

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson

Dr. John Balmes

Ms. Sandra Berg

Ms. Dorene D'Adamo

Mr. Hector De La Torre

Mr. Ronald Loveridge

Mrs. Barbara Riordan

Dr. Alex Sherriffs

Professor Daniel Sperling

STAFF

Mr. James Goldstene, Executive Officer

Mr. Alberto Ayala, Chief Deputy Executive Officer

Mr. Richard Corey, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Mr. Judson Cohen, Monitoring and Laboratory Division

Mr. Mike Ginty, Air Resources Engineer, Goods Movement
Strategies Section, SSD

Mr. Scott King, Air Pollution Specialist, Northern
California SIP Section, PTSD

Mr. Jack Kitowski, Branch Chief, Freight Transportation
Branch

ALSO PRESENT

Ms. Barbara Baird, South Coast AQMD

Mr. Tim Carmichael, CA NGV Coalition

Ms. Elaine Chang, South Coast AQMD

Mr. Harvey Eder, PSPC

Mr. D. Douglas Fratz, Consumer Specialty Products
Association

Mr. Mike Freeman, WD-40 Company

Mr. Bob Hamilton, Amway

Mr. Greg Johnson, Sherwin Williams

Patricia Ochella, Deputy Policy Director, Coalition for
Clean Air

Mr. Fred Minassian, South Coast AQMD

Mr. Christopher Pearce, SC Johnson & Son, Inc.

Mr. Andrew Palomares, Port of Hueneme/Oxnard Harbor
District

Mr. Bill Quinn, California Council for Environmental and
Economic Balance

Mr. Doug Raymond, National Aerosol Association, WD-40,
Stoner, Inc., Blaster

Mr. Spencer Richley, Clean Energy Fuels

Mr. Matt Schrap, Crossroads

Mr. Timothy Serie, American Coatings Association

Mr. Jim Stewart

Mr. Lee Wallace, Southern California Gas

Mr. Mike Watt, San Diego AOCD

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1 BOARD MEMBER SHERRIFFS: Here.

2 BOARD CLERK JENSEN: Professor Sperling?

3 BOARD MEMBER SPERLING: Here.

4 BOARD CLERK JENSEN: Supervisor Yeager?

5 Chairman Nichols?

6 CHAIRPERSON NICHOLS: Here.

7 BOARD CLERK JENSEN: Madam Chairman, we have a
8 quorum.

9 CHAIRPERSON NICHOLS: Thank you.

10 I'll note we've also just been joined by Mayor
11 Loveridge and that Mr. De La Torre is with us as well.

12 So a few opening announcements. Anyone who
13 wishes to testify on any of the items on the agenda today
14 or in the public comment period and has not signed up
15 online is requested to fill out a card at the table
16 outside the boardroom and turn it into the Clerk of the
17 Board, who sits down there.

18 If you've already signed up online to speak, you
19 don't have to fill out a form, but you do need to check in
20 with the Clerk just so your name gets on the speakers'
21 list.

22 We will be imposing our usual three-minute limit
23 on speakers. So we appreciate it if when you get up to
24 speak you just give your name and then quickly summarize
25 the testimony in your own words. If you've given us

1 written testimony, we will have it and it will be in the
2 record and we'll be able to read it anyway.

3 For safety reasons, please note the emergency
4 exits that are at the rear of the room. In the event of
5 an emergency, we're required to evacuate this room
6 immediately and go outside the building until the
7 all-clear signal is sounded. I think that's it as far as
8 announcements is concerned.

9 But before we begin with our agenda this morning,
10 I wanted to take advantage of the fact that we're here in
11 the South Coast meeting room, and we are having an
12 opportunity to say goodbye. I think this really is
13 goodbye, at least as far as the Air Resources Board is
14 concerned, to a Board member who has also served as a
15 representative of the South Coast Air Quality Management
16 District. So it's very fitting that we're here in this
17 room. And we have a couple of small things to give to
18 you, Mayor Loveridge.

19 But I understand that you also have some thoughts
20 that you would like to share with us about ARB and your
21 service on the Board and the state of the air and whatever
22 else is on your mind. So we'd like to invite you to take
23 this opportunity to address the crowd.

24 BOARD MEMBER LOVERIDGE: Chair, I think the most
25 appropriate time would be the sort of final statement at

1 the end of the meeting, rather than -- so you finish the
2 business of the Board.

3 CHAIRPERSON NICHOLS: When it's all over.

4 BOARD MEMBER LOVERIDGE: Then I have a final
5 statement I'd like to make.

6 CHAIRPERSON NICHOLS: Okay. I'll honor your
7 request and do it in the order that you subject then. But
8 that's something you can all look forward to.

9 So let's then begin with James Goldstene's report
10 on the Air Resources Board program priorities for 2013.

11 2013 is not going to be any less busy than 2012,
12 you'll be happy to know. We have a number of major
13 actions in the regulatory area as well as progress to make
14 on our climate programs. And so we've asked the Executive
15 Officer to give us an overview with the sense of the types
16 of major Board actions that we're anticipating this year.

17 So Mr. Goldstene, would you please begin your
18 presentation?

19 (Thereupon an overhead presentation was
20 presented as follows.)

21 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
22 Nichols. Good morning, Board members.

23 This morning, I'm going to provide an overview of
24 the work we'll be considering this coming year and also
25 describe some of the staff's ongoing work to implement the

1 existing programs and regulations you've already approved.

2 --o0o--

3 EXECUTIVE OFFICER GOLDSTENE: You have a full
4 Board calendar this year. Of course, yesterday and today
5 you are taking action on the State Implementation Plan
6 amendments for achieving national ambient air quality
7 standards. And yesterday, staff updated you on SB 375
8 implementation in the San Joaquin Valley.

9 Looking past today, not surprisingly, much of our
10 effort will be in the climate change arena. Staff will be
11 providing regular updates as well as proposals for
12 regulatory action.

13 Staff will also come back to you again later in
14 the year with additional regional efforts to reduce GHGs
15 through sustainable communities strategies. And we expect
16 to bring you proposed revisions to ARB's mobile source and
17 fuels regulations and guidelines, as well as another
18 opportunity to reduce emissions from consumer products.

19 Staff will also ask for your guidance on ARB's
20 research program and the projects that provide the
21 scientific support for the Board's work.

22 --o0o--

23 EXECUTIVE OFFICER GOLDSTENE: It's been four
24 years since the Board approved the Scoping Plan at the end
25 of 2008. Since AB 32 requires that ARB update the plan

1 every five years, this will be an important effort this
2 year.

3 But AB 32 is not only planning work in 2013, even
4 as you act on a SIP today, ARB and South Coast district
5 staff have already begun the technical work for SIP
6 amendments due in 2015 for the recently updated federal
7 ozone standard.

8 Finally, ARB will begin a freight transport
9 initiative in the middle of the year. The Haagen-Smit
10 Symposium in May and Advanced Technology Conference will
11 kick-off that effort.

12 Last June, staff briefed you on a framework for
13 coordinated planning intended to lay out a process and
14 identify the analytical tools to enable coordination among
15 these three types of planning efforts. The Scoping Plan
16 will address greenhouse gases. The SIP addresses federal
17 health-based standards for ozone and particulate matter.
18 And exposure to toxic diesel particles will be central to
19 freight transport planning.

20 The three planning efforts will address many of
21 the same types of sources, especially mobile sources. And
22 technology advances will be key to achieving the
23 multi-pollutant goals.

24 Coordinated planning drawing on the scenario
25 methodologies developed in the Vision for Clean Air effort

1 will be key to developing common strategies and
2 understanding the broad environmental and economic impacts
3 of technology and energy transformation.

4 The most frequent comment staff heard during the
5 Vision effort was the need to consider a broader set of
6 technologies and to evaluate more possible scenarios.
7 These comments are good, and the planning efforts this
8 year will take place to do just that.

9 --o0o--

10 EXECUTIVE OFFICER GOLDSTONE: In last month's
11 Climate Change Program update, staff highlighted the
12 upcoming milestones. These include the auctions and
13 reserve sales, the investment plan for auction proceeds,
14 new compliance offset protocols, and market oversight to
15 deter, detect, and respond to market problems.

16 It remains important for ARB to continue our
17 collaboration with federal authorities, including the
18 Commodity Futures Trading Commission, the Federal Energy
19 Regulatory Commission, and the Federal Department of
20 Justice, as well as the California Independent System
21 Operator, and the California Office of the Attorney
22 General.

23 Later this year, staff will bring you an update
24 to the Climate Change Scoping Plan which will assess
25 progress toward the 2020 emissions target and begin the

1 planning for post-2020 goals.

2 With regard to the low carbon fuel standard,
3 staff is acting on the Board's direction to focus on crude
4 oil, carbon intensity indirect land use, electricity
5 credits, flexible compliance mechanisms, and economic
6 analysis.

7 --o0o--

8 EXECUTIVE OFFICER GOLDSTONE: Work this year on
9 the Advanced Clean Cars Program is primarily focused on
10 implementation. Auto makers will begin introducing and
11 certifying the cleanest vehicles in California. The first
12 of these already occurred, thanks to the early opt-in
13 provisions. Last month, the 2014 Honda Accord plug-in
14 hybrid pictured on the right side of the slide became the
15 first vehicle certified to meet the most stringent future
16 LEV III standard known as SU LEV 20.

17 There is ongoing work to support the program,
18 including research projects coordinated with the U.S. EPA
19 and the National Highway Transportation Safety
20 Administration, on consumer acceptance and usage of new
21 vehicle technologies, developments in advanced engine
22 technology, and societal and economic impacts of the
23 program.

24 This research will support the mid-term review of
25 the program in 2017 and an assessment of California's

1 progress towards meeting the zero emission goals.

2 ARB's laboratory staff is also developing new
3 analysis methods needed to implement the advanced clean
4 cars regulations lower particulate matter standard.

5 --o0o--

6 EXECUTIVE OFFICER GOLDSTENE: Now on ARB's diesel
7 program, staff is putting together significant resources
8 to ensure the continued successful implementation of ARB's
9 in-use diesel regulations so that by 2014 almost every
10 diesel engine in California will have a particulate
11 filter.

12 --o0o--

13 EXECUTIVE OFFICER GOLDSTENE: ARB's extensive
14 compliance assistance and education program is designed to
15 ensure that fleet owners know how to comply with the fleet
16 turnover requirements that phase in over the next
17 ten years.

18 Public health benefits are happening already. A
19 recent U.C. Berkeley study found that diesel emissions at
20 the Port of Oakland have been cut in half as a result of
21 ARB's clean diesel regulations.

22 Later this year, staff will update you on the
23 diesel program. And of course, you'll be considering
24 Proposition 1B actions today.

25 While California's diesel programs originated to

1 address public health impact in California, the program is
2 also reducing emissions of black carbon, the second
3 greatest contributor to global warming.

4 California's limits on residential and open
5 burning are also reducing the state's contribution to
6 global black carbon emissions.

7 --o0o--

8 EXECUTIVE OFFICER GOLDSTONE: Even with the
9 significant reductions we are achieving from our diesel
10 program, filters and cleaner engines will not address all
11 of the challenges posed by the freight transport system.
12 Additional innovation is needed to further reduce risk in
13 communities adjacent to the ports, to attain new, more
14 stringent air quality standards, and to address greenhouse
15 gas emission targets.

16 I mentioned the upcoming freight transport effort
17 during my introduction. ARB will kick off the development
18 of a sustainable freight strategy with the joint Air
19 District/ARB Technology Conference this spring to assess
20 potential advanced zero or near-zero emission technologies
21 for the sector. And this year's Haagen-Smit Symposium in
22 May will be devoted to a policy discussion on the path to
23 a sustainable freight system.

24 Staff hopes to bring a proposal for the Board's
25 consideration in 2014 after a series of public workshops

1 and stakeholder meetings to develop the strategy. The
2 goal is to build a broad coalition of stakeholders that
3 can endorse a strategy for a more efficient, zero or near
4 zero emission freight transport system. Transforming the
5 freight system is critical for meeting the state's
6 long-term goals for air quality and climate,
7 transportation, energy security, and the international
8 competitiveness of our logistics industry.

9 --o0o--

10 EXECUTIVE OFFICER GOLDSTONE: A component of
11 ARB's diesel program and others is reducing air pollution
12 in heavily impacted communities and environmental justice
13 areas.

14 ARB's enforcement division is coordinating with
15 other agencies and prioritizing enforcement of our diesel
16 rules and idling requirements, particularly near schools
17 and heavily industrialized communities.

