is your point.

5 BOARD MEMBER SPERLING: Exactly.

6 CHAIRPERSON NICHOLS: Got it. That is an
7 interesting point.

8 Alex.

9 BOARD MEMBER SHERRIFFS: Thank you.

10 It's clear to me that this is the first string
11 staff and we have the second string working on cap and
12 trade because that's so much easier.

13 This is complicated policy in its own way. It's
14 been struggled with for decades, as has been suggested.
15 It's a real challenge.

16 I love this idea of rethinking it. I think it
17 really is essential to get local community participation
18 to think of some new ways. And certainly as we think
19 about trying to encourage other forms of transportation,
20 lower VMT, that's going to be really key to finding some
21 good ideas for that.

22 It's going to be key to the outreach. You know,
23 I wonder if the air district -- certainly the San Joaquin
24 Valley has been very successful in terms of their
25 incentive programs, their tune up program. And that would

1 certainly be a potential average. There should be some
2 information there that would be helpful as we try to
3 design this, and also that's a clear way to -- effective
4 reaching the public. And this could be added on to that.

5 I think we have to be cautious if the dealer is
6 the first point of contact because in a sense the deal is
7 already made. So how that would be structured would be
8 very, very important. I love these mottoes "Clean Cars
9 For All" and "We Want Your Old Dirty Car." Good time to
10 be rethinking this. I'm glad we've got some time to work
11 on it, because it is a lot of money and we have a
12 potential to be much more effective than anything has been
13 in the past.

14 CHAIRPERSON NICHOLS: All right. Hectare -- or
15 sorry.

16 BOARD MEMBER MITCHELL: Thank you, staff, for
17 working on this.

18 It is a program that I think has the potential
19 for lots of abuse. And we have seen some of that in our
20 history here. But I think dealerships are, in fact, a key
21 player in this. And it would seem that if you work with
22 the dealers first and develop some kind of coalition with
23 the dealers to work such a program, you can also avoid
24 some of the potential abuses that might occur. I think
25 oversight of dealerships is critical. And I don't know

1 who would do that or how that would be done. But it would
2 seem periodic checks of what is going on at the dealership
3 would be necessary.

4 The other part of the program that I think has
5 real benefit is the incentive program for lower income to
6 move into low emission vehicles, zero emission vehicles,
7 plug-in electrics, all of those, because they don't really
8 have the opportunity now, most of them, to move into that
9 market.

10 So there is co-benefits in moving them into the
11 market. One is simply the public exposure to these new
12 cars that provide such a benefit to clean air. And of
13 course, the other benefit is clean air and lowering of
14 greenhouse gas emissions.

15 So I would look at that program. And if any
16 incentive moneys are going to be used from AB 8 from CVRP,
17 they ought to be dedicated to that purpose and maybe not
18 to the purpose of just replacing old cars with another old
19 car. I think you can structure the program in such a way
20 that we get the most benefit out of what we are doing.
21 And it certainly does need some work as we've seen from
22 your story this morning.

23 So thank you staff for your work on this.

24 CHAIRPERSON NICHOLS: Any others? Yes.

25 BOARD MEMBER DE LA TORRE: Thank you. When

1 I think about this program, I think of the
2 beginnings of the truck buy-back program of the big rig
3 truck buy-truck program when I came familiar with it in
4 the late 90s when we were looking at trucks in the ports,
5 in the L.A. Long Beach ports. I vaguely remember that
6 with set the bar at about 1975 when we started. This was
7 in the late 90s. That we set the trucks that were older
8 than 1975 in the late 90s were going to be replaced. And
9 obviously now we're up to 2007 at the ports. That's a
10 phenomenal move forward in a fairly short amount of time
11 from 1975 to 2007, in less than 15 years.

12 So when I think of this, I think of that kind of
13 progression of being able to move. Yeah, you're getting
14 rid of an older car for a less older car, but it's a
15 cleaner car. And you just keep moving the bar up as you
16 move along.

17 I also -- I mentioned this to staff during our
18 briefing, the end smog program where you can report
19 smoking cars, which I use all the time --

20 CHAIRPERSON NICHOLS: You're that one guy who
21 calls all the time.

22 BOARD MEMBER DE LA TORRE: Always via e-mail.
23 But it is -- I think you've got a warning system right
24 there built into what we've got to flag these cars. And
25 you're already getting a letter, right, when somebody

1 reports those. You get this letter. Imbed it in the
2 letter saying. Look you've got the smoky car. You've
3 been reported. And by the way -- it's kind of a carrot
4 and stick thing. You either fix it or you can get rid of
5 it. We'll take it off your hands with these incentive
6 programs.

