

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

JOE SERNA, JR. BUILDING
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM, SECOND FLOOR
1001 I STREET
SACRAMENTO, CALIFORNIA

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9:14 A.M.

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Ms. Lydia H. Kennard

Mr. Ronald O. Loveridge

Mr. Ron Roberts

Dr. Daniel Sperling

Dr. John Telles

Mr. Ken Yeager

STAFF

Mr. James Goldstene, Executive Officer

Ms. La Ronda Bowen, Ombudsman

Mr. Tom Cackette, Chief Deputy Executive Officer

Mr. Bob Fletcher, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. Lynn Terry, Deputy Executive Officer

Ms. Lori Andreoni, Board Clerk

Ms. Lezlie Kimura, Local Government Strategies Section,
Planning and Technical Support Division (PTSD)

APPEARANCES CONTINUED

STAFF

Ms. Cynthia Marvin, Assistant Division Chief, PTSD

Ms. Meri Miles, On Road Controls Branch, Mobile Source Control Division (MSCD)

Mr. Todd Sterling, Air Pollution Specialist, Control Strategies Section, Stationary Source Division (SSD)

Ms. Barbara Van Gee, Manager, Goods Movement Programs Section, Stationary Source Division (SSD)

ALSO PRESENT

Mayor Janet Abelson, City of El Cerrito

Dr. Janet Abshire

Ms. Elizabeth Adams, IS EPA

Ms. Anna Arriola, East Yard Communities for Environmental Justice

Mr. Enrique Arriola, East Yard Communities for Environmental Justice

Ms. Bernice Banares, West Side of Long Beach

Mr. Marcos Barbosa, ECYECJ

Ms. Jenny Bard, American Lung Association

Mr. Mike Barr, AAR

Ms. Nidia Bautista, Coalition for Clean Air

Mr. Omar Benjamin, Port of Oakland

Ms. Autumn Bernstein, Climate Plan

Mr. Damian Breen, Bay Area AQMD

Mr. Graham Brownstein, Transform

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Tim Carmichael, CA Natural Gas Vehicle Coalition

Mr. Andy Chesly, San Joaquin County Council of Governments

Ms. Madeline Clarke, EYCEJ

Ms. Hannah Cohen, The Cohen Group

Mr. Steph DiStefano, Calthorpe Associates

Mr. Terry Dressler, Santa Barbara County Air Pollution Control District

Ms. Teri Duarte, Design Sacramento 4 Health

Ms. Amanda Eaken, NRDC

Mr. Evan Edgar, Clean Fleets Coalition

Mr. John Ellison, Environmental Council of Sacramento

Mr. Michael Endicott, Sierra Club California

Ms. Devilla Ervin

Mr. Gary Gallegos, San Diego County Council of Governments

Ms. Connie Gallippi, The Nature Conservancy

Ms. Josie Gonzales, SCAQMD

Mr. Manny Goona, EYCEJ

Mr. Peter Greenwald, SCAQMD

Mr. Woody Hastings, Clean Air Now

Mr. Steve Heminger, Bay Area Metropolitan Transportation Commission

Ms. Bonnie Holmes-Gen, American Lung Association

Ms. Andrea Hricko, USC & Public Health

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Hasan Ikhata, Southern California Association of Governments

Mr. Mike Jacob, PMSA

Mr. Curt Johansen, Urban Land Institute

Mr. Bob Johnson, UC Davis

Mr. Bob Kard, San Diego APCD

Mr. Andy Katz, Breathe California

Dr. Alex Kelter, Environmental Council of Sacramento

Mr. Brandon Kitagawa, RAMP

Mr. Gideon Kracov, East Yard Communities for Environmental Justice

Mr. Gary Liss, City of Loomis

Mr. Angelo Logan, EYCEJ

Mr. Kirk Marckwald, California Railroad Industry

Mr. Jessie Marquez, Coalition for Safe Environment

Mr. Nathen Mata, EYCEJ

Mr. Eyal Matoy, Ditching Dirty Diesel Collaborative

Dr. Stephen Maxwell

Mr. Mike McKeever, Sacramento Area Council of Governments

Mr. Armando Mejia, Urban Planner

Mr. Fred Minassian, South Coast AQMD

Ms. Steph Nelson, Association of Monterey Bay Area Governments

Ms. Gloria Ohland, Move LA

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Dave Patterson, Mitsubishi Motors

Ms. Katherine Perez, Urban Land Institute

Mr. Scott Peterson, Oakland Metropolitan Chamber of
Commerce

Mr. Terry Preston, Walk Sacramento

Ms. Jill Ratner, Rose Foundation New Voice Project

Ms. Sepi Richardson, City of Brisbane

Ms. Marisa Rimland, Public Health Institute

Mr. Sonny Roque, East Yard Communities for Environmental
Justice

Mr. Jim Rothstein

Ms. Rocio Ruiz, ICUC

Mr. Larry Schmid, UPRR

Mr. Tim Schott, California Association of Port Authorities

Mr. Seyed Sedredin, San Joaquin Valley APCD

Mr. Mark Stehly, BNSF

Mr. Michael Villegas, Air Pollution Control Officer,
Ventura County

Ms. Debbie Vongviwat, East Yard Communities for
Environmental Justice

Mr. Barry Wallerstein, SCAQMD

Mr. Jerry Walters, Fehr & Peers Transportation Consultants

Mr. Dennis Zane, Move LA

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PROCEEDINGS

1

2 CHAIRPERSON NICHOLS: Good morning, ladies and
3 gentlemen. The June 24th, 2010, public meeting of the Air
4 Resources Board will come to order.

5 And we will begin the meeting as we usually do,
6 by rising and saying the Pledge of Allegiance.

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

9 CHAIRPERSON NICHOLS: The Clerk will please call
10 the roll.

11 BOARD CLERK ANDREONI: Dr. Balmes?

12 BOARD MEMBER BALMES: Here.

13 BOARD CLERK ANDREONI: Ms. Berg?

14 BOARD MEMBER BERG: Here.

15 BOARD CLERK ANDREONI: Ms. D'Adamo?

16 BOARD MEMBER D'ADAMO: Here.

17 BOARD CLERK ANDREONI: Ms. Kennard?

18 Mayor Loveridge?

19 BOARD MEMBER LOVERIDGE: Here.

20 BOARD CLERK ANDREONI: Mrs. Riordan?

21 Supervisor Roberts?

22 BOARD MEMBER ROBERTS: Here.

23 BOARD CLERK ANDREONI: Professor Sperling?

24 BOARD MEMBER SPERLING: Here.

25 BOARD CLERK ANDREONI: Dr. Telles?

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1 BOARD MEMBER TELLES: Present.

2 BOARD CLERK ANDREONI: Supervisor Yeager?

3 BOARD MEMBER YEAGER: Here.

4 BOARD CLERK ANDREONI: Chairman Nichols?

5 CHAIRPERSON NICHOLS: Here.

6 BOARD CLERK ANDREONI: Madam Chair, we have a
7 quorum.

8 CHAIRPERSON NICHOLS: Thank you.

9 I have a couple of announcements to make before
10 we begin the meeting.

11 First of all, there is a change in the agenda
12 order. Item 10-6-6, which is the report to the Board on
13 target setting efforts under SB 375 is going to be heard
14 right after Agenda Item 10-6-5, which is the staff
15 recommendations to provide further emissions reductions at
16 high-risk rail yards.

17 Translation services are available at this
18 meeting in Spanish for anyone who wishes them. The head
19 sets are available outside the hearing room at the
20 attendance sign-up table. Is the -- yes, thank you.

21 (Thereupon the announcement was translated
22 into Spanish.)

23 CHAIRPERSON NICHOLS: Anyone who wishes to
24 testify should sign up with the attendant outside the
25 boardroom, please. You are requested, but not required,

1 to include your name on the speaker card. It just helps
2 us organize the notes of the meeting.

3 And, in general, we impose a three-minute time
4 limit. We may actually reduce that amount if there's a
5 very heavy number of speakers and if the comments are
6 somewhat consistent or repetitive.

7 We appreciate it if when you do testify you put
8 your testimony in your own words rather than reading a
9 statement. If you have a written statement, it will go
10 into the record directly, and you don't need to read it
11 aloud to us.

12 I'm also to remind you that there are emergency
13 exits in the back of the room, as well as to my right and
14 left side up here on the podium. In the event of a fire
15 alarm, we're required to evacuate this room immediately
16 and go down the stairs, not using the elevator to get out
17 of the building. When the all-clear signal is given,
18 we'll return to the hearing room and resume the hearing.
19 We are hoping there will not be a fire drill, but we
20 understand there is one due in the next day or two. So it
21 might actually happen.

22 All right. The first item on the agenda is our
23 consent calendar, which is the redesignation of Coso
24 Junction for PM10.

25 And I'd like to ask the Board Clerk if any

1 witnesses have signed up to testify on this item.

2 BOARD CLERK ANDREONI: No.

3 CHAIRPERSON NICHOLS: Are there any Board members
4 who would like to have this item removed from the consent
5 calendar?

6 Seeing none, I will close the record on this
7 item.

8 Are there any ex parte communications on this
9 item that anyone wishes to disclose?

10 Seeing none, the Board has before it Resolution
11 Number 10-25. Could I get a motion and a second?

12 BOARD MEMBER BERG: So moved.

13 BOARD MEMBER ROBERTS: Second.

14 CHAIRPERSON NICHOLS: Motion and second.

15 We will do this by voice vote. All in favor
16 please say aye.

17 (Ayes)

18 CHAIRPERSON NICHOLS: Any opposed?

19 Great.

20 Now we move to a regulatory item, which is
21 proposed amendments to the regulations for commercial
22 harbor craft. Staff is proposing amendments that would
23 expand the scope of the current rule to include three
24 additional categories of harbor craft. This action would
25 result in additional diesel particulate and NOx reductions

1 around ports and coastal areas.

2 Mr. Goldstene, would you introduce this item?

3 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
4 Nichols.

5 Today, we are proposing for your consideration
6 amendments to the commercial harbor craft regulation that
7 will further reduce emissions from marine vessels that
8 operate within port and inland waterways. As you know,
9 these ports and waterways are often located in densely
10 populated areas, exposing residents to unhealthy levels of
11 pollutants.

12 In 2007, the Board adopted the original harbor
13 craft regulation. In that regulation, we identified
14 measures to reduce diesel PM from all new commercial
15 harbor craft and in-use requirements for some, but not
16 all, vessel categories.

17 Today, we propose amendments that would establish
18 in-use emission standards for three new vessel categories:
19 Crew and supply boats, and barges, and dredges. We expect
20 this regulation to increase the benefits of the original
21 regulation by about ten percent.

22 In addition, the proposed amendments address
23 several issues that we identified during implementation of
24 the regulation.

25 I'd like now to ask Mr. Todd Sterling of the

1 Stationary Source Division to present the staff's
2 proposal.

3 Todd.

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

6 AIR POLLUTION SPECIALIST STERLING: Thank you,
7 Mr. Goldstene.

8 Good morning, Madam Chair and members of the
9 Board.

10 Today, I'll be presenting staff's proposed
11 amendments to commercial harbor craft regulation.

12 --o0o--

13 AIR POLLUTION SPECIALIST STERLING: This slide
14 presents the topics I'll be discussing today.

15 --o0o--

16 AIR POLLUTION SPECIALIST STERLING: The current
17 harbor craft regulation, which was approved by the Board
18 in 2007, focuses on requiring the installation of the
19 cleanest engines available. It allows, but does not
20 require, engine retrofit technology.

21 The current regulation has: New engine
22 provisions requiring all new and replacement engines to be
23 the cleanest available at the time of purchase, and in-use
24 engine provisions requiring ferries, excursion vessels,
25 tugboats, and towboats to replace existing engines with a

1 new clean engine on a phased compliance schedule over 15
2 years.

3 In addition to these engine emission standards,
4 the Board also approved a low-sulfur fuel use regulation,
5 which requires harbor craft to use 15 PPM sulfur CARB
6 diesel. All these requirements went into effect on
7 January 1st, 2009.

8 --o0o--

9 AIR POLLUTION SPECIALIST STERLING: Today, we are
10 proposing amendments to existing harbor craft regulation.
11 These changes achieve additional emission reductions from
12 harbor craft consistent with the goals of the Diesel Risk
13 Reduction Plan and Emission Reduction Plan for goods
14 movement and ports.

15 Harbor craft produce about ten percent of the
16 goods-movement-related PM emissions. Based on the health
17 risk assessment at the port of L.A., Long Beach, and
18 Oakland, harbor craft are the third largest contributor to
19 risk at ports after ocean-going vessels and on-road
20 trucks.

21 More recent data shows emissions from three
22 vessel categories; crew and supply, barges, and dredges,
23 are greater than originally anticipated when the
24 regulation was adopted in 2007.

25 This new information shows that emissions from

1 these three vessel categories, which are not subject to
2 the in-use engine standards, are comparable to emissions
3 from towboats, which are subject to in-use standards under
4 the current regulation.

5 Finally, as you will see in the following slides,
6 the proposed amendments are cost effective, will reduce
7 diesel PM and NOx emissions, provide more flexibility, and
8 add clarity.

9 --o0o--

10 AIR POLLUTION SPECIALIST STERLING: The main
11 focus of the proposal is to add in-use engine requirements
12 for crew and supply vessels, barges, and dredges. There
13 are about 600 diesel engines in use in these three vessel
14 categories. About half of these, 300 engines, will have
15 to take action to comply with the proposed amendments.
16 The remaining 300 engines have already been upgraded to a
17 newer engine or meet the low-use provision in the current
18 regulation.

19 In addition, we are proposing several amendments
20 to provide flexibility, address implementation issues, and
21 clarify the regulation.

22 An open public process, including public
23 workshops and meetings with stakeholders, was used to
24 develop these amendments.

25 --o0o--

1 AIR POLLUTION SPECIALIST STERLING: Now I will
2 summarize the proposed amendments for crew and supply
3 vessels.

4 --o0o--

5 AIR POLLUTION SPECIALIST STERLING: Crew and
6 supply vessels are used to transport equipment and
7 personnel to and from off-shore oil rigs and vessels.
8 Some are used to service other vessels at anchorage.

9 These vessels primary operate in the South Coast,
10 Santa Barbara, and Ventura areas servicing the off-shore
11 oil platforms. In the South Coast, these vessels account
12 for about five percent of the harbor craft emissions. But
13 these vessels account for about 20 percent of the harbor
14 craft emissions in Santa Barbara and Ventura Counties.

15 The total engine population for crew and supply
16 vessels is about 240 engines. About 150 of these will be
17 impacted by the proposed amendments.

18 Statewide, crew and supply vessel emissions are
19 estimated to be about 33 tons per year for diesel PM and
20 670 tons per year of NOx.

21 --o0o--

22 AIR POLLUTION SPECIALIST STERLING: Based on
23 additional data we collected, in 2008 and 2009, we found
24 that crew and supply vessel emissions are much greater
25 than originally estimated. Emissions are about 75 percent

1 higher for PM and 60 percent higher for NOx. These higher
2 estimates reveal emissions from crew and supply vessels
3 are about the same magnitude of emissions from towboats,
4 which are currently regulated. The proposed in-use engine
5 requirements provide an opportunity for additional
6 emission reductions from harbor craft.

7 --o0o--

8 AIR POLLUTION SPECIALIST STERLING: Now I'd like
9 to discuss our proposal for barges and dredges.

10 --o0o--

11 AIR POLLUTION SPECIALIST STERLING: Barges are
12 primarily used to haul material and transport petroleum
13 blendstock or products. Dredges are designed to clear
14 waterways of sediment.

15 Typically, these vessels are not self-propelled
16 and are moved by tugboats or towboats. Most of these
17 engines on vessels are auxiliary engines used to power
18 generators, pumps, and compressors.

19 Of the 400 engines on barges and dredges, the
20 proposed amendments will effect about 150.

21 The estimated emissions from barges and dredges
22 are similar to crew and supply. Statewide, we estimate
23 about 33 tons per year of diesel PM and 760 tons per year
24 of NOx emissions from these vessels.

25 --o0o--

1 AIR POLLUTION SPECIALIST STERLING: The engines
2 on these vessels are usually quite large and operate close
3 to shore. These vessels have historically been regulated
4 as portable engines in some districts, as stationary
5 sources in some districts, and not regulated at all in
6 other districts.

7 Some of these vessel engines have been registered
8 in the portable engine registration program, or PERP, and
9 as a result of this registration have been subject to the
10 portable engine ATCM. The current commercial harbor craft
11 regulation has no in-use engine emission requirements for
12 barges and dredges.

13 In January, the Board approved amendments to
14 PERP, which will now allow marine engines to be registered
15 in PERP, but be subject to the commercial harbor craft
16 regulation as a marine vessel. This is step one of the
17 process to bring barges and dredges under a single
18 regulation.

19 We're now proposing step two to complete the
20 process. The amendments we are proposing would subject
21 barge and dredge vessel engines to the harbor craft
22 regulation even when they are registered in the PERP
23 program. As a result, barge and dredge engines would be
24 subject to a single statewide regulation, the commercial
25 harbor craft regulation.

--o0o--

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AIR POLLUTION SPECIALIST STERLING: The proposed amended regulation will focus on reducing emissions from in-use engines on crew and supply, barge, and dredge vessels by requiring them to meet the most stringent U.S. EPA emission standards.

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In most cases, vessel owners comply with the current regulation by repowering their vessels. The proposed amended regulation will require vessel owners to start replacing their engines in 2011. The in-use engine compliance time line replaces the oldest highest use engines first. All Tier 0 or unregulated engines will be replaced by 2016 and all Tier 1 engines by 2022.

14

--o0o--

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AIR POLLUTION SPECIALIST STERLING: Next, I'll go through amendments we're proposing to add flexibility and clarity to the regulation and to address some implementation issues that have arisen since the regulation went into effect.

20

--o0o--

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23

AIR POLLUTION SPECIALIST STERLING: There was several amendments we're proposing that would add flexibility to the current regulation.

24

25

We're proposing to allow vessels traveling into California regulated waters from out of state to use 15

1 PPM sulfur U.S. EPA diesel fuel if CARB's diesel fuel is
2 not available at their home port outside of California.

3 We are proposing to allow a limited exemption for
4 replacement engines which must be in tandem with other
5 compliant engines on the vessel.

6 We will also allow vessel operators to use
7 off-road engines on vessels and to allow swing or spare
8 engines to be considered part of the vessel owner's fleet.

9 Another proposal is to modify the low-use
10 exemption to clarify that the 300 hours low-use exemption
11 would be based on the cumulative total hours of operation
12 annually in any of the vessel categories that have in-use
13 emission requirements, such as ferries, excursion vessels,
14 tugboats, towboats, and we're proposing crew and supply
15 vessels.

16 The barges and dredges low-use engine exemption
17 would continue to be 80 annual hours, matching what was
18 previously required by PERP.

19 --o0o--

20 AIR POLLUTION SPECIALIST STERLING: There are
21 several proposed amendments that clarify the regulation
22 requirements. The amendments we are proposing today would
23 require engines installed on barges and dredges to comply
24 with the harbor craft regulation. There are additional
25 minor amendments to clarify reporting requirements,

1 reporting deadlines, requirements for new ferries, and
2 compliance extension requirements.

3 We also added a few definitions to improve
4 clarity and delete some definitions no longer needed.

5 --o0o--

6 AIR POLLUTION SPECIALIST STERLING: The proposed
7 amendments accelerate the replacement schedule for crew
8 and supply, barge, and dredge vessel engines and provide
9 productions of almost 300 tons of PM, about 3,500 tons of
10 NOx over the life of the regulation. About half of these
11 emission reductions will occur by 2016 since the
12 regulation is structured to bring in the oldest,
13 highest-emitting engines first.

14 We anticipate that overall there will be no
15 change in greenhouse gas emissions due to the proposed
16 amendments.

17 --o0o--

18 AIR POLLUTION SPECIALIST STERLING: The proposed
19 amendments will provide an additional 10 percent reduction
20 in PM and NOx emissions from harbor craft. These
21 reductions would provide health benefits in communities
22 near coastal areas and around ports.

23 We expect that reductions in potential cancer
24 risk and premature death would decline with a reduction in
25 emissions.

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AIR POLLUTION SPECIALIST STERLING: We estimate

that the portion of the total cost of compliance

attributable to this regulation will be \$15 million over

the entire compliance period. This cost is due to having

to replace engines sooner than when an engine would

normally be retired from service. The cost of this

accelerated retirement is considered as a regulatory

compliance cost.

These costs take into account residual values of

engines being replaced and rebuild work that may have been

performed. ARB estimates that the proposed amended

regulation will cost industry about \$46 million in total

expenses. The out-of-pocket costs are those associated

with purchasing new engines, not taking into account that

they would have to replace engines in the absence of the

regulation.

The cost effectiveness, \$35 per pound attributed

to PM, is consistent with other regulations passed by the

Board.

AIR POLLUTION SPECIALIST STERLING: ARB has a

number of financial incentive programs to help owners of

equipment to upgrade to cleaner technology, providing they

are for early or extra emission reductions than required

1 by law or regulation. These include grant programs such
2 as Carl Moyer program and the Proposition 1B Goods
3 Movement Emission Reduction Program. These programs are
4 administered by ARB generally in partnership with local
5 Air Districts or other agencies like the ports. Many of
6 these local agencies have additional funding sources,
7 including federal grants, which can also be used to update
8 equipment.

9 --o0o--

10 AIR POLLUTION SPECIALIST STERLING: ARB staff
11 held three public workshops, two in Sacramento and one in
12 Santa Barbara. At all of these workshops, staff provided
13 draft regulation language, estimated emission reductions,
14 and cost estimates. All of the workshops were telecast
15 via webcast helping provide access to affected
16 stakeholders. We also met with various stakeholders via
17 teleconference and met with several local coastal Air
18 Districts and CAPCOA.

19 --o0o--

20 AIR POLLUTION SPECIALIST STERLING: In this next
21 slide, I want to discuss an issue that came up during the
22 rule development process.

23 The dredge industry raised concerns about being
24 regulated by both state and local districts. They would
25 prefer to be subject to a single statewide regulation and

1 not have local Air Districts establish additional
2 requirements. Some districts have established
3 requirements on dredges under their authority to attain
4 and maintain ambient air quality standards or CEQA
5 requirements.

6 To address this issue, we are proposing to create
7 a work group with the dredge operators and the local
8 districts to discuss and to look for ways to bring greater
9 consistency statewide.

10 --o0o--

11 AIR POLLUTION SPECIALIST STERLING: Finally,
12 staff is proposing to modify the proposed regulatory
13 language to allow U.S. EPA or ARB certified off-road
14 engines to be used to comply with the new and in-use
15 emission standards for propulsion engines. This proposed
16 change would make the requirements for propulsion and
17 auxiliary engines the same.

18 --o0o--

19 AIR POLLUTION SPECIALIST STERLING: In summary,
20 the proposed amended commercial harbor craft regulation
21 will reduce emissions and provide consistency,
22 flexibility, and clarity. The additional emission
23 reductions will help ARB make progress towards its goals
24 for the Diesel Risk Reduction Plan and the Emission
25 Reduction Plan for Goods Movement and Ports.

1 ARB staff recommends the Board adopt the proposed
2 amended commercial harbor craft regulation, with the
3 proposed 15-day change.

4 This concludes my presentation. At this time, we
5 would be happy to answer any questions.

6 CHAIRPERSON NICHOLS: Are there any questions at
7 this time?

8 If not, we can go right to the witness list. We
9 have four speakers that have signed up. I'll just call
10 them to come forward. Bonnie Holmes-Gen, followed by
11 Michael Villegas, Henry Hogo, and Terry Dressler.

12 Start with Bonnie.

13 MS. HOLMES-GEN: Good morning, Chairman Nichols
14 and members.

15 Bonnie Holmes-Gen with the American Lung
16 Association of California.

17 And I'm here to commend you and the staff for
18 moving forward today with this regulatory proposal to
19 close an important gap in coverage for harbor craft and to
20 take another important step towards our state's goal of
21 risk reduction for diesel.

22 As you heard, this is an important source of
23 pollution, represents the third largest contributor to
24 cancer risk around ports.

25 We are pleased with the work that's been done,

1 and this regulation will provide near-term reductions in
2 particulate matter that will significantly reduce
3 premature deaths and illnesses from diesel emissions and
4 significantly improve quality of life for residents living
5 around the ports.

6 So we urge you to move forward, and we're glad to
7 be here to support.

8 CHAIRPERSON NICHOLS: Thank you.

9 Michael Villegas.

10 MR. VILLEGAS: Chair Nichols, members of the
11 Board, good morning. I'm Mike Villegas, Air Pollution
12 Control Officer for Ventura County.

13 Ventura County APCD staff is pleased to support
14 the California Air Resources Board's proposal to amend the
15 commercial harbor craft regulation, which would require
16 emission reductions from crew and supply vessels.

17 Due to their heavy use on the ports of Ventura
18 County that serve as off-road platforms, these vessels
19 remain one of the most important unregulated source of
20 emissions in our port. Emission reductions from these
21 sources are going to be critical to our efforts to attain
22 the state and federal ozone standard.

23 CARB staff reports that the cost effectiveness
24 for the proposed regulation is \$2,900 per upon of NOx
25 reduced on an annual basis. This cost effectiveness

1 compared to the guidelines set in Ventura County by our
2 Board of \$18,000 per ton of NOx reduced, which is the
3 maximum use adopted regulation for stationary sources.

4 In summary, I urge your Board to adopt the
5 proposed amendments.

6 CHAIRPERSON NICHOLS: Thank you very much.
7 Henry Hogo.

8 MR. HOGO: Good morning, Madam Chair, members of
9 the Board. I'm Henry Hogo, Assistant Deputy Executive
10 Officer of Mobile Source Division at South Coast AQMD.

11 I want to express AQMD staff's support of the
12 proposed amendments that will gain further emission
13 reductions of both NOx and PM in the near term. And we
14 urge you to approve this today.

15 I do want to point out we want to work closely
16 with your staff as we move forward, because with the
17 tighter air quality standards coming up, we do have to
18 look at these source categories.

19 CHAIRPERSON NICHOLS: Absolutely. Thank you very
20 much.

21 Terry Dressler.

22 Mr. DRESSLER: Good morning, Chairman Nichols,
23 members of the Board.

24 My name is Terry Dressler. I'm the Director and
25 Air Pollution Control Officer of the Santa Barbara County

1 Air Pollution Control District.

2 I would like to offer my strong support for the
3 inclusion of the crew and supply boats in this regulation
4 for this revision. One of the big reasons is it's one of
5 the larger sources of air pollution in Santa Barbara
6 County. We are going to experience a reduction of 100
7 tons of NOx from this regulation revision.

8 And I'll tell you something, that our on-shore --
9 no on-shore control measure would get anywhere near that.
10 So this is going to be very important for our overall plan
11 to attain and maintain the air quality standards.

12 I thank you all -- I thank the ARB staff for
13 hearing us on this and for including this very large
14 emission source in the regulation. And I urge your
15 adoption. Thank you very much.

16 CHAIRPERSON NICHOLS: Thank you.

17 That concludes the list of witnesses that I have.
18 Let's return this to staff for any additional comments you
19 may have.

20 ASSISTANT CHIEF COREY: No additional comments.

21 CHAIRPERSON NICHOLS: Board members, seems like
22 it's simpler than it could possibly be.

23 What have you done, Mr. Fletcher?

24 Yes. Oh, question from Dr. Balmes.

25 BOARD MEMBER BALMES: This is an informational

1 question.

2 So the proposed 15-day change to allow use of
3 off-road/non-road engines as propulsion engines, why is
4 that important? Could somebody explain that to me?

5 AIR POLLUTION SPECIALIST STERLING: The amended
6 regulation was written to include off-road engines in
7 terms of auxiliary engines, because most of the barges and
8 dredges have auxiliary engines on them. And most of those
9 are off-road engines.

10 We have found cases where there are off-road
11 engines used in a marine application as propulsion
12 engines. Before we got too far along, we wanted to
13 include those also in this amended regulation.

14 EMISSIONS ASSESSMENT BRANCH CHIEF DONOHOUE: From
15 an emissions standpoint, they are equivalent. The
16 off-road engines tend to be a little bit cleaner.

17 BOARD MEMBER BALMES: Thank you.

18 CHAIRPERSON NICHOLS: Is there another question
19 down here? No.

20 Okay. Thank you. Then I'd like a motion and a
21 second to support the staff resolution.

22 BOARD MEMBER D'ADAMO: Madam Chair, move adoption
23 of Resolution 10-26.

24 BOARD MEMBER YEAGER: Second.

25 CHAIRPERSON NICHOLS: All in favor, please say

1 aye.

2 (Ayes)

3 CHAIRPERSON NICHOLS: Any opposed?

4 Great. Thank you. That was simple.

5 EXECUTIVE OFFICER GOLDSTENE: On the next item,
6 we are broadcasting to remote locations, and they've been
7 noticed to not start sooner than 10:00. We didn't realize
8 the last item would go as quickly as it did.

9 CHAIRPERSON NICHOLS: So you need to take a
10 break.

11 EXECUTIVE OFFICER GOLDSTENE: We need to take a
12 break.

13 CHAIRPERSON NICHOLS: There's nothing we can
14 really do to fill up the 15 minutes.

15 EXECUTIVE OFFICER GOLDSTENE: The other items are
16 all longer.

17 CHAIRPERSON NICHOLS: I apologize to those in the
18 room, but for the convenience of people that are wanting
19 to watch this from remote locations, we have to take a
20 break until 10:00 since we had noticed this next item for
21 10:00. So you have time to go stretch, get a cup of
22 coffee or whatever, and we'll see you back here promptly
23 at 10:00.

24 (Thereupon a recess was taken.)

25 CHAIRPERSON NICHOLS: We'd like to get started,

1 please. As usual, our brief break extended a little
2 beyond the allotted time.

3 I'm waiting for the video to start also. Are we
4 okay to start now?

5 First of all, I'd like to welcome people who are
6 viewing this Board meeting from two remote locations where
7 we've set up video monitoring equipment. I know that
8 there are people in San Bernardino and in El Monte,
9 both -- South Coast, I'm sorry, Diamond Bar. We
10 appreciate the South Coast making their facilities
11 available to us as well. So welcome to those of you in
12 the room as well as those of you who are watching us
13 remotely.

14 The next item today is the staff's proposal to
15 further reduce diesel particulate matter emissions from
16 high priority rail yards in California. Staff's proposal
17 is another precedent-setting action for this Board to
18 consider in our ongoing efforts to address the high
19 emissions and the unacceptable risks at California's rail
20 yards.

21 At past Board meetings and local meetings,
22 community residents who live near these facilities have
23 been very vocal and passionate about the impacts on their
24 health and the urgent need to reduce those impacts with a
25 high degree of certainty.

1 We have heard the concerns. We understand them.
2 We recognize the current levels, although they are better
3 than what we used to be, are not what they should be. And
4 we know you're looking to this Board for more help.

5 In response, the Board has pushed our staff to
6 come back with strong proposals that will ensure further
7 reductions in emissions and risks at a few high priority
8 rail yards with the understanding that more are going to
9 come under our scrutiny later.

10 Today's proposed action is the next step forward
11 based on the best information that we have today about
12 what is and what we expect will be feasible with cleaner
13 technology over the next decade. But we realize that this
14 is not the end of the story and that we are going to have
15 to continue pushing for cleaner rail yards as the
16 technology becomes available and cost effective.

17 It's also important to recognize what has been
18 accomplished. No other agency in the United States has
19 taken the aggressive action this Board has taken to
20 characterize and reduce the health risks from diesel
21 engines used in freight operations throughout the state.

22 Since 2004, as part of our goods movement
23 initiatives, this Board has adopted regulations for diesel
24 transport refrigeration units, cargo handling equipment,
25 and the use of clean diesel fuel in intrastate

1 locomotives, and most recently drayage trucks. Our
2 regulations have addressed every major non-locomotive
3 source operating at rail yards and are effectively
4 reducing emissions today. Additional reductions will
5 occur as these regulations become fully effective over the
6 next few years.

7 In only three years, since I've been here, we
8 have developed, passed, and implemented regulations that
9 require 85 percent particulate control on trucks serving
10 ports and rail yards. Two months ago, we began enforcing
11 these regulations with unannounced truck inspections
12 outside the rail yards and major rail yards ports.

13 This Board's action to implement voluntary
14 agreements with the railroads are also significantly
15 reducing the majority of the locomotive emissions that ARB
16 does not have the legal authority to regulate. In
17 southern California, the 1998 agreement has resulted in
18 the cleanest fleet of locomotives operating anywhere in
19 the country. The 2005 agreement resulted in the
20 installation of anti-idling devices on all intrastate
21 locomotives, the use of clean diesel fuel in virtually all
22 locomotives operating in California, and a very visible
23 reduction in the number of smoking locomotives.

24 These collective efforts, together with the
25 United States Environmental Protection Agency's strong

1 standards for new locomotives, have cut emissions and
2 risks at the four high priority rail yards that we are
3 discussing today, in half, from 2005 levels. And as the
4 chart behind me indicates, there has been significant
5 progress. However, the remaining public health risks
6 today and in the future are still too high. And, thus, we
7 have the need for action to lock in further reductions.

8 As part of the 2005 agreement, staff conducted
9 health risk assessments that for the first time anywhere
10 provide comprehensive assessments of the public health
11 risk in and around rail yards. So this is information
12 that has come to light because of health risk assessments
13 that we have done. These risk assessments quantify what
14 residents near rail yards long suspected - that living
15 near rail yards is less healthy than other areas and more
16 action is needed.

17 Staff then developed a comprehensive technical
18 evaluation of options to further reduce emissions and
19 risks at rail yards. This technical evaluation clearly
20 showed that locomotives were the major remaining emission
21 source to be controlled. Unfortunately, federal law
22 prevents the Board from directly regulating locomotives
23 with the exception of very old locomotives. And our most
24 recent analysis shows that the railroads are no longer
25 routinely operating these older locomotives in any

1 significant numbers in southern California.

2 So that brings us to today's proposed action. As
3 I think the Board will recall, we directed staff to
4 initiate a process to make significant and expeditious
5 progress on reducing emissions at the most impacted rail
6 yards. In recognition of the limited regulatory authority
7 for locomotives, the Board directed staff to draft
8 voluntary set of commitments that could be implemented
9 expeditiously and would result in significant, verifiable,
10 and enforceable emissions reductions.

11 Staff has proposed commitments that would cap
12 emissions at progressively lower levels through 2020
13 independent of growth at any particular rail yard. This
14 is a very important feature of the commitments that are
15 being discussed today, because the freight industry is
16 beginning to recover from a decline in global trade.
17 We're happy about that. But what we're not happy about is
18 the likelihood as they begin to rebound vigorously, there
19 could be an increase in emissions that will not be allowed
20 to happen under the commitments that we are discussing
21 here today.

22 State and federal policies in support of shifting
23 cargo from trucks to rail to relieve freeway congestion,
24 improve fuel efficiency, and reduce greenhouse gases are
25 very much the policy of the United States. So freight

1 rail traffic is going to continue to grow. But with these
2 commitments, California communities can have the economic
3 benefits of trade growth while still accelerating the
4 progress in reducing the emissions in health risk. So you
5 start off the top with a cap.

6 Under the proposed commitments, the rail yards
7 and ARB would evaluate rail-yard-specific operational
8 changes to reduce risk between now and 2012. That's two
9 years from now. ARB and the rail yards will also move
10 aggressively to test the advancement technology needed to
11 meet these commitments and potentially go beyond to cut
12 the residual risk. ARB and the South Coast Air District,
13 either separately or together, will commit to install and
14 operate air monitors in the communities near San
15 Bernardino and Commerce near those two rail yards. These
16 commitments include backstop provisions should the
17 railroads fail to meet their obligations.

18 We also understood that there needs to be more
19 transparency in ensuring that reductions are real and
20 achieved on schedule. To verify information that the
21 railroads will report annually, ARB staff will thoroughly
22 review the data, physically inspect and observe the
23 locomotives operating in each of the four yards. In
24 addition, ARB staff will track the reductions in health
25 risk and report that information to the public.

1 These proposed commitments represent a big step
2 forward. But that is not the end. Rather, we are
3 committed to doing more. For example, we have a number of
4 test programs underway to evaluate advanced technology,
5 both for locomotives and other rail yard equipment. I'm
6 enthusiastic about the potential for future technology and
7 I'm encouraged by the discussions that I've had with
8 manufacturers and others regarding the development of such
9 technologies. It's important to partner with others also
10 to further evaluate the growth potential for
11 electrification of all rail yard equipment and to test
12 that this type of equipment will work as needed at the
13 rail yards.

14 I believe that zero or near zero emission rail
15 yards are in our future, but I also believe that the
16 proposal that's being considered today is a milestone on
17 the path to getting to that goal. The alternative is to
18 simply live as we are now, which I don't think is
19 acceptable.

20 I want to close by reiterating our commitment to
21 work with our partners and other agencies as well as local
22 governments, other stakeholders, and the railroads to
23 identify and implement additional actions that can be
24 taken both inside and outside the rail yards. This is not
25 a problem that can be solved by ARB and the railroads on

1 their own. We all have a role to play. And I encourage
2 others who have jurisdiction in this area to step up to
3 the plate to help address the community concerns through
4 real action rather than rhetoric.

5 This is a somewhat more lengthy opening statement
6 than you normally hear from me, but I thought it was
7 important to set the tone strongly here, because this is
8 an issue which has been before us several times before,
9 and I know that feelings run high on many sides of this
10 issue.

11 My personal observation is that ARB would not be
12 in the middle of this situation if the railroads were more
13 willing to actually talk to the people who live outside
14 their gates.

15 I also am concerned that people who live near the
16 rail yards have been so long locked into their distrust --
17 and I won't call it dislike -- but let's say distrust of
18 the rail yards that it's difficult for them to give any
19 credence whatsoever to any commitments that are made by
20 the railroads. I'm not asking either of these groups to
21 change, because I don't think they would in response to my
22 exhorting them to do so. Trust isn't something that you
23 can make happen just by talking about it. But I do
24 believe that the Air Resources Board's role in this
25 situation is to move forward and to get emissions

1 reductions. And that's what I hope we will be in a
2 position to do.

3 So I'm going to ask the Executive Officer to
4 begin the staff presentation.

5 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
6 Nichols.

7 Since February, staff has worked continuously and
8 expeditiously to develop a proposed commitment. These
9 efforts literally represent thousands of hours of staff
10 time over the last four months to hammer out the most
11 effective approach for securing substantial reductions in
12 emissions and risk. I want to thank the staff for working
13 nights, weekends, and even furlough days to getting this
14 done.

15 Although developed at a compressed time frame, it
16 is staff's belief that the proposed commitments represent
17 the very best agreement that can be reached. Additional
18 time would not result in any significant improvements to
19 the proposed commitments.

20 This conclusion is based on the fact that the
21 Railroads must meet the proposed commitments in specified
22 years, despite uncertainty. For example, the proposed
23 commitments are dependent on future locomotive
24 technologies that are not yet developed or verified, but
25 we have pushed the envelope with the belief these

1 technologies will become available.

2 In addition, the required reductions are
3 independent of the actual growth rate at the rail yards.
4 This is an important element of the proposed commitments,
5 because it provides a level of certainty that the
6 emissions will continue to be ratcheted down with no room
7 for excuses.

8 Public incentive funds are accelerating the
9 upgrades to cleaner locomotives at these yards with
10 supplemental benefits in the region. Both ARB and the
11 South Coast Air District are administering grants to the
12 railroads for this equipment. However, the proposed
13 commitments are not dependant on the availability of any
14 public funds. We're committed to the successful
15 implementation of these proposed commitments and will
16 continue to work with stakeholders to further reduce
17 emissions and risk.

18 As Chairman Nichols stated, this is an important
19 next step in the process.

20 I'll now ask Ms. Cynthia Marvin of our Stationary
21 Source Division to provide the staff presentation.

22 Cynthia.

23 (Thereupon an overhead presentation was
24 presented as follows.)

25 ASSISTANT DIVISION CHIEF MARVIN: Thank you, Mr.

1 Goldstene.

2 Good morning, Chairman Nichols and Board members.

3 I'll describe a series of proposed commitments to
4 reduce emissions of diesel particulate matter from
5 operations at four rail yards in southern California.

6 As Chairman Nichols stated, the purpose of this
7 proposal is to further reduce the resulting health risk to
8 communities near these rail yards.

9 --o0o--

10 ASSISTANT DIVISION CHIEF MARVIN: After
11 identifying the key elements of the commitments, I'll
12 describe how ARB developed the performance standards based
13 on our assessment of all feasible measures for each rail
14 yard.

15 The appendices for the staff report for this item
16 include the full text of the proposed commitments for each
17 rail yard, plus our rail yard specific evaluations. Then
18 we'll look at how the commitments would reduce both
19 emissions and health risk at each yard. I'll also
20 identify and respond to some of the questions raised in
21 public comments over the last month and conclude with
22 staff's recommendation for Board action today.

23 --o0o--

24 ASSISTANT DIVISION CHIEF MARVIN: We begin with
25 the proposal, which includes commitments that we would ask

1 the railroads to make for specific action and quantifiable
2 results, as well as commitments that ARB would make.

3 The railroads' decision to accept any requested
4 commitments is voluntary, but once accepted, the specific
5 provisions become enforceable.

6 --o0o--

7 ASSISTANT DIVISION CHIEF MARVIN: The proposed
8 commitments address the four rail yards in California with
9 the highest health risks from diesel PM emissions
10 according to ARB health risk assessments for year 2005.

11 The photos on the left show the San Bernardino
12 and Hobart rail yards operated by Burlington Northern
13 Santa Fe railway.

14 The two on the right show the Commerce rail yard
15 operated by the Union Pacific railroad, as well as UP's
16 intermodal container transfer facility, or ICTF. This is
17 run with the adjacent Dolores rail yard as a combined
18 facility.

19 When ARB assessed the health risk for 18 major
20 rail yards in California, these facilities showed the
21 highest maximum cancer risks. We refer to these four as
22 the high priority rail yards for that reason.

23 --o0o--

24 ASSISTANT DIVISION CHIEF MARVIN: In combination
25 with existing regulations and agreements, these

1 associated with those actions.

2 There is also a one-time requirement to evaluate
3 a list of yard-specific operational changes, including
4 several proposed by community members. ARB will assess
5 the ability of each potential operational change to reduce
6 health risk and make the information publicly available
7 along with the evaluations.

8 The Emission Reduction Plans will also include
9 any operational changes that are needed to meet the
10 performance targets.

11 Starting next year, the railroads would also
12 provide equipment and technical resources to test advanced
13 technology for locomotives operating in the rail yard.
14 This commitment is essential to bring the next generation
15 of lower emission technology to market on the accelerated
16 time lines that California needs.

17 After the railroads submit the draft emission
18 reduction plans and ARB completes the supplemental health
19 risk assessments, the railroads and ARB would hold public
20 meetings in the affected community to discuss these
21 documents and report on progress.

22 --o0o--

23 ASSISTANT DIVISION CHIEF MARVIN: This slide
24 shows an example of how the emission reduction performance
25 standards would cap emissions regardless of growth at the

1 San Bernardino rail yard. These figures are based on the
2 decline in cargo activity from 2005 to 2010, but three
3 percent annual growth in containers from now through 2020.

4 The green bars in 2005 and 2010 show the dramatic
5 drop in diesel PM emissions over the last five years due
6 to the ARB rules for drayage trucks, cargo equipment,
7 transport refrigeration units, and cleaner locomotive
8 fuel, as well as U.S. EPA's regulations for cleaner
9 locomotive engines.

10 ARB's 1998 agreement with the railroads to reduce
11 NOx emissions in the South Coast has significantly
12 accelerated the introduction of these cleaner engines that
13 cut both NOx and PM emissions. Although the PM emission
14 reductions are not required by the 1998 agreement, we have
15 treated these ancillary benefits as part of the existing
16 program in our analyses.

17 The red line on this slide shows the maximum
18 emissions in future years under the proposed commitments.
19 If you look at the bars for 2015 and 2020, you'll note
20 there is a cross hatch in green and white on the top of
21 those bars. That shows the incremental benefits that are
22 directly attributable to these commitments. For example,
23 in year 2020, the emission cap is at 3.4 tons per year.
24 This represents a 50 percent reduction from the seven tons
25 per day of total emissions that we would project without

1 these commitments. If growth is higher than projected,
2 BNSF would need to do more to meet this cap.

3 --o0o--

4 ASSISTANT DIVISION CHIEF MARVIN: U.S. EPA is
5 co-funding upgrades to switch locomotives in the San
6 Bernardino and Hobart yards, while the South Coast Air
7 District recently approved the first of several locomotive
8 grants using State moneys from Proposition 1B. Following
9 this item today, the Board will hear proposed allocations
10 for the next rounds of Prop. 1B funding, including 30
11 million for locomotive projects to be administered by the
12 South Coast District over the next few years.

13 Under the commitments, the BNSF and UP railroads
14 would retain their eligibility for public incentive funds
15 and ARB would continue to support the use of incentive
16 funds for this purpose. But the railroad's obligation to
17 meet the emission caps is not conditioned on the
18 availability of public incentive.

19 --o0o--

20 ASSISTANT DIVISION CHIEF MARVIN: In addition to
21 the updated health risk assessments for each of these
22 yards, ARB staff would evaluate the emissions data and
23 plans submitted by the railroads for completeness,
24 accuracy, and the adequacy of those submittals to meet the
25 next emission reduction target.

1 If ARB determines that a railroad has failed to
2 meet the targets or other commitments for a specific rail
3 yard, staff would propose locomotive and rail yard
4 regulations within four months for consideration by the
5 Board.

6 All of the railroad submittals, ARB's formal
7 correspondence with the railroads on the submittals, and
8 the health risk assessments would be posted on ARB's
9 website by specified dates. The first set of updated
10 inventories and health estimates would be due this fall.

11 In response to community requests, ARB would also
12 commit to install and operate a PM air quality monitor in
13 the community near the San Bernardino rail yard and
14 another near the Commerce and Hobart rail yards. We would
15 hope to collaborate with the South Coast District to split
16 these monitoring responsibilities.

17 --o0o--

18 ASSISTANT DIVISION CHIEF MARVIN: Since the
19 proposed performance standards for each rail yard are
20 expressed in terms of emission reductions, ARB staff will
21 assess the corresponding changes in health risk to ensure
22 that the health risk is reduced along with the emissions.
23 We will provide reports on that information to the Board
24 and to the public throughout this process.

25 --o0o--

1 ASSISTANT DIVISION CHIEF MARVIN: Another
2 community request was for ARB to independently verify
3 railroad activity and equipment to check the data reported
4 by the railroads. We've recently expanded our
5 verification effort to include field surveys to document
6 the type of locomotives operating in the yard on a
7 specific day.

8 --o0o--

9 ASSISTANT DIVISION CHIEF MARVIN: Implementing
10 the commitments would provide ARB and the public with more
11 comprehensive data on the equipment and activity in each
12 yard.

13 As we've recently learned from the hard work of
14 Professor Andrea Hricko, ARB needs to increase both the
15 amount and usefulness of the data that we make available
16 on the website to fulfill our commitment to transparency.
17 We will start work on these improvements this summer.

18 --o0o--

19 ASSISTANT DIVISION CHIEF MARVIN: If ARB finds
20 that a railroad has failed to meet the emission caps or
21 other specified commitments for a specific rail yard, ARB
22 staff would bring rulemakings to the Board and seek the
23 legal authority to regulate a broader range of
24 locomotives.

25 The challenge now is that ARB can only regulate

1 the oldest pre-Tier 0 locomotives, also known as
2 non-preempted locomotives. The railroads have
3 substantially reduced the number of non-preempted
4 locomotives being operated in California over the last
5 two years and virtually eliminated them from these four
6 high priority rail yards. The result is that an ARB
7 regulation for non-preempted locomotives would not produce
8 benefits for the communities near these high priority rail
9 yards.

10 ARB could also adopt a regulation requiring the
11 railroads to prepare risk reduction audits and plans, but
12 we do not believe those emission reduction goals could be
13 made enforceable under such a regulation.

14 This very limited opportunity to reduce rail yard
15 emissions via regulation is why staff recommends the
16 voluntary commitments approach to deliver substantial
17 enforceable reductions in diesel PM emissions and health
18 risk.

19 --o0o--

20 ASSISTANT DIVISION CHIEF MARVIN: Now I'd like to
21 describe how ARB staff developed the proposal based on our
22 evaluation of all feasible measures for each rail yard.

23 --o0o--

24 ASSISTANT DIVISION CHIEF MARVIN: To identify the
25 maximum feasible emission reductions and set the

1 performance standards for each yard for each milestone
2 year, we started with the 2009 comprehensive technical
3 options report. This report examined the technical
4 feasibility, potential emissions reductions, cost and cost
5 effectiveness of 37 possible strategies.

6 We then looked at the available data on the
7 locomotives and equipment operating in each of the
8 priority rail yards to determine which technical options
9 could be most effective in reducing emissions. The time
10 frame for the availability of cleaner locomotive
11 technology is key to the schedule for emission reductions.