18 Staff is working with cities throughout
19 California to get no idling signs installed wherever
20 diesel emissions affect local residents.

21 And staff is also establishing new roadside
22 monitoring sites to help us better assess the air quality
23 impacts of diesel emissions on the most heavily impacted
24 communities.

25 In our Climate Program, we are also working on

1 aspects of last year's cap and trade legislation, SB 535,
2 which requires that a portion of auction proceeds be
3 directed to disadvantaged communities. ARB staff is
4 providing technical assistance to the Office of
5 Environmental Health Hazard Assessment in the development
6 of the screening tool, now known as Cal-Enviro-Screen to
7 help identify these communities. This information will
8 guide the administration as it allocates cap and trade
9 auction proceeds.

10 --o0o--

11 EXECUTIVE OFFICER GOLDSTONE: Switching to our
12 work to support the development of sustainable
13 communities, over the past three years, ARB reviewed the
14 sustainable communities strategies from three of the large
15 metropolitan planning organizations, or MPOs: San Diego,
16 the Southern California Association of Governments, and
17 the Sacramento Area Council of Governments. These regions
18 are now implementing their adopted SCSs.

19 And yesterday, of course, staff briefed you on
20 the progress in the San Joaquin Valley. As staff said, we
21 expect to see the first of the valley plans later this
22 year and the last of the large MPOs, the Bay Area will
23 complete its plan this year as well.

24 We also anticipate receiving community plans from
25 Tahoe, Butte, and Santa Barbara MPOs. From a research

1 perspective, our research staff is actively working with
2 the MPOs to identify the types of academic research that
3 would be most useful in the development of future SCSs.
4 And we're continuing our involvement in the development
5 and discussion of new methods and tools that will help
6 quantify and describe the co-benefits of sustainable
7 community strategies.

8 --oOo--

9 EXECUTIVE OFFICER GOLDSTONE: Of course, all of
10 the work we're doing can't be done without strong
11 partnerships and effective collaboration. We've worked
12 hard to build more productive partnerships and need to
13 continue working at it. The leadership that you, as Board
14 members, provided and continue to provide is crucial.

15 As an example, we are building an already
16 established agreement with the Bay Area, San Joaquin
17 Valley, and North Coast Unified Air Districts, and with
18 the Port of Los Angeles to leverage resources to more
19 effectively enforce the heavy-duty vehicle regulations.

20 We are hopeful that similar agreements can be
21 reached with the San Diego Air District and the Port of
22 Long Beach. We're partnering with MPOs, the California
23 Energy Commission, CalRecycle, the PUC, and others on
24 implementing the Scoping Plan, and will assist the
25 Department of Conservation's Division of Oil and Gas on

1 the development of fracking regulations.

2 --o0o--

3 EXECUTIVE OFFICER GOLDSTENE: We also have very
4 collaborative relationships with our academic partners and
5 other non-governmental organizations. These relationships
6 are crucial, providing essential support to our research
7 program, advice on program implementation, and in many
8 cases, a reality check on the impact of our actions on
9 affected stakeholders.

10 --o0o--

11 EXECUTIVE OFFICER GOLDSTENE: We recognize that
12 the success of our sustainable freight initiative this
13 year will rely on successful collaborations between a wide
14 range of stakeholders and the effectiveness of our
15 outreach efforts.

16 One example of a recent successful collaboration
17 is with the California Trucking Association and the
18 California Bus Association on outreach and compliance
19 assistance efforts relating to the heavy-duty diesel
20 regulations.

21 --o0o--

22 EXECUTIVE OFFICER GOLDSTENE: Incentive program
23 re-authorization is a major priority this year. The Carl
24 Moyer Program, AB 118, and AB 923 complement our
25 regulatory efforts.

1 However, several key funding sources will end in
2 2015, unless they are re-authorized by the Legislature,
3 reducing funding from about \$300 million annually to
4 around \$65 million.

5 Incentives are critical for demonstrating the
6 State's commitment to new technologies, encouraging
7 industry to invest, develop, test and market new emission
8 reduction technologies, clean vehicles, and fuels and to
9 build the essential supporting infrastructure.

10 We are continuing our partnership with CAPCOA,
11 the Energy Commission, and other stakeholders to pursue
12 the re-authorization. Two bills, Assembly Bill 8 by
13 Assembly Member Perea and Senate Bill 11 by Senator Pavley
14 would extend funding for these critical programs through
15 2023.

16 --o0o--

17 EXECUTIVE OFFICER GOLDSTONE: ARB's research
18 staff are actively implementing this year's research plan,
19 including the nine projects the Board approved last month
20 to support SIP development and advanced clean car diesel
21 and sustainable community programs.

22 Later this year, in addition to bringing you next
23 year's research plan, staff will also provide an update on
24 some of the results from the research you have funded,
25 including updates on indoor air quality research, the

1 health effects of traffic, and the CALNEXT field study.

2 Three major ARB-federal collaborations on air
3 quality and climate science will also begin this year. As
4 you heard yesterday in Bakersfield, NASA just began a
5 four-year campaign to use satellites to monitor air
6 quality in the San Joaquin Valley.

7 Another NASA funded effort is studying the impact
8 of Asian emissions on California air quality. The
9 National Institute of Standards and Technology is
10 initiating a five-year project to monitor greenhouse gas
11 emissions in Los Angeles.

12 These studies will contribute valuable
13 information to our understanding of criteria pollutants
14 and greenhouse gases.

15 --o0o--

16 EXECUTIVE OFFICER GOLDSTONE: I would like to
17 take a moment to highlight an effort to replace the
18 existing Haagen-Smit laboratory in El Monte.

19 The current facility was constructed for ARB in
20 1972 when a staff of 40 supported a fledgling on-road
21 vehicle control program. The Haagen-Smit facility now
22 houses 360 employees who perform complex and often
23 innovative tests on a wide array of on-road and off-road
24 mobile sources and equipment and fuels.

25 The laboratory's work must meet the highest

1 standards as it supports the far-reaching decisions that
2 must be able to withstand the rigorous scientific and
3 legal review.

4 Over the years, ARB has added dynamometers,
5 dedicated test chambers and sophisticated emission testing
6 equipment. The facility can no longer accommodate the
7 demands placed on its mechanical and electrical
8 infrastructure. When new equipment is purchased and
9 installed, other equipment must be taken off line.

10 The aging facility also requires extensive
11 repair, maintenance and upgrades to address code
12 compliance with health and safety issues, including fire
13 alarm and employee notification systems, asbestos
14 abatement, and underground containment systems.

15 Under the Chair's direction, we have started to
16 look for a new lab site in the Los Angeles area and to
17 potentially partner with one of the universities.
18 Locating the new lab at a university would allow us to
19 build an Extremely efficient state-of-the-art facility and
20 would also enhance opportunities for academic
21 partnerships.

22 Our vision is that the lab would become an
23 international focal point for research on air quality and
24 climate.

25 --o0o--

1 EXECUTIVE OFFICER GOLDSTENE: Let me conclude
2 with the last few slides that highlight some of the
3 specific items that come out of my general description of
4 2013 priorities that staff will bring to you for your
5 consideration. These will be -- there will be several
6 more state implementation, SIP, actions this year listed
7 here along with those that were before you yesterday and
8 now today.

9 Climate change actions will include SCSs from the
10 San Joaquin Valley and the Bay Area, as well as an update
11 to the Scoping Plan. And you'll consider amendments,
12 linkage, and new offset protocols for the cap and trade
13 program.

14 --o0o--

15 EXECUTIVE OFFICER GOLDSTENE: Staff will propose
16 several regulatory actions that deal with mobile source
17 emission controls affecting off-road recreational
18 vehicles, hybrid and zero emission buses, and
19 specifications for all alternative diesel fuels and E85
20 ethanol.

21 You are also scheduled to consider the hydrogen
22 production standard and designations for the new PM2.5
23 standard.

24 --o0o--

25 EXECUTIVE OFFICER GOLDSTENE: In terms of

1 incentive programs, you'll be voting on funding plans and
2 guidelines for Proposition 1B, the Goods Movement Emission
3 Reduction Program, and for AB 118, the Air Quality
4 Improvement program.

5 Finally, last on the list are amendments to two
6 VOC programs: Amendments to the existing consumer
7 products and gasoline vapor recovery requirements.

8 As you can see, 2013 will be another full year.
9 Staff is looking forward to the challenges ahead and
10 continuing to support your decision making with technical
11 and scientific expertise.

12 Thank you. That concludes my presentation. And
13 we are available to answer any questions.

14 CHAIRPERSON NICHOLS: Thank you, James. I think
15 that's a pretty full report.

16 The Board members obviously meet once a month and
17 act on things you bring to us. But in between, my
18 observation is that every single member of this Board is
19 also doing a lot to assist both with the outreach part of
20 the program and with bringing ideas and suggestions back
21 to the staff.

22 And I just want to say that that's an important
23 dynamic, and I expect and hope it will continue in the
24 coming year.

25 We do have a couple of people who have asked to

1 address us on this overview. So we'll call on them. Tim
2 Carmichael and Patricia Ochoa, come forward.

3 MR. CARMICHAEL: Good morning, Chair Nichols,
4 members of the Board. Tim Carmichael with the California
5 Natural Gas Vehicle Coalition.

6 Let me say that I appreciate Mr. Goldstene's
7 comments about the Vision document. We were one of the
8 parties that submitted comments suggesting that a broader
9 approach would be a good idea.

10 As some of you have heard from me directly and
11 some of my colleagues, we were very concerned that other
12 agencies and other individuals looked at the Vision
13 document and concluded that ARB either felt no other fuels
14 or technologies were necessary or that they weren't going
15 to support other fuels and technologies in the future.
16 And that, of course, is problematic, not just for natural
17 gas, but for other clean fuels and technologies that we
18 believe will be part of the mix going forward.

19 So I'll leave it at that. We look forward to
20 working with you on that broader approach because we think
21 that is a recipe for success. Thank you.

22 CHAIRPERSON NICHOLS: Thank you.

23 Ms. Ochoa.

24 MS. OCHOA: Good morning, Chairman Nichols and
25 Board members.

1 My name is Patricia Ochoa. I'm the Deputy Policy
2 Director for Coalition for Clean Air. I'm here also to
3 talk about the Vision document and the importance of
4 finalizing the Vision document.

5 Before I start, I do want to thank the staff at
6 ARB for their work in finalizing or getting the document
7 to the point where it's at.

8 As an organization that works to restore clean
9 healthy air to California, we're in support of your
10 efforts to develop and finalize the Vision document. We
11 consider document visionary in its approach of integrating
12 planning across various pollutants and necessary to inform
13 critical decisions for how California can best address
14 efforts to improve air quality and reduce greenhouse
15 gases.

16 We consider the document -- it is the integrated
17 and collaborative approach of the Vision document that
18 will be needed in the following months as California
19 updates its AB 32 Scoping Plan and prepares for ozone
20 State Implementation Plans and kicks off the statewide
21 sustainable freight initiative and tackles agriculture
22 equipment rulemaking and decisions regarding new and
23 existing funds.

24 We may lose an opportunity to coordinate
25 strategies across various planning processes if the Vision

1 document is not finalized.

2 And we believe that a final Vision plan will
3 inform our near-term decision making and future policies
4 and funding will get us to achieving clean air and
5 reducing greenhouse gases.

6 Therefore, we like to urge you to finalize the
7 Vision document at this time because it will provide the
8 direction, clarity, and the wisdom we need for the various
9 planning processes and rulemaking that California will be
10 engaging in in 2013. Thank you.

11 CHAIRPERSON NICHOLS: Thank you.

12 Any further comments on this item from the Board?

13 BOARD MEMBER RIORDAN: Madam Chair, I just am
14 very pleased to see that the staff has identified as an
15 item sustainable freight strategies, because I think
16 that's critical to both the economic health of the state
17 of California as well as our personal medical health. And
18 I think that this is a wonderful opportunity to come
19 together and to really think about these things in a
20 little less formal setting, those that you have identified
21 here for sustainable freight strategies. And I want to
22 thank you for that.

23 CHAIRPERSON NICHOLS: Thank you, Mayor Loveridge.

24 BOARD MEMBER LOVERIDGE: Three comments.

25 One, I think it's important to get this kind of

1 framing of the priorities for this next year.

2 I do think one theme that James Goldstene
3 emphasized that it's not simply the Board passing rules
4 and regulations, but this idea of partnership and
5 cooperation.