7 So, I mean, you've already got the report in hand
8 of who these people are. You don't have to go chase them.

9 The other thing that I mentioned and I think
10 others from the Board mentioned it as well is those
11 nonprofit --

12 CHAIRPERSON NICHOLS: Give us your old cars.

13 BOARD MEMBER DE LA TORRE: Those folks are
14 already doing all the marketing already taking these cars
15 in. To the extent there is any of those cars that meet
16 our needs, we could get into the mix with them to take
17 these cars out. Because as I understand, I always assumed
18 those cars got junked, but apparently they don't. To the
19 extent we can junk some of those cars and take them out of
20 the pipeline instead of them reselling them is a very good
21 and promising path.

22 Again, to the extent we can piggyback on
23 marketing that's already taking place that people are
24 already doing, it's a win for us without a whole lot of
25 heavy lifting.

1 On the used car piece -- this is my last point --
2 well, used car dealers, right? It says it all. If you've
3 got to make a deal with the devil, then wow, you really
4 have to set up a tight infrastructure around that. I was
5 thinking, you know, you're going to have to have some
6 criteria for who the car dealers are.

7 One big advantage is they are in these
8 communities, in the low income community. They're in the
9 Central Valley. They're in the southeast L.A. County.
10 They're in all the places we need to be. So they're
11 already there. So that's phenomenal. But we've got to
12 deal with their issues.

13 So we have to come up with some mechanism on the
14 trustworthiness of the dealers in terms of any bad reports
15 they might have on their practices, et cetera. We'd have
16 to have some mechanic network to verify that these cars
17 are in as good of shape or as clean as they possibly can
18 for the year they are.

19 I'm thinking of something like car dealerships do
20 the certified pre-owned where they do all those tests on
21 it and they give it their stamp of approval. Something
22 like that. Like a CARB-approved car. That would be
23 something that dealers would clamor for, if they could
24 take a car in and have it checked out, not by us, but
25 somebody we trust. And then they could get this CARB

1 stamp.

2 CHAIRPERSON NICHOLS: It's a whole new image for
3 ARB. Let's face it.

4 BOARD MEMBER DE LA TORRE: It's like Energy Star.
5 It's something that people would want to have for their
6 vehicle because it would imply that the car is in good
7 shape. So those are some thoughts about the used car.
8 It's just -- that is, to me, the last possible option.
9 But if we need to go there, I think we think ahead and
10 come up with some ways to mitigate it.

11 CHAIRPERSON NICHOLS: Exactly. We'll send
12 Hectare.

13 BOARD MEMBER DE LA TORRE: Just send me to the
14 Used Car Dealers Association of California. I would be
15 happy to speak to them.

16 CHAIRPERSON NICHOLS: I'm sure they'd be glad to
17 see that. Okay.

18 Well, this is an exciting new adventure that
19 we're embarking on here.

20 Any additional thoughts from the Board? Thank
21 you for coming over.

22 Mr. Corcoran, did you want to add anything on
23 behalf of the Bureau of Automotive Repair, our partner in
24 this activity.

25 MR. CORCORAN: Good morning, Madam Chair, members

1 of the Board and staff we've worked with these past
2 several years now.

3 Nothing of substance to really add. I think Mr.
4 Ellis' presentation was very comprehensive as far as where
5 we are at today and the long road we all have ahead in
6 really just fixing this program, getting what we all want
7 to see out of it.

8 I would just like to say on behalf of BAR that we
9 are happy to be a part of it. We very much look forward
10 to it. We don't underestimate the amount of work that's
11 necessary, but we're committed to making sure we do
12 succeed. Thank you all.

13 CHAIRPERSON NICHOLS: All right then. That would
14 conclude this item and our agenda, unless we're going to
15 have a closed session, which we are. So -- okay.

16 In that case, we will not adjourn the meeting.
17 We'll recess into closed session for a discussion of
18 litigation as authorized by the Government Code. And when
19 we're done with that, we will come back out and adjourn
20 the meeting. Thanks, everybody.

21 (Whereupon the Board recessed into closed session
22 at 10:48 AM and returned to open session
23 at 11:25 AM.)

24 CHAIRPERSON NICHOLS: I'm back from the closed
25 session to report that the Board discussed several items

1 of pending litigation but took no action. So we will
2 adjourn the meeting at this time.

3 (Whereupon the Air Resources Board meeting
4 adjourned at 11:25 AM)

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CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of December, 2013.

TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
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