12 We also considered operational changes that could
13 further reduce emissions.

14 In the appendices to the staff report, we
15 described a possible path for each rail yard to achieve
16 additional reductions through a combination of technology
17 that is available today, technology that we expect to
18 become available in the future, and operational changes.
19 Based on this path for each rail yard, we identified the
20 emission targets that would create the performance
21 standard.

22 --o0o--

23 ASSISTANT DIVISION CHIEF MARVIN: As a quick
24 refresher, this slide shows the names we used to discuss
25 locomotives according to the U.S. EPA emissions standards

1 that apply. Starting at the top, both the oldest pre-Tier
2 0 locomotives, which are the non-preempted locomotive and
3 the Tier 0 locomotives have no PM emission controls.

4 The Tier 2 locomotives being made today have
5 about 67 percent control of PM emissions. The upcoming
6 Tier 3 and Tier 4 level locomotives will bring the most
7 stringent emission controls.

8 --o0o--

9 ASSISTANT DIVISION CHIEF MARVIN: This slide
10 lists the types of operational changes that we included in
11 the path to determine the performance standards for each
12 yard. It includes measures like relocation of emission
13 source within the yard to reduce exposure to diesel PM
14 emissions as well as measures to directly reduce
15 emissions.

16 --o0o--

17 ASSISTANT DIVISION CHIEF MARVIN: The key
18 components of the possible paths we identified at each
19 yard are shown here. With the most of the switch
20 locomotives already being upgraded to genset technology or
21 equivalent Tier 3 emission levels, the next strategy is to
22 retrofit those units with PM filters or repower them to
23 meet Tier 4 emission levels by 2015.

24 For line haul locomotives, we assumed that the
25 railroads could accelerate the introduction of Tier 3 and

1 Tier 4 locomotives between 2013 and 20. For the BNSF San
2 Bernardino yard, the ARB-identified path relied on
3 100 percent Tier 4 line haul locomotives serving that
4 yard. This level of accelerated introduction would
5 provide significant benefits throughout the state.

6 The path for each rail yard includes
7 implementation of the operational changes that the
8 railroads must evaluate under the commitments as well.

9 I'd like to be clear that this is a performance
10 standard we're proposing in these commitments. The
11 railroads might elect to follow the path identified by ARB
12 staff or to use a different mix of technology and
13 operational changes to deliver the same emission
14 reductions.

15 --o0o--

16 ASSISTANT DIVISION CHIEF MARVIN: What would be
17 the benefits in each rail yard from the emission
18 reductions required under the proposed commitments?

19 --o0o--

20 ASSISTANT DIVISION CHIEF MARVIN: The San
21 Bernardino rail yard had the highest health risks in 2005
22 due to a combination of emissions and neighbors in close
23 proximity to the yard. The actions already implemented
24 have cut the maximum cancer risk for 70-year exposure to
25 about 1400 in a million today.

1 The existing program and these commitments would
2 steadily reduce that risk down to 400 in a million by
3 2020. This 85 percent reduction is based on the diesel PM
4 emissions declining from a peak of 22 tons in 2005, down
5 to 3.4 tons. And I'll address a little bit later the
6 question about that 400 in a million remaining risk.

7 --o0o--

8 ASSISTANT DIVISION CHIEF MARVIN: In the Hobart
9 yard, the diesel PM emissions would decline by similar
10 amounts, but the risks are lower because of where people
11 live in relation to the yard.

12 --o0o--

13 ASSISTANT DIVISION CHIEF MARVIN: At the Commerce
14 yard, we see lower overall levels of diesel PM emissions
15 and consistent reductions in cancer risk to the same 85
16 percent overall levels.

17 --o0o--

18 ASSISTANT DIVISION CHIEF MARVIN: The combined
19 ICTF and Dolores yards have the second highest cancer
20 risks based on the combination of emissions and proximity
21 with the same overall 85 percent reduction by 2020.

22 --o0o--

23 ASSISTANT DIVISION CHIEF MARVIN: As Chairman
24 Nichols noted, this slide illustrates the incremental
25 benefits of the commitments above and beyond the existing

1 regulation and agreements.

2 Between now and 2015, the commitments would
3 reduce emissions by nearly 10 to 20 percent above and
4 beyond the benefits of the existing program.

5 By 2020, the commitments would reduce emissions
6 an additional 30 to 50 percent beyond the existing
7 program.

8 --o0o--

9 ASSISTANT DIVISION CHIEF MARVIN: As I mentioned
10 previously, the railroads would need to accelerate the
11 introduction of cleaner locomotives to meet the
12 performance standards and the commitments. As these
13 locomotives operate outside of these rail yards, they
14 would provide significant benefits to other communities.

15 The next tier of major rail yards with higher
16 health risks include UP's Northern California facilities
17 in Roseville and Oakland and BNSF's Barstow facility. To
18 begin addressing those facilities, ARB would ask the
19 railroads to commit to develop and submit comprehensive
20 emission inventories in 2012. These inventories will aid
21 ARB staff in evaluating the changes in health risk since
22 the original assessments were done.

23 --o0o--

24 ASSISTANT DIVISION CHIEF MARVIN: I'd like to
25 take just a few minutes to respond to some of the public

1 comments we've heard in the last month, which we expect
2 will be also be raised in testimony today.

3 --o0o--

4 ASSISTANT DIVISION CHIEF MARVIN: Based on the
5 public comments at the early June public meetings we held
6 in Commerce and San Bernardino on the draft commitments,
7 ARB staff strengthened the proposal. We increased the
8 reductions required by 2015, moved up the evaluation of
9 some of the operational changes at each yard, and
10 clarified the text of the commitments to emphasize ARB's
11 commitment to transparency.

12 --o0o--

13 ASSISTANT DIVISION CHIEF MARVIN: The key comment
14 that we're hearing now is why doesn't ARB just regulate
15 railroad emissions now rather than pursuing voluntary
16 commitments?

17 ARB has already adopted stringent regulations for
18 every emission source at these rail yards, except for the
19 locomotives where the Board doesn't have the same legal
20 authority.

21 As I previously discussed, because the railroads
22 are not routinely operating non-preempted locomotives at
23 these high priority rail yards --

24 --o0o--

25 ASSISTANT DIVISION CHIEF MARVIN: -- and ARB

1 regulation for these locomotives would achieve virtually
2 no emission reductions at these yards -- can you go back
3 to the prior slide, please?

4 --o0o--

5 ASSISTANT DIVISION CHIEF MARVIN: The commitments
6 happen to the much larger pool of emissions and reductions
7 from all locomotives operating in these yards, including
8 those that ARB cannot regulate. This means substantial
9 reductions that are achievable via the commitment approach
10 that we cannot achieve via regulation.

11 Next slide.

12 --o0o--

13 ASSISTANT DIVISION CHIEF MARVIN: Another common
14 request from the community is to specifically require use
15 of alternative fuel yard trucks and electric rail-mounted
16 gantry cranes at these facilities.

17 Our analysis in the 2009 technical options report
18 shows these actions are not cost effective today. ARB's
19 existing regulation for cargo handling equipment already
20 requires all of this equipment meet stringent Tier 4
21 levels by 2015. The remaining emissions available to
22 control are very low and the costs are very high.

23 We also note that there may be operational
24 difficulties reconfiguring the physical layout of existing
25 rail yards for the electric cranes.

1 Next slide.

2 --o0o--

3 ASSISTANT DIVISION CHIEF MARVIN: Another key
4 question is why the maximum cancer risk at the San
5 Bernardino rail yard would still be high with
6 implementation of the commitments.

7 We recognize that the risk at this yard will need
8 to be further reduced. The limitation is that the current
9 85 percent reduction proposal already assumes the use of
10 all the technologies and operational measures that we can
11 identify today, regardless of whether we currently think
12 those technologies and operational changes are cost
13 effective. We simply do not have another pool of measures
14 to reduce emissions beyond that level that we believe will
15 exist or that we know of today.

16 Next slide, please.

17 --o0o--

18 ASSISTANT DIVISION CHIEF MARVIN: To go further
19 to reduce emissions and to address these residual health
20 risks, ARB staff will continue to work with our partners
21 on near-zero emission freight transport systems for the
22 future.

23 The Southern California National Freight Gateway
24 Collaborative is beginning to look at this effort. In
25 addition, ARB's Scoping Plan for climate change includes a

1 measure to increase the efficiency of the state's freight
2 transport system that compliments the southern California
3 regional initiative.

4 Next slide.

5 --o0o--

6 ASSISTANT DIVISION CHIEF MARVIN: So in
7 conclusion, ARB staff recommends that the Board approve
8 Resolution 10-29. With this approval, ARB staff would
9 move forward expeditiously to achieve the intended
10 benefits of the commitments, to reduce the health risk
11 from diesel PM in communities around the high priority
12 rail yards.

13 Thank you for your attention.

14 CHAIRPERSON NICHOLS: Thank you.

15 Could you say another word about the Southern
16 California Freight Collaborative? People may not be aware
17 what of it is.

18 ASSISTANT DIVISION CHIEF MARVIN: Certainly.

19 This is an effort that was started maybe three or
20 four years ago. The federal government, State government,
21 both transportation and environmental agencies, and local
22 governments, primarily transportation officials and the
23 South Coast Air District, together with the freight
24 industry, the rail industry, the ports, the truckers, are
25 talking about how to guide southern California's freight

1 transportation system into the future, what we can do to
2 be looking at both the infrastructure and the
3 environmental needs simultaneously.

4 And in addition to near-term proposals for
5 infrastructure, that group is starting to talk about how
6 we also keep our sights on that longer-term vision and how
7 we might work together to lay out a game plan and start to
8 seek federal funding for that.

9 CHAIRPERSON NICHOLS: Thank you.

10 Are there Board questions before we turn to the
11 public testimony?

12 If not, then we will be using our usual process
13 of three minutes per witness. And I normally take people
14 just in the order that they've signed up and don't adjust
15 the agenda too much or the order too much, but we also
16 normally take elected officials out of order. And we have
17 one elected official who's also here representing the
18 South Coast. So unless you specifically don't want to, I
19 would call Supervisor Josie Gonzales up to speak and have
20 her be followed by the two other people from South Coast
21 who have asked to testify, so Barry Wallerstein and Peter
22 Greenwald. I see you're all three listed in opposition.
23 So go ahead.

24 MS. GONZALES: Good morning, Chairman Nichols and
25 members of the Air Resources Board.

1 I'm Josie Gonzales, San Bernardino County
2 Supervisor for the 5th District. And I also serve as the
3 county's representative on the South Coast AQMD Board.

4 I stand before you in support of our mutual
5 mission to improve air quality and protect residents'
6 health.

7 I'm here to comment on the BNSF San Bernardino
8 rail yard, which is located within my supervisorial
9 district within the South Coast air basin. As you know,
10 for far too long, our residents have been living around
11 this rail yard have the misfortune to be exposed to the
12 highest level of estimated risk. We cannot compromise
13 when it relates to higher cancer risks.

14 The 2,500 in a million risk your agency reports
15 in the 2005 timetable is the highest risk level estimated
16 for any rail yard in California and one of the highest
17 risk levels in the entire state. After participating in
18 several meetings which included much in-depth review of
19 the draft and consideration of the efforts put forth to
20 protect the people whom I serve, I have concluded that I
21 cannot support this document as written and/or as recently
22 revised.

23 The bottom line: The remaining risk after
24 achieving the proposed 85 percent reduction is a
25 disturbing 400 in a million. It is simply unacceptable to

1 me and the residents whom I represent. For that matter,
2 it should not be acceptable as a proposal to any one of
3 us. While there are no regulatory risk limits for rail
4 yards, the remaining risks under this proposal are far
5 higher than the South Coast Air Quality Management
6 District rules allow. Under the proposal, it will take
7 another ten years to only reach that 400 in a million.

8 We should be working together to implement much
9 more aggressive measures as soon as possible and reduce
10 the risk as quickly as possible, instead of settling
11 because some improvement is better than nothing. We need
12 to develop a custom designed approach to address our
13 extreme circumstances rather than a one-size-fits-all
14 approach.

15 This community has suffered a severe imbalance in
16 the quality of the air they breathe for far too long.
17 This plan as proposed continues to tip the scale unfairly.
18 I respectfully ask --

19 CHAIRPERSON NICHOLS: Finish your statement at
20 least, please.

21 MS. GONZALES: Thank you so much.

22 I respectfully ask that this Board give direction
23 to take all actions necessary to reduce the even more risk
24 as nearly as possible. This entails working with all
25 stakeholders to identify specific actions, working through

1 the rail yard collaborative that you were the lead on in
2 initiating, and making sure that we include the
3 environmental justice groups and that we are then able to
4 reach out to our state and federal elected for guidance
5 and advice as to how we might best proceed.

6 The proposed commitment language needs to be
7 strengthened significantly, and this can happen for the
8 benefit of all if we unite and work together. My goal is
9 to do more sooner rather than later, to work together.
10 And despite my disagreement with the draft, I remain
11 willing to work with ARB, BNSF, the city of San
12 Bernardino, community groups, and others in this serious
13 issue.

14 Thank you very much.

15 CHAIRPERSON NICHOLS: Thank you. And thanks for
16 taking the time to come. Appreciate it.

17 Peter Greenwald and Barry.

18 MR. GREENWALD: Thank you very much.

19 Peter Greenwald, AQMD, South Coast.

20 All of the high-risk rail yards are in the South
21 Coast, so we appreciate your efforts. We acknowledge the
22 difficult task you face in controlling rail yard risks.

23 Having said that, we urge you to strengthen the
24 commitments. The main problem is the commitments, as you
25 have heard, would allow health risks for the next decade

1 which virtually everyone, including your staff, concede
2 are too high, most notably 400 in a million at San
3 Bernardino. This problem arises, because the commitments
4 to measure the 85 percent emission reduction from 2005
5 levels, levels which resulted in extraordinary risks, 2500
6 in a million.

7 The commitments do not require acceptable risk.
8 They do not even set acceptable risk as an aspirational
9 goal for the rail yard. This is a serious problem since
10 the commitments will establish the risk reduction path for
11 the next ten years and they will undermine efforts to
12 achieve more. That's not just our opinion. Please look
13 at the letter you received from the ports of Los Angeles
14 and Long Beach where the ports make the point that the
15 commitments do not contain measures that CARB and AQMD
16 urge the ports to adopt, such as 95 percent Tier 4
17 locomotives by 2020. The ports state this inconsistency
18 will reduce the port's ability to effectively implement
19 their Clean Air Plan.

20 In addition to targeting acceptable risk, we urge
21 you to require all feasible measures as soon as possible.
22 For example, your staff now says that it is too early to
23 commit to accelerate deployment of Tier 4 locomotives
24 since they won't be available for five years, but the
25 railroads committed in 1998 within the MOU with your

1 agency to accelerate Tier 2 locomotives. And they did
2 that seven years before they became available. That MOU
3 indicates you can get more as part of these commitments.
4 Your staff says electric gantry cranes, not electric
5 equipment, is not cost effective. But the railroads have
6 installed or proposed to install gantry cranes in Memphis,
7 in Seattle, and at Long Beach. And they've done that for
8 their own reasons, presumably due to the higher efficiency
9 of that equipment.

10 And moving operations away would from residents
11 could provide early benefits, but the commitments allow
12 the railroads over two years to decide whether or not to
13 propose any such actions and then do not require any
14 implementation.

15 Now, your staff says said the 85 percent
16 reduction will require deployment of the emission
17 reduction strategies I just described. However, the
18 extent they are needed may change based on new emissions
19 or CARB data and your staff says the railroads may choose
20 among measures. Rather than create such uncertainty, why
21 not just require all feasible measures explicitly,
22 including the ones I described. Given the unacceptable
23 risks in 2020, why allow the railroads to claim any
24 feasible measure is not needed? If the railroads won't
25 agree to stronger provisions, we urge you to seek

1 coordinated actions by local, state, and federal
2 government, including project approvals, conditions of
3 public funding rules and legislation.

4 Finally, staff says you should approve the
5 commitments today, because other approaches are
6 speculative and would take more time. In response, we
7 note that the commitments would not create benefits for
8 years.

9 In short, there is urgency to solve the problem
10 rail yard risk, but there's no urgency to approve this
11 solution. Thank you.

12 CHAIRPERSON NICHOLS: Thank you.

13 Staff, the reference was made to a letter from
14 the ports which was supposedly delivered to us yesterday,
15 but we don't have it. The Board members don't have it,
16 and staff doesn't seem to have it either. So if you do,
17 could you make it available to us, please? Okay. Thank
18 you.

19 Mr. Wallerstein.

20 MR. WALLERSTEIN: Good morning, Chairman Nichols,
21 members of the Board.

22 As you've been hearing, our agency has grave
23 concerns about the proposed agreement. In fact, I have
24 distributed a letter signed by Chairman William Berg of
25 our governing board expressing those concerns to you.

1 I'd like to also call to your attention a letter
2 you received from the railroads signed by Kirk Marckwald.
3 And if you look at the page 3, the second paragraph, in
4 that letter it states that the railroads will withdraw
5 from the commitments as a result of another agency or
6 political subdivision of California adopting requirements
7 that are substantially similar to the commitments.

8 So you have before you an agreement they're
9 already threatening us and the ports and the port lease
10 agreements and others that, if we take action, they'll
11 walk away from this.

12 So ask yourselves, how enforceable is this
13 agreement? There's no penalty if they walk away. You
14 simply would conduct rulemaking, which you have the
15 ability to do now. And it's interesting that you would
16 conduct that rulemaking or your staff would in four
17 months. Last September, we were told it would take more
18 than a year to do a rulemaking.

19 So there aren't a lot of near-term reductions.
20 You have more time, as Peter just stated, to work on this
21 issue to strengthen the agreement so it's consistent with
22 our policy proposals to others. And we're obviously here
23 urging you to do that.

24 Also take note of your resolution very carefully.
25 When you look at the language in the resolution,

1 (inaudible) basically pursue anything on railroads. Is
2 that really what you want to do? Will that really allow
3 you to fulfill our SIP requirements and other needs of the
4 community and region?

5 You've also received a letter from an attorney
6 for the community groups raising CEQA issues. I think
7 this is a discretionary action before your Board. I think
8 you need to carefully look at that and decide whether or
9 not your resolution really addresses the issues they've
10 raised to you and to us in that regard.

11 Please think about the fact that you may hear
12 from the community as being opposed to this. You're
13 hearing from the local Air District. You're hearing
14 concerns from the ports. That should give you great pause
15 here in how you proceed on this. And really ask yourself
16 whether you need to take action today and whether that
17 action actually will erode things we're trying to do.

18 Lastly, the Chair asked that we and others take
19 action of substance. I want you to know that my Board
20 directed me to go to Washington, D.C. and strengthen the
21 federal program. This will undermine that. In the past,
22 the railroads have used agreements to undermine that type
23 of effort.

24 We are already funding and in the process of
25 demonstration programs for locomotives. Unfortunately,

1 we're still in litigation over rules we adopted against
2 addressing locomotive idling.

3 So it isn't rhetoric, Madam Chair. It is a hand
4 of partnership we're extending to you. And we have
5 something collectively they want: The containers. Let's
6 work the transit agencies, CARB, local Air Districts, and
7 the ports. Let's leverage our assets and get a better
8 agreement for the public.

9 Thank you.

10 CHAIRPERSON NICHOLS: Thank you.

11 We now go back to the original order of the
12 agenda. And Jill Ratner, followed by Devilla Ervin and
13 Elizabeth Adams.

14 MS. RATNER: Thank you, Madam Chair and members
15 of the Board.

16 My name is Jill Ratner. I'm the Director of the
17 New Voices Arising Project at the Rose Foundation for
18 Communities and the Environment in Oakland, California.
19 Thank you for the opportunity to speak to you today.

20 We wanted to come here to support the calls of
21 community members and agency staff in asking that any
22 agreements entered into be the strongest possible and
23 provide the most possible reductions in health risk for
24 communities effected by those agreements.

25 But since we're from Oakland, we're actually a

1 little bit concerned about other possible impacts of
2 agreements that would be limited to the four high priority
3 railroads. We are concerned that the action to adopt
4 agreements for those four priority railroads as structured
5 could actually result in increased health risk in other
6 rail yard communities, particularly Oakland and Richmond,
7 if those agreements created incentives for the railroads
8 to move their most polluting equipment out of the effected
9 areas and into other parts of California.

10 I work with students, as I'm sure you guys know
11 since you've seen my students several times, who are
12 living in communities that are heavily impacted by the
13 Oakland rail yard and the Richmond rail yard. When I go
14 into the classrooms and ask students how many of those
15 present have someone in their family who suffers from
16 asthma, I always see more than half the hands in the room
17 go up. Those students really deserve your protection and
18 your consideration today. And those students are not
19 going to be protected by these agreements and might even
20 suffer increased pollution as a result.

21 So I strongly urge you to take the strongest
22 possible action to protect all Californians from pollution
23 associated with rail yards.

24 Thank you.

25 CHAIRPERSON NICHOLS: Thank you.

1 Devilla Ervin.

2 MR. ERVIN: Hello. Good morning, Madam Chair.

3 I'm a resident of west Oakland. I've been born
4 and raised there. And I'm really concerned that the
5 provisions aren't going to help us out in west Oakland. I
6 was born in the part of Oakland called The Bottoms where
7 it's really close to the port of Oakland and the UP rail
8 yard. And we're just really concerned there isn't going
9 to be any provisions up here, since the area I'm from,
10 there's 14,000 people who live close enough that it's 100
11 in a million. And right outside of that is 50 in a
12 million, or 6,000 people, live in that area.

13 So we're just wondering, yeah, I mean, it's great
14 we're going to try to get some provision in the four high
15 priority areas, but us in northern California deserve a
16 chance as well.

17 CHAIRPERSON NICHOLS: Thank you.

18 Elizabeth Adams and then Eyal Matoy.

19 MS. ADAMS: Good morning, Chairman Nichols and
20 members of the Board.

21 My name is Elizabeth Adams, and I'm the Acting
22 Deputy Director of EPA Region 9 Air Division.

23 EPA appreciates the opportunity to come before
24 the Board to support the proposed efforts to reduce
25 emissions of diesel PM at four rail yards in the South

1 Coast air basin.

2 As you know, under the Clean Air Act, EPA is
3 responsible for setting health-based ambient standards for
4 pollutants, such as PM and issuing emission standards for
5 many contributing sources, such as locomotives.

6 Under the Clean Air Act, EPA only has the
7 authority to develop emissions standards for new
8 locomotive engines and existing engines that are
9 re-manufactured.

10 In March 2008, EPA adopted standards that will
11 reduce emissions of PM and nitrogen oxide from locomotive
12 engines by: Tightening the emission standards for
13 existing locomotives when they are re-manufactured,
14 setting near-term emission standards, referred to as Tier
15 3 standards, for newly built locomotives engines which
16 will go into effect in 2012, establishing provisions for
17 clean switch locomotives and idle reduction requirements
18 for new and re-manufactured locomotives, and finally, a
19 Tier 4 standard for newly built engines based on the
20 application of high efficiency catalytic after-treatment
21 technology which will go into effect in 2015. The Tier 4
22 emission standards will reduce PM emissions by 90 percent
23 and NOx emissions by 80 percent when fully implemented by
24 2030.

25 In addition to these regulations, EPA Region 9

1 has provided over \$13 million of funding through the
2 Diesel Emission Reduction Act and Recovery Act Grant
3 Programs for locomotive projects that will accelerate the
4 turnover of the in-use fleet in California. We hope to
5 announce additional funding very soon.

6 The problem is that even with these efforts,
7 locomotives can be in service for more than 40 years, and
8 EPA's new regulations will take many years to effect the
9 entire fleet of locomotives now in operation.
10 Understandably, California can't wait that long for
11 cleaner air and faces a significant challenge in reducing
12 the remaining sources of emissions that contribute to air
13 pollution throughout the state.

14 The commitments that are being proposed today
15 provide the opportunity to reduce emissions sooner and
16 improve air quality that we all know that more needs to be
17 done.

18 Thank you for the opportunity to explain U.S.
19 EPA's role in reducing emissions from locomotives. We
20 will continue to support ARB and the South Coast Air
21 Quality Management District in their efforts to improve
22 public health.

23 CHAIRPERSON NICHOLS: Thank you.

24 The next speaker is Eyal Matoy, followed by Rocio
25 Ruiz.

1 Mr. MATOY: Good morning, Chairman Nichols,
2 members of the Board.

3 My name is Eyal Matoy. I'm a recent associate of
4 Pacific Institute and speaking as a member of Ditching
5 Dirty Diesel, a coalition that advocated reduction of
6 diesel pollution in the San Francisco Bay Area, especially
7 in low income communities of color.

8 Our coalition is callon on the Air Resources
9 Board to exercise your authority to protect the public
10 health of all California rail yard communities. We are
11 extremely concerned that only four of the 18 major rail
12 yards are covered by these proposed agreements, agreements
13 that would achieve only modest reductions beyond existing
14 targets. We stand with our southern California allies in
15 calling for quicker progress, greater emphasis on health
16 risk reduction, stronger air monitoring requirements, and
17 meaningful mechanisms for enforcement. These commitments
18 will undoubtedly set a precedent for future agreements at
19 Bay Area rail yards. They must be as strong as possible.

20 Nevertheless, let me remind you of the
21 opportunity cost of not pursuing commitments from rail
22 yards statewide. Over there is a map of freight train
23 traffic in the San Francisco Bay Area. The highest train
24 traffic occurs in the east bay between the BNSF and UP
25 rail yards in Richmond and Hobart.

1 Remember that emissions from locomotives
2 constituent up to 70 percent of total diesel PM at some
3 rail yards. These are the same locomotives that travel up
4 and down goods movement corridors in the Bay Area. So by
5 not mandating reductions at rail yards, you affect the
6 health of not only rail yards communities, but communities
7 adjacent to entire systems of rail lines.

8 Let me also remind you that we're talking here
9 about an environmental injustice. We see that the highest
10 train traffic occurs in areas with the highest poverty
11 rates in the Bay Area, the largest concentrations of
12 people of color, and the highest rates of asthma
13 hospitalization. And what do these communities look like
14 on the ground? They're the parks where we play, the
15 schools where we learn, and the places where we pray.

16 This is the Richmond rail yard. In 2005, nearly
17 11,000 locomotives passed through here. According to your
18 health risk assessment, 1600 people have an incremental
19 cancer risk of greater than 50 in a million as a result of
20 rail yard operations.

21 This is the Oakland rail yard. An estimated
22 350,000 containers were processed here in 2005. And
23 according to your health risk assessment, 6,000 people had
24 an incremental cancer risk of greater than 100 in a
25 million as a result of rail yard operations.

1 If these realities don't keep you members of the
2 Board awake at night, they should. And rail yard
3 communities and their allies are going to continue
4 fighting until we see a comprehensive statewide effort to
5 protect public health. You can be one of those allies.

6 Thank you very much.

7 CHAIRPERSON NICHOLS: Thank you.

8 Rocio Ruiz and Enrique Arriola and Anna Arriola.

9 MS. RUIZ: Good morning. My name is Rocio Ruiz.
10 I'm a student organizer with ICUC, which stands for Inland
11 Congregations United for Change, in San Bernardino.

12 I have lived in the city of San Bernardino for
13 the past 16 years. That's almost all my life. I'm here
14 representing my community and the people that have been
15 paying with their health while the railroads make a
16 profit.

17 For far too long, my family and I have had to
18 deal with the health problems with living right across the
19 BNSF railroad.

20 I'm here because I'm opposed to the proposed
21 actions to further reduce the diesel PM emission, because
22 I feel that it has very minimal commitment. I know it has
23 been pointed out a lot, but I would like to point it out
24 again, that even after the goal to achieve the 85 percent
25 reduction from 2005 emission, there is still an extremely

1 high cancer risk in my community. I don't know -- I guess
2 this issue makes me more sad than angry, because I hate
3 having to go home and watch my little sisters and all the
4 little kids in my community when they're outside playing.
5 And they don't know that because we live in this area
6 they're at that risk of getting cancer. And I see a lot
7 of the children in my community with asthma and allergies
8 and they get bloody noses and all this just because
9 they're breathing. And all the little children, my sister
10 being one of them, they don't know why this is happening
11 to them.

12 So I would just like to urge all of you to find
13 ways to make sure that my family and my community members
14 and I don't have to be scared that every breath we take is
15 putting us closer to the risk of getting cancer.

16 Thank you.

17 CHAIRPERSON NICHOLS: Thank you for your
18 statement.

19 Enrique Arriola.

20 MR. ARRIOLA: Good morning, Chairperson and Board
21 members.

22 Your proposals to the railroad are not
23 acceptable. We no longer can wait for emission
24 reductions. If we, the workers, have to smog our cars,
25 and trucks have to reduce their emissions, so has the

1 railroad now, not five years from now.

2 Thank you.

3 CHAIRPERSON NICHOLS: Thank you.

4 Anna.

5 MS. ARRIOLA: Good morning. My name is Anna

6 Arriola.

7 I have written my notes about five times by now.

8 And when I was coming here, I had one view. But after
9 listening to the news and other events, I changed my mind
10 about all this.

11 You know, your recommendations are too slow, too
12 weak, too little, too late. All this is just a farce.
13 You're wasting your time. You're wasting my time. And
14 people continue dying and suffering.

15 I know that railroad is sacred cow. I know the
16 history of the railroad in California, Mr. Stanford and
17 Mr. Huntington and two other men used to rule like the
18 wild west. Those men have been gone since the early
19 1900s, but why are they still ruling us? I don't
20 understand that part.

21 Someone told me if I want to change, I have to
22 change. I have to change my expectations, my actions, and
23 I have to change things around me as much as I can.

24 Times are changing. Other sacred cows have
25 fallen: The burning wall, the iron curtain. I think it's

1 time to stop worshipping the railroad as a sacred cow.
2 Railroad is worshipping the mighty dollar. They don't
3 take people into consideration.

4 So since the world is changing and people are in
5 a changing mood, it's about time we change, too. What can
6 people do to stop being the sacrificed lamb? My people
7 are dying.

8 The only solution is hitting the railroad in
9 their pocket. Why if Union Carbide and BP are setting
10 precedence and they're being sued, why not sue the
11 railroad? Why the railroad companies, why can they set
12 aside \$20 billion and these funds used to pay the medical
13 bills of all the people that are getting illnesses? Why
14 not set a fund to compensate for the people that have
15 died? Pay the families that have lost a member. Why not
16 a fund for the children that have lost a parent so they
17 can have an education? Why not a class action lawsuit?
18 Isn't California the lawsuit capital of the world? So a
19 lawsuit is our answer. No longer are we going to be
20 sacrificing lambs. We are changing. We will solve our
21 problems in other way. This Board --

22 CHAIRPERSON NICHOLS: Your time is up.

23 MS. ARRIOLA: -- hasn't done what we needed. So
24 we take it to the judicial system. Maybe they can help
25 our future. Thank you.

1 CHAIRPERSON NICHOLS: Thank you.

2 Sonny Roque and Armando Mejia and Marcos Barbosa.

3 MR. ROQUE: Chairman Nichols and Board members,
4 thank you for letting me get up here and speak.

5 I was told by the group -- I'm with East Yard
6 Environmental Justice. I was told that I can come up here
7 and talk to somebody that will listen to us.

8 You have heard some of the people from the same
9 neighborhood. And all that reduction sounds good, looks
10 good on paper. The air is still toxic. There is no
11 change in the air, especially at nighttime. Sometimes we
12 got to sleep with our -- at nighttime with our windows
13 closed. And it's the same thing. Day after day you get
14 that smell. The city has street sweepers. What does the
15 rail yard use? It's like the neighborhood near the rail
16 yard is just like city of Gilmore. You drive in there,
17 you know you're there. We've been there so long, we can't
18 smell that pollution that's there. Everybody is getting
19 sick.

20 You know, we know the railroad has spills and big
21 diesels. Diesels engines are leaking. And that railroad
22 has been here for years and so have we. And we will not
23 go away. We're going to be here. I'm a grandfather,
24 great grandfather. And my grandkids, they'll still be
25 here.

1 Thank you.

2 CHAIRPERSON NICHOLS: Thank you, sir.

3 Mr. Mejia.

4 MR. MEJIA: Good morning, Madam Chair and members
5 of the Board. Thank you for the opportunity to address
6 you.

7 I'm an urban planner and urban researcher who has
8 spent some time in the city of Commerce at the beginning
9 of this year trying to understand the environmental
10 inequalities this community and throughout southeast Los
11 Angeles are suffering. And I'm here to offer to you some
12 observations that are pertinent to the process which
13 you've engaged the public in those communities, and
14 they're quite disturbing. They're qualitative and
15 quantitative in nature.

16 I'd like to first call to your attention that the
17 process by which you've engaged the community has not
18 truly been that kind of process that a democracy like ours
19 demands. In fact, it has been quite weak. When you call
20 for a meeting that a community so desperate in need of
21 your attention to public health problems has only been
22 told that a week in advance there will be a meeting about
23 this, it is actually not democratic in spirit and in
24 practice. So it's very important this Board take notice
25 of the fact that the community needs to be included

1 genuinely in the process of decisionmaking.

2 It is not just enough to talk about policy
3 outputs, but also it's most important to talk about the
4 policy process. What kind of a process are you trying to
5 engage members of the community in? Aren't you generally
6 concerned about the testimonies you're hearing? If you
7 are, your actions should demonstrate it.

8 Secondly, it is very important that your
9 methodology be open for alternative review. It is very
10 important that you disclose how the numbers you're
11 calculating that your estimates be open for other
12 researchers and for the community itself to understand the
13 methodical process by which you're making decisions.

14 More importantly, I want you to hear the voices I
15 want to share with you. I want you to hear about what
16 lack of trust people have in your actions and how people
17 in those communities feel. Hear Henrietta who says, "We
18 live like prisoners in our homes because we can't open our
19 windows because of the diesel exhaust and emissions. It's
20 heart breaking seeing my neighbors die. The word 'diesel'
21 should be changed to "dieosel" because it kills."

22 Or hear the mother of Long Beach who says, "Many
23 children have to sleep on a nightly basis with a mask on
24 because they can't breathe. We have to take these kids to
25 the hospital with heart problems, with malformations,

1 would respiratory illnesses of all kinds. We want to make
2 sure that whatever you're promising us is real, that you
3 take us into consideration, that you hear our voices."

4 It is for that purpose I'm here, for you to know
5 that there are real human beings behind those numbers. It
6 is important that you understand that in a democracy like
7 ours that you take into account all voices and you
8 prioritize those that are mostly affected by the policies
9 you are trying to implement.

10 I urge you to listen to the voices I have brought
11 with me, to listen to those who are dying, who are ill,
12 who are being exposed on a daily basis to these major
13 pollutants in their communities. Take immediate actions
14 and stand for their concerns. In doing so, I believe you
15 will be living up to the spirit of the law and be
16 living up to the spirit of the public service that you
17 were sworn to actually implement.

18 Thank you.

19 CHAIRPERSON NICHOLS: That was a very effective
20 statement.

21 Marcos Barbosa and Manny Goona.

22 MR. BARBOSA: Good morning, Chair Nichols and to
23 all members of the Board.

24 First of all, my name is Marcos Barbosa. I'm
25 here from the city of Rose Garden. I'm here because I

1 oppose your proposal. And my mentality is it's just not
2 right, because we're all humans and we all deserve to live
3 well and not to be ill just for railroad to make profit.

4 I'm informed of a case in Commerce of a little
5 girl who was diagnosed with cancer due to the air
6 pollution. And I want to say that, as you all know, air
7 has no boundaries and it doesn't just affect the one
8 community. It can transfer itself to other communities
9 and affects all the people, just not that place where it's
10 at. It's affecting everybody, not just the residents.

11 CHAIRPERSON NICHOLS: Thank you for your
12 statement.

13 Mr. Goona.

14 MR. GOONA: Good morning, Chairman Nichols and
15 members of the Board. My name is Manny Goona. I live in
16 east Los Angeles near Commerce. I'm here today
17 representing our community. We are all concerned about
18 our health, not me in general, but all of us as one. Why
19 can't we start reducing diesel pollution now and finishing
20 in 2020 rather than waiting five to ten years?

21 I live so close to the rail yards that when I'm
22 asleep, I can hear and smell the train passed and burn
23 diesel. If I was to go outside my house, I can see the
24 train as well.

25 You say you are going to reduce the diesel

1 pollution by 85 percent, but in fact you are using old
2 rules and calling it a new thing. That's not going to
3 really change -- improve our health, because it is still
4 going to be a danger.

5 When you were a kid, did you ever want air to be
6 clean? Because I know that I as a kid want clean air to
7 breathe from. How did you feel when you were growing up?
8 Did you have clean air to breathe from? Well, now us kids
9 in Commerce don't have clean air to breathe from. And I'm
10 representing all the kids that didn't come today.

11 This will be probably the first and hopefully the
12 last time you will have a kid like me come up and speak to
13 you in person, because I don't want to have to come back
14 and state this issue again.

15 Thank you for your time.

16 CHAIRPERSON NICHOLS: Thank you. We normally
17 don't allow applause, but we can make an exception for
18 people under the age of 18.

19 Mr. Mata.

20 MR. MATA: My name is Nathen Mata. I'm here with
21 East Yard Communities for Environmental Justice.

22 I'm here today because you repeatedly ignore the
23 needs and recommendations of the community suffering from
24 these injustices of the rail yards. We're tired of
25 waiting for action. Even with agreements, we won't see

1 anything for another ten years.

2 And at the staff meetings earlier this month to
3 present agreements, when we showed opposition, your staff
4 just pointed at the charts and said, "Look, this is what
5 we're going to get." We don't feel like it's enough.
6 It's the same reaction we got from you, Mary Nichols, at
7 the February hearing earlier this year, and we just don't
8 feel what you're doing is enough, because we're the ones
9 that live in these communities. We're the ones suffering,
10 and we're the ones watching our families die.

11 Thank you.

12 CHAIRPERSON NICHOLS: Thank you.

13 Madeline Clarke, Angelo Logan, Tim Carmichael.

14 MS. CLARKE: Hello. My name is Madeline Clarke,
15 and I live in the city of Commerce. And I am a
16 representative from the East Yards Community for
17 Environmental Justice.

18 My concerns are the same ones that I stated to
19 you in 2006 at a meeting in the State office in Los
20 Angeles with Angelo Logan about locomotive emissions, the
21 effects on my family, neighbors, and on Aster Avenue to
22 cancer alley in the city of Commerce.

23 I see no real reduction in emissions. A
24 voluntary approach is not the way. It's too slow.
25 Regulation with enforcement measures will include

1 locomotives and cargo handling equipment is a little bit
2 too late in 2015 for the people in city of Commerce. We
3 are affected by two railroads. We are in the center of
4 two railroads, not one. And it's a little bit too late.
5 2015, 2020 is a little bit too late for us.

6 Thank you.

7 CHAIRPERSON NICHOLS: Thank you.

8 Mr. Logan.

9 MR. LOGAN: Hello, Chair Nichols and members of
10 the Board. My name is Angelo Logan. I'm with East Yard
11 Communities for Environmental Justice.

12 I want to recognize the work that you and your
13 staff have put into this effort. We understand it's a lot
14 of work. You put a lot of energy into developing your
15 proposal.

16 By saying that, we feel it's a little bit too
17 late, little too short, doesn't go far enough, and doesn't
18 come soon enough.

19 Specifically, between now and 2005, yards like
20 ICTF in west Long Beach and the Union Pacific in the city
21 of Commerce will see no risk or emission reductions.
22 That's a real issue.

23 You're going to hear several comments related to
24 some of the technical issues. And we've submitted letters
25 detailing some of the technical issues in this approach.

1 But I want to point out one specific thing that
2 raises a major concern. That's the item on the top of
3 page 8 in the Resolution 10-29. In this item, it states,
4 "Whereas, ARB would also commit to not taking any action
5 to adopt regulation of rail yard sources or to seek
6 changes in federal law so long as the railroads meet their
7 commitments outlined above."

8 This is somewhat contrary to the comments that
9 were made today in today's presentation in that this is
10 just a start, a start at looking at the reductions, that
11 we would look at further measures when things become more
12 feasible and technically available.

13 The way that I translate this is it kind of locks
14 us into this agreement until 2020. So then if a
15 technology becomes feasible, cost effective, and available
16 and you have the authority to implement that through that
17 a regulatory measure, that prohibits this Board to do so.
18 Or if there are other cargo handling equipment that
19 becomes more technically available and feasible, that
20 prohibits this Board from adopting those as a regulation
21 or at least considering adopting those as regulation.

22 We feel that there is several items in this
23 approach that need to be reconsidered and to be thought
24 through in more detail.

25 You've heard from the residents from several

1 communities that surround rail yards. This is an urgent
2 matter. You need to take it into consideration as an
3 urgent matter. And you need to look at this in a way
4 that's comprehensive and addresses all the issues and
5 looks at every measure available to reducing risk and
6 emissions.

7 Thank you.

8 CHAIRPERSON NICHOLS: Tim Carmichael, no longer
9 bringing up the rear for the Coalition for Clean Air.

10 MR. CARMICHAEL: Thank you, Chairman Nichols.

11 Tim Carmichael with the California Natural Gas
12 Vehicle Coalition. We're opposed to today's proposal, but
13 I'm going to take a slightly different tact than some of
14 the comments you've heard.

15 We're opposed because we believe this proposal
16 leaves cost-effective emission reductions on the table
17 over the next decade. Specifically, staff's analysis only
18 seriously evaluated electrifying cargo handling equipment,
19 not other options for cleaning up the cargo handling
20 equipment. Unfortunately, the staff's technical options
21 report, which has been referenced earlier, was done last
22 summer, used out-of-date emissions data and out-of-date
23 cost data to conclude that natural gases engines are not a
24 feasible alternative for cleaning up cargo handling
25 equipment.

1 The clearest example I can give you today is yard
2 trucks. There are thousands of these in operation at the
3 rail yards and thousands more at the port terminals in
4 California that generate -- these are also known as yard
5 hostlers or yard goats. They move the containers around
6 the rail yard, put them either on a truck or on a train.
7 Natural gas yard trucks are available today and in use
8 today. They generate 50 percent lower emissions than the
9 diesel counterparts. In fact, they generate zero toxic
10 air contaminant diesel particulate matter. They also
11 generate 20 percent less greenhouse gas emissions, and
12 they reduce California's dependence on petroleum.

13 The costs are -- there is a cost premium for the
14 cleaner vehicles. They're \$120,000 compared to \$80,000
15 for the diesel alternative. Unfortunately, the staff
16 analysis shows the cost of diesel at 50 or 60,000 for the
17 diesel, so they understate the cost of the diesel. We
18 confirmed the price with the manufacturers this week.

19 The higher emissions -- so the technical options
20 report uses higher emissions for natural gas engines
21 contradicting ARB's own engine certification data and
22 lower costs for the diesel alternative. So it's not
23 surprising that the conclusion would be that this is not a
24 feasible alternative. But if you use the correct data,
25 you find this is, in fact, a very feasible alternative, so

1 much so that you have operators using it today.

2 I have with me a letter from Capacity, the
3 president of Capacity. This company is one of the two
4 manufacturers of these vehicles in the world. One is a
5 Swedish company and one is a Texas company. And it
6 simply, you know, confirms that they offer for sale and
7 have clients using the cleaner natural gas options today.

8 Real quickly, I'd just like to note that the two
9 companies that are using these today in southern
10 California, United Parcel Service and Parsec who operates
11 these vehicles at the BNSF terminal in Hobart, feedback
12 from their operators, the drivers love them. They're
13 about 50 percent quieter than diesel. There's plenty of
14 power, and they don't stink like diesel.

15 And then savings on fuel over diesel, savings on
16 the fuel cost over diesel, and they have a better handle
17 on maintenance costs. They don't have to deal with the
18 diesel particulate traps and urea emissions control
19 equipment.

20 CHAIRPERSON NICHOLS: You're done.

21 MR. CARMICHAEL: Thank you. We can't afford to
22 leave cost-effective reductions on the table.

23 CHAIRPERSON NICHOLS: Thank you.

24 Debbie Vongviwat, and then Bernice Banares, and
25 Jessie Marquez.

1 MS. VONGVIWAT: Good morning, Chairman Nichols
2 and members of the Board.

3 I'm here on behalf of East Yard Communities for
4 Environmental Justice to present the Board with a letter
5 that over 20 organizations throughout California have
6 signed onto expressing our deep disappointment and
7 concern.

8 You should have received a copy of the letter
9 through e-mail. However, we also submitted hard copies of
10 the letter this morning. It's about six pages long, so
11 I'll only read the first part and go through and highlight
12 some of our recommendations.

13 The letter reads: "Dear Chairman Nichols and
14 members of the Board, we, the undersigned,
15 environmental, environmental justice, and public
16 health organizations ask you once again to
17 exercise your authority in protecting the public
18 health of California communities by taking
19 enforceable steps to reduce emissions and health
20 risk from rail yards and locomotives.

21 "We have read and reviewed the proposed
22 commitments between CARB and the railroad
23 companies and write to express our disappointment
24 with the minimal commitment and specifics that
25 have been outlined.

1 "Our main concerns are outlined as follow:

2 "1. Remaining risks too high.

3 "2. Limiting agreements to four rail yards
4 is a missed opportunity.

5 "3. Operational changes are not included as
6 commitments.

7 "4. Health risk reductions are most
8 important.

9 "5. Progress is too slow.

10 "6. Regulatory backstop and enforcement must
11 be better defined.

12 "7. Air monitoring commitments are vague.

13 "In terms of our community needs, we
14 recommend ARB to:

15 "Begin regulations on non-preempted
16 locomotives in the state and enhance other
17 regulations you have authority over.

18 "Implement all available measures, not just
19 allow the railroads to pick and choose which
20 measures they will do, if any.

21 "Commit to meaningful enforcement. Failure
22 to comply with commitments should be determined
23 by ARB and significant fines should be levied.

24 "Require community mitigation fund. ARB
25 should actively seek incentive funds for the

1 community for vegetative barriers, filters for
2 schools and homes, retrofitting homes, et
3 cetera."

4 That was just a summary of the letter. We want
5 to encourage you to read it more in depth to better
6 understand why today we urge you, the Board, to reject
7 these agreements and move to adopt enforceable regulations
8 to reduce risk in emissions from California locomotives
9 and rail yards.

10 Thank you.

11 CHAIRPERSON NICHOLS: Thank you.

12 Bernice Banares and then Jessie Marquez.

13 MS. BANARES: Good morning. My name is Bernice
14 Banares, and I am a teacher at Cabrillo High School at the
15 west side of Long Beach, which is about a quarter mile
16 from the ICTF rail yard.

17 I'm just very frustrated with the lack of urgency
18 to have emissions reduced now and as much as possible.

19 I have a student who passed away from asthma this
20 past October. And I have no doubt in my mind it is
21 because of where we live -- well, where he lives and where
22 I work, right next to the rail yard. And I have many
23 students who are absent continuously because of their
24 health due to where they live in the community.

25 If I could put a dome over the rail yard and

1 funnel that air to where you work Monday through Friday
2 9:00 to 5:00, I think your urgency would be more. And if
3 this was a meat packing plant and it was the E. coli that
4 was over the allowed limit, it would be very harsh
5 consequences. And I would like you to consider being more
6 stringent, be more urgent, and hold the rail yards
7 accountable.

8 Thank you.

9 CHAIRPERSON NICHOLS: Thank you.

10 Jessie.

11 MR. MARQUEZ: Good morning, Chairman Nichols and
12 members of the Board. I thank you very much for the
13 opportunity to speak with you.

14 My name is Jessie Marquez. I'm the Executive
15 Director for Coalition for a Safe Environment. I have
16 submitted written comments. I'm the author of those
17 comments. I'm also speaking as a resident of Wilmington
18 in the city of Los Angeles, and these are my concerns.

19 Although we applaud your staff for trying to do
20 their best job, our organization as well as other
21 organizations have also spent thousands of hours a day and
22 evenings and weekends and holidays to prepare our comments
23 and recommendations.

24 It's unfortunate that your staff did not find one
25 resolution within them to recommend. And it was one

1 proposed for some future date. We have submitted a list
2 of eight different resolutions that we believe that should
3 be done now.

4 Number one: Require California rail yards to
5 establish a public health risk reduction plan for each of
6 the 18 major railroad yards.

7 Require each rail yard to conduct a health impact
8 assessment.

9 Require each railroad yard to establish a public
10 health care trust fund with a minimum of \$25,000 a year.

11 Require each railroad to replace all their diesel
12 fuel locomotives, diesel-powered transport refrigeration
13 units, cargo handling equipment, everything with zero
14 emissions or near zero emissions technologies. In the
15 case of some of the fuel tanks and things of that nature,
16 there are such things as a vapor recovery system. In the
17 case of zero emission vehicles, we have electric battery
18 trucks and we also have hydrogen fuel cell powered trucks
19 that are available.