6 Two quick comments. One just mentioned before at
7 South Coast meetings, but Tim Carmichael reminded me. I
8 think the abundance now and the price of natural gas is
9 sort of a game changer. And I think we need to rethink
10 some of our choices based on what I think is going to be
11 available in the immediate future.

12 But the primary reason for asking for a comment
13 is slide number eight, which was communities and
14 environmental justice, and the question of distribution
15 centers and the role trucks have in terms of diesel
16 affects on communities.

17 The inland area clearly has land, and there are a
18 number of communities looking at distribution centers.
19 The South Coast has been in the paper and comments made on
20 Moreno Valley and steps on what mitigation measures should
21 be taken to reduce the impact of diesel, particularly on
22 the community in Moreno Valley.

23 Does CARB have a role in commenting on the
24 environmental impact report or monitoring or participating
25 with the South Coast on this development of major

1 distribution centers?

2 EXECUTIVE OFFICER GOLDSTONE: Well, we're not the
3 lead agency. I think that we think we have a role again
4 in the partnership. We want to work with our local air
5 district.

6 But even if we weren't partnering with them,
7 which we do, we would try to weigh in on something like
8 this. When you're dealing with these comments let's say
9 in a CEQA process, it can get complicated. But that
10 certainly shouldn't stop us from engaging in these areas,
11 particularly as you say as the need for these logistics
12 and distribution centers increases and they're getting
13 bigger and so much of the goods -- I've heard several
14 times over the years that 40 percent of the goods that
15 come into the United States come in through the ports of
16 Long Beach and L.A. And those go into the distribution
17 centers by train and truck and out again. So clearly
18 there is a role for ARB in weighing in on that.

19 CHAIRPERSON NICHOLS: Okay. Without any further
20 comments, I think it's time to move into our next item,
21 which though it's not regulatory is one that we do need to
22 take action on. That's the South Coast 2012 Air Quality
23 Management Plan.

24 Obviously, the South Coast faces tremendous
25 challenges, but has also made tremendous progress, which I

1 know this Board is aware of and proud of the role that
2 we've played in it.

3 The document that we're considering here today,
4 an Air Quality Management Plan, the 2012 Air Quality
5 Management Plan, represents I think some of the most
6 innovative thinking anywhere in the world on how to
7 address air quality problems. The fact that there are
8 elements in it that are specifically required by the Clean
9 Air Act and which will be forwarded by us, as is our legal
10 responsibility to EPA, as part of the State Implementation
11 Plan and also that it contains other elements that are not
12 necessarily required by federal law, but which are very
13 important to explaining the overall strategy and knitting
14 together approaches to more than one pollutant at a time
15 is reflective of I think the kind of leadership that's
16 been shown in this region for a long time in recognizing
17 that we don't just breathe one pollutant at a time and
18 that the sources of the major pollutants that we are
19 dealing with are, in many cases, exactly the same. So it
20 makes more sense from a point of view of government
21 efficiency and also general effectiveness if we can
22 address all these things in one overarching strategy.

23 Enormous resources have gone into the development
24 of this plan, not only on the part of the district and our
25 staff, but also of course of the community groups and the

1 private sector that participated along the way. And it's
2 an important legal milestone that has to be met in terms
3 of the region's compliance with federal law as well.

4 We, at ARB, are in the unique position of being
5 both partners in this effort because many of the measures
6 that are included in the plan are measures that we are
7 responsible for developing and enforcing. But also as
8 approvers and legal enforcers of a plan from time to time
9 as well. So it's a constantly active partnership that
10 we're involved in here. And it's one that is leading us
11 to recognition that we need to keep on working to develop
12 even newer strategies all the time.

13 So Mr. Goldstene, why don't you begin with this
14 presentation?

15 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
16 Nichols.

17 Last month, the South Coast Air District adopted
18 its 2012 Air Quality Management Plan, which includes a
19 multi-pollutant strategy to reduce PM2.5 and ozone
20 pollution. It is designed to satisfy several SIP
21 requirements. Specifically, the plan demonstrates
22 attainment of the 24-hour PM2.5 standard in 2014,
23 demonstrates attainment of the 1-hour ozone standard in
24 2022, and includes actions to reduce emissions needed to
25 meet the 8-hour ozone standard by developing and

1 implementing advanced technologies.

2 ARB staff has worked with district staff
3 throughout the SIP development process to provide
4 technical information on emissions and reductions for a
5 variety of mobile sources that we regulate.

6 The technical collaboration also includes air
7 quality modeling and data analysis. Staff finds these
8 technical elements to be scientifically sound.

9 Staff's presentation will describe the SIP
10 elements of the AQMP that we are recommending the Board
11 approve for submittal to U.S. EPA.

12 Scott King of the Planning and Technical Support
13 Division will provide the staff presentation. Scott.

14 (Thereupon an overhead presentation was
15 presented as follows.)

16 AIR POLLUTION SPECIALIST KING: Thank you, Mr.
17 Goldstene. Good morning, Madam Chairman and members of
18 the Board. I will present the South Coast Air Quality
19 Management District's 2012 Air Quality Management Plan.

20 --oOo--

21 AIR POLLUTION SPECIALIST KING: The South Coast
22 Air District regularly develops a comprehensive Air
23 Quality Management Plan, or AQMP, to address the region's
24 air quality needs.

25 The AQMP is an integrated planning document that

1 considers multiple pollutants, including PM2.5 and ozone,
2 toxics, and greenhouse gases. And under state law, the
3 AQMP is the region's portion of the State Implementation
4 Plan, or SIP.

5 The 2012 AQMP would amend the California State
6 Implementation Plan to address three health-based national
7 ambient air quality standard by:

8 1. Demonstrating attainment of the 24 hour PM2.5
9 standard by 2014.

10 2. Demonstrating attainment of the 1-hour ozone
11 standard by 2022;

12 And 3. Identifying measures and actions to
13 fulfill federally-approved 8-hour ozone SIP commitments to
14 achieve emission reductions from advanced technologies.

15 --o0o--

16 AIR POLLUTION SPECIALIST KING: The South Coast
17 Air Quality Management District Board approved the 2012
18 AQMP on December 7th, 2012. ARB staff has reviewed the
19 AQMP and finds it meets the requirements of the Clean Air
20 Act.

21 Therefore, staff is proposing the Board approve
22 the 2012 AQMP and direct the Executive Officer to submit
23 the plan to U.S. EPA as a revision to the California SIP.

24 --o0o--

25 AIR POLLUTION SPECIALIST KING: The next series

1 of slides provide some background information on the
2 region's air quality trends and how the 2012 AQMP control
3 strategy and attainment demonstrations build on the
4 region's existing SIPs.

5 --o0o--

6 AIR POLLUTION SPECIALIST KING: The South Coast
7 air basin is home to approximately half of California's
8 population. The population growth, warm climate, and
9 robust economy, along with the air basin's complex
10 terrain, create conditions that have historically led to
11 unhealthy air quality with high ozone levels in the summer
12 and high fine particulate matter, PM2.5, concentrations in
13 the late fall and winter.

14 Never the less, due to the control programs being
15 implemented today by ARB and the district, large parts of
16 the basin now meet federal standards for PM2.5 and ozone.

17 And by 2014, the entire basin is expected to meet
18 both the annual PM2.5 standard of 15 micrograms per cubic
19 meter set in 1997 and the 24-hour PM2.5 standard of 35
20 micrograms per cubic meter set in 2006.

21 Meeting the ozone standard will be a greater
22 challenge, requiring advanced new technologies and the
23 time to deploy them.

24 --o0o--

25 AIR POLLUTION SPECIALIST KING: This slide

1 illustrates the improvement in 24-hour PM2.5 levels
2 between 2001 and 2011. It shows design values, which are
3 based on measured pollution levels at monitoring stations
4 throughout the basin.

5 In 2001, every monitoring site in the South Coast
6 violated the PM2.5 24-hour standard of 35 micrograms per
7 per cubic meter.

8 You can see that by 2011 nearly the entire area
9 met the standard, with the exception of a single
10 monitoring site at Mira Loma in Riverside County. That is
11 the Orange colored area in the middle of the map. The
12 PM2.5 portion of the AQMP focuses on the last increment of
13 reductions needed to bring this area into attainment.

14 --o0o--

15 AIR POLLUTION SPECIALIST KING: This slide
16 illustrates that 1-hour ozone concentrations in the South
17 Coast air basin have also improved markedly. Today, 81
18 percent of the South Coast population lives in areas that
19 meet the 1-hour standard, compared with two percent in
20 1990.

21 By 2011, Orange County and the major portions of
22 Los Angeles and Riverside Counties attain the standard.

23 Further, there are relatively few days that
24 exceed the standard. In 2011, there were 16 exceedance
25 days in the South Coast air basin, down from 131 days in

1 1990. The worst site, Crest Line, had eight days over the
2 standard.

3 Although U.S. EPA has replaced the 1-hour
4 standard with the 8-hour standard, some planning
5 requirements remain. That is why a 1-hour ozone
6 attainment demonstration is included in the 2012 AQMP.

7 --o0o--

8 AIR POLLUTION SPECIALIST KING: This slide
9 provides a similar comparison for the 8-hour ozone
10 standard. Like 1-hour concentrations, the improvement in
11 8-hour ozone design values has also occurred basin-wide
12 between 1990 and 2011.

13 On average, the decrease in 8-hour ozone levels
14 at all monitors is over 40 percent. As with the 1-hour
15 standard, San Bernardino County and portions of the Santa
16 Clarita Valley stand out as areas that continue to exceed
17 the standard.

18 For the 8-hour standard, most of Riverside County
19 also has design values above the level of the standard.

20 To give you a sense of the stringency of the
21 8-hour standard, I said on the last slide that in 2011
22 there were 16 exceedance days of the 1-hour standard.
23 That compares to 71 days in the same year for the 8-hour
24 standard.

25 --o0o--

1 AIR POLLUTION SPECIALIST KING: Moving onto the
2 2012 AQMP strategy. Since much of the air quality
3 improvements over the past few decades demonstrated in the
4 last slides can be credited to the implementation of
5 California's comprehensive air pollution control programs,
6 the 2012 AQMP carries forward the control strategies and
7 commitments in the SIPs adopted by the district and ARB in
8 2007.

9 U.S. EPA approved these SIPs in 2011 and 2012.
10 The AQMP adds new district measures to ensure attainment
11 of the 24-hour PM2.5 standard by 2014.

12 For ozone, the plan identifies measures and
13 actions that ARB and the district are undertaking to
14 identify and implement advanced technologies and address
15 the long-term strategy commitment approved by U.S. EPA.

16 And as all SIPs must, the AQMP includes other
17 mandatory elements, which I will address later in this
18 presentation.

19 --o0o--

20 AIR POLLUTION SPECIALIST KING: Since the 2007
21 SIP is also central to the 2012 AQMP, the next few slides
22 review the control strategy and implementation of the 2007
23 SIP.

24 The core strategy in the 2007 SIP reduces
25 emissions from diesel powered vehicles and equipment. It

1 relied on new engine standards and rules to accelerate
2 fleet turnover so benefits of the new engines could be
3 realized sooner.

4 Since 2007, the Board adopted regulations that
5 accelerate the cleanup of commercial trucks, off-road
6 construction and mining equipment, and freight transport
7 equipment used at ports and rail yards.

8 The Board also adopted controls on consumer
9 products which are sources of ozone-forming volatile
10 organic compounds.

11 To ensure passenger vehicles remain as clean as
12 possible, the California Bureau of Automotive Repair
13 strengthened the Smog Check Program by including diesel
14 vehicles, tightening cut points, and requiring inspection
15 of evaporative emission control systems.

16 --o0o--

17 AIR POLLUTION SPECIALIST KING: This chart
18 illustrates the projected reductions of NOx in the south
19 coast over time from ARB's adopted diesel regulations for
20 on-road sources. It includes the benefits of rules to
21 reduce emissions from trucks, buses, drayage trucks,
22 utility and waste haul fleets. As seen by the arrows,
23 implementation of these rules is being phased in over
24 several years.

25 --o0o--

1 AIR POLLUTION SPECIALIST KING: Complimentary to
2 ARB's work implementing measures from the 2007 SIP, the
3 district adopted and is implementing local measures from
4 the 2007 AQMP.

5 They address: Wood burning sources, SOX reclaim,
6 stationary source upgrades, solvent and lubricants,
7 architectural coatings, evaporative emissions, green waste
8 composting operations, ovens, dryers and furnaces and the
9 SOON program.

