

MEETING  
STATE OF CALIFORNIA  
AIR RESOURCES BOARD

JOE SERNA, JR. BUILDING  
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY  
BYRON SHER AUDITORIUM, SECOND FLOOR  
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson

Dr. John R. Balmes

Ms. Sandra Berg

Ms. Dorene D'Adamo

Dr. Daniel Sperling

Dr. John Telles

Mr. Ken Yeager

STAFF

Mr. Tom Cackette, Chief Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Mr. Michael Scheible, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Mr. Bob Cross, Chief, Mobile Source Control Division

Ms. Julie Cress, Staff Counsel

Ms. Victoria Davis, Staff Counsel

Ms. Jessica Dean, Mobile Source Control Division

Mr. Tom Evashenk, Alternative Strategies Section

Mr. Robert Fletcher, Chief, Stationary Source Division

Mr. Harold Holmes, Engineering Evaluation Section

Ms. Debbie Kerns, Senior Staff Counsel

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APPEARANCES CONTINUED

STAFF

Mr. Jack Kitowski, Chief, Emissions Reduction Incentive Branch

Ms. Cynthia Marvin, Assistant Division Chief, Planning & Technical Support Division

Mr. Chandan Misra, Planning & Technical Support Division

Ms. Tess Sicat, Alternative Strategies Section

Mr. Dean Simeroth, Chief, Criteria Pollutants Branch

Mr. Michael Terris, Senior Staff Counsel

ALSO PRESENT

Mr. Mike Barr, Association of American Railroads

Mr. Henry Hogo, South Coast Air Quality Management District

Ms. Bonnie Holmes-Gen, American Lung Association of California

Mr. Angelo Logan, East Yard Communities for Environmental Justice

Mr. Mark Loutzenhiser, Sacramento Air Quality Management District

Mr. Steven Lujan, Cascade Sierra Solutions

Ms. Andy Matubol, Mitsubishi Motors

Mr. Bill Magavern, Sierra Club of California

Mr. Kirk Marckwald, California Railroad Industry

Mr. Sean Mohajer, AQMS Automotive

Mr. Jonathon Morrison, California New Car Dealers Association

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Michael Papanian, California Pollution Control  
Financing Authority

Mr. Charlie Peters, Clean Air Performance Professionals

Mr. Norman Plotkin, California Automotive Wholesalers  
Association, Automotive Aftermarket Industry Association,  
LKQ Corporation

Ms. Isella Ramirez, East Yard Communities for  
Environmental Justice

Mr. Patrick Smith, California Trucking Association, Harris  
Ranch

Mr. Chris Torres, F&L Farms Trucking, Inc.

Ms. Joycelyn Vivar, East Yard Communities for  
Environmental Justice

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1 PROCEEDINGS

2 CHAIRPERSON NICHOLS: Good morning, everybody.

3 We're about to get started here.

4 Welcome to the June 26th, 2009 public meeting of  
5 the Air Resources Board. As is customary, we will begin  
6 with the Pledge of Allegiance to the flag.

7 (Thereupon the Pledge of Allegiance was  
8 Recited in unison.)

9 CHAIRPERSON NICHOLS: Where is the rest of our  
10 group.

11 All right. We'll wait a moment here. I can make  
12 the general announcements, while we're waiting for our  
13 other board members who I know are here, but not  
14 physically in the room with us at the moment.

15 So, first of all, if there's anybody here who is  
16 not a regular at these meetings, I need to make sure that  
17 you know that if you want to speak on any item before the  
18 Board or in the open comment period, you need to sign up  
19 with the clerk and make sure that we have your name, so I  
20 can call on you when the time comes.

21 We do impose a three minute time limit.

22 Yes.

23 CHIEF COUNSEL PETER: I was just trying --

24 CHAIRPERSON NICHOLS: Can you not hear?

25 CHIEF COUNSEL PETER: I'm just signaling to Lori.

1 I apologize, Mary.

2 CHAIRPERSON NICHOLS: All right. We do not have  
3 a quorum, so we can't start the meeting.

4 CHIEF COUNSEL PETER: Correct.

5 CHAIRPERSON NICHOLS: All right, then we won't.

6 However, that's easy. Sorry. Apologize to the  
7 public, I thought we had our quorum here. And apparently  
8 some people were confused and maybe thought that we were  
9 beginning at 9, as we did yesterday instead of at 8:30.  
10 So we'll wait.

11 I can make an announcement though for the record.  
12 I want to clarify what happened at the end of yesterday's  
13 meeting, where on Item 09-6-5, the AB 32 fee regulation,  
14 the Board decided to delay any action on the item until  
15 the July meeting, but we are encouraging the submission of  
16 written comments while staff continues to work with  
17 stakeholders to resolve the issues that were identified  
18 during the hearing yesterday. So we want written comments  
19 to be submitted. We assume that there will be meetings  
20 going on as well. And we will receive comments after  
21 yesterday and until the July board meeting, they will be  
22 included in the administrative record, and they will be  
23 responding to as part of the final statement of reasons  
24 when the Board acts in July. So just to clarify.

25 Well, here we are. Should we start all over?



1 All right. We're not going to redo the Pledge of  
2 Allegiance. We'll just assume that you would have pledged  
3 allegiance if you had been here and we'll start with the  
4 roll call.

5 BOARD CLERK VEJAR: Dr. Balmes?

6 BOARD MEMBER BALMES: Here.

7 BOARD CLERK VEJAR: Ms. Berg?

8 BOARD MEMBER BERG: Here.

9 BOARD CLERK VEJAR: Ms. D'Adamo?

10 BOARD MEMBER D'ADAMO: Here.

11 BOARD CLERK VEJAR: Ms. Kennard?

12 Mayor Loveridge?

13 Mrs. Riordan?

14 Supervisor Roberts?

15 Professor Sperling?

16 BOARD MEMBER SPERLING: Here.

17 BOARD CLERK VEJAR: Dr. Telles?

18 BOARD MEMBER TELLES: Present.

19 BOARD CLERK VEJAR: Supervisor Yeager?

20 Chairman Nichols?

21 CHAIRPERSON NICHOLS: Here.

22 BOARD CLERK VEJAR: Madam Chair, we have a

23 quorum.

24 CHAIRPERSON NICHOLS: Excellent. All right.

25 So the first item on our agenda for this morning

1 is the enhanced fleet modernization program, I believe.

2           And this program was created by Assembly Bill  
3 118, signed into law by Governor Schwarzenegger in 2007.  
4 The Air Resources Board is required under AB 118 in  
5 consultation with the Bureau of Automotive Repair, or BAR  
6 as we call them affectionately, to adopt a program that  
7 allows for the voluntary retirement of passenger vehicles  
8 and light-duty and medium-duty trucks that are high  
9 polluters.

10           This program will be administered by BAR,  
11 according to these guidelines. Legislation creating this  
12 program also allocates approximately \$30 million from  
13 vehicle registration each year through 2015 to fund the  
14 program.

15           So today we're going to take a look at the  
16 proposed regulations for this program. Mr. Cackette, will  
17 you please introduce this item.

18           CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Thank  
19 you Chairman Nichols. And good morning, Board Members.

20           AB 118 creates three new incentive programs which  
21 provide up to \$200 million in annual funding through the  
22 year 2015 to support introduction of alternative fuels,  
23 reduce greenhouse gas emissions and reduce smog emissions.  
24 The funding is administered by ARB, the California Energy  
25 Commission, and the Bureau of Automotive Repair.

1           At our May board meeting, we considered proposals  
2 for two of the three new programs. Today, we're asking  
3 the Board to approve a proposal that will enable the  
4 Bureau of Automotive Repair to move forward with the  
5 fleet -- enhanced fleet modernization program, which is  
6 Bureau speak for vehicle scrapping.

7           This program will augment the existing vehicle  
8 retirement programs within the state and will go a step  
9 further. This program provides both incentives for  
10 vehicle retirement and for the first time incentives for  
11 vehicle replacement. The incentives for vehicle  
12 replacement are part of a pilot program to provide  
13 vouchers to participants towards the purchase of newer  
14 cleaner vehicles. These incentives will provide an  
15 economic stimulus for California in addition to their air  
16 quality benefits.

17           Today's proposal focuses on the broader  
18 administrative guidelines for implementing the vehicle  
19 retirement program and pilot voucher program as well as  
20 funding for the upcoming program. And again the program  
21 will actually be implemented by the Bureau of Automotive  
22 Repair.

23           So I'd like to turn it over Tom Evashenk of the  
24 Mobile Source Control Division who will be providing the  
25 presentation.

1 CHAIRPERSON NICHOLS: Thank you.

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

4 MR. EVASHENK: Thank you, Mr. Cackette. Good  
5 morning, Chairman Nichols and members of the Board.

6 --o0o--

7 MR. EVASHENK: Today's presentation will include  
8 a review of existing car scrap programs and their impact  
9 on emissions, an overview of the enabling legislation  
10 prompting staff's proposal, the major components of our  
11 proposal and staff's recommendation.

12 --o0o--

13 MR. EVASHENK: There are currently over one  
14 million vehicles retired every year as part of normal  
15 fleet turnover in California. The State's new vehicle  
16 standards depend on this natural attrition to  
17 significantly reduce fleet emissions.

18 Voluntary car scrap programs accelerate this  
19 normal attrition by providing monetary incentives to  
20 vehicle owners to retire older more polluting vehicles.  
21 Accelerating the turnover of existing fleet and subsequent  
22 replacement with newer, cleaner vehicles provides  
23 substantial and cost effective emission reductions.

24 Existing programs require that vehicles be  
25 registered in California for at least the previous two

1 years and pass visual and functional inspections to ensure  
2 real and surplus reductions.

3 --o0o--

4 MR. EVASHENK: From a fleet perspective, older  
5 vehicles have a significant impact on emissions. For  
6 example, in 2010, vehicles 15 years and older will account  
7 for 20 percent of the fleet, but be responsible for over  
8 60 percent of the smog-forming emissions from light-duty  
9 vehicles. Clearly, reducing emissions from the oldest  
10 portion of our fleet is important in meeting State and  
11 federal air quality standards.

12 --o0o--

13 MR. EVASHENK: Several districts administer  
14 programs to retire older vehicles as a strategy to provide  
15 cleaner benefits and generate mobile source credits. The  
16 amount of the incentives varies by district and range from  
17 \$650 to \$900 per vehicle, and are available for vehicles  
18 that have passed their most recent Smog Check. These  
19 programs do not compete with the State Program, which  
20 accepts only vehicles that have failed their last Smog  
21 Check.

22 --o0o--

23 MR. EVASHENK: Shown in red are the local  
24 districts currently operating car scrap programs. They  
25 include Antelope Valley, Bay Area, San Joaquin, Santa

1 Barbara and the South Coast. A combined total of roughly  
2 5,000 vehicles are retired each year at the local level.

3 With that said, there are many areas of the state  
4 without access to car scrap, creating the need for an  
5 expanded State program. I will now describe the State's  
6 existing vehicle program.

7 --o0o--

8 MR. EVASHENK: California's program is  
9 administered under the Bureau of Automotive Repair's  
10 consumer assistance program. Owners receive \$1,000 to  
11 retire their vehicle at a dismantler licensed by the  
12 Bureau.

13 Although, there are air quality benefits  
14 associated with the State program, the primary objective  
15 is to provide options to Californians facing difficulties  
16 in registering their vehicle due to a failed Smog Check.

17 Program vehicles are generally older, but there  
18 is not a specific range of model years targeted. Any  
19 vehicle that has failed a Smog Check test and has met  
20 registration and physical condition requirements is  
21 eligible.

22 However, pre-76 and diesel vehicles are not  
23 subject to Smog Check and thus not eligible creating a gap  
24 in vehicle coverage.

25 The program retires roughly 22,000 vehicles each

1 year.

2 --o0o--

3 MR. EVASHENK: Okay. Let's move to a summary of  
4 the proposal's enabling legislation and the main  
5 directives contained in AB 118.

6 --o0o--

7 MR. EVASHENK: AB 118 provides new funding for  
8 the expansion of car scrapping at the State level.  
9 Funding of approximately 30 million is provided through a  
10 \$1 increase in vehicle registration fees through 2015.  
11 The intent of the new program is to target the highest  
12 emitting vehicles in the fleet in areas with the worst air  
13 quality.

14 AB 118 directs that the program consider flexible  
15 compensation for vehicle replacement and consider the  
16 impacts on low-income populations.

17 --o0o--

18 MR. EVASHENK: To develop our proposal, staff  
19 worked closely with the Bureau of Automotive Repair and  
20 other stakeholders and conducted four public workshops.

21 --o0o--

22 MR. EVASHENK: Broadly, there are two main  
23 aspects to our proposal. For vehicle retirement,  
24 incentives will be available statewide. The proposal  
25 widens the pool of eligible vehicles by removing

1 requirements that vehicles are subject to and fail Smog  
2 Check.

3           The second element is a pilot voucher program,  
4 which includes both retirement and replacement incentives  
5 and which will be initiated in the south coast and San  
6 Joaquin valley. The pilot voucher program specifically  
7 identifies and outreaches to probable gross-polluters for  
8 participation.

9   --o0o--

10           MR. EVASHENK: For the general program, staff  
11 proposes incentive levels, which are consistent with the  
12 Consumer Assistance Program, as shown in this  
13 illustration. These levels provide enough compensation to  
14 ensure robust program participation and allow for a  
15 consistent statewide program. Again, these incentives are  
16 available statewide.

17   --o0o--

18           MR. EVASHENK: The second main element of our  
19 proposal is a pilot voucher program that provides  
20 additional incentives to targeted consumers for the  
21 purchase of newer vehicles. The vouchers incentives would  
22 be in addition to the retirement incentive. BAR will  
23 contract with local districts who will provide program  
24 interface with consumers and car dealerships. The vehicle  
25 replacement vouchers would be redeemed at new and used car



1 dealerships.

2 --o0o--

3 MR. EVASHENK: As shown in the table, the voucher  
4 incentive would be \$2,000 per vehicle for the purchase of  
5 a replacement vehicle four years old or newer. For  
6 income-eligible participants, the incentive is \$2,500 per  
7 vehicle. In addition, greater flexibility is provided by  
8 allowing income eligible participants to choose from the  
9 most recent eight model years.

10 The option to purchase a used vehicle allows for  
11 a much lower cost to the consumer, while still resulting  
12 in the purchase of a vehicle meeting the ARB's cleanest  
13 vehicle standards.

14 --o0o--

15 MR. EVASHENK: There are three broad categories  
16 of vehicles that the voucher program will solicit, as  
17 shown here. These groups of vehicles have higher  
18 emissions on average than the overall fleet. As a result,  
19 additional incentives can be provided for vehicle  
20 replacement while still maintaining acceptable cost  
21 effectiveness.

22 --o0o--

23 MR. EVASHENK: To summarize, total incentives for  
24 those taken advantage of the voucher program, will be  
25 \$3,000 per vehicle. For income-eligible participants, the

1 total compensation will be \$4,000.

2 --o0o--

3 MR. EVASHENK: Funding for this proposal will  
4 result in the annual retirement of roughly 15,000  
5 vehicles, with 3,500 consumers being able to take  
6 advantage of the voucher incentives. The majority of the  
7 program's benefits are derived from the statewide  
8 retirement element. And the overall program is expected  
9 to reduce smog-forming emissions by approximately 1.6 tons  
10 per day.

11 The last line shows our commitment in the 2007  
12 State Implementation Plan for ozone. The proposal serves  
13 as a down payment toward our SIP commitment and provides  
14 experience necessary to expand as additional funds become  
15 available.

16 --o0o--

17 MR. EVASHENK: Cost effectiveness varies  
18 depending on the age of the retired vehicle, whether a  
19 voucher is used, and whether additional incentives are  
20 provided for low-income participants.

21 The average cost effectiveness for vouchers and  
22 income-eligible participants is slightly higher than other  
23 incentive programs, but is consistent with the  
24 legislation's direction that consideration be given to  
25 encourage cleaner vehicle replacements and low-income

1 participation.

2 Overall, the average cost-effectiveness is  
3 estimated to be just under \$16,000 per ton.

4 --o0o--

5 MR. EVASHENK: Recent federal efforts to  
6 stimulate vehicle sales and improve fuel economy has led  
7 to the creation of a new billion dollar national scrap  
8 program. Owners of vehicles that get less than 18 miles  
9 per gallon will receive \$3,500 or \$4,500 depending on  
10 improvement in fuel economy, if they scrap the old car and  
11 buy a new higher mileage one.

12 The National Highway Traffic Safety  
13 Administration is now developing the rules for the  
14 program. While the federal program has different timing  
15 and focus, there is a potential for limited overlap,  
16 therefore we have included a modified test that prevents  
17 an applicant from combining funds from the two programs.

18 --o0o--

19 MR. EVASHENK: In conclusion, staff recommends  
20 that the Board adopt the proposed car scrap program with  
21 the clarifying changes identified in the modified text for  
22 implementation by the Bureau of Automotive Repair  
23 beginning in 2010.

24 Thank you.

25 CHAIRPERSON NICHOLS: Okay. Thank you. We do

1 have a list of witnesses here. We have a couple questions  
2 for the staff, I believe, starting with Supervisor Yeager.