20 We ask that you establish another rulemaking for
21 the maximum achievable control technology. We've had it
22 with the best available control technology. It means
23 nothing. Basically, anything that's better than what
24 exists is considered the best. We want the maximum
25 achievable control technology standards.

1 We also want to have real time 24/7 air quality
2 fence line monitoring of all categories of air emissions,
3 not just one or two selected by the CARB Board.

4 We require and ask that dispute administrative
5 panel include one public rail yard community member
6 nearest the railroad yard, one AQMD member nearest the
7 rail yard, one medical professional, and one technology
8 professional.

9 We ask you establish a schedule to phase in
10 50 percent of the drayage trucks to be electric or
11 hydrogen cell battery operated, 25 percent to be LNG or
12 natural gas, 25 percent to be ultra-low sulfur diesel fuel
13 or biodiesel fuel.

14 We also believe that any commitment, any
15 agreement, any MOU that you agree to is subject to CEQA
16 and will require an environmental impact report, also
17 subject to AB 32 greenhouse gas reductions, subject to the
18 Clean Air Act, as well as Title 6.

19 There are two technology companies who have
20 proposed technologies which have been proven. The
21 advanced locomotive emissions control technology was
22 proven here at the Roseville railroad yard as being 92 to
23 98 percent effective in capturing all technologies. It
24 was not recommended. America Maglev Transportation
25 Corporation has proposed a Maglev train to be used. And I

1 invite every one of you to fly to Georgia because I have
2 been here. I saw it. I rode it and loaded a container on
3 a Maglev train. It is no different than loading a
4 container on a regular train.

5 Thank you.

6 CHAIRPERSON NICHOLS: Thank you.

7 BOARD MEMBER BERG: Could I ask a quick question?

8 Jessie, could I just ask you a question?

9 Hypothetically, if we could implement your suggestions,
10 what time frame would you suggest?

11 MR. MARQUEZ: We believe all resolutions could be
12 within six to ten months.

13 BOARD MEMBER BERG: The railroad could make all
14 those changes within six to ten months that you listed,
15 that entire list?

16 MR. MARQUEZ: There would be a resolution in some
17 cases --

18 BOARD MEMBER BERG: No. What is the time frame
19 years-wise to accomplish the list? Hypothetically, if we
20 had all the money, everything that we could do, if money
21 wasn't an object, what could be the time frame that you
22 would see for that?

23 MR. MARQUEZ: We feel comfortable in talking with
24 the various manufacturers that in five to ten years it
25 could be accomplished. The Maglev train is available to

1 be built now. American Maglev Corporation has volunteered
2 to build a prototype demonstration project at the port of
3 L.A. port of Long Beach to the ICTF terminal free, at no
4 charge to the public, yet they have not gone forward to
5 it. They are messing with around with other proposals and
6 evaluating things --

7 BOARD MEMBER BERG: Thank you, Jessie. I just
8 wanted to note the time frame. I appreciate your input.

9 CHAIRPERSON NICHOLS: Okay. Bonnie Holmes-Gen
10 and then Grace Hernandez and Brandon Kitagawa.

11 MS. HOLMES-GEN: Good morning still, Chairman
12 Nichols and Board members. Bonnie Holmes-Gen, I'm with
13 the American Lung Association of California.

14 And the American Lung Association is strongly
15 committed, as I know you are, to reducing diesel emissions
16 near rail yards and addressing the health risks faced in
17 the communities living near the rail yards. And we are
18 very concerned about the increased rates of asthma and
19 other lung and heart illnesses and increased rates of
20 cancer and premature death.

21 We appreciate the hard work by the staff on this
22 issue. We appreciate the commitment to making progress at
23 the rail yards and improving air quality. However, we do
24 realize that there have been a lot of critical issues and
25 a lot of critical concerns that have been raised over the

1 past week by the community and Air Districts around the
2 agreement and the level of health risk reduction to be
3 achieved. And we want to make sure that we are through
4 this agreement reaching all feasible -- getting the
5 benefit of all feasible emission reductions.

6 And we are not usually a group that would
7 recommend a delay or stepping back, but we do think it
8 would be important to spend a little more time to work
9 with the community and to further explore some of their
10 recommendations that have been raised to strengthen the
11 rail yard risk reduction programs and specifically to look
12 at whether there are additional measures that can be
13 incorporated to reduce rail yard risk below the 400 in a
14 million level, looking at strengthened enforcement
15 provisions, look at developing additional rail yards
16 beyond locomotives, also to look at accelerating
17 deployment of the cleanest locomotives and how the
18 airborne can increase coordination with both local and
19 federal government agencies.

20 So those are some issues in addition to looking
21 at what could be done earlier and other rail yards beyond
22 the highest risk rail yards. So we would appreciate your
23 attention to look at some of these additional issues.

24 We thank you for the work that's been done. We
25 recognize there are unique complications posed by the

1 limit on regulatory authority in this area, but we urge
2 you to take a look at reducing diesel emissions in rail
3 yards.

4 CHAIRPERSON NICHOLS: Thank you.

5 Grace.

6 MS. HERNANDEZ: Good morning, Chairman Nichols
7 and members of the Board.

8 My name is Grace Hernandez, and I come from Long
9 Beach. I'm opposed to this draft because we're all at
10 risk. And I don't want to be offensive, but many of you
11 sit there and it's seems like you guys don't care. We're
12 not letters. We're not numbers. We're people who breathe
13 this air. And you guys are destroying our lives.

14 And it's just -- I have younger brothers. I have
15 siblings that lived around the area. And my cousins lived
16 in Wilmington and they moved to Texas. And they have
17 heart problems. They have asthma. They were at high risk
18 of cancer. When they moved, it was all gone. And I mean,
19 this is just heartbreaking that 400 in a million at cancer
20 risk. That's ridiculous. From what I've heard, it should
21 be about 20 in a million, about ten in a million. And to
22 have 400 in a million people, it's just ridiculous. It's
23 heartbreaking, and I don't think that should be done.
24 It's not right.

25 You're getting them the minimum. It's not even a

1 deadline. It's just maybe we'll do this; maybe we won't.
2 We don't know what will happen. I just don't think it's
3 right. And I think that you guys should do something
4 about it to help the people who you represent, the people
5 who you are working for.

6 Thank you.

7 BOARD MEMBER D'ADAMO: Thank you.

8 Next, Brandon Kitagawa from RAMP.

9 MR. KITAGAWA: Good morning, Board members.

10 Thank you for having us today. And thank you for taking
11 on this important and challenging issue of reducing the
12 public health impacts of rail yard.

13 My name is Brandon Kitagawa with Regional Asthma
14 Management and Prevention. I'm here today on behalf of a
15 statewide network of 18 asthma coalitions that we
16 coordinate called Community Action to Fight Asthma. They
17 focus on reducing exposure to environmental triggers to
18 asthma for school-age children.

19 Many of our members work in communities that are
20 impacted by rail yards, and most of them are not covered
21 by the four agreements being talked about today.

22 So my comments today are focused on some of the
23 concerns of the communities that are not covered by these
24 four agreements.

25 First, our members really see this as a really

1 big missed opportunity to reduce the health risk of rail
2 yards across the state. When they look at the analysis of
3 these agreements and see that these four communities will
4 see the benefit five to ten years from now, they wonder
5 when they can expect to see additional health reductions
6 in their communities and feel that a regulatory approach
7 when it comes to all rail yards would essentially be a
8 better approach for the Board to take.

9 Second, seeing the Board is going through an
10 agreement by rail yard, if you're moving from this
11 process, they see these four agreements are going to set a
12 precedent for any future rail yards in community. When
13 they look at the analysis, they see the emissions
14 reductions as looking impressive, but to them, the
15 important piece is the health risk reductions. And I want
16 to encourage that any agreements set, the goals be to
17 achieve an acceptable level of risk rather than looking at
18 emission reductions themselves.

19 And third, they have a concern that as these four
20 rail yards address emission reductions in their rail
21 yards, they're going to move dirty equipment into their
22 own communities. And while staff analysis suggests that
23 is unlikely, we certainly would like to see in the
24 agreements more explicit language or specific provisions
25 that would prohibit such activities.

1 So again, want to thank the Board for taking this
2 issue on. I think we certainly encourage a different
3 approach so that we can see efforts that are as productive
4 as possible as soon as possible.

5 Thank you.

6 BOARD MEMBER D'ADAMO: Thank you.

7 Nidia Bautista, Coalition for Clean Air, followed
8 by Gideon Kracov.

9 MS. BAUTISTA: Good morning. Thank you.

10 Nidia Bautista, Policy Director at the Coalition
11 for Clean Air. I'm also here on behalf of our colleagues
12 at the Natural Resources Defense Council, who aren't able
13 to join today.

14 We did also want to express our appreciation to
15 the CARB staff and the Board for really staying committed
16 to this issue. And we ask you to stay committed in terms
17 of reducing the pollution from the source.

18 We understand it's been very challenging in many
19 respects. But we do appreciate that you're taking this
20 on. It could be a moment of great pride for the state of
21 California in terms of making sure we're taking this on.
22 And that's the petition we always have for the Air
23 Resources Board.

24 We do believe the agreements are -- there's a lot
25 of things in there that are a step in the right direction.

1 And so with that in mind, I just want to make sure to
2 caveat my comments with that. We understand that and
3 appreciate the need for a building off of existing
4 regulations, including the truck rules and the cargo
5 handling equipment, so we know some of those reductions
6 are actually coming from those regulations.

7 However, we do expect and would like to see more
8 reductions coming from others. And I think as community
9 residents have already stated, I think none of us can
10 really leave here today if this is adopted as is and feel
11 very safe either visiting and/or knowing people that will
12 be living in this community with such high risk from the
13 pollution source.

14 We also are seriously concerned if you adopt this
15 as is, you're missing out on opportunities to tackle the
16 source further. We're particularly concerned by page 8,
17 both the comments that were identified in the first
18 paragraph, but also the fourth bullet point on page 8.
19 Our concern is you'll be closing those doors on those
20 opportunities in the future.

21 In addition, as our organization and many
22 organizations, we know the ARB is as well, wanting to
23 fulfill our commitments both in terms of health risk, as
24 well as reducing diesel pollution, maintain our clean air
25 commitments, and our AB 32 commitments. And again by

1 closing that door -- what feels like you may be closing
2 that door, you may be missing out on those opportunities.
3 We're asking many others to participate in those reduction
4 efforts. And that includes making sure that we'll really
5 looking at electrification and other alternative fuel
6 sources, including natural gas, as other opportunities
7 to -- alternative to diesel from these operations.

8 Several years ago, I visited Commerce. And I
9 grew up in southern California, was familiar with the
10 area, but I had the opportunity to be there with Angelo
11 Logan from East Yard Communities and kind of walk the
12 streets and the neighborhoods there. And hearing the
13 history about knowing those residents -- have their
14 initial reaction in terms of trying to work with the rail
15 yards was like any one of us going to our next door
16 neighbor and talking to them and saying, "We want to work
17 with you because we have these concerns."

18 I believe that my understanding is in those days,
19 the response wasn't very -- they didn't see a very good
20 response from the industry.

21 I'll try to wrap up.

22 But knowing we've progressed since then, we're
23 here today at a hearing, I think many residents never
24 expected they would have to be in Sacramento talking about
25 this issue when they were looking to address it directly

1 with their neighbor. So I do applaud both the agencies,
2 the community residents in particular, for staying
3 committed to this. I understand the frustration and
4 wanting to work through that.

5 And I want to applaud the industry for stepping
6 up to the table, but as you asked us all to stay committed
7 to this, let's look at this document not as a completed
8 final document, but rather as a work in progress and come
9 back to the table with more specific recommendations in
10 there.

11 Thank you.

12 CHAIRPERSON NICHOLS: Thank you, Ms. Bautista.

13 Gideon Kracov. And is Andrea Hricko here? Okay.
14 You're next.

15 MR. KRACOV: My name is Gideon Kracov. I've been
16 working on this issue for five years with my client, East
17 Yard Communities.

18 In January of last year, our lawsuit was
19 dismissed when James, on behalf of the Board, granted our
20 petition for rulemaking, in part. Since then, we've
21 worked with the Board Chair, other Board members, and
22 staff and we appreciate these efforts, especially in these
23 budget times. But I know we're all sick of each other by
24 now. But clearly there is a lot more work to do. We have
25 provided legal and expert consultant comments, and I'm

1 going to touch on three things we've raised.

2 First, from day one, we have argued that the CARB
3 has the duty and authority to adopt cost-effective and
4 feasible regulatory measures. In the beginning, CARB said
5 we'll do that, just find us what's not preempted. And
6 after a lot of work -- and the conclusions have changed
7 from the beginning -- we have found literally hundreds of
8 locomotives in this state that are simply not preempted,
9 up to 25 percent of the fleet.

10 In August of '09, your technical staff did the
11 options report and found that measures for these
12 locomotives are cost effective and feasible.

13 In September '09, your legal staff concluded
14 they're not preempted. EPA's told you their authority,
15 but they agreed it's not preempted. They said it in
16 writing. The South Coast was sued, and in that case, the
17 district court held that South Coast didn't have the
18 authority but that the ARB did. That's why we're here
19 today. We're not here to waste time. But you have
20 special authority. You stand in the regulatory breach,
21 and we need you to exercise that authority.

22 Now, staff argues that these locomotives are not
23 at the four high priority yards. But we've said they are
24 present all throughout the state at the other 14. And you
25 see today these are the residents of those four yards.

1 They're asking for the regulations. It's the railroads
2 that are fighting the regulations. If you're going to
3 vote today on this letter of exchange proposal, please
4 keep that in mind.

5 Second, CEQA procedures. The letter exchange
6 proposal focuses on four yards, but there is no
7 prohibition of backsliding at the other 14 yards which are
8 very high risk. There is no CEQA or California
9 Administrative Procedures Act study or alternatives, and
10 the staff simply gave short shrift to the statewide
11 benefits. Instead, we have the letter exchange proposal
12 with the public not a party. We were promised third-party
13 beneficiary status; it's not in your resolution. What do
14 we have? We have another MOU, and it appears it's going
15 to prevent additional regulations.

16 Third, and with all respect, the staff report
17 data is not ready for approval today. The three percent
18 growth rate that's used for all your calculations is too
19 high. The baselines and reduction benefits are
20 inaccurate. And no backup data is given, so the public
21 can't verify any of this.

22 One last point. In September, this Board
23 rejected the incentive-only approach that staff brought
24 you. We urge you to take that same courage and reject
25 what the staff has brought you today. We can continue

1 working to improve this.

2 Thank you.

3 CHAIRPERSON NICHOLS: Thank you.

4 MS. HRICKO: Good morning, Chairman Nichols and
5 members of the Board. My name is Andrea Hricko, and I'm a
6 professor of preventative medicine at the Keck School of
7 Medicine at the University of Southern California. At
8 USC, I also direct a community outreach program that works
9 with the public and with community-based groups to reduce
10 the impacts of air pollution, including near rail yards.

11 As everyone in this room knows, the ARB has
12 estimated extremely high cancers risk at many rail yards
13 in the state. If any of you as Board members have not
14 visited one of the four high priority rail yards, I urge
15 you to do so before you finalize another MOU.

16 In preparing my comments -- I do thank you for
17 the opportunity to speak today -- I decided I needed to
18 know how the public can verify or validate these emission
19 reductions had actually taken place between 2005 and 2010.
20 I didn't set out with any foregone conclusions. I wanted
21 to do research on the documents that had been submitted as
22 part of the MOU. And I greatly appreciated the
23 enforcement staff time, Cynthia Marvin and others, who
24 over the past month have assisted me in finding
25 documentation that could help me analyze what's been

1 happening.

2 Here are some of the things I learned. Although
3 surprise inspections are a mainstay of public health
4 regulatory agencies, including ARB, OSHA, and even county
5 health restaurant inspections, ARB inspections at the rail
6 yards provide advanced notice 48 hours. According to ARB
7 enforcement personnel, the rail yards requested the
8 advanced notice clause in that inspection protocol.

9 It goes like this. The ARB calls the rail yards
10 and says we're going to come visit you in two days. And
11 the railroads have a day to call them back to say whether
12 that's a good time for them or not. I would be surprised
13 if any of you on the Board had any idea this enforcement
14 loophole was happening. It was adopted in October 2006.
15 Mary Nichols wasn't Chair then. Catherine Witherspoon, to
16 my knowledge, was still Executive Officer.

17 I asked for the annual reports from BNSF and UP
18 that are required under the 2005 MOU that described their
19 progress under the MOU. I haven't received anything.
20 Without them, I can't analyze whether or not the changes
21 actually occurred at these rail yards.

22 Lack of transparency is a major issue. And
23 Cynthia Marvin has assured me that changes will be made in
24 the website to help the public. But until a
25 week-and-a-half ago, no inspection reports under the MOU

1 had been posted. They've now been posted at my request.
2 When I looked at them, I found this had been -- they look
3 very comprehensive, and yet they show only one inspection
4 for BNSF Hobart in the five years of inspection data. I
5 can't believe that's possible, but that's what they show.

6 They're also very confusing to an outside
7 observer. There's a column that says how many locomotives
8 were observed idling, how many were observed not idling.
9 And when I did all the calculations, I was then told the
10 word "idling" actually means observed. It doesn't mean
11 idling. It means how many locomotives were observed
12 operating at the rail yard. I couldn't do those
13 calculations.

14 In my research, I did learn there is a rail yard
15 in Canada with an outside auditor charged with ensuring
16 that all the information submitted by the railroads is
17 accurate. I would ask you to look at that.

18 I also think you should look at having monitors
19 at all four of the rail yards, not just the two.

20 And I know my time is up, but there was one other
21 thing.

22 So I would suggest that you really think
23 carefully about advanced inspections, contracting with an
24 outside auditor, the needs for transparency, and finally,
25 to close, I don't understand how you can actually go

1 forward today in light of the letter from the ports of
2 L.A. and Long Beach and the other letter with evidence
3 from Kirk Marckwald. The ports of L.A. and Long Beach say
4 that this MOU does not go as far in regards as to their
5 CAP program they've adopted at the two ports does. So I'm
6 not sure how you can proceed in light of that.

7 CHAIRPERSON NICHOLS: Okay. Thank you.

8 We will now turn to the railroads. And I have
9 four witnesses signed up: Mark Stehly, Larry Schmid, Mike
10 Barr, and Kirk Marckwald. So let's start with Mark.

11 I want to acknowledge I believe this is his last
12 meeting with the Air Resources Board. I know he's due to
13 retire imminently. And I want to thank you for having
14 taken a leadership role in making the progress of the rail
15 yards.

16 MR. STEHLY: Chair Nichols, Board members, my
17 name is Mark Stehly. I'm the Assistant Vice President for
18 Environment and Research and Development at BNSF Railway.

19 First, I'd like to thank your staff for the
20 significant time and energy spent since the February Board
21 meeting to develop these commitments.

22 Second, make no mistake about it, this is an
23 aggressive emissions reduction program. We will only meet
24 the required reductions in future years by using
25 technologies that do not exist today. This is

1 technology-forcing in the truest sense of the word. Both
2 railroads have to develop and then purchase and deploy new
3 technologies in the near future to meet emissions
4 reductions. Your staff's estimate of past and current
5 railroads cost to carry out these programs sound about
6 right.

7 Third, BNSF would deploy such technologies on a
8 preferential basis in our San Bernardino yard. This is
9 the yard that has the highest emissions and it deserves
10 the first crack at applicable technologies.

11 Fourth, we have developed a 15-year track record
12 of meeting our commitments to the ARB to reduce emissions
13 from our operations, and we will continue to do so in the
14 future.

15 And, lastly, I'd like to recap some of the
16 progress we've made in reducing emissions from our
17 operations since we were before you last February. Other
18 people have mentioned, and I'll mention again, that we
19 were awarded \$9 million in DERA funds which will bring
20 eleven ultra-low emitting switch engines to the South
21 Coast region. Six will go to Commerce, three to San
22 Bernardino, and two of them to the Watson yard.

23 These switch engines reduce emissions by 90
24 percent. They'll be on the ground in six months. And the
25 ones that are displaced will be retired from service or

1 they'll be sent out of state. To the extent that some of
2 them are Tier 0 locomotives that can go to other locations
3 in other yards, they would be cleaner than the switch
4 engines in the other yards. And it would be a net benefit
5 for those other yards.

6 But we will not take non pre-Tier 0 or pre-Tier 0
7 locomotives and put them in other yards, contrary to what
8 a number of people say is likely to happen. It won't
9 happen.

10 We also been awarded \$3 million of Prop. B funds
11 to match our \$3 million for four additional ultra-low
12 emitting switch locomotives for the San Bernardino rail
13 yard.

14 We applied through the South Coast for more 1B
15 bond money. That would be an additional eight switch
16 engines. So all of the switch engines in San Bernardino
17 and Hobart would be replaced -- to the extent they operate
18 25 percent of the time or more, they would be replaced in
19 those two yards.

20 Additionally, the implementation of the fleet
21 average agreement continues to have a dramatic impact on
22 the mix of locomotives currently operating in the South
23 Coast. We have virtually all of the switch engines and
24 all of the line haul locomotives in the basin are EPA
25 certified Tier 0 or cleaner.

1 CHAIRPERSON NICHOLS: Would you please sum up?

2 MR. STEHLY: I will strongly recommend that our
3 management approve the commitments to commence the
4 program. I believe my management is receptive to this
5 approach.

6 Thank you.

7 CHAIRPERSON NICHOLS: Okay. Mr. Schmid.

8 MR. SCHMID: Good afternoon, Chair Nichols and
9 members of the Board.

10 My name is Lanny Schmid. I'm the Director of
11 Environmental Operations for Union Pacific.

12 I urge the Board to approve the staff's proposed
13 program to reduce emissions at Commerce and ICTF by 85
14 percent by 2020 compared to the 2005 baseline. Assuming
15 you do so, I will recommend to our management that we
16 promptly sign off on these agreements. We're ready to
17 begin to implement the commitments next month.

18 We have spent a significant amount of time
19 working to figure out ways to reduce emissions from those
20 yards. Commitments are tough. I can tell you that we
21 don't exactly know how we're going to meet them. Many of
22 the technologies that we will need to use to meet these
23 commitments don't exist today. We're confident, however,
24 that many of the emerging technologies will be proven over
25 the next few years.

1 For example, we're expediting the development of
2 the diesel particulate filter and that technology on an
3 ultra-low emitting genset in cooperation with the ARB, the
4 ports, and the equipment manufacturers.

5 In addition, we're expediting the demonstration
6 of a retrofit of a DPF on a new Tier 2 3000 horsepower
7 locomotive in conjunction again with the ARB, EMD, the
8 locomotive manufacturer, and the Sacramento Air District.
9 You will be considering both of those technologies on your
10 agenda later today as part of the AB 118 Research and
11 Development Program.

12 We estimate it will cost approximately 100 to
13 \$150 million for both railroads to comply with these new
14 commitments. This is on top of the \$400 million we
15 already spent to implement the provisions of '98 and the
16 2005 MOUs.

17 Going to provide a little background and update
18 on some actions we've already taken to address community
19 concerns over the past few years and reduce emissions at
20 our facilities. We purchased over 70 ULELs, ultra low
21 emitting, genset switchers and put them into service in
22 the South Coast basin. We did that over the past three
23 years, mostly further out than more near term. The
24 benefits of their presence is manifested in the PM
25 reductions that we've achieved to date at both of our

1 facilities, ICTF and Commerce.

2 At Mira Loma, we conducted a detailed gate study
3 and found that moving the gate from Golina Street to
4 another location slightly increased the total emissions,
5 but did not impact the DPF.

6 We moved other operations also to Mira Loma and
7 made improvements to reduce localized impacts. Moved the
8 work location of trucks and their maintenance and idling
9 and parking.

10 The following quote was submitted to your Board
11 by a resident that lives in the home adjacent to our track
12 and it best sums up our progress. "Since the 2005 MOU,
13 notice very significant reduction in idling near my home.
14 Number of calls I've made to the railroad has dropped on
15 average of more than one a week early in 2005 to a current
16 average of about one every other month. While not
17 perfect, the situation has vastly improved."

18 We at Union Pacific will continue to meet the
19 commitments and our commitments to reduce emissions in
20 California, as we have for the past 15 years.

21 CHAIRPERSON NICHOLS: Thank you.

22 MR. SCHMID: Thank you. I'll be happy to answer
23 any questions.

24 CHAIRPERSON NICHOLS: I'll ask you to stick
25 around. We may have some questions when we get into

1 discussion.

2 Mr. Barr.

3 MR. BARR: Thank you, Madam Chair and members of
4 the Board.

5 My name is Michael Barr for the Association of
6 American Railroads.

7 Over the last decade, the ARB has used all of the
8 tools of regulation where it had authority, incentive
9 funding, which has been increasingly available, and
10 agreements where necessary to reduce emissions from
11 locomotives and rail yards in California. ARB regulation
12 of equipment like TRUs and early compliance by the
13 railroads has achieved substantial emission reductions.
14 Enforceable ARB agreements have avoided preemption issues
15 and achieved more reduction earlier than state or local
16 regulation.

17 Railroads are federally regulated, as you know.
18 And federal agencies like U.S. EPA have the authority to
19 regulate railroads, not state or local agencies in
20 general. Broad consistent preemption ensures consistent
21 and uniform regulation that doesn't unnecessarily or
22 unduly restrict railroads operations. By signing up for
23 the 1998 MOU and then the 2005 MOU and possibly these new
24 commitments, the railroads are not waiving federal
25 preemption. For a century or more, Congress has

1 recognized the need to protect interstate commerce. The
2 railroads are achieving substantial reductions from all
3 sources in California but cannot give up the protection of
4 nationwide federal preemption.

5 It's clear only ARB has the ability and authority
6 to monitor and carry out the current new commitments on
7 top of the 1998 MOU and on top of the 2005 MOU and on top
8 of the EPA and ARB regulations.

9 As with prior California agreements, in order to
10 properly maintain essential operations and functions at
11 the rail yards, the railroads cannot comply with multiple
12 state and local regulations that are substantially similar
13 to the commitments. If other California state or local
14 agencies propose to adopt regulations similar to the
15 commitments, the railroads are committing to consult with
16 ARB. And like prior agreements, if some other state or
17 local agency actually goes ahead to adopt regulations like
18 the commitments, the railroads also are committing to
19 notify ARB before deciding whether to withdraw from any of
20 the affected commitments.

21 As you've heard, each railroad is willing to make
22 these new aggressive commitments to reduce emissions at
23 specific rail yards of greatest concern on top of their
24 prior agreements and on top of prior regulations. This
25 commitment approach will achieve greater emission

1 reductions earlier and more reliably than regulation.

2 The railroads together look forward to continuing
3 their partnership with ARB. It's an extraordinary and
4 unique and successful partnership.

5 Thank you very much.

6 CHAIRPERSON NICHOLS: Thank you.

7 Kirk Marckwald. Is Kirk the last witness?

8 MR. MARCKWALD: Madam Chair, good afternoon, and
9 members of the Board. Thank you for the opportunity to be
10 here today.

11 My name is Kirk Marckwald. I'm here for the
12 California Railroad Industry.

13 I would like to touch upon a few items before you
14 today. Some commentators I think have erroneously claimed
15 it would be better for the Board to pass a regulation than
16 the commitment approach. Yet, in my opinion, this
17 assertion is wrong and could lead to far fewer diesel
18 particulate emission reductions than the staff's proposal.

19 First, your staff has concluded regulation would
20 provide no additional diesel particulate emission
21 reductions at the four yards. Whereas, your staff
22 proposal would reduce emissions somewhere between 30 and
23 50 percent over existing regulations, or about 1300 tons
24 during the life of the agreement.

25 Second, were the regulatory route to be taken,

1 not only would your Board lose the benefits of the
2 commitment reduction, but such an action could stifle rail
3 yard investment in promising new technologies. Let me
4 tell you why that is. If this Board were to adopt a valid
5 regulation and if there were any non-preempted locomotives
6 in California when you did, the railroads compliance
7 dollars would be focused on ensuring all locomotives were
8 federally certified most probably with Tier 0 or Tier 0
9 plus technology, which provide few DPM benefits and
10 certainly none at the yards that are before you today.

11 Also, because the fleet average agreement is in
12 effect in the South Coast air basin, there are very few
13 non-preempted locomotives in that region. So ironically,
14 the air basin that needs the reduction the most and would
15 get them under your staff's proposal would, in fact, get
16 fewer benefits where they're needed most under the
17 regulatory approach.

18 A couple of other things to note. I think
19 meeting these reductions regardless of growth is an
20 historic commitment that you are asking the railroads to
21 make and they are going to do so. So what assumptions the
22 staff used about it or not whether they're right or wrong,
23 we will meet the tons to be reduced in any case.

24 Secondly, your regulatory authority is readily
25 available were you to need it. We are proud of 12 years

1 of accomplishments and never having not done what we said
2 we're going to do. We believe that's true, but you have a
3 hair trigger on your regulatory process were you to choose
4 to use it.

5 And finally, the assurance that non-preempted
6 locomotives were placed at one of these yards will not be
7 in service at any other yard in California, as Mr. Stehly
8 explained, is a very important aspect of what our
9 commitments are.

10 And finally, a full-on evaluation of many of the
11 things that were considered and suggested by commentators
12 will be a part of this agreement looking at three or four
13 different operational changes at the yards. Mr.
14 Carmichael said we shouldn't be leaving LNG tractors off
15 the table. We haven't left anything off the table. We
16 are going to look at anything. That's the wisdom of the
17 performance basis. You will get the reductions that come
18 the soonest and come most cost effectively.

19 And finally, a suggestion that nothing is going
20 to happen until 2015, I don't believe that's true. Your
21 staff shows what reductions will have already been
22 achieved by 2015. But we can't have achieved them by 2015
23 if we don't begin in 2011, '12, '13, '14. So I think
24 you're going to get these reductions. You're going to get
25 them now. And to the extent that you move forward and

1 going this route, I think both railroads have indicated
2 they will recommend to their management they proceed.

3 Thank you for your time. Happy to answer any
4 questions.

5 CHAIRPERSON NICHOLS: Thank you very much. That
6 does conclude the testimony on this item. As has been
7 noted a number of times, there isn't a record to close,
8 but there's obviously going to be a lot of discussion.
9 And I think the Board members are going to have questions.

10 And we do appreciate if people will stick around
11 and be available for that discussion. However, I think at
12 this moment we also need a break. And we really have two
13 choices. We can take a lunch break a short lunch break or
14 we can just take like a ten-minute stretch break. I
15 would -- take a short lunch break is what I'm hearing from
16 this end here. Anybody here? Could we make it a half an
17 hour? Would that be possible to really do that and be
18 back by a quarter of 1:00? All right. Let's do that
19 then. We'll be back at quarter of 1:00. Thank you.

20 (Thereupon a lunch recess was taken.)

21 CHAIRPERSON NICHOLS: Okay. We are back. And
22 thank you all for your patience. The Board members had a
23 chance to get a bite of lunch, and I had a chance to talk
24 to staff also.

25 Before we resume the discussion, and I know a

1 number of people have questions and issues they want to
2 raise, I want to say two things.

3 First of all, I really want to thank everybody
4 who spoke today, because your comments were substantive
5 and your tone was civil. And we appreciated it a lot.
6 And we also have heard a number of points that I think
7 have caused us to think about things, which is always
8 good, even if occasionally painful.

9 So one of the things that I think has been
10 brought to me, and this is what I wanted to wanted to talk
11 with staff about over the break, is that we need to bend
12 over backwards to make sure that we are in compliance with
13 CEQA. It is an often a maligned and sometimes abused
14 statute, but it's served us well and we wish to abide by
15 it. When important issues are raised, it's incumbent upon
16 us to address them. So when we come around to the
17 resolution, my request is going to be that the Board give
18 some direction to the Executive Officer about what we want
19 him to think about and what we want him to be evaluating
20 in terms of environmental issues that have been raised,
21 but that we not direct him to take any particular action
22 until he's had a chance to do that. So in other words, we
23 leave him some discretion with some guidance from us as to
24 what we want him to think about, but that we not formally
25 take action as a Board today on this item.

1 So for those of you who were hoping that there
2 would be more time to address some of the points that you
3 made, you made your point and that will happen. So that's
4 the beginning point here.

5 But there's a number of other specific points
6 that were made as well, and I think I want to start down
7 at the end of the podium here with Mayor Loveridge, who
8 lives closer to the rail yards than the rest of us do and
9 has a couple of questions I know.

10 BOARD MEMBER LOVERIDGE: Well, Mary, thank you.
11 I want to make just a brief personal comment. I do have
12 five questions; two are specific to San Bernardino and
13 three are to what we've been talking about this morning.
14 And then I'd just like to conclude with overall direction
15 in terms of my position.

16 I'm speaking and participating in this not so
17 much today as a member of the South Coast Board, member of
18 the CARB Board, but really as mayor of the largest city in
19 the inland area and also somebody who's dismayed and
20 worried about air quality ever since I first arrived at
21 the University of California Riverside campus in the mid
22 60s.

23 One comment that Mayor Pat Morris of San
24 Bernardino made, and I would concur with the comment, he
25 said it was unfortunate that the two best and most

1 important air quality agencies in the country would not be
2 working together and coming to some agreement on what is
3 before us today.

4 We started just looking for commitments I think
5 because we heard the stories. We heard the pain. We
6 understood the risk factors. And I think this is maybe
7 the third or fourth time that we've had that kind of
8 powerful, eloquent, and some way painful testimony before
9 us. I thought the premise of what we heard led us -- it's
10 much the same language that Josie Gonzales made. We need
11 something to happen sooner rather than later. There are
12 real risks, real consequences for what is taking place.

13 So let me ask if I can just five questions and
14 then a final comment. First question is really to James
15 Goldstene. Why not just take more time and go back and
16 work on the agreement some more and why not more time?

17 EXECUTIVE OFFICER GOLDSTENE: I think Mr.
18 Marckwald articulated that in his testimony. And I think
19 in our staff presentation we tried to be clear about that,
20 but I'll ask Bob or Cynthia to explain that more clearly.

21 DEPUTY EXECUTIVE OFFICER FLETCHER: Okay. This
22 is Bob Fletcher.

23 When we were going through and developing
24 commitment, we really were turning over everything that we
25 thought could be brought on line. And I think as was said

1 earlier, as we proceed through now through 2015, 2020, we
2 actually do believe there are going to be reductions that
3 are going to occur, because you can't wait until the end
4 of 2014 and decide what to do. So we know there are going
5 to be continuous improvements.

6 We do believe we have incorporated the
7 all-feasible measure at this time based on the cost
8 effectiveness cost and sort of other -- a lot of the
9 technology is simply not available yet that we expect to
10 play a role here. So we don't think that adding any
11 additional time is going to allow us to strengthen the
12 commitments any more than what they are now.

13 In addition, the way the commitments read right
14 now, beginning as early as September, there are
15 commitments that start to come into play for emissions
16 inventories, followed by emissions reduction plans, both
17 draft and final, by the end of the year. So if we move
18 this back, we have to redo pretty much the entire schedule
19 for the early part.

20 BOARD MEMBER LOVERIDGE: Thank you again. Action
21 sooner rather than later.

22 Two San Bernardino questions. One is the 400
23 risk level. Are there any future choices, commitments,
24 rules that could reduce that high level of risk?

25 And a question the mayor of San Bernardino wanted

1 to ask: When the green technology is available, shouldn't
2 San Bernardino, given its high risk factor, be a site of
3 choice?

4 DEPUTY EXECUTIVE OFFICER FLETCHER: We certainly
5 would like to use San Bernardino as a testing ground. I
6 know there are some electric yard trucks that are running
7 around now. I think South Coast has one in their
8 possession. It would be good if we could put that in San
9 Bernardino.

10 I do think that the level of emissions at San
11 Bernardino and their ramp down to emission reduction
12 requirements is going to require them to really look at
13 the advanced technologies. When we're out in the 2020
14 time frame, even though we think some of these measures
15 are not cost effective, for example, the electric mounted
16 gantry, we are, in effect, requiring -- or not requiring,
17 but the commitment is based on the imposition of that type
18 of technology. So whether it ends up being placed on the
19 ground there or not is uncertain. And we've established
20 that the performance standard to ensure that we can
21 encourage and innovate to find the most cost effective way
22 to meet the commitments. But with the ongoing tracking
23 that we're doing between now and 2020, so there's touch
24 points at 2011, '13, '15, '17, and '20, we hope to be able
25 to track and see what else can be done.

1 BOARD MEMBER LOVERIDGE: Okay. I guess the third
2 question is one you just answered in part is this is not
3 an agreement for ten years. This is one that's closed.
4 This is one that we're going to take a look at
5 periodically?

6 DEPUTY EXECUTIVE OFFICER FLETCHER: Of course.
7 There's nothing in the agreement that precludes us from
8 revisiting it. When you look out ten years down the line,
9 a lot has changed. There was comments made about the --
10 written comments about the appropriateness of the growth
11 factor. We don't know what the growth factor is going to
12 look like, but we need to set a growth factor in order to
13 establish the baseline and provide some certainty and
14 calculations. If it's less, then theoretically the
15 railroads don't have to do as much to meet the limits.
16 But it's still that cap. It supplementally provides some
17 certainty that the emissions will not be any greater. If
18 the growth is higher than what we projected, then it
19 becomes a really (inaudible) requirement.

20 BOARD MEMBER LOVERIDGE: As a Board, we're going
21 to come back and look. We're going to have inventories
22 and the risks we're going to examine and evaluate?

23 DEPUTY EXECUTIVE OFFICER FLETCHER: There is a
24 provision in the resolution right now -- I think it's the
25 last provision -- that indicates the staff is to report

1 back to the Board in the summer of 2012, '14, '16, '18,
2 '21, I think. So you will have frequent feedback on what
3 is happening with --

4 EXECUTIVE OFFICER GOLDSTONE: That coincides with
5 the voluntary.

6 DEPUTY EXECUTIVE OFFICER FLETCHER: It coincides
7 with the major compliance years, which are 2013, '15, '17,
8 and '20.

9 BOARD MEMBER LOVERIDGE: Two final questions.
10 Question that was brought forward by the USC professor
11 about auditors struck me as an interesting concept. Trust
12 is good, but it's better to verify, to borrow language
13 from a former Governor. What about the concept of an
14 auditor as a way to enhance the trust with the
15 information?

16 DEPUTY EXECUTIVE OFFICER FLETCHER: Right. We
17 got that comment a couple days ago as well. We actually
18 agree that would be a good idea.

19 We would propose to add a resolution statement
20 that would indicate that CARB is to go forth and track
21 down an auditor. I think we would like to start with the
22 U.C. system or the Cal State system where we can contract
23 with an expert that would be willing to kind of look at
24 the information that's provided and provide that sort of
25 third-party auditor. So we support that. We would like

1 to add a resolution provision for your consideration along
2 that line.

3 BOARD MEMBER LOVERIDGE: To the Board, I'd like
4 to see if we can't do that.

5 Finally, there was a port letter of -- I realize
6 that arrived late -- there was some judgment that we
7 should not go forward because of the port letter.
8 Wondered if you would comment on that.

9 DEPUTY EXECUTIVE OFFICER FLETCHER: I'm going to
10 ask Cynthia Marvin to address that one since she's been
11 involved in that.

12 CHAIRPERSON NICHOLS: Cynthia is the liaison to
13 the ports.

14 ASSISTANT DIVISION CHIEF MARVIN: Thank you.

15 The ports of L.A. and Long Beach raised a concern
16 about whether these commitments were aligned with the
17 port's proposed Clean Air Action Plan. This is a plan
18 that ARB and the South Coast staff worked very closely
19 with those ports on.

20 Frankly, we worked with those ports very hard to
21 set the goals for the entire port complex. The primary
22 goal is an 85 percent reduction in health risk from diesel
23 PM by 2020. So that's consistent with the Board's own
24 action.

25 The concern they raise in the letter is whether

1 the specific commitments we're proposing here would
2 support that 85 percent risk reduction goal. I believe
3 that we're both heading towards the same place, the 85
4 percent emission reductions, that would be required under
5 these commitments with roughly corresponding health risk
6 is going to bring in the same kinds of technology that the
7 ports are talking about specifically requiring for
8 locomotives.

9 What we're talking about is upgrading switchers
10 to essentially meet Tier 4, the most stringent PM levels
11 by 2015. And we're talking about upgrading the line haul
12 locomotives to roughly equal Tier 4 levels by 2020. The
13 port's plan calls specifically for those things to happen.
14 The commitments basically take credit or build in the
15 reductions that would occur from those same actions into
16 the performance standards. So from my perspective, they
17 are complimentary. There's simply a bit of a different
18 philosophical approach about how you get the same 85
19 percent reduction goal.

20 CHAIRPERSON NICHOLS: So you don't see any
21 fundamental conflict there?

22 ASSISTANT DIVISION CHIEF MARVIN: I don't think
23 so. And in fairness, the ports did try to reach me to
24 talk about this. I was unfortunately unavailable when
25 they called. I will remedy that, and I will ensure we

1 will sit down and talk.

2 CHAIRPERSON NICHOLS: I think the communication
3 is obviously important.

4 ASSISTANT DIVISION CHIEF MARVIN: My apologies
5 for that.

6 CHAIRPERSON NICHOLS: I'm going to proceed --
7 sorry. You had more?

8 BOARD MEMBER LOVERIDGE: Just three quick
9 comments.

10 One, this is not a perfect plan that we have a
11 blank sheet of paper and we tell them -- I guess the
12 general premise is don't see the perfect stand in the way
13 of good.

14 I'm compelled by this certain action now and the
15 need to do something for the rather large number of
16 residents that live around the four high priority yards
17 and if there are ways the Board feels it could help or be
18 useful to strengthen the document, I would like it.

19 CHAIRPERSON NICHOLS: Well, I have had a
20 suggestion along those lines which I'll allude to when it
21 gets back to my end of things how to do that.

22 Other questions or comments at this point from
23 Board members?

24 Ms. Berg.

25 BOARD MEMBER BERG: First of all, I'd like to say

1 congratulations to Cynthia Marvin for joining the team.

2 Congratulations on that.

3 I'd like to go back to some of the public
4 testimony. And specifically we did hear from the
5 railroads they will not be moving the dirtier engines from
6 the four railroads to the other yards. But I would like
7 to know in the agreement does it specifically address the
8 fact that we do not want any what was categorized as
9 backsliding or increased emissions in the other remaining
10 railroads within California?

11 DEPUTY EXECUTIVE OFFICER FLETCHER: No. There is
12 nothing in the commitments that specifically address that
13 issue.

14 BOARD MEMBER BERG: And could we -- I mean, I
15 would be concerned about that. I mean, they're willing to
16 say they're not going to do it, then what's the problem
17 with putting it in the agreement?

18 DEPUTY EXECUTIVE OFFICER FLETCHER: We would just
19 need to chat with them about that.

20 BOARD MEMBER BERG: I would be interested in
21 that.

22 On the port side, what I heard from the port is
23 the fact that because there is language that states that
24 the railroads, if other agreements are made or they're
25 approached in other ways with other regulations or other

1 commitments, that they could then negate or stop this
2 agreement. I'm hearing from the ports that they feel that
3 their hands might be tied in doing certain things.

4 So could you address that, Cynthia, from the
5 perspective that if they wanted to execute their agreement
6 in a certain way, does our agreement prevent them from
7 doing that?

8 ASSISTANT DIVISION CHIEF MARVIN: I would hope
9 that we'd get a legal supplement to my response, but let
10 me just start out.

11 The primary leverage that the ports had with the
12 railroads is the railroad's desire to expand their
13 facilities in southern California. And each of the ports
14 is essentially the authority that would be approving the
15 environmental impact reports and approving those projects.
16 So the way that the ports deal with the railroads is
17 primarily based on that authority and the ability to say
18 yea or nay to those expansion efforts.

19 BOARD MEMBER BERG: And I do remember in 2005 we
20 had the poison pill and the lease and the expansion was
21 also brought up. And it was also brought up at the time
22 that obviously if people want to expand and there's
23 conditions to that, that this seems to be -- this poison
24 pill concern seem to not apply.

25 ASSISTANT DIVISION CHIEF MARVIN: From a

1 non-legal perspective, I look at those differently, but I
2 would defer to our legal counsel on that question.

3 CHIEF COUNSEL PETER: In the 2005 MOU, I was not
4 here when that was entered into. There was a specific
5 provision about if anybody else did it, then everything
6 was off. That is not in the current commitment letters.

7 And you're exactly right, if someone is choosing
8 to expand, they have to comply with CEQA. If the ports
9 then want to impose conditions on that expansion, that is
10 totally separate from this. And so I don't think that the
11 same concern that was raised in 2005 applies in this
12 current discussion.

13 BOARD MEMBER BERG: So when we look -- that leads
14 me into the page 8 of the resolution where a testimony was
15 brought up that ARB would commit not to take any action to
16 adopt regulation of rail yard sources or seek changes in
17 federal law. What we're really doing is saying we're
18 entering this voluntary agreement. And as long as
19 voluntary agreement, then we would not pursue the
20 regulation for the preempted or the non-preempted
21 locomotives?

22 CHIEF COUNSEL PETER: Right. This isn't what ARB
23 is doing. It doesn't direct what -- and maybe it could be
24 read that way. But it's not directed at the other local
25 agencies the way I read it.

1 Also, the comment that was quoted making a
2 representation as to what the railroads would do, that
3 came from a comment letter. That was not in the
4 resolution. A specific thing which referred to the other
5 agencies not doing it, that is not part of the commitment
6 letter or part of the Resolution.

7 BOARD MEMBER BERG: And this language
8 essentially -- go ahead.

9 DEPUTY EXECUTIVE OFFICER FLETCHER: I was just
10 going to provide more clarity on the context of that
11 statement starting with that whereas on page 8 at the top
12 there. And I think part of that language that people are
13 looking at is -- the context for that is that we are
14 entering into this set of commitments with good faith.
15 And as part of that good faith, what we're saying is that
16 we will not exercise our authority to adopt emission
17 reduction requirements, regulatory requirements for the
18 sources within these specific yards. But we were
19 concerned about the broader issue of regulatory authority.
20 We know this is simply one of the programs that we have in
21 place.

22 So on page 9 of the -- not page 9. Section 9 of
23 each of the commitment letters, there is actually a
24 statement that says, "Nothing in this agreement precludes
25 ARB from developing regulations within its authority as

1 required to achieve the goals of the State Implementation
2 and Climate Change Scoping Plan."

3 So we are not cutting off our authority to adopt
4 regulations that have SIP or climate change
5 considerations. And I think that's an important point to
6 make here.

7 BOARD MEMBER BERG: I really appreciate you
8 clarifying that, because that is a very important point.

9 And I think the other thing, too, is the ten-year
10 period is a long time. And as new information and new
11 technology is developed, we might have some additional
12 opportunities. And I think absolutely we've heard loud
13 and clear sooner. And I don't think there is a Board
14 member that would disagree with that. And certainly I
15 would love to have this all done as quickly as possible.

16 Just two others. I agree with the oversight.
17 I'm glad you brought that up. I appreciate that we're
18 going to look at the CEQA responsibility. That was on my
19 list.

20 I don't want to -- I think the cap is a huge part
21 of this agreement and the fact of everything over the cap
22 is really going to be handled at 100 percent; isn't that
23 correct? So when we look at that aspect of it, I do think
24 that that is a major cornerstone of the agreement.

25 And maybe somebody could comment on the

1 transparency and what we're going to be doing in
2 communicating more effectively with the stakeholders, all
3 stakeholders, specifically in light of the testimony and
4 some of the testimony I've had over the last couple of
5 weeks with the data. So if someone could make a comment
6 on that.

7 ASSISTANT DIVISION CHIEF MARVIN: I think as we
8 recognized in the presentation, there is a couple
9 different elements to this. I'll deal with the easiest
10 one first; that's making the data available so the public
11 can assess for itself the degree of compliance with the
12 commitments and what's happening with emissions and
13 equipment within each rail yard. It's something we made
14 good strides to improve the data posted on the website.

15 I will tell you I recognize Professor Hricko's
16 work in the last few weeks has certainly pointed out to me
17 there are many areas where we need to do a lot better. We
18 need more comprehensive data that we put on the system and
19 we need to make it useable. And we need to help people
20 find it more easily. And we need to post it and process
21 it in a format that people can actually download it and
22 look at it and do their own analysis. So we are making
23 the commitment as ARB staff to do that. And I personally
24 plan to be involved in that and get that started this
25 summer. We would very much appreciate her involvement in

1 the process, consultation, and advice as well.

2 BOARD MEMBER BERG: I did have one other thought.

3 And I appreciate that comment. That's great.

4 Whatever we can do or I can do also to help, I AM happy to
5 do that.

6 On the operation improvement and the studies that
7 will be done and the recommendation that will be made,
8 will that fall into the performance reductions? Some of
9 the testimony that we heard today is that we're doing
10 another study, but where is the implementation? What is
11 the responsibility to do something about the findings of
12 the study? So could you comment on that?

13 DEPUTY EXECUTIVE OFFICER FLETCHER: Sure.

14 One of the difficulties we've had with the
15 operational measures over time is that there's been a lot
16 of discussion about you should do this and we say it's too
17 expensive.