10 --o0o--

11 AIR POLLUTION SPECIALIST KING: The 2007 SIP
12 included a federally-approved commitment to achieve
13 emission reductions to meet the 8-hour ozone standard in
14 2023 from advanced technology as provided by the Clean Air
15 Act section 182(e)(5).

16 There are also several important multi-agency
17 efforts underway. As part of the effort to meet this
18 commitment, in 2008, ARB, US EPA, and the South Coast and
19 San Joaquin Valley Air Districts signed a Memorandum of
20 Agreement establishing the Clean Air Technology
21 Initiative, with the purpose of evaluating innovative
22 technologies that have the potential to reduce emissions.

23 Funding assistance for this effort came through
24 California's Assembly Bill 118, which established ARB and
25 CEC incentive programs with the goal to foster advanced

1 clean technologies for vehicles and fuels they use.

2 Locally, the South Coast Air District has also
3 the technology advancement program to explore advanced
4 technologies that could reduce emissions from sources
5 within its boundaries.

6 --o0o--

7 AIR POLLUTION SPECIALIST KING: The remaining
8 slides in my presentation address the 2012 AQMP in terms
9 of meeting Federal Clean Air Act requirements for an
10 approvable SIP.

11 --o0o--

12 AIR POLLUTION SPECIALIST KING: Most importantly,
13 the 2012 AQMP demonstrates attainment for the 24-hour
14 PM2.5 standard.

15 As I just discussed, most of the reductions come
16 from the implementation of the 2007 SIP. However,
17 additional reductions are needed to meet the 2014
18 deadline.

19 To achieve this last increment, the new 2012 AQMP
20 strategy reduce emissions on episodic high PM2.5 days that
21 exceed the standard. These reductions come from the
22 enhancement of existing programs to curtail emissions from
23 wood burning and prescribed open burning. Benefits from
24 these measures, in addition to projected reductions from
25 ongoing incentive programs, provide the last increment of

1 reductions necessary for attainment by 2014.

2 --o0o--

3 AIR POLLUTION SPECIALIST KING: Now turning to
4 the 1-hour ozone standard.

5 U.S. EPA first adopted the 1-hour ozone standard
6 of 0.12 parts per million in 1979.

7 In 2005, U.S. EPA revoked the 1-hour ozone
8 standard and replaced it with the more stringent 8-hour
9 standard. Recently, however, courts have ruled that
10 states will need to meet certain 1-hour standard
11 requirements, including an attainment demonstration.

12 U.S. EPA is now requiring an attainment
13 demonstration for the 1-hour standard showing attainment
14 by 2022 in the South Coast.

15 To meet this requirement, the district included a
16 1-hour demonstration in the 2012 AQMP that is consistent
17 with U.S. EPA guidance and demonstrates attainment of the
18 1-hour standard by 2022. The control strategy for the
19 1-hour standard is the same as the control strategy for
20 the 8-hour standard.

21 --o0o--

22 AIR POLLUTION SPECIALIST KING: The 2007 SIP
23 includes reduction from the development and use and
24 advanced zero and near-zero emission technologies. To
25 meet the 8-hour ozone standard in 2023, the advanced

1 technology provision of the Act, Section 182(e)(5),
2 recognizes the further need for development and deployment
3 of new technologies in regions with the most severe ozone
4 air quality problems.

5 The Clean Air Act Section 182(e)(5) provision is
6 only available to areas classified as extreme.

7 To meet the 182(e)(5) commitment in the 2007 SIP,
8 the 2012 AQMP measures identifies actions to reduce mobile
9 source emissions through programs to accelerate the
10 penetration and deployment of partial zero emission and
11 zero emission vehicles and to accelerate retirement of
12 older gasoline and diesel powered vehicles.

13 The 2012 AQMP also lays out actions for the
14 deployment of zero and near zero technologies for freight
15 transport related sources, including on and off-road
16 vehicles and equipment, locomotives, cargo handling
17 equipment, commercial harbor craft, oceangoing vessels,
18 and aircraft engines.

19 --o0o--

20 AIR POLLUTION SPECIALIST KING: In addition to
21 the core requirements for a control strategy and
22 attainment demonstration, the Clean Air Act specifies
23 submittal of other components, including an emission
24 inventory, a reasonably available control measures
25 analysis, contingency measures, vehicle miles traveled

1 offset demonstrations, and transportation conformity
2 budgets. The 2012 AQMP includes all of these necessary
3 components, fulfilling the requirements of the Act.

4 --o0o--

5 AIR POLLUTION SPECIALIST KING: ARB staff
6 recommends that the Board approve the South Coast Air
7 District Air Quality Management Plan as a revision to the
8 California SIP with attainment demonstrations for the
9 24-hour PM2.5 standard by 2014 and the 1-hour ozone
10 standard by 2022.

11 That concludes my presentation. Thank you.

12 CHAIRPERSON NICHOLS: Thank you very much.

13 I think we should go to the witnesses, unless we
14 have any question. We have a number of people that signed
15 up to speak.

16 I'm going to ask we have two representatives here
17 from the South Coast, Barbara Baird and Elaine Chang. And
18 last time we did one of these, yesterday, in fact, we
19 deferred the speakers from the local air district until
20 the end so that they could respond to any comments that
21 came up along the way, as well as to their presentation.
22 Would that be acceptable to you? It's not a terribly long
23 list. Is that okay? All right. I see nodding out there.
24 Good.

25 Let's start with Spencer Richley and then Bill

1 Quinn and Lee Wallace.

2 MR. RICHLEY: Good morning, Chairman Nichols and
3 Board.

4 My name is Spencer Richley. I'm from Clean
5 Energy. We are a natural gas vehicle fueling company.

6 I'd like to thank the staff for their hard work
7 on this plan. In the first draft of the AQMP, it was
8 heavily focused on zero emission vehicle technologies, in
9 all applications, from light to heavy-duty vehicles mainly
10 focusing on battery electric and hydrogen fuel cell. This
11 was much like the Vision for Clean Air document. It was
12 clear that the Vision document had a large influence on
13 the AQMP.

14 However, Clean Energy and many others submitted
15 comments to the AQMD it needed to include a broad array of
16 fuels, like natural gas, which provides great reductions
17 in NOx, PM, and greenhouse gas emissions.

18 The staff did a great job in processing and
19 responding to the comments, and it was clear they put in a
20 lot of hard work into doing this.

21 The final product of the AQMP now includes a wide
22 range of alternative fuels like natural gas. And Clean
23 Energy is in full support of the final document in its
24 current form. And we look forward to the same changes to
25 be made in the Vision document. Thank you.

1 CHAIRPERSON NICHOLS: Thank you very much.

2 Mr. Quinn.

3 MR. QUINN: Good morning, Chairman Nichols and
4 members of the Board.

5 My name is Bill Quinn. I'm the Vice President of
6 CCEEB, the California Council for Environmental and
7 Economic Balance.

8 I'm here today to recommend your approval of the
9 2012 South Coast AQMP. During much of last year, we spent
10 considerable time working with the South Coast staff to
11 seek clarification and gain a better understanding of the
12 various components of the plan and potential impact it
13 would have on our members.

14 Our greatest focus dealt with how the plan would
15 address the NOx reclaim program. We explained to the AQMD
16 Board and its staff the extreme importance to provide
17 facilities with as much certainty as possible to allow
18 them to more accurately plan for capital investment
19 expenditures necessary to meet their reclaim obligations.

20 From early in the AQMP development process, we
21 expressed our concern of having multiple rulemakings with
22 unknown shaves to the NOx reclaim program.

23 Our members recognize their obligation to reduce
24 emissions, but again we ask the AQMD for some certainty to
25 plan accordingly. We believe the plan before you today

1 will go a long way to provide the needed certainty to
2 reclaim facilities. While the plan still includes a
3 reclaim contingency measure for PM2.5, we're both hopeful
4 and confident the basin will reach PM2.5 attainment
5 without triggering this provision.

6 Most significant to our members, the plan
7 contains clarifying language stating it is the district's
8 intent to perform a thorough analysis in 2013 and '14 to
9 be used as a reclaim shave that will be part of the 2015
10 AQMP for ozone. With this clarifying language added to
11 the plan, we supported adoption by the South Coast
12 Governing Board and we do the same with you today. Thank
13 you very much.

14 CHAIRPERSON NICHOLS: Thank you.

15 Lee Wallace, and then Harvey Eder.

16 MR. WALLACE: My name is Lee Wallace. I'm from
17 Southern California Gas. And I filed my testimony with
18 you electronically. I understand we don't have an
19 overhead projector, but I had three slides there I will
20 just describe.

21 First of all, we also work with your staff on the
22 Vision document. And we looked at what the data showed,
23 which is that it is relatively easier for the State to get
24 its California CO2 emissions down to the level that is
25 necessary for attaining the 2050 goal. But the associated

1 NOx emission reductions are still not enough and not low
2 enough to get to the attainment levels that are needed in
3 2023 and 2032 under the EPA 8-hour standard.

4 So the South Coast, in particular, needs more
5 emission reductions a lot sooner than the rest of the
6 state. And I can show you the chart. It is a line that
7 goes almost straight down, it looks like. So what we are
8 suggesting is that planning here has to rely on existing
9 technologies and a multi-technology approach.

10 The staff and the AQMP took a novel approach at
11 defining near zero emissions, and they opened the door to
12 multi-technology approaches by saying, start with
13 technologies that can go along a path that will get you to
14 zero emission technology options.

15 In my testimony, I provided just a handful of
16 examples of new natural gas truck technologies that are
17 going to be even cleaner than the ones that are currently
18 available. If we adopt a strategy of this path approach
19 starting with these even cleaner natural gas technologies,
20 then adopt parts of a strategy which will use such things
21 as hybridization, even further emission reductions, blends
22 of CNG and hydrogen and other innovations that the private
23 sector can come up with, we can keep that progress going
24 further down to get to zero emission transportation
25 options.

1 We, at the gas company, have met with South
2 Coast, CARB. And last week, we met with EPA Region 9
3 discussing this. We're going to be putting together more
4 information and getting back with your staff about this.

5 We look forward to talking to you further about
6 this. But we think that this is the right way to go to
7 meet the demand for earlier emission reductions that this
8 district must have in order to reach the 2023 and 2032
9 ozone attainment standards.

10 Thank you very much. And we do support the
11 adoption of the plan.

12 CHAIRPERSON NICHOLS: That's great. Thanks.

13 BOARD MEMBER LOVERIDGE: Madam Chair.

14 CHAIRPERSON NICHOLS: Sorry. Question.

15 BOARD MEMBER LOVERIDGE: No question. This is my
16 18th year of sitting here, and also my 18th year of
17 listening to Lee Wallace. I just wanted to say that he
18 has been a good champion of the Southern California Gas
19 Company. But he's also been -- his comments have been
20 clear and he has synergrated his comments with what I
21 think are in the public interest. He's an example in my
22 judgment of an outstanding participant to these kinds of
23 hearings. I just want to acknowledge and thank him.

24 MR. WALLACE: Thank you. We want to express our
25 great appreciation for all you've given to this region and

1 your work nationally. So we look forward to continuing to
2 work with you.

3 CHAIRPERSON NICHOLS: Thank you. Thanks very
4 much. You're right though about Lee and his role in
5 particular. He has been a stalwart in these efforts over
6 many years.

7 Timothy Serie from the American Coatings
8 Association.

9 MR. EDER: I'm Harvey Eder.

10 CHAIRPERSON NICHOLS: I'm sorry. Excuse me. I
11 called you first. I apologize. Go ahead.

12 MR. EDER: I'm Harvey Eder. I'm speaking for
13 myself and for the Public Solar Power Coalition.

14 What's needed both from the district and the
15 State is immediate total solar conversion plan. And this
16 was not done in the 2012 Air Quality Management Plan by
17 the district. It's not utilizing the Clean Air Act's
18 182(e)(5) and other parts of the Act. We should be using
19 the best available control technology, not reasonably
20 available control technology, even LAER lowest achievable
21 emission rates.

22 The cost of solar has gone down considerably.
23 It's gone down about 75 percent since '06 and continues to
24 go down.

25 Also, interest rates are now lower than they have

1 been almost ever. And this greatly effects the cost of
2 installing solar.