3 BOARD MEMBER YEAGER: Yes, thank you.

4 Just if you could explain why it's limited, I  
5 guess, for the first year to South Coast and San Joaquin,  
6 not that they're both not worthy, and then for sure then  
7 after a year from when it starts, then it will be  
8 available for everyone in the State, is that what the  
9 proposal is?

10 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

11 KITOWSKI: The proposal as it's -- I'm sorry. This is  
12 Jack Kitowski. The proposal, as you said, for the voucher  
13 aspect of the program, is limited in the first year as a  
14 pilot program in the South Coast and San Joaquin area.  
15 There are other districts, the Bay Area for example, that  
16 runs probably the largest car scrapping program. Those  
17 areas were chosen, because those were part of the SIP  
18 commitment and because, quite frankly, we wanted to get  
19 our feet wet with the pilot voucher portion of this  
20 requirement.

21 We certainly have plans to expand it, but we want  
22 to monitor it closely. So if all goes smoothly, if the  
23 funding is there and available, yes, we would like to  
24 expand it beyond South Coast and San Joaquin after the  
25 first year.

1 BOARD MEMBER YEAGER: So will you come back to us  
2 if you can't do that and update us?

3 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF  
4 KITOWSKI: We certainly can.

5 BOARD MEMBER YEAGER: Yeah, I think that's  
6 important if it doesn't look like you'll be to expand it  
7 after a year.

8 CHAIRPERSON NICHOLS: Good point.

9 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: If I  
10 could add one other point too is that we pointed out that  
11 there's \$30 million a year available for this program, but  
12 not in the first year. It was less than that. And so we  
13 kind of -- if we spread the voucher part over a whole  
14 large number of areas, it would have been administratively  
15 high and not much money per area, which would tend to make  
16 people not participate. So that's another reason why we  
17 limited the first year.

18 CHAIRPERSON NICHOLS: Ms. D'Adamo.

19 BOARD MEMBER D'ADAMO: I have two questions.  
20 When does an old car become a classic car? I mean, is  
21 there sort of a cutoff on age? And also where are -- do  
22 you have a sense of where the older cars are located? Is  
23 it pretty much spread out per capita or do they seem to be  
24 concentrated in any certain areas of the state? The  
25 reason I ask is because of, you know, the higher poverty

1 rates in San Joaquin. And I'm wondering if there's a  
2 higher concentration of the older cars as opposed to the  
3 classic cars in San Joaquin?

4 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

5 KITOWSKI: We've heard from car collectors throughout the  
6 state, so I do not think that they're geographically  
7 limited. Although, I think certainly the southern  
8 California area --

9 MOBILE SOURCE CONTROL DIVISION CHIEF CROSS: This  
10 is Bob Cross.

11 I believe there is a constraint on registration,  
12 and I think it's 25 years, but I'm not sure. But anyhow,  
13 the DMV rules make a distinction age-wise in terms of what  
14 is and isn't a classic. If you want to register it,  
15 that's --

16 CHAIRPERSON NICHOLS: There's an option to  
17 register a car as a classic car, if it's a certain age,  
18 but --

19 MOBILE SOURCE CONTROL DIVISION CHIEF CROSS:

20 Twenty, 25 years is sort of what is usually  
21 thought of as sort of the beginning of when cars become  
22 classic, because they've cycled through their, you know,  
23 sort of minimum value. And people who remember them are  
24 starting to buy them and the values start going back up.

25 STAFF COUNSEL DAVIS: That's a way of saying it's

1 in the eye of the beholder.

2 CHAIRPERSON NICHOLS: Could you speak up please,  
3 I can't hear.

4 STAFF COUNSEL DAVIS: This is Victoria Davis,  
5 staff counsel. To some degree, a classic is in the eye of  
6 the beholder. I think those folks who took the time to  
7 write to us are the ones who's elderly -- excuse me,  
8 chronologically gifted vehicles are in good repair and  
9 driven seldom. And that's part of what, to their owners,  
10 makes them classics, as opposed to a heap used for daily  
11 transportation.

12 CHAIRPERSON NICHOLS: But, I'm sorry, I was under  
13 the impression that in some places in the Vehicle Codes,  
14 there is a term for a classic car, and that it is defined  
15 as being exempt from certain programs.

16 STAFF COUNSEL DAVIS: There's a historical  
17 vehicle registration that one can get, but it's just a  
18 snazzy license plate as far as I know. It's not even that  
19 snazzy a license plate.

20 CHAIRPERSON NICHOLS: Really?

21 MOBILE SOURCE CONTROL DIVISION CHIEF CROSS: But  
22 it's constrained by age, right?

23 STAFF COUNSEL DAVIS: It is constrained by age,  
24 but it's been around so long that the age constraint is  
25 nearly meaningless, because I think it is 25 years. And

1 one is not required to get such a license plate for one's  
2 collector vehicle, if one doesn't want to.

3 CHAIRPERSON NICHOLS: I have a feeling that  
4 pursuing this is not going to get us anywhere, so I think  
5 we should move along.

6 MOBILE SOURCE CONTROL DIVISION CHIEF CROSS: It  
7 is the thing about people remembering cars.

8 STAFF COUNSEL DAVIS: It's a black hole.

9 MOBILE SOURCE CONTROL DIVISION CHIEF CROSS: It's  
10 the cars that we remember when we were growing up, as we  
11 become old enough to be able to afford to buy them and fix  
12 them back. So that becomes 20 or 30 years typically.

13 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF  
14 KITOWSKI: If I can make one general comment back to the  
15 scrappage programs. What we found in the scrappage  
16 programs, which we've run now for over ten years, is that  
17 those involved in the business, the dismantlers  
18 themselves, are the ones who know their clients. And so  
19 if a car has value, if that car -- if there are collectors  
20 that will be pursuing either that car or those parts, they  
21 know it, and they're able to pull that car out of a  
22 scrappage program and put it in -- the marketplace  
23 basically takes care of that.

24 CHAIRPERSON NICHOLS: Well, that was actually the  
25 question that I was going to ask more broadly about this



1 program, which is, you know, I think we may all have in  
2 our mind the image of a car being brought in and then  
3 compacted into a small square and sent to some foreign  
4 country. And I trust that that isn't necessarily the fate  
5 of every car that comes into this program, that scrappage  
6 just means it's no longer available as a distinct  
7 automobile to be put back out on the roads again, but that  
8 it could be dismantled and recycled in various more  
9 productive ways.

10 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Right.  
11 And that what determines that is the value of the car.  
12 And if we offer \$1,000 or \$1,500 for a car, that one gets  
13 scrapped. And if they think it's worth more than that, as  
14 parking or as a collector value to somebody, then  
15 obviously that dismantler doesn't have to take the State  
16 money and can put it into the marketplace and recycle it  
17 as they see fit.

18 So that's sort of where this, you know,  
19 eye-of-the-beholder concept is the person that knows the  
20 market the best is the dismantler of what that vehicle is  
21 actually worth, worth more than State money, then they  
22 take it out of the program.

23 CHAIRPERSON NICHOLS: So it's actually an  
24 economically rational program.

25 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yes.

1           STAFF COUNSEL DAVIS: In this modern age, anybody  
2 can put their car up on eBay and if they don't get as much  
3 as the dismantler is going to offer them, then they can  
4 offer it to the dismantler. Whereas, if there's someone  
5 in Connecticut who's just been dying for a '69 Marlin  
6 fender and will pay anything for it, then that will change  
7 the economic rationale.

8           Also, I would have to say that age alone does not  
9 confer classic status on a car. Although, everything has  
10 its adherence. The practical matter is a '68 Rambler is  
11 never going to be worth as much as a '68 Charger or  
12 something like that. And those things will be self  
13 regulating also.

14           CHAIRPERSON NICHOLS: Right. Okay. I had one  
15 other question that I just wanted to clarify and that has  
16 to do with the management of these programs, because  
17 you've mentioned the role of the Bureau of Automotive  
18 Repair and you've heard to identified or potential gross  
19 polluters. But I don't actually understand, you know,  
20 where the administration of this program lies and what the  
21 costs of it are going to be.

22           I mean, if we're just contracting with the  
23 districts and the list of potential targeted cars is  
24 available, why are we -- why is this so convoluted, or is  
25 it convoluted? Maybe, I'm not thoroughly understanding

1 how it's administered.

2 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

3 KITOWSKI: Yeah, I don't actually think it's convoluted.

4 It slips well into what the Bureau of Automotive Repair is  
5 currently doing. So there are two parts of it, and it's  
6 good to parse each of those out separately.

7 You know, the first part being the general  
8 scrappage program. BAR scraps 20,000 vehicles a year. In  
9 their Compliance Assistance Program, they're going to  
10 scrap another 15,000 with the same mechanism. What  
11 they're simply doing is opening it up so that you don't  
12 have to be right in the middle of your registration and  
13 have just failed a Smog Check. I think that opens it up  
14 for a lot of the questions. We get people statewide,  
15 people going, can I scrap my car? And you go no, you have  
16 to wait until you -- no, you have to fail your Smog Check.  
17 No, your district doesn't offer this program.

18 So that fits in seamlessly with what they're  
19 currently doing. The new part is the pilot program. And  
20 that is -- you know, we are developing that. We've got  
21 the structure of the program, which is sound in the  
22 regulation. But there are going to be implementation  
23 efforts that we need to work with, both us and BAR and the  
24 districts over the next year, and with the dealerships and  
25 the dismantlers and we're willing to do that.

1           It's not simply a matter of giving the money to  
2 the districts to run that voucher program, because BAR  
3 does need to check eligibility of the car. That is a  
4 statewide function. It makes sense to aggregate that  
5 there.

6           So everybody has their role. And we're committed  
7 to making it work. It's part of our SIP obligation, so we  
8 do take that seriously. And we're not just adopting the  
9 regs and handing them off. We definitely want to have a  
10 success out of this pilot program.

11           CHAIRPERSON NICHOLS: Well, I appreciate that  
12 you're doing everything you can to make it work. It just  
13 seems that there's an extra piece in all of this, which  
14 makes it a little more complicated. I assume everybody  
15 will approach it in good faith. But in reality, all you  
16 need is a list of model years and check whether the car is  
17 in that model year and type of car, right? I mean, this  
18 is not a major new assignment that we're talking about.

19           CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well, I  
20 think the way it's turned out and it maybe isn't the most  
21 streamlined. But the Legislature's wisdom was to give us  
22 the money, so that's why we're here. They asked us to  
23 determine the guidelines, so to speak, for the scrap  
24 program. So --

25           CHAIRPERSON NICHOLS: Because they wanted air

1 quality benefits from the program.

2 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Right.  
3 And that's what you're doing today. The Administration --  
4 I think the Administration decided that the money should  
5 go to BAR. So that's why the cash goes through us, but  
6 goes to them to implement, and that's because they already  
7 have this fairly large -- the State's largest scrap  
8 program. And then the voucher thing was new. And we  
9 thought that it makes more sense to, you know, tie in  
10 local government who's going to be closer to the dealers  
11 and administration of it, which is why BAR will contract  
12 with the districts to actually run the program.

13 And there has to be a link there, because the car  
14 has to be scrapped first, which they're doing. And then  
15 there's a link to the locals to figure out how the money  
16 gets to the dealer. And we try to make that absolutely  
17 seamless, so you have this piece of paper, you go and buy  
18 a newer vehicle, it says -- the dealers will already be  
19 participating through contract with BAR and they just say  
20 hey, this is worth \$4,000 towards a purchase.

21 CHAIRPERSON NICHOLS: But when you say that BAR  
22 is scrapping the programming, I mean, they are not  
23 physically taking custody of the vehicle?

24 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: No, but  
25 they contract with dismantlers. So they're the ones that

1 implement the rule that you're passing. They actually go  
2 out and see the cars scrapped at times to assure that  
3 really is scrapped and not just take the State's money and  
4 then put it back into service again. So that's the  
5 function.

6 CHAIRPERSON NICHOLS: Well, as you can tell from  
7 the questions, I'm looking for ways to streamline even  
8 further and make sure that this thing is being run as cost  
9 effectively, as consistent with some degree of, you know,  
10 appropriate oversight by the State.

11 I think that's enough for the moment. We do have  
12 a list of witnesses. Oh, one more question. Sorry.

13 BOARD MEMBER SPERLING: Yeah. I'm trying to -- I  
14 have to say I don't understand this well, but I have a  
15 couple questions that deal with making it a really --  
16 making sure it's an effective program. I'm not clear  
17 exactly what we're changing.

18 As I understand, there is now \$1,000 incentive,  
19 but pre-76 vehicles and diesels are not eligible, that's  
20 right?

21 And now what we're doing is saying the pre-76 are  
22 eligible and light-duty diesels are now eligible and we're  
23 adding these extra vouchers if you buy a newer vehicle.  
24 And I guess we're also creating this income-eligible  
25 program. Is that what we're doing?

1 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
2 the one -- that's absolutely correct, but the one missing  
3 part is that in the current \$20 million, 22,000 car scrap  
4 program that BAR runs, you only can scrap the car at the  
5 time of Smog Check. So this is, you go into a Smog Check,  
6 you fail, and you don't have enough money or you just  
7 don't want to deal with it, this is an option you have.  
8 Scrap it. They also have an assistance program to help  
9 you repair it. So the consumer makes the choice.

10 What's different here is that you can wake up on  
11 Friday morning and decide I want to get rid of my car.  
12 You can go to BAR's dismantler, and you can scrap it right  
13 there. So we think a lot more people will be interested  
14 in scrapping their cars, you know, 700 and some days a  
15 year, rather than just waiting for that one moment when  
16 they come in and fail a Smog Check.

17 BOARD MEMBER SPERLING: Okay. So two little more  
18 questions. So has there been any real evaluation about  
19 whether these numbers that you show really are good  
20 numbers? I mean, I remember there were back in the  
21 nineties we did a lot of studies and there was a lot of  
22 questions about -- you know, there were a lot of  
23 assumptions made, because, you know, you have -- is the  
24 vehicle that's scrapped, how much would it have been used,  
25 and what were the emissions really?

1           And so now if you're scrapping it and you're not  
2 going through this smog test, you don't even know what the  
3 emissions are.

4           CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
5 we did run -- the legislation required -- not this  
6 legislation, but prior legislation required us to run a  
7 pilot program for scrap and do this evaluation. And we  
8 did that, published a report, and what we -- I don't  
9 remember how many cars it was that we tested, but we  
10 actually brought the car after it was scrapped, before it  
11 was destroyed to the El Monte lab -- the parking lot  
12 looked pretty interesting at times -- and ran emission  
13 tests on these cars.

14           And then we ran surveys of the people who had  
15 scrapped the car to find out what did they do afterwards.  
16 Some of them, you know, took the bus. Most of them bought  
17 another car. The car was, I think, on average eight years  
18 newer than the one they scrapped. And so from that, we  
19 were able to determine what the emission reductions were  
20 and what we think the consumer's habit would be. And that  
21 was done, I believe, more in the context of the district  
22 program if I'm right, is that right?

23           EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF  
24 KITOWSKI: Yes, it was.

25           CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yeah.



1 And so it was more like this program than it was the BAR  
2 program. And so I think we had a pretty good sense of  
3 what would happen. Admittedly, that's 10 years old or so  
4 now, but I don't know that people's habits would have  
5 changed significantly since then.

6 BOARD MEMBER SPERLING: Okay. And the last  
7 question is, this requirement -- the replacement vehicle  
8 part of it.

9 The replacement vehicle can be a huge SUV. Is  
10 there any -- which would not be -- as I understand, unless  
11 there's some other criteria I don't see written here. If  
12 that's the case, maybe we want to create it in a way  
13 that's also consistent with our greenhouse gas goals, AB  
14 32 goals. That the replacement vehicle be, you know,  
15 somehow lower, you know, have lower carbon emissions or  
16 something like that. Does that make sense at all?

17 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: It  
18 makes sense. We didn't do it that way, because the focus  
19 of this was to get smog emissions. And that SUV has,  
20 being a relatively new one, has the same emissions as a  
21 small car does. They meet the same standards. So there  
22 wasn't a distinction from a smog standpoint. But I can't  
23 say that that wasn't a good idea. I don't know if there  
24 was anything that stopped us from doing that.

25 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

1 KITOWSKI: No, there wasn't that would have stopped us. I  
2 think the biggest limiting factor would be trying to keep  
3 track of that information, putting another layer on the  
4 program. In some sense, a very streamlined,  
5 easy-to-operate program is not only easy to advertise,  
6 it's easy for the consumers to get into and then  
7 participate in. And there's always a balance.

8           It may be a very worthwhile concept to put in  
9 there, but that's the balance that you run of whether it  
10 provides an additional sort of restrictive layer that will  
11 make it more difficult to operate.

12           CHAIRPERSON NICHOLS: But I think that's a really  
13 good point, because given rising gas prices and lessened  
14 desirability of large heavy vehicles that don't get good  
15 gas mileage, those would be the most likely targets of  
16 someone getting a voucher.