18 What we're trying to do is bridge that gap and
19 say, okay. Let's take a good hard look at these. Let's
20 put the information out there. Let's do the studies.
21 Let's look at the cost and the implication. Let's look at
22 the emission reduction benefit. Let's look at the public
23 health benefit, because some of these measures will get
24 you public health risk reductions without getting you
25 emission reductions because they simply move the source

1 further away from the population.

2 But what has been missing to date has been the
3 real analysis. So we were -- actually, we didn't think it
4 was appropriate to require them to do something where the
5 analysis has not been done, where we said, well, move the
6 truck gate and it turns out there's higher emission
7 impacts or higher risk impacts on a different segment of
8 the population. We didn't think that was a good idea to
9 do.

10 So in direct answer to your question, no, there
11 is no requirements that they do. It's not incorporated in
12 the performance standard, but once the analysis is done
13 and everybody can view it, we think it's going to stand on
14 its own merits as to the value of doing it. If it's cost
15 effective, then the railroads need to take a look at that
16 as to how it fits into achieving the benefits of the
17 performance standards and some of those -- maybe some they
18 choose to pursue.

19 BOARD MEMBER BERG: But if we're looking at the
20 amount of emissions is going to require future
21 technology -- in other words, we heard many times that we
22 don't know exactly how we're going to get things done. It
23 certainly would stand to reason if they, in fact, found
24 something cost effective or that would achieve the goal,
25 wouldn't we push them? I mean, I can't imagine they

1 couldn't embrace that.

2 DEPUTY EXECUTIVE OFFICER FLETCHER: I think we
3 would push them. The communities would push them. They
4 have to do an emission reduction draft plan every couple
5 years to show how they're going to meet the standards, and
6 we have to identify explicitly what those measures are.
7 So there will be a lot of information out there about what
8 they're choosing to do so people will know what's
9 happening at the railroads much more so than they've ever
10 known before.

11 BOARD MEMBER BERG: So Mayor Loveridge, I think
12 your point to the fact this is going to come back to the
13 Board on a regular basis, this would remain incumbent on
14 the group to hold everybody's feet to the fire, including
15 our own.

16 I really appreciate the work. I do appreciate
17 the testimony. I did meet with people, and I sit up here
18 in angst over this whole subject, because there isn't an
19 easy fix. And so I do appreciate all the input.

20 CHAIRPERSON NICHOLS: Thanks.

21 Dr. Balmes.

22 BOARD MEMBER BALMES: Well, first off, I want to
23 thank everybody who presented testimony today. And we
24 heard from a number of the witnesses that they didn't
25 think that the Board listened to them. And I think we

1 have listened to you. And while we aren't going to be
2 able to craft a perfect response that you'll be completely
3 satisfied with, I think we all start from the premises
4 that the cancer risk in these four communities next to
5 rail yards remains unacceptably high and we can't rest
6 until we bring it back down to something that is more
7 acceptable.

8 I also want to thank the staff for working hard
9 on this and for being pretty responsive to the Board's
10 directives last February.

11 So with that said, I've got a few points. I can
12 be more brief than I expected to be, because Board Member
13 Berg highlighted several of the points I had down.

14 With regard to Professor Hricko's work, her
15 detective work, she noticed that advanced notice of
16 inspections was being given. I thought I heard Cynthia
17 say this in the presentation that that isn't going to
18 continue. Maybe I misheard. Giving the railroads 48
19 hours to stop idling engines seems to be not a good way to
20 actually assess what the exposures really are.

21 I really want to commend Cynthia for her stated
22 commitment to transparency, another one of the issues that
23 Professor Hricko brought up, because when I heard idling
24 isn't idling, given that the community rightfully is so
25 concerned about idling, we need to know about what the

1 data are, about how much idling does or does not occur.

2 I was glad to hear Board Member Berg mention the
3 other rail yards. I live in the east bay of northern
4 California, and I hear a lot about the Oakland rail yard.
5 I see that it's in the next list of rail yards to be
6 considered. But while 400 in a million cancer risk for
7 San Bernardino really makes one stop, you know, 100 in a
8 million is not room for complacency either. So I think we
9 have to remember the other rail yards. And I, for one,
10 will want to see us move from these first four rail yards
11 to the other 14 as soon as we can.

12 So operational changes is something I made an
13 issue about in February. I'm glad to see that the
14 agreement includes a commitment to look at operational
15 changes. But I think we need to be pushing -- as both
16 Mayor Loveridge and Ms. Berg pointed out, we need to push
17 for adoption of technically and economically feasible
18 operational changes. I'm glad we're going to be looking
19 every two years at the performance with regard to emission
20 reduction. And I want to underscore what's already been
21 said. Those reports have to come back to the Board so we
22 can see them. They shouldn't be stuck off someplace in
23 cyberspace or printed report space.

24 And I want to also support the outside auditor
25 idea. I think that's an excellent idea.

1 And just finally, when Tim Carmichael brought up
2 natural gas vehicles -- I realize he's lobbying for a
3 group that supports natural gas vehicles, but it does seem
4 like that's something the railroads should consider with
5 some of their lighter-duty vehicles. Plenty of other
6 major corporate entities are going to natural gas vehicle
7 fleets. So I think it is something that -- there are many
8 other things that should be considered, but it seemed to
9 me like a potential early fix.

10 So with that, I think I'll conclude and am
11 pleased that several other Board members have the same
12 thoughts that I do.

13 CHAIRPERSON NICHOLS: Thanks.

14 Did you want to comment on the natural gas
15 vehicle issue just quickly?

16 DEPUTY EXECUTIVE OFFICER FLETCHER: Just real
17 quickly. It certainly is a tool in the toolkit. And Tim
18 was correct in that when we did the technical options
19 report, we were using data that has been subsequently
20 improved. And the PM differences are not that much
21 difference. Obviously, LNG is not a diesel PM. They're
22 meeting similar standards.

23 We have tested LNG yard trucks specifically in
24 that duty cycle, and the results were not all that
25 favorable. And so we have contracts in place now to test

1 new technology to 2010 that are coming. So we can get a
2 better handle on the difference between 2010 LNG and 2010
3 diesel trucks. So that work is trying to find yard trucks
4 to test basically.

5 Part of the issue with LNG is you just can't pop
6 them on the ground. You have to have the LNG
7 infrastructure to do it. That's one of the issues going
8 on right now in the rail yards and the yard tractors that
9 are at Hobart actually, is there is not an infrastructure
10 to support that.

11 BOARD MEMBER BALMES: Thank you. I'm glad I
12 asked the question.

13 CHAIRPERSON NICHOLS: Yes, Supervisor Roberts.

14 BOARD MEMBER ROBERTS: I'm also hesitant to
15 mention this. But we're going to have some issues with
16 LNG here in the very near future that cause me grave
17 concern to be thinking that may be a solution when we're
18 being threatened with possible cutting off of all the
19 suppliers here in southern California.

20 CHAIRPERSON NICHOLS: Comments down at the end
21 here or questions from other Board members?

22 Yes.

23 BOARD MEMBER KENNARD: I actually have three
24 questions.

25 But before that, I want to congratulate the

1 public who came to share their thoughts on this very
2 important issue, and particularly those who traveled long
3 distance to come up and testify with us, and most
4 specifically, the two very young men who provided very
5 articulate statements, both of their concerns.

6 My three questions are somewhat interrelated.
7 The first is I'd like some confirmation or denial of the
8 comment from the railroads that, in fact, regulatory
9 action would be less effective than an MOU. Related to
10 that is the comments about the litigation connected with
11 South Coast on their proposed regulation and how effective
12 CARB may be should we decide to impose a regulation rather
13 than this voluntary program.

14 And lastly, for those of us who remember the very
15 difficult 2005 hearings that we had on the voluntary
16 program, I'd like to kind of understand how effective the
17 2005 MOU has been, what its failures may be. And this is
18 hopefully a quicker response. And possible magnitude of
19 investment made under that 2005 by the railroads.

20 DEPUTY EXECUTIVE OFFICER FLETCHER: I'll take a
21 crack at one and three. The second one we may need to ask
22 for more clarification.

23 The issue of regulation versus the MOU is one we
24 essentially have been struggling with for a long time.
25 And we have looked at this in a number of different ways.

1 We do have regulatory authority. We've been very clear
2 that we have authority over these what we call
3 non-preempted locomotives. And it's a subset of
4 locomotives. When we did our reports on the technical
5 options and some of the other information back several
6 years ago, there were a lot of these non-preempted
7 locomotives running around California. Since then, that
8 number has gone down substantially. So the total number
9 of units that we have control over has gone down.

10 And essentially, in these four yards, you've
11 heard they're not operating. They may come back from time
12 to time, but they're certainly not operating on a routine
13 basis.

14 So when we look at regulations, we say, okay. We
15 have this subset of locomotives that we can regulate, then
16 what? So if we were to adopt a regulation, we say,
17 well -- and probably how we'll structure the backstop
18 regulation to this commitment is that if you're operating
19 a pre-Tier 0 non-preempted locomotive, we would require
20 you to go to the Tier 3 or the most effective technology.

21 Well, what the railroads could do if they so
22 choose is move those out of state and bring in a Tier 0
23 locomotive to replace it. They may bring in a Tier 2 or 2
24 or 3. But they could bring in a Tier 0. And the Tier 0,
25 PM are nothing. There's no difference between a Tier 0

1 and there's about a 25 percent NOx reduction.

2 So you know -- and then we also have the other
3 consideration. We have this 1998 MOU that says if we were
4 to adopt regulations for locomotives, they could pull back
5 from the '98 MOU. The '98 MOU is a big deal. It means in
6 2010, this year, all of the locomotives operating in
7 southern California are on average equivalent to a Tier 2,
8 which is the very best locomotive. So we have -- and
9 everybody says, well, they wouldn't do it. They're not
10 going to bail from that commitment. We don't know.

11 I think we keep going back to the benefits we
12 would achieve are not anywhere near what we would achieve
13 from this commitment. Even if we controlled all of those
14 locomotives, we think the commitments are much better here
15 than they would.

16 On the third one, on how effective the 2005 MOU
17 has been, our estimates are we've gotten about a 20
18 percent reduction in diesel PM which is approximately what
19 we estimated. They have installed all of the idle
20 reduction devices they said they were going to do. They
21 had a requirement to burn a certain amount of CARB diesel.
22 I think it might have been 80 percent. They are at over
23 95 percent for sure. Harold knows that exactly. But the
24 smoking locomotives were, that program went into effect.
25 So all of the provisions of it that they said they were

1 going to meet, they set, including the compliance of draft
2 mitigation plans. In my opinion, that was the weakness of
3 it. They did the draft mitigation plans. They reflected
4 what the existing measures and agreements were and they
5 weren't effective. But they met the requirement.

6 That's where that agreement was not as strong as
7 this one, because there was no specific requirements that
8 the draft mitigation plans do anything. So that was the
9 one weakness and I think the one area where that did not
10 live up to its expectation.

11 EXECUTIVE OFFICER GOLDSTONE: And Ellen Peter can
12 answer the question of the litigation.

13 CHIEF COUNSEL PETER: One of the commentators
14 indicated that a court had found that ARB had authority to
15 regulate railroads, and that's not quite correct. The
16 case that was discussed was South Coast Air Quality
17 Management District had a regulation. The railroad sued
18 and said, no, you can't do that. You're preempted. And
19 the court said, South Coast, you cannot do these
20 regulations. And in passing, the court said, and if
21 anybody could, Air Resources Board could. But it was a
22 passing dicta comment. So it was not a finding of the
23 court. ARB was not a party to that litigation. It's not
24 going to get resolved in the current litigation ninth
25 circuit.

1 So there is always a question on preemption where
2 do you draw the line. What can local and states do in
3 light of a long-standing federal rule that the red, as Bob
4 just indicated, there is a certain subset of locomotives
5 which is the oldest locomotives that everyone agrees is
6 not preempted. That's a very small amount of locomotives
7 in the state at this time from the information that ARB
8 has. So if you start regulating in either other
9 locomotives or operations effecting rail yards, there's
10 always a factual question where do you draw the federal
11 preemption line. So we know basically this does not apply
12 to the railroads. It applies to the auto industry and
13 everywhere. This is, from my experience at the Attorney
14 General's office, when you come up with a federal
15 preemption, you start regulating, the industry has to sue.
16 That's just inevitable.

17 So if ARB started having regulations, it would
18 inevidentially in my opinion lead to litigation. So then
19 the question is: What's your next option? And what you
20 could do with these voluntary agreements, which is what
21 the railroads are doing now, is you can agree to disagree
22 on the scope of preemption. So we would draw the line in
23 different places between the railroads' lawyers and the
24 environmental regulatory lawyers. But what you can do is
25 say if you're not regulated, if it's voluntary, you don't

1 have to reach that resolution. That's the end of that, is
2 instead of wasting the time and money working out the
3 specific problems, you can get these reductions early.

4 So that's basically what this agreement does, is
5 you just basically say we don't have to deal with the
6 actual scope of this litigation, which then would go up to
7 the appellate courts for sure. So that's kind of the
8 context that we're operating in.

9 And I just wanted to say that statement I think
10 was a slight over-misstatement of what the district court
11 had said in the South Coast.

12 BOARD MEMBER KENNARD: Thank you. That's very
13 helpful.

14 CHAIRPERSON NICHOLS: Dr. Telles.

15 BOARD MEMBER TELLES: Yeah. I have some
16 questions, but I wanted to finish my understanding of what
17 we were just talking about.

18 Mr. Fletcher mentioned that in 1998 there was an
19 MOU that could potentially be reversed by the railroad
20 industry and there's some concern that could happen.
21 Maybe it won't happen, but there's concern that could
22 happen.

23 Now my reading of the resolution suggests we
24 would be under the same process that the railroad
25 community is not necessarily committed in perpetuity to

1 continue whatever they did based upon this resolution. It
2 seems to be as weak as the resolution in 1998. Do you
3 understand what I'm trying to say?

4 DEPUTY EXECUTIVE OFFICER FLETCHER: Well, to the
5 extent that we are saying that we would not take specific
6 regulatory action with that their -- actually, I'm sorry.
7 There is the understanding that if -- let me think about
8 this.

9 EXECUTIVE OFFICER GOLDSTENE: Well, there is a
10 distinction between --

11 BOARD MEMBER TELLES: The way I see it --

12 EXECUTIVE OFFICER GOLDSTENE: I think I
13 understand.

14 BOARD MEMBER TELLES: The way I see it is this is
15 a very weak resolution, because it doesn't establish any
16 ability to get around the weakness of the 1998 resolution.
17 And we're up against the same vine. You know, come five
18 years from now, we'll have the same conversation that we
19 got to do this, because if we don't do it, the railroads
20 will back out. That doesn't seem like the type of thing
21 you want to get involved in from a negotiations point of
22 view.

23 EXECUTIVE OFFICER GOLDSTENE: Well, with regard
24 to the '98 resolution, the fact is it's been very
25 effective, although I suppose either party could have

1 walked away.

2 In this agreement, we always have the ability, if
3 they fail to meet the cap, if they fail to meet the
4 requirements of the commitment, to come back to the Board
5 and propose regulations. That still is a tool that we
6 have to use.

7 BOARD MEMBER TELLES: What I'm asking is: Is the
8 railroad industry committed not to reverse anything
9 they've done should this thing fall apart? Does that say
10 that in the resolution? I don't see it anywhere.

11 DEPUTY EXECUTIVE OFFICER FLETCHER: I don't think
12 this one is quite as rigorous as that one. We do have --
13 and I think in Mr. Marckwald's letter that Mary referred
14 to there is a statement that indicates that should other
15 entities adopt, then they would meet and confer with us to
16 talk about what impact that may have. And I think that's
17 in point targeted towards ensuring they don't have
18 duplicate requirements or potentially conflicting
19 requirements that they have to meet. So we've set up a
20 process where they can come and talk with us.

21 BOARD MEMBER TELLES: I just want a yes or no. A
22 yes or no in the sense does this commit the railroads to
23 not backing out of something that they've already
24 committed to doing? And if we go forward with this, are
25 we going to have the same conversation five years from

1 now? Because if we do, I wouldn't be in favor of this at
2 all. I think it's a very weak negotiating point and it
3 just puts -- just kicking it down the road.

4 DEPUTY EXECUTIVE OFFICER FLETCHER: I would say
5 yes, it does have -- you know, the backdrop is that if
6 there was something that came up that would cause them to
7 be conflicted, then they would have the opportunity to
8 walk away from the commitment.

9 BOARD MEMBER TELLES: Then it's a no.

10 DEPUTY EXECUTIVE OFFICER FLETCHER: My yes is
11 your no.

12 BOARD MEMBER TELLES: It's a no. It's a very
13 weak negotiating point.

14 SENIOR STAFF COUNSEL TERRIS: I would like to add
15 it's different in if the railroads were to back out of the
16 commitment, we could adopt regulation. The railroads are
17 concerned about regulations, even though they apply just
18 to the non-preempted locomotives, because other states
19 could then opt into similar types of regulations and the
20 railroads would not want that. So there is some
21 motivation on the part of the railroads to meet their
22 commitment of this agreement.

23 CHAIRPERSON NICHOLS: Ms. D'Adamo.

24 BOARD MEMBER TELLES: That's not a promise. It's
25 a presumed they may not. I mean, in other words, it's not

1 down in paper that we will not backslide no matter what.
2 If you regulate, we just stop everything. And that's the
3 kind of thing I would like to see in this.

4 But at any rate, I have one question. Is there
5 any other place in the United States that is as impacted
6 as these railroad yards in exposure to PM?

7 DEPUTY EXECUTIVE OFFICER FLETCHER: I'm going to
8 ask Harold to answer that question, because he's spent a
9 fair amount of time with folks in Chicago.

10 ENGINEERING EVALUATION SECTION MANAGER HOLMES:
11 I've had a couple opportunities to go to Chicago, and they
12 have 30 major rail yards within the city limit. Most of
13 those rail yards are larger than the rail yards we have in
14 California.

15 There have not been studies done of course
16 anywhere else in the country other than California for
17 health risk assessments. There was a recent brand-new
18 rail yard in Kansas.

19 What you have in California is a very unique
20 situation when you look at the air pollution levels
21 potentially in Chicago with 1200 trains per day, which is
22 equivalent to 4,000 locomotives. And in California, we're
23 looking at around 1200 locomotives. You can sort of see
24 that within the city limits of Chicago they have some
25 serious potential problems. So they're very much watching

1 what we're doing here in California because of the
2 potential issues they have there.

3 DEPUTY EXECUTIVE OFFICER FLETCHER: I would just
4 augment with that by saying that nobody else in the
5 country is doing anywhere near what we've done in
6 California dealing with transport refrigeration units,
7 cargo handling equipment, drayage trucks, cleaner fuel for
8 intrastate, interstate locomotives, not to mention the
9 health risk assessments. So we are way ahead.

10 BOARD MEMBER TELLES: I just have one final
11 statement and question. I mean, this is a tremendous risk
12 and a tremendous injustice to these communities. And I
13 think the one school teacher who made the comment that if
14 somebody piped this air out into your bedroom or into your
15 neighborhood, you would look differently. And I think we
16 need to look at it from that perspective.

17 In our resolution back in September, there was
18 one statement there that said that we would get together
19 with the railroads, the communities, and the Air
20 Districts. And it seems like two of those entities are
21 very dissatisfied with this. The Air Districts and the
22 communities are very dissatisfied with this proposal. And
23 I think the Air Districts in any area have a pretty sound
24 understanding of the economics and the social and health
25 impacts. And I really think we need to listen to the Air

1 District in this area. They're making a plea that the
2 resolution don't be passed or that some of the issues that
3 they put in their letter -- do you have that letter? And
4 I would ask as some of the specific points -- and there's
5 a second and third project that they went through with the
6 electric cranes, et al. Why is that not -- why wasn't
7 that addressed and why can't it be addressed?

8 DEPUTY EXECUTIVE OFFICER FLETCHER: The nature of
9 the voluntary agreements is one of a performance standard
10 approach. And we've tried to use performance standard
11 approaches throughout our rulemaking operations, because
12 it generally provides the most cost-effective way to
13 achieve the reductions.

14 When we looked at establishing, for example, the
15 San Bernardino rail yard commitment and the emission
16 reductions in 2020, the only way to achieve that is --
17 effectively one pathway to achieve that is doing exactly
18 what the South Coast has said, do electric cranes, Tier 4
19 locomotives, electrification, transport refrigeration
20 units. So that is in the documents, the staff report,
21 that says that is the basis of what we're doing.

22 We haven't gone so far as to say we must do it
23 this way, because we are not experts in railroads
24 operations. We think they are in the best position to
25 make those sorts of judgment. And quite frankly, the cost

1 effectiveness analysis, which we've done which actually
2 nobody has challenged, indicates that the cost
3 effectiveness for PM reduction is somewhere on the order
4 of \$400 per pound, which is about five to ten times higher
5 than what our partical PM measures are. And it costs
6 somewhere on the order of over \$200 million and it
7 achieves a two-tenth of a ton of PM.

8 And, you know, the decision that I think the
9 railroads need to make is can they spend that \$200 million
10 better on something else? I mean, 200 million is quite a
11 few locomotives, for example. And the two-tenths is out
12 of three-and-a-half tons or three-and-a-half tons per
13 year. So it can be done. It is probably technically
14 feasible.

15 There are operational considerations for that
16 electric crane, because there is a major roadway that goes
17 through the middle of the San Bernardino rail yard. So
18 there are considerations of how you would practically do
19 that. That is why we have not embraced some of the
20 specific technology requests that the South Coast has had.

21 Electric yard trucks, yes, there's some in
22 service. They haven't been tested on the duty cycle.
23 There are some running around the ports right now. They
24 cost three times the cost of the diesel, as we heard, at
25 least twice the cost of an LNG. So it's emerging

1 technology, but we don't think it's appropriate for us to
2 specify that technology when the railroads have not had
3 the opportunity to fully test it in service.

4 BOARD MEMBER TELLES: One final. Has CARB and
5 the districts and anybody else gone to Washington together
6 to kind of work on this issue? I mean, primarily for
7 funding and -- have we really uncovered every leaf on
8 this? This is really a Fed problem and we need Fed help.

9 DEPUTY EXECUTIVE OFFICER FLETCHER: We haven't,
10 actually. One of the recommendations in September on the
11 incentives was to do just that, to pull together a
12 coalition of stakeholders to go back and seek funding.
13 But we've been side-tracked on this issue, so we haven't
14 gotten to the back of that. I still think it's
15 appropriate.

16 I did talk to U.S. EPA Region 9 folks about a
17 month ago on how we could collaborate better. The DERA
18 funds, as you heard this morning, are flowing into
19 California at least in small amounts, but that's helping.
20 That's getting these switchers off the properties and
21 being rebuilt. So that's a good thing. But still --

22 CHAIRPERSON NICHOLS: I would say that relative
23 to the size of the problem, we haven't got as much help as
24 we need. But compared with what EPA has ever done before,
25 the flow of funds to California for this purpose is

1 actually extraordinary.

2 And one of the things that I think we, together
3 with South Coast and the community, have done is to
4 highlight for them that that issue is our priority and
5 this administration. That has made a big difference,
6 because they are much more receptive than has been the
7 case for the past eight years, at least in terms of the
8 focus on environmental justice as a concern, because it is
9 clearly at the top of the list as far as EPA is concerned.

10 Dr. Balmes.

11 BOARD MEMBER BALMES: I forgot to bring up a
12 technical issue. I'll address this to Cynthia.

13 In your presentation, you mentioned two community
14 air quality monitors in collaboration with South Coast Air
15 Quality Management District. Did you say which
16 communities? You probably did and I missed it.

17 ASSISTANT DIVISION CHIEF MARVIN: The commitment
18 would be to locate one in San Bernardino in the community
19 very close to the rail yard. We don't know the specific
20 location yet, because we need to assess it. And then one
21 near the combined Commerce and Hobart yards in the
22 Commerce region. Again, we need to look at what makes
23 sense for the monitoring standpoint. But the point is to
24 be doing our best to measure what's happening in those
25 communities.

1 BOARD MEMBER BALMES: I understand. So that
2 would get three out of the four years.

3 ASSISTANT DIVISION CHIEF MARVIN: Certainly, yes.

4 BOARD MEMBER BALMES: And the reason we're not
5 doing the fourth one is expense or --

6 ASSISTANT CHIEF COREY: I think so. Honestly, I
7 don't remember whether they are monitoring.

8 DEPUTY EXECUTIVE OFFICER FLETCHER: In Long
9 Beach.

10 ASSISTANT CHIEF COREY: That was the expense
11 issue was a consideration. And also we have with respect
12 to the two, we gave some discussions with South Coast and
13 are hoping to collaborate and maybe one where we can
14 provide some assistance in that area.

15 BOARD MEMBER BALMES: So we are involving South
16 Coast. We said we would collaborate with them. Are they
17 part of the collaboration with them already? Could be --

18 ASSISTANT CHIEF COREY: They are prepared to
19 collaborate with us on this and do some sharing.

20 BOARD MEMBER BALMES: And the data from those
21 monitors would be part of the every two-year preview?

22 ASSISTANT CHIEF COREY: It would be public
23 information posted and available.

24 DEPUTY EXECUTIVE OFFICER FLETCHER: And I think
25 the other consideration is there are other monitors around

1 there. And one of the analysis that we could do is sort
2 of kind of do the analysis on what the impacts are.

3 CHAIRPERSON NICHOLS: Okay. I think it's time to
4 wrap this up and move towards a conclusion. There is a
5 couple of things that I think have been identified. And
6 maybe staff has others they want to comment on, but I know
7 that none of the issues was about the Tier 4 locomotives.
8 I heard the staff agreeing to the third-party monitor.
9 And we discussed CEQA and what we're going to do about
10 that and review of technologies. I think that's pretty
11 straightforward.

12 What about the Tier 4s?

13 DEPUTY EXECUTIVE OFFICER FLETCHER: There were
14 two kind of technology-related considerations that we'd
15 like to put on the table for your consideration. One of
16 those has to do with Tier 4 locomotives. And as EPA
17 indicated, the requirements don't begin until 2015.
18 Typically, what happens when you introduce a major new
19 technology like the Tier 4 locomotives, then you put those
20 into demonstration and prototype testing.

21 And what we would recommend is that you direct us
22 to basically prepare a report back to you folks by the end
23 of 2013. That would provide a status report on progress
24 being made on these locomotives. And also that would
25 include an assessment of the potential for operating these

1 through California. Obviously, when they test them,
2 they're going to run them from here to Chicago because
3 they need to run them across the entire lines. So they
4 can't exclusively operate in California and get the type
5 of test data. But we do want to be an integral part of
6 the test programs and prototype, and we will be continuing
7 to work with the manufactures. But we would address the
8 resolution language in addition on that.

9 Under the technology under the 2005 MOU, we
10 committed to run a technology symposium every year. So
11 what we could suggest within the next year or so we
12 dedicate one of those technology symposiums to the vetting
13 of this near zero and zero technologies and try to get
14 some consensus from the experts in the field on what is
15 this real status, what is the real cost, what are some of
16 the operational issues, in an effort to kind of continue
17 to move that dialogue.

18 CHAIRPERSON NICHOLS: But that's more broad than
19 just these four high risk rail yards.

20 DEPUTY EXECUTIVE OFFICER FLETCHER: Yes, of
21 course.

22 CHAIRPERSON NICHOLS: Well, I guess the major
23 points that I wanted to raise have been covered with one
24 exception, and that was this issue of the communities
25 rights in this situation.

1 There is one item that also has been identified
2 that I would like to see strengthened in the resolution
3 itself. And obviously the resolution is going to have to
4 be substantially re-written in order to reflect all these
5 comments that we've just made.

6 But the one that was alluded to by Mr. Kracov and
7 also by Mayor Loveridge is this issue of since we're all
8 talking about litigation and who's going to sue whom,
9 there is a difficulty about the community's rights in this
10 situation that's clearly been a problem and contributes to
11 the sense of frustration that I believe that residents
12 feel when they're dealing sort of through us with the
13 railroads but have no real ability to enforce this
14 commitment.

15 So I had suggested at one point in a conversation
16 that we could adapt some language which is not normally
17 used in administrative law, but it's used in business law,
18 which is the concept if this is going to be an in effect
19 contract between us and the railroads that we would name
20 the communities that live around the rail yards as
21 third-party beneficiaries of the agreement. Meaning, they
22 would be given access to court as if they were parties to
23 the agreement.

24 And I asked counsel to look at this and have been
25 advised that this is something that we could do. And I

1 think although it's a somewhat novel idea -- nobody jumped
2 up and saluted it at first -- I gather some people have
3 given it thought and decided maybe it would be a good idea
4 after all.

5 So the idea is we would add a section that would
6 say that the residents of the areas immediately around
7 these rail yards are the intended beneficiaries of this
8 agreement and that it's our intention they would have the
9 ability to enforce it through legal action, so that if, as
10 a result of the data that is going to be published and the
11 other information that's going to be out there the
12 community feels that we're not living up to the agreement,
13 this would give them essentially an expedited way to go
14 into court and bring an action for mandamus to order us to
15 carry out the agreement.

16 It doesn't give them any rights against the
17 railroads directly, because we don't have the ability to
18 do that. And I'm sure the railroads will not agree to it.
19 But I think it still does at least give the community an
20 enhanced right to hold our feet to the fire. And I would
21 recommend that we do it. It's somewhat risky, but I think
22 it's worth trying.

23 Ms. Kennard.

24 BOARD MEMBER KENNARD: Yes, Chairman Nichols.

25 I actually think that's a very novel and actually

1 maybe effective idea.

2 My only concern is a clear definition of what
3 that third-party beneficiary class is, because if it is
4 not well defined, you might jeopardize everyone within
5 that potential class. That would be my only concern that
6 it's very, very well defined.

7 CHAIRPERSON NICHOLS: I think that's a good idea.
8 I agree with you about that. And I don't know whether it
9 would be a geographical definition or an organizational
10 definition. Probably better to do it by geography rather
11 than the names of the organizations, but what the exact
12 limit of the area is we're talking about. Is it 50 feet?
13 Is it a mile? I'm not sure what the right answer is
14 there. Maybe somebody will have a suggestion about what
15 they would recommend in that regard.

16 The other thing that I want to propose is since
17 this is just resolution language, but it kind of ties
18 together a number of the themes that have been out there.
19 I do think the Board needs to put itself on record as
20 saying that a risk to the community of 400 in a million is
21 not acceptable and that it's the Board's intention to
22 pursue technology and other solutions to try to get that
23 risk down so that it doesn't -- I don't know that we set a
24 number, because we don't think that what people in Oakland
25 are experiencing is okay either. But to drive it down

1 continually to as close to zero as we can get is something
2 that should be part of our agenda.

3 The thing that has been a continuing obstacle I
4 know is this definition of what is cost effective. But
5 without having a goal in mind, it's pretty hard to
6 evaluate what cost effectiveness really means.

7 So those would be the two additional suggestions
8 that I would make. And with those, the resolution here,
9 which has now been cobbled up a bit, would be to delegate
10 to the Executive Officer the decision on final approval of
11 the staff recommendation for the exchange of letters
12 between ARB and the railroads, subject to his performing
13 such appropriate environmental analysis as is required
14 under CEQA, including the review and written response to
15 all the significant environmental issues that have been
16 raised in response to this hearing.

17 And we would further recommend that if he does
18 approve the recommendations, he would sign the cover
19 letter with the commitments to each of the high priority
20 rail yards, and then that the staff would go ahead -- and
21 we would direct that the staff go ahead and meet those
22 commitments in order to reduce the health risks from these
23 rail yards and to do it in a way which is real,
24 verifiable, and enforcement.

25 So that's the resolution. And I would welcome a

1 motion and a second on that.

2 Yes.

3 BOARD MEMBER LOVERIDGE: I second the motion with
4 the understanding the auditor --

5 CHAIRPERSON NICHOLS: Yes, we have added the
6 addition of the third-party monitoring auditor to oversee
7 the implementation of the agreement. So how that person
8 or entity would be selected is also subject to some
9 further discussion, but it would be someone that the ARB
10 would choose and would retain for this purpose, but would
11 be a non-ARB person.

12 BOARD MEMBER BALMES: And third-party
13 beneficiaries?

14 CHAIRPERSON NICHOLS: And the third-party
15 beneficiaries language would be added to it. We have a
16 motion. Do we have a second?

17 SENIOR STAFF COUNSEL TELLES: Madam Chair, with
18 regard to the delegation to the Executive Officer to do
19 the CEQA analysis and then approval of the commitments, it
20 makes sense that the Board strike the provisions about
21 Board funding regarding CEQA and the Executive Officer --

22 CHAIRPERSON NICHOLS: From the draft that was
23 presented to us? Yeah, that would just be taken out of
24 the resolution, correct.

25 DEPUTY EXECUTIVE OFFICER FLETCHER: Chairman

1 Nichols, just as we're mucking up the resolution here, I
2 just want to make it clear that if you want the Tier 4
3 locomotive and the technology symposium added to the
4 resolution, that should be part of the motion as well.

5 CHAIRPERSON NICHOLS: Okay. We can do that. I
6 think I'm still waiting for a second.

7 BOARD MEMBER KENNARD: I'll second the motion.

8 BOARD MEMBER TELLES: I have some other things I
9 would like to add, maybe the rest of the Board would not
10 like to add.

11 As you can tell, I was rather interested in
12 having some stronger language. And I would like to put
13 that in some kind of resolution form in the sense that
14 should this fall apart and that regulations are triggered
15 that the railroad industry is committed not to backslide
16 from where they are either from their 1988 agreements or
17 to whatever their agreement may be up until 2008 or '09.
18 Otherwise, I think it's just a very weak resolution that
19 the Board shouldn't vote on.

20 CHAIRPERSON NICHOLS: I think it's a valid
21 comment, actually. I agreed with you at the time that you
22 made it.

23 I'm not quite sure how we do it in the form of
24 the resolution, because it should be in the commitments
25 themselves. And I don't necessarily want to call up them

1 to the podium to extract anything from them verbally,
2 because I don't know that would solve the problem or be
3 particularly appropriate. But I think we should put it
4 in. I mean, I think we should add that to list of items.

5 So I would accept that as a friendly amendment.

6 DEPUTY EXECUTIVE OFFICER FLETCHER: Can I make a
7 comment here? I'm not sure how we do that.

8 CHAIRPERSON NICHOLS: Well, here's the problem.
9 And I think we think we know, because we think we
10 understand how the railroads think, that the threat of us
11 doing regulation is sufficient to keep them moving forward
12 as long as we don't do anything that's too far over the
13 edge. But they want to reserve their rights, because, you
14 know, they're the railroads and they've spent a century or
15 more fighting to preserve their rights.

16 However, this issue of, well, if they don't like
17 it, they might back out and, you know, take away all the
18 clean locomotives that they've brought into California and
19 bring back dirty ones is a threat that sort of hangs over
20 all of this in a very unpleasant and I think sort of
21 unprofessional way. And so it's kind of a bullying tactic
22 in a way, and we don't approve it. We don't appreciate
23 it. And we don't think they need it. And we'd like it to
24 go away.

25 So I suppose if we put this in the resolution and

1 they decide that's enough to make this whole deal come to
2 an end, well, then we have a bigger problem, although it
3 might make some people happy. But I think we should try
4 it. See what happens.

5 EXECUTIVE OFFICER GOLDSTONE: To be clear, this
6 is anti-backsliding.

7 CHAIRPERSON NICHOLS: It's an anti-backsliding
8 provision. Thank you. Well said.

9 Well, the mover and seconder agree to that. I'm
10 going to call the question, and I think we can do it by
11 voice vote. So let's try anyway.

12 We have a motion and a second. All in favor,
13 please say aye.

14 (Ayes)

15 CHAIRPERSON NICHOLS: Opposition? All right.
16 It's been approved. Thank you very much. And thank you
17 to everybody for good work.

18 We'll take just a minute to move staff.

19 We now have another important issue to deal with
20 today, which is an Update on Senate Bill 375, the
21 Sustainable Communities and Climate Protection Act of
22 2008.

23 This is an informational item only. No Board
24 action will be taken. But we're looking forward to the
25 staff's presentation on the progress being made. This is

1 an exciting piece of legislation and has given rise to
2 some really interesting and important work that's going on
3 at the community level.

4 As part of today's preview on SB 375, I want to
5 welcome Executive Directors of the state's largest
6 regional planning agencies, because the long-term success
7 of SB 375 is going to rest on the quality of the planning
8 that's going to be done at the local and regional level.

9 The Air Resources Board's role in target setting
10 for greenhouse gas emissions is only one consideration
11 among many these folks have to balance as they go about
12 doing their work. And they do it under tremendous
13 pressures and always without adequate funding. And we
14 appreciate very much the fact that you have made the
15 commitments that you have to moving California towards
16 more sustainable communities.

17 We're really here at the beginning of a process.
18 SB 375 provides a mechanism for setting targets that need
19 to be revisited over time. And my hope for today is that
20 we view this and we will come to see this as a positive
21 kick off for the efforts that will be unfolding.

22 Over the past few months as I've been out and
23 about, I've also heard a lot of concerns about SB 375 as
24 well as some positive examples of local planning efforts
25 that are already underway. So I'm hoping that part of

1 what will happen today is that we'll learn more about what
2 SB 375 really means as it's playing out in the
3 communities.

4 Obviously, the concept of sustainable planning is
5 not new. And in fact, regions and local governments have
6 engaged in something called blueprint planning for almost
7 a decade now. Many of the forward-looking plans and
8 projects that are being crafted and approved at the local
9 level have reflected some of the ideas that have come from
10 these blueprints, and they show us by example that
11 Californians want communities that meet their needs,
12 whatever their stage in life may be. So that many of the
13 things that we talk about in sort of a theoretical way
14 when we talk about sustainable communities and sustainable
15 planning actually exists in developments that have
16 occurred already in our state.

17 But there's also always the question of resources
18 and the challenges that we're facing and particularly the
19 challenges that cities and counties face when we try to
20 update their plans. And this is a particularly
21 challenging time to be suggesting that people should be
22 going out and engaging in more planning when many
23 jurisdictions have had to lay off staff and certainly are
24 not adding. I've heard from local governments loud and
25 clear that they're going to need ongoing resources to pay

1 for some of the costs associated with the planning and
2 implementation as well as building the infrastructure
3 that's going support sustainable development.

4 So I think that all of us on this Board, not just
5 those of us who are local elected officials -- and we're
6 certainly fortunate to have some of those that actually
7 sit with our Board as well. But we really need to be
8 committed to working with the regions and local government
9 in order to try to come up with ways to gain the revenues
10 that are going to be needed for these purposes.

11 ARB has been participating actively in the
12 Strategic Growth Council's Proposition 84 grant program,
13 but we know that's a small part of what's actually needed.

14 As we get ready to talk about the first set of
15 regional targets that are due out in September, let's also
16 not forget all the hard work that's already been done so
17 far. SB 375 has already delivered some benefits in terms
18 of public processes that have been undertaken by the
19 regional planning agencies. Many of the participants in
20 these local and regional discussions have recognized that
21 greenhouse gas reductions are only one benefit of more
22 sustainable community planning, whether it's done for
23 reasons of economic vitality, resource protection, or just
24 to produce more attractive neighborhoods and communities,
25 there are other reasons why sustainable community planning

1 is a good deal for the people of California and why SB 375
2 is an additional tool that can be used to help communities
3 get to where they already want to go.

4 So with that little bit of a preamble, Mr.
5 Goldstene, would you please introduce this item?

6 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
7 Nichols.

8 The last time staff briefed the Board on SB 375
9 was to present the recommendations of the RTAC, our
10 Advisory Committee. One of their key recommendations is
11 that ARB should work closely with the local transportation
12 planning agencies on setting targets. We agree, and ARB
13 staff has been working with staff of the MPOs to achieve
14 that goal.

15 In addition, the MPOs have been working together
16 themselves very closely, often inviting ARB staff to
17 participate. Being at the table with them listening to
18 the technical and policy discussions has helped us gain a
19 much better understanding of what they do and what it will
20 take to implement SB 375. Just as importantly, we believe
21 we have developed very good working relationships that are
22 essential to moving forward and being effective.

23 Over the past six months, MPO staff have put a
24 tremendous amount of effort into developing various
25 scenarios to help inform target setting. The MPOs

1 provided this information to ARB and the public at the end
2 of May. But these efforts aren't over. We expect to
3 receive additional scenarios, refinements, and information
4 over the next few weeks to help staff develop a final
5 proposal for Board consideration in September.

6 This is a first for all of us. We want to be
7 thoughtful as we move forward toward the first set of
8 targets in September. We'll all need to see how the
9 process unfolds, with the first round of plans, monitor
10 progress, and be back in four years to update the targets.

11 It's also clear that there are big challenges in
12 setting targets 25 years into the future. Anticipating
13 the rate of change we will experience over two decades is
14 not easy. We see the SB 375 planning process as
15 iterative, and we are in this for the long run.

16 As a result, we consider the 2035 range staff
17 will identify today to be very much a placeholder. Over
18 the next few weeks, we hope to work with MPOs to
19 understand the assumptions in their scenarios for 2025 and
20 how they may change over time.

21 Lezlie Kimura from our Air Quality Transportation
22 Planning Branch will provide the staff presentation.

23 Lezlie.

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

1 MS. KIMURA: Thank you, Mr. Goldstene.

2 Good afternoon, Chairman Nichols and members of
3 the Board.

4 It's my pleasure to report to you on staff's
5 target setting efforts under Senate Bill 375.

6 Last November, we presented to you on the
7 recommendations of the Regional Targets Advisory
8 Committee, or RTAC, and outlined our plan for
9 incorporating their recommendations into staff's target
10 setting process. Since that time, a considerable amount
11 of technical work has taken place, helping ARB staff
12 better understand how regions are approaching SB 375 and
13 how they are already planning for more sustainable
14 communities.

15 --o0o--

16 MS. KIMURA: To start the presentation, I'll
17 review some of the components of the bill and how it
18 fundamentally changes the regional planning process in
19 California. I will then describe staff's provisional
20 draft targets for 2020 and 2035 and will cover our plan
21 for reaching proposed final targets for your consideration
22 in September.

23 --o0o--

24 MS. KIMURA: SB 375, also known as the
25 Sustainable Communities and Climate Protection Act of

1 2008, requires most regions in the state to add a
2 sustainable community strategy to their regular regional
3 planning process that looks at how different land use and
4 transportation strategies can help meet long-term
5 sustainability goals. To help guide these regional
6 planning efforts, ARB sets regional greenhouse gas
7 emission reduction targets for 2020 and 2035 and updates
8 them over time.

9 --o0o--

10 MS. KIMURA: For the first step in the
11 target-setting process, ARB convened the RTAC, which was
12 charged with providing recommendations on target setting.
13 This Committee submitted its report in September of last
14 year, which staff brought to the Board in November.

15 This slide highlights two of the Committee's key
16 recommendations related to target setting. The first is
17 the recommendation that ARB express targets in terms of
18 the percent reduction in per capita greenhouse gas
19 emissions from a 2005 base year. The metric is simple,
20 easily understood, and can be developed with currently
21 available data. In addition, it has the advantage of
22 directly addressing growth rate differences among the
23 regions.

24 The Committee also stressed that the
25 target-setting process should be highly collaborative, a

1 true bottom-up process. Staff agrees with these
2 recommendations, especially with the last, that targets
3 should be set through a collaborative process with the
4 regional MPOs.

5 --o0o--

6 MS. KIMURA: The SB 375 process builds on the
7 positive actions that regional and local governments are
8 already taking towards more sustainable planning.

9 Over the past decade, nearly all the regions in
10 the state have pursued blueprint planning efforts that
11 emphasize a broad-based, local collaborative process for
12 identifying how a region wants to grow. These efforts are
13 intended to guide local land use and transportation
14 decisions towards a more sustainable future.

15 Furthermore, many cities in the state have
16 continued to engage in progressive, sustainable community
17 planning through general plan updates and climate action
18 planning, which have resulted in more sustainably designed
19 projects on the ground.

20 The Southern California Association of
21 Governments have shown us a good example of how regions
22 can act as conveners in these types of efforts by hosting
23 eight subregional workshops to engage their local
24 jurisdictions in the discussion. Similar efforts continue
25 to take place throughout the state.

--o0o--

1
2 MS. KIMURA: SB 375 introduces a new way of
3 looking at the regional planning process, and there are a
4 number of statewide efforts already underway to
5 incentivize this kind of improved planning statewide.

6 --o0o--

7 MS. KIMURA: In October of last year, the
8 Strategic Growth Council allocated \$12 million of
9 Proposition 84 funds to improve the data and technical
10 planning tools used by regions across the state.

11 This past March, the Council approved Sustainable
12 Communities Planning Grant Program guidelines intended to
13 help local government engage in integrated planning
14 efforts and adopted updated land use plans.

15 Shortly afterwards, the California Transportation
16 Commission completed an update of its regional
17 transportation plan guidelines to incorporate SB 375,
18 including updated modeling protocols for regions to use in
19 developing their long-range plans.

20 And finally, in response to one of the RTAC's
21 recommendations, ARB is funding a team of University of
22 California researchers to take the first steps towards
23 understanding what the empirical literature says about
24 policies that are relevant to SB 375 implementation.

25 --o0o--

1 MS. KIMURA: In the broadest sense, SB 375 aims
2 to produce what we can all agree is a positive vision for
3 the future: Healthy, livable communities.

4 The statute also outlines how we are to move
5 forward: By promoting the integration of land use and
6 transportation planning through long-range regional plans
7 that meet greenhouse gas emission reduction targets.

8 To develop these sustainable community
9 strategies, the law requires an enhanced public process to
10 engage local stakeholders and develop preferred growth
11 scenarios that are specific about the location and type of
12 growth that is desired.

13 --o0o--

14 MS. KIMURA: If California is successful in
15 implementing SB 375 and planning continues to improve,
16 many benefits beyond greenhouse gas reductions can be
17 realized. Our communities will experience increased
18 mobility, cleaner air, improved health, and better
19 protection to our state's natural resources, to name a
20 few.

21 Two recent studies articulate the potential
22 impacts of implementing this kind of planning. Just
23 yesterday, the High Speed Rail Authority and the Strategic
24 Growth Council released their Vision California Strategic
25 Growth Report, which highlights the economic benefits of

1 more sustainable planning. One of the findings of the
2 report is that households could save over \$6,000 a year on
3 auto-related costs and utility bills.

4 Also this month, the Urban Land Institute, ULI, a
5 nationally-recognized organization of California
6 communities and development professionals, released its SB
7 375 impact analysis report assessing the potential impacts
8 of SB 375 and making recommendations regarding its
9 implementation. The Urban Land Use Institute concluded
10 that, if implemented appropriately, SB 375 would result in
11 positive effects on land use, transportation, air quality,
12 public health, and have overall economic benefits.

13 The report also found that SB 375 provides more
14 certainty to the development community and could help us
15 better meet the needs of our state's changing demographics
16 as they relate to current and future market demands for
17 housing, which continues to be one of the most significant
18 planning challenges we face. A ULI representative and one
19 of the authors of the Vision California Report are here
20 today to speak during the public comment period.

21 --o0o--

22 MS. KIMURA: This chart illustrates the point
23 made in the ULI report about changing demographics and the
24 link to changing demand for housing types. National data
25 on current household types show that today just over

1 one-third of households are what planners and developers
2 have often considered to be traditional households. That
3 is, those with children. Over half of households today
4 are singles or couples without children and it is likely
5 that number of households without children are likely to
6 continue to decline as more of the baby-boomer generation
7 become empty nesters. Both older and single adults are
8 often looking to live closer to destinations, restaurants,
9 stores, theaters, and more. Sustainable planning is a
10 tool to help us meet this demand.

11 --o0o--

12 MS. KIMURA: Another case in which some of the
13 perceived norms we have used in planning are changing is
14 the relationship between population growth and the growth
15 in travel.

16 In the 1980s and 1990s, a popular rule of thumb
17 was that travel in the form of vehicle miles traveled, or
18 VMT, was growing two times faster than population. That
19 trend is changing, however. Over the past ten years, VMT
20 growth did not exceed population growth.

21 --o0o--

22 MS. KIMURA: As I shift into a description of
23 staff's proposed draft targets, there is an important
24 point to make: SB 375 is helping to accelerate a process
25 that is already set in motion. It is evidenced, in part,

1 by existing demographic and housing trends and illustrated
2 by actions California communities have already taken.
3 From staff's perspective, the role of targets is to
4 continue that progress forward.

5 --o0o--

6 MS. KIMURA: There are 18 metropolitan planning
7 organizations, or MPOs, affected by SB 375. They
8 represent nearly 98 percent of the state's population and
9 passenger vehicle greenhouse gas emissions.

10 Over the past seven months, three distinct groups
11 of MPOs became apparent through MPO-initiated coordination
12 efforts and through discussions of regional uniqueness.
13 ARB staff has come to view the MPOs in the following
14 groups for target setting: The four largest MPOs in the
15 state, the eight San Joaquin Valley MPOs, and the
16 remaining six MPOs.