3 Most of the systems that are going now with
4 photovoltaics are third-party financed. And the people
5 that are installing the systems are saving money and
6 reducing emissions. This includes criteria emissions,
7 toxic emissions, and greenhouse gases. So this needs to
8 be looked at. Needs to be implemented. And I'm talking
9 in opposition to the plan. This is something that's got
10 to be dealt with now, not waiting for -- could be done in
11 the next five to ten years. And I don't think the State
12 or the district is doing their job and not implementing
13 it. It should be considered as part of the Scoping Plan
14 review and whatever else you do on that. And there is
15 consideration of litigation. Thank you.

16 CHAIRPERSON NICHOLS: Thank you.

17 Now Timothy Serie and then Mike Freeman.

18 MR. SERIE: Thank you, Madam Chair, and members
19 of the Board. We appreciate the opportunity to provide
20 comment here today.

21 My name is Tim Serie, and I'm here on behalf of
22 the American Coatings Association.

23 And first, we'd just like to acknowledge the
24 South Coast Air Quality Management District staff and
25 Governing Board for their tremendous work on the Air

1 Quality Management Plan and for considering and responding
2 to many of our comments. However, we still have a number
3 of significant lingering concerns regarding the plan that
4 have yet to be addressed.

5 Our chief concern is a lack of justification for
6 some of the continued VOC reductions as a part of the
7 California's ozone attainment goals. And in particular,
8 the VOC reductions for coatings and associated solvents
9 contained in CTS 01, 02 and 03. We ask that these
10 provisions be removed from the California SIP.

11 And in particular for architectural coatings, for
12 CTS 01, even though the paint and coatings industry has
13 strived to drastically reduce the VOC from its coating
14 products, it continues to be a target for further
15 reductions.

16 From 2002 to 2014, the industry will have reduced
17 the VOC content of its products by 70 percent, which is a
18 severe drop and well below the district's estimated
19 targets.

20 And now in the Air Quality Management Plan, there
21 is a further two to four tons per day reduction target,
22 which is another 25 percent reduction to the VOC
23 inventory. And the district is seeking to eliminate a
24 critical compliance option referred to as the small
25 container exemption, which has been a part of the

1 regulations since their inception. So we believe it's
2 time to stop targeting architectural coatings and look for
3 further reductions from other sources.

4 And we will continue to work with the South Coast
5 Air Quality Management District on all these regulations,
6 but we ask that CTS 01, CTS 02, and CTS 03 be removed from
7 the California SIP. Thank you.

8 CHAIRPERSON NICHOLS: Thank you.

9 Mr. Freeman and then Chris Pearce.

10 MR. FREEMAN: Good morning. My name is Mike
11 Freeman. I'm President of the Americas with the WD-40
12 company, a company that was born in San Diego, was in San
13 Diego for our 60 anniversary year coming up. We do
14 business in over 180 countries. Thank you for the
15 opportunity to share our perspective and concerns.

16 We have a long history of working with ARB and
17 other regulatory agencies with the result being clean air
18 for all of us, and we want to continue in those efforts.

19 We thank and fully support the South Coast
20 Governing Board's action to do additional research with
21 industry regarding CTS 04 and the LVP topic.

22 For the past decade, every ounce of WD-40 sold in
23 California and for 49 other states was formulated in full
24 compliance of CARB VOC regulations. We figured if it
25 brings clean air to California, it should bring clean air

1 to the other 49 states.

2 And in addition, every ounce of WD-40 sold in
3 California has been assessed a VOC fee, regardless of
4 where and how it is used. That was worth about \$250,000
5 last year.

6 Proposed control measures CTS 03 regarding mold
7 releases used in manufacturing, not the mold in the walls,
8 but mold releases used in manufacturing could put an
9 additional set of regulations on WD-40 product that is
10 already 100 percent CARB compliant with VOCs. Those new
11 regulations use a different VOC definition, a different
12 VOC testing methodology, and have a different measure of
13 success criteria.

14 Based on a very similar regulation that's already
15 been past several years ago by South Coast, Rule 1144 that
16 will to do with metal working fluids, our experience with
17 that, the 100 percent CARB-compliant WD-40 would be banned
18 from mold release uses in manufacturing, but only in the
19 South Coast Air District. It would be perfectly legal to
20 use in all the other air districts.

21 So we are just asking you, please, can you help
22 stop this regulatory overlap and the market confusion that
23 comes from it. WD-40 company requests withdrawal of CTS
24 03 from the 2012 Air Quality Management Plan. Thank you
25 very much.

1 CHAIRPERSON NICHOLS: Okay. Thanks.

2 Christopher Pearce and then Bob Hamilton.

3 MR. PEARCE: Chairman Nichols and members of the
4 Board, thank you for the opportunity to testify today.

5 My name is Christopher Pearce. I'm Director of
6 Government Relations for the consumer product company SJ
7 Johnson and Son. We're a family-owned and managed company
8 headquartered in Racine, Wisconsin. We manufacture and
9 market a number of consumer products that are regulated by
10 ARB for VOC content, including products for home cleaning,
11 insect control, air care, and shoe care. And many of
12 these products are optimally formulated using low vapor
13 pressure VOCs. That's what brings me here today.

14 Let me stress SJ Johnson strongly supports the
15 important goal of improving air quality for all California
16 residents. Working both directly and through our
17 association, CSPA, Consumer Specially Products
18 Association, we have engaged ARB over the years to develop
19 and implement regulatory proposals that have resulted in
20 significant VOC emission reductions. And we'll continue
21 to work on product advances in our formulations to ensure
22 that our products deliver maximum benefits for consumers
23 and minimal environmental impacts in California and
24 elsewhere.

25 In the time I have today, I want to touch briefly

1 on two points. We wish to acknowledge the decision by the
2 South Coast to remove the proposed control measure you
3 just heard reference to, CTS 04 related to LVP VOCs from
4 the 2012 Air Quality Management Plan. We realize that the
5 proposal was moderated during the drafting process, but we
6 believe that the Board's decision to remove that control
7 measure in favor of further evaluating exempt LVP VOCs is
8 the right decision and will allow for a thorough review
9 and understanding of LVPs impact on emissions and air
10 quality. We strongly support that decision and appreciate
11 South Coast action in this regard. If the AQMP moves
12 forward today, we respectfully request it be without the
13 CTS 04 control measure.

14 Second, SJ Johnson will be very pleased to
15 partner with ARB staff to develop the necessary technical
16 information that will allow ARB to accurately assess the
17 environmental fate and effects of LVP compounds and
18 ultimately determine whether the current exemption in the
19 consumer products regulation should continue as is or if
20 it should be modified.

21 Our scientists and formulators have significant
22 experience and expertise in this area, and our company
23 stands ready to collaborate with ARB on this important
24 endeavor.

25 On behalf of SC Johnson again thank you for this

1 opportunity to testify, and we look forward to working
2 with ARB in the future.

3 CHAIRPERSON NICHOLS: Thank you.

4 Mr. Hamilton and then Doug Fratz.

5 MR. HAMILTON: Thank you, Chairman Nichols and
6 members of the Board.

7 I represent Amway Corporation. We are a
8 multi-national corporation that has about \$11 billion in
9 sales in 2011 and produce a wide variety of consumer
10 products.

11 Amway has a long history of being interested in
12 the environment and has expressed that interest by having
13 me allocated as a resource to the participation in
14 development of air control measures and technical support
15 and have done so for the state of California and ARB and
16 with other states, the federal government, and
17 internationally, including Canada and Hong Kong.

18 This has resulted in a continuity of air quality
19 management that has built upon the experience of
20 California. And that continuity is extremely valuable in
21 that it provides a standard for manufacturers to use in
22 developing products.

23 I'd like to focus on the CTS 04 and the low vapor
24 pressure VOC definition and the consumer products
25 exemptions that are associated with the current rule.

1 That was a rule that was developed over two decades ago,
2 and it has been relied upon by industry extensively.
3 Industry at the time commented -- and in fact, I was a
4 co-author of a paper for the RRWG, a Federal Government
5 Advisory Group, and ARB also participated as well as South
6 Coast -- talking about some of the issues that have been
7 recently raised about the LVP exemption.

8 We would only state that any change in this rule
9 should be done extremely carefully and with due
10 deliberation to both the science and the practicality of
11 the regulation. It is a regulation that has been relied
12 upon extensively. And if there are changes, there ought
13 to be a careful participation on the part of industry and
14 other stakeholders to make sure that all of the issues are
15 considered.

16 I have been particularly appreciative of ARB and
17 South Coast as I have met with them, and I expect that
18 they will continue to be open to industry suggestions and
19 participation in research projects. And I would like to
20 encourage the Board to consider this as the recommendation
21 goes forward.

22 CHAIRPERSON NICHOLS: Okay.

23 MR. FRATZ: Good morning, Chairman Nichols and
24 members of the Board.

25 I'm D. Douglas Fratz, the Vice President of

1 Scientific and Technical Affairs of the Consumer Specialty
2 Product Association. And we have submitted written
3 comments, but I want to make some observations based on my
4 25 years or more working the issues for clean air in
5 California, and years that I think have had some success
6 and where we've had some good progress in the scientific
7 area. While we, of course, oppose and are supportive of
8 the removal of CTS 04, we are not -- we are fully vested
9 in investigating the scientific issues behind the LVP
10 exemption and the issues around it that relate to ozone
11 strategies.

12 We think that there's an opportunity here with an
13 investment of some research efforts and some further
14 analysis to revolutionize and expand the toolkit for ozone
15 attainment. And a tool kit that needs to be expanded
16 because of the challenges we're going to face meeting
17 newer clean air standards in the future.

18 So we are looking forward to this. In fact
19 already have started and engaged in it. We met yesterday
20 with the South Coast scientists. Had a group of industry
21 scientists across the associations. My colleague, Dr.
22 Bennett, did a full presentation of what we know today.
23 And we had a full discussion of what we think the research
24 opportunities are. And in a few weeks, we're going to do
25 the same with your ARB staff, and we're going to go over

1 and hopefully come up with a joint research effort.

2 We think that there's a -- we have spent over
3 20 years and a billion dollars in our industry working
4 towards clean air. And we want to make sure that as we go
5 forward that we know that we are getting the most
6 effective strategies to meet the clean air standards. And
7 I appreciate the chance to talk to you.

8 CHAIRPERSON NICHOLS: Thank you.

9 Doug Raymond and then Greg Johnson and Chris
10 Shimoda.

11 MR. RAYMOND: Good morning, Madam Chair, members
12 of the Board.

13 My name is Doug Raymond. I'm here representing
14 the National Aerosol Association, Stoner, Incorporated,
15 WD-40, the Blaster Company, Radiator Specialty Company,
16 Spray Products, the CRC Company, and the WMR company.

17 We support the South Coast decision to remove the
18 draft provision CTS 04 on the lower vapor pressure
19 substances from the AQMP.

20 We also support the concept of additional
21 research on the LVP substances.

22 Related to this, CARB regulates the consumer
23 products industry through the consumer product regulation.
24 We are very concerned with the staff's current proposal
25 that will be brought to you in July to modify the low

1 vapor pressure substance definition before the critical
2 studies can be done.

3 We respectfully request that this Board direct
4 staff to not make any changes to the low vapor pressure
5 substance definition before those studies can be carried
6 out. Thank you very much.

7 CHAIRPERSON NICHOLS: Thank you.

8 Greg Johnson.

9 MR. JOHNSON: Thank you for this opportunity,
10 Chairman Nichols and members of the Board. My previous
11 colleagues covered most of the points I was going to talk
12 about, so I'll shorten this up quite a bit.

13 I work for the Sherwin-Williams Company. We've
14 spent the last 20-plus years working with ARB and the
15 South Coast to try to improve our products for the sole
16 purpose of improving air quality.

17 The other companies that you've heard speak
18 before me have also been engaged in those endeavors. And
19 there are quite a few other companies here today that I
20 would like to have stand just so you can see how important
21 these issues are to us.

22 We didn't think it was necessary for them all to
23 testify.

24 CHAIRPERSON NICHOLS: Thank you. Thanks for
25 being here. I was wondering who all those folks were.

1 Now I know.

2 MR. JOHNSON: We believe we're sort of at a
3 crossroads. The science now shows clearly that NOx is
4 more important in the ozone equation than VOCs. And we've
5 spent a lot of money and time, over 20 years, reducing
6 VOCs. And we're now to the point where it is diminishing
7 returns. High cost, very little, if any, benefit to the
8 air quality for further VOC reductions.

9 And just to reiterate the point that Mr. Raymond
10 just made, the ARB staff is now considering a measure that
11 would eliminate the exemption for low vapor pressure VOCs
12 from a category of products.