17           MOBILE SOURCE CONTROL DIVISION CHIEF CROSS: You  
18 could put a constraint -- this is Bob Cross again. You  
19 could put a constraint on the minimum fuel economy that  
20 went into the program or something like that, or other  
21 replacement vehicle.

22           I mean, I think Jack's right, if you try and  
23 compare vehicle to vehicle, it's going to get really  
24 complicated. But if you sort of say okay, has to be more  
25 fuel efficient than X for example or something like that,

1 that might be implementable.

2 BOARD MEMBER SPERLING: I like that idea.

3 CHAIRPERSON NICHOLS: I think that's a really  
4 good idea, yes.

5 BOARD MEMBER TELLES: If I understand this  
6 correctly, the eligibility criteria has been changed in  
7 the sense the vehicle doesn't have to be registered for  
8 two years prior to being scrapped?

9 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF  
10 KITOWSKI: There is specific requirements in the  
11 legislation that we open up the registration requirement.  
12 And that's one of the balance points we had when we were  
13 developing this regulation. You can't -- we want to be  
14 responsive to the legislation, but we can't go so far as  
15 to just say bring in your car that's been collecting weeds  
16 in the backyard for two years.

17 So we -- there is a criteria in there. It opens  
18 the gate a little bit, but doesn't bust it wide open.  
19 There has to be some evidence that the car is being  
20 driven. Granted that would be being driven illegally, but  
21 there has to be some evidence that the car was being  
22 driven through either repair records or other  
23 documentation.

24 BOARD MEMBER TELLES: It seems to me that if you  
25 were scrapping a car that's not registered and not really

1 being driven in any significant fashion, there's really no  
2 emission savings. And that your estimate of the cost of  
3 this, if, for instance, all the cars are scrapped, they  
4 haven't been registered and aren't being driven, there's  
5 absolutely no emission savings, and the costs are  
6 astronomically high.

7 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

8 KITOWSKI: We would agree with you, that -- which is why  
9 we are trying to be responsive to that legislation, that  
10 specifically directed this, but put enough constraints on  
11 there that demonstrate that the car actually is being  
12 driven, even if it wasn't registered.

13 BOARD MEMBER TELLES: Yeah, but you -- it doesn't  
14 make any sense to me, because it's possible that every car  
15 in the scrap program could be one of these type of  
16 vehicles that's not really being driven too much. And  
17 then, as a consequence, there's really no significant  
18 emission reductions.

19 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
20 if the vehicle's being driven at least some, then it is  
21 still emitting while it's sitting there in the yard not  
22 being driven, and that's because of the evaporative  
23 emissions. So as long as it's not up on blocks and the  
24 fuel has completely evaporated, there are, on any hot  
25 summer day, emissions coming from that car.

1           So we admit -- I mean, I agree with you that if  
2 it's not driven much, then the emissions will be lower for  
3 the amount of money spent, but it's not zero.

4           BOARD MEMBER TELLES: Yeah, the evaporative  
5 emissions, I would suspect, are a lot less than if you're  
6 driving a 1976 car 20,000 miles a year. And I'm just kind  
7 of concerned that you're designing a program that has no  
8 significant emissions reductions at the cost of \$30  
9 million.

10           CHAIRPERSON NICHOLS: Excuse me, this is the  
11 pilot portion of the program?

12           No? It's the whole program that we're talking  
13 about that this applies to. And the Legislature's  
14 motivation for requiring that we include vehicles that  
15 haven't got registration?

16           EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF  
17 KITOWSKI: Yeah, if I can maybe reframe the scenario. The  
18 legislation -- the legislature, I am sure, heard comments  
19 that there are a lot of cars being driven out there, maybe  
20 they're not being registered, but they're polluting. We  
21 want to get high-polluting cars off the road, regardless  
22 of whether they've complied with all the State  
23 requirements for registration.

24           An example of that might be something that's  
25 identified in a remote sensing device with an RSD program,

1 where they put sensors on the side of the road and they'll  
2 actually pick up cars as they go by. They can see -- a  
3 certain car has gone through these systems several times,  
4 they can see that car being picked up. And is it  
5 desirable to get that car off the road? And the  
6 legislation directed us to take a look at that.

7           Now, I think I get back to where I started, we  
8 agree with you completely, Dr. Telles, that we don't want  
9 cars in this program that aren't being driven or that we  
10 have assurances actually that aren't being driven. So  
11 when I say that they're required to produce documentation  
12 that this car actually isn't -- that the car actually is  
13 being driven. That isn't a small hurdle. I'm talking  
14 something like, you have a Jiffy Lube receipt that shows  
15 an odometer reading in January, and you have another Jiffy  
16 Lube receipt that shows that in July you've put on 3,000  
17 miles, this car was actually being driven, was being used,  
18 they were just avoiding the registration requirement. We  
19 think we're being responsive to the legislation, as well  
20 as balancing the need for surety on the emission  
21 reductions.

22           BOARD MEMBER TELLES: To me it's a little bit  
23 crazy to ask somebody to document that they've been  
24 breaking the law.

25           (Laughter.)

1           CHAIRPERSON NICHOLS: To get rid of the older  
2 car.

3           BOARD MEMBER TELLES: I mean, I just can't see  
4 that that's a real world thing.

5           CHAIRPERSON NICHOLS: In your scenario of the car  
6 that was flagged by a remote sensor, that's a lot more  
7 plausible to me. But then you've got evidence from some  
8 law enforcement agency that's actually been clocking these  
9 cars. That, to me, would be a good reason to get that car  
10 off the road.

11           But I wouldn't be excited about just opening this  
12 program up voluntarily. I mean, I think you're going to  
13 end up -- maybe you don't actually buy the car back, maybe  
14 you just waste everybody's time while people come in with  
15 their, you know, sheaf of papers trying to find somebody  
16 to buy it. But either way, I don't see why we want to  
17 open up the program to these kinds of iffy situations.

18           You know, in Los Angeles, if you have a car  
19 that's parked in front of your house and your tags are --  
20 you know, you've been late in putting on your new  
21 registration sticker, you get a ticket. I don't know how  
22 it is in the rest of the State, but somebody is out there  
23 doing a pretty good job of checking up to see whether  
24 people are actually registering their cars.

25           EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

1 KITOWSKI: Is it helpful if I read the short sentence that  
2 is the legislative direction?

3 CHAIRPERSON NICHOLS: Go ahead.

4 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

5 KITOWSKI: "The program is available for high-polluting  
6 passenger vehicles and light-duty and medium-duty trucks  
7 that have been continuously registered in California for  
8 two years prior to acceptance into the program or  
9 otherwise proven to have been driven primarily in  
10 California for the last two years and have not been  
11 registered in any other state or country in the last two  
12 years."

13 CHAIRPERSON NICHOLS: I think that's intended,  
14 the way I would read that, to deal with the  
15 non-registration in other states, just to clarify that.  
16 That doesn't help me any, in terms of indicating a  
17 legislative intent to open this up to some car that just  
18 hasn't been registered, but wasn't being driven. And  
19 we're creating an awful lot of workload, it seems to me,  
20 for no great benefit, unless we absolutely have to.

21 CHIEF COUNSEL PETER: I mean, this is a  
22 complicated issue. And perhaps the thing to do, unless we  
23 have to absolutely adopt these today, is re-examine this,  
24 and the Board can give us direction to do that. I'm not  
25 sure what the timing is on that.



1 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
2 on that point about the timing, the statute says we have  
3 to adopt these by July 1st.

4 CHAIRPERSON NICHOLS: All right, so we've got to  
5 act on something, but we might perhaps either omit this  
6 item or this piece of it or just change -- you know,  
7 direct that the staff change this particular provision.

8 Okay, I think we need to hear from the witnesses  
9 however. We've had quite a bit of discussion.

10 One more comment.

11 BOARD MEMBER SPERLING: At some point, I'd like  
12 to make a proposal on how to handle the greenhouse gas.  
13 Should I do that later?

14 CHAIRPERSON NICHOLS: Oh, excellent. No, do it  
15 now, please.

16 BOARD MEMBER SPERLING: So what I would suggest  
17 is that, if it's a car -- well, it's a car or light truck,  
18 it has to meet the -- be above the average standard in the  
19 Pavley rules for that year. So, you know, in 2016 that  
20 would be, I guess, 30 for cars -- or 39 for cars and 30  
21 for light trucks whatever it is. And it would have to be  
22 above that number for each year, according to the Pavley  
23 rules.

24 And then if we switch to the attribute-based  
25 standard, you know, in 2012 or 2013, it would be according

1 to those attribute-based footprint standards.

2 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
3 it will be a little bit more complicated than that, in  
4 that this is not buying new cars. This is buying cars  
5 that are either four or eight years or newer, so we have  
6 to go back and establish some kind of number for Pavley  
7 minus eight years or --

8 CHAIRPERSON NICHOLS: Baseline.

9 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: And  
10 we'd have to come up with GHG minimum numbers for those  
11 years that there's not a Pavley program. So for right  
12 now, that would be something like 2002 through 2008, some  
13 numbers, but we can do that.

14 BOARD MEMBER SPERLING: All right. How about  
15 just use a number that's -- for any vehicle that's  
16 purchased. You would use what it was -- what it's tested  
17 CAFE number is, but it would still have to meet the Pavley  
18 rule for that year. It makes it a little more stringent  
19 that way.

20 So like it would still have to be above 30 MPG,  
21 whether it's a four year old vehicle or not.

22 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
23 if we --

24 CHAIRPERSON NICHOLS: We're talking about four  
25 years newer than the car that's turned in, not four

1 years --

2 BOARD MEMBER SPERLING: Oh, is that what it is?

3 CHAIRPERSON NICHOLS: No?

4 All right. Example. Let's have a real-world  
5 example here.

6 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: If you  
7 were you to do it today in 2009, you have to buy a 2009,  
8 8, 7, or 6 model year.

9 CHAIRPERSON NICHOLS: Okay, so it is in any given  
10 year four years from that.

11 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: And if  
12 you're a low end car, it goes back four more years than  
13 that. So, you know, we could take -- perhaps, we could  
14 take the Pavley number for 2009 and apply that to all  
15 previous years that don't have Pavley, because that's not  
16 much -- the '09 number is not much more stringent than  
17 kind of the status quo. So that would be one way of doing  
18 it.

19 BOARD MEMBER SPERLING: And that's what I was  
20 intending exactly that.

21 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: And  
22 then when this program migrates, it will use whatever  
23 Pavley is for that year.

24 CHAIRPERSON NICHOLS: Right. Okay, but that's --  
25 so that's a good suggestion to have out there.

1 All right. Let's hear from the witnesses.

2 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: One  
3 more clarification point on that is --

4 CHAIRPERSON NICHOLS: Yes.

5 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE:  
6 -- would we do that for -- you know, we have  
7 separate standards for car versus light trucks, so would  
8 we do that for the two categories or -- so you could  
9 end -- I mean, you could end up then turning a car in and  
10 buying a truck, which would, in fact, have higher GHG  
11 emissions than the one you scrapped, but to a lesser  
12 extent than the issue you raised.

13 BOARD MEMBER SPERLING: I personally disapprove,  
14 but I think as a regulator, I'd say you have to allow it  
15 to be either a light truck or a car.

16 CHAIRPERSON NICHOLS: All right. I think this is  
17 going to take a little more discussion, but we do have a  
18 proposal out on the table.

19 All right, we'll start with Sean Mohajer followed  
20 by Charlie Peters. Three minutes is the rule in effect.

21 Good morning.

22 MR. MOHAJER: Good morning. Thank you, members  
23 of the Board and Madam Chair. My name is Sean Mohajer and  
24 I'm here from AQMS Automotive. We are a local scrapper  
25 working with South Coast Air Quality for the last five

1 years. I had the pleasure of being here yesterday and  
2 listening to the testimony. And by listening to that, I  
3 actually come to the conclusion that the hardest part is  
4 for you guys sitting there and listening to all the  
5 documents and everything else, and make decisions on such  
6 difficult subjects. The subject of old vehicle scrapping  
7 is subject of people. We are dealing with the other end,  
8 which are the receiver of these vouchers and money. And  
9 there are people sitting there at low income and they're  
10 in need of receiving this.

11 I've done this for four years. The first year  
12 that we started not knowing enough about how does the  
13 system work. We have proposed at least six times in six  
14 different ways to add the replacement to the scrapping  
15 program, because of the need that was obvious to us, as we  
16 have experienced this firsthand with people who turn in  
17 their vehicle.

18 It makes sense. It's a good program. And  
19 everything in this is going to help the environment and  
20 there is tons of documents today that there is more  
21 attention paid to it, that is actually directing that.

22 I have to be very quick here. Now, what's  
23 happening with AB 118, in a sense, I do support the idea.  
24 But the way it is implemented is completely wrong. There  
25 are three elements in it. The only way I can do it in a

1 minute twenty seconds is by giving you an example.

2           A person who has a car that is valued between  
3 \$650 to \$1,000 is offered \$1,000 to scrap his car. In  
4 addition to that \$500 for the low income. Addition to  
5 that, \$2,000 to buy another car. Addition to that,  
6 another \$500 if it is low income.

7           Now, that is not enough to actually present a  
8 large community of people to come in and do it. They  
9 added to that taking off the registration requirement,  
10 which was actually one of the basic VAVR element to add to  
11 the value of the vehicle, to actually evaluate it as  
12 something that has environmental value and that is  
13 removed.

14           The second one removed is a Smog Check. Now, by  
15 removing the Smog Check, you also are removing the  
16 examination of the vehicle to be a driven vehicle. And  
17 once you give that to the scrapper, the scrapper's view of  
18 a car coming in to the scrap is a scrap. In other words,  
19 a scrapper does not continuously examine that car to be a  
20 driving car. They take it in as a scrap and it is a  
21 scrap.

22           Those two elements together make sense for the  
23 program that BAR runs, which I support. And I think the  
24 money have to go directly to BAR and have them do it.

25           Thank you.

1 CHAIRPERSON NICHOLS: Mr. Peters.

2 MR. PETERS: Hello, Madam Chairwoman and Board.  
3 I'm Charlie Peters. Clean Air Performance Professionals.  
4 We represent a coalition of motorists.

5 When AB 118 was being considered in the  
6 Legislature, I did not think it was a good idea. I  
7 believe the language that you're dealing with today  
8 probably was added right at the very end of the session,  
9 because the bill became quite contentious is what I  
10 recall.

11 I have become aware that back in '92, I believe  
12 it was, when the car crushing credits were created, there  
13 was a huge concern by Fed EPA that these programs were  
14 very subject to fraud. I see no efforts to look at  
15 remaining useful life to find out what it takes to make  
16 these cars environmentally sound. The real problem is the  
17 fact that the transmission is bad and it takes \$4,000 for  
18 a transmission.

19 And so we've got \$2 billion going into this bill.  
20 And the Triple A Southern California, when the bill went  
21 to the Governor to be signed, said the bill was  
22 unconstitutional. So we're going forward with the  
23 public's money, when I think, in fact, we could consider  
24 the possibility of a secret shop or quality audit to add  
25 to Smog Check and we could reduce fleet emissions in

1 California 1,000 tons a day and not spend a thing. As a  
2 matter of fact, if we do it properly, we'd cut the current  
3 cost to the public in half, if we did it right, and we  
4 wouldn't have to spend any of this money.

5           And with the current financial situation in the  
6 State of California, I do not think you should go forward  
7 with this. It deserves further consideration before it  
8 goes forward. And the current proposal, in my view, is  
9 not appropriate for California.

10           Thank you, Madam Chairwoman. I'd be happy to  
11 answer any questions.

12           CHAIRPERSON NICHOLS: Okay, thank you.

13           Norman Plotkin and then Jonathon Morrison.

14           MR. PLOTKIN: Good morning, Madam Chairman and  
15 honorable Board members. Norman Plotkin, representing the  
16 California Automotive Wholesalers Association, the  
17 Automotive Aftermarket Industry Association, and the LKQ  
18 Corporation.

19           While the aftermarket preference is to repair and  
20 retrofit these vehicles, and we've stated this throughout  
21 the workshops, we understand that this is about  
22 retirement. Although, we view the repair and retrofit as  
23 a low-cost alternative for transportation for those who  
24 couldn't otherwise afford a newer car with smart sensors  
25 and on-board diagnostics and now even smart glass. Who



1 knew?

2           But we note that in working with on the cap  
3 program with your staff and with the BAR staff, that they  
4 have, in fact -- they've retired 22,000 vehicles last year  
5 under this program, but they've repaired 44,000. So we're  
6 encouraged by that.

7           But this program is meant to build on the  
8 retirement of the current program. So while it may appear  
9 confusing, it's fairly simple that you're just applying  
10 more monies on top of the current program. And the way we  
11 understand it is, BAR is to be the gate keeper. And the  
12 change practically is that it's on-cycle versus off-cycle.  
13 So under the current program if you've failed smog, you're  
14 driven into this program. Under this program, you don't  
15 have to be in a Smog Check cycle to qualify. So we don't  
16 think that's a bad thing.