17 The fourth largest MPOs, the Southern California
18 Association of Government, SCAG; the Bay Area Metropolitan
19 Transportation Commission, or MTC; the San Diego
20 Association of Government, SANBAG; and Sacramento Area
21 Council of Government, and SACOG; are home to over 80
22 percent of the state's population, VMT, and CO2 emissions
23 from passenger vehicles. These four regions will
24 experience 34 percent of the state's growth between 2005
25 and 2035.

1 The eight San Joaquin Valley MPOs covering the
2 counties of San Joaquin, Stanislaus, Merced, Madera,
3 Fresno, Kings, Tulare, and Kern contributed to roughly ten
4 percent of the statewide population, VMT, and CO2
5 emissions. However, this region is notable because it is
6 expected to experience growth at more than double the rate
7 of the rest of the state in 2020 and 2035.

8 The remaining six MPOs, which include the
9 Association of Monterey Bay Area Governments and the
10 counties of Santa Barbara, San Luis Obispo, Butte, Shasta,
11 and Tahoe contribute to only five percent of the statewide
12 population, VMT, and CO2 emissions and are expected to
13 experience a much slower growth when compared to the
14 Valley MPOs.

15 --o0o--

16 MS. KIMURA: Since January, many of these MPOs
17 have put a tremendous amount of work in developing
18 alternative land use and transportation scenarios to
19 inform ARB's target-setting process. To coordinate this
20 effort, the MPOs formed a technical working group and
21 invited ARB staff to participate in their discussions. We
22 found these meetings to be highly productive and very
23 positive. MPO staff discussed many detailed issues,
24 including ways to use consistent assumptions and data
25 definitions across regions, similarities and differences

1 in modeling tools and techniques, and ways to move forward
2 together, rather than separately, in SB 375
3 implementation.

4 As MPOs started to provide the initial results of
5 their work to ARB and the public this past May, the
6 benefits of their collaborative efforts were evident
7 through joint submittals by the four large MPOs and the
8 San Joaquin Valley.

9 --o0o--

10 MS. KIMURA: To date, ARB has received
11 alternative scenario data from ten MPOs, including some
12 suggested targets. This represents a considerable amount
13 of work and provides much of the technical foundation for
14 ARB staff's draft target proposal.

15 The strategies and combinations of strategies
16 vary by region. Some MPOs looked at the impact of
17 individual strategies. Others evaluated the impacts of
18 combining different strategies.

19 Despite these differences, the MPO efforts to be
20 transparent about what they did and how they did it have
21 helped staff and the public weigh the results. While not
22 an exhaustive list, some of the strategies looked at
23 including increased compact development, expansion of
24 transit networks, improving jobs/housing balance, and
25 pricing.

--o0o--

1
2 MS. KIMURA: For the near term 2020 targets, two
3 points have been consistently made over the past few
4 months. First, it takes time to affect change. Affecting
5 significant change in land development patterns and
6 transportation infrastructure is no exception. As a
7 result, a significant portion of the built environment in
8 2020 will be defined by decisions that have already been
9 made. And a large portion of the near-term benefits will
10 instead come from improving the efficiency of each
11 region's existing transportation networks.

12 Second, the timing of economic recovery,
13 including the recovery of the housing market, matters.
14 ARB staff has been pressing regions to consider the
15 near-term impacts of the economic downturn in their
16 scenarios. Many MPOs have reported that they have
17 adjusted their forecasts to account for the near-term
18 effects of the recession in their regions.

19 Given the relatively short forecast period
20 between now and 2020, those adjustments are important.
21 The ARB staff believe that, in large part, the MPO
22 scenario results provide a reliable indicator of the
23 relative degree of change expected for the near term 2020
24 time frame.

25 --o0o--

1 MS. KIMURA: For the first MPO group, the four
2 largest MPOs, ARB staff proposes a 2020 draft target range
3 of five to ten percent per capita reduction in greenhouse
4 gas emissions from 2005 levels. ARB staff based this
5 range on the potential reductions suggested in the MPO
6 scenario data and expects to propose a specific target
7 from within this range in September after a full public
8 process and continued engagement with the MPOs. These
9 targets do not include the benefits of the Pavely vehicle
10 regulation and the low carbon fuel standard. These
11 targets reflect the benefits of better land use and
12 transportation planning only. When all three are
13 combined, Pavley, LCFS, and land use and transportation --
14 the reduction will be much larger.

15 --o0o--

16 MS. KIMURA: For the long-term 2035 targets, ARB
17 staff believes that forecasting uncertainties are much
18 greater. We believe significant change in land use
19 patterns and transportation infrastructure will occur over
20 the next 25 years. But ARB staff believes it will take
21 time for regional plans to fully reflect long-term
22 changes. Comprehensive long-term planning will take time.
23 It also takes resources, and most importantly, commitment.

24 The RTAC discussions also highlighted the fact
25 that the modeling tools used by MPOs today are not

1 designed to deal with the long-term policies and change
2 envisioned by SB 375. ARB staff believes that 2035
3 targets should reflect the optimism about what the future
4 can become, but this is the beginning of a much longer
5 process. It is clear that there is much more to be
6 learned about what 2035 will look like.

7 Following the staff presentation, you will hear
8 from several MPOs about the positive things they have been
9 able to achieve so far, as well as the work they have done
10 in their scenarios.

11 Recognizing that additional work will be needed
12 to develop a sound technical foundation for 2035 targets,
13 staff proposes very provisional placeholder target ranges
14 for the four large MPOs and the Valley. Staff expects
15 extensive discussions on these placeholders, particularly
16 during our July public workshops and as MPOs continue to
17 work on their target-setting approaches.

18 Between now and September, ARB staff will
19 continue to consider ways of using this and subsequent
20 target-setting rounds to achieve the long-term objective
21 of successful sustainable communities.

22 --o0o--

23 MS. KIMURA: This slide shows the scenario result
24 ranges submitted by the four large MPOs for 2035. Their
25 scenarios represent a wide range of greenhouse gas

1 reductions as well as a wide range of alternative
2 strategies. As opposed to their results for 2020, which
3 are much more in line with one another, you can see that
4 the results from their 2035 scenarios are very different.
5 MPO staffs have acknowledged their ranges include
6 scenarios that are easily achievable, as well as some that
7 are extremely aggressive and not likely to be implemented.

8 Only the southern California region has
9 recommended what they consider an ambitious and achievable
10 target range of a five to six percent reduction.

11 The SANBAG Board has indicated a preference to
12 focus on the 2035 range shown here for their region.

13 But the Sacramento and Bay Area Regional Boards
14 have not yet provided comment or recommendation to help
15 determine the plausibility of the scenario ranges they
16 have provided.

17 In the absence of specific recommendations from
18 these MPOs on a more common target range, ARB staff
19 proposes we consider their respective ranges as
20 provisional placeholder target ranges for 2035. A lot of
21 work will need to be done with the MPOs to determine the
22 plausibility of the full range of numbers within these
23 placeholders.

24 Additional work is already happening. Some of
25 these MPOs have already told ARB staff to expect

1 additional data and scenarios in the coming weeks to
2 further understand how to set targets in 2035 that best
3 manage the path towards long-term sustainability.

4 --o0o--

5 MS. KIMURA: Looking now at the second grouping
6 of MPOs, the Valley, the challenges are significantly
7 different. In reality, the Valley consists of eight
8 separate counties, each with their own MPO. But for air
9 quality, transportation, and other regional issues, the
10 eight MPOs have a long history of productive
11 collaboration. SB 375 explicitly recognizes this working
12 relationship by allowing these Valley MPOs the option of
13 working together to develop one or several multi-regional
14 sustainable community strategies.

15 That said, a large question about the Valley
16 MPO's approach to 375 implementation remains. Will the
17 Valley MPOs move forward together or as individual MPOs?
18 Eventually, the Valley MPOs must answer this question.

19 Several issues are particularly characteristic of
20 the Valley. Interregional travel represents a large
21 proportion of their total passenger vehicle travel. This
22 includes travel to and from Valley locations, as well as
23 travel that passes entirely through the Valley.

24 Limited resources impact both the magnitude and
25 the timing of change in the Valley. To provide some

1 assistance in this area, ARB is working to provide funding
2 for a new transportation model that could be used by
3 individual MPOs or collectively to provide multi-county
4 results.

5 The Valley is also unique in how fast the region
6 is growing. The Valley's population growth rates are
7 double those in most other areas of the state. And how
8 the Valley plans for its expected population will be
9 extremely relevant to the long-term success of SB 375.

10 --o0o--

11 MS. KIMURA: Consistent with their history of
12 coordination, the Valley MPOs worked together to provide
13 baseline data to ARB.

14 Six of the eight MPOs jointly submitted one
15 document.

16 Fresno and Kern each submitted their own data.

17 Three of the eight MPOs provided target-setting
18 scenarios and recommended targets.

19 Although Fresno submitted suggested targets,
20 their local jurisdictions were hesitant to provide more
21 detailed data before they've had a chance to go through a
22 public process.

23 The region did, however, explore the impacts of
24 individual local projects, including the southeast growth
25 area of the city of Fresno, which is envisioned as a smart

1 growth, mixed use, greenfield development.

2 Kern County's MPO explored opportunities to
3 increase the density in Bakersfield and Delano, the
4 regions's two largest city. They also explored the
5 impacts that strategic employment resources, such as
6 military bases and prisons, had on travel activity.

7 The Kern Board recommended an approach to target
8 setting consistent with their existing plan that removed
9 the travel impact from these employment resources. Their
10 recommended approach reflects an increase in per capita
11 greenhouse gas emissions. The Kings County MPO
12 recommended a target that relies on current baseline
13 projections and reflects the progress that has been made
14 to implement the local blueprint.

15 Overall, the data provided by the Valley's MPOs
16 is limited. But what has been provided to date spans a
17 range in per capita greenhouse gas emissions from a seven
18 percent reduction to a 12 percent increase.

19 --o0o--

20 MS. KIMURA: The alternative scenario data
21 provided by the Valley MPOs provides only a limited
22 technical foundation for target setting. Staff will need
23 to work further with the MPOs before recommending final
24 targets.

25 In the interim, staff's recommended placeholder

1 target range is guided by the principle that the targets
2 in the Valley should reflect a reduction, not an increase,
3 in per capita greenhouse gas emissions.

4 As a result, the current placeholder range for
5 both 2020 and 2035 targets in the San Joaquin Valley is a
6 one to seven percent reduction. However, staff intends to
7 put more focus on the San Joaquin Valley in the upcoming
8 weeks to develop more complete information in order to
9 make a staff recommendation.

10 --o0o--

11 MS. KIMURA: For this first target-setting cycle,
12 ARB staff believes it is appropriate to focus on the four
13 largest MPOs and fastest growing areas of the state, the
14 Valley. Beginning in these areas will be a critical first
15 step towards successful implementation of SB 375.

16 The experiences of the four largest MPOs and the
17 eight regions of the San Joaquin Valley will provide ARB
18 with a solid basis to set the most ambitious goals for the
19 remaining MPOs in the next target-setting cycle.

20 For the remaining six MPOs, staff proposes to use
21 each MPO's most current greenhouse gas per capita
22 projections for 2020 and 2035, adjusted for the impacts of
23 the recession, as a basis for individual MPO targets in
24 the first round.

25 --o0o--

1 MS. KIMURA: With the release of a draft target
2 report at the end of this month, ARB staff expects a
3 robust public discussion in addition to continued
4 collaboration with MPO staff on submitted scenarios and
5 additional data exchange efforts.

6 To help facilitate the public dialogue, ARB staff
7 will hold seven public workshops around the state,
8 beginning in mid-July to provide the public with an
9 opportunity to engage in the discussion about the draft
10 targets. We anticipate releasing the proposed final
11 targets and accompanying staff report in August for
12 consideration by the Board at the September meeting.

13 While this concludes the staff presentation, we
14 are fortunate to have with us today the Executive
15 Directors of four large MPOs and a Director from one of
16 the eight Valley's MPOs to describe to you now their
17 perspectives on the target-setting process and the work
18 they have been doing.

19 Just so I can go through their names, I'd like to
20 let you know we have: Mr. Steve Heminger of the Bay
21 Area's Metropolitan Transportation Commission; Mr. Hasan
22 Ikhata from the Southern California Association of
23 Governments; Mr. Gary Gallegos of the San Diego County
24 Council of Governments; Mike McKeever of the Sacramento
25 Area Council of Governments; and Mr. Andy Chesly of the

1 San Joaquin County Council of Governments.

2 CHAIRPERSON NICHOLS: We welcome the panel.

3 MR. GALLEGOS: Thank you, Madam Chair and members
4 of the CARB Board.

5 My name is Gary Gallegos. I'm the Executive
6 Director for the San Diego Association of Governments.
7 And thank you for this opportunity to come before you and
8 share the work that we've been engaged in over the last
9 six months.

10 I always knew these guys. I've been spending a
11 lot more time with them.

12 CHAIRPERSON NICHOLS: I was going to make a
13 comment about.

14 MR. GALLEGOS: It's ultimately for the good.
15 Is somebody going to advance the slides for us?
16 (Thereupon an overhead presentation was
17 presented as follows.)

18 MR. GALLEGOS: Madam Chair and Board members, an
19 overview of our presentation here, and we're all going to
20 share in this.

21 We're going to cover a little bit about the
22 background in terms of where we've been, the
23 target-setting process that we've been following that came
24 out of your RTAC, the summary of results that we've
25 obtained to date, want to share some good progress that we

1 want to share with you. And we want to close by drawing
2 at least some of our conclusions and recommendations as
3 you move forward.

4 Next slide.

5 --o0o--

6 MR. GALLEGOS: In terms of background, an
7 opportunity to thank the CARB staff. We've been working
8 pretty close with them, with the MPO Executive Directors,
9 and ARB senior staff, we have developed this joint
10 process.

11 We broke ourselves into three groups. We have a
12 planning group that's been working on the planning issues.
13 We hear a lot about modeling and modeling is -- you're
14 going to hear a lot more about modeling. I would like to
15 argue it's more about results than modeling, but modeling
16 is where we're at. We have a group that's been working on
17 modeling. And we have our lawyers working together as we
18 try to figure out how to get through this process.

19 The planning group has coordinated the
20 target-setting process. And along the way, all the
21 Executive Directors and senior staff from ARB has reviewed
22 the key assumptions and methodologies and the results as
23 we've been able to move forward.

24 Next slide.

25 --o0o--

1 MR. GALLEGOS: As was highlighted earlier through
2 your RTAC, of which some of us were members of the RTAC,
3 came to the idea of a bottoms-up process, a collaborative
4 process. And we laid out for you a six-step process in
5 terms of how we might be able to collaborate up to the
6 point where you as a Board have to make a decision on the
7 final targets.

8 I'd like to walk you through at least the first
9 four steps, because that's where we're at today. And step
10 one starts by requiring that each MPO analyze its adopted
11 fiscally constrained -- and this is one of the things
12 under federal law that we're required to do is fiscally
13 constrain our RTPs. For the 2005 base year and the 2020
14 and 2035 horizon -- and we've worked together to try to
15 use a standard assumption. I think this is one of the
16 things that we learned in our working together is that
17 while we've all been doing RTPs for quite a while, we all
18 have to use somewhat different assumptions.

19 So we've standardized those in areas like fuel
20 prices and vehicle operating costs, fleet mix, and vehicle
21 efficiency standards and removal of pass-through trips.
22 We've taken this opportunity to update our revenue and
23 demographic forecasts.

24 I'd like to use this point to also highlight in
25 terms of the four big MPOs, three of the MPOs, the Bay

1 Area, Sacramento, and SCAG, all have a planning horizon
2 that runs through 2035 with their current plans. We in
3 San Diego are a little different. I guess that's why
4 we're going first is we're a little off cycle. We're in
5 the process of updating our RTP, but the current RTP only
6 goes through 2030. So we don't cover those last five
7 years.

8 But I'd like to take this opportunity to
9 highlight, because as your staff has pointed out and
10 you'll probably continue to hear, that 2035 number becomes
11 a little harder to sort of figure out where we're at. At
12 least my personal experience in putting RTPs together,
13 when you have a planning horizon that stops -- looks like
14 life is going to stop when you get to 2035, the reality
15 that is we'll keep updating these plans every four years.
16 You always tend to see a cliff that moves forward as we do
17 this continuous planning.

18 And I wanted to take that opportunity to share
19 with you and it may be a little insider baseball. But for
20 us that have been doing these, we see those and we're not
21 surprised that we're seeing inconsistencies in terms of
22 not being able to see the numbers grow at 2035 in some
23 cases.

24 Step two. Really relied on your staff to compile
25 the information from step one and distribute that for

1 public review. And I think that set the basis of where we
2 should start.

3 Next slide.

4 --o0o--

5 MR. GALLEGOS: Step three, here the MPOs
6 identified four categories of different scenarios to look
7 at. We looked at land use measures. We looked at
8 transportation system improvements that included public
9 transit, bicycle, and other public transit improvement.
10 We looked at scenarios that look at transportation demand
11 management, TDP, and transportation systems management
12 measures where we might be able to reduce the number of
13 vehicle miles traveled. And last, but not least, we
14 looked at pricing.

15 And with each one of those scenarios, that's
16 where we tried different strategies, because I think we
17 should recognize that while we all are one state, the
18 Golden State is a pretty complicated state. And what may
19 work in the Bay Area may not always work in Los Angeles or
20 San Diego or Sacramento, that there are differences. And
21 these scenarios I think allowed us to go back and try to
22 adapt within those scenarios ideas that might work better
23 in one region than it might work in another region.

24 And then last, but not least, in terms of where
25 we're at today in terms of step four, we spent a lot of

1 time working with each other to analyze the alternative
2 scenarios. And here's where I think we've seen, at least
3 from my perspective, a lot of learning from each other
4 where the MPOs we performed the initial analysis of these
5 alternative scenarios of these. We compared the results.
6 We re-tested them several times. And now we're at the
7 point where we'd like to share some of the comparisons and
8 table and charts that we presented.

9 At this time, I'd like to pass the baton over to
10 my colleague, Steve Heminger.

11 (Thereupon an overhead presentation was
12 presented as follows.)

13 MR. HEMINGER: Thank you, Gary, Madam Chair,
14 Board members. It's a pleasure to be with you again.

15 I think the last time the four of us were
16 together making a presentation to RTAC, we were referred
17 to as the big four. But given your prior item, I think
18 the railroads now is probably going to pass on this time.
19 So let's just call us the four largest MPOs.

20 And this slide --

21 --o0o--

22 MR. HEMINGER: -- I think is an important one to
23 talk about, because your staff in their presentation
24 showed you some of the upper end of the scenario ranges
25 that we have developed for you. And they were in the

1 range of 12 to 19 percent. And those scenarios were, in
2 most cases, quite aggressive in terms of stretching the
3 envelope with road pricing, with land use changes, with
4 transportation demand management. And I think it's
5 important for you to see that.

6 But I think it's also important for you to
7 understand where we're starting from with the adapted
8 regional transportation plans that our boards have already
9 approved, have already been sanctioned by the federal
10 government. And those plans are on this slide.

11 And I think the important news here, the good
12 news here, is that we are all headed in the right
13 direction already. Even if we are headed in that
14 direction at varying rates, we are all seeing improvement
15 in greenhouse gas emissions per capita over time with the
16 plans that we've already adopted.

17 I think it is also the case that all four of us
18 believe that we can do better than that. We believe we
19 can do better not only in terms of actual results, but
20 also in terms of the sensitivity of our travel demand
21 models in forecasting those results.

22 And like Gary, I hope we concentrate a lot more
23 time on the former than the latter, but I'm afraid the
24 ladder will be unavoidable. It seems to be one of those
25 subjects people like to argue about.

1 Finally, one little bit of special pleading on
2 this slide. You'll notice the Bay Area today has the
3 lowest per capita emissions. So I'm counting on some
4 extra credit for that at some point in the process.

5 Next slide.

6 --o0o--

7 MR. HEMINGER: Senate Bill 375 in its essence
8 links greenhouse gas emission reduction targets to our
9 infrastructure plans. So I think it's a fair question.
10 It's an important question to ask what's in those plans.
11 And I think there's been a fair amount of misunderstanding
12 perhaps about what we're actually doing with the hundreds
13 of billions of dollars. It's a considerable sum of money
14 we are spending across the state in the next 25 years.

15 And I'd like to highlight three things for you
16 for the four bar charts for the four major regions of
17 California. The first, if you look at the dark blue and
18 the dark red, that's the amount of money we are committing
19 on a percentage basis. This is going forward, remember,
20 not going backward. Going forward over the same time
21 horizon that your regulation will apply to.

22 This is the amount of money we're spending on
23 just operating and maintaining the existing transportation
24 system we've already built. Just fill in the potholes,
25 replacing the buses and rail cars, keeping things going.

1 And you can see how large it is. In my region, it's over
2 80 percent of the money. On average, it's at least
3 50 percent around the state. And that's probably a
4 climate neutral investment. It's certainly not making
5 things worse.

6 I would argue actually it's climate positive,
7 because if we don't maintain the infrastructure in the
8 urban cores of our region, we're going to have a devil of
9 a time attracting people to live there with infill
10 strategies. So I think it's an important investment to
11 make, and we're doing it for a lot of reasons, besides the
12 climate.

13 But I think you would also concede it does tend
14 to constrain our range of motion in terms of new
15 investments, offering new options to travelers so they can
16 perhaps get around in a different way.

17 I would also ask you to look at I believe it's
18 the green portion of each bar, which is the transit
19 expansion portion of each plan, which is greater than ten
20 percent in each region. We are all betting on public
21 transit on getting more folks into that mode, on building
22 new capacity. But we also face, as you know, an enormous
23 challenge in preserving the capacity right now. Right
24 now, what we've got going in our four regions is not a
25 transit expansion program. It's a transit reduction

1 program, given the kind of cuts we've seen from the State,
2 given the economic impact on our transit operators. So we
3 have a very big hill to climb, but we are very committed
4 to that strategy.

5 And finally, I would ask you to look at the
6 portion of the chart that is in I think powder blue, which
7 is the amount of road expansion in our respective regions,
8 highway expansion, this is either going to be reserved for
9 high occupancy travel, car pools and van tools, or will be
10 priced for single occupant motorists. I think that
11 represents a sea change. And I know in our region -- I
12 believe in San Diego as well -- that is our main focus for
13 road expansion. If you can see in the Bay Area, we don't
14 have a focus on road expansion at all. What we are going
15 to do with highway expansion is largely to accommodate
16 high occupant vehicles as well as single occupant
17 motorists who are willing to pay a toll that will vary by
18 time of day. And that, we believe, is a much more
19 efficient use of the highway capacity that we will be
20 building.

21 So that's a couple of slides of the results that
22 we have obtained. My colleague, Hasan Ikhata, will give
23 you a couple more.

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

1 MR. IKHRATA: Chairwoman, Board members, good
2 afternoon. And thank you for allowing us to appear in
3 front of you.

4 Let me first thank the Chair for being in our
5 region a few times talking to both public and private
6 sectors about providing the flexibility to be able to move
7 forward in a way that's consistent with what the law
8 requires.

9 I also want to quote Mayor Loveridge who in
10 Ontario, California, in one of the workshops on SB 375
11 reminded all of us that this is a process. This is a
12 marathon, not a sprint. And we need to start that
13 process. We need to move and think about it, because it's
14 important for our state.

15 Gary mentioned the working together with my
16 colleagues, and actually this was an honor for me. We at
17 least talk once a week during this time. We met several
18 times. And this is the first time I realize I have a
19 brother. His name is Steve Heminger, because this is the
20 first time you're going to see SCAG and the Bay Area in
21 one category that have similar numbers actually. So we
22 learned a lot through this process.

23 But going back to the presentation, I want you to
24 know, what Steve said, we are going in the right
25 direction, all of us. And none of these meetings, we

1 never had none of us or of our staff ever said we don't
2 like this, we don't want to do this. We all said we're
3 going to work hard to make sure we do it right, we provide
4 the right information, we start that process that
5 hopefully is going to yield some results.

6 This chart in front of you shows that the future
7 is going to be consistent with what staff showed you the
8 data in terms of the future demographics. And those
9 future demographics will say that the demand for
10 single-family homes and large lots is going to be less
11 than in the past.

12 If you take the green and purple color, this is
13 the growth small lots and attached unit in each region
14 percentage between 2035 and 2005. And pretty much the
15 growth is significant. It's more in some regions than
16 others, but the direction is the same.

17 Next, please.

18 --o0o--

19 MR. IKHRATA: Just to let you know that each MPO
20 can improve greenhouse gas emission reduction from our
21 existing RTPs. We realize that. We're going to work hard
22 to make sure that's the case. And actually, when we did
23 the first ones of this efforts, our plans were in negative
24 territory and people asked what happened. What happened
25 is a lot of the local cities and a lot of the regions are

1 actually changing their general plans to reflect the new
2 demographic, reflect the future. And we capture those
3 benefits.

4 What happened also in Los Angeles County, we had
5 \$40 billion more to spend on transportation. So when we
6 put that together, instead of going into greenhouse gas
7 emissions, we start getting into the negative. That's
8 true for many of our regions.

9 Let me just say that when we provided the land
10 use, we did the existing RTP. We also did very ambitious
11 scenarios. Those ambitious scenarios have to be sold to
12 boards who's going to be asking a lot of questions. So we
13 need to work to make sure that it politically can work and
14 financially can work. Because remember that the regional
15 transportation plan have multiple objectives. They are to
16 provide mobility and accessibility, but also they are to
17 reduce ozone emissions and greenhouse gas emissions.

18 And I want to conclude my part of the
19 presentation before I turn my colleague, Mike McKeever, by
20 saying I'm absolutely convinced that starting a process
21 like this is going to benefit and make our state better.

22 Mike.

23 (Thereupon an overhead presentation was
24 presented as follows.)

25 MR. MCKEEVER: Thank you, Hasan, and Chair

1 Nichols and the Board, for the few minutes we have today.

2 I just want to bring this home for the four MPOs
3 anyway.

4 If we could go to the next slide, please.

5 --o0o--

6 MR. MCKEEVER: Clearly, the dominant message that
7 we have here today is that we believe that we have done
8 some work that has really substantially added to the
9 knowledge base in this area over the last five or
10 six months. In fact, I would go so far as to say this
11 body of work that has happened in about the last half year
12 I'm pretty confident is the most substantial body of
13 knowledge in the country by far around this question of
14 what can you do with regional land use and transportation
15 planning to reduce greenhouse gas emissions from passenger
16 vehicles.

17 We're not quite done with our work, even though
18 we've more than broken a sweat to move as expeditiously as
19 possible. So we very much appreciate the flexibility that
20 the staff is telegraphing in terms of what will happen by
21 June 30th of this summer versus the final target setting
22 in the summer.

23 We do believe that the 2035 targets should make
24 further progress from what we're showing in 2020. It's
25 obvious there is a fair amount of variability in what

1 those numbers are so far. We believe that will tighten up
2 over the next month or two as we continue to work
3 together. We are committed to doing this in open,
4 transparently, and will continue to make all the work that
5 we're doing available to you and your staff and all the
6 stakeholders so that everybody together can contribute to
7 this knowledge base.

8 So with that, I guess the final thing that I will
9 say is I very much was honored to receive your appointment
10 to Chair your Regional Targets Advisory Committee. I hope
11 that you feel that the work we've done so far has been
12 consistent both literally in the spirit of the key part of
13 that report's recommendations, which is to really ground
14 this target-setting process. And you have our pledge to
15 continue to work with you and your staff on that in the
16 next few weeks.

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

19 MR. CHESLY: My name is Andrew Chesly. I'm the
20 Executive Director for the San Joaquin Council of
21 Governments in Stockton, California. And I was asked by
22 the directors from the other seven MPOs in the San Joaquin
23 Valley to come up here and address you in regard to SB 375
24 target setting.

25 First of all, I want to thank my big brothers

1 here on the left who let me play in the sandbox with them
2 on this, even though I wasn't able to bring the same level
3 of tools to the game as them. But I certainly learned a
4 lot and was able to bring back a lot to my partners in the
5 San Joaquin Valley in terms of addressing 375 issues.

6 Next slide.

7 --o0o--

8 MR. CHESLY: We are eight separate MPOs in the
9 San Joaquin Valley, and we have separate Board of
10 Directors and separate policy directions that come from
11 them. However, for the last 20 years, we have been
12 working together on a large number of fronts. I don't
13 think you'll find a collaboration like ours anywhere in
14 the country among metropolitan planning organizations.

15 A large part is the result of mother of
16 necessity, air quality conformity, and the fact that,
17 outside of the Southern California Association of
18 Governments, we have the toughest air quality standards to
19 meet in the country. We have come together over the last
20 20 years to deal with that. We have dealt with joint
21 issues beyond just air quality. We have submitted a joint
22 State Transportation Improvement Program with the
23 California Transportation Commission. We have a blueprint
24 effort across eight counties in the San Joaquin Valley.

25 We have a long and rich history of working

1 together in the Valley. And we recognize that when you
2 put the geographic regions of the Valley together, even
3 though it is economically a very fractured region, you
4 look at 3.8 million people, which compared to my four
5 friends to the left of me, make us the third largest
6 region in the state of California with the population
7 basis and over 27,000 square miles, puts us as the second
8 largest region in the state of California.

9 Next, please.

10 --o0o--

11 MR. CHESLY: I just want to address you on a
12 couple of challenges that we've all faced in regard to
13 dealing with this issue, but something that I think the
14 Valley has a little bigger challenge with than maybe my
15 friends to the left here.

16 When you look at the San Joaquin Valley, the
17 first thing that jumps out to you is the challenges we
18 face economically. The charts that you see up here is one
19 image. That's an unemployment figure. If you look back
20 30 years and you take a relative comparison between the
21 nation and the state, I think you will see this has
22 changed very little in 30 years. If you put it up there
23 against median housing -- median income per household or
24 you put it up there against education attainment, the
25 relative difference remains the same.

1 When we chart out the interregional travel that
2 is trips that originate in any one of the eight MPOs and
3 travel to another MPO inside the Valley, outside the
4 Valley, you see that a much larger percentage of the trips
5 are those kind of trips as opposed to you find in the
6 larger metropolitan areas. That is a function of size,
7 but it's also a function of what I was talking about
8 earlier of those 50,000 people who leave San Joaquin
9 County in the morning, maybe travel ten miles in San
10 Joaquin County and another 70 miles in the Bay Area to
11 reach their employment destination. It tends to
12 exaggerate our vehicles miles traveled and tends to, when
13 you go through the calculation, inflate the target setting
14 that target setters set in the Valley.

15 And I want to say I'm very grateful to your staff
16 which has been understanding of this particular situation
17 and issue on the matter and has indicated it's more than
18 willing to take this into account that we tend to
19 overinflate interregional trips as a result of methodology
20 that was adopted by the RTAC on this matter.

21 Move to the next slide, please.

22 --o0o--

23 MR. CHESLY: I agree almost entirely with
24 everything that the big four have said here in terms of
25 their conclusions. I'm not saying that is universal

1 across the eight MPOs in the San Joaquin Valley. I do
2 think there are a couple who make the argument that the
3 existing regional transportation plans are not able to
4 meet targets which would actually reduce greenhouse gas
5 emissions. And I think that they are best able to speak
6 to that issue on their own.

7 But what I did want to provide you up here is a
8 chart. This is our regional transportation plan in San
9 Joaquin County and how we are looking forward to
10 investments over the course of the year 2035. And I think
11 if you take a look at this, you'll see that 26 percent of
12 our investments are in transit, almost 40 percent in the
13 maintenance of our road and street system, 24 percent in
14 the expansion of our general purpose road lane miles. And
15 for HOV expansion, we're looking at 9 percent of our money
16 to be invested in high occupancy vehicle lanes in San
17 Joaquin County. As a matter of fact, we're anticipating
18 next year beginning construction on the first HOV lane in
19 the San Joaquin Valley along Interstate 5 through
20 Stockton.

21 This is not an investment strategy that when you
22 compare to the larger four MPO that matches up all that
23 well. But I do think when you consider the lower density,
24 the smaller population for each individual eight MPOs, we
25 are making the effort to get there in terms of making TSM

1 and GDM investments that will bring us the ability to meet
2 the targets that you will be establishing here over the
3 course of the next three months.

4 I want to thank you on behalf of the eight MPOs.
5 Your staff has been outstanding in terms of reaching out
6 to us and working with us. Hopefully, we are going to be
7 able to bring our transportation models. You have
8 certainly helped by making investments in our
9 transportation models in the San Joaquin Valley. The
10 efforts of the Strategic Growth Council have been helpful
11 in regard to this.

12 We do not have the tools yet universally across
13 the Valley that are going to be the perfect tools for
14 helping us to address 375 targets, but we are committed to
15 getting there. And with the help of your agency and our
16 other partner agencies at the state of California and my
17 friends to the left, we will get there.

18 So thank you very much for allowing me to take a
19 few moments to talk to you about the Valley and 375.

20 CHAIRPERSON NICHOLS: Thank you very much.
21 Thanks to all of you for coming.

22 I would just ask that -- I know you've
23 coordinated your presentation, and I don't want to throw
24 anybody off base, but if you have any advice for us as far
25 as the Board is concerned about what we should be doing to

1 help make sure this process is successful, this would be a
2 good time to share it.

3 MR. IKHRATA: You could give us some money.

4 (Laughter)

5 CHAIRPERSON NICHOLS: Like we have a lot of luck
6 in that regard.

7 MR. IKHRATA: I think by you -- and I want to
8 thank you, your staff. Giving us the flexibility to work
9 through this and give us the time and flexibility to move
10 forward and not focus on, you know, worrying about what
11 we're going to end up being, but starting the process
12 right. And I hope you will continue to provide the
13 flexibility. And I'm grateful to work with your staff.
14 They have been very great partners.

15 MR. HEMINGER: I think the extra time to be more
16 collaborative as we look to the 2035 numbers. I know you
17 see a broad range. We know that that 19 percent, that's
18 probably not a doable number for us. That's a stretch in
19 terms of where we're at with the Board.

20 And I would encourage you guys -- to borrow a
21 term that's been used before -- this is truly a marathon,
22 not a sprint. You're going to be reviewing these every
23 four years. And while I guess I come at it more from an
24 engineer than a planner here, we ought to start thinking
25 about developing performance metrics not to just see what

1 we're doing with models, but how are we performing cycle
2 to cycle. And I think that's the bottom line test whether
3 some of the stuff is working or not.

4 CHAIRPERSON NICHOLS: I think that's a good
5 point. The numbers don't mean much unless you're going to
6 tell whether you met them or not.

7 MR. GALLEGOS: I think we are all headed toward
8 an activity-based model. I think Mike McKeever is a
9 little ahead in that area. We're not all far behind.
10 We're investing a lot of dollars.

11 And the other thing I would leave you with is I
12 think this is an area where there is benefit on a
13 statewide basis to coordinate some of this modeling. To
14 risk a consultant stream of working with 18 different MPOs
15 doing 18 different models, I think there is some scale and
16 economy. And there's where CARB and Caltrans and the
17 California Transportation Commission and others can bring
18 resources to bear to figure out how we do this on a
19 statewide basis rather than an ad hoc basis.

20 Right now, I don't think our models are that bad.
21 I think they actually work and are a function of the
22 assumptions that we make. But we have to make them better
23 and we're all headed that way. And I think you could help
24 us standardize that and bring some resources to the table.

25 CHAIRPERSON NICHOLS: That's a very useful

1 suggestion. Thank you.

2 MR. MCKEEVER: Could I just add? I would say
3 that regardless of where you end up in September with the
4 precise targets, that anything the Air Board can and is
5 willing to do to message to the State of California and
6 the federal government that we need help if we're going to
7 maximize the benefits that we think we can eventually
8 deliver out of this sector. And you referenced it in your
9 introductory remarks, and we appreciate that. There are
10 funding challenges for transit and redevelopment, in
11 particular, as you well know.

12 And so part of us being clear that we're all on
13 the same side and trying to go forward together I think is
14 if the Air Board can be really strong about those needs,
15 we would really appreciate that.

16 CHAIRPERSON NICHOLS: Thank you.

17 MR. HEMINGER: Madam Chair, if I could return to
18 one thought that we debated in the RTAC. I know you spent
19 a lot of your time trying to find the Goldilocks solution,
20 not too hot, not too cold. And here you've got that
21 challenge again.

22 There are different consequences though if you're
23 too high or too low. I fear if you set the targets too
24 high, under the law, we all have an option of doing an
25 alternative planning scenario instead of a sustainable

1 communities strategy that I think will represent a failure
2 of the statute. The SCS has meaning. It has left in
3 terms of the statute. It's linked to a regional
4 transportation plan with billions of dollars at stake. So
5 I'm hopeful we have a target that is ambitious, that makes
6 us stretch, that we can reach.

7 And more than that, I hope we find some way of
8 rewarding regions that exceed targets. Let's say you set
9 them a little bit on the low end. If we were to exceed
10 the targets, what incentives would we perhaps receive,
11 financial, regulatory, otherwise, from the state of
12 California? We need the State as a partner. Just as we
13 will be implementing this law largely I think through
14 incentives with our local government partners, we need a
15 partner up here. And I know maybe that's a little bit too
16 much to ask for these days. But the fact is that I think
17 what would really make this process work the best is to
18 have a target that we can reach and also a reward for
19 going beyond it.

20 CHAIRPERSON NICHOLS: Well, I think that's a
21 challenge that we should definitely try to take up.

22 You know, I can't help but think when you mention
23 that about the no child left behind law and the second
24 thoughts that a lot of people are having about whether
25 that kind of standards setting actually did move us

1 forward or just ended up with more people coming up with
2 standards that they thought they could meet. So it's
3 definitely a tough line to walk.

4 But I think that the process that we're engaged
5 in is one that at least has a better chance of succeeding,
6 because people will have whatever the numbers are that we
7 end up with, they'll be numbers that everybody understands
8 and knows how we got there. So good thoughts.

9 Any other questions? Comments?

10 BOARD MEMBER SPERLING: You know, I participated
11 or followed the process of the RTAC from the beginning.
12 And I do want to say that there was extraordinary
13 progress. It was a very impressive process from the
14 beginning. When it got started, you know, it was very
15 unclear how this was going to play out. There was a lot
16 of disagreements and a lot of different ways of thinking
17 about it.

18 And I think, you know, there's been so much
19 progress made in terms of coming together, especially the
20 big brothers here, the big four. And so I do want to
21 compliment especially the four directors here for what
22 they've done, because they've shown real leadership in
23 working with their local governments. There's been a lot
24 of skepticism and I think there's still some skepticism
25 but much less than there was before.

1 As part of that process, this challenge of money
2 and resources, you know, I think a concept that we should
3 all keep in mind as we go forward here is that 375
4 provides the framework for being able to do better
5 planning, for adopting these policies and programs that
6 all of us think are important. And this can be the
7 mechanism, the framework in the future for bringing more
8 resources to the local governments.

9 I think you should all be thinking along those
10 lines, whether that's providing rewards through the
11 traditional transportation funding formulas or through
12 perhaps cap and trade revenues, whatever, you know,
13 creativity we can use I think is something that we really
14 should be thinking about. When I say "we," I mean the
15 broad community here, not necessarily the Air Resources
16 Board specifically.

17 A couple of other things is that the 2035, I
18 appreciate what everyone is saying and don't want to get
19 fixated on numbers or models, but I would like to ask a
20 question whether you think that the -- well, I guess the
21 underlying -- you know, a lot of studies that come out
22 have shown that you would expect to get more reductions
23 over time because there is the synergies that will evolve
24 as you start pairing up better pricing with public
25 transportation, innovative ideas, land use. And so I

1 appreciated hearing the commitment to both the concept
2 that the models can be much better and the outcomes can be
3 much better. So if anyone wants to add to that, I would
4 be interested.

5 MR. IKHRATA: I will tell you that we expected
6 ourselves to make sure that 2035 is more than what we can
7 do in 2020 simply because we have more time. 2020 is
8 eight years from the time we submit our plans. 2035 is 25
9 years.

10 And I believe that in our regions, especially
11 that voters, came through every time we asked for more
12 sales tax, and we just did one in L.A. County. So I
13 believe much more changes.

14 And I also believe the market in terms of land
15 use is going to be more significant as we move into the
16 future without even talking about the regulations.

17 But I want to go back to what my colleague said,
18 I think that we'll step backward if we set the target so
19 high, even though we have a desire to do more in 2035,
20 because the bill gave us an opportunity to do a planning
21 study. And so 2035, yes, more than 2020. But also will
22 depend what the target is for 20 years. But we should be
23 expected to do more in 2035.

24 MR. HEMINGER: Director, if I could make one more
25 point on that. We intended this discussion to take

1 population and put it aside, because we have a per capita
2 framework. But the capita happens; right? The population
3 growth is going to occur. When it does, it's more people.
4 It's more folks on our transit systems. It's more folks
5 on our roads. Especially on the roads, that will tend to
6 degrade travel speed which will tend to increase
7 greenhouse gas emissions.

8 So that's the one note of caution I have, that I
9 do agree with Hasan that we can make a lot of progress on
10 the strategies, but at the same time, we will have a lot
11 more people to deal with.

12 As you saw in our infrastructure plans, those
13 perhaps are really getting squeezed with the cost of
14 maintaining the system you've already built. So we don't
15 have a lot of money to deal with those new folks and the
16 demands they're going to put on our transportation
17 capacity.

18 MR. GALLEGOS: If I could add one thing that
19 maybe didn't get articulated well enough. But I think at
20 least most of us are self-help counties. In those
21 self-help counties, in San Diego's case, over 65 percent
22 of the investment in transportation is being made with
23 sales tax measures that are within the county. And we try
24 to be aggressive to provide as much improvement for the
25 user as possible.

1 A lot of these plans are front-loaded, so we
2 borrow money from the future in order to build stuff
3 today. We think in today's environment that's a pretty
4 good investment decision. So when you look at the plans
5 as a whole, they're not always uniform from the start to
6 end. There's why you see a cliff at the back end of '35,
7 if that's where it stops. That's what my fear is we get
8 so fixated on that that life is going to continue after
9 2035 and the plans will continue to improve and you'll see
10 that cliff move out.

11 For that reason, in the San Diego case, the next
12 cycle, we're going out to 2050 as the planning horizon to
13 move it out far enough so hopefully in the next step plan
14 we can demonstrate what we can do in the middle of the
15 plan.

16 BOARD MEMBER SPERLING: Chairman Nichols, can I
17 could two more? I was very quiet this morning.

18 (Laughter)

19 BOARD MEMBER D'ADAMO: She asked me to monitor
20 things so --

21 BOARD MEMBER SPERLING: I know you're a softy.
22 All right.

23 So while I have your attention, let me anticipate
24 actually my colleague Professor Johnson was going to be I
25 think making a statement later, but while I've got you

1 here. There is a question of co-benefits. And, you know,
2 I think we all realize that the ones involved in this that
3 the co-benefits are huge and probably in the end much
4 larger than the greenhouse gases.

5 And so in your analyses and in your data and in
6 your models, you have a lot there. And I'm wondering what
7 you might be able to do in terms of quantifying some of
8 those co-benefits that you can use as well as we can all
9 use as we go forward, because, you know, as was pointed
10 out many times here, the benefits of 375 could be huge,
11 just because there's ancillary benefits.

12 So any thoughts on that or -- you know, and I
13 would mention like the Urban Land Institute study did a
14 good job of highlighting them but not quantifying them.

15 MR. MCKEEVER: Let me take a first crack at that
16 and come at an answer maybe from a slightly different
17 angle than you may be directly asking.

18 First of all, let me say in our jargon, self-help
19 county that Gary is referring to is a locally approved new
20 revenue mechanism. Usually a sales tax on gasoline. So
21 that's why -- that money we have a lot more control over
22 than the federal and State money.

23 I think it's true for all of us and all the other
24 MPOs that the dominant motivation to do sustainable
25 planning, smart growth planning, whatever you want to call

1 it, on our boards is not greenhouse gas emission
2 reduction. And the notion of co-benefits is often couched
3 in terms of things like are there energy savings or
4 infrastructure cost savings or even public health
5 benefits.

6 But the first thing co-benefits means to all of
7 us is other transportation and air quality issues. We
8 have to meet Federal Clean Air Act requirements, of
9 course, for criteria pollutants. We have to manage our
10 transportation systems in a way that promotes mobility and
11 controls congestion so people can get to work and the
12 trucks can serve the stores. So we have to look at a much
13 broader range of metrics and will provide all that
14 information to you and the public just on the
15 transportation system and in the air quality impacts.

16 But the other co-benefits -- I'll just speak for
17 my region -- I do think are very substantial and are
18 easily the dominant drivers of my Board's motivation. And
19 we would intend to provide that information as we go
20 forward. It's just that for the last six months we've
21 been springing so fast to try to get the greenhouse gas
22 emissions reduction information out that we haven't been
23 able to provide that.

24 MR. IKHRATA: We actually started a program
25 called Compass in the SCAG region five years ago before SB

1 375. When we started that program, we were hoping for 10,
2 15 demonstrations. We got 19, which tells us that cities
3 are more interested in looking into the future. I don't
4 think at the time we funded the project greenhouse gas
5 emissions wasn't a discussion even.

6 And I do think this bill is about sustainability
7 into the future and there's a lot of co-benefit. But like
8 I said, our plans play multiple objectives. Some people
9 will tell us you're listing \$200 billion in the next 20
10 years and we're getting 10 percent, but our plans also
11 have mobility objective, accessibility objective, meeting
12 the Clean Air Act requirement. There is a lot of
13 co-benefits, like air emission, that we cannot really
14 measure with numbers but we need to look at. We need to
15 find performance measures outcome that we can measure
16 that's beyond the numbers.

17 MR. GALLEGOS: I would answer that with a little
18 bit of frustration in that I believe that SB 375 kind of
19 pigeonholes us or silos us into just looking at cars and
20 light-duty trucks. And at least the inventory we've done
21 in San Diego and other parts around the state that energy
22 and transportation are the big ones.

23 I think in terms of the benefits just marrying
24 those, I think CARB has a strong track record of looking
25 at technologies. I go visit my friend, Hasan, in L.A. on

1 a regular basis, and I can see the mountains there today,
2 where a decade ago I couldn't. I think that's how the
3 track record of using technologies -- I think we live in a
4 state where the innovation to figure out how to do better
5 on the energy side may produce us a bigger bang than just
6 focusing in a silo on just cars and light-duty trucks. I
7 think the world is much more complicated than that. I
8 think there are a ton of co-benefits, but I think we have
9 to look beyond the silos we're in right now.

10 I kind of answer your question in frustration. I
11 don't think you can get there by just looking at SB 375
12 and that segment, but I think there is a lot to be had on
13 the energy side.

14 BOARD MEMBER D'ADAMO: We have a list of 30
15 witness.

16 I know, Mayor Loveridge, you had your hand up
17 earlier, so we'll take your comments and then move to the
18 list.

19 BOARD MEMBER LOVERIDGE: You go first.

20 BOARD MEMBER YEAGER: There's too many directors
21 and the pen was too large to speed up this conversation,
22 and certainly with a lot of speakers. But I guess my
23 concern is I think we can -- while the regions know how to
24 deal with the increased population growth, I think a lot
25 of the infrastructure is there so we don't have an

1 increase in greenhouse gas emissions. We look at infill,
2 higher density, the transportation lines that are already
3 in the downtown areas.

4 I guess my concern is how are we going to reduce
5 the VMT for the residents who already live here, who live
6 in their area who have shorter commutes? How do you get
7 them out of their cars?

8 And certainly we're looking at congestion pricing
9 in the Bay Area. But it seems like that's going to be the
10 main constraint. We can deal with the population growth
11 and hopefully people buy electric cars and their cars
12 themselves pollute less. But I'm just not quite sure are
13 you going to change the patterns that already exist to try
14 to get the reduction that we've been asked to meet.

15 MR. MCKEEVER: They will change some for sure
16 with the land use agenda that is sort of part of this
17 whole mind set. If you look in particular at your
18 under-utilized corridors, which are miles and miles and
19 miles in all of our regions, when you revitalize those
20 with higher-density mixed use buildings with a better mix
21 of shopping, housing, employment, the opportunities for
22 the existing residents to take shorter trips and walk on
23 some of those trips and whatnot are there. And the
24 modeling I think pretty clearly shows that you can get a
25 benefit with the existing structures as well. You can

1 certainly also get that with your transportation
2 investments with system management --

3 BOARD MEMBER YEAGER: I'm not sure you're going
4 to get five to 12 percent. I know Mr. Heminger has a few
5 comments.

6 MR. HEMINGER: The fact is I think road pricing
7 is going to be the principle strategy to affect folks who
8 are already here. They've got a land use pattern they're
9 in. I think how aggressive we get on price of auto travel
10 either through public policy or through oil diminishing as
11 a resource and price going up will be the key determinant
12 about how successful we are there.