13 The LVPs, it's questionable if they play any role
14 in ozone formation, and they certainly are less important
15 than the average VOCs. So the study that has been
16 requested by the South Coast Board, we fully support that.
17 And our industry intends to commit any time and resources
18 necessary to further that study so that we can understand
19 before we go forward.

20 So I would also reiterate that we would request
21 the Board to please direct the staff to table that measure
22 on LVPs until the science reaches a point where we can
23 make an informed decision. Thank you.

24 CHAIRPERSON NICHOLS: Thank you.

25 We also have here Chris Shimoda from California

1 Trucking and Jim Stewart. And then we'll hear from the
2 district. Is Chris here? No. All right. Then Jim.

3 MR. STEWART: So I'm Jim Stewart, Co-Chair of the
4 Energy Climate Committee for Sierra Club California. And
5 also an inner-city resident of the city of Los Angeles and
6 breathing our polluted air here.

7 And the issue that we have to bring before your
8 attention is the huge black box. And of course the black
9 box is referred to as the technologies that we need you,
10 CARB, to implement as soon as possible.

11 But what's inside -- the pollution that's inside
12 the black box is very clear. It's on Figure 4.2 in the
13 plan that the South Coast has submitted to you and the
14 biggest one in terms of -- well, the issue is is that
15 there are 370 tons per day now, and we need to get to 110
16 tons per day of the NOx by 2023. 260 tons down -- wow.
17 How are you going to do it?

18 The issue is that the biggest contributor to that
19 are the heavy duty diesel trucks, as you know. And from
20 our perspective, you failed to control that emissions.
21 And it's time for CARB to stand up and say, okay, let's
22 close this black box. Can we do it sooner than 2023? Our
23 lawyers say that maybe you can't even use a black box to
24 meet the 1-hour ozone standard. That was passed back
25 in -- promulgated back in 1979. We're supposed to wait

1 now 43 years for the attainment of that? This is a
2 travesty. I mean, the South Coast has done the best job
3 they can in terms of ratcheting down the stationary
4 sources, and CARB has failed to control the on-road and
5 off-road vehicles.

6 So it's time for you to step up and bring us
7 clean air. It's your job. Do it. Thank you.

8 CHAIRPERSON NICHOLS: Mr. Stewart, before you
9 leave the podium there, did you see the first presentation
10 this morning? Were you here for the opening?

11 MR. STEWART: I was. I looked very impressive,
12 didn't it.

13 CHAIRPERSON NICHOLS: No. That's not what I'm
14 asking. I'm asking you, did you notice the events that
15 are scheduled in April coming up just around the corner
16 now? Joint technology conference between AQMD and ARB on
17 zero emission freight and the Haagen-Smit Symposium coming
18 up in May, be there or be square.

19 MR. STEWART: We're going to be there. We need
20 those technologies. And thank you for your leadership on
21 that. Let's close it up.

22 CHAIRPERSON NICHOLS: Good. Thanks. Okay. Now
23 to the district, Ms. Chang and Ms. Baird, if you would
24 come forward, whatever order you arranged. And I don't
25 know if you want to respond, but I would suggest you do

1 respond to the specific requests that you heard. Thanks.

2 MS. CHANG: First of all, good morning,
3 Chairwoman Nichols and members of the Board. I would like
4 to first thank you for holding the hearing down here and
5 the opportunity to address you today.

6 Before I respond to the specific comments, I want
7 to concur with your staff presentation that we did make
8 great strides toward meeting the PM2.5 standards. In
9 fact, our preliminary data indicates that we are hitting
10 the annual and 24-hour PM2.5 throughout entire basin 2012.
11 We understand we need three years of clean data to declare
12 victory, but we believe we're well on our way to get
13 there.

14 Yes, ozone standards remain our biggest
15 challenge. For that effort, we're take kicking off our
16 first 2012 AQMP Advisory Group meeting to initiate the
17 public process next week, and we are looking forward to
18 continue working with your staff. Also participate in
19 various events you outlined in this year.

20 With respect to the need for the VOC emission
21 reductions, I would just say that in our modeling
22 analysis, yes, we're NOx heavy. But we still need some
23 concurrent very modest VOC emission reductions.
24 Therefore, we only committed about six tons reduction in
25 this one.

1 It's evident in our modeling analysis that if we
2 don't have concurrent VOC emission reductions, we're going
3 to simply shift our hot spot from Crest Line today to
4 western region. It's already showing in the 2012 AQMP our
5 highest ozone area by 2023 with the current program will
6 shift it to Glendora. So we don't want to be after the
7 fact chasing the hot spot. So we do need to have some
8 modest VOC emission reduction. We're going to work with
9 our stakeholders and the State Air Resources Board staff
10 to design a program in a very common sense and reasonable
11 manner to move forward.

12 With that, on behalf of the district, I urge you
13 to approve the 2012 plan.

14 CHAIRPERSON NICHOLS: Thank you.

15 MS. BAIRD: Good morning, Chairman Nichols,
16 members of the Governing Board, and staff.

17 I'd like to address specifically a couple of
18 comments that were made by representatives of the
19 architectural coatings industry and the WD-40 argument
20 regarding the mold release compounds measures.

21 Basically, the liens address the need for VOC
22 generally. With respect to architectural coatings, the
23 gentleman suggested it's time to look at other sources and
24 not at architectural coatings.

25 As your Board probably knows, however,

1 architectural coatings notwithstanding having made great
2 progress still remain the largest source of VOC emissions
3 within the authority of the South Coast district. So we
4 still need the modest reductions that Elaine has described
5 from that industry.

6 With respect to the measure for mold release
7 compounds -- I think that illustrates that we are looking
8 at other sources beyond just architectural coatings. The
9 gentleman was concerned that there was duplicative
10 regulation because WD-40 is regulated as a consumer
11 product and it is also used as a mold release compound.

12 For many years, our staff and your legal staff
13 have concurred that the district may adopt regulations for
14 VOC containing products that are used in industrial
15 applications, as would be the case for the mold release
16 compounds, even though they may also be a consumer product
17 that is regulated within the consumer product regulations.
18 So we believe that we need to go forward with that. It's
19 not being used as a consumer product when it's being used
20 in the industrial application. We have other examples,
21 such as our solvent regulations, which establish this
22 precedent of legal concurrence between your agency and
23 ours.

24 And finally, just want to note that we have
25 already removed from the plan the measure that was to seek

1 to change the LVP exemption. Your staff has agreed with
2 our staff to conduct research into that issue and
3 determine what changes are appropriate.

4 Along with this, I would urge you to make sure to
5 adopt the 1-hour ozone standard plan. The reason is there
6 is currently litigation in which the environmentalists are
7 arguing that we can't use the district's internal bank of
8 offsets, which we used for essential public sources and
9 other exempt sources because we don't have an approved
10 1-hour plan. And although we disagree with that legal
11 argument, we would like to moot out that argument by
12 having you Board approve the plan as soon as possible and
13 forward it onto EPA. Thank you, and I would be happy to
14 answer any questions.

15 CHAIRPERSON NICHOLS: Thank you, Ms. Baird.

16 The draft resolution that we have in front of us
17 does call for us to approve both.

18 MS. BAIRD: Yes.

19 CHAIRPERSON NICHOLS: So I think that would be
20 the next order of business. We could have a motion for
21 approval.

22 BOARD MEMBER LOVERIDGE: So moved.

23 BOARD MEMBER DE LA TORRE: Second.

24 BOARD MEMBER BERG: Madam Chair.

25 CHAIRPERSON NICHOLS: Yes.

1 BOARD MEMBER BERG: I'm going to recuse myself
2 from this vote. We've had quite a few people testifying
3 specifically asking this Board to remove some coatings
4 regulations. Being President of a coatings manufacturing
5 company, I think it is appropriate for me to recuse
6 myself.

7 CHAIRPERSON NICHOLS: I understand. And we will
8 accept that decision on your part. Thank you.

9 Okay. So we have a motion and a second. Is
10 there any additional discussion or questions of staff
11 before we move on this?

12 BOARD MEMBER RIORDAN: Madam Chair, may I just
13 ask one question of staff?

14 Would you concur with the counsel from the South
15 Coast that the WD-40 issue is as they stated?

16 DEPUTY EXECUTIVE OFFICER TERRY: Yes. We've had
17 a number of meetings, including with our legal staff, to
18 distinguish between these products being used in an
19 industrial setting in large volumes, as opposed to what
20 are typically very small container consumer products.

21 BOARD MEMBER RIORDAN: Thank you.

22 CHAIRPERSON NICHOLS: Okay. Any other -- yes,
23 Mayor Loveridge.

24 BOARD MEMBER LOVERIDGE: Well, before I vote,
25 just a couple of brief kind of big picture comments. But

1 one minor one is that this is the identification I guess
2 of monitoring stations, one being Mira Loma, is that Mira
3 Loma is now one of the four million incorporated cities in
4 Riverside County. It's the Jurupa Valley. Most all
5 monitoring stations seem to be identified by the city. I
6 think that it would be appropriate that the Mira Loma name
7 be changed to what is now the name of that city, Jurupa
8 Valley.

9 CHAIRPERSON NICHOLS: I think we can just do
10 that. I don't think we have to do anything formal. We
11 just start calling it by another name.

12 BOARD MEMBER LOVERIDGE: Mayor Dan Welders once
13 made a comment about Southern California as being the most
14 complex and diverse social, economic, and political
15 society in the history of mankind. And I thought it is a
16 defensible, defensible premise.

17 And I say that because you look at the number of
18 speakers who are here today, it really is quite
19 remarkable. It's only 15 speakers. And I don't think
20 that's because this is not a very important plan
21 establishing priorities and emphasis. But it speaks well
22 of the outreach, and the, I think, sitting down at the
23 table and identifying accepting that there is a problem
24 and trying to figure out the best solutions.

25 So I just want to -- I think if we do this, I

1 want to acknowledge the good work of the South Coast and
2 this matter of outreach.

3 And the last is obviously sort of self-serving.
4 As you look at what has taken place over the last
5 ten years, both for PM2.5 and ozone on Table 6, 7, and 8,
6 it is remarkable how much change is taking place in ten
7 years. And it gives you kind of hope that ten years from
8 now whoever is sitting up here at the dias will see a
9 similar chart with better numbers even than what we have
10 here.

11 So I'm honored to be able to have a chance to
12 make a motion to approve what I think is a constructive
13 and important plan that the South Coast has taken broad
14 and received general endorsement of.

15 DEPUTY EXECUTIVE OFFICER TERRY: Chairman
16 Nichols, I'm sorry to interrupt. We had a very minor
17 wording correction in the Resolution that counsel for the
18 district requested. So the Board could just delegate to
19 the Executive Officer to make the minor clarification in
20 the resolution.

21 CHAIRPERSON NICHOLS: I'm a lawyer, so I want to
22 know what it is.

23 DEPUTY EXECUTIVE OFFICER TERRY: Oh, okay.
24 Absolutely.

25 EXECUTIVE OFFICER GOLDSTENE: I want to know what

1 it is, too.

2 DEPUTY EXECUTIVE OFFICER TERRY: It has to do
3 with which contingency measures are being referenced. So
4 this will be, I hope, our page number six on the
5 resolution, the fourth whereas.

6 CHAIRPERSON NICHOLS: Section 182(e)(5) measures.

7 DEPUTY EXECUTIVE OFFICER TERRY: I'm going to
8 have Kurt Karperos read it because it's his handwriting.

9 ASSISTANT DIVISION CHIEF KARPEROS: It's a
10 finding that relates to the background about the
11 contingency measures in the approved SIP.

12 So whereas Section 182(e)(5) contingency measures
13 in the 2012 AQMP, we would change the reference in 2012
14 AQMO to read "approved SIP meet," and the rest of the
15 whereas would follow.

16 It's a finding that the contingency measures that
17 we've already adopted, EPA approved, meet the letter of
18 the law.

19 CHAIRPERSON NICHOLS: Got it.

20 BOARD MEMBER RIORDAN: I'll second the motion.

21 CHAIRPERSON NICHOLS: I just have one final
22 comment. I know I really probably shouldn't do this. But
23 I was taken by the comment from the gentleman who wanted
24 us to go to the 100 percent solar plan and the need to
25 move in that direction.

1 And I just wanted to say on behalf of the state
2 of California that we have a very aggressive plan in this
3 state for moving all forms of renewables, including solar,
4 both base load and distributed generation. And although
5 we certainly haven't reached the limit of what's possible,
6 it's becoming very clear that there is a need for some
7 phase-in as we do this in order to accommodate things like
8 the distribution system and reliability of the grid and
9 the ability to integrate not only the renewables, but also
10 maximum efficiency, which is really our number one
11 resource when it comes to meeting our state's needs for
12 energy, both in residential and business applications.