17           So, again, this program is about repair -- I'm  
18 sorry, about retirement and not about repair. And that's  
19 fine. We're here to support that idea, to reduce  
20 emissions through retirement. But the missing part is the  
21 success story and the sustainability of automotive  
22 recycling, which began shortly after Henry Ford began, you  
23 know, the process for the assembly line. So we've been  
24 recycling vehicles since automotive inception. And  
25 recycling has improved in the last number of years greatly

1 with technology. Vehicles today are recycled. Almost 84  
2 percent of the vehicle is recycled.

3           And so while it's important to remember that this  
4 is a voluntary program, so these vehicles -- people will  
5 be given the opportunity to retire their vehicle and  
6 they'll be reached out to through various means, but they  
7 don't have to do this. And so not only that, some of  
8 these vehicles, without the sensors and for all the  
9 reasons you're trying to retire them, their cousins are  
10 still out on the road and being driven by people who  
11 aren't willing, for emotional or market reasons, to retire  
12 their vehicle. And so when their parts go bad, it's  
13 important that you -- they have the opportunity to be able  
14 to purchase recycled parts that, for example, drive shafts  
15 and axles and heavy parts that require heavy manufacturing  
16 that would otherwise have to be manufactured.

17           So the recycling of these parts, if allowed,  
18 displaces heavy manufacturing and reduces commensurate  
19 greenhouse gas emissions.

20           It also reduces significant landfill  
21 contributions. If you allow bumpers and door panels and  
22 other types of things to be recycled from these vehicles,  
23 there are added societal benefits. Now, I raise this  
24 because recently Cash For Clunkers was passed at the  
25 federal level. And there is compromised legislation -- in

1 that legislation, that allows for a certain amount of  
2 recycling. We have comments. We filed them. We propose  
3 a win-win for limited recycling from these vehicles.

4 CHAIRPERSON NICHOLS: I let you finish, because  
5 you didn't get to your bottom line. So your bottom line  
6 is you want us to add a provision that allows for some  
7 recycling of parts.

8 MR. PLOTKIN: That's right. And it tracks with  
9 the federal legislation that was just signed on Wednesday,  
10 so we're not creating any new -- thank you.

11 CHAIRPERSON NICHOLS: Thank you.

12 Okay. I think that's an interesting point.  
13 Okay, Bonnie Holmes-Gen and Bill Magavern.

14 MR. MORRISON: I think Jonathon Morrison first,  
15 right?

16 CHAIRPERSON NICHOLS: Oh, I'm sorry, Jonathon,  
17 excuse me. I apologize.

18 MR. MORRISON: No, problem. I'm Jonathon  
19 Morrison, California New Car Dealers Association. I  
20 represent the new car dealers who sell the world's  
21 cleanest cars. We sell cars that actually, in certain  
22 areas, have emission systems so clean that they make the  
23 ambient air actually cleaner. So we sell the cars that  
24 you guys want on the roads.

25 And I came here -- you know, we were actively

1 involved with 118. We think it's a very good program. I  
2 came here to commend CARB staff. They did an excellent  
3 job, with one exception, which we just learned today,  
4 which is they've put in an amendment prohibiting the  
5 combination with the federal Cash For Clunkers program.

6 I'd like to raise a few comments regarding that  
7 just very briefly. First of all, the Cash For Clunkers  
8 program is set to expire November 1. This regulation  
9 isn't going to even be effective until January 1.  
10 Probably won't be really fully in place until quite a bit  
11 later.

12 However, there's a lot of rumors going around  
13 that the Cash For Clunkers program is going to be  
14 expanded, perhaps on the -- based on the Feinstein bill,  
15 which would create further greenhouse gas emission  
16 reductions.

17 It doesn't really make sense to us why you would  
18 actually prohibit -- I mean, I understand there are some  
19 concerns with how the programs would work together, but  
20 prohibiting these programs from working together doesn't  
21 really make sense. The federal bill specifically states  
22 that these voucher programs can be used in combination  
23 with the State programs. I mean, these are dollars that  
24 have been appropriated. These are dollars that are going  
25 to be spent. And by saying that we can't use these

1 federal dollars in combination with the State dollars, I  
2 mean, basically you're saying that we'd rather have these  
3 dollars go to replace a work truck in Indiana than to buy  
4 a new Prius in California.

5           That seems to me to be, you know, cutting off  
6 your nose to spite your face. And actually, you're not  
7 even spiting your face, you're just cutting off your nose.  
8 It doesn't really seem to make sense.

9           If we combine these dollars, people are going to  
10 be able to buy new cars. I mean, the federal dollars only  
11 go toward new car purchases. And, you know, this would  
12 put people in cleaner cars. You have a potential of  
13 \$8,500 down payment. This would be the difference between  
14 somebody buying say a 2006 large sedan that doesn't get  
15 very good mileage, doesn't have the best emissions  
16 technology. This may allow that person to buy a new Prius  
17 or one of the new Ford Fusion hybrids. I mean, these are  
18 clean cars that will take people who otherwise wouldn't be  
19 able to qualify for this purchase and potentially put them  
20 in those vehicles.

21           Another issue is, if you prohibit these programs  
22 from working together, you're going to actually be in  
23 competition with the federal program. The federal program  
24 allows up to \$4,500 for a replacement vehicle. The BAR  
25 program offers up to \$4,000 for a vehicle, but only if

1 you're income eligible.

2           Most people are going to avoid the State program,  
3 potentially leaving this SIP program to fail. And, you  
4 know, how are you going to measure those SIP credits from  
5 a federal program? I don't know if there's any  
6 infrastructure in place.

7           Anyway, we'd urge you to open up the program to  
8 allow for a combination.

9           CHAIRPERSON NICHOLS: Thank you.

10           Bonnie Holmes-Gen now followed by Bill Magavern  
11 and the last witness is Andy Mabutol from Mitsubishi.

12           MS. HOLMES-GEN: Good morning, Chairman Nichols  
13 and Board members. I'm Bonnie Holmes-Gen with the  
14 American Lung Association of California. And we're  
15 pleased to be here to support and express our support for  
16 this proposed enhanced fleet modernization program. We  
17 think this is an important strategy to accelerate the  
18 turnover of older, high-polluting vehicles and to reduce  
19 lung-damaging smog exposure to make progress toward our  
20 SIP commitments. And to substantially boost the number of  
21 cars that are being retired through existing State and  
22 local programs. We think that's very -- going to be a  
23 very helpful element to our state's smog strategy.

24           I did want to make some points. We supported the  
25 AB 118 legislation to collect the fees and to put this \$30

1 million into the enhanced car scrappage program. So we're  
2 pleased to see this program getting off the ground. And  
3 we do support efforts to make sure that this program is  
4 run as cost effectively as possible.

5           We support focusing the voucher program first in  
6 Los Angeles and the valley areas with the highest  
7 pollution in the State and hope we can eventually expand  
8 it to other areas.

9           And we also support the Board proposal to require  
10 cars to be fully scrapped in order to get the credit  
11 toward a newer vehicle. And we think this part of the  
12 program is essential to ensure that we're getting the  
13 maximum emission reductions from the program.

14           We support the concept of recycling, but I think  
15 it's going to be very difficult to ensure that we're only  
16 recycling door panels, and we're not recycling engine  
17 parts that could turn into smog emissions -- unexpected  
18 emission increases in other vehicles.

19           We agree with the point -- we strongly agree with  
20 the point raised by Board Member Sperling and discussed  
21 earlier about designing the program to achieve both air  
22 quality and greenhouse gas emission reduction goals. And  
23 we think this can be done without too much complication.  
24 We supported, along with a group of other environmental  
25 and health groups, adding a 35-mile per gallon standard

1 for the new cars that could be purchased with the voucher.  
2 But, you know, we agree with your line of discussion here  
3 about trying to make sure this program tracks with the  
4 Pavley standards, in terms of the new cars that would be  
5 purchased.

6           And we've also supported using the vouchers for  
7 public transit. It was mentioned by Tom Cackette in some  
8 of the reviews of other scrappage programs, that some  
9 people do scrap a car and take public transit and we  
10 should support that.

11           So if those vouchers could be turned in for  
12 public transit passes, we think that would also be an air  
13 quality benefit.

14           And we do support the staff proposal to include  
15 unregistered vehicles, as long as there is clear criteria  
16 to ensure those vehicles have been regularly driven. And  
17 maybe there could be a point where this aspect of the  
18 program is reviewed to determine how it's working and make  
19 sure that it is working effectively.

20           But as long as those vehicles have been driven  
21 regularly, you know, then there certainly is an emission  
22 reduction benefit. If it's too difficult to prove, you  
23 know, that would be a problem, but we think the staff  
24 could look into that a little further and make sure we can  
25 get some clear evidence.



1           Thank you very much for the time to comment and  
2 appreciate your work on this.

3           CHAIRPERSON NICHOLS: Thank you.

4           Good morning.

5           MR. MAGAVERN: Good morning. Bill Magavern with  
6 Sierra Club California, in support with a couple  
7 amendments that I'll talk about. First of all, we  
8 supported AB 118 and we compliment the staff on designing  
9 a well targeted program for implementation. We have, over  
10 the years, supported a number of well designed scrappage  
11 programs, because they are cost-effective ways of  
12 improving air quality. As you know, as our new vehicles  
13 have gotten cleaner and cleaner, a higher and higher  
14 proportion of the emissions come from the older and worst  
15 performing vehicles on the road. And this is a way to try  
16 to get at some of those.

17           This is well targeted, because it complements the  
18 existing programs, which apply only when you fail the Smog  
19 Check. This brings in not only high-polluting vehicles  
20 but also the pre-76 vehicles that are not even subject to  
21 Smog Check, as well as diesel, which is also not subject  
22 to Smog Check.

23           This program, by the way, is much better designed  
24 than the one that Congress just passed, which is not  
25 nearly as well targeted.

1           In terms of amendments, Bonnie talked about both  
2 of these. We really think that in the pilot programs,  
3 receiving compensation in terms of a transit voucher  
4 should really be eligible. We have no problems with  
5 people buying clean efficient vehicles, but we think for  
6 those who choose to give up their cars or give up a second  
7 car, or a third car and use public transit, that that  
8 choice should be available for the consumer.

9           The State of California really has not treated  
10 public transit well lately. And there's not much you can  
11 do about most of that. But you can at least give transit  
12 parity when it comes to these pilot voucher programs. And  
13 really, we all know that to get to our greenhouse gas  
14 reduction goals and our clean air goals, we're going to  
15 need to do a lot better in terms of transit.

16           I would note that Senator Feinstein's bill in  
17 Congress includes a transit option and also the bill  
18 authored by Assembly Member and former board member, Jerry  
19 Hill and sponsored by the auto industry, includes a  
20 transit option. So it's not a new or radical idea.

21           We also support the idea advanced by Board Member  
22 Sperling that we have an efficiency or greenhouse gas  
23 criteria. This is primarily an air quality program. We  
24 completely support that, but when possible, we should  
25 align our air quality policies with our goals to reduce

1 greenhouse gases and petroleum dependence. And this is a  
2 situation where I think we can accomplish all of those,  
3 and therefore, we really should. And I think your  
4 discussion so far on that has been very encouraging.

5 Thank you very much.

6 CHAIRPERSON NICHOLS: Thank you.

7 Mr. Mabutol.

8 MR. MABUTOL: Good morning, Madam Chair and Board  
9 Members and ARB staff. I am Andy Mabutol, Senior Engineer  
10 with Mitsubishi Motors.

11 We also support this proposal as it is a  
12 significant progress in reducing criteria pollutants. We  
13 ask that if a fuel economy standard or requirement is  
14 added, it should be parallel to the federal Cash For  
15 Clunkers program, including State incentives to be used in  
16 combination with federal incentives.

17 Thank you.

18 CHAIRPERSON NICHOLS: Thank you.

19 I believe that concludes all oral testimony. And  
20 we have written submissions as well as staff comments that  
21 have been entered into the record. I don't think there's  
22 any reason to extend the public comment period, so we'll  
23 close the record on this portion of Agenda Item 09-6-7.  
24 And any further comments that are received after this  
25 comment period will not be part of the official record at

1 this point.

2 As we move towards reviewing the resolution and  
3 making any changes, are there any ex parte communications  
4 that board members need to disclose on this item?

5 BOARD MEMBER SPERLING: Norm Plotkin, I believe  
6 sent me some Emails and talked to me after the meeting  
7 yesterday about his testimony. That was it.

8 CHAIRPERSON NICHOLS: Okay. Any others?

9 BOARD MEMBER BERG: I might have received an  
10 Email, but it was very late, and I didn't open it. I  
11 didn't have time to read it.

12 (Laughter.)

13 CHAIRPERSON NICHOLS: I don't think that counts.

14 BOARD MEMBER BERG: So I don't think that counts.

15 CHAIRPERSON NICHOLS: It's only if you actually  
16 received the information in some sense.

17 All right. Thank you.

18 You have before you Resolution 09-44. Do Board  
19 members wish to put this on the table and begin  
20 discussion?

21 BOARD MEMBER D'ADAMO: Moved.

22 BOARD MEMBER BALMES: Second.

23 CHAIRPERSON NICHOLS: Moved and seconded. All  
24 right. Then we can get into any possible amendments. So  
25 we've already asked the staff to look at a couple of

1 issues. One being how we can fold in protection against,  
2 at a minimum, making our CO2 emissions problem worse as a  
3 result of this program. And also this issue about the  
4 unregistered vehicles, which I'm finding very troubling.  
5 I mean, if there was no use for this money and we were  
6 trying desperately to give it away, that might be one  
7 thing, but if we've got money that's targeted towards  
8 vehicles, I'd like to target it towards legally registered  
9 vehicles, if at all possible.

10 Yes, Ms. Peter.

11 CHIEF COUNSEL PETER: Chairman Nichols, I was  
12 looking at this extremely long complicated poorly drafted,  
13 you know, sentence that was read out loud. And I think  
14 what the -- there is an option in here. So clearly, we're  
15 trying to get emission reductions in California. So the  
16 first part of this sentence, which is Health and Safety  
17 Code Section 44125(a)(3) talks about vehicles that are  
18 continuously registered in California for two years. So  
19 that's obviously a group of vehicles we're targeting. The  
20 option then goes on to say, and this is where it's poorly  
21 drafted, there's an exception. If you registered it  
22 somewhere else, if you registered it in Nevada, Colorado,  
23 whatever in the last few years, you're out. That's like a  
24 disclaimer.

25 And then it's "...or otherwise proven to have

1 been written in California." And I think that goes not to  
2 the fact that, you know, you were driving it illegally,  
3 because I agree with Dr. Telles, people aren't going to  
4 come in and say that. And we don't want to encourage  
5 that. But I think what it's going to -- so, for example,  
6 I have a vehicle and I was driving it and, you know, it  
7 died. And I did not register it in 2008. And it was  
8 parked. And I've been trying to get money together to fix  
9 it. So I get it fixed. I register it in 2009. I drive  
10 it, you know, for 11 months and it dies again. And I  
11 don't want to, you know, fix it anymore. I want to turn  
12 it in. I want to take advantage of this program.

13           You would not meet the 24 months of continuously  
14 registering in California, but you have been driving it in  
15 California and you have -- and so I think the second part  
16 of this phrase is to get at potentially some of those  
17 limited kinds of things. So you could actually say it has  
18 to be currently registered. It just does not have to be  
19 registered for 24 months. And I think you're meeting the  
20 legislative intent of the legislative language, and what I  
21 understand, is the intent to, you know, have them not have  
22 to be registered for 24 months. And you wouldn't be  
23 bringing things in from other states, because there's a  
24 prohibition that if it is registered in Nevada or --

25           CHAIRPERSON NICHOLS: During the last two years,

1 right.

2 CHIEF COUNSEL PETER: Right, then you're out. So  
3 the only way you would get into the second part of the  
4 sentence, which is quite narrow, is if it's, you know, if  
5 it's --

6 CHAIRPERSON NICHOLS: Currently registered but  
7 wasn't continuously registered during that 24-month  
8 period.

9 CHIEF COUNSEL PETER: Correct, that's what I  
10 think is a --

11 CHAIRPERSON NICHOLS: Well, that would satisfy my  
12 concerns. I see some nodding here.

13 BOARD MEMBER TELLES: Well, it still doesn't  
14 satisfy mine, because I think a vehicle like that, you  
15 give an example of, that runs every two or three months  
16 and it breaks down, isn't a vehicle that's out being  
17 driven for a large number of miles that is emitting a lot.

18 I think one of our responsibilities to approve  
19 something that really reduces emissions, and the examples  
20 that I hear just aren't -- they just don't impress me as  
21 something that is significantly going to reduce emissions  
22 for the amount of money spent here.

23 CHAIRPERSON NICHOLS: Well, we can continue this  
24 discussion. You know, it depends what months it's driven  
25 in. It depends how many miles it's driven, when it's

1 driven. I mean, there's a lot of factors here that would  
2 make you decide whether a car was the biggest emitter out  
3 there.

4 BOARD MEMBER D'ADAMO: I'm actually comfortable  
5 with what Ms. Peter outlined, in that we're talking about  
6 very limited circumstances here. And if the car is not  
7 continuously driven, but is registered and is driven for a  
8 part of that period, not to allow them to participate in  
9 this program would actually encourage them to go under  
10 ground. And, you know, at that point, it falls in the  
11 category of illegal, you know, registration anyway.