13 And those of us who are growing more quickly, my
14 brother down at the far end of the table, I think they
15 have a bigger increment of growth to affect. And,
16 therefore, I think they have a greater potential for
17 change through land use and those kinds of strategies.
18 Those of us on this side that are growing slowly, we have
19 to look beyond the land use strategy to other things to
20 try to influence the travel of the folks who are already
21 settled in.

22 MR. HASAN: When the gasoline prices at 4.50, we
23 had an absolute number reduction in vehicle miles
24 traveled. So people respond to pricing. So there is no
25 development without that. That when they build a school

1 within the development or when they build a shopping
2 center, they can walk to the shopping center, you end up
3 reducing vehicle miles traveled. It is a land
4 use/transportation strategy, and it is working in a lot of
5 places.

6 MR. CHESLY: It's a good question, because in our
7 region, our population gets older and gets younger. The
8 younger are more mobile. And to a certain extent, our
9 investments can have an impact on what they do. The same
10 with those who are older.

11 The challenge for us is going to be will we have
12 the resources to be able to make those changes at the
13 younger end and at the older end of our population
14 spectrum. Those are the people whose existing travel
15 patterns are the ones that we're going to have to change,
16 and it's where our greatest opportunity is.

17 BOARD MEMBER D'ADAMO: Mayor Loveridge.

18 BOARD MEMBER LOVERIDGE: Following your
19 admonition to be brief, just really quick comments.

20 I just want to recognize Hasan and his leadership
21 in this effort. I would hate to tell you how many hours
22 he spent pleading, coaxing southern California to take
23 seriously 375. It's not easy with 19 million people, and
24 170 cities, six counties.

25 Beyond greenhouse gases, beyond what has been

1 identified as co-benefits, the other overlay I think needs
2 to be a part of what we think about is the economy of the
3 state and that somehow the economy needs to be tied to
4 housing and transportation and air quality and so on, so
5 forth.

6 Just the last comment is, in this life, you don't
7 have very many victories. And Dan pointed out if you look
8 at the speakers, there's not a single one with the oppose
9 card. This is some perhaps victory that we need to talk
10 about as we enter what is going to be a very contentious
11 next several months of talking about the state and its
12 environment and where it's going.

13 So I'm ready to listen to the speakers.

14 BOARD MEMBER D'ADAMO: Thank you.

15 Supervisor Roberts.

16 BOARD MEMBER ROBERTS: Thank you.

17 I'm not sure where to start. I heard some
18 comments, incentives from the state of California and more
19 resources from local government. I don't know what planet
20 I'm living on, because that's so far from what's
21 happening, we better look out a lot further than 2035.

22 You know, I've said this before at this Board.
23 At the same time we're being asked to do all these things,
24 the resources for public transit are not only being
25 threatened, but cut. We're dealing -- we're being asked

1 to do a lot more. At the same time, it's not incentives.
2 Everything is being pulled out from underneath us in the
3 local communities.

4 So to plan and say we're going to make these
5 incredible improvements by 2035, at the same time that the
6 state that's imposing the requirements is pulling all the
7 resources away from solving the problems. Seems to me to
8 raise some very serious issues that goes beyond the level
9 at which these guys are operating, and we're going to have
10 to face up to that. I'm very concerned about that.

11 I think that there are a lot of things going on
12 that started probably at least two to three decades ago in
13 some of the urban areas and the increased densification,
14 the smaller lots. The model has changed dramatically and
15 it's changed in a way that I think the 2020 becomes very
16 predictable and somewhat easy to attain at least for some
17 of us. In San Diego, that would be the case. 2035, the
18 crystal ball gets a little cloudier in terms of how you
19 get there.

20 And you talk about congestion pricing and all
21 those things. You know, just to throw those out and
22 assume they're going to happen, I'm not quite sure that
23 most people are there yet. Maybe in this room. But I
24 think we're going to be faced with some issues.

25 The biggest extent possible I've heard some of

1 the economists throwing things out of models that I don't
2 think are working anymore. I think there's been concern.

3 But there's one number I've heard twice now.
4 We're going to save 6400 a year in auto-related and
5 utilities. I'd like to know where that number came from
6 and how you get to that, because I've gone through these
7 numbers a hundred times, and I can't find anything like
8 that. And we keep throwing that out as an example.

9 I don't know who wants to answer that.

10 DEPUTY EXECUTIVE OFFICER TERRY: Maybe I can
11 suggest, I think we do have someone from Urban Land here
12 to testify, so maybe --

13 BOARD MEMBER ROBERTS: I don't know that that
14 came from Urban Lands Institute, did it?

15 DEPUTY EXECUTIVE OFFICER TERRY: Sorry. Vision
16 California.

17 BOARD MEMBER ROBERTS: I keep seeing that
18 repeated, and I'd like to know how they could have come up
19 with a number like that and what the current cost is for
20 household expenses on auto-related utilities.

21 I think this is a perfectly good example about us
22 trying to sell something with questionable or fraudulent
23 data. I don't think that number is possible, to be honest
24 with you, unless my family lives a lot less expensive than
25 most. But I know the utilities in San Diego are one of

1 the most costly in the state. So I don't think that's the
2 case.

3 Somebody can figure out where those numbers come
4 from at some point. But if we're going to have those as
5 part of our presentation, you ought to be careful. We've
6 gotten in trouble over things like that before, and it
7 concerns me. And to have those built in -- I've heard
8 in San Diego also as part of the presentation. I can't
9 figure out how to get there.

10 CHAIRPERSON NICHOLS: Well, I think they can
11 source the information, whatever it is, and then people
12 can believe it or not believe it. I don't know what else
13 you can --

14 BOARD MEMBER ROBERTS: Just figure what that
15 means for the number of households in your county that
16 they're going to save that much per household. Okay.

17 CHAIRPERSON NICHOLS: I think we need to thank
18 this panel and let them retire in peace for the moment and
19 get on with the rest of the hearing.

20 I was watching from the back room, and I know you
21 enjoyed the freedom from having a Chair. But the time has
22 come. Time has come.

23 We do have a list of witnesses and it's long.
24 But we had also asked the two organizations that have been
25 involved directly in working on these issues, Urban Land

1 Institute and the Vision California Group, to present.

2 And I think it would make sense to call them up first just
3 out of order, if slightly out of order, but they had group
4 presentations.

5 So we'll start can Katherine Perez from the Urban
6 Land Institute.

7 (Thereupon an overhead presentation was
8 presented as follows.)

9 MS. PEREZ: Good afternoon. My name is Katherine
10 Perez, Executive Director of the Urban Land Institute of
11 Los Angeles.

12 Good afternoon, Chairman Nichols and members of
13 the Board.

14 It's certainly a pleasure to be here. I do not
15 stand as ULI Los Angeles, but actually ULI California,
16 meaning that consists of San Francisco, Sacramento, Orange
17 County, Inland Empire, and San Diego.

18 You have been given a copy of a report that we
19 completed recently called, "Senate Bill 375 Impact
20 Analysis Report," and I'm just going to take a few minutes
21 to go over some of the highlights of that.

22 And to Supervisor Roberts' questions directly,
23 Vision California will follow and will address
24 specifically the concerns he has raised.

25 If you're not familiar with ULI, the Urban Land

1 Institute is an international non-profit organization with
2 about 30,000 members worldwide. In California, we have
3 about 8,000 members actively engaged. And we've long been
4 recognized as one of the world's most respected and widely
5 quoted sources of objective information on planning and
6 specifically to real estate development.

7 The genesis of this report was really driven from
8 an interest in providing this body specifically
9 information from our industry, real estate developers, and
10 investors in land. And we felt that it was important to
11 provide you from our perspective analysis of the impact
12 both on land value and potential economic prosperity of
13 the state.

14 --o0o--

15 MS. PEREZ: So in partnership with Smart Growth
16 America and other key organizations, ULI embarked upon
17 convening an advisory panel. The two co-chairs were Dan
18 Kingsley and Michael Woo. ULI often puts together
19 advisory panels where petitioners come together, and we
20 essentially troubleshoot with experts difficult
21 development challenges and issues. We often evaluate
22 local policy, ordinances with redevelopment, or anything
23 related to housing or transportation. The team that was
24 assembled -- and you can go to the next slide.

25 --o0o--

1 MS. PEREZ: The team that was assembled actually
2 consist of people from around the state. We released the
3 report on June 4th, and it reflects hundreds of hours of
4 literature review and two-day deliberations that the team
5 made. Those team members came from San Francisco, Los
6 Angeles, Sacramento, San Diego, west Sacramento. And we
7 actually have Curt Johansen from Triad Development who was
8 a member of the panel and will speak to his own experience
9 with this issue in his region.

10 Next slide.

11 --o0o--

12 MS. PEREZ: We interviewed also others in the
13 Inland Empire in Orange County as part of this process.
14 We didn't just have folks that were participating on the
15 panel, but we used our resources within the industry to
16 inform ourselves.

17 There was a briefing book of existing literature,
18 including demographic information and data projecting out
19 25 years, getting us past this current recession into the
20 next cycle. The panel met in May, and they interviewed
21 home builders from urban builders to master plan community
22 builders, redevelopment experts, and environmentalists.
23 They reached a consensus.

24 Next slide.

25 --o0o--

1 MS. PEREZ: We evaluated three specific areas I
2 will cover, specifically, impacts on global warming and
3 communities. We looked at the pros and cons. What were
4 the benefits in terms of short-term greenhouse gas
5 decreases? Was there a con in terms of small impacts?

6 We looked at major contributors in terms of
7 travel behavior and potential consumption of natural
8 resources. We also looked at how regionalism and regional
9 incentives to link land use and transportation were
10 potential opportunities. And last, how positive
11 co-benefits on open space and agriculture preservation
12 were important.

13 On the opposite side, we looked at how those
14 issues in terms of the cons of 375 looked at global
15 warming and communities. Specifically, how it would
16 proceed to punish transit-rich communities by
17 incentivizing more development. And I think the issue of
18 the existing infrastructure already diminished how are we
19 expecting people to move into the urban core without
20 sufficient resources. And also many of our developers
21 were concerned about barriers to new greenfield
22 development.

23 Next slide.

24 --o0o--

25 MS. PEREZ: The second issue we looked at was

1 affordable housing and development and specifically the
2 impact that that would have. The market, ladies and
3 gentlemen, was already moving into a mixed use compact
4 form. Our markets were already shifting and responding to
5 the demographic profile of our state, which was stated is
6 an older and younger population.

7 And what we have found in all of our analyses is
8 that the diversity of choice is what people are looking
9 for. That's what the consumer wants. They want to
10 find -- they may want single-family detached, but they
11 want choices in terms of where they live, how they live,
12 and how they get around. And simply the diversity of
13 options in terms of housing lifestyle was not available.

14 We looked at the pros and the impacts on 375 as
15 it pertains to housing and development. Looked at the
16 potential impact on transportation cost specifically. We
17 looked at in our industry responding to the market. If we
18 cannot build, sell, lease or rent a unit, it doesn't make
19 any sense to build it. And our real estate community has
20 been suffering for some time in this recession. We're
21 looking for the next market to really tell us. And we
22 think 375 is actually a complement to that market
23 direction that we were already going.

24 We were concerned in terms of the cons of 375
25 about making housing less affordable and specifically the

1 entitlement process. The approvals required, we were
2 concerned there would be an added impact.

3 Next slide.

4 --o0o--

5 MS. PEREZ: And our last issue that we really
6 focused on was the infrastructure and planning process.
7 We saw some significant pros related to 375.
8 Significantly, the regional transportation plan and land
9 use connections, the opportunity for an allocation of
10 transportation funding on an equal level, and importantly,
11 working with our cities and counties to reduce capital
12 outlays and municipal service costs as it pertains to
13 infrastructure.

14 One of the many cons, we saw it would potentially
15 weaken local land use control. And many of our developers
16 work specifically with cities, and we were concerned about
17 that. We also said it favors obviously transit over other
18 modes, but that potentially the savings were overstated.
19 And so we evaluated these issues and -- next slide.

20 --o0o--

21 MS. PEREZ: We looked at the implementation,
22 which is one of our major concerns. The pros were that,
23 as Chairman Nichols said, there's Prop. 84 moneys.
24 There's also money coming out of HUD that was released
25 today or yesterday. We looked at what we thought would be

1 great opportunities with the appropriate implementation.

2 What we were concerned about was that transit
3 funding was not reliable and money for housing and
4 affordable housing development was not reliable.

5 So some of the concerns that we had going into
6 this were that some of the backbones and assumptions we
7 had in meeting these new target goals, the support to
8 build those developments, would not be there.

9 Next slide.

10 --o0o--

11 MS. PEREZ: The panel did come to a consensus,
12 and they believe this benefit would be strong for
13 infrastructure savings for the regions; that the market
14 demand for the cities would be met as this new shift again
15 in market preference was happening already; and for
16 households, housing and transit savings, particularly as
17 it pertains to transportation cost.

18 Next slide.

19 --o0o--

20 MS. PEREZ: One of the three values greater
21 certainty for transit funding was important to us,
22 particularly as we want to see specific growth outcomes
23 emerge.

24 CEQA, we found this to be a significant
25 opportunity to do CEQA streamlining and have the CSCs and

1 CEQA analysis consistent with the RTPs. We think there's
2 great opportunity.

3 --o0o--

4 MS. PEREZ: Last slide, funding alignment, that
5 there's opportunities again to meet all the levels at
6 various levels to reinforce local land use goals. And for
7 us, it is important -- it is important to support the
8 local jurisdictions in terms of redevelopment funds. For
9 us, it meant that transit, redevelopment, affordable
10 housing, those dollars stayed intact with local land use
11 planning efforts. Importantly, that regional coordination
12 among cities was going to happen.

13 My last and closing slide was the bottom line.
14 We can't use the recession as an excuse to not do
15 something we think is a great opportunity. It exists
16 today. And certainly as we recover out of this recession,
17 375 in our evaluation actually complements the market
18 correlation already underway. We think that 375 helps
19 create value and economic prosperity and competitiveness
20 by shaping land use to enhance investment in
21 infrastructure, to support this new market demand.

22 We feel that to fully capture the value of 375,
23 California needs to again secure transit funding, align
24 policies that directly support locally-based funding and
25 we think fix CEQA.

1 For us, the next steps are to meet with the
2 media. We're doing lots of -- trying to get this
3 information out to inform not only our members, which have
4 a lot of questions, but also importantly to inform
5 decision makers and hopefully participate in the process.

6 And let me leave just a minute or two for my
7 colleague, Curt Johansen. He was with us and he was a
8 member of the panel. And thank you for your time.

9 I will have to excuse myself. We are giving out
10 awards to housing projects for the homeless in Los
11 Angeles, and I'd like to be there for that.

12 And so I'll turn this over to Curt Johansen and
13 beg your apologies.

14 CHAIRPERSON NICHOLS: We welcome your
15 involvement. It's helpful to have you as a partner.

16 MR. JOHANSEN: Good afternoon. I'm Curt
17 Johansen, and I want to thank you for the opportunity to
18 address this Board.

19 I was one of several participating developers on
20 the URI 375 advisory panel and currently personally in
21 pursuant of creating sustainable opportunities.

22 I have a few additional thoughts I'd like this
23 Board to consider. Sustainable communities in the 21st
24 century will come to be known as triple bottom line
25 communities. In other words, communities that find

1 balance among issues surrounding economic prosperity,
2 environmental protections and social equity. SB 375
3 provides a first big step in this direction.

4 And to Director Sperling's question, sustainable
5 communities are neither commoditized, nor formulaic. They
6 are principle-based and uniquely rooted to their place. A
7 very important co-benefit is that we've come to learn that
8 people who come to know and live in such places take
9 better care of them.

10 Communities that mix uses reduce auto dependency,
11 include transit, balance jobs with housing, conserve
12 resources, and preserve prime agricultural soils, result
13 in an urban form of planning with long-term success.

14 The market demand for environmentally
15 sustainable, diverse, transit-friendly communities is now
16 three times greater than expected supply. SB 375 is not
17 about infill versus greenfield. Truly sustainable
18 communities can be created in both. We need to level the
19 playing field, to incentivize much more infill, but
20 greenfield does not need to mean sprawl.

21 Fears over SB 375 are reminiscent of three
22 decades ago when Title 24 energy legislation was fiercely
23 opposed by business-as-usual interests. As you know,
24 today California uses 40 percent less electricity per
25 capita than the country overall.

1 We are a leader in the conversion to renewables
2 and reductions to greenhouse gases, and we have a growing
3 green tech economy that is going to help lead California's
4 economy from the recession.

5 I would just ask you to think that three decades
6 from now our children will look back on 375 as a gift from
7 our generation towards their quality of life. Thank you.

8 CHAIRPERSON NICHOLS: Thank you very much.

9 I would now like to call on the elected officials
10 who have made the significant sacrifice to come and be
11 with us. I know that we have Sepi Richardson and Janet
12 Abelson, and I believe Gary Liss also, if you would come
13 forward, whatever order in, we'll take you next.

14 MS. RICHARDSON: Good afternoon. My name is Sepi
15 Richardson.

16 Honorable Chair Nichols and honorable Board
17 members, if you allow me. I'm Sepi Richardson, one of the
18 elected officials from the city of Brisbane. I also serve
19 on the Board of Directors of California League of Cities,
20 ABAG, and peninsula CCAG, and CALAFCO, but I'm not
21 speaking on behalf of California League of Cities.

22 I'm here to ask you to support SB 375. Climate
23 change represents the primary threat to the health and
24 quality of life in California's diverse communities. When
25 you read the signs, you cannot help but be overwhelmed by

1 the dyer consequences we face as a state and nation in
2 dealing with the public health and environmental impacts
3 of global warming.

4 I believe that, as government leaders, we have
5 the morale responsibility to take action that will prevent
6 these worst effects of the climate change in the future.
7 As an elected official, I recognize the need to build
8 tomorrow's growth in such a way that makes sense. We
9 cannot continue to build more distant neighborhoods that
10 require more driving and longer and costly communities.
11 Too often, our plans separate homes from jobs, shopping,
12 and other areas of interest. I believe that SB 375 offers
13 an alternative vision for the future. And SB 375 would
14 help us to build better cities, more connected, and more
15 efficient and would bring vibrancy and active places where
16 residents can gather at the city center and socialize and
17 know one another.

18 I'm joined today by many of the local governments
19 and government leaders from various counties and cities
20 that have supported and approved some of the resolutions
21 and supported and submitted some letters, including
22 Brisbane, Campbell, Cloverdale, Huntington Park, Petaluma,
23 Richmond, Rhonart Park, County of Sonoma, County of Santa
24 Clara, Santa Clara County Cities Association, town of
25 Windsor, City of Sebastapol, City of Sonoma, County of

1 Contra Costa. The binder contains their resolutions and
2 their letters from their city officials and county boards.

3 In addition, I'd like to challenge this Board to
4 partner with us in holding the State accountable to their
5 end of the bargain in providing resources that we need to
6 build and plan for our communities.

7 In summary, I'm not saying that this is going to
8 be easy, but I'm saying it's going to work. And just
9 before I was coming here, I read a quote that was really
10 appropriate. And if you don't mind, I'd like to share
11 that with you. And it said that, "I pass through this
12 life once. Therefore, if there can be any kindness I
13 show, if I can do any great things for my community, for
14 my state, let me do it now and not defer it, since I shall
15 not pass through this path again."

16 Thank you.

17 CHAIRPERSON NICHOLS: Thank you very much.

18 Mayor Abelson.

19 MAYOR ABELSON: Thank you.

20 I appreciate the opportunity to address you from
21 my town of El Cerrito, which most people don't know where
22 we are. We're a small town in the east San Francisco Bay.
23 And we actually think we're really special, as does every
24 other city in this country I think.

25 But I think ours is somewhat unusual in that if

1 you look at our Council members, only one Council member
2 who gets to work by driving. And that's not because we
3 talk to each other about it. It's because that's the kind
4 of town we live in. We have three-and-a-half square
5 miles. We have two BART stations. We have a rapid
6 transit system. We also have local transit. So when I
7 want to go from one end of town to the other, my main
8 problem is figuring out which of those to take. I don't
9 even have a driver's license.

10 So this is what I would hope would be the future
11 for a very large number of people under SB 375. And we
12 are enthusiastic supporters of SB 375, and we want to
13 bring what it has to offer to our town in every way we
14 can.

15 We look forward to the opportunity for the -- I'm
16 not actually a technical speaker here -- the measurements
17 that you're going to be creating to give us an incentive
18 to try even harder and create the kind of housing and jobs
19 around our BART stations and our other transit facilities
20 that are, in fact, what we're all talking about.

21 So I just wanted to let you know that we've been
22 doing measures already, and we've been working getting
23 grants and stuff. It's been a great opportunity for us to
24 get grants. It's been a great opportunity for the members
25 of our city staff to work with each other in a new way

1 that's been really exciting and positive. And it's been
2 an opportunity for members of our community to get
3 involved. We have a Committee of our own on this very
4 topic, and it's what people call the best Committee we've
5 ever had, because there's so much positive enthusiasm
6 about it.

7 But this is not my speech at all that I was
8 planning on giving.

9 But anyway, we have seen the number of dollars
10 that have come to our community to do these things to have
11 really enhanced our way of life, and we look forward to
12 more of the same.

13 But I think what is really important, and this
14 addresses the target that you're trying to set, is that
15 the bar has to be set high enough so that cities like
16 mine, in fact, are challenged. Because without that
17 challenge, it will never happen.

18 So I hope that you will work hard to make targets
19 that are targets that we have to really reach out for but
20 that, in fact, we can achieve. And thank you for your
21 time.

22 CHAIRPERSON NICHOLS: Thank you for coming.
23 Appreciate it. I wish we had more places where you had to
24 worry about which mode of transit to take.

25 BOARD MEMBER BALMES: Some of us do know where El

1 Cerrito is. My son goes to Prospect Sierra.

2 CHAIRPERSON NICHOLS: Mr. Liss.

3 MAYOR LISS: Madam Chair, members of the Board,
4 appreciate the opportunity to be here today.

5 I'm the Mayor of the town of Loomis, which is
6 right next to Rocklin in Roseville. Small town of 6200.
7 We were created 22 years ago to draw the line in the sand.
8 We did want growth in our community that was happening all
9 around us. We've grown 600 in the 25 years, so we
10 consider it a major success.

11 I'm speaking here today as an individual, but as
12 one who's on the edge of where the sprawl hits the road.
13 And my comments are basically that regarding the goals,
14 that they should be ambitious, but achievable as other
15 speakers have said. And we can do it. We already are
16 working actively in the SACOG area to do that. And in
17 Loomis, it's all about leadership and partnerships.

18 I suggest you look at AB 939. As a zero waste
19 consultant, AB 939 set lofty goals at 50 percent diversion
20 by year 2000 in 1989 when we only had 12 percent recycling
21 going on. By setting high goals, but allowing for good
22 faith efforts to be the key to go forward to do the plans
23 and to implement the plans, whether or not they achieve
24 the goals, was a key facet of AB 939. I urge you to look
25 at that as part of the model for looking at how to proceed

1 with the targets that you're developing with the Institute
2 of Public/Private Partnership and a state and local
3 partnership and collaboration, which I think is really key
4 to the success of 375.

5 The PowerPoint that I have going for you is just
6 to give you a feel of what we are doing in Loomis to try
7 to meet the types of goals that SB 375 is about. Clearly,
8 this type of public policy can drive investment in AB 939
9 and invested hundreds of millions of dollars of private
10 investment as a result of setting the goal.

11 So it's urgent to move forward now to have as
12 ambitious a goal as possible. And not to forget what one
13 member talked about, it's the economy. It's not that
14 we're in a recession. It's that the only way out of this
15 recession is to recognize we can't do what got us into
16 this recession in the first place. We've got to use this
17 as an opportunity for change. We've got to focus on green
18 jobs in a green economy. And that's going to come through
19 major policy initiatives like SB 375 getting people to be
20 more efficient so we're not spending our resources
21 inefficiently in America.

22 We have CAL 4 plan in Loomis, are working on an
23 implementation of that plan. But on 375, we'd like to
24 highlight that the blueprint has led to re-thinking
25 transportation and transit assumptions, density of

1 development, the urban rural interface. The rural urban
2 strategy of SACOG supports smaller cities having a voice
3 and being true partners in implementing these goals.

4 And for places like us where we don't want the
5 growth, SB 375 will help focus it where it's more
6 efficient and strengthens the regional economy. Cities
7 will save \$16 billion in the SACOG area by focusing the
8 new growth in existing communities. It is about
9 efficiency. It is about the green economy and green jobs.
10 We urge you to do the right thing for local governments,
11 businesses, our grandkids, and the planet. Challenge us
12 to be reasonable in review and monitoring and use good
13 faith efforts to strengthen the partnerships in
14 collaboration if possible.

15 Thank you.

16 CHAIRPERSON NICHOLS: Thank you.

17 All right. We still have a lengthy list of
18 speakers. And since this isn't a regulatory item, I'm
19 going to just start out by exhorting people to use less
20 than three minutes, but I may have to actually adjust the
21 timer if necessary. I'll just go down the list here.
22 Stephen Maxwell, Janet Abshire, and Barry Wallerstein.

23 MR. MAXWELL: Thank you, Chairman Nichols and
24 respected Board members.

25 My name is Stephen Maxwell. I'm a thoracic

1 surgeon practicing here in Sacramento. I am a member of
2 the American Lung Association Leadership Board, and I am
3 here to express deep concerns of the effects of poor land
4 use on air quality and public health.

5 I'm also here today to highlight the broad
6 support of public health community for the strong
7 implementation of SB 375 and emphasize the benefits of
8 compact mixed use development statewide. Health
9 organizations have stressed that a policy of sustainable
10 growth is critical to California's air quality and climate
11 change goals. SB 375 has further unified the health
12 community because it offers them tremendous opportunity to
13 improve public health by helping reduce a wide range of
14 chronic illnesses associated with over dependence on that
15 discourages physically active lifestyles.

16 As a lung surgeon, I encounter corrosive effects
17 of traffic pollution in my patients on a daily basis. It
18 shortens the lives of my patients, our parents and our
19 grandparents, and hits my most vulnerable patients
20 especially hard, including children and teenagers, as well
21 as adults living with chronic illnesses like lung and
22 heart disease.

23 Fortunately, with SB 375, we have a tool to
24 improve our quality of life today and for generations to
25 come by creating healthier communities and reducing the

1 negative impacts of climate change. With it, we have a
2 tool that can help to save California billions of dollars
3 every year in health care expenses and prevent thousands
4 of premature deaths from our failure to meet clean air
5 standards.

6 We also believe it is a false dilemma to state we
7 must sacrifice a robust economy to have public health. To
8 argue otherwise is to disregard the cost savings of health
9 care on governments and families and to ignore the almost
10 unlimited potential for jobs and economic growth in green
11 industry development.

12 By establishing ambitious targets that challenge
13 our regions to plan for more sustainable communities, we
14 will help reduce chronic illnesses we face today and make
15 us more resilient against the extended heat waves and
16 reduced air quality that we face due to climate change.

17 Our communities will experience better health and
18 generate fewer harmful emissions by having active
19 transportation options, like walking and biking. With
20 thoughtful, sustainable community development, we can
21 create an urban environment that reduces obesity,
22 diabetes, heart disease, and other illnesses that spring
23 from our modern lifestyle.

24 We will also be safer on streets designed for
25 multiple uses like cars, bikes, and pedestrians.

1 I would like to present this Board with a letter
2 signed by 28 public health organizations throughout
3 California including the Lung Association, American Cancer
4 Society, Public Health Law and Policy, California Medical
5 Society, California Thoracic Society, and many others that
6 urge the Air Resources Board to adopt the most ambitious
7 targets possible.

8 We would like to encourage the use of the whole
9 range of policy tools available to local governments that
10 reduce vehicle dependence and related pollution emissions.

11 CHAIRPERSON NICHOLS: I'm going to enforce the
12 time limit. Thank you for coming.

13 Dr. Abshire.

14 DR. ABSHIRE: Thank you for the opportunity to
15 speak to you today.

16 I'm Dr. Janet Abshire. I'm representing the
17 American Lung Association.

18 For much of my career, I've had a very deep
19 interest in studying the root causes of disease and health
20 problems and environmental impacts on our health and
21 that's why I'm here today.

22 The issue of land use and the transportation
23 planning has become more and more the focus of public
24 health and in the medical community as it is the nexus of
25 three crises in our society: Illness from lack of

1 exercise, illness and death related to air pollution, and
2 climate change.

3 Because so many of our neighborhoods are designed
4 for driving and often prevent safe and practical access to
5 walking and biking, we face terrible costs of chronic
6 illnesses, like diabetes and obesity. They affect our
7 communities and also our children at alarming rates.

8 California's also home to some of the worst air
9 pollution causing health crises that causes tens of
10 thousands of hospitalizations and premature deaths each
11 year, on top of hundreds of thousands of asthma attacks.
12 Climate change threatens to exacerbate these problems and
13 most severely effects our vulnerable populations,
14 including young, the elderly, and those in low-income
15 neighborhoods.

16 With strong implementation of the SB 375, CARB
17 can help shift our development patterns to smart growth
18 concepts of compact mix-used neighborhoods. And by
19 employing these smart health principles of prevention, we
20 can halt unhealthy behavior and begin to improve our
21 quality of life. Establishing strong CARB targets will
22 underscore the message we need to change and we need to
23 reduce our focus on driving while planning our
24 neighborhoods.

25 I urge you to break our habit of

1 business-as-usual sprawl. And I urge you to move forward
2 with the strongest possible prescription for healthier
3 communities. Please take full advantage of the
4 opportunity for healthier communities under SB 375 to help
5 us help our patients with more practical options for
6 active lifestyles and breathing cleaner air. Please
7 consider health as you develop the targets.

8 Thank you.

9 CHAIRPERSON NICHOLS: Thank you.

10 Dr. Wallerstein.

11 MR. WALLERSTEIN: Good afternoon.

12 It was my pleasure to serve as the CAPCOA
13 representative on the RTAC. And so many of my comments
14 here today will be on behalf of CAPCOA.

15 First, we would like to thank the MPOs and the
16 staff for all the progress that has been made over the
17 last few months in generating data and clarifying the way
18 we proceed towards your hearing in September.

19 As you heard earlier, each MPO operates a
20 different model. And I think we need to keep that in mind
21 as we move forward. We want to make sure at the end of
22 the day it isn't an apples and oranges comparison. A lot
23 of work has been done to improve the consistency. But as
24 you also have heard, we need to work towards a uniform
25 type model or modeling approach across the state. And in

1 that regard, I think it's important to continue to work
2 with the U.C. system. And in this initial review and the
3 target setting, I hope that the U.C. consultants that are
4 under contract to CARB will take a close look at the inner
5 workings and we can create some additional transparency as
6 you move towards your adoption hearing.

7 And one of the issues is how we do the off model
8 adjustments to account for strategies that can't be
9 analyzed by the core models. I think it's important to
10 add some additional transparency to that and for the Board
11 and other decision makers to have additional clarity
12 regarding the nature of various CARB programs. It isn't
13 just what will be done under SB 375, of course, your
14 low-carbon fuel, Pavley I and II, and what return on
15 investment each provides, because I think that has some
16 bearing on the target setting.

17 During the RTAC process, I was a vocal proponent
18 of best management practices and policies. From my
19 perspective, where the rubber meets the roads is the
20 policies implemented by local government. Models are
21 nice. They give you good directional indication. But
22 ultimately, we need to make sure we have best management
23 practices moving into place. And in my view, I think it
24 can also provide possibly an alternative way of compliance
25 with the targets. You have provided technology options in

1 many of our mobile source regulations. And I think such
2 best management practices could be viewed as another
3 option for compliance.

4 In addition, during the next few months, it's
5 important to put into place the procedures, the
6 verification monitoring procedures, that you will use to
7 ensure that the targets are being met. That should go
8 hand in hand with the adoption of the target.

9 Lastly, I wanted to remind everyone that these
10 SCS measures ultimately work their way into the Air
11 Quality Management Plans and the SIP as approved by the
12 Board. So there is citizen suit enforceability under the
13 Clean Air Act, and it is important that we work with the
14 MPOs and we get this as right as we can on the first
15 round.

16 Thank you for the opportunity to comment this
17 afternoon.

18 CHAIRPERSON NICHOLS: Thank you.

19 We're going to hear next from Joe DiStefano from
20 Calthorpe Associates.

21 (Thereupon an overhead presentation was
22 presented as follows.)

23 MR. DI STEFANO: Thank you very much.

24 Do we have a Power Point? I'm for better or
25 worse I think the \$6400 man.

1 climate goals, but in reducing our dependence on oil,
2 alleviating financial burdens on our cities and citizens,
3 on water resources, reducing energy consumption, and
4 protecting the health of our residents.

5 And to the earlier comment, in many ways, it is
6 these co-benefits, the benefits that go along with
7 reducing VMT and GHG emissions, that speak to the larger
8 and very tangible benefits of smarter land use patterns,
9 investments in transit and auto alternatives, and policies
10 that support reinvestment in cities and towns across
11 California.

12 Next slide.

13 --o0o--

14 MR. DI STEFANO: Everything I'm talking about
15 today is actually fully available now on
16 visioncalifornia.org. So anyone who wants to download
17 reports and take a look at the details of the models and
18 everything, it's all there.

19 In the report, we produce a range of scenarios
20 that measure the impacts of varying ways California can
21 accommodate growth out to 2020, 2035, and 2050. Holding
22 all auto and fuel policies, building standards, and power
23 generation policies constant across all scenarios, the
24 results highlight the importance of land use planning to
25 meeting our environmental, fiscal, and community goals.

1 Next slide.

2 --o0o--

3 MR. DI STEFANO: When compared to a
4 business-as-usual future, the growing smart scenario
5 shifts a greater share of growth into urban and compact
6 form. ULI and the development community have shown what
7 the market and our changing demographics is actually
8 demanding now and into the future. That scenario concerns
9 more than 2300 square miles of land by 2035 and nearly
10 4,000 square miles 2050. The scenario also saves more
11 than \$194 billion in local infrastructure costs --

12 --o0o--

13 MR. DI STEFANO: -- or \$24,000 for new household
14 by 2050.

15 Next slide.

16 --o0o--

17 MR. DI STEFANO: The growing smart scenario
18 reduces reliance on driving and alleviates congestion by
19 placing more people within walking, biking, transit, and
20 shorter driving distance of schools, parks, jobs, and
21 other daily needs.

22 Compared to business as usual, growing smart
23 reduces VMT by 1.5 trillion miles by 2035 and 3.7 trillion
24 miles by 2050. That's like taking all of California's
25 cars off the roads for 12 years.

1 Next slide.

2 --o0o--

3 MR. DI STEFANO: This is the difference in per
4 household driving. About a 10,000 per household
5 difference across those scenarios.

6 This saves two years of oil imports to the U.S.
7 and saves California households about \$2600 in fuel and
8 other automobile costs per year.

9 Also reduces harmful air pollution by 25 percent,
10 or more than 132,000 tons per year.

11 These totals, just for your information, go along
12 with the per capita VMT reduction of 18 percent below 2005
13 levels by 2035. That's the equivalent of a 19 percent GHG
14 per capita reduction by 2035.

15 Equally compelling are the land-use-related
16 savings in energy use, water use, and household cost
17 savings. The growing smart scenario cuts building energy
18 use -- next slide.

19 --o0o--

20 MR. DI STEFANO: -- by 15 percent by 2050, the
21 amount of energy used by all homes in California for eight
22 years.

23 Next slide.

24 --o0o--

25 MR. DI STEFANO: It reduces water use by 19

1 million acre feet, enough water to fill Hetch Hetchy 50
2 times.

3 Next slide.

4 --o0o--

5 MR. DI STEFANO: All of this saves California and
6 local government money. Households in the growing smart
7 future save \$6400 per year compared to business as usual
8 on transportation costs and home energy and water bills.
9 That is where that dollar comes from, which I can defend
10 it all day long.

11 And overall, annual greenhouse gas emissions --
12 next slide --

13 --o0o--

14 MR. DI STEFANO: -- from transportation and
15 building are reduced by 17 percent by 2035, and even more
16 by 2050. And that does not include the impact of
17 aggressive auto building and power generation policies.
18 That is just from land use.

19 Next slide.

20 --o0o--

21 MR. DI STEFANO: The conclusion that can be drawn
22 from these scenarios is that land use really matters and
23 so many of the things that matter to California, its
24 citizens, and its cities. Each percent and per capita
25 reduction in GHS means a lot more than carbon reduction.

1 It means reducing fiscal burdens on households and cities.
2 It means saving water, saving energy, protecting farmland
3 and habitat, and reducing our state's reliance on foreign
4 and domestic oil.

5 Thank you very much for your time and
6 consideration. For more information and access to our
7 reports, you can head to our site.

8 CHAIRPERSON NICHOLS: Thank you.

9 I'd like to say on behalf of those of us whose
10 vision is failing as we age, this is really hard to read
11 and I would like to have a better copy. Is it possible to
12 get something?

13 MR. DI STEFANO: Absolutely. I have copies here
14 and everything is available on the site as well. And we
15 have copies of the report. Your staff does have them.

16 CHAIRPERSON NICHOLS: Thank you very much.

17 The comment is excellent, and I appreciate the
18 work that you folks did. And obviously, there is a lot of
19 information in here that we can use. I just want to be
20 able to pull it out in a way that's more accessible than
21 the Xerox we got today.

22 Next, Amanda Eaken from NRDC and then Jerry
23 Walters.

24 MS. EAKEN: Good afternoon, Madam Chair and
25 members of the Board. My name is Amanda Eaken. I'm with

1 the Natural Resources Defense Council.

2 NRDC was a co-sponsor of SB 375, and I had the
3 privilege of serving on the Regional Targets Advisory
4 Committee for the last year.

5 We think you, the CARB staff, and the MPOs should
6 all feel very good about the amount of progress being made
7 on SB 375. We are finally getting down to the real task
8 of asking ourselves what is possible with better land use
9 and transportation planning.

10 There's been a remarkable degree of collaboration
11 across the regions to take steps to explore what is truly
12 ambitious and achievable.

13 And I want to make three points today about the
14 process going forward. The first has been said earlier,
15 but I think it's worth repeating is we are still actively
16 learning. We're very pleased to see a demonstration of
17 the commitment to SB 375. NTC will model some additional
18 scenarios to truly attempt to achieve a jobs/housing
19 balance in the next several weeks to allow more people to
20 live within the region to accommodate job growth within
21 the region. SACOG admits that even their most ambitious
22 scenarios don't represent the upper range of what is
23 achievable, and we're going to continue to work on
24 scenarios through the summer.

25 Many of the MPOs are still refining their models.

1 EMFAC, there's some issues with EMFAC we believe needs
2 sorting out to give you the information you need to set
3 the true targets. And we'll continue to see information
4 also. So encourage you to take all this information into
5 account as you set the targets.

6 The second is we have every reason to believe
7 that the benefits of these policies should grow and not
8 erode over time. Land use and transportation changes
9 happen slowly, but the benefits accrue over time and add
10 up to big savings in the long term. Therefore, we should
11 see greater reductions in 2035 than 2020. We're pleased
12 to hear the MPOs in their presentation come to this
13 consensus as well.

14 Finally, we are encouraged that the first round
15 of scenarios have come forth, and we agree with Mr.
16 Heminger that the MPOs can actually do more. We do not
17 believe you should interpret the scenarios before you to
18 represent the upper end of what's achievable. In every
19 case, there's some ambitious policies and there's some
20 policies that we know we can do more with.

21 For example, in every case across all four of the
22 big regions, we fail to see a shift of transportation
23 funding to support the land use patterns that are called
24 for. In every MPO case, the MPOs are calling for more
25 ambitious, compact development patterns, but the

1 transportation funding is not shifting to support those
2 patterns.

3 As we work through the summer and SCS process, we
4 have to make sure that the regions are doing everything
5 they can to support better land use patterns with their
6 transportation investments.

7 We are very grateful to you for your leadership.
8 We're proud to be part of this first-in-the-nation
9 precedent-setting process. And we look forward to working
10 with you throughout the summer to make sure we maintain
11 the high quality life in California as we accommodate new
12 growth.

13 Thank you very much.

14 CHAIRPERSON NICHOLS: Thank you.

15 Jerry Walters and then Steph Nelson and Troy
16 Hightower.

17 MR. WALTERS: Thank you, Chairman Nichols and
18 members of the Board.

19 I'm also representing myself, though I'm also a
20 member of the RTAC. I'm also a consultant with Fehr &
21 Peers and have a little bit of in-depth knowledge on the
22 Vision California process.

23 So I'm only going to highlight some thoughts that
24 go above and beyond what you just heard from the others
25 who have just testified. I've also submitted comments in

1 writing, so you'll see them on your website now or soon.

2 I applaud the significant efforts and the sincere
3 efforts by the MPOs to deliver what I think are very
4 reasonable scenario tests to you at this point, and I
5 think they represent some significant achievements.

6 My question will go to possibly adding a few more
7 suggestions on how you interpret the information, adding
8 to and adding some dimension to what Barry Wallerstein and
9 Amanda Eaken have said.

10 I think in terms of ambition or achievable on the
11 land use assumptions, the suggestions from the MPOs have
12 been they have been ambitious, but they shouldn't be held
13 to very much more land use as a basic threshold of
14 target-setting than their achievable scenarios.

15 I think we've heard a fair amount of evidence
16 that those higher levels are achievable during the RTAC
17 process. We've heard from some of the development
18 community. We've heard from others here today.
19 Pricewaterhouse has come out with recent studies and SCAG
20 has provided some useful information on planners who are
21 looking ahead to the future in terms of what the real
22 estate economy is going to be, rather than back at the
23 bubble as it was building in terms of the real estate
24 market that existed then. And all of them are reporting
25 that what they can do and are intending to do and they

1 believe is possible and worthy of investment are more
2 compact, mixed, transit-oriented forms of developments.
3 So I would urge the MPOs to consider planning although
4 more futuristically in that regard.

5 What I'll call user pricing for transportation,
6 as you look at the assumptions in the scenarios, they do
7 look ambitious in terms of pricing in the pricing
8 scenarios. But if you translate them into how those
9 assumptions relate to inflation, I think that they
10 suggested in total these users of the roadway system in
11 real dollars will be paying less in the future than
12 they're paying now, which has two important consequences.
13 One is funding for transportation eroding, and the other
14 is the disincentives we ought to be seeing in terms of the
15 roadway user costs not necessarily being there.

16 I will agree with Barry Wallerstein that
17 off-model best management practices are useful to
18 interpreting what's in the models and suggest as he did
19 that you rely on your University of California input that
20 is I think now becoming available to judge whether the
21 estimates being produced by the MPOs really fall within
22 the range of reason.

23 And I will stop there. Thank you.

24 CHAIRPERSON NICHOLS: Okay. Thank you very much,
25 and I appreciate having your written testimony.

1 Steph Nelson.

2 MS. NELSON: Good afternoon, Chairman Nichols and
3 members of the Board. My name is Steph Nelson. I'm here
4 representing the Association of Monterey Bay Area
5 Governments, one of the remaining six MPOs. And we're
6 moving into our next planning cycle for our MTP. As we do
7 so, we're required under SB 375 to do so in coordination
8 with our regional housing allocation process.

9 And the new mandate for coordinated land use,
10 transportation, and air quality planning requires the new
11 set of conversations between some decision-making bodies,
12 such as ARB and HCD. One thing that we are interested in
13 seeing is an outline of the steps that ARB and HCD plan to
14 take to ensure that the regional GHG target-setting
15 process and HCD's overall allocation process are based on
16 a common set of assumptions. More specifically, if we are
17 to achieve ambitious GHG emissions reduction goals,
18 placing housing near jobs serves as a key strategy in this
19 effort.

20 What this requires is for HCD to consider, for
21 example, a new criteria in determining the overall
22 allocation numbers from one region to the next, namely,
23 interregional home-to-work commute trips. For example, in
24 our region, which is San Bonito, Santa Cruz, and Monterey
25 County, we have a number of residents who live in Santa

1 Cruz or live in San Bonito but work in the Silicon Valley
2 and Santa Clara County. If we are to locate housing near
3 jobs, then this would suggest that the Bay Area MPO would
4 receive the overall allocation numbers to account for
5 these employees' housing needs. But this is not an issue
6 that's limited to our region.

7 So once again, we are interested in seeing an
8 outline of the staff's plan and coordinate with what your
9 plan is for future coordination.

10 And then I have a second comment/question, which
11 is that the target range that was specified for our group
12 of MPOs, the remaining six, we set the projected emissions
13 for 2020 and 2035. And interested to know how much more
14 specific or ambitious you expect this target to be by the
15 September adoption deadline. Thanks.

16 CHAIRPERSON NICHOLS: Thank you. I assume staff
17 will follow up with you on that.

18 Okay. Troy Hightower, followed by Alex Kelter
19 and Jenny Bard.

20 MR. HIGHTOWER: Good afternoon, Madam Chair and
21 members of the Board.

22 My name is Troy Hightower. I'm here from Kern
23 Council of Government. We're a mid-size MPO. We're one
24 of the eight MPOs in the San Joaquin Valley. And I just
25 wanted to briefly inform you of the process that we've

1 been through up to this date and what we're planning in
2 the future.

3 Back in the time that the RTAC was formed, our
4 Director and Board of Directors established a Climate
5 Change Task Force and they were given the direction for us
6 to be proactive on 375. Since then, they've met regularly
7 and the meetings have occurred at the various sectors and
8 stakeholders, including the public. That's been very
9 helpful in our process. We've also collaborated with the
10 other MPOs in the Valley. We've participated in the work
11 groups of the large MPOs. And a result of that process is
12 the recommendations that we submitted to ARB.

13 I want to mention one thing in particular, the
14 strategic employment center that was mentioned in the
15 staff report. We considered them to be strategic because
16 of their significance to the state and nation. What we're
17 talking about is military bases, prisons, and large scale
18 wind and solar power plants.

19 We would like you to consider exempting those
20 trips, because we don't have a way to affect the land use
21 there. The nature of the activities there do not allow
22 them to be in or near urban areas. At the same time, it's
23 not suitable to develop housing in and near those
24 activities. They're large employers. Mass transit or
25 public transit to the facilities is difficult due to

1 security issues they have.

2 Also, this is not just an issue for Kern. It's
3 an issue for other mid- and small-size MPOs. We prepared
4 a summary paper we submitted to ARB, and it's on their
5 website.

6 So for those reasons, we'd like you to consider
7 exempting all of those trips. The RTAC did recommend
8 50 percent of military trips.

9 As for the future, in collaboration with the
10 eight MPOs, we recently started a model improvement
11 program to develop a short-range and long-range plan for
12 modeling to meet SB 375. And we're also working now with
13 public health officials to look at the co-benefits of
14 public health in our plan.

15 And with that, I'd like to also thank ARB for
16 working with us. We look forward to, as I mentioned, the
17 focus on the San Joaquin Valley.

18 In conclusion, personally, I attended many of the
19 RTAC meetings, and I know many of the members are here.
20 And I'd like to commend the work they did. Thank you.

21 CHAIRPERSON NICHOLS: Thank you.

22 Alex Kelter.

23 MR. KELTER: Good afternoon, Madam Chairman and
24 members of the Board. I'm Alex Kelter. I'm a physician
25 retired from 24 years in the Department of Public Health,

1 and now the President of the Board of the Environmental
2 Council of Sacramento.

3 I want to thank you for the opportunity to be
4 here and make a couple of comments of my own and respond
5 to one comment made earlier about is this a sprint or a
6 marathon. Doesn't really matter whether it's a sprint or
7 marathon. They have a lot in common, and one thing they
8 share is every single step that's taken should be taken in
9 the direction of the finish line and in no other
10 direction.

11 It seems clear from all the testimony that we
12 can't reach our goals without making the substantial
13 changes in land use patterns. It might make it easier for
14 some if the implementation of SB 375 were to focus more on
15 technology and give a relative pass to land use. I urge
16 you not to do that and not to take any of the heat off of
17 the local land use decision-making process. That's where
18 we were at ECOS. As environmentalists, we've won some
19 battles and lost some battles. I suspect you have, too.
20 Although, I'm guessing you've won a few more than we.
21 Nonetheless, I believe we are collectively losing this
22 war. Global warming and CO2 emissions are still
23 increasing.

24 Locally, in spite of the bursting of the suburban
25 housing bubble and all the other evidence that we have

1 ridden this horse nearly to death, and even though you'd
2 never know it from listening to the discussions here
3 today, too many local land use decisions are still being
4 made and general plans are still being proposed and
5 adopted that support or even favor high VMT expansion
6 patterns. As hard as we work at ECOS and elsewhere at the
7 local level, we cannot help you unless you help us.

8 We wholeheartedly endorse the letter from Climate
9 Plan. You'll be hearing from Autumn pretty soon. And we
10 look forward to working with cities, counties, CARB,
11 SACOG, and all the involved parties to meet our goals.

12 But make no mistake, unless every single step is
13 taken towards the finish line, unless every single local
14 land use decision is made in the direction of implementing
15 SB 375, all we've done is lead the horse to the water.