13 So lest anybody think that this AQMP is the
14 state's only energy plan or the only thing that's going on
15 with respect to renewables, I feel like on behalf of my
16 administration I need to at least say a word to correct
17 that, this impression.

18 So without further ado, if there is nobody who
19 wants to do a role call vote, could we just agree we will
20 vote all in favor please say aye.

21 (Ayes)

22 CHAIRPERSON NICHOLS: Any opposed? Or
23 abstentions? We have one recusal.

24 If not, the AQMP is unanimously adopted. And
25 thanks and congratulations to the South Coast.

1 CHAIRPERSON NICHOLS: We have another regulatory
2 item, which is adoption of regulations to amend fuel test
3 procedures.

4 We are now going to be considering some
5 regulations, as I mentioned, to amend fuel test
6 procedures.

7 The Board has, from time to time, changed the
8 test methods that are specified in our fuel regulations.
9 And while these are very technical changes, they are
10 extremely important to the people who are regulated as
11 well as to air quality as a whole. We've over the years
12 provided new test methods for enforcing regulations and
13 reflected improvements in existing test methods for
14 measuring the physical and chemical properties of fuels.

15 At this time, I'm going to ask Mr. Goldstene to
16 introduce this current set of proposed amendments.

17 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
18 Nichols.

19 In 1999, the Board approved California Phase III
20 reformulated gasoline regulations prohibiting the use of
21 NTBE in California and establishing standards for
22 denatured ethanol intended for blending with gasoline.
23 Today's proposed amendments to the fuel regulations serve
24 to address short comings in the analytical test methods
25 used to enforce these regulations.

1 The presentation will include background
2 information on how ARB's fuel enforcement program
3 operates.

4 I'm now going to ask Judson Cohen of our
5 Monitoring and Laboratory Division to present the item.
6 Judson.

7 (Thereupon an overhead presentation was
8 presented as follows.)

9 MR. COHEN: Thank you, Mr. Goldstene. Good
10 morning, Chairman and members of the Board.

11 The previous item discussed the significant
12 reductions in ozone that California has seen in recent
13 years. ARB's clean fuels program was an important factor
14 in achieving these reductions. Due to the continuing
15 importance of clean fuels in improving air quality, the
16 associated regulations are periodically updated.

17 I'm going to be presenting proposed changes to
18 several of the fuel test methods specified in ARB's fuel
19 regulations.

20 --oOo--

21 MR. COHEN: Here's a brief outline of today's
22 presentation. I'll begin with some background information
23 on ARB's fuel testing program, what we test and why test
24 it.

25 I'll then discuss the new fuel specifications

1 that were added with the Phase III reformulated gasoline
2 regulations.

3 After that, I'll present the new test methods
4 being proposed, followed by the test methods we're
5 recommending to update to their latest versions.

6 I'll conclude with a discussion of the costs of
7 the proposals and a statement of the staff's
8 recommendation.

9 --o0o--

10 MR. COHEN: The millions of vehicles and people
11 in the state, combined with the state's unique climate and
12 geography, have dictated our wholistic approach to
13 reducing air pollution from the vehicles themselves, the
14 vehicle miles traveled, and the fuels used. Accordingly,
15 ARB has had the most advanced motor vehicle fuels program
16 in the US since the early 1970s. Our reformulated
17 gasoline and ultra-low sulfur diesel fuel regulations are
18 among the most effective programs we have, yielding
19 substantial reductions in criteria pollutant and toxic
20 emissions.

21 Our clean fuels programs substantially improve
22 the state's air quality and provide core contributions to
23 regional attainment strategies because they are more
24 stringent than the federal requirements on fuels.

25 --o0o--

1 MR. COHEN: As noted, California has unique air
2 quality needs and the Legislature has given ARB statutory
3 authority to adopt fuel specifications in order to reduce
4 harmful emissions from vehicles.

5 Moreover, the Federal Clean Air Act acknowledges
6 California's authority to set standards, which are
7 separate from and more protective than federal standards.

8 Accordingly, ARB has established gasoline and
9 diesel fuel standards that are cleaner than those
10 promulgated by U.S. EPA, covering more fuel parameters or
11 having tighter specifications. This requires the use of
12 different test methods, which are chosen and developed
13 after consultation with stakeholders.

14 In addition to providing ARB with a mechanism for
15 enforcing its fuels regulations, the test methods also
16 make it possible for the refiners themselves to check
17 their own compliance status.

18 --o0o--

19 MR. COHEN: This is a list of the primary
20 chemical and physical properties that ARB regulates for
21 gasoline and diesel fuel. The chemical compounds limited
22 by the regulations can occur due to either their presence
23 in crude oil or their production during the refining
24 process, or they can be deliberately added in order to
25 improve fuel quality.

1 For each of the regulated properties, the main
2 associated air pollutants are listed.

3 Next, I would like to discuss ARB's fuel
4 enforcement program.

5 --o0o--

6 MR. COHEN: ARB has a strong program for the
7 enforcement of its fuel regulations. Inspectors from the
8 enforcement division obtain samples of gasoline, denatured
9 ethanol and diesel fuel throughout the state. The samples
10 are analyzed for regulated chemical and physical
11 properties by the staff of the monitoring and laboratory
12 divisions.

13 The purpose of the fuel regulations, as well as
14 the testing which enforces them, is the reduction of
15 harmful air emissions. ARB's fuel testing program does
16 not determine the quality of the fuel or its energy
17 content.

18 --o0o--

19 MR. COHEN: ARB's enforcement division samples
20 gasoline and diesel fuel at all points within the
21 production and distribution system. Inspectors can enter
22 any refinery or terminal at any time, with no advance
23 warning, and obtain samples of any fuel currently being
24 offered for sale. Enforcement division staff also obtain
25 samples from service stations and ships delivering

1 imported fuels at California ports.

2 --o0o--

3 MR. COHEN: In most cases, fuel samples are
4 analyzed the same day they are obtained. This rapid
5 turn-around time depends on ARB's mobile fuel analysis
6 laboratory, pictured here. The mobile lab is a completely
7 self-sufficient chemistry laboratory. It carries enough
8 supplies to operate for weeks without restocking and
9 provides its own electricity and cooling.

10 Same-day analysis is crucial for keeping
11 non-complying fuels out of the marketplace. When a
12 non-complying fuel is discovered, its source can be
13 notified immediately and its sale halted, minimizing any
14 excess air emissions. Additionally, a duplicate sample
15 can be obtained in order to confirm the violation, while
16 the suspect material is still available at its source.

17 --o0o--

18 MR. COHEN: This is the interior of the mobile
19 laboratory. MLD chemists are shown here analyzing
20 gasoline and diesel samples obtained earlier that day,
21 determining whether the fuels comply with the State's
22 regulations.

23 --o0o--

24 MR. COHEN: When the Phase III reformulated
25 gasoline regulations were adopted, several of the new

1 specifications presented analytical challenges for
2 compliance determination.

3 The maximum allowable levels for prohibited
4 oxygenates, including MTBE, in gasoline were below what
5 the existing test method could measure.

6 In addition, no test methods existed for
7 measuring benzene, total aromatics or olefins in denatured
8 ethanol. The regulations were written to specify testing
9 for these compounds in the denaturant before it is added
10 to the ethanol.

11 However, neither ARB enforcement, nor downstream
12 purchasers of the denatured ethanol have access to the
13 denaturant. As a result, there is no mechanism for
14 determining whether denatured ethanol in California
15 complies with the regulations.

16 --o0o--

17 MR. COHEN: In response to these challenges, ARB
18 staff has worked with ASTM International, instrument
19 manufacturers, and the Western States Petroleum
20 Association to develop new test methods capable of
21 determining compliance with the new Phase III
22 specifications.

23 Staff is proposing to designate a new test method
24 for trace oxygenates, which is sufficiently sensitive for
25 enforcement of the Phase III RFG regulations.

1 Staff is also proposing to add an option to test
2 denatured ethanol with the other two new methods. Ethanol
3 producers would still be able to analyze the denaturant
4 for benzene total aromatics and olefins.

5 ARB enforcement and downstream users would be
6 able to use the new test methods in order to determine
7 whether a batch of denatured ethanol complies with the
8 regulations.

9 --o0o--

10 MR. COHEN: Staff is proposing to update the four
11 existing test methods shown to their most recent published
12 versions. Three of these test methods are for gasoline,
13 the last is for diesel fuel. The updated versions contain
14 various improvements to make their use easier.

15 --o0o--

16 MR. COHEN: Staff is proposing to remove one of
17 the adopted test methods for sulfur in gasoline,
18 D2322-94. This test method cannot measure sulfur at
19 concentrations below ten parts per million. And most
20 gasoline in California contains less than ten parts per
21 million of sulfur.

22 ARB's enforcement division stopped using this
23 method in 2000 and recent discussions with WSPA members
24 indicated that no California refiner is currently using
25 it. Its removal would leave ASTM D5453-93 as the adopted

1 test method for sulfur in gasoline.

2 --o0o--

3 MR. COHEN: Only one of the proposed new test
4 methods is expected to create any costs. The cost of the
5 instrument for measuring trace oxygenates is \$86,000
6 including five years' worth of maintenance and upkeep.
7 Across all 14 gasoline refineries in California, the total
8 five year cost comes out to \$1.2 million. And at current
9 levels of gasoline production, that works out to about
10 two-thousandths of a cent per gallon.

11 Since ethanol producers are not expected to use
12 the proposed new ethanol test methods, no costs are
13 associated with their adoption. There is no additional
14 cost associated with any of the test methods being updated
15 to their most recent versions.

16 Production levels of California fuels should not
17 be affected by staff's proposal, since no changes to the
18 fuel specifications are required.

19 --o0o--

20 MR. COHEN: The low carbon fuel standard
21 co-exists with and does not supercede or otherwise modify
22 ARB's other fuel regulations, including the test methods
23 used to implement those other regulations.

24 The industry subject to the LCFS program comply
25 primarily via a reporting tool, in which they report the

1 volumes and carbon intensities of the fuels they provide
2 and have to meet other specified recordkeeping and
3 reporting requirements. Because the LCFS is based on
4 reducing a fuel's life cycle, or wells to wheels,
5 greenhouse gas emissions, no analytical testing of the
6 fuel itself can measure those life cycle emissions.
7 Therefore, no analytical testing of the fuel is used in
8 support of the LCFS program.

9 --o0o--

10 MR. COHEN: Staff will propose two 15-day
11 changes.

12 First, the refining industry has requested a
13 defined effective date since at least up with terminal
14 operator will require the use of the new trace oxygenates
15 test method as soon as the regulation takes effect. Staff
16 will propose a specific date or two months after filing
17 with the Secretary of State, whichever comes later.

18 Second, the proposed ethanol test methods are
19 intended to be an optional alternative to testing the
20 denaturant. Staff will change the language of the
21 proposed regulation to make this cleaner.

22 --o0o--

23 MR. COHEN: In conclusion, staff recommends that
24 the Board adopt a resolution approving the proposed fuel
25 test method amendments. Thank you for your time and

1 attention. And I would be happy to answer any questions
2 you may have.

3 CHAIRPERSON NICHOLS: Thank you. That was an
4 excellent presentation on a very difficult topic. That
5 was very clear. I also like the picture of the mobile
6 testing lab. That was very cool. Okay.

7 We have one witness who signed up to testify on
8 this item, Jim Stewart from the Sierra Club. Oh, it was
9 not for this item. Okay. We have no one who signed up to
10 testify on this item.

11 Any other comments? Dr. Sperling.

12 BOARD MEMBER SPERLING: Thinking a little forward
13 with a lot of new fuels coming into the fuel stream, you
14 know, slight variations we're talking about drop-in --
15 so-called drop in biofuels that have attributes very
16 similar to gasoline and diesel. Are these test methods
17 anticipating all that? Is there an issue here that -- and
18 kind of associated with that also is EPA keeps trying to
19 push E15 as a fuel. So as the fuel mix changes, are we
20 all over this?

21 MR. COHEN: Well, we're certainly trying. Those
22 test methods we develop are through ASTM International. I
23 do try to attend these meetings every six months and keep
24 them aware of California's needs. And of course, there's
25 representatives from EPA apprising them of the federal

1 needs.