12 CHAIRPERSON NICHOLS: Right, I agree.

13 All right. Well, I'm prepared to suggest an  
14 amendment to the resolution then that deals with further  
15 defining eligibility to those cars that have been -- that  
16 are currently registered at the time that they come in if  
17 I see enough support for that to add that amendment there.

18 Yes.

19 BOARD MEMBER BALMES: I'd like to also propose an  
20 amendment to allow the vouchers to be used for public  
21 transit, if there's not a technical problem with that.

22 CHAIRPERSON NICHOLS: Does staff have a --

23 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
24 the -- we may not have thought this through fully. But  
25 the concern would be much along a similar argument that



1 Dr. Telles was making, which is how would we know that the  
2 person that scraps it just doesn't -- wasn't already using  
3 transit, and this just continues -- the money would  
4 therefore be used to pay for continuing use of transit.  
5 There would be no net emission reduction.

6           The ideal criteria would be we somehow know that  
7 you never used transit. You scrap your car, take your  
8 voucher, and you buy a year's worth of transit tickets,  
9 then we know that that would be good.

10           But I don't know how to avoid the problem of  
11 someone just saying we'll, I already use transit - I mean,  
12 lots of us do -- and this just is, you know, extra money  
13 that goes back in the pocket and doesn't reduce emissions.

14           So it's up --

15           CHAIRPERSON NICHOLS: Well, if you've got an  
16 older car that you're bothering to keep registered, it  
17 suggests that you're using it at least some of the time or  
18 you wouldn't bother to pay to keep it registered, I  
19 wouldn't think. So just getting that car scrapped is  
20 still positive.

21           CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Right.  
22 But we're talking about the voucher part, I believe, where  
23 you'd get the extra money --

24           CHAIRPERSON NICHOLS: Yes, what do you do with  
25 your money?

1 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: My  
2 point was, I drive my car as kind of a junker. I probably  
3 should get rid of it, but I take the bus to work. And I  
4 pay \$100 a month to take the bus to work.

5 CHAIRPERSON NICHOLS: So we're rewarding you for  
6 getting rid of that junker.

7 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: With  
8 \$1,000, right. But we're giving you an extra \$2,000,  
9 which you're now going to just spend buying the transit  
10 pass that you were already buying, and that doesn't reduce  
11 emissions.

12 CHAIRPERSON NICHOLS: Sends a good message to the  
13 transit system.

14 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yeah,  
15 that's the only concern I would see.

16 BOARD MEMBER D'ADAMO: Why would we want to  
17 insist that someone buy a car?

18 If they don't want to buy a car, we --

19 CHAIRPERSON NICHOLS: We are paying them a  
20 scrappage fee. It's the voucher that's the question.  
21 It's the added money.

22 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: It's  
23 the extra 2,000 or so.

24 CHAIRPERSON NICHOLS: Yeah, I understand the  
25 point. That is a little bit different. You're entitled

1 to your scrappage subsidy.

2 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: This  
3 goes back to like the problem we had with giving  
4 incentives to forklifts, you know, because we didn't know  
5 people weren't just -- already had an electric forklift  
6 and then we gave them an incentive under Moyer and they  
7 bought another electric forklift. That didn't do any  
8 good. And so we tried to say well, only put it in the  
9 areas where there's not too many electric forklifts, so we  
10 know you're buying -- you're getting rid of a gas one to  
11 go to electric, that was good.

12 But it's just avoiding sort of just using the  
13 money for something that's already occurring that would be  
14 the one issue of consideration here.

15 BOARD MEMBER SPERLING: I mean, if they don't buy  
16 another vehicle, I mean, that would, you know -- you're  
17 looking into the future. But, you know, perhaps if  
18 they -- I don't know legally or even an enforcement sense  
19 how you do this, but, you know, they write a statement,  
20 they're not going to buy a vehicle to replace it in the  
21 next two years, and -- you know, I don't know --

22 CHAIRPERSON NICHOLS: But I think the choice is  
23 really to have the money go back into the fund into the  
24 pot, so it's available for more people. That's really  
25 what the question is, is are we going to spread this

1 voucher money around more broadly.

2 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: I mean  
3 it would be great if we absolutely knew somehow that the  
4 voucher money would cause someone who was not taking  
5 transit to take it, that would be wonderful and that's  
6 what the commenters are suggesting. I'm just saying, I  
7 don't know how to assure that with any confidence that it  
8 just doesn't get spent on people that already have a bus  
9 pass. So now they're getting a free bus pass.

10 BOARD MEMBER SPERLING: Well, I'd like to add  
11 actually something -- if we can resolve that, I'd like to  
12 expand even that transit to say transit and paratransit.  
13 And what I would include in that is the money could be  
14 used for car sharing, could be used for some of these more  
15 innovative dynamic ride sharing programs, where, you know,  
16 kind of smart car pooling. And if you did that, that  
17 would, you know -- in a sense, that really provides a  
18 higher level of mobility and provides more assurance that  
19 they're not going to buy that vehicle.

20 CHAIRPERSON NICHOLS: Do we have time to both  
21 check out the Feinstein bill language and do a little  
22 further work on this during the comment period, the 15-day  
23 period?

24 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yeah,  
25 certainly. And just to comment on what Dr. Sperling said.

1 I mean, that would be a case where, since very few people  
2 use car sharing at the moment, there would be a high  
3 probably that if you spent money on that, it was something  
4 new and incremental and surplus to what was being done.  
5 So that -- my comment would -- I have a lot less trouble  
6 with that, than I think the question of the bus pass. I  
7 mean, we can do it either way. I just wanted to point out  
8 that we might be spending money that wouldn't gain any  
9 extra emission reductions.

10 BOARD MEMBER SPERLING: I'm willing to take a  
11 chance -- I mean, you know, as we look into it, I just --  
12 in principle, I'd say, we should be willing to take some  
13 chances on this and be willing to accept some sloppiness  
14 perhaps in the program, because this is really in support  
15 of so many of our goals here, you know, in terms of  
16 greenhouse gas reduction, public health.

17 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
18 maybe what we could do -- I mean, thinking about this,  
19 this is a pilot, and the money was only \$6 million this  
20 year. We think, if it's successful, it would be a greater  
21 percentage of the 30 million, so maybe we could just try  
22 to figure -- try to do a survey or something to figure out  
23 what people did, ask them if they did have a bus pass  
24 before, figure out some percentage, you know, of people  
25 that really took new transit and --

1           CHAIRPERSON NICHOLS: I think that's a good  
2 suggestion actually, since we're dealing with the pilot  
3 program part of this, is to target it towards behavior  
4 shifting purposes and then do the evaluation to see what  
5 happened, ask people to tell us what happened or follow-up  
6 as best we can after the money, and then we will have  
7 something to work with when we come back next year.

8           BOARD MEMBER SPERLING: And we would actually  
9 provide the funding for transit and car sharing?

10          CHAIRPERSON NICHOLS: Yes, during the pilot  
11 period.

12          BOARD MEMBER SPERLING: I think that's a great  
13 idea.

14          CHAIRPERSON NICHOLS: I see sufficient nods.  
15 Excuse me, yes, with a review at the end of the year.

16          All right. I see that amendment moving forward.

17          What else? Oh, the Pavley piece of this.

18          BOARD MEMBER SPERLING: So now I would -- a minor  
19 revision of what that would be is I saw Chairman Nichols  
20 kind of with a quizzical look when I suggested the  
21 light-duty and the car. And I actually on thought -- on  
22 rethinking that, I would be happy sticking with just that  
23 the requirement be that it meet the car Pavley number for  
24 the year in which the purchase takes place.

25          So now any -- so it would be 2009, I guess that's

1 29 or 30 MPG equivalent. So any vehicle that's purchased,  
2 it can be a pickup. It can be an SUV, but it would have  
3 to meet that 29 or 30 MPG, whatever the Pavley is and --

4 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: And we  
5 would use that same number for years when there wasn't  
6 Pavley prior years?

7 BOARD MEMBER SPERLING: That's right.

8 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Sure,  
9 that works.

10 CHAIRPERSON NICHOLS: Well that accomplishes our  
11 goal clearly.

12 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: I think  
13 that -- I don't see any administrative problems at all  
14 doing that.

15 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

16 KITOWSKI: No. We can administer that.

17 BOARD MEMBER BERG: I just have a clarifying  
18 question, and that is enough vehicle choices for the  
19 person turning in the car. I have no sense of this. They  
20 have lots of choices?

21 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
22 for the Pavley 2009, it would essentially mean that half  
23 the cars qualify and probably none of the light trucks.  
24 So it would be a quarter of the vehicles, roughly, would  
25 qualify. It would probably be somewhat less than that in

1 the up to eight years prior to that, because the fuel  
2 economy was somewhat lower, although, not much. And there  
3 was a bigger fraction of trucks, and the cars weren't as  
4 clean as they are in 2009. They're not as low emitting,  
5 so there would be something slightly less than 25 percent,  
6 but that would be -- the pool would be restricted to  
7 probably a quarter of the vehicles.

8 CHAIRPERSON NICHOLS: But for a lower income  
9 person not having to bear the cost of using more gasoline  
10 is an advantage too.

11 BOARD MEMBER BERG: And I think as this is a  
12 pilot program, maybe that just can be one of the keys for  
13 you to look at. If it is an impediment to the program,  
14 maybe you could bring that back to us.

15 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: We'll  
16 find that out.

17 BOARD MEMBER BERG: I'm in full agreement that we  
18 should have some standard to be able to assure that we're  
19 also accomplishing our greenhouse gas objectives. And so  
20 I would just put that on our review list.

21 CHAIRPERSON NICHOLS: Okay. Are there other  
22 amendments that anyone wanted to offer at this point?

23 Yes.

24 BOARD MEMBER TELLES: No amendments. I just have  
25 a few questions still. If this money is not used, what



1 happens to it?

2 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,  
3 if it's not --

4 BOARD MEMBER TELLES: If this money comes from,  
5 if I understand it --

6 CHAIRPERSON NICHOLS: 118

7 BOARD MEMBER TELLES: -- it comes from motor  
8 vehicle registration, but what happens to it?

9 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: It goes  
10 back to the --

11 CHAIRPERSON NICHOLS: To that account, I believe.

12 MS. BLOOD: The money would go back to the fund.

13 Hi, Tonya Blood, Consumer Assistant Program  
14 Manager with the Bureau of Automotive Repair.

15 BOARD MEMBER TELLES: And then what happens to it  
16 there in the fund?

17 MS. BLOOD: It stays in the fund.

18 CHAIRPERSON NICHOLS: To be reappropriated at  
19 some later point?

20 MS. BLOOD: Yes.

21 BOARD MEMBER TELLES: You can test -- I mean,  
22 tell that I have some objections based upon the fact that  
23 there's a tremendous amount of uncertainty, whether these  
24 vehicles that are going to be removed really are going to  
25 be driven enough to make the emissions reductions

1 worthwhile. And I still think that that's a major issue  
2 of this thing. Recently, we had this same issue at San  
3 Joaquin, and I voted against a provision there. And I  
4 should mention that we had a provision like this going.  
5 And in the first year of it, less than ten percent of the  
6 money was used because it wasn't attractive to the  
7 potential participants.

8           And so the program was redesigned and a large  
9 fraction of that money is going to go into advertisement  
10 for the program to make people aware of it, but even then  
11 when I asked the same questions there, you know, where did  
12 you get your numbers on how much emissions are actually  
13 going to be reduced by doing this, the numbers to me are  
14 very flimsy. If you're using data from ten years ago,  
15 behaviors have changed. And I just don't feel justified  
16 in spending this kind of money for something that may have  
17 very, very limited emissions reductions. And I think the  
18 cost benefit here is just not demonstrated enough for me  
19 to go ahead with this.

20           CHAIRPERSON NICHOLS: Well, I appreciate your  
21 comment. I think one of the things that is constantly an  
22 issue with these programs dealing with emissions from  
23 older vehicles is that nailing down with precision the  
24 exact emissions from a car in the real world is one of the  
25 more difficult art forms that there is. We've been

1 working on improving our models and improving our testing  
2 for as long as I've been involved in this field, which is  
3 a very long time.

4           And I think that we're on the right track here,  
5 in terms of what we're targeting. Clearly, the  
6 legislature had a goal in mind, which was to enhance fleet  
7 turnover here. If we're wrong, obviously the money can go  
8 back and be better used again. But I think we have pretty  
9 good reason to believe that this will actually get to the  
10 cars that we want. So I'm prepared to move forward at  
11 this time if the rest of the Board is.

12           We can do this, I think, with a voice vote. We  
13 have a resolution in front of us to oppose the guidelines  
14 for AB 118. And we have a motion and a second.

15           And we have several amendments, which I believe  
16 we all understand.

17           So with that, we'll just ask for a vote. Would  
18 all in favor please say aye?

19           (Ayes.)

20           CHAIRPERSON NICHOLS: Opposed?

21           BOARD MEMBER TELLES: Oppose.

22           CHAIRPERSON NICHOLS: Okay. With one dissent.

23           Thank you.

24           All right. Let's move on then to the next item,  
25 which is our update on outreach and funding for truck

1 owners.

2           While the staff are assembling for this item,  
3 I'll just mention that this is just an informational item.  
4 There's no Board action requested at this time. But it's  
5 an important issue that I think the Board is very  
6 interested in hearing about.

7           In December of 2008 we adopted a truck and bus  
8 rule and heavy-duty vehicle greenhouse gas rule. And at  
9 that time, we directed staff to simplify access to the  
10 funding assistance programs that we were told were out  
11 there.

12           We also asked staff to reach out to affected  
13 truck owners to increase their awareness about ARB rules  
14 that affect them and about the funding assistance programs  
15 that are available to them. Although, the available funds  
16 cannot completely fund all the compliance costs, we do  
17 have considerable resources to assist industry and  
18 especially smaller fleets.

19           So this Board is extremely interested in hearing  
20 how staff is progressing on this direction to increase  
21 awareness of our rules and the funding programs.

22           Mr. Cackette, would you please introduce this  
23 item?

24           CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yes, I  
25 think we'll just go directly to staff. Chandan Misra for

1 the Planning and Technical Support Division will make part  
2 of the presentation and Jessica Dean of the Mobile Source  
3 Control the remainder of it.

4 (Thereupon an overhead presentation was  
5 Presented as follows.)

6 MR. MISRA: Thank you, Mr. Cackette. Good  
7 morning, Chairman Nichols and members of the Board.

8 CHAIRPERSON NICHOLS: Good morning.

9 MR. MISRA: In this series of staff updates over  
10 the last six months, we have discussed a number of changes  
11 to the truck incentive programs to simplify and improve  
12 access to funding. With much of the program alignment  
13 completed, we have shifted our focus to a comprehensive  
14 coordinated outreach effort. The purpose is to increase  
15 awareness of all of the regulatory requirements for trucks  
16 and related equipment, as well as the funding that may be  
17 available to truck owners to help them with early  
18 compliance.

19 One of the challenges is to reach and assist  
20 independents and owners of small truck fleets, who are  
21 often unaware of ARB rulemakings or California's growing  
22 list of State and local incentive programs.

23 We have expanded the kinds of a financial  
24 assistance available to serve these struck owners and have  
25 developed new tools to reach out to them.

1           In our report today, we'll describe how these  
2 efforts are going and the feedback we are receiving.

3                               --o0o--

4           MR. MISRA: All of the funding assistance and  
5 outreach activities that we will discuss are key to the  
6 success of the ARB's truck regulations and their ability  
7 to deliver the expected health benefits.

8                               --o0o--

9           MR. MISRA: Since our last update, two new  
10 incentive funding options have come on-line: Vouchers for  
11 new trucks and loan guarantee program.

12           These supplement the existing incentive programs  
13 shown here. We will briefly review the funds available in  
14 each program along with the current status.

15                               --o0o--

16           MR. MISRA: We are working with the local  
17 agencies to restart the goods movement and the school bus  
18 projects covered by the \$194 million or Prop 1B monies  
19 that ARB received this spring.

20           Of the \$78 million in the Carl Moyer Program, ARB  
21 has earmarked a portion of funds for the truck vouchers  
22 and districts will use additional funds for other types of  
23 truck projects.

24                               --o0o--

25           MR. MISRA: The streamlined voucher program has

1 \$15 million available to help small fleet owners scrap old  
2 trucks and purchase new ones. The San Joaquin Valley Air  
3 District has already issued the first vouchers. ARB is  
4 providing training to other districts and participating  
5 dealerships across California.

6 We have finished development of the voucher  
7 program for the hybrid electric trucks as well. When ARB  
8 receives funding through the budget, we will be ready to  
9 launch the program. The PLACE program is helping small  
10 businesses gain access to financing through State funded  
11 loan guarantees. Lenders from Chico to Irvine are  
12 participating in this program. Many will lend to  
13 borrowers statewide and the list of participating lenders  
14 is growing. The first loans under this program have been  
15 funded.

16 Whether implementing the new elements or the  
17 long-standing Moyer program, ARB must work in partnership  
18 with local agencies to deliver truck incentives.