16 Thank you.

17 CHAIRPERSON NICHOLS: Thank you.

18 Jenny Bard.

19 And while you're coming up, I now am basically
20 halfway through the list of people who signed up to
21 testify. And I really want to urge -- I know there is a
22 number of representatives of environmental and health
23 organizations that are there, and I assume you're all here
24 to urge us to adopt the most stringent possible standards
25 and to be in favor of SB 375, which I believe we are. But

1 to suggest that we would be very appreciative if you would
2 just stand up and say ditto or otherwise, help us to keep
3 on track, because we've got two big items relating to real
4 money for advanced transportation vehicles that we still
5 have to deal with, and we might lose our quorum.

6 Thank you.

7 MS. BARD: Thank you, Chairman Nichols. And
8 thank you to the Board.

9 I'll be as brief as I can.

10 My name is Jenny Bard. I'm the Regional Air
11 Quality Director for the American Lung Association in
12 California.

13 Before I start my brief comments, I just want to
14 submit into the record two letters, one from the Kern
15 County Medical Society and one from the Fresno Madera
16 Medical Society, both asking -- I'll read one line. "As
17 medical experts, we are writing to urge the California Air
18 Resources Board to adopt ambitious targets that reflect
19 the full range of policy tools available to local
20 governments to reduce vehicle dependence and related
21 pollution emissions."

22 I'll submit that.

23 The Lung Association has been working for several
24 years to advance strong policy at the local and regional
25 level to promote smart growth and land use planning. And

1 we recently conducted a government survey of Bay Area
2 government leaders about the public health impacts of
3 global warming and willingness to adopt smart growth
4 policies. The survey was mailed to 500 Bay Area leaders,
5 and we received responses from 75. I'll site some of the
6 results.

7 When asked if climate change would have a
8 significant impact on their communities, 53 percent said
9 yeah.

10 When asked their three top concerns about the
11 health impacts of climate change, more than half sited
12 increased frequency and severity of asthma attacks and
13 other respiratory problems, increased health impacts on
14 vulnerable segments of the population, increased injuries
15 and deaths due to increased flooding and/or extreme
16 weather events.

17 When asked about health benefits of smart growth
18 our communities would most benefit from, 88 percent cited
19 that fitness, increased fitness and physical activity,
20 thereby reducing obesity, diabetes, cardiovascular
21 disease, by promoting opportunities to walk or use public
22 transit.

23 And then lastly, top policies that they would
24 support, more than two-thirds stated a policy that
25 prioritizes repaving and maintaining local streets while

1 implementing bikeway improvements, creating codes such as
2 a code for zoning that provides more flexibility and site
3 design to foster mixed commercial/residential uses, reduce
4 vehicle trips. And with additional funding, more than 85
5 percent would advocate for infrastructure to create safe
6 access for pedestrians and bicyclists, making transit more
7 frequent and convenient.

8 I just wanted to site one of the many incredible
9 examples of smart growth planning that is going around in
10 our state. The Bay Area regional agencies have recognized
11 the privacy of climate change as a challenge to drive
12 public transportation and land use policy and have
13 embraced the urgency of greenhouse gas reduction. They
14 banded together under the name One Bay Area, all 101
15 cities, nine counties, and seven million residents to
16 address the issues of climate change, sustainable growth
17 and development, transportation, and protection of our
18 air. As you already heard, many local governments are
19 showing leadership, and we encourage your support of the
20 most ambitious targets that will help not only the Bay
21 Area, but all of California.

22 CHAIRPERSON NICHOLS: Okay. Bonnie Holmes-Gen,
23 Teri Duarte, and Brandon Kitagawa.

24 MS. HOLMES-GEN: Good afternoon, Chairman Nichols
25 and members.

1 Taking your charge to heart, I'll just make a
2 couple very, very brief comments to say that the American
3 Lung Association of California views SB 375 as an
4 incredible opportunity from a public health perspective to
5 address the long-standing problems that have led to asthma
6 and chronic illness. And we are looking forward to
7 continuing to working with you, with the MPOs, and local
8 government leaders to embrace this opportunity to change
9 the environment and the transportation choices. And we
10 want to work with you to get more funding to support these
11 efforts at a local level, because we know that's critical
12 to making real progress.

13 We also want to encourage you to support the
14 further development of tools like Vision California,
15 because it's so important to help educate the public on
16 the many benefits of changing course from the status quo
17 and how we are going to improve air quality and reduce our
18 petroleum use and create healthier communities and a place
19 that people want to live and raise their families. And
20 this is a vision that we all want to embrace and move
21 forward with.

22 So we look forward to continuing the discussion
23 with you and being engaged in the workshops, and we
24 strongly support forward progress on this important
25 implementation of SB 375.

1 CHAIRPERSON NICHOLS: Thank you very much.

2 Teri Duarte, Brandon Kitagawa, Nidia Bautista.

3 MS. DUARTE: My name is Teri Duarte. I have a
4 Master's degree in public health, and I chair a group of
5 physicians and other local health professionals called
6 Design Sacramento for Health.

7 Design Sacramento for Health, we coalesced around
8 our group frustration over our inability to help people
9 lead healthier lifestyles, because they are not able to
10 exercise on a daily basis.

11 You may not know that 20, 50, 75 years ago,
12 people received most of their -- much of their physical
13 activity through the transportation system, and today
14 that's just not possible. People are forced to drive
15 places. So that's why we see rapidly increasing rates of
16 obesity, heart disease, and so on, so forth. So yes, we
17 are asking you to be as ambitious as possible in setting
18 regional targets.

19 I would like to point out that a number of our
20 group is here today. Some of the physicians, they range
21 from both older physicians who have served many years and
22 younger physicians, including U.C. Davis Medical Center
23 residents and family medicine. We're working together to
24 try to change land use patterns so that we can be more
25 physically active on a day-to-day basis through walking

1 and biking.

2 Thank you.

3 CHAIRPERSON NICHOLS: Thank you.

4 Brandon Kitagawa.

5 MR. KITAGAWA: I just want to start by thanking
6 the Board and staff and MPOs for taking on this ambitious
7 effort.

8 My name is Brandon Kitagawa. I'm with Regional
9 Asthma Management and Prevention. We work to reduce the
10 burden of asthma through clinical management and
11 environmental prevention.

12 I'm taking the Chairman's advise to heart. I'll
13 narrow it to two bullet points.

14 One, the tremendous opportunity that we recognize
15 is very much dependent on there being strong targets. I
16 think we feel that we would like to see targets
17 specifically in 2035 that make MPOs a little
18 uncomfortable. We don't want to scare them, but we feel a
19 comfortable target doesn't push them far enough.

20 And second, we think it's really important to
21 consider adopting standardized performance measures for
22 all MPOs to use. I think that the public and local
23 decision makers can make better decisions if they really
24 understand how the decisions not only affect greenhouse
25 gases and VMT, but also how it impacts air quality and

1 things like chronic diseases such as asthma.

2 Thank you.

3 CHAIRPERSON NICHOLS: Great. Thanks.

4 Nidia Bautista, Hannah Cohen, and Autumn
5 Bernstein, and Gloria Ohland.

6 MS. COHEN: Good afternoon. Thank you, Madam
7 Chair and members of the Board.

8 I'm Hannah Cohen, and I'm representing
9 Sustainable San Diego. We are a collaborative of about 36
10 agencies and organizations in San Diego, and we have
11 formed together to oversee that we have a strong
12 sustainable community strategy for the San Diego region.
13 I will try to be brief.

14 I'm here today to express our support for an
15 ambitious and forward-looking approach for the region of
16 San Diego. We thank the SANDAG Board and the staff
17 especially for their hard work and for what it has
18 produced so far. We are pleased how things are
19 proceeding, and we recognize the challenges of being in
20 uncharted water.

21 However, we do believe that more can be done and
22 we can produce realistic and higher targets. We have seen
23 the technical report that Autumn will be speaking to, but
24 we do question some of the underlying assumptions for San
25 Diego, in particular. We have a certain that the hybrid

1 scenario has a lot of highway and road expansion, and we'd
2 like to see that the SANDAG staff take a look at this
3 again, especially in the outlining areas.

4 We recognize that the transit scenario is
5 extremely ambitious, but we want to make sure that these
6 goals are achievable.

7 The other thing I'd like to mention is the value
8 of time information. We think that the pricing may be a
9 little bit exaggerated and the social equity issue here.
10 Sustainable San Diego views SB 375 and the forthcoming
11 sustainable community strategy through the lens of social
12 equity. We believe there is an equity issue here, and we
13 ask that it be re-examined and we get a more realistic
14 pricing scenario.

15 To ensure that the future work of SB 375 achieves
16 the range of benefits desired for the San Diego region,
17 the target-setting process needs to be approached
18 ambitiously and not conservatively. It needs to consider
19 the full range of regional to these pressing
20 transportation, health and quality of life issues. As it
21 sets these goals, CARB should make a clear statement of
22 support for the types of policies and investments that
23 California cities and regions will need to successfully
24 meet these goals.

25 Again, we thank you for the extensive work you

1 have done and continue to do. We will do our part by
2 building support for the efforts to grow our communities
3 in a smart, healthy, and sustainable manner. And you have
4 our letter that we have submitted, and I have another
5 stack of letters from another organization that asked me
6 to submit them.

7 CHAIRPERSON NICHOLS: Thank you. Okay.
8 Autumn.

9 MS. BERNSTEIN: Thank you, Madam Chair. I will
10 try to keep my comments brief.

11 Autumn Bernstein with Climate Plan. We did
12 submit very detailed comments to your staff yesterday, so
13 I will just hit a couple of the high points and let you
14 read them.

15 So we do believe that the MPOs have done a
16 phenomenal amount of work, and every single MPO did a
17 great job of mixing some really ambitious policies into
18 the mix. However, we do think there are areas where there
19 is some particularly ripe opportunities for some
20 additional and more ambitious work to be done. In
21 particular, we want to point out that highway and road
22 investments, not a single scenario that was modeled by any
23 of the MPOs diverted whatsoever from their existing RTPs
24 in terms of expanding highways and roads into rural areas.
25 And we think this is really troubling that going all the

1 way out to 2035, we think there's a lot more that needs to
2 be done. And trying to reduce VMT while expanding your
3 highway network into rural areas is like trying to drive
4 your car with one hand tied behind your back. We'd like
5 to see a hard look at whether or not all those highway
6 investments really do support the vision that the MPOs are
7 looking for in terms of smarter growth.

8 So we urge you to continue working with the MPOs
9 over the course of the coming weeks and months to push in
10 terms of what more can be done and to utilize those
11 independent experts you have at the U.C. system to help
12 verify some of the concerns around the post-processing and
13 the models to make sure we're really accurately looking at
14 what is achievable.

15 And the last thing I'll say is just to reiterate
16 the comments around 2035. We can't take a step backwards.
17 We need to move forward, going forward. And we urge you
18 to adopt the highest possible targets for 2035 that will
19 really push the decisions that are made over the next
20 decade.

21 So thanks very much.

22 CHAIRPERSON NICHOLS: Thank you.

23 Gloria Ohland, followed by Dennis Zane, and Terry
24 Preston.

25 MS. OHLAND: Good afternoon, Board members and

1 Chairman Nichols.

2 I would just say ditto, except there's the matter
3 of that \$300 airplane ticket that got me here from Los
4 Angeles and all those greenhouse gases that I emitted on
5 the way up. So I will be very brief.

6 I work for a number of national nonprofit
7 organizations promoting transit and promoting development
8 around transit for many years and worked a lot in the
9 national arena. And I've always been a little embarrassed
10 about being from southern California, because we're known
11 to be a little bit slow in this area and actually kind of
12 a laughing stock in some circles.

13 But now with passage of Measure R in 2008 and the
14 fact that we've raised \$30 billion for transit and the
15 fact that with the 3010 plan we're trying to build all
16 that transit in ten years, I feel like we're roaring back
17 into national prominence and we're not a laughing stock
18 anymore.

19 And very similarly, I feel that it's been
20 interesting working with several nonprofit organizations
21 on SB 35. It's been interesting to me there is such
22 widespread support for sustainability in southern
23 California. However, it's best if this is not talked
24 about in terms of greenhouse gas reductions in some
25 counties. And this is partly because SCAG has done such a

1 good job of promoting smart growth strategies through the
2 compass blueprint demonstrations program and showcasing
3 the things at the cities that have been successful.

4 I believe it's because the writing has been on
5 the wall. The gulf oil spill is the most recent evidence
6 that business as usual doesn't work anymore. It's kind of
7 like in dance or yoga, we need to come back to center and
8 reinvest and redevelop the communities we've already
9 built. And I think that's what SB 375 is really about.
10 It's really about aligning transportation investments,
11 land use policies, and environmental goals most effective
12 and efficient use of resources.

13 And it's ironic that opponents say we should wait
14 until the recession is over to implement AB 32 and SB 375,
15 because I feel like these measures are actually the best
16 anti-recession medicine that we have.

17 And so I urge you, in closing, to be as
18 aggressive as you can be, as we can be, because SB 375 I
19 think is really not about greenhouse gas emissions. It's
20 all about the co-benefits. And it seems to me this
21 regional planning exercise has been an extremely important
22 exercise.

23 CHAIRPERSON NICHOLS: Thank you.

24 Mr. Zane.

25 MR. ZANE: Good afternoon. Dennis Zane, I'm the

1 director of Move L.A. Move L.A. was an organization that
2 convened of business, labor, environmental coalition to
3 instigate Measure R in Los Angeles County and the champion
4 it. I have balloted and championed the 3010 plan
5 subsequently.

6 I want to recall my experience about 25 years ago
7 where, as an elected official in the city of Santa Monica,
8 we undertook a planning process to revitalize our moribund
9 downtown.

10 About the same time, in Pasadena, there was a
11 similar planning effort taking place where strategies with
12 mixed-use development, compact development, pedestrian
13 orientation, and transit orientations were the fundamental
14 linchpins of revitalization strategies in communities.

15 Now we learn, 25 years later, that there are
16 co-benefits to our wise economic development decision.
17 And those co-benefits are environmental outcomes, both air
18 quality outcomes and greenhouse gas reductions. There is
19 important lessons to be learned. There are more than 90
20 communities in southern California that have learned the
21 lesson and have begun to implement for economic
22 development reasons the kind of strategies you're talking
23 about.

24 We should not be shy or timid about this effort.
25 This is in our economic best interest. It is also in the

1 best interest of our communities and our planet going
2 forward.

3 I also want to add my voice to those who think
4 that 2035 standards targets should, in fact, be very
5 forward-looking relative to 2020. We know from the
6 implementation of the Clean Air Act that one of our
7 central missions needs to be to overcome, and we have done
8 so successfully, the effects of growth in our region. We
9 do that by having strategies that push beyond the effects
10 of growth for real aggregate emission reductions. It's
11 not sufficient to have just per capita reductions. We
12 need genuine aggregate emission reductions if we, in fact,
13 are going to reverse the effects of climate change.
14 That's your charge.

15 I must say that I regard you with great envy.
16 Few people I think in this nation, perhaps in this world,
17 have the opportunity that you have to make such a profound
18 difference for the people who will live here on this
19 planet in the future.

20 Thank you for your service.

21 CHAIRPERSON NICHOLS: Thank you.

22 Terry Preston, Woody Hastings, Marsia Rimland.

23 MR. PRESTON: Thank you very much.

24 I'm Terry Preston with Walk Sacramento.

25 I'd like to echo the fellow who came before me.

1 I believe this is truly an historic point in life. You
2 don't realize -- or you may realize -- everyone is
3 watching California right. I've been to a number of
4 national conferences and the phrase blueprint, AB 32, SB
5 375 are being discussed, seeing how it works. It's being
6 considered as something which the nation as a whole may
7 look at as it's considered climate change legislation
8 right now. So this is a really truly historic point right
9 now, and I think we all should be happy that we can be a
10 part of it.

11 It's also very important that we do it right.
12 I'm struck in the discussion the distinction between
13 ambitious and what is achievable. A couple years ago, AB
14 32 and SB 375, whoa, you have to be dreaming about that.
15 You only get to achieve something by being ambitious and
16 having the vision in the first place.

17 So in terms of looking at what is achievable, we
18 have to be thoughtful. We have to be well reasoned about
19 it. We also have to reach a little further than where we
20 think we are. Twenty years from now, we're going to look
21 back at this moment and go, can you believe how
22 conservative they were now? We have to dream and be
23 thoughtful about that, too.

24 We also have to keep in mind that as some of the
25 opponents are -- this is not about jobs versus green. I

1 believe that given a true -- a complete community will
2 also create jobs. Also will create great opportunities
3 for us. This is not radicle stuff. We already have a
4 state streets policy which is being implemented by
5 Caltrans right now. We have a State Complete Streets Act
6 which mandates complete streets healthier in communities
7 in our general plans as well.

8 So as we think about this, it's really just about
9 making the next logical step as to where we are right now.
10 And we all know this is just step one that we're going to
11 be moving further on this.

12 But again, I'd like to emphasize what my friend
13 Move L.A. said. This is a great time we should all be
14 excited to be part of. I look forward to working with you
15 and our local MPO in Sacramento as well in taking the next
16 step.

17 CHAIRPERSON NICHOLS: Okay. Thanks.

18 Woody Hastings.

19 MR. HASTINGS: Good afternoon. Thank you for the
20 opportunity to speak. This may be a little choppy,
21 because I have every other sentence or paragraph crossed
22 out here in response to your admonition.

23 My name is Woody Hastings. I'm representing
24 Clean Air Now, a Riverside, California based nonprofit
25 organization dedicated to advancing sound policies aimed

1 at improving air quality on a California statewide basis.
2 And we're working proudly with Move L.A. on advancing --
3 helping to advance implementation of AB 375.

4 Clean Air Now is a strong supporter of AB 32 and
5 SB 375, and we applaud the ARB and the MPOs in their
6 efforts to advance the implementation of these laws.

7 So I do urge you, as so many others have, to set
8 aggressive yet achievable targets under SB 375. Strong
9 implementation will help communities in the inland empire
10 and throughout the state by stimulating job growth and
11 economic recovery, improving air quality, saving tax
12 dollars, and making our communities healthier. So we do
13 urge the ARB to adopt ambitious targets that will put our
14 communities on a path to prosperity.

15 Clean Air Now does not believe that SB 375 will
16 burden small communities. And the MPOs do a lot of the
17 work. And they're already -- the communities are already
18 doing a lot of the work in the right direction. But it
19 will provide flexibility to meet their individual needs
20 and help accomplish existing goals in the communities.

21 Cities can benefit greatly by adopting proven
22 successful downtown revitalization programs that foster
23 more industrial and local amenities as well as mixed use
24 and higher density residential development. But it's not
25 just the sprawl that's the problem. It's the resources

1 required to create the sprawl and the damage that
2 extracting those resources inflicts.

3 In Riverside County, an enormous 311 acre quarry
4 1,000 feet deep and a mile wide is being proposed to meet
5 the demand for all the roads and road expansions currently
6 planned. The quarry will devastate significant habitat
7 and the quality of life in the surrounding area.

8 Finally, I want to emphasize, as others have, the
9 importance of setting ambitious targets for 2035, though
10 realistic. There will likely be a lot of wild cards along
11 the way to 2035, but I think if we can find that sweet
12 spot, that Goldilocks effect I think Barry Wallerstein
13 talked about, that's really what we should be working
14 strongly to achieve.

15 Thank you very much.

16 CHAIRPERSON NICHOLS: Thank you.

17 Marsia Rimland, Bob Johnson, Andy Katz.

18 MS. RIMLAND: Good afternoon, Madam Chair and
19 members of the Board.

20 My name is Marisa Rimland representing the Public
21 Health Institute. I'll keep my comments brief and speak
22 quickly.

23 We believe it's paramount that CARB adopt
24 ambitious regional greenhouse gas reduction targets that
25 make use of the array of tools local government possess to

1 get people out of their cars and reduce the amount of air
2 pollution in our communities. Walkable neighborhoods
3 enable increased physical activities and go far towards
4 combating obesity and associated chronic disease by
5 creating opportunities for a more active lifestyle. And,
6 of course, they reduce the amount of air pollution we put
7 into the air. This improved air quality will help to
8 reduce respiratory illnesses such as asthma, prevalent
9 among children in disadvantaged communities in California.

10 California needs ambitious regional targets to
11 incentivize compact mixed use and mixed income development
12 that supports active lifestyles, and we ask CARB to
13 propose those strong targets. Thank you.

14 CHAIRPERSON NICHOLS: Thank you.

15 Bob Johnson.

16 MR. JOHNSON: Chairman Nichols and Board members,
17 thank you for your strength sitting here for hours.

18 CHAIRPERSON NICHOLS: It's a qualification for
19 the job.

20 MR. JOHNSON: I'm going to take less than a
21 minute, contrary to my profession. I'm a professor at
22 U.C. Davis. I've worked in the research group that is
23 building the statewide land use model and the new
24 statewide travel model. We've worked with the large four
25 MPOs on their land use models that will come into use in a

1 year or two and I believe every case and also with the San
2 Joaquin Valley counties with their travel models and their
3 land use models.

4 I want to speak just to the process. I believe
5 at this point in time the process that the Air Board and
6 the MPOs utilize is more important than the actual
7 targets. Later, that will change. I would like to see --
8 I'm addressing the staff here primarily, but also Gordon,
9 Gary, since they've been the chief organizer of getting
10 the MPOs to coordinate their scenario definition and model
11 outputs.

12 I think we need two things. One, we need broader
13 scenarios to be looked at. This has been observed by some
14 people that proceeded me. Specifically, I would like to
15 see no new highway expansion correctly modeled. In my
16 work with urban models and with transportation models has
17 shown that expanding road capacity cripples transit
18 systems. Every time you add a few hundred miles of HOV
19 lanes, you just defer the day in which your transit system
20 is effected by 10 or 20 years. So properly run travel
21 models will show, I believe, that congestion is the friend
22 of transit, and as opposed to something I heard today,
23 congestion. Well, congestion reduces trip lengths. I
24 don't think it probably doesn't increase greenhouse gas
25 per household of higher levels of congestion. Definitely

1 incentivizes the use of transit, as in Europe.

2 Second, on the model outputs, the chief one I see
3 missing, it's the major co-benefit that MPOs I think
4 should be concerned with is travel costs. I hold up here
5 the model, the SACOG work that was done in their blueprint
6 and in their recent modeling in the last few months for
7 target setting. Specifically, I would like to see all the
8 MPOs produce their travel cost number and their
9 infrastructure expansion cost numbers. These would be
10 very therapeutic in terms of how the MPO boards and the
11 citizens in each region perceive these scenarios.

12 So I argue for in the next couple of months a
13 broader set of scenarios to be evaluated and a broader set
14 of outputs to be requested by the Air Board staff.

15 Thank you.

16 CHAIRPERSON NICHOLS: Thank you.

17 Andy Katz, Connie Gallippi, Graham Brownstein,
18 and Michael Endicott, and that will be the end.

19 MR. KATZ: Good evening, Chairman Nichols and
20 Board.

21 I'll start off ditto.

22 Andy Katz representing Breathe California.

23 We need the most ambitious targets possible. I'm
24 an attorney, and I have a Master's in city planning which
25 is why I read with great excitement the letter from

1 Climate Plan written by Osherman Hathoway and Marshall. I
2 would strongly encourage the Board and the staff to review
3 the letter and direct staff to address this letter,
4 because this letter details the reasons why the draft
5 targets are likely not the most ambitious and achievable.
6 The targets that you have -- the draft targets are based
7 on models. It's very much about the inputs to these
8 models.

9 I'd like to encourage the Board to direct staff
10 to review this letter and meaningfully integrate the
11 factors into the target-setting process. Just to call out
12 three main reasons why this letter is important that
13 illustrate what this letter is helpful to the Board in
14 setting these targets. First, talk about highway
15 expansion. There are decisions to expand highways by a
16 very, very high amount in certain regions. And I would
17 like to say trying to plug an oil spill while the drill is
18 still running, it's really that serious.

19 There's also the growth distribution. Forty
20 percent of the SCAG growth is in the Imperial Valley
21 according to the analysis done. It's important that we
22 actually have released the data, the land use geographic
23 data so that ARB and the public can determine is this
24 actually the most achievable. A huge part of SB 375 is
25 transforming the way our communities and the regions are

1 designed. We need that data available to the public.

2 Lastly, the models underestimate the TDM efforts,
3 the transportation demand management efforts, that are
4 already occurring. It's important that that be
5 reconciled. So with that, I will encourage the Board to
6 direct staff to take this into consideration in the final
7 targets.

8 Thank you.

9 CHAIRPERSON NICHOLS: Okay. Thanks.

10 Connie Gallippi, Graham Brownstein, Michael
11 Endicott, and someone fell off the list, John Ellison.
12 And that really is it.

13 MS. GALLIPPI: Good afternoon, Madam Chairman and
14 members of the Board. I'll be extremely brief.

15 Connie Gallippi on behalf of the Nature
16 Conservancy.

17 Ditto on the encouragement for adapting the most
18 ambitious targets, especially for 2035. Coming from the
19 Nature Conservancy, we'd also like to encourage that
20 performance measures for the co-benefits of SB 375,
21 especially the preservation of natural resources and
22 landscapes be considered, and that quantifiable metrics
23 for those co-benefits be developed so they can be
24 incorporated into the models for the 375 scenarios in
25 order to compare the trade-offs between the different

1 scenarios.

2 A letter was submitted by the Nature Conservancy
3 as well as many other organizations yesterday. There was
4 a lot of detail in that letter, so I won't go into that
5 now about specific examples of metrics and models that are
6 out there currently.

7 Thank you very much.

8 CHAIRPERSON NICHOLS: Thank you.

9 Graham Brownstein, Michael Endicott, John
10 Ellison.

11 MR. BROWNSTEIN: Chairman Nichols and ARB
12 directors, my name is Graham Brownstein. I'm the new
13 state policy director for Transform. And I'm testifying
14 today on behalf of Stewart Cohen, my boss, the Transform
15 Executive Director, and also a member of the Regional
16 Targets Advisory Committee.

17 And I've cut my comments way down.

18 We all recognize the fiscal challenges facing
19 cities and counties and MPOs. Supervisor Roberts spoke
20 eloquently about this issue in his remarks earlier.

21 In addition to ambitious greenhouse gas reduction
22 targets, we absolutely need additional funding for
23 regional planning and infrastructure investments. But we
24 must not use the current fiscal challenges as an excuse to
25 weaken or limit SB 375's potential. Quite the contrary.

1 We need to establish ambitious targets as part and parcel
2 of the effort to secure sufficient additional funding for
3 planning and infrastructure.

4 Transform and a diverse coalition of allies are
5 working right now to restore and expand State and federal
6 funding for smart coordinated land use and transportation
7 planning, as well as funding for the most critical
8 infrastructure investments.

9 At the state level, we are supporting a bill
10 which will increase funding for SB 375 implementation
11 within each MPO region. And we're supporting a State
12 policy proposal that will give the MPOs authority to adopt
13 a fee on fuel consumed within the region with a majority
14 voter approval in the region, the revenues from which will
15 fund critical local infrastructure investment including
16 transit operations, importantly.

17 At the federal level, we are supporting two
18 billion dollars in emergency transit operations funding
19 that would backfill the recent cuts.

20 We're also working to build support for increased
21 federal funding for public transportation in the proposed
22 climate and energy legislation in the upcoming new
23 multi-year transportation funding bill. Your involvement
24 in these political and policy efforts really could mean
25 the difference between success and failure in securing the

1 needed funds.

2 So we invite your aggressive involvement not just
3 in setting targets, but in getting policies in place that
4 restore and expand the funding for these efforts.

5 With regard to the four large MPOs, we want to
6 applaud all of them for agreeing to continue to work on
7 additional scenarios and improve their modeling tools to
8 better inform what will be ambitious and achievable. All
9 of the MPOs need to be more ambitious with regard to the
10 targets for 2035. We heard that repeatedly here today.
11 With approximately two percent of the current housing
12 stock being replaced each year on average, by 2050, a
13 significant portion of the housing stock will have been
14 replaced. And with the demographic shifts that were noted
15 in the staff presentation earlier, the projections are
16 very reasonably that -- thank you so much.

17 CHAIRPERSON NICHOLS: That's it. Being a policy
18 director means being cut off. Just when you're getting to
19 the meat of it. Thank you.

20 Michael Endicott and then John Ellison, wherever
21 he may be.

22 MR. ENDICOTT: Michael Endicott, Sierra Club,
23 California.

24 Good afternoon, Madam Chair and the rest of the
25 Board members.

1 I ditto what Andy Katz and Amanda Eaken said. I
2 want to quickly say to remember that it is important what
3 you do here, both in what you say and how you make your
4 findings. So I just want to do the big picture piece. We
5 are pushing for funding for you and the MPOs and the
6 planning which is so important, like in the bills SB 1445
7 by De Saulnier. But also you're looking at a very
8 long-term project that is ambitious that goes all the way
9 out to 2035. So be very careful and mindful of how you
10 use the language of what you consider politically
11 possible, expedient right now, and also into the future.
12 And also figure out in that language how you're going to
13 create and keep the dynamism of review and progress, not
14 only as you set the targets right now, but how are you
15 going to review them in four years, eight years, twelve
16 years down the road.

17 Thank you very much.

18 CHAIRPERSON NICHOLS: I'd just like to say on
19 behalf of the Air Resources Board that one thing I think
20 we're very good at is keeping people at the table. People
21 don't give up on us.

22 MR. ELLISON: I'm John Ellison from the
23 Environmental Council of Sacramento, co-chair of
24 Transportation, Air Quality and Climate Change Committee.

25 My request is in setting these targets -- a lot

1 of dittos -- don't be short-sighted. In the name of
2 today's economy, don't settle for what's achievable or
3 politic.

4 Like me, many of you are not going to be around,
5 at least in this capacity, in 25 years. But as speakers
6 before me say, we have the opportunity -- you have the
7 opportunity to make a difference for our grandchildren and
8 their children. So please don't be short-sighted and set
9 ambitious targets.

10 Thank you.

11 CHAIRPERSON NICHOLS: Thank you.

12 I think any goal that's set for 2035 is by its
13 nature a little bit of a crystal ball. But I think we
14 understand that one of the challenges we face is simply an
15 information challenge as well as limits to our ability to
16 know things that far off into the future. So we have to
17 constantly be trying to make sure that we are keeping
18 people, not just talking, but actually working towards the
19 goal.

20 And I think that's where the staff is headed with
21 this. As they said earlier, they're pretty confident in
22 what they can do for 2020. I think we've heard a lot of
23 consensus around those numbers, good, because it's not
24 that far off. For 2035, whatever we come out with will
25 inevidently be a guess. Hopefully an educated guess, but

1 it will have to be very clear that it's subject to
2 revision based on what appears to be a very intense and
3 very good faith effort that's going on in the communities.

4 I think if I may take just a moment here. When I
5 started my career as an environmental lawyer suing
6 Caltrans to stop a freeway project -- that was what we
7 were doing in those days as environmentalists. And we
8 succeeded for 17 years. And what we ended up with was a
9 better freeway with a light rail system down the middle of
10 it and some housing for people whose homes were taken as a
11 result of it.

12 I don't think to this day we've ever succeeded in
13 convincing the transportation community that building
14 roads actually creates traffic. This is a debate that
15 will probably go on forever. But at least we now have
16 people working together in a very collaborative way to try
17 to meld a bunch of different objectives and do it in a way
18 that really is a win for everybody, looking at housing,
19 looking at transportation and land use, and now with
20 greenhouse gases in the mix.

21 ARB is the new kid on the block and SB 375 is a
22 new tool. But we know we're not going to get there
23 without a lot of cooperation and collaboration. And I'm
24 very grateful for all of the support and help that we've
25 received on this. And if we're fortunate enough to

1 survive, then we'll keep on doing it.

2 If there are any last words, we'll hear them now.

3 If not, I think we need a break for about five minutes
4 just to re-group and for people to have a chance to go to
5 the rest room.

6 Would you like to say anything in conclusion?

7 I'm sorry. You look like you were ready.

8 BOARD MEMBER ROBERTS: Madam Chair, I'm thinking
9 back to our own planning when we had goals and ambitious
10 goals. And at any given time you have a black box, you
11 don't know how you're going to fill it, but you had hopes
12 you were going to fill it. Because continually the world
13 is changing and the options available to us that weren't
14 known, I'll tell you, when I first started on this Board
15 16 years ago. And we've been able to progressively
16 accomplish things each year.

17 One of the speakers said maybe process is more
18 important than goals. I think there's an awful lot of
19 truth in that.

20 I hope what we've learned and what we've been
21 successful maybe as applied to this in that we don't ask
22 people to come in here with such specific goals as to how
23 they're going to get there and crank them down so you have
24 to have congestion pricing and all these things to have
25 every last inch of it covered, rather than accept that's

1 the goal. And maybe part of it is unfilled. And we'll
2 work on filling it between now -- 2035 is a long time off.
3 And 2050 is more than a lifetime away. I was interested
4 to find those figures came from 2050. And I guess we can
5 make projections on 2099, too. They'd would be worthless,
6 but we can make those projections.

7 2020, I think we're in pretty good shape. And I
8 think we will achieve a lot of what we want, maybe all of
9 what we want by 2035. But I think we have to be flexible
10 too in the way that we look at these plans. And I hope
11 that that is the way it's going to unroll and unravel and
12 evolve.

13 I was with Gary Gallegos earlier this week. He
14 had to leave to be before the Editorial Board of our own
15 local newspaper soliciting their support on a major
16 expansion of our light rail system. It's a \$1.2 billion
17 addition. We're very much into these things. And we're
18 going to continue to be. And it doesn't make a
19 differences whether there is an AB 375 or not. We're
20 going to continue to do those things. We'll probably do
21 it a little better because of AB 375, but I hope we do it
22 in a way that the Air Board is cooperative with the local
23 agencies. And I think that's happened so far. And I just
24 want to encourage that, and I want to encourage the
25 flexibility that we have in our own planning to be

1 available to these organizations and their planning.

2 CHAIRPERSON NICHOLS: Good point.

3 Ms. D'Adamo.

4 BOARD MEMBER D'ADAMO: Earlier today, I held off
5 on saying anything about this just because we were
6 dragging on so long before we got to the witnesses. And I
7 had hoped there would be somebody that would raise this
8 issue. But since it hasn't come up, I'm just really
9 concerned about the Valley. We are way far off compared
10 to the other regions.

11 And I think Andy did a very good job highlighting
12 some of the challenges with -- he focused on unemployment.
13 But we have such significant issues of poverty in the
14 Valley that it doesn't just get down to money. It gets
15 down to challenges with political will. Very few counties
16 in the Valley are self-help counties.

17 So as other regions of the state progress, I fear
18 that the Valley is going to lag behind even further,
19 unless we figure out a way. Staff and the State, they're
20 not going to be able to pull it off on their own.

21 I know we don't have the time today. Lynn and I
22 talked about this earlier. I know staff is going to
23 really try to hunker down on this issue. But I just want
24 to mention it for my other colleagues here on the Board
25 that especially when you see that some of the scenarios

1 even include an increase for some of the Valley counties,
2 we have a long way to go there.

3 CHAIRPERSON NICHOLS: Well, I think your point is
4 well taken. The Valley is always the example that we use
5 of the place where there is perhaps an opportunity to
6 avoid some of the problems that have occurred in other
7 areas, because there is still so much growth going on. So
8 I hope that the fact that they're not one of the big four
9 doesn't mean they're not getting the attention they
10 deserve.

11 BOARD MEMBER D'ADAMO: Well, I think so much of
12 it is there's other issues. People are focused on jobs,
13 foreclosures. This is the last thing they're thinking
14 about. But it is sort of a laboratory. There's so --
15 it's almost like the wild west. There's so much that we
16 could go in one direction or the area. And so I think
17 what it's going to take -- I feel like I need to spend
18 more time on this. And maybe if we could have a separate
19 off-line discussion, see what we can do. Obviously, it
20 has to come from within the planning organizations in the
21 Valley, but maybe we can provide some additional staff
22 assistance.

23 CHAIRPERSON NICHOLS: One area where the Valley
24 has been strong in the past, at least some elements, has
25 been coordinating their efforts to get federal assistance

1 to do studies and to get technical support. This is one
2 of those areas where everybody says there is a need for
3 better tools. So that might be one of the things that we
4 could help with. That would be great. Thank you.

5 Speaking for myself, I think it is just barely
6 possible that I could be here in 2050 still voting, and
7 I'm going to do my very best.

8 So we'll take a break and be back in about five
9 minutes.

10 (Thereupon a recess was taken.)

11 CHAIRPERSON NICHOLS: Next on the agenda is Prop.
12 1B grants to local agencies for projects to reduce diesel
13 emissions from goods movement activities.

14 The Goods Movement Emissions Reduction Program
15 provides grants to local agencies that offer incentives to
16 owners of diesel freight equipment to upgrade to cleaner
17 technologies. This program is allocated \$250 million to
18 date. Today, we will consider a two-phase approach to
19 award the next several installments of funds totaling \$500
20 million.

21 We appreciate the confidence that the
22 administration has in this program as a priority for bond
23 money. It's helped us to go to the head of the queue when
24 it came to bond sales even during very difficult times for
25 this state's budget.

1 These goods movement incentives bring both public
2 health benefits and economic stimulus benefits when the
3 funding helps thousands of business owners clean up their
4 diesel equipment ahead of ARB regulations. This financial
5 assistance helps create and retain California jobs, while
6 supporting businesses that design, sell, and install green
7 products here in California.

8 Mr. Goldstene, will you please introduce this
9 item?

10 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
11 Nichols.

12 Our local agency partners have worked diligently
13 to implement projects with the initial \$250 million
14 awarded in May 2008.

15 As you mentioned, today's proposal is designed to
16 address the allocation of the next installment of funds.
17 We're proposing that the funds be allocated in two phases.
18 Over the last two years, the State budget appropriated a
19 total of \$500 million for this program. ARB staff is
20 proposing to reserve up to 25 million for internal
21 administrative costs with any unneeded funds redirected to
22 existing grants. This leaves \$475 million for the Board
23 to allocate.

24 Last month, local and State agencies submitted
25 applications for over one billion dollars in projects to

1 be funded with the 475 million.

2 In Phase I, the Board can award the \$200 million
3 in bond cash we have on hand now. These projects can get
4 started quickly in July.

5 In Phase 2, there is the remaining \$275 million
6 from the appropriation, but no bond cash available yet.

7 According to a schedule issued by the Department
8 of Finance, most of these remaining programs are scheduled
9 to be raised through bond sales planned for spring 2011.
10 To provide some longer term direction for the program,
11 staff is asking the Board to consider tentative or
12 preliminary allocations of \$275 million in Phase 2 moneys
13 today. The Board would then finalize the Phase 2 awards
14 at another public hearing in 2011 when the cash from bond
15 sales becomes available.

16 Staff's recommendations on which projects should
17 be funded and at what levels are consistent with the
18 updated program guidelines and funding priorities that the
19 Board adopted in March. Truck projects would receive the
20 majority of the combined funding in Phase 1 and Phase 2,
21 followed by ships at berth and locomotives.

22 The staff proposal recommends front-loading much
23 of the funding for ships in Phase I so the design and
24 construction of shore-based electrical power for ships can
25 be completed before the compliance deadline in January

1 2014.

2 Now I'd like to introduce Ms. Barbara Van Gee of
3 the Stationary Source Division to begin the staff
4 presentation.

5 Barbara.

6 (Thereupon an overhead presentation was
7 presented as follows.)

8 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

9 Thank you, Mr. Goldstene. Good afternoon, Chairman
10 Nichols and members of the Board.

11 I'm going to try to cut to the chase on this and
12 be as brief as possible. So some of the slides we'll go
13 through quite quickly, and I'll just try to highlight the
14 main things.

15 Next slide.

16 --o0o--

17 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

18 Mr. Goldstene covered these two, so we can move along to
19 the next one actually as well.

20 --o0o--

21 --o0o--

22 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

23 The State budget, as Mr. Goldstene mentioned, that they
24 appropriated two installments totaling 500 million. In
25 response to the State policy for bond-funded programs,

1 we're recommending that the Board allocate to funds in the
2 two phases that were mentioned earlier.

3 --o0o--

4 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

5 We recommend reserving the maximum five percent of 25
6 million for ARB administration for now for the following
7 reasons. These funds need to cover multiple years of ARB
8 staff and contract costs typically one and a half percent
9 annually. We also need funds to pay Department of Finance
10 and Bureau of State Audits to audit this program. We
11 don't know what these charges will be yet.

12 ARB staff has proposed to use Prop. 1B funds to
13 implement a Truck Loan Assistance Program. Our increased
14 cost to do so will likely need to come out of these same
15 administrative funds.

16 ARB staff is also exploring the possibility with
17 the Air Districts to develop a one-stop assistance center
18 for truckers to get information on ARB requirements,
19 available technologies, and funds. To allow for this
20 possibility, we need to reserve substantial funds in
21 excess of the annual baseline.

22 If ARB opts to pursue other means of outreach or
23 secure other funding sources, we propose that the
24 Executive Officer redirect the unneeded ARB admin funds to
25 truck grants in each corridor in proportion to each

1 corridor's funding percentage.

2 I'd like to note the available Phase 1 bond cash
3 cover the first ten million of this 25 million total.
4 That ten million covers ARB staffing and contracts for the
5 next few years, plus about two million for audits and
6 trucker assistance centers. The remaining 15 million will
7 need to come from future bond sales, and we will update
8 the staff recommendation how much should be retained for
9 ARB administration when we return to the Board next year.

10 --o0o--

11 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

12 We issued a Notice of Funding Availability in April. In
13 response, local and State agencies submitted applications
14 for 15 grants requesting over one billion to upgrade about
15 16,000 pieces of equipment.

16 I'll now describe the process ARB staff used to
17 develop the funding recommendations and then identify the
18 specific recommendations for each trade corridor.

19 --o0o--

20 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

21 To develop the recommendation for funding, we considered
22 the funding targets adopted by the Board for each category
23 of sources and each trade corridor and the Board's
24 priorities for funding trucks, locomotives, and ships at
25 berth in this round.

1 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:
2 Obtaining financing to supplement grants has proven to be
3 a barrier for independent owner-operators and smaller
4 trucking fleets that have less access to capital loans.
5 Funds for the program must come from taxable bonds which
6 ARB will work with the State and the Treasurer's office to
7 sell in spring 2011.

8 In the interim, ARB staff will develop the
9 specifics of the program in a public process

10 --o0o--

11 --o0o--

12 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:
13 After consulting with the district and all of the ports
14 involved, staff is recommendIng that the Board award a
15 single grant to the South Coast district to cover shore
16 power needs at all three ports within this trade corridor.

17 --o0o--

18 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:
19 The majority of the Phase I funding in this corridor,
20 about 61 million, would be available for ships at berth
21 and cargo equipment projects. We are proposing that the
22 majority of locomotive funding be deferred to Phase 2 to
23 take advantage of cleaner technologies expected to be
24 available in the time frame to spend the Phase 2 moneys.

25 The remaining funds, a total of 141 million,

1 would be used to upgrade diesel trucks with about
2 one-third of those funds available in Phase I.

3 --o0o--

4 --o0o--

5 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

6 To develop our recommendation for this corridor, we looked
7 at the staffing resources and readiness of both Air
8 Districts to implement new truck grants this summer versus
9 starting grants next year with Phase 2 funds. Truck
10 grants are the most resource-intensive for the local
11 agencies to administer.

12 Both Air Districts have a small number of
13 incentive program staff and substantial work remaining to
14 implement their existing truck grants under Prop. 1B.
15 Based on the rate of progress over the past year and
16 current staffing levels, ARB staff believes the two Air
17 Districts are not ready to take on a significant amount of
18 new funds. Staff is proposing that the Board make small
19 awards in Phase I with the balance of funding allocated to
20 be funded in Phase 2.

21 --o0o--

22 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

23 We recommend fully funding San Diego's application for
24 commercial harbor craft for 500,000 with remaining moneys
25 going to truck projects.

1 Based on our evaluation, staff is recommending
2 the Board partially fund the Imperial District's truck
3 proposal with three million in Phase I and defer the
4 remainder of the truck funds to Phase 2.

5 We are recommending that 8.5 million in Phase I
6 funds be temporarily redirected from the corridor to the
7 San Joaquin Valley District to accelerate truck projects,
8 which is consistent with the statutory direction that ARB
9 allocate funds to projects that can quickly reduce
10 emissions and health risk.

11 The San Diego border corridor would receive a
12 proportionately larger share in Phase 2 funding to restore
13 the region's funding to the target levels.

14 --o0o--

15 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:
16 As we mentioned earlier, ARB staff is recommending all of
17 the temporarily redirected funds go to the San Joaquin
18 Valley. These funds will not increase the overall
19 allocation to the central Valley corridor. This pragmatic
20 recommendation is based on our assessment of readiness.
21 We looked at where each district is in implementing its
22 prior truck grants under Prop. 1B and when they'd be ready
23 to take on new work.

24 The San Joaquin Valley district is nearing
25 completion of its existing 40 million truck grant under

1 Prop. 1B and will be ready to start a new cycle this
2 summer. It effectively implemented its current Prop. 1B
3 truck grant, including successful outreach to independent
4 owner-operators and small trucking fleets that operate in
5 the Valley, regardless of where those trucks are based.

6 --o0o--

7 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

8 We are proposing partial funding for each of the projects
9 submitted by the Air Districts, as both districts have run
10 successful truck programs. The Board would assess the
11 progress of each agency next year to determine how the
12 Phase 2 truck funding would be allocated.

13 Staff is recommending that the locomotives be
14 funded entirely in Phase 2 to take advantage of the
15 cleaner technology that is expected to be available over
16 the next two to three years.

17 --o0o--

18 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

19 This slide compares the local agencies' requests and our
20 proposal for overall funding based on the trade corridor
21 funding targets. To make our recommendations consistent
22 with the funding level of 59.5 million, we had to reduce
23 the total request.

24 ARB staff consulted with the Bay Area District on
25 how to cut the requested funding down to match the

1 available funding. The district concurred it was
2 appropriate to reduce the size of the requested award for
3 all three types of projects and to maintain all three
4 projects, since they are all effective at reducing the
5 health risk for residents of the entire Bay Area regions.

6 --o0o--

7 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

8 We recommend front-loading the funding for ships at berth
9 and cargo equipment with more than 70 percent of the
10 allocation in Phase 1. This would accommodate the long
11 project schedules to design and install grid-based power
12 for ships and advance the compliance deadline in ARB's
13 rule. The majority of the truck funds and all the
14 locomotive funds would come in Phase 2.

15 --o0o--

16 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

17 Grants for ships at berth will typically co-fund the land
18 side costs of installing grid-based electrical power for
19 ships. These are multi-year design and build projects.
20 These projects have two deadlines, regulatory and
21 expenditure. These projects must be finished prior to the
22 January 1st, 2014, compliance deadline in ARB's
23 regulation. The second deadline is on the grant side.
24 ARB must set aside the cash for the projects up front
25 before the work begins. Once a contract is signed, the

1 would be achieved by the combination of projects covered
2 under the preliminary funding recommendations. You don't
3 see the same proportion of PM and NOx reductions per
4 dollar in the L.A. corridor as in the central Valley
5 corridor because the mix of projects is different. For
6 example, the ratio of PM versus NOx for truck projects is
7 distinct for the ratio for shore-power projects for ships.

8 --o0o--

9 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

10 The port of Oakland is asking that the Bay Area receive a
11 full request of 39 million for ships at berth projects in
12 Phase I. That funding request exceeds the Phase I total
13 for the corridor.

14 Meeting the port's request in Phase I and Phase 2
15 combined can only happen by diverting funding from truck
16 projects that can significantly reduce associated health
17 risk throughout the Bay Area. The recommendations for
18 Phase I and 2 allocate 60 percent of the funding
19 requested.

20 The Bay Area district is proposing to provide up
21 to \$5 million in local funds for Bay Area ports to
22 supplement Proposition 1B funds for shore power, raising
23 the incentive total to 29 million compared to the 39
24 million requested.

25 The San Diego District, the port of San Diego,

1 and local community groups requested that the San Diego
2 district receive truck funding in Phase I. I've already
3 described why we are recommending that those funds be
4 deferred to Phase 2. I would note that the comment
5 letters on this issue reference a need for funding to
6 upgrade trucks at the port of San Diego. However, trucks
7 are no longer eligible for incentive funding to comply
8 with the January 1st, 2010, Phase I deadline of the
9 drayage truck regulation.

10 --o0o--

11 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

12 This slide shows the cumulative program allocations for
13 the full 750 million appropriated to date with
14 staff-proposed recommendations for action today. It
15 confirms that each corridor is receiving its allocated
16 share of funding.

17 --o0o--

18 GOODS MOVEMENT PROGRAMS SECTION MANAGER VAN GEE:

19 Staff recommends that the Board adopt Resolution 10-27.
20 This resolution identifies local agency projects for Phase
21 I, tentative allocations for Phase 2, as well as the
22 provisions for back-up projects that I discussed earlier.