2 That being said, new test methods are difficult
3 and slow to produce. So this is an area where we and I
4 are working very hard.

5 But as you can see from the fact that it's
6 ten years after the Phase III regulations were put in and
7 now we finally have test methods. So it can be a slow
8 process.

9 DEPUTY EXECUTIVE OFFICER COREY: This is Richard
10 Corey.

11 I wanted to add to that, because with respect to
12 alternative diesel, both bio and renewable diesel, staff
13 are working on some standards for those fuels that they
14 plan to return to the Board late in 2013 and are working
15 with the lab in terms of establishing ATSM methods or the
16 need for some supplemental methods.

17 CHAIRPERSON NICHOLS: So we're not exactly in a
18 position to anticipate everything new that might be
19 happening in the world of fuels. It is a very methodical
20 process, which is very important, especially when
21 enforcement is at stake.

22 But at the same time, given the pace of change
23 that you're talking about, you really ought to be thinking
24 about whether there's some sort of break through-in
25 testing that could go along with the break-throughs in

1 fuels. It sounds like the kind of thing that maybe our
2 Research Program should be looking at.

3 BOARD MEMBER SPERLING: Brilliant idea.

4 CHAIRPERSON NICHOLS: I didn't want to put words
5 in your mouth, of course. I think that is really
6 something we should ask staff to take a look at and come
7 back to us as well.

8 Okay. Any other comments? Yes, Ms. Berg.

9 BOARD MEMBER BERG: After reviewing the written
10 testimony, I think that staff is to be congratulated with
11 the work with the industry, because you do have very
12 strong support for the changes. And that is fabulous.

13 The one overriding theme that I am seeing is the
14 need for time to be able to adjust equipment, such as GC
15 equipment, and also for sufficient transition time.

16 Does staff feel that we've had the opportunity to
17 address this and that we do have the timing we're
18 sensitive to the fact that these things need certainty and
19 we've given them that?

20 MR. COHEN: Yes. We have actually developed or
21 have been thinking about our proposed 15-day changes,
22 which we will be putting in formally. And discussions
23 with the refining community have indicated that they are
24 happy with what we are going to propose.

25 BOARD MEMBER BERG: Thank you.

1 CHAIRPERSON NICHOLS: Great. Do we have a motion
2 to approve the Resolution to adopt this -- I should close
3 the record. The record is closed. Okay. Now, a motion
4 to approve.

5 BOARD MEMBER BERG: So moved.

6 BOARD MEMBER SHERRIFFS: Second.

7 CHAIRPERSON NICHOLS: And second from Dr.
8 Sheriffs.

9 All in favor say aye.

10 (Ayes)

11 CHAIRPERSON NICHOLS: Opposition? None.

12 No recusals or abstentions. Good. All right.

13 We have one last item on today's agenda, which is
14 an extremely important item. This is another one that
15 we've done before from time to time.

16 In 2008, the Board adopted the initial guidelines
17 and funding targets to implement Proposition 1B, which is
18 a bond funded incentive program for cleaning up the
19 freight sector.

20 We've awarded more than \$500 million in funding
21 to local agencies for projects to reduce emissions from
22 diesel freight equipment, primarily trucks.

23 With the current economy and regulatory deadlines
24 approaching, we all appreciate the importance of these
25 incentives, and we want to continue to pursue our ability

1 to get funding from new bond sales as the State's economic
2 position is also improving. We want to be sure that we're
3 present in the bond market and able to capture as much of
4 those funds as is appropriate under the authorization.

5 So Prop 1B has really been a tremendous success
6 in terms of both public health benefits and economic
7 stimulus, benefits because the funding has helped
8 thousands of business owners to clean up diesel equipment.
9 This financial assistance also helps to create and retain
10 jobs in California, while supporting businesses that
11 design, sell, and install green products here.

12 We need to act today to update the program
13 guidelines so that we're ready and able to quickly deploy
14 the next round of funds.

15 One of the hallmarks of this program, I have to
16 say -- and this is in the nature of bragging about ARB --
17 is that we have been very efficient at getting the money
18 out and doing it for projects that have really withstood
19 all questions or audits in terms of their cost
20 effectiveness.

21 So without further ado, Mr. Goldstene, please
22 introduce this item.

23 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
24 Nichols.

25 In this update to the Prop1B Goods Movement

1 Program, we're recommending improvements and modifications
2 based on upcoming regulatory deadlines, current economic
3 conditions, and experiences gained through implementation
4 of the program.

5 Prop. 1B has played a critical role in ARB's
6 suite of incentive programs by supporting thousands of
7 clean diesel projects in the most polluted areas of
8 California.

9 While Prop 1B compliments other incentive
10 efforts, it is unique because funding comes from periodic
11 bond sales instead of annual appropriations. The priority
12 of the program will continue to be on reducing the diesel
13 health risk in communities near freight facilities by
14 getting clean equipment into operation.

15 However, the focus of the program is shifting
16 because regulations such as the truck and bus drayage
17 truck rules are currently in effect, there are limited
18 opportunities to obtain more early emission reductions.
19 Therefore, the program must focus instead on funding
20 projects that go beyond regulatory requirements to provide
21 extra emission reductions. This includes proposing more
22 project choices for hybrid and zero emission technologies
23 which will also achieve climate change benefits.

24 The proposed updates also incorporate suggested
25 improvements that we've heard over the last year from

1 local air districts, ports, truckers, railroads, and
2 environmental advocates. These include administrative
3 changes to streamline and improve the effectiveness of the
4 program.

5 Mike Ginty of the Stationary Source Division will
6 now provide the staff presentation. Mike.

7 (Thereupon an overhead presentation was
8 presented as follows.)

9 AIR RESOURCES ENGINEER GINTY: Thank you, Mr.
10 Goldstene.

11 Good morning, Chairman Nichols and members of the
12 Board.

13 Today, I'll be presenting staff's recommendations
14 to update the Goods Movement Emission Reduction Program
15 guidelines.

16 --o0o--

17 AIR RESOURCES ENGINEER GINTY: After a brief
18 review of the existing program, I'll highlight the
19 progress of the program to date and then summarize the
20 proposed changes to the program.

21 I'll conclude with staff's recommendation for
22 Board action today.

23 --o0o--

24 AIR RESOURCES ENGINEER GINTY: In 2006,
25 California voters approved Proposition 1B authorizing one

1 billion dollars in bond funding to reduce emissions from
2 freight transport in the four priority trade corridors.

3 The funds provide incentives to owners of diesel
4 equipment to upgrade the cleaner models and reduce the
5 health risk related to diesel emissions in
6 heavily-impacted communities.

7 --o0o--

8 AIR RESOURCES ENGINEER GINTY: The program
9 focuses on reducing emissions in four priority trade
10 corridors which encompass the most heavily traveled
11 regions of the state.

12 Program funding is available to owners of
13 equipment that operate at least 50 percent of the time
14 within these corridors. This slide shows the existing
15 trade corridor funding percentages the Board approved in
16 2008. We are not recommending changes to the funding
17 percentages.

18 --o0o--

19 AIR RESOURCES ENGINEER GINTY: The implementing
20 statute defines the core requirements of the program.

21 First, ARB must adopt guidelines for
22 implementation and award grants to qualifying local
23 agencies. The local agencies administer the
24 implementation of equipment projects.

25 Another requirement is that bond funds must be

1 used to achieve early or extra emission reductions,
2 compared to what is required by regulation or enforceable
3 agreements.

4 --o0o--

5 AIR RESOURCES ENGINEER GINTY: The program
6 typically pays one-third to one-half of the total project
7 cost. The remainder of the matching funds can come from
8 the equipment owner, local agency, or federal sources.

9 Finally, projects must compete for program
10 funding based on emission reductions and cost
11 effectiveness.

12 --o0o--

13 AIR RESOURCES ENGINEER GINTY: The emission
14 reductions achieved with program funding must be early or
15 extra in comparison to the regulations shown on this
16 slide.

17 As we move closer to or pass the compliance dates
18 of these regulations, the opportunities for early emission
19 reductions diminish.

20 Therefore, to continue offering incentives, the
21 program will need to shift its focus toward projects that
22 achieve extra emission reductions with equipment that is
23 cleaner than required by regulations in effect.

24 --o0o--

25 AIR RESOURCES ENGINEER GINTY: To administer this

1 program, the Legislature appropriates funding to ARB
2 through the State budget. Funding is obtained through
3 bond sales administered by the State.

4 Next, ARB adopts the program guidelines to define
5 how the program will work and to specify eligible
6 projects. We then solicit project proposals and the Board
7 awards funds to local agencies, like air districts and sea
8 ports.

9 Finally, the local agencies solicit and evaluate
10 applications from equipment owners, and then fund eligible
11 projects in a competitive process for each source
12 category.

13 Of the one billion total, so far this program has
14 received approximately \$587 million through bond sales.

15 --o0o--

16 AIR RESOURCES ENGINEER GINTY: Now I'll discuss
17 the progress that ARB and the local agencies have made to
18 implement the program.

19 --o0o--

20 AIR RESOURCES ENGINEER GINTY: This graph shows
21 the distribution for each funding category. So far, over
22 80 percent of the project funds have been dedicated to
23 cleaning up old diesel trucks, including those used at
24 ports and rail yards.

25 --o0o--

1 AIR RESOURCES ENGINEER GINTY: We expect over
2 10,700 cleaner truck projects and 37 upgraded ship berths
3 funded by the program to be operational by the end of this
4 year.

5 In addition, most of the 25 low-emission
6 locomotives are operational with the rest to be completed
7 by next year.

8 We estimate that these projects will eliminate
9 around five million pounds of particulate matter and over
10 130 million pounds of NOx from our California skies over
11 their lifetime of five to 15 years.

12 --o0o--

13 AIR RESOURCES ENGINEER GINTY: Maintaining
14 transparent and accountable project results are a key
15 component of the program.

16 A new tool is our online database which will soon
17 provide program implementation details to the public.

18 The database allows access to detailed program
19 information that can be filtered by trade corridor,
20 legislative district, project category, and a number of
21 other details.

22 This slide shows a screen shot of the home page.

23 --o0o--

24 AIR RESOURCES ENGINEER GINTY: Now let's move
25 on to discuss ARB staff recommendation on the updates to

1 the Goods Movement Program guidelines.

2 ARB staff released a concept paper and held three
3 workshops in the trade corridors in November 2012. Input
4 was received at the events in comment letters and during
5 follow-up discussions with stakeholders.

6 The proposed update to the guidelines
7 incorporates many of the suggestions we've heard from
8 local agencies, equipment owners, affected industries, and
9 environmental advocates.

10 --o0o--

11 AIR RESOURCES ENGINEER GINTY: ARB staff is
12 proposing to revise two main areas of the program
13 guidelines: Project eligibility and program
14 administration requirements.

15 Each project category was analyzed and staff has
16 incorporated the most current information available
17 regarding regulatory implementation dates, available
18 technologies, and potential project costs. This included
19 looking for opportunities to further incentivize zero
20 emission and advanced technologies. This proposal also
21 includes administrative changes to improve effectiveness
22 and expedite the implementation of projects that achieve
23 emission reductions.

24 --o0o--

25 AIR RESOURCES ENGINEER GINTY: The largest

1 project category in the program is heavy duty diesel
2 trucks. The truck and bus and drayage truck rules will
3 require that most trucks have a particulate filter within
4 the next several years. Therefore, there are
5 significantly fewer opportunities to obtain early emission
6 reductions from these vehicles.

7 Based on this, we see an opportunity to obtain
8 additional emission reductions by expanding the
9 eligibility to include vehicles without near-term
10 replacement requirements, such as class six delivery type
11 trucks, and trucks with 2004 to 2006 model year engines.

12 Similarly, to ensure a reasonable amount of
13 emission reductions are achieved, it has become necessary
14 to exclude trucks with 1993 or older engines, increase the
15 minimum mileage, and require that replacement trucks must
16 meet the model year 2010 emission level.

17 Staff is also recommending changes to the truck
18 documentation requirements to streamline the
19 implementation of projects.

20 --o0o--

21 AIR RESOURCES ENGINEER GINTY: Since there are
22 now fewer emission reductions available from truck
23 projects, staff is also proposing to reduce the funding
24 levels for trucks. As a point of comparison, the program
25 currently provides \$60,000 for a class eight truck, which

1 is a line haul type truck. This change would ensure cost
2 effective use of funds as required by the Legislature.

3 Although funding would be reduced, these proposed
4 amounts would still be able to cover 40 to 60 percent of