19 --o0o--

20 MR. MISRA: California's air districts have a  
21 successful history of working directly with local trucking  
22 fleets to provide incentives for faster cleanup.

23 The air districts and ARB share the same  
24 challenge of adapting the incentive programs to reach and  
25 accommodate the needs of independents and small fleets.

1 We have begun working with the major air districts to  
2 coordinate our efforts and improve access to funding for  
3 all truck owners.

4           The Sacramento District has been a leader in  
5 reaching out to small fleets by taking the information to  
6 them. The District brought an emission reduction  
7 information center to the busy 49'er Truck Plaza off  
8 Interstate 80. ARB and U.S. EPA added co-funding for  
9 truck upgrades and financing. Working in tandem, ARB and  
10 the districts are mobilizing to get funding out to port  
11 truck owners to help them upgrade this year, prior to the  
12 2010 compliance deadline in ARB's rule.

13           To bring cleaner trucks to the Port of Oakland,  
14 the Bay Area District is aggressively recruiting and  
15 funding retrofit projects with local monies now.  
16 Additional Prop 1B funded retrofits and replacement  
17 projects will follow this year.

18           And earlier this month, the South Coast District  
19 agreed to assume management of the Prop 1B grant from the  
20 ports of L.A. and Long Beach to help deploy nearly 1,000  
21 clean drayage trucks this year with the available bond  
22 funding.

23           We expect the District to offer truck owners the  
24 choice of Prop 1B only funds for a new diesel truck or a  
25 larger mixed funding grant for a new natural gas truck.



1 The new trucks will not be charged gate fees to access the  
2 port, regardless of the fuel type.

3 Let's turn our attention to the outreach program.

4 --o0o--

5 MR. MISRA: The primary objective is to provide  
6 straightforward information to truck owners that covers  
7 both the regulatory and incentive aspects of the truck  
8 programs. This effort puts the truck owners at the center  
9 of our efforts and frames are outreach materials from the  
10 perspective of what information they need to know and how  
11 they can access it.

12 With this comprehensive assistance, a truck owner  
13 is in a better position to understand his or her choices.  
14 The main audience for the outreach program is the small  
15 fleet owner and the independent owner/operator. These  
16 groups often do not belong to trade associations and have  
17 limited resources to research information on regulations  
18 and incentives. Of course, the larger fleets and  
19 companies also benefit from the expanded outreach tools.

20 --o0o--

21 MR. MISRA: Truck owners have been getting  
22 information on regulations and incentives from various  
23 sources, including those shown here. While the previous  
24 outreach tools were functional, they often weren't  
25 consistent or comprehensive.

1           We are working to change that. ARB is designing  
2 and producing new written materials for distribution  
3 through a wide range of locations. Because all of these  
4 partners are coordinating and have the same materials  
5 available, the truck owners will receive consistent  
6 information regardless of the access point. Additionally,  
7 with the choice of multiple access points, truck owners  
8 can get the information that's most convenient for them.  
9 This means we will reach out to more truck owners and it  
10 will be easier for them to access information quickly.

11           And now, I'll turn it over to Jessica Dean who  
12 will provide an overview of various outreach tools  
13 developed as a part of this effort.

14                                 --o0o--

15           MS. DEAN: Thank you, Chandan. ARB has several  
16 outreach tools, each capable of delivering cohesive  
17 information about regulations and funding assistance to  
18 affected truck owners. Our experience in implementing the  
19 off-road fleet rule indicates that multiple training  
20 sessions throughout the state reach a significant number  
21 of fleets. And, open dialogue with an advisory committee  
22 of diverse stakeholders has yielded fruitful suggestions  
23 on topics varying from outreach to reporting and beyond.

24           We've taken steps to mirror the successful  
25 approach in implementing the on-road regulations and will

1 continue to seek other trucker-focused outreach methods as  
2 well.

3 We've also developed three new tools to assist in  
4 communicating with truck owners. We've designed these  
5 products so that no matter which way we connect with the  
6 truck owner, he or she will get complete, consistent  
7 information about the rules and potential funding options  
8 that apply to his or her fleet. So what are these tools?

9 Let me show you.

10 --o0o--

11 MS. DEAN: By dialing 866-6DIESEL, truck owners  
12 can access information covering all aspects of ARB's truck  
13 rules, as well as the off-road fleet rule. In developing  
14 the new truck rules, local air district staff and ARB  
15 staff identified several non-English languages spoken by  
16 many truck owners. Our hotline provides personal service  
17 in four of the most popular languages. Our hotline staff  
18 has fielded over 250 calls per week, assisting over 1,300  
19 callers since we expanded this resource in mid-May.

20 Over the past month, most callers have been  
21 asking basic questions about the statewide truck and bus  
22 rule, transport refrigeration units and incentive funding.  
23 Four out of five callers have basic questions we're able  
24 to answer in less than ten minutes. The remainder of the  
25 calls are referred to staff specialists for more in-depth

1 assistance.

2           We track call statistics so we can provide  
3 responsive service. We plan to implement a feedback  
4 survey to meet the evolving needs of truck owners. We'll  
5 continue to refine the hotline based on user statistics  
6 and feedback.

7                                 --o0o--

8           MS. DEAN: Our new website is designed to be  
9 straightforward and easy to navigate. A truck owner  
10 answers a few basic questions about his or her fleet and  
11 gets a personalized list of regulatory requirements and  
12 potential funding options. From that list, they can  
13 access more specific information about only the  
14 regulations and funding programs that apply to their  
15 unique situation.

16           Initial feedback has been positive. The dealers  
17 and installers we spoke with agree that this tool will be  
18 helpful for their customers, the truck owner. The truck  
19 owners we spoke with also expressed enthusiasm for the  
20 site.

21           Users have suggested expanding the site to  
22 include multiple languages and link up to local agency  
23 funding programs. We're excited to explore these options  
24 and further develop the website to make it even more  
25 useful.

1                                   --o0o--

2                   MS. DEAN: Truck owners can also access  
3 information through our latest printed brochure. It  
4 explains basic requirements and deadlines of all truck  
5 related ARB rules, as well as basic funding assistance  
6 eligibility criteria. This booklet compiles the  
7 information into one easy-to-understand handout, instead  
8 of eight or more individual pamphlets.

9                   In addition to their regular duties, ARB field  
10 staff have personally visited over 300 fleets throughout  
11 the State in the last month, primarily small fleets. We  
12 solicited input on the type of information that would be  
13 most useful in this sort of publication. Truck owner  
14 comments have helped shape the content of this booklet and  
15 will continue to incorporate truck owner input to further  
16 increase its utility.

17                   Now, let's take a look at some of the examples of  
18 real truck fleets and the information they would get by  
19 using our new outreach tools.

20                                   --o0o--

21                   MS. DEAN: Our first example is an independent  
22 owner/operator based in Salinas, California. He drives  
23 his 1992 truck from his home base in the central valley  
24 throughout the valley hauling produce. His truck is  
25 subject to the statewide truck and bus rule for small

1 fleets.

2 Under the rule, at minimum, he would have had to  
3 replace his 1982 truck by January 1st, 2014. If he had  
4 chosen to wait to replace it with the oldest compliant  
5 vehicle, then he would have had to replace it again by  
6 2019. Choosing a newer replacement vehicle extends the  
7 required replacement date. Because he owns a single truck  
8 and his vehicle is relatively old, he would be eligible  
9 for the widest variety of funding assistance, including  
10 Prop 1B funds, Moyer truck vouchers, PLACE loan guarantee  
11 assistance, and perhaps other local district programs.

12 This truck owner decided to act quickly and apply  
13 for the early grants offered through the Prop 1B program.  
14 He received a \$50,000 grant from the San Joaquin Valley  
15 Air District towards the purchase of a 2008 truck. He now  
16 complies with the rule through January 1st, 2022.

17 --o0o--

18 MS. DEAN: Here's another real example. Greg  
19 Porte owns one 1993 truck that he drives in the central  
20 coast and central valley. He travels just over 30,000  
21 miles per year hauling equipment to construction sites.  
22 Mr. Porte learned from his truck dealer that he needs to  
23 replace his vehicle by 2014, and that he could be eligible  
24 for a truck voucher and loan assistance.

25 Mr. Porte could have also gotten this formation

1 from calling the diesel hotline, using ARB's truck stop  
2 website or contacting his local air district.

3 Mr. Porte decided to apply for a voucher towards  
4 a compliant truck. He was approved for the voucher and  
5 did not request loan assistance for financing the  
6 outstanding balance of the truck. He'll soon be driving  
7 his new truck that will be compliant until January 1st,  
8 2023.

9 --o0o--

10 MS. DEAN: So we've told you about a number of  
11 exciting tools today and how a truck owner can use them to  
12 get important information. In developing our outreach  
13 plans, we've incorporated user feedback, but we know these  
14 tools can be improved further. Feedback from truckers  
15 will continue to drive improvements to ARB's outreach  
16 tools. We will monitor the feedback mechanisms we've  
17 built into the process, and incorporate further input.

18 --o0o--

19 MS. DEAN: Above all, we want all truck owners to  
20 have easy access to complete, regulatory and funding  
21 information, so they can make informed business decisions  
22 as they look towards the future. The efforts we describe  
23 today are merely the beginning of our ongoing outreach  
24 plans. We're exploring many other outreach methods to get  
25 in touch with an even wider audience of truck owners.

1 Throughout the process, we'll continue to use this  
2 comprehensive approach covering all truck-related  
3 regulations and incentives choices.

4 Our local agency partners will remain a critical  
5 component of the outreach efforts. And, as we have in the  
6 past, we'll continue to evaluate the effectiveness of our  
7 funding assistance programs and adjust them where  
8 necessary.

9 While our outreach to the truck owners is far  
10 from complete, we've laid the groundwork to ensure we  
11 effectively reach them with useful information.

12 --o0o--

13 CHAIRPERSON NICHOLS: Thank you. Okay. That was  
14 a conclusion that sounded like there might still be more  
15 to come.

16 Sorry.

17 MS. DEAN: Thank you for your attention.

18 (Laughter.)

19 CHAIRPERSON NICHOLS: It was very good. Thank  
20 you.

21 Okay. We have four witnesses who've asked to  
22 speak with us on this item to contribute some comments, so  
23 we'll start with Mark Loutzenhiser from the Sacramento Air  
24 Quality Management District followed by Chris Torres.

25 MR. LOUTZENHISER: Good morning, Chairman Nichols



1 and members of the Board, ARB staff. My name is Mark  
2 Loutzenhiser. I'm with the Sacramento Air Quality  
3 Management District. I am the program supervisor  
4 overseeing all of our incentive programs. So that's  
5 Moyer, Goods Movement, School Bus and also our local CCAP  
6 program as well.

7 I just wanted to stress the importance that we've  
8 seen over the years of running programs on communication  
9 with the affected communities. Up until recently, they  
10 were not as regulated, so it was more communicating just  
11 the incentive opportunities that are out there for them.  
12 With the regulations that have been adopted over the past  
13 one to two years and potential other regulations coming  
14 forward in the future, we continue to see this as a very  
15 critical and key component, in terms of making sure that  
16 the members of the public, whether they be -- in this  
17 case, the truckers, but all of the regulated community are  
18 aware of both what is coming forward, but also then the  
19 opportunities and the incentives that can be provided to  
20 them.

21 And so we recognize this key component and  
22 appreciate the assistance by ARB staff in getting this  
23 information out there, which includes definitely this  
24 website that was recently developed, the outreach material  
25 in many different languages. And also I wanted to stress

1 that they have been dealing both with ourselves and the  
2 other air districts in terms of looking at what would be  
3 good ideas for outreach. What we have found to be  
4 successful to date. And we're looking forward both to  
5 this current website, but also the evolution of it into  
6 its next generation as we're able to implement and  
7 contribute the local district programs that will be linked  
8 to that website as well. And we have already been in  
9 discussion with ARB staff on how to best implement that.  
10 And that is something they are working forward with us on  
11 that.

12           And so with that, I just want to again thank this  
13 Board, thank the ARB staff for their continued outreach on  
14 that. And we look forward to a continued successful  
15 future with these programs.

16           CHAIRPERSON NICHOLS: Thank you very much.

17           MR. LOUTZENHISER: Thank you

18           CHAIRPERSON NICHOLS: Mr. Torres.

19           MR. TORRES: Good morning, Board and staff. Just  
20 a few small short comments on the programs. These  
21 programs are a good start. They're real good for the  
22 smaller companies, and also for the companies in the  
23 metropolitan areas, the ones that can use the Moyer -- I  
24 mean, the CCAP program and the other programs, like the 1B  
25 project.

1 I come from an area which is up north. We're  
2 about 80 miles north of here. I have a small company.  
3 We've 12 trucks, employ 15 people. We are not eligible  
4 for any programs to help us update our fleet, because of  
5 the proximity of where we live and the size of our fleet.

6 We've been -- I've been proactive in purchasing  
7 new trucks to try to preempt this -- what's coming on to  
8 us now. We're saddled with the payments currently with  
9 the downturn in the economy.

10 We are approximately 35 to 45 percent less in  
11 income generation this year than we have been in the past,  
12 which is making it quite difficult for us to stay up on  
13 the payments.

14 My suggestion would be for the staff somehow to  
15 look at expanding the program into somewhat larger  
16 medium-sized companies, such as mine, because I know quite  
17 a few of my neighbors and people in the area that have  
18 more than three trucks that it would be beneficial to  
19 them.

20 The folks that work for me on a sub-haul basis,  
21 the individual owner/operators, are aware of the program.  
22 The outreach is getting there to them. They understand  
23 the programs. They understand the voucher systems, but  
24 they too are saddled with not having enough work. You  
25 know, we don't have -- we're 35 to 45 percent down on

1 work. We're also not able to hire those folks at a  
2 permanent basis like we have in the past. So they're very  
3 concerned about getting into payments to update their  
4 fleet, their trucks to preempt what we have coming.

5 I'm also -- my other concern is, is that there's  
6 funding available -- these programs are available, but  
7 right now, I believe there's still -- the funding is  
8 suspended. Has it come -- I'm not sure if it's come back  
9 yet or not. And if it has, you know, I'm not aware of it.

10 But the time clock keeps ticking on the first  
11 implementation of what you folks have given us last  
12 September. And it's coming on to us, but there's not  
13 enough funding out there. I just don't know if we can do  
14 what you want. We all want to have clean air and whatnot.

15 Thank you for your time.

16 CHAIRPERSON NICHOLS: There was a stoppage on  
17 funding coming in from the bond program at one point when  
18 the State just wasn't selling any bonds. And then there  
19 was a small amount released. And I'm not sure what the  
20 latest plans are. Maybe the staff wants to comment on  
21 that.

22 PLANNING AND TECHNICAL SUPPORT DIVISION ASSISTANT

23 CHIEF MARVIN: On the bond side - Cynthia Marvin - we do  
24 have the second infusion of 90 million to roll into this  
25 program, primarily for port trucks, and then also trucks

1 that travel through the central valley. I'm not sure  
2 where this gentlemen's fleet travels. It doesn't have to  
3 be trucks that are based in a major metropolitan area, if  
4 most of the travel is through the central valley or the  
5 bay area or the south coast.

6 CHAIRPERSON NICHOLS: Right. With respect to the  
7 size of the fleets that's targeted, I know there's been a  
8 struggle to define it, because there just isn't enough  
9 money to go around. I don't know if you have any  
10 additional thoughts about that at this point or not that  
11 you'd like to add.

12 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF  
13 KITOWSKI: You're right. In some cases, we are limited by  
14 the legislative language that we try to be -- that we're  
15 responsive to and being surplus to the regulations. And  
16 so, as was noticed in the presentation, small fleets three  
17 or less, who have additional time to comply with the  
18 rules, actually have the most incentive options.

19 But within Prop B, there are certainly some  
20 avenues for larger fleets. And the loan program does go  
21 all the way up to fleets of 20.

22 CHAIRPERSON NICHOLS: But again, people who are  
23 having trouble making their payments, because of the  
24 economy, are not really going to be helped.

25 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF

1 KITOWSKI: Yeah, absolutely. We cannot help all of the  
2 folks, but we've tried to show flexibility within the  
3 legislative language, where we could and within the rule.  
4 I do want to make sure I make -- I would like to make one  
5 point.

6 Mr. Torres has been involved in our process all  
7 along and provided, you know, valuable comments along the  
8 way. I know that's hard for a fleet owner of that size to  
9 spend his time trying to mire their way through our  
10 process, and we really appreciate that type of feedback.

11 CHAIRPERSON NICHOLS: Well, thank you.

12 Steven Lujan and then Michael Papanian.

13 MR. LUJAN: Good morning. Thank you, Madam  
14 Chairperson, Board and staff. I'm Steve Lujan, branch  
15 manager here for Cascade Sierra Solutions. We're an  
16 outreach program from -- we have locations in Portland and  
17 Coburg, Sacramento, soon to be Seattle and soon to be Los  
18 Angeles.