23 And it also directs staff to develop supplemental
24 procedures for shore power projects to ensure that we meet
25 regulatory and expenditure deadlines.

1 Thank you. And we'd be happy to answer any
2 questions you may have.

3 CHAIRPERSON NICHOLS: Can we go directly to the
4 witness list?

5 BOARD MEMBER LOVERIDGE: Mary, I would like to
6 ask three quick questions. The San Diego deferral, is
7 that --

8 BOARD MEMBER ROBERTS: I was not going to comment
9 to save time. It's not acceptable. We're going to have
10 testimony on that.

11 CHAIRPERSON NICHOLS: There is a proposal to
12 change that, which we will consider.

13 BOARD MEMBER LOVERIDGE: Readiness strikes me as
14 a soft concept. We'll talk about that later.

15 I just ponder if we're going to reallocate money,
16 why don't we use the formula on slide eight? So we can
17 come back to that.

18 CHAIRPERSON NICHOLS: Good questions.

19 I have a proposal to take money away from every
20 district and reallocate it to another district in equal
21 amounts. I think that could solve many of the problems
22 that we have to deal with here.

23 Okay. Michael Villegas, Fred Minassian, Seyed
24 Sedredin.

25 MR. VILLEGAS: Chair Nichols, members of the

1 Board, I'm Mike Villegas, Air Pollution Control Officer
2 for Ventura County.

3 We are pleased to support ARB staff
4 recommendations for allocation of these Proposition 1B
5 funds. We're especially pleased to see that \$61.3 million
6 have been set aside for funding to address shore power
7 needs for the ports of Los Angeles, Long Beach, and
8 Hueneme.

9 I'm going to touch on the benefits at the port of
10 Hueneme. First off, Ventura County is not in attainment
11 for the federal state ozone standard. This is going to
12 result in significant nitrogen oxide reductions and be a
13 big step towards attainment for the our district.

14 Further, on the diesel particulate side, one
15 thing I need to point out is there are not overhead cranes
16 at the port of Hueneme. These refrigerated vessels use
17 auxiliary engines to power their ship cranes to off-load
18 the cargo. This goes on for three days. The nearest
19 residence to the berths where we are proposing for
20 electrification are less than 400 meters.

21 With that, I'd like to support staff's
22 recommendation.

23 CHAIRPERSON NICHOLS: Thank you very much.
24 Fred Minassian, and Seyed Sedredin.

25 MR. MINASSIAN: Madam Chair, members of the

1 Board, good afternoon.

2 I'm Fred Minassian, Technology Implementation
3 Manager at the South Coast AQMD.

4 Our agency supports the staff's proposed project
5 categories with a minimum allocation of 55 percent of the
6 funds to the Los Angeles/Inland Empire trade corridor.

7 I would like to make the following comments
8 regarding your staff's proposal which were expressed in a
9 letter to Chairman Nichols from our Chairman Dr. Berg
10 dated June 15th, 2010.

11 First, the grant agreement between CARB and the
12 receiving agency should allow that in the event funds
13 allocated for a specific project category cannot be fully
14 committed in the first year, then those funds may be used
15 for other project categories granted by CARB within the
16 same trade corridor.

17 Second, in the Phase 2 segment of the program,
18 \$50 million set aside for the truck loan program. We
19 believe the continued availability of AB 118 funds for a
20 similar program, the distribution of the \$50 million to
21 implement that specific projects in accordance with your
22 Board-adopted allocation for each corridor would be more
23 effective. However, should you maintain the \$50 million
24 for the Truck Loan Program, we trust that at least 55
25 percent of the funds be reserved for loan programs within

1 our corridor.

2 Our last comment is regarding the \$8 1/2 million
3 that is proposed to be traded to Central Valley corridor
4 from San Diego/Border. Although it's proposed to redirect
5 back in Phase 2, we believe these funds should not be
6 directed to Central Valley Corridor in Phase I. CARB's
7 own recently published report indicates an increase in
8 average truck mileage in all trade corridors but San
9 Joaquin Valley. Your own guidelines also states that
10 through truck traffic also benefits neighboring regions.

11 We have 3,000 applications ready to go for
12 trucks. It translates to \$150 million. So should you
13 redirect the \$8 1/2 million, we request that it should be
14 distributed according to your own adopted policy,
15 allocating 55 percent to our region.

16 CHAIRPERSON NICHOLS: Thanks.

17 Seyed Sedredin, Bob Kard.

18 MR. SEDREDIN: Good evening, Madam Chair, members
19 of the Board.

20 I'll try to cover key items very quickly in the
21 two minutes.

22 First, in terms of the inventory that Fred just
23 mentioned, there is a misnomer out there that inventory
24 actually went down for San Joaquin. But that depends on
25 what frame of reference you use. It is correct the SIP

1 inventory went down for San Joaquin, but the inventory
2 that he used for the funding allocation which came up with
3 the 55/25 percent now shows a higher inventory for the
4 Valley. We're setting that issue aside for today. Just
5 for the record on that.

6 I want express my gratitude and appreciation to
7 the staff for the recommendation. We do support the
8 recommendation. And I think they did take a critical look
9 at the state of readiness of each program and really came
10 up with a recommendation that reflects that you don't want
11 to have the money go to a place where it's not ready to be
12 spent immediately. And we certainly don't want to have to
13 send the money back to the State Treasury and have the
14 Legislature in these tough economic times to send it back.

15 We do support the recommendation, because of that
16 redirect that is there. And to the extent that I see
17 there might be some opposition to that, I think you should
18 also then within the corridor -- within the Central Valley
19 corridor look at that formula, the 25 percent that was
20 coming to the Valley was entirely because of the needs --
21 almost entirely because of the needs of the Central
22 Valley.

23 We had three variables in that formula,
24 population, emissions, and the SIP needs. For population
25 in the Valley compared to Sacramento had 80 percent share

1 of that. For the SIP needs, it was 100 percent in San
2 Joaquin Valley for SIPS. And in terms of the emissions,
3 over 90 percent of that was from the Valley. So to the
4 extent that you decide to not redirect that funding in
5 Phase I, which is only a temporary reallocation, then you
6 should also take a look at that within the corridor
7 designations that you have to make.

8 I have one more point, but I'll skip it.

9 CHAIRPERSON NICHOLS: Thank you very much.

10 Appreciate that.

11 Bob Kard.

12 MR. KARD: Good evening, Chairman Nichols and
13 Board.

14 I'm Bob Kard, the Director, Air Pollution Control
15 Officer at the County of San Diego Air Pollution Control
16 District.

17 I'm here today to argue that we deserve the money
18 that was on the books that looked like it was headed our
19 way but now South Coast and San Joaquin seem to be arguing
20 over.

21 With regard to that 8.5 million we would not see
22 within the San Diego/Border trade corridor, we would like
23 to encourage the Board to provide money to us during Phase
24 I. First of all, we're not just speaking port trucks
25 which I heard referenced by CARB staff earlier. We're

1 talking about truck drivers in the trade corridor with
2 diesel exhaust where risk levels along Interstate 5
3 through San Diego, specifically up to the Barrio Logan
4 environmental justice area, those diesel truck emissions
5 result in very high risk levels. We think some of the
6 money should come our way, if not all of the 8.5 million,
7 that was proposed for diversion. It should come our way.
8 We could put it to good use.

9 How I plan to do that is this. Our incentive
10 program, I'll to be first to admit it was kind of bear
11 bones staffing level. Recently, we added two people to
12 it. Today, I'm letting you know I will divert about half
13 a dozen staff from other programs at the APCD to work on
14 those existing grants and whatever new money we might get
15 in order to fully utilize them and avoid any return to the
16 State, which none of us would like to do.

17 In addition, I've got a number of vacancies that
18 exist at the district. I'm going to propose I'm going to
19 fill roughly four or five more of those to handle this
20 program; therefore, adding about ten full-time equivalent
21 positions to the existing three that are already on the
22 program. That's a substantial effort on our part that
23 takes away any indication that there might be a doubt that
24 we can handle the work.

25 We actually do run a very good program. We work

1 well with CARB staff. Cynthia Marvin has been terrific to
2 work with. And I think after talking with her, she
3 understands I'm ready to address this problem.

4 With that, I'd ask your support to perhaps change
5 that deferment or diversion of funds, because we could use
6 the money. Thank you.

7 CHAIRPERSON NICHOLS: Okay. Supervisor.

8 BOARD MEMBER ROBERTS: I want to speak on this,
9 but I think --

10 CHAIRPERSON NICHOLS: Get it out of the way.

11 BOARD MEMBER ROBERTS: As I understand this --
12 and it was just the other day when staff was briefing me
13 this came to the surface that we were going to be doing
14 this shift. And it was on the basis that we would not be
15 able to handle this. And the first thing I did was sit
16 down with Bob, and we went over this. And it's clear to
17 me that the district is going to be able to handle this.
18 San Diego has a very modest request in here. And to have
19 it all transferred in Phase 2 would not be the appropriate
20 way this should be handled.

21 If the money can't stay in San Diego, I'd
22 certainly want to see a good portion of it stay in San
23 Diego. There's no reason for the transfer. And I'm
24 hearing from our director that the staffing levels are
25 going to assuredly be there to be able to process these

1 moneys.

2 CHAIRPERSON NICHOLS: I think that was the issue.
3 It was never a judgment that San Diego didn't have the
4 will or the desire to do it. It was a question strictly
5 of capacity as I understood it.

6 MR. KARD: I agree with you on that. We're
7 addressing it right now. The transfer of staff with
8 regards to duties will be nearly immediate.

9 And then in addition -- I haven't told you
10 this -- we have at our district in order of how things
11 work, we have myself, the Air Pollution Control Officer.
12 Then we have the assistant, who is next in line, unlike
13 others call it a deputy. We just hired a deputy who's one
14 step down that is managing all of our business processes.
15 And she has extensive experience and is overseeing the
16 grants. And I'm seeing changes already in terms of
17 efficiencies.

18 And I think I can pretty well guarantee we will
19 handle this well. I'm staking my reputation on it, and
20 I'm known to get things done.

21 BOARD MEMBER ROBERTS: He's staking more than his
22 reputation.

23 CHAIRPERSON NICHOLS: Okay. I've made a
24 commitment to Supervisor Roberts that I would make sure
25 that we dealt with this issue properly if he has to leave.

1 I know he has a plane he has to catch, so he may not be
2 here when we finally get to vote on this item. But we
3 will make a commitment that we will try to resolve this
4 issue in a way this gives at least a degree of credence to
5 what you've said. And appreciate your being here.

6 MR. KARD: Thank you very much.

7 CHAIRPERSON NICHOLS: Yes, now Mayor.

8 BOARD MEMBER LOVERIDGE: The question is what is
9 the state of readiness. It sounded like he described the
10 stated of readiness, as I listened to what he had to say.

11 CHAIRPERSON NICHOLS: I think the concept though
12 of projects being ready to go when it comes to spending
13 grant money is real, having dealt with it over a period of
14 years at the Resources Agency. People have concepts and
15 ideas for projects, but to actually be able to cut the
16 check and get the project done does take people and it
17 takes systems being in place. Okay.

18 Mr. Edgar and then Damian Breen and Omar
19 Benjamin.

20 MR. EDGAR: Chair Nichols and Board members, Sean
21 Edgar, Clean Fleets Coalition. Also a member of the Truck
22 Regulations Advisory Committee.

23 I'll be very brief because I've heard a lot about
24 Goldilocks today, and Mr. Cackette and Mr. Goldstene and I
25 are on our way over to the Hair Club. So I'll be getting

1 out of here pretty quick.

2 I'm excited you all have money. So on behalf of
3 fleet owners, I just want to say as Jerry McGuire would
4 say, show me the money.

5 Just a few options, two items related to
6 practicality and two related to flexibility.

7 The first, an issue that came up yesterday -- and
8 I see Mr. White sitting -- and the staff doing a good job
9 having workshops. And there were two issues that came up
10 on the linkage to the truck and bus rule related to 1B.
11 The first is that staff is interpreting that only one
12 compliance option could be used. Staff's indicating that
13 only one option could be used, and that would definitely
14 restrain the ability of some fleet owners to participate
15 in 1B.

16 And the second would be no credit being given to
17 fleet owners and their compliance schedule relative to use
18 of 1B. Just as a practical measure, we want to encourage
19 fleet owners to make the maximum use. And so I'll be
20 working with Mr. White, but I think it's something that as
21 we get toward implementation will need to be worked out.

22 And just very briefly before I step down, I'll
23 just say that in the case of the Bay Area, diversion of
24 funds away from truck projects wouldn't be my first
25 preference. So I would certainly like to see as many

1 valuable projects in the Bay Area be carried forward.

2 And just in closing, I'd indicate that
3 flexibility for reuse of some of the funds, the
4 administrative funds, that Board staff may not use -- our
5 firm recently completed a survey at the Stockton
6 intermodal rail yards in response to a lack of
7 information. And we determined that a lot of the small
8 fleets there are no longer there, we did last fall and
9 also this spring. And there are worthy projects out
10 there, and I'll speak to you about that project another
11 time. The final report is being issued. But a worthy
12 project could use some additional funds.

13 With that, I thank you for the water and I'll sit
14 down.

15 CHAIRPERSON NICHOLS: Okay. Damian Breen and
16 then Omar Benjamin.

17 MR. BREEN: Good afternoon, Chairman Nichols,
18 members of the Air Resources Board.

19 My name is Damian Breen. I'm the Director of
20 Incentives for the Bay Area Air Quality Management
21 District.

22 As you are aware, the Bay Area has applied to you
23 for \$88 million in goods movement bond funding. However,
24 staff's proposal recommends that only \$59.5 million be
25 made available to the Bay Area Corridor. While the Air

1 District acknowledges these are tough financial times for
2 the state of California, we believe our full funding
3 request should be honored.

4 The reasons for that are two fold. Bay Area
5 residents are subject to 20 percent of the total toxic
6 diesel particulate matter emissions from all goods
7 movement in the state, and the Bay Area is home to 20
8 percent of the state's population. And based on the fact
9 that that population is located in densely populated urban
10 areas along the trade corridor and is highly impacted by
11 the health effects of goods movement, we believe that that
12 gives us a clear mandate to protect public health and
13 public health must be placed first when expending scarce
14 State dollars.

15 Should you not reconsider our funding request,
16 the Air District would concur with your staff's proposal
17 to proportionately reduce the amount of funding eligible
18 in each one of the project categories that we've applied
19 for. This preserves the original balance of our request
20 and directs funding appropriately to address the relative
21 health risks caused by emissions from each goods movement
22 category.

23 The Air District agrees with your staff that it
24 is necessary to front-load the funding for shore power
25 projects. These projects are complex. And based on the

1 Air District's experience in implementing the first goods
2 movement bond shore power project in the state, we believe
3 the time to work on these projects is now.

4 Because time is of the essence, the Air District
5 has committed \$5 million in local funding to get these
6 projects going. And we feel that it's incumbent upon the
7 Air Resources Board to look at all of its resources in
8 order to match the Air District's commitment to shore
9 power. And it must be noted that on-road trucks are a
10 major source of the health risks posed to Bay Area
11 residents, and we would encourage the Air Resources Board
12 to supply maximum flexibility and funding to the trucking
13 industry by doing a couple of different things:
14 Instituting a loan guarantee program and credit programs
15 for truckers --

16 CHAIRPERSON NICHOLS: Excuse me, Mr. Breen, but
17 your time is up.

18 MR. BREEN: Okay.

19 CHAIRPERSON NICHOLS: Thank you.

20 Omar Benjamin and Scott Peterson.

21 MR. BENGAMIN: Good afternoon, Chair Nichols and
22 members of the Air Resources Board.

23 We appreciate all of your leadership at the Board
24 and the staff in moving forward with improving our air
25 quality. We also appreciate the Air Quality District's

1 Board and staff support of our application, and in
2 particular, coming forward with an additional \$5 million
3 to support our air quality program.

4 As you know, we've expressed our concerns and
5 disappointment about the recommendation for shore power
6 funding at the port of Oakland. As you know, the reason
7 for that is that because we believe in the value and the
8 improvement in air quality from the shore power projects
9 for our community, particularly in west Oakland, which is
10 directly impacted by the activities of our port. And it
11 looks like that the proportion of funding for shore power
12 appears to be disproportionately reduced compared to
13 trucks.

14 Now, as a result, we're still going forward and
15 we are committed with improving our air quality and
16 implementing a shore power program. And in fact,
17 unintended consequence of this is that we're spending
18 twice as much money twice as fast. We will be at the 2020
19 goal in 2014. I know that was unintended consequence to
20 resolve that in terms of having us be in a situation to
21 spend that money twice as fast.

22 But we're particularly appreciative and look
23 forward to continuing to work with you and the air quality
24 district, especially after our recent meeting with you,
25 Chair Nichols, and Supervisor Yeager, along with Mr.

1 Goldstene and staff and colleagues from the district in
2 sharing our plan and trying to be creative with the goal
3 of flexibility to improve our air quality, maintain our
4 financial health, and support our state's economy.

5 Thank you.

6 CHAIRPERSON NICHOLS: Thank you. Thanks for
7 sticking with us. And we look forward to working with you
8 to implement this project.

9 Scott Peterson and then Tim Schott and Mike
10 Jacob.

11 MR. PETERSON: Good evening, Chair Nichols and
12 members of the Board.

13 I'm Scott Peterson with the Oakland Metropolitan
14 Chamber of Commerce. I'm here to ask you and I'm pleased
15 to follow our port's Executive Director, because I'd like
16 to ask for you to fully fund the port of Oakland's request
17 for Phase I to support shore power infrastructure planning
18 and implementation. The Chamber is convinced that
19 providing this early investment in air quality
20 improvements, which we believe reflect CARB priorities and
21 enable compliance with CARB targets in time lines, is
22 critical.

23 As you know, shore power will help reduce
24 emissions impacts on the communities surrounding the port
25 of Oakland, but shore power also puts people to work. In

1 the short term, it helps build this important public
2 infrastructure. In the longer term, it provides jobs dock
3 side as capacity will expand. And in the goods movement
4 industry, which stretches from the port of Oakland through
5 the greater east bay in northern California and beyond
6 into the mega region, this project is critical.

7 And as I've mentioned, the mega region, I'd like
8 to let you know a couple of months ago the Chamber hosted
9 over 450 people for a mega region summit focusing on goods
10 movement. That gave us a clear sense of how important
11 infrastructure improvements are to the businesses, the
12 unions, and to the communities which benefit from goods
13 movement but are also effected by the transit of goods by
14 ship, road, and rail.

15 So one thing is clear: Goods movement
16 professionals believe that expanding capacity at the port
17 of Oakland is important, just as important as improving
18 the air quality which will have lasting economic benefits
19 not just in Oakland, but in Stockton, in Redding and
20 Fresno, Truckee, and reaching east in Reno and even Salt
21 Lake and beyond.

22 So the Oakland Chamber respectfully disagrees
23 with the staff recommendations to underfund shore power at
24 the port of Oakland, and we urge you to front load this
25 investment needed to keep pace with the regulations

1 imposed since 2006 when Prop. 1B was passed.

2 Thank you very much.

3 CHAIRPERSON NICHOLS: Thank you. That was great.

4 Tim Schott, followed by Mike Jacob, and that's
5 the end.

6 MR. SCHOTT: Madam Chair and Board members, Tim
7 Schott on behalf of the California Association of Port
8 Authorities, which is an association comprised of the
9 state's commercial publicly-owned ports.

10 We want to thank your staff for working with us
11 over the past few months, although they have not
12 acquiesced to all of our demands yet, we very much
13 appreciate the fact they've been available.

14 CHAIRPERSON NICHOLS: I like the "yet."

15 MR. SCHOTT: The Association supports the full
16 funding of all of the port requests for shore power
17 projects and remind you they were supported by the local
18 Air Quality Management Districts.

19 We ask you to keep in mind a few things as you
20 deliberate on this and on future allocations. That is
21 that the ports are all unique. Each of California's
22 eleven ports are unique. They serve a different role in
23 the California port system, in the national port
24 transportation system, and the global goods movement
25 system. They vary immensely not only in size and scope of

1 operations and related environmental impact, but also on
2 the resources they have available and on the market
3 pressures they face and on the economic realities in which
4 they find themselves in.

5 They also compete. They compete at the state
6 level, at the national level, and at the international
7 level with neighboring countries. And they are competing
8 in the current climate with a number of California-only
9 costs that hit our port infrastructure and that don't
10 exist in other states or other nations, and not the least
11 of which is the recently adopted ARB regulations related
12 to ports, which has a price tag in neighborhood of \$5
13 billion to implement over the ensuing years.

14 Don't get me wrong. Our ports are proud to be
15 leading the nation and the world in terms of bringing
16 environmentally-friendly operations and equipment to the
17 facilities. But they are also trying to make sure that
18 they maintain their status as the important economic
19 entities that they are, providing more than half a million
20 jobs to Californians and some \$7 billion in local and
21 state taxes.

22 Appreciate it.

23 CHAIRPERSON NICHOLS: Thank you.

24 Mike Jacob.

25 MR. JACOB: Good evening.

1 Mike Jacob, Vice President, Merchant Shipping
2 Association.

3 We submitted written comments, so I won't repeat
4 those. And I'll be brief.

5 But I think our major point for you to consider
6 today is that the proposed allocations don't match with
7 the recently revised guidelines with regard to the target
8 category funding. Not necessarily geographic funding
9 targets -- we've heard a lot about that today. But
10 essentially what this does is it guarantees that you will
11 have an undersubscription of funds in shore power.

12 We're here to support the staff recommendations
13 for shore power for South Coast, for L.A., Long Beach, and
14 Hueneme, because they're fully funded as requested by the
15 Air District and those ports.

16 But because the port of Oakland request was not
17 fully funded, you're only going to have about 45 percent
18 of the total allocation that's possible out of the total
19 75 percent of the billion dollars that's going to be out
20 the door spent on shore power. If you included the port
21 of Oakland's request completely, that allocation is still
22 only at 62 percent out of a total of 75 percent of the
23 funds spent. And you're not going to have another big
24 request from any of the ports in your next allocation of
25 \$250 million because of the implication that comes with

1 having this phase-in in 2014 of the regulation. But also
2 because of the guideline revisions, an additional amount
3 of money going into shore power came with the realization
4 that that \$3 1/2 half million per berth only happens if
5 you do it by 2012. So you're not going to have that
6 additional money requested by the ports at all.

7 What we like to see is you keep pace at 62
8 percent, knowing that additional money out of that \$200
9 million set aside for shore power and cargo handling
10 equipment and for commercial harbor craft, a substantial
11 amount of that money in the next round is going to be
12 going to trucks. Don't think of it as taking money from
13 trucks now.

14 Please fully fund the request of 62 percent, and
15 you will eventually get more money in trucks out of those
16 accounts, too. Thank you.

17 CHAIRPERSON NICHOLS: Okay. You're our last
18 witness. It's now time to close.

19 You've heard a number of comments. Staff, would
20 you like to respond, rethink, recant any of what you
21 previously proposed?

22 EXECUTIVE OFFICER GOLDSTONE: Cynthia will make
23 some comments.

24 ASSISTANT DIVISION CHIEF MARVIN: Thank you.

25 Can we see slide 21, please?

1 What I'd like to do is address the Bay Area and
2 port of Oakland shore power issue and then move onto the
3 question about the proposal to redirect funding from San
4 Diego.

5 CHAIRPERSON NICHOLS: Okay.

6 ASSISTANT DIVISION CHIEF MARVIN: The issue with
7 shore power at the port of Oakland is one of many good
8 projects and not enough funds. The request from the Bay
9 Area district simply exceeded the amount of money that has
10 been allocated for the Bay Area region. So the Bay Area's
11 proposal was 88 million.

12 What we have according to that carefully and
13 finely crafted allocation formula is roughly 60 million to
14 work with. So clearly some projects had to be less than
15 fully funded.

16 What we did was talk to the Bay Area District and
17 say, okay, as the regional air quality agency, what is
18 your view on an appropriate way to pare back that request
19 for 88 million to the available funding. And the Bay Area
20 District made very good points, they thought it was
21 important to fund the shore power projects at the port and
22 maintain truck funding. We concur with that, because
23 trucks are still the biggest source of health risk from
24 diesel PM in the Bay Area, even at the port of Oakland.
25 So what we did was suggest that these dollar amounts be

1 reduced in relative but not precise proportion.

2 Go to the next slide.

3 --o0o--

4 ASSISTANT DIVISION CHIEF MARVIN: The issue here
5 is that if you look at the proposal for Phase I funding
6 where we have 28 million to work with in this area,
7 there's eight million that shows for trucks. Three of
8 that eight million is really the funds that ARB set aside
9 on New Years' Eve to help out with drayage trucks serving
10 the port of Oakland. That was the last effort to help a
11 lot of the independent truckers put on filters and comply
12 with that rule. Three of that eight million has already
13 been allocated essentially.

14 What we're talking about is five million for
15 trucks and 20 million for shore power in Phase I. In
16 order to provide more funding for shore shower, we would
17 have to essentially zero out truck funding in the Bay Area
18 in the first phase. And because of the health risk from
19 trucks, we simply are not convinced that's the appropriate
20 thing to do from a public health perspective, which is the
21 overriding consideration under this program. It's not a
22 judgement on one project is good and another type of
23 project isn't. If there is enough money, we would
24 certainly support more funding for the port of Oakland
25 shore power. There has to be a decision and we, as your

1 staff, suggest this is a reasonable way to approach that
2 question.

3 CHAIRPERSON NICHOLS: Okay. So basically we're
4 following the advice of the district, but the district
5 itself has come up with an additional \$5 million for the
6 project out of their own funds. And also based on the
7 meeting that I had with the port, which you were at where
8 the district was also present, we seem to have an ability
9 to sit down and perhaps figure out whether there's some
10 way we can work with the port on coming up with a way to
11 stretch the dollars in terms of compliance with the rules.
12 I mean, that's still unclear as to how that would work,
13 but at least there is a willingness to see if there is a
14 way to help make this work feasible for them.

15 ASSISTANT DIVISION CHIEF MARVIN: Absolutely,
16 within the constraints of the requirements of use of bond
17 funds.

18 CHAIRPERSON NICHOLS: So Supervisor Yeager.

19 BOARD MEMBER YEAGER: Just wanted to thank staff.
20 I participated in the meeting through the telephone and
21 think we all learned a great deal. The allocation formula
22 was devised before I became member of this. So we all
23 learned that the 20 percent we were hoping for for the Bay
24 Area didn't come about.

25 But what I was pleased with and certainly with

1 the Bay Area Air Quality Management District putting in
2 the \$5 million for the shore power, but also CARB staff's
3 willingness to work with the port to find additional
4 dollars, certainly making a commitment the Phase 2 and
5 those dollars become available. I think there is a
6 tremendous effort there in trying to figure out ways to
7 identify pots of money. I know I'll be following this
8 very closely. But appreciate staff's willing to work with
9 everybody to see if we can find some dollars.

10 CHAIRPERSON NICHOLS: Do you want to move on to
11 the San Diego issue?

12 ASSISTANT DIVISION CHIEF MARVIN: We don't have
13 just the right slide for this issue.

14 So the first component of the second problem on
15 the table was the staff's proposal to redirect 8 1/2
16 million that otherwise would have gone to the San
17 Diego/Border corridor in the first phase.

18 And I believe Mayor Loveridge asked the question
19 about what do we mean by readiness. What we did was just
20 take a very practical look and say for the agencies who
21 are already implementing Prop. 1B truck grants, how much
22 work do they have left to do with the funds they already
23 have? And the question here is San Diego and South Coast
24 and San Joaquin.

25 We were concerned about San Diego's staffing

1 capacity. I had the opportunity to sit down with Bob Kard
2 this afternoon. He told me much of what he said at the
3 podium there. And with that, and certainly Supervisor
4 Roberts' personal involvement, I think that we do need to
5 provide some truck funding to San Diego in the first
6 phase. What I would propose is that the three million
7 that's already on the table to go to the Imperial District
8 in Phase I should also -- another three million should go
9 to San Diego.

10 If the Board chose to do that, that would be
11 three million to the San Diego District for trucks, three
12 million to the Imperial District for trucks, and a half a
13 million to San Diego for harbor craft. So 6 1/2 million
14 in Phase I funding for San Diego.

15 I'm comfortable that the San Diego District can
16 take on that amount of funding, have the opportunity to
17 staff up as Bob proposes to do. When we come back to the
18 Board with Phase 2 funding, we certainly hope to be able
19 to fully support them getting a larger additional chunk in
20 the second phase.

21 CHAIRPERSON NICHOLS: Well, just to be clear,
22 there's never been any indication that we would
23 permanently change the regional allocation. This was
24 always a temporary measure. But now we're saying you
25 think we don't need to redirect all the funds, because you

1 think there will be some capacity to --

2 ASSISTANT DIVISION CHIEF MARVIN: Absolutely.

3 This was never an issue about confidence in the program or
4 quality of staff or anything else. It was simply how many
5 people do you have to do how much work. I'm convinced it
6 would be appropriate to earmark three million for trucks
7 in San Diego in Phase 1.

8 CHAIRPERSON NICHOLS: That would be your only
9 proposed change from everything that's just been presented
10 today?

11 ASSISTANT DIVISION CHIEF MARVIN: Yes. And I
12 would be happy to briefly address the questions that came
13 up about San Joaquin Valley versus South Coast in terms of
14 the remainder of that funding.

15 CHAIRPERSON NICHOLS: Why don't you go ahead and
16 do that.

17 ASSISTANT DIVISION CHIEF MARVIN: So back to the
18 question of readiness. If there is then 5 1/2 million to
19 be available, redirected temporarily to another region, we
20 looked at South Coast and San Joaquin Valley, because
21 those two regions obviously have the most severe air
22 pollution problems. There's where we started.

23 The South Coast District has done a terrific job
24 on a very, very large port truck grant that was the
25 biggest grant that the Board has given under Prop. 1B.

1 They've been very busy on that process. They've been
2 recruiting applications for their other grants as well.
3 But the current status, as we understand it, is that the
4 South Coast District still needs to be executing over 800
5 contracts for non-drayage trucks with money that's
6 available from the first year of funding. So that's
7 somewhere in the neighborhood of 25 to 30 million and
8 about 800 contracts that they need to go through and
9 process and fund and pre-inspect trucks and post-inspect
10 trucks and make payments this year. That's a lot of work.

11 When we look at the San Joaquin Valley, they have
12 also been very busy on a large truck grant, but they have
13 one large truck grant. They didn't have port and
14 non-port. They just had non-port trucks.

15 They are nearly done with that process. They've
16 pre-inspected all the trucks. They're more than halfway
17 through signing contracts. So when we look at the
18 remaining workload to implement those existing Prop. 1B
19 dollars, what we see is simply that San Joaquin is further
20 along in that process.

21 Again, I want to be clear. It is not a judgment
22 about the relative qualities of the jobs that they do or
23 our confidence in that. It is simply the factual issue
24 that South Coast still has a large truck grant left to do
25 from the first year of funds, and San Joaquin is nearly

1 complete because they only had one. That's why we
2 recommended that those funds go to the San Joaquin
3 District as a temporary reallocation. Everybody's score
4 or percentages get preserved in Phase 2.

5 CHAIRPERSON NICHOLS: Okay. Well, there is
6 obviously logic to all of this, but -- yes?

7 BOARD MEMBER LOVERIDGE: I understand the
8 argument. But I think some of this comes back to the
9 question of staffing and readiness. And Barry Wallerstein
10 is standing up. He's spent all day here. Invite him to
11 come down and talk. It seems to me the issue is not
12 simply what is there, but what the staffing, what the
13 preparation is.

14 MR. WALLERSTEIN: First, we want to be clear we
15 weren't trying to take San Diego's money. We would like
16 to see them get the full amount.

17 But to the degree you have the extra money, I
18 have my manager here. We don't concur with the
19 characterization of where we are. We are just as ready as
20 San Joaquin and with more vehicles. And why wouldn't you
21 use the allocation formula?

22 CHAIRPERSON NICHOLS: Okay. Do you have
23 something to add?

24 MR. MINASSIAN: Yes. I also want to mention
25 regarding the readiness, regarding the other truck

1 category, about \$17 1/2 million that you are in the
2 process of doing, the funds were just given to the
3 districts. And we were the only corridor statewide that
4 originally when carb staff requested that all the
5 contracts be executed by June 30th, we were the only one
6 that was ready to do that. The deadline was extended to
7 end of the year, because other corridors requested that.
8 We have pre-inspected all the trucks. We are in the
9 process of executing all those contracts. In addition, we
10 were ahead of the curve. We have 3,000 trucks that about
11 400 of them have already been pre-inspected. So we
12 definitely are ready, too.

13 BOARD MEMBER LOVERIDGE: Just a personal
14 position, which I think seems to be fair, is we ought to
15 stay with the existing formulas.

16 CHAIRPERSON NICHOLS: There seems to be some
17 question about what exactly the existing formula is. So
18 maybe do we want to respond to that? If not, we'll just
19 have to see whether there is support for an amendment
20 here.

21 I'm comfortable with the staff recommendation as
22 it stands, because I believe there is a strong basis for
23 their findings. And I don't think there's any intention
24 on their part to favor any one district over another. If
25 anything, I feel like they've tied themselves up in knots

1 trying to be fair in a situation where fairness may never
2 be achieved, at least in the eyes of the beneficiaries of
3 this funding.

4 Sort of reminds me of families and what they get
5 into when grandma dies. So hopefully that's not the case
6 here. But, you know, I feel like once we start pulling
7 bits of it apart, other bits start to fall apart, too. So
8 I'm reluctant to do anything contentious here.

9 BOARD MEMBER LOVERIDGE: I support that. But I
10 think you need to go to the formula on page 8 is what the
11 agreement is. And I don't know why we just don't continue
12 that.

13 ASSISTANT DIVISION CHIEF MARVIN: Can you pull up
14 slide 8 for us?

15 Just to display what the formulas are, those who
16 were on the Board back in February of '08 remember the
17 pain the Board went through to graph those formulas. And
18 we do our best to adhere to those with minor adjustments
19 here and there as we're proposing to deal with the
20 changing circumstances.

21 BOARD MEMBER TELLES: Can you show slide 6 and
22 explain why there's so much demand in the San Joaquin
23 Valley compared to the rest of the state way out of
24 proportion to the way the funds were allocated?

25 ASSISTANT DIVISION CHIEF MARVIN: I'd like to

1 point out that many of the local agencies requested a much
2 higher level of funding than that corridor share based on
3 their assessment of potential demand.

4 If we back up a little bit and think about the
5 truck and bus rule, for example, that currently has that
6 three to five billion dollar price tag, what we see is
7 that the demand for truck funding is very large in
8 comparison to the total dollars that we have in this
9 program to fund it. So it's very much an issue of any
10 local agency can make a reasonable case that there is
11 demand in the region for truck funding. And these dollar
12 amounts represent each district's proposal. We would need
13 to talk to the districts to see exactly how they did that.

14 BOARD MEMBER TELLES: Well, I agree with Mayor
15 Loveridge that things should be equitable and that
16 certainly the San Joaquin Valley would benefit from
17 something like this, because we have the least amount of
18 resources to deal with the problem.

19 I think you saw a slide earlier today that showed
20 you our unemployment rates. It's pretty abysmal.

21 But the concern is if the money goes to San
22 Diego, will it be used? Is there any threat of it not
23 being used? Because if there is not a threat of it not
24 being used, I hate to say this even from my district, then
25 based on the formula, it should just all go to San Diego.

1 If San Diego can use it -- I mean, I would love to see
2 some of this money come earlier to San Diego -- I mean to
3 San Joaquin. But if San Diego can use it, based upon the
4 formula that was originally created, then it should go to
5 them from just an equitable point of view. Really, this
6 is hard for me to say.

7 CHAIRPERSON NICHOLS: No. I appreciate what
8 you're saying. It represents a very --

9 BOARD MEMBER TELLES: In all honesty, if they can
10 use the money, if the money was allocated to them -- I
11 would hate to speak against San Joaquin Valley getting the
12 money. But if it was allocated and they can use it, the
13 formula was accepted --

14 CHAIRPERSON NICHOLS: None of the districts
15 obviously gets to keep any of the money. And there are no
16 rewards other than being able to tackle your air quality
17 problems from getting the money.

18 The issue here I believe -- and I listened to
19 some earlier phases of this discussion, not today, but I
20 mean over the past several weeks was that -- this may be
21 shorthand here, but based on quite a bit of investigation
22 of what had gone on and there was a concern about whether
23 San Diego was geared up with the program. They're going
24 to be ramping up, and they're going to need the money
25 eventually. But I think there is a concern and therefore

1 as a matter of priming the pump, so to speak, and getting
2 them going, it makes sense to forward some funds there.
3 But to just throw money at them because eventually they'll
4 be able to spend it and need to spend it doesn't seem like
5 a very wise move either.

6 So to me, this is sort of making the best of the
7 situation that we've got, which is encouraging them to
8 ramp up and giving them some wherewithal to work with, but
9 not risking too much of the limited funds that are going
10 to be available for this next tranche of funding. So I
11 wouldn't be in favor of reallocation in that regard.

12 Now the question is if the money isn't being
13 spent by San Diego, should it be divided up between South
14 Coast and San Joaquin, or should it just go to San
15 Joaquin? That's the area in dispute at the moment.

16 Yeah?

17 BOARD MEMBER LOVERIDGE: Just sort of speaking
18 for Ron Roberts, perhaps we could ask the -- I mean, as I
19 heard it, San Diego was ready to spend the money. Could I
20 ask this? This is a Ron Roberts' question. Could you
21 come down? Where are you? Give your best most good
22 government answer.

23 MR. KARD: Well, given what Ron Roberts said
24 about my professional reputation and more than that being
25 at risk, I think three million is adequate for us.

1 Obviously, I'd love to have more money, but I think it's a
2 good compromise. I think we can handle that. I'd hate to
3 ask for a lot more money just to have to return it. I'm
4 being a realist. I'm happy with three million. We will
5 do our best and we will spend it.

6 CHAIRPERSON NICHOLS: Thank you.

7 Ms. D'Adamo.

8 BOARD MEMBER D'ADAMO: Well, I agree with your
9 earlier comment about grandma. This is sort of how it
10 feels. And it would be best if we could all get along on
11 this.

12 But I think as this issue keeps coming up, there
13 are always going to be attempts to make some changes. And
14 in this instance, I'll just say that -- remind everybody
15 that the Valley sought for a higher percentage. Judy Case
16 was on the Board. We took it to a vote, and there were
17 two of us that didn't get our way. And we've had to go
18 forward since then and go along with staff's
19 recommendation, which I think back when we developed the
20 formula, this was what staff had recommended.

21 So I would encourage Board members to just defer
22 to staff on this. They have the ability to determine how
23 quickly that money can go out, and we have a truckful that
24 we are still evaluating. And I think that looking at
25 what's in the best interest of the whole state, we need to

1 get the emissions down. And the best way to get the
2 emissions down -- well, right now with the bad economy,
3 it's because trucks aren't being used. If they are going
4 to be used, let's get them cleaned up so we can get
5 further emissions reductions that benefit what we're
6 trying to do with the overall rule and seek progress.

7 So I think we should just go along with what
8 staff is recommending: Three million to San Diego and the
9 rest going to the Valley because they are ready to go.

10 CHAIRPERSON NICHOLS: I take that as a motion and
11 I'd like a second.

12 BOARD MEMBER YEAGER: Second.

13 BOARD MEMBER BALMES: Second

14 CHAIRPERSON NICHOLS: All in favor, please
15 signify by saying aye.

16 (Ayes)

17 CHAIRPERSON NICHOLS: Opposed, no.

18 BOARD MEMBER LOVERIDGE: Stray off the formula,
19 we get back into the soup again.

20 CHAIRPERSON NICHOLS: Okay. Whatever mistakes
21 we've made, we've made them for now. And we'll live with
22 them I guess.

23 Let's move on to the final agenda item, which is
24 the AB 118 air quality improvement program, which
25 hopefully is less sectarian struggle here.

1 The funding in AB 118 is not bond money. It
2 comes from motor vehicle fees, and it's really a
3 remarkable tribute.

4 BOARD MEMBER LOVERIDGE: We're ready to vote in
5 favor of it.

6 CHAIRPERSON NICHOLS: Excuse me?

7 BOARD MEMBER YEAGER: We're ready to vote in
8 favor.

9 CHAIRPERSON NICHOLS: Is anybody going to be mad
10 they didn't get to testify?

11 All right. Well, we have a motion and a second
12 for the staff recommendation. Anybody who disagrees with
13 it, we'll listen to you, but be advised.

14 Okay. Go.

15 MR. CARMICHAEL: Sorry, Madam Chair. I know it's
16 late, but I do want to point out that ARB used to give
17 clean vehicle rebates to natural gas vehicles. We believe
18 they are vehicles that shouldn't be on the road to the
19 consistent with the guiding principles for that element of
20 this proposal.

21 We request that up to \$3 million be available for
22 natural gas vehicles at the 3,000 per vehicle rate.
23 That's consistent with what you've done in the past. It's
24 a small portion. It's not a fixed. It's an up-to amount.

25 And just highlight General Motors' recent

1 announcement bringing natural gas vehicles to market this
2 year. Chrysler's announcement they are going to focus all
3 of their North American manufacturing going forward on
4 natural gas vehicle models.

5 This is an important element of the clean vehicle
6 strategy for the state. I asked your staff about why
7 natural gas isn't in it. They said, "Well, we've been
8 having conversations with CEC to fund those vehicles."
9 You ask CEC staff, they say, "Well, we're really focusing
10 on infrastructure. ARB is doing more the vehicles."
11 We're getting one of these responses. There's nothing in
12 writing saying CEC is going to do it. We're pushing both
13 agencies to give a small piece of the pie to clean
14 vehicles we all want more of on the roads.

15 Thank you.

16 CHAIRPERSON NICHOLS: Okay. Thanks, Tim.

17 And our other witness who wanted to speak in
18 opposition?

19 Everybody who's in favor will be duly noted. We
20 appreciate it.

21 BOARD MEMBER D'ADAMO: Can staff comment? Does
22 staff have the discretion?

23 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: It's
24 much similar to demand is greater than supply of money.
25 And we looked at -- for vehicles, that is, we've picked

1 out last year with your approval focusing most of the
2 money on hybrid electric trucks, it's been very
3 successful. We've funded a large number of them, and
4 they're coming into the marketplace.

5 We kept a relatively small portion of the money
6 available for advanced technology vehicles, and the ones
7 we're picking are the ones that are entering the
8 marketplace now that really need help, which is plug-in
9 hybrid electric vehicles and electric vehicles.

10 We're very concerned that we're setting programs
11 for these vehicles and we're going to run out of money
12 before the year is even up, if we have a chance to fund it
13 again for next year. There are a bunch of people that
14 came forward and asked for funding for different types.
15 But we've tried to focus in on the ones that really need
16 the help the most right now, which is going to be things
17 like the Leaf and the electric vehicle and plug-in hybrids
18 when they come early in the spring.

19 That's the reason that we'd like to fund other
20 ones that would dilute the pot so much that wouldn't be
21 enough to continue. It's for the ones that are making big
22 launches, which are the electric vehicles.

23 CHAIRPERSON NICHOLS: Okay. Mr. Patterson.

24 MR. PATTERSON: My name is Dave Patterson,
25 Mitsubishi Motors.

1 I'm one of those vehicle manufacturers that is
2 going to be making a big launch of electric vehicles.

3 --o0o--

4 MR. PATTERSON: i-MiEV is a type 1.5, a full
5 battery electric vehicle. All of you on the Board are
6 familiar with this vehicle. You've seen me up here
7 talking about it before. Some of you have driven this
8 vehicle.

9 We have this in mass production in Japan. We've
10 already sold thousands of them in Japan. We're going to
11 be selling them in Europe soon.

12 Next slide.

13 --o0o--

14 MR. PATTERSON: You can see even the Governor has
15 seen this vehicle and he approves of this vehicle.

16 CHAIRPERSON NICHOLS: He could benchpress this
17 vehicle.

18 MR. PATTERSON: He nearly could. He was as
19 surprised as I was -- I'm not surprised about it
20 anymore -- he and I both sat in that vehicle with plenty
21 of room.

22 CHAIRPERSON NICHOLS: I've driven it. It's a
23 nice car. I'm just teasing you.

24 MR. PATTERSON: I'll take the kidding at any
25 time. I like standing up here and smiling with all you

1 one day.

2 I do have two concerns with this measure though.
3 The first one is as Tom already talking about is the
4 amount of money that's available and the allocation of
5 these vehicles. We're not going to be in this round of
6 funding. What I'm asking -- I'm just putting a bookmark
7 here for next year -- is, please, we're going to need to
8 increase the allocation for battery electric vehicles next
9 year. With the Leaf, with the Volt, with our vehicle,
10 Smart, Mercedes, all these vehicles are going to be coming
11 to market in the 2011/2012 time frame. This is the
12 critical time frame for us not just to get the early
13 adopters, but to get the early general public adopters.
14 This is the time frame that we are going to need to put
15 these incentives in place to get over the hump and get
16 into the mass market.

17 The second concern that I have -- well, let me
18 just add to that. We have found that incentives are very
19 valuable in the Japanese market. And that's what we're
20 trying to do here.

21 Next slide.

22 --o0o--

23 MR. PATTERSON: And you can see here even Tefco,
24 their trademark for this is Switch. What they're trying
25 to do is switch people from internal combustion engines to

1 electric vehicles, and the incentives are an important
2 part of that process.

3 The second thing we have a concern about is why
4 is i-MiEV being reduced from \$5,000 to \$4,000 incentive
5 value? Even the federal government tax incentive values
6 i-MiEV just the same as Leaf and Volt and other vehicles.
7 I don't understand why staff took this year to reduce the
8 credit amount for a vehicle such as this just when my
9 marketing department is making this decision to go to
10 launch. Literally, they're going to be making this
11 decision in the next two weeks, and they're looking at
12 what the Board's actions are here.

13 I ask the Board to consider these
14 recommendations. Thank you very much.

15 CHAIRPERSON NICHOLS: Okay. Thank you.

16 Again, do you want to respond?

17 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: It's
18 really the same answer. In this case, the types of
19 electric vehicles basically have to do with their range
20 and therefore their probability of displacing VMT. The
21 ones with the higher type numbers are likely to be used
22 more. So we have this built into the ZEV mandates.

23 The only reason we went for the scaling was to
24 try to stretch the money so we can make it all the way
25 through this fiscal year. What we see is the projected

1 number of vehicles that want to use this. And as said,
2 they're not necessarily even going to be in play here I
3 guess for this money this year. We have to go back and
4 talk about what the allocation we'll recommend to you --

5 CHAIRPERSON NICHOLS: Well, in principle, we
6 totally agree there needs to be more money in this
7 program. We're excited at the opportunity to have to deal
8 with so many new high tech vehicles, advanced clean cars
9 coming into California.

10 The issue about potentially downgrading their
11 vehicle versus other electric vehicles?

12 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: It's
13 just it's a different type category, which means generally
14 it has a lesser range than other ones.

15 CHAIRPERSON NICHOLS: So you're just trying to
16 distinguish between two different cars?

17 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yeah.
18 We give only 3,000 for a plug hybrid electric vehicle
19 because it can run on gasoline some of the time. And
20 we're giving \$1500 for electric motorcycle, for example,
21 freeway capable one. So that's kind of the scaling, much
22 like the credit scaling we had before.

23 CHAIRPERSON NICHOLS: I understand the issue, and
24 I think it's probably one worth talking about again, but
25 if this vehicle isn't, in fact, going to be here right

1 now, I'm not sure that we have to address it this minute.
2 But it's an issue to flag for next year for sure that we
3 need to come back and take another look at the allocation.

4 We have a motion and a second to approve the
5 staff recommendation. All in favor, please say aye.

6 (Ayes)

7 CHAIRPERSON NICHOLS: Opposed?

8 All right. That concludes the business before
9 the Board. I can stay here for another few minutes if
10 there's anybody who would like to make general comment.

11 There is a person who actually wants to make
12 general comment in the open public comment period. Jim
13 Rothstein. Okay.

14 MR. ROTHSTEIN: Hi. I'm Jim Rothstein.

15 Thank you for allowing me to address the Chair
16 and the full Board.

17 This is in regard to energy and environment
18 cooperation with China, where I lived for several years.
19 I spoke here in March. And since then, I have asked for
20 public records to try to learn about the state's
21 relationship with China. And all I've gotten are 40-day
22 delays. We'll get back to you. Few answers to direct
23 questions. And yesterday, there are no records. I'm
24 getting a run-around.

25 I've come back today to ask for your help. Can

1 the information be released? Can this be an open process,
2 our relationship with China? And I hope you will try to
3 expedite the whole process of -- there's an MOU and make
4 that work.

5 Thank you.

6 CHAIRPERSON NICHOLS: Okay. Thank you.

7 And with that, we are adjourned.

8 (Thereupon the Air Resources Board meeting
9 concluded at 6:45 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, TIFFANY C. KRAFT, 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 hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

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

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 7th day of July, 2010.

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