19 We just want to tell you what a great job this  
20 website is and how it's really -- it gets rid of the  
21 rumors. It tells the owner/operators, the trucking  
22 companies really just the facts of what's going on. So we  
23 really support that and are using it in our centers every  
24 day. So great job with that. We just want to share our  
25 support with that.

1           So thank you again and have a great morning.

2           CHAIRPERSON NICHOLS:  Thanks for all your  
3 assistance in this.

4           Mr. Papanian.

5           MR. PAPANIAN:  Thank you, Madam Chair.  Mike  
6 Papanian.  I'm Executive Director of the California  
7 Pollution Control Financing Authority.

8           As you know, we've partnered with the Air  
9 Resources Board in making our CalCAP Loan guarantee  
10 program available for truck owners in this -- to meet the  
11 regulations as you've been talking about.

12           We're very pleased with the success of the  
13 program.  We've been working closely with your staff on  
14 the outreach materials.  We've updated our own outreach  
15 materials.  You just got handed our general CalCAP  
16 brochure to make sure that we cover the availability of  
17 the truck loans through the program.

18           We've just added our 10th participating bank in  
19 the program.  We have financial institutions throughout  
20 the State, from Oakland to Chico to Fresno to Los Angeles.  
21 Our first loans have already been booked in the program.  
22 We're expecting a ramp up of loan activity in the coming  
23 weeks.  Again, our goal is to help truckers who would  
24 otherwise have trouble getting a loan for their trucks  
25 have a financial option available.

1           Our program does cover truck fleets up to 20  
2 vehicles. So we'll actually talk to the gentleman who was  
3 just up here to see if there's any possibility that the  
4 program could help in his situation.

5           One of the things that we found out as we started  
6 working with the financial institutions that deal with  
7 truckers, is that the original equipment manufacturers and  
8 related entities that make loans to trucks, like PACCAR  
9 Financial, and Cross Roads Financial and some others,  
10 don't qualify as a bank under our program. So we're  
11 actually seeking legislation to alter our statute to allow  
12 such entities to participate in the program.

13           That bill is SB 832. It's an urgency bill. It's  
14 going to be up before the Assembly Natural Resources  
15 Committee on July 6th. We're very hopeful that that will  
16 pass, and that will then bring in those equipment  
17 manufacturers or financing entities into the program and  
18 allow us another vehicle for reaching out and getting  
19 greater participation in the program.

20           So again, we've been very, very happy with how  
21 the program has been launching, very happy with the  
22 outreach that's being done and we're continuing to  
23 participate with your staff on the success of the program.

24           CHAIRPERSON NICHOLS: Well, thank you very much.  
25 We really appreciate the partnership and the active



1 support from CPCFA. It's great.

2 Thank you.

3 MR. PAPARIAN: Thank you.

4 CHAIRPERSON NICHOLS: Okay. That completes the  
5 list of people who had signed up. I think this is  
6 encouraging news. It's obviously not everything we would  
7 like, but I think it does demonstrate some very serious  
8 effort on the part of the staff and allies to get the  
9 message out and to get our support that is there into the  
10 hands of the people who need it.

11 Are there any additional comments?

12 BOARD MEMBER TELLES: It was of note to me that  
13 the one trucker who testified, Mr. Torres, sounds to me,  
14 if I'm hearing him right, he's outside of any program that  
15 is available. And he's sitting in a situation where his  
16 finances are deteriorating and probably will not be able  
17 to comply with the rule.

18 And I wonder if we have any estimate of how many  
19 folks are in that situation out there, no funding  
20 available and difficulty complying with the rule.

21 EMISSIONS REDUCTION INCENTIVE BRANCH CHIEF  
22 KITOWSKI: I don't think he is completely outside the  
23 program. It was the issue that had come up before, he is  
24 eligible for the loan program, but still the loan program  
25 helps, but you still need to make those payments. And

1 that is a difficult endeavor in these times. I'm not  
2 trying to minimize it. But there is some State assistance  
3 for him.

4 In response to your specific question. At this  
5 time, we know we've got more funding put toward this  
6 program than any other program we've ever had, over a  
7 billion dollars worth of combined funding. But we don't  
8 have a specific estimate of how many people are not going  
9 to be helped or that we cannot touch with the program.

10 CHAIRPERSON NICHOLS: It's a kind of a glass half  
11 or whatever percentage empty and full situation, in the  
12 sense that, as you say, this is more money than has ever  
13 been available for compliance with any air regulation in  
14 the past. The fact is historically there was no money  
15 available for assistance. We passed rules and you met  
16 them or not as the case may be, you know. And that was  
17 the whole way we dealt with things.

18 This diesel program has been really the first  
19 time that there's ever been any assistance towards the  
20 fleet modernization or cleanup of vehicles, and it's  
21 ramping up. But there still is this kind of middle area  
22 here. If we bump up against a situation where compliance  
23 becomes, you know, too difficult for too many people, then  
24 there's -- you always face the situation of whether  
25 there's a, you know, how public health gets balanced

1 against cost. And that's the tough part about what we do.

2 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: We  
3 wouldn't be able to answer that question, in part, because  
4 the compliance date -- the first compliance date is the  
5 end of 2010, so we don't know what people are -- you know  
6 what their plans are at this point.

7 CHAIRPERSON NICHOLS: Okay. Thank you for that  
8 report. Appreciate all the progress and all the good work  
9 that's going into it.

10 We now have one last item, which is one of great  
11 importance I think for this Board. We've heard this issue  
12 before. It has to do with the efforts to reduce emissions  
13 from locomotives and railyards. The goal here obviously  
14 being to reduce the exposures to communities around the  
15 railyards as well as to deal with the emissions from  
16 railroads as they operate throughout the State. But in  
17 particular, the focus has been on the communities that are  
18 most impacted at the local level. So staff has been doing  
19 a lot of work on this issue.

20 I've been hearing about some of it. As we go  
21 along, I've had an opportunity to meet with  
22 representatives of railroads and of community groups and  
23 actually tour the neighborhood around one of the railyards  
24 in the Commerce area recently myself, which is unusually,  
25 I guess, impacted in terms of the proximity of railyards

1 to where communities or people live in a historic  
2 neighborhood there.

3 But I thought it was a good idea for the staff to  
4 come back in and fill us in on what they've been up to in  
5 this area.

6 So, Mr. Cackette, do you have an introduction  
7 here?

8 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Thank  
9 you.

10 Today, staff will present information on the  
11 status of a report that outlines almost three dozen  
12 potential measures that could be taken to reduce emissions  
13 in and around railyards, including measures that would  
14 reduce emissions from locomotives. This report is a  
15 comprehensive effort that has involved input from affected  
16 stakeholders.

17 The report forms the basis for staff's effort to  
18 develop draft recommendations for further reducing  
19 emissions from locomotives and railyards. We expect to  
20 bring these draft recommendations to the Board for  
21 consideration in September.

22 Now, Harold Holmes of the Stationary Source  
23 Division will provide the staff presentation.

24 CHAIRPERSON NICHOLS: Thank you.

25 Mr. Holmes.

1 ENGINEERING EVALUATION MANAGER HOLMES: Thank  
2 you, Chairman Nichols and Mr. Cackette.

3 (Thereupon an overhead presentation was  
4 Presented as follows.)

5 ENGINEERING EVALUATION MANAGER HOLMES: Today's  
6 presentation is an update on staff's efforts to identify  
7 and implement further locomotive and railyard emission  
8 reductions.

9 --o0o--

10 ENGINEERING EVALUATION MANAGER HOLMES: With  
11 regard to recent activities, staff and the UP and BNSF  
12 railroads have recently completed implementation of three  
13 key components of the 2005 ARB/railroad statewide  
14 agreement.

15 Those components include: Today, more than 99  
16 percent of railroads' intrastate locomotives have idle  
17 reduction devices. The locomotives that dispense fuel in  
18 the state are using nearly 100 percent ultra low sulfur  
19 diesel fuel. And the railroads continue to comply with  
20 the smoking locomotive requirements. The combination of  
21 these three measures has resulted in a 20 percent  
22 reduction in diesel PM emissions in and around railyards.

23 Also, as required by the 2005 agreement, staff  
24 has completed 18 railyard health risk assessments or what  
25 we refer to as HRAs. The HRAs have been very important in

1 documenting that railyards are potential hot spots and  
2 have also served as important blue prints in the  
3 assessment of potential emission reduction options.

4           UP and BNSF with ARB technical review recently  
5 prepared 18 draft railyard mitigation plans based on those  
6 health risk assessments and presented these to the  
7 affected communities in public meetings.

8           The plans also include various measures  
9 applicable to the railroads, including measures affecting  
10 locomotives, and also they identified the expected  
11 emissions and risk reductions.

12           These plans clearly showed that while significant  
13 reductions have occurred more needs to be done.

14           Consequently, staff drafted and released to the  
15 public a draft report that identifies additional options  
16 for further reducing emissions and risk. I'd also like to  
17 mention that on June 10th, staff also hosted a railroad  
18 technology symposium in conjunction with the railroads.  
19 And from our assessment, it was by far the greatest  
20 participation we've had at any of these technology  
21 symposiums, and brought out some very exciting  
22 opportunities for potential emission reductions from  
23 locomotives and other sources. And also we discussed a  
24 lot of the challenges in making some of these things  
25 happen.

1 I will discuss the technical options document in  
2 a little more detail later in this presentation.

3 --o0o--

4 ENGINEERING EVALUATION MANAGER HOLMES: As I  
5 indicated, the 18 major railyard HRAs identified the  
6 potential for significant local and regional excess cancer  
7 risk health effects associated with the railyard diesel PM  
8 emissions. In 2005, staff estimated up to three million  
9 residents could be exposed to greater than ten in a  
10 million excess cancer risk.

11 For railyard diesel PM emissions, and accounting  
12 for growth, staff estimated that overall railyard diesel  
13 PM emissions would be reduced by 50 percent or more by  
14 2015. These reductions are primarily due to existing U.S.  
15 EPA and ARB locomotive measures, and ARB regulations for  
16 diesel trucks, cargo handling equipment, and other  
17 stationary equipment within the railyards.

18 Although these reductions are significant, staff  
19 clearly believes we need additional reductions in and  
20 around railyards to continue to reduce local risks  
21 further.

22 For statewide locomotive emissions, staff  
23 estimated that the existing U.S. EPA and California  
24 regulations and agreements will reduce NOx and PM  
25 emissions by 25 and 15 percent respectively by 2015.

1           In addition to the reductions needed in and  
2 around the railyards, staff believes we need additional  
3 locomotive emission reductions to meet State  
4 Implementation Plan or SIP commitments in both the South  
5 Coast and San Joaquin Valley Air Basins.

6                                   --o0o--

7           ENGINEERING EVALUATION MANAGER HOLMES: Based on  
8 California's needs for both railyard and SIP locomotive  
9 reductions, staff began efforts to identify options to  
10 provide further locomotive and railyard emission  
11 reductions. These are reductions that would go beyond  
12 existing federal and ARB regulations and agreements.

13           Staff prepared and released an initial draft of a  
14 technical options document. This document was released  
15 for public comment in late December of 2008. With that,  
16 staff provided an extensive public comment period of about  
17 90 days. This document assesses over three dozen  
18 potential options. Staff are currently incorporating  
19 public comments that have been received and expect to  
20 release the final technical options document next month.

21           It should be noted that the technical options  
22 document is a technical analysis of potential options, and  
23 does not include recommendations for implementation of the  
24 options.

25                                   --o0o--



1           ENGINEERING EVALUATION MANAGER HOLMES: In the  
2 technical options document, staff evaluated options that  
3 generally fell into the following categories:  
4 Locomotives, which included switch or yard locomotives;  
5 medium horsepower locomotives; and the interstate line  
6 haul locomotives. Those locomotives that may travel from  
7 say Los Angeles to Chicago.

8           Also, staff looked at the second category,  
9 controls for non-locomotive railyard sources, that would  
10 go beyond the controls that are already required for  
11 diesel trucks and cargo handling equipment and other  
12 equipment via both U.S. EPA and ARB regulations.

13           A third category was advanced system approaches,  
14 such as rail line electrification.

15           And a fourth category with individual railyard  
16 options, such as erecting walls, planting trees and  
17 installing air filtration systems in homes.

18           All of these options were evaluated, based on  
19 potential emissions and risk reductions, technical and  
20 operational feasibility, capital and operating costs, and  
21 cost effectiveness.

22   --o0o--

23           ENGINEERING EVALUATION MANAGER HOLMES: Based on  
24 the technical options document, staff identified several  
25 options that could be implemented in the near and mid-term

1 and would achieve significant emission reductions. These  
2 include the potential to repower and retrofit up to 650  
3 older switch and medium horsepower locomotives.

4           The older locomotive options combined could  
5 provide significant reductions in both NOx and diesel PM  
6 emissions at both railyards and on a statewide basis.

7           Although the capital costs are high, the cost  
8 effectiveness is very attractive. Based on our analyses  
9 to date, full implementation of the near-term, older  
10 locomotive options could potentially meet locomotive SIP  
11 commitments in both the South Coast and San Joaquin Valley  
12 Air Basins, as well as substantially reduce localized  
13 impacts.

14           In the longer term, there's an option to  
15 accelerate the introduction of Tier 4 interstate line-haul  
16 locomotives that operate in California, which could  
17 provide even greater emission reductions.

18                                       --o0o--

19           ENGINEERING EVALUATION MANAGER HOLMES: Based on  
20 the information provided in the technical options  
21 document, staff is beginning work on developing draft  
22 recommendations on how to implement the high-priority  
23 options. Staff is evaluating four potential mechanisms to  
24 implement these options. These include the use of  
25 incentive funding, regulatory measures, enforceable

1 agreements, and voluntary actions.

2 Staff plans to release a draft recommendations  
3 report next month with a 30-day public comment period and  
4 also plans to meet with key stakeholders.

5 Upon completion of this public review process,  
6 staff proposes to present the revised draft  
7 recommendations to the Board at the September meeting  
8 scheduled to be held in the South Coast Air District in  
9 Diamond Bar, California.

10 --o0o--

11 ENGINEERING EVALUATION MANAGER HOLMES: In  
12 summary, additional diesel PM and NOx emission reductions  
13 are needed in California to address SIP commitments and to  
14 significantly reduce localized impacts due to diesel PM  
15 emissions. Staff has analyzed over three-dozen options to  
16 provide further locomotive and railyard emission  
17 reductions and has identified several high-priority  
18 options that are technically feasible and cost effective.

19 While these may not be the only options that  
20 could and should be pursued, they can provide significant  
21 emissions and risk reductions in the near term, but the  
22 capital costs may be high. Staff expects to release the  
23 final technical options document in July.

24 Staff also plans to release to the public in July  
25 draft recommendations on how to implement high-priority

1 and other potential options. Staff would then return to  
2 the Board in September with the revised draft  
3 recommendations for your consideration.

4 That concludes my presentation. I would be glad  
5 to answer any questions.

6 CHAIRPERSON NICHOLS: Thank you. We have a  
7 number of people who have asked also to speak on this  
8 item. Unless the Board members have comments right now,  
9 why don't we go to the public then.

10 Beginning with Henry Hogo from the South Coast  
11 District, followed by Angelo Logan.

12 MR. HOGO: Good morning --

13 CHAIRPERSON NICHOLS: Good morning.

14 MR. HOGO: -- Madam Chair and members of the  
15 Board. For the record, I'm Henry Hogo, Assistant Deputy  
16 Executive Officer of our Mobile Source Division at the  
17 South Coast Air Quality Management District.

18 I'm here today to express South Coast AQMD  
19 staff's disappointment on the length of time it's taken to  
20 implement some of the elements of the '98 MOU. Relative  
21 to the control technology development, close to \$5 million  
22 have been spent to date. And we've seen only two  
23 particulate filter demonstrations on two switch  
24 locomotives, of which one has been sent back to Southwest  
25 Research, and there's no -- our understanding, we don't

1 know what the next process is on that one. Relative to  
2 the line haul locomotives, there have been minimal to no  
3 demonstration of control technologies.

4 We strongly believe that these technologies are  
5 feasible, but there is a need to demonstrate them and  
6 prove them out in order to make them viable as a retrofit  
7 for existing locomotives.

8 More significantly, the railyards in the South  
9 Coast region have the highest level of incremental cancer  
10 risk with the BNSF, San Bernardino Railyard at 2,500 in a  
11 million. And the average risk of the 11 to 12 health risk  
12 assessments that were done at railyards around 600 to 700  
13 in a million.

14 Clearly, these exposure levels must be reduced as  
15 early as possible. The railyard mitigation plans prepared  
16 by the two Class I railroads point to reductions that will  
17 occur from sources that your board regulates primarily.  
18 These are essentially trucks and cargo handling equipment.

19 What remains in 2020 about 40 to 80 percent are  
20 locomotive emissions. And the plan -- the mitigation  
21 plans do not point to -- well, actually it provides little  
22 to no efforts in cleaning up those locomotives.

23 I want to highlight the fact that even though the  
24 railroads may meet the 1998 MOU of having a Tier 2 fleet  
25 average for their locomotives, the majority of the

1 reductions come from the cleanup of switch locomotives,  
2 while a significant number of higher horsepower and  
3 interstate line haul locomotives remain at Tier 0 and Tier  
4 1 emission levels.

5           In closing, we're urge the Board to move quickly  
6 and aggressively to reduce emissions from locomotives.  
7 There are only five short years for this South Coast  
8 region to attain the federal fine particulate standards,  
9 and locomotive emissions represent a significant source to  
10 the region's air quality problems.

11           Thank you.

12           CHAIRPERSON NICHOLS: Thank you.

13           I hope that we can talk before the end of this  
14 about efforts to really coordinate between the State and  
15 federal EPA and the local district on these issues,  
16 because each of us has a piece of the jurisdiction here.  
17 You're obviously correct about the district not being able  
18 to directly regulate new locomotives. On the other hand,  
19 the issues that are of most concerning to the communities  
20 that live in these areas, to some degree, relate to the  
21 design and configuration and operation of the railyards.

22           And, again, U.S. EPA has a very, very key role in  
23 all of this. And I think one of the things that has been  
24 most unhelpful in making progress has been the tendency of  
25 government agencies to deal with a problem that they find

1 difficult by finding some other agency to ask to take more  
2 responsibility. And we all do that. I mean, it's human  
3 nature.

4           But I really think that this is a situation where  
5 it cries out for a more coordinated approach. And so I'm  
6 hoping we can count on you to convey that message to your  
7 colleagues as well. I know there has been communication  
8 in the past. And we're just -- I'm just asking that we  
9 increase the levels, so that moving into the fall we can  
10 come forward with, you know, a package of suggestions that  
11 really all of us can get behind.

12           MR. HOGO: Thank you for that comment.

13           CHAIRPERSON NICHOLS: Thank you.

14           Okay, Angelo Logan followed by Joycelyn Vivar.

15           MR. LOGAN: Hello, Chairman Nichols and members  
16 of the Board. My name is Angelo Logan and I'm with East  
17 Yard Communities for Environmental Justice. And I'd like  
18 to present you with a comment letter regarding diesel  
19 emissions and cancer risk reductions from locomotives in  
20 railyards.

21           It's a letter that was signed by 18 organizations  
22 and you should have it in front of you.

23           "Chairman Nichols and members of the Board,  
24 we, the undersigned public health environmental  
25 and environmental justice organizations, ask you

1 to exercise your authority in protecting the  
2 public's health of California communities by  
3 taking aggressive steps to reduce emissions from  
4 railyards and locomotives.

5 "In 2008, the California Air Resources Board  
6 completed Health Risk Assessments for 18  
7 railyards in the State of California.

8 "The HRAs demonstrated that these 18  
9 railyards pose an unacceptable level of diesel  
10 emissions to California residents. In total,  
11 these railyards are responsible for 210 tons of  
12 diesel pollution a year, and put more than 2.5  
13 million Californians at risk of cancer.

14 "Since the release of the HRAs, mitigation  
15 plans have been developed. There is agreement  
16 among communities, environmental groups and  
17 public health organizations that the proposed  
18 mitigation plans and existing measures will not  
19 achieve the reductions necessary to protect the  
20 public's health.

21 "The CARB staff has generated a draft  
22 technical analysis document or report titled  
23 'Technical Options to Achieve Additional  
24 Emissions and Risk Reductions from California  
25 Locomotive Railyards,' which was presented to you



1 in this report today.

2 "We were under the impression that this would  
3 be presented today in a final draft form with  
4 some recommendations. And because of tons of  
5 things on your plate, it's our understanding that  
6 it will be postponed. And we would request that  
7 this item be agendized for action as soon as  
8 possible.

9 "And so we urge you to implement the  
10 following three recommendations as you address  
11 this issue:

12 "One, adopt rules, regulations, and  
13 guidelines for all cost effective and feasible  
14 measures to reduce emissions, health risk and PM  
15 exposure.

16 "Two, approve rules, regulations, and  
17 guidelines towards emission reductions, exposure  
18 and health risk reductions that also include and  
19 focus on site-specific measures.

20 "And, three, direct the staff to use the Carl  
21 Moyer's methodology when evaluating cost  
22 effectiveness of measures. The Carl Moyer  
23 approach weighted to account for local PM  
24 emissions and accompanying health risk is the  
25 appropriate way to gauge the cost effectiveness

1 of these options.

2 "We want to thank you in advance for  
3 considering these requests, and we look forward  
4 to working with you in the future, you and the  
5 staff."

6 And I also wanted to note that there was also a  
7 letter submitted to you by legislators. It's a  
8 legislative sign-on letter, with about 13 members that ask  
9 for similar things.

10 CHAIRPERSON NICHOLS: Yes, I've received that  
11 letter. I'm not sure if all the other Board members have  
12 seen it, but I have.

13 Thank you.

14 Okay. Joycelyn Vivar followed by Kirk Marckwald.

15 MS. VIVAR: Good morning, Chairman Nichols and  
16 members of the Board. My name is Joycelyn Vivar and I'm  
17 also with East Yard Communities for Environmental Justice.

18 And I am here supporting the ARB's efforts to  
19 develop recommendations for further locomotive and  
20 railyard emissions and risk reductions.

21 I am before you this morning asking you to  
22 exercise your rule-making power to create policies to  
23 significantly reduce exposure to harmful pollution for the  
24 residents of Los Angeles. In specific, those who live,  
25 work, play and pray near the railyards in the City of

1 Commerce and East Los Angeles.

2           As you know, members of these communities are  
3 disproportionately affected by health disparities. They  
4 have higher rates of various respiratory illnesses and  
5 excessively higher cancer risks than the average for Los  
6 Angeles county. And to us this is unacceptable. This is  
7 in large part due to locomotive and railyard emissions.

8           We thank you for taking the initial steps to  
9 improve the situation, but ask that you take all necessary  
10 steps to reduce the elevated risk of cancer near these  
11 railyards to protect the public's health, as you consider  
12 the regulations and recommendations proposed to you by  
13 Angelo Logan, and take actions in September. So we look  
14 forward to reading those recommendations.

15           Thank You.

16           CHAIRPERSON NICHOLS: Thank you.

17           All right, Mr. Marckwald followed by Mike Barr.

18           MR. MARCKWALD: Thank you, Madam Chair and  
19 members of the Board. My name is Kirk Marckwald and I'm  
20 here today representing the California Railroad Industry.

21           First to say I appreciate the hard work that your  
22 staff has put into in crafting and assembling the  
23 information for the technical options document.

24           (Thereupon an overhead presentation was  
25 Presented as follows.)

1           MR. MARCKWALD: I think it will be a useful -- a  
2 very useful resource as we go forward and assess what is  
3 the best course of action.

4           I want to do three things today. First, to just  
5 update a couple of developments. Your staff referred to  
6 one of them, of successfully competing the 4th year of the  
7 2005 MOU.

8           The second is that the railroads announced last  
9 week that they would be in full compliance with the  
10 recently passed TRU regulation. And we've had meetings  
11 with the staff and working with both the policy staff and  
12 the enforcement staff to ensure a full and successful  
13 implementation of that program.

14           Thirdly, demonstrating promising retrofit  
15 technologies on the road --

16           Just, I'll hold on that for a second.

17           -- on retrofit technologies for existing  
18 locomotives, both with your staff, as well as some air  
19 districts. And finally, using the data from the HRAs, we  
20 have been able to already implement changes in operating  
21 procedures at railyards, automating gates, preventing  
22 queueing of trucks, getting local jurisdictions to make a  
23 left turn only out of when they leave the yards, which in  
24 fact will greatly reduce the maximally exposed individual.  
25 So I think that we're on the right track on many things,

1 and we'll continue to work forward.

2 I just want to go over three quick slides.

3 --o0o--

4 MR. MARCKWALD: The first one is why it's  
5 important that we look at this as a system, because this  
6 is the 65 percent reduction that your staff has found,  
7 that will be achieved by 2015 from a variety of items.  
8 And you can see we rely on a combination of MOUs, rules,  
9 fuel regulations to get there. That's between 2005 and  
10 2015.

11 --o0o--

12 MR. MARCKWALD: The next look is what kinds of  
13 reductions will be achieved by 2020. And these are the  
14 various facilities, particularly in southern California.  
15 The tan bars are where we started in 2005. The blue bars  
16 are where we will be in 2020. This is about a 77 percent  
17 reduction in risk, based on what is on the books. And  
18 that does assume growth, which obviously in the last year  
19 we have seen no growth. We have zero growth and we're way  
20 back where we were probably in 2006.

21 --o0o--

22 MR. MARCKWALD: And finally the line haul  
23 locomotives standard that the EPA has produced. And  
24 basically that will provide a 90 percent reduction from  
25 uncontrolled levels in 2015.

1           So that's just sort of a visual snapshot for some  
2 of the Board members to dial in from a context standpoint.  
3 We certainly will continue to work with your staff as they  
4 develop the recommendations and come back.

5           My one caution is, if we're -- I think having  
6 public discussions and workshops between now and when you  
7 consider this is a great idea. If there is -- there may  
8 be new information. There may be complex information. I  
9 think that it may be October before they come back or I  
10 just think the one problem was with -- life goes on while  
11 they're trying to get their work done, including applying  
12 for grants and the like.

13           So I just would hope you'd give them a little  
14 benefit of the doubt if they hear some stuff. And they  
15 may come in October rather than September.

16           CHAIRPERSON NICHOLS: Well, I understand that.  
17 And obviously this is an issue, which has been with us for  
18 a long time. We're trying to move in a more concerted  
19 manner, I think, perhaps than we have before to getting  
20 everybody on the same page about what our real program is  
21 here.

22           I very much appreciate the two charts that you  
23 just presented. And also your comments about what the  
24 railroads are already doing. And I think if we can get  
25 that kind of information coming forward in some fashion or

1 another -- even if it's fragmentary, that will be helpful  
2 also.

3 MR. MARCKWALD: Well, we're happy -- in any way,  
4 any of the staff in any of the areas happy to give them  
5 whatever they need and look forward to working forward in  
6 the public process.

7 CHAIRPERSON NICHOLS: Thank you.

8 MR. MARCKWALD: Thank you.

9 CHAIRPERSON NICHOLS: Mr. Barr followed by Isella  
10 Ramirez.

11 MR. BARR: Thank you, Madam Chair and members of  
12 the Board. The Board has received a brief informational  
13 update focusing on the emissions and the risk reductions.  
14 That's what the notice announced and that's what you've  
15 done and focused on the coordinated aspect of what needs  
16 to happen between the levels of the -- different levels of  
17 government, which has been really a hallmark of this  
18 program for the last ten years, started by EPA and then  
19 ARB, and certainly many local districts and local  
20 communities ever since.

21 And the Board obviously didn't ask staff or  
22 anyone else to present any legal arguments, and I'm not  
23 going to do that. But of course we reserve the railroads'  
24 rights to do that at the appropriate time.

25 I would like to remind the Board though of

1 some of what ARB itself has recognized for many years.  
2 And that's that under the federal Clean Air Act, the EPA,  
3 the U.S. EPA, has the sole authority to adopt and enforce  
4 new locomotive emission standards. That also applies to  
5 the remanufacturing of existing locomotives at whatever  
6 stage they are throughout their very long operational  
7 life.

8           And there's more, of course. There's EPA's  
9 preemption rule that has been -- was adopted in '98 and  
10 has been confirmed since. There's the federal Interstate  
11 Commerce Act. There's the U.S. Constitution Commerce  
12 Clause. But as ARB has also recognized, MOUs are the  
13 preferred approach to State emission level control  
14 strategies for railroads, because they achieve real  
15 benefits immediately and they avoid the issue of federal  
16 preemption. I don't think the railroads could say it  
17 better.

18           Thank you very much.

19           CHAIRPERSON NICHOLS: Thank you, Mr. Barr.

20           I think your comments are also indicative of kind  
21 of the long-term view that we all have of this situation.  
22 So appreciate it.

23           Ms. Ramirez.

24           MS. RAMIREZ: Good morning, Chairman Nichols and  
25 members of the Board. My name is Isella Ramirez. I'm an



1 organizer with East Yard Communities for Environmental  
2 Justice. And today I wanted to talk to you about Agenda  
3 Item 09-6-11, the locomotive and railyard emission and  
4 risk reductions.

5           But before anything else, I wanted to share that  
6 as a California resident who is overly exposed to diesel  
7 pollution from railyard facilities, I am thankful to this  
8 Board for two reasons.

9           One, for conducting the HRAs. And two, for  
10 considering the rule-making petition presented by East  
11 Yard Communities and other partner organizations.

12           And so now that I've thanked you, I want to push  
13 you to do more. As an organizer, my job is full -- you  
14 know, it's about talking to people and informing them and  
15 also learning from them.

16           And in this past week, I've been walking around  
17 the Bristow neighborhood of the City of Commerce, which is  
18 located in between the Union Pacific East Yard and the 5  
19 and 710 freeways. And I met several people during this  
20 time. And so I thought I'd share some of those people  
21 with you.

22           I met a family of siblings who own a couple of  
23 homes in the same property. And they live right across  
24 the street from the Union Pacific yard. And in the last  
25 four years, five out of their nine combined children have

1 been diagnosed with asthma.

2 I also met an older gentleman with respiratory  
3 problems who loves his community, even though his  
4 back-door neighbors, the railyard facilities, are slowly  
5 killing him.

6 I met a young man who is studying hard to make  
7 enough money to move his family away from the dangers of  
8 deadly diesel pollution. However, the fact of the matter  
9 is that most of the community cannot move away. And why  
10 should they move away, right? These are the homes, these  
11 are the communities that they've chosen to raise their  
12 children.

13 And so they didn't send me up here to ask you to  
14 rid our communities of the railyard companies. In fact,  
15 they sent me here to ask you to get rid of the inhumane  
16 situation in which we currently find ourselves in. I  
17 realize that the Board is not scheduled to make -- you  
18 know, to take action today, but I do want to encourage you  
19 to prepare to take action during your September hearing.

20 I want to push you, in fact, to go home today and  
21 think about all these children with asthma and their  
22 families, who will continue to inhale diesel pollution  
23 instead of clean air, until this Board takes real action  
24 by adopting health-protective rules and regulations for  
25 locomotives and railyards.

1 Thank you for your consideration.

2 CHAIRPERSON NICHOLS: Thank you, Ms. Ramirez. We  
3 are reminded of the fact that there are people who have  
4 been born and grown up during the time that we've been  
5 working on these issues.

6 Okay. That concludes the list of witnesses that  
7 I have. And I appreciate the update. I appreciate the  
8 members of the community who have taken the time and made  
9 the effort to come up and speak to us in person, as well  
10 as your work organizing in your own community. Also, the  
11 fact that the railroads have taken to heart the HRAs, and  
12 apparently are beginning to take some action on those even  
13 in advance of any specific regulation coming forward here,  
14 but recognizing that there's, I think, a desire on the  
15 part of all of us to have a more concerted and explicit  
16 program, whatever format it takes or formats, it ends up  
17 taking.

18 We do want to move forward to a hearing in  
19 September, which I believe is the first time that we are  
20 in a position to do that, understanding that the railroads  
21 may have additional information that they're working on.  
22 These things are always, to some degree, moving targets,  
23 but I think September will be a good time. And I hope  
24 that there will be specific recommendations coming forward  
25 at that time. I think we need to move beyond the

1 technical and into the realm of action items.

2           So all right. Thank you very much. Supervisor  
3 Yeager had to leave us, because he is up for confirmation  
4 and needed to make his -- pay his respects to members of  
5 the Rules Committee. But while I still have a quorum, we  
6 do have one public comment item, just a general public  
7 comment before we adjourn.

8           So I'm sorry, I've lost it here.

9           Patrick Smith of CTA wished to make a general  
10 comment. CTA and Harris Ranch.

11           MR. SMITH: Good morning, Madam Chair and Board  
12 Members and staff. My name is Patrick Smith and I'm  
13 representing the Refrigerated Carriers Conference of CTA.

14           We would like to thank the staff, board members  
15 and Madam Chair for taking the time to meet with us over  
16 the past few months regarding issues with the TRU rule.

17           We believe that spirit of cooperation will help  
18 advance cleaner technologies to clean the air and reduce  
19 pollution and protect food safety.

20           Also, our membership pledges any assistance,  
21 services, or operating resources that we can achieve those  
22 objectives with you.

23           And we look forward to your responses.

24           Thank you.

25           CHAIRPERSON NICHOLS: Thank you very much.

1 Thanks for coming to make that statement. We appreciate  
2 it.

3           If there are no further members of the public who  
4 wish to comment, I believe we can adjourn.

5           Thank you all very much.

6           (Thereupon the California Air Resources  
7 Board meeting adjourned at 11:06 a.m.)

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## 1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand  
3 Reporter of the State of California, and Registered  
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the  
6 foregoing California Air Resources Board meeting was  
7 reported in shorthand by me, James F. Peters, a Certified  
8 Shorthand Reporter of the State of California,

9 That the said proceedings was taken before me, in  
10 shorthand writing, and was thereafter transcribed, under  
11 my direction, by computer-assisted transcription;

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

15 IN WITNESS WHEREOF, I have hereunto set my hand  
16 this 3rd day of July, 2009.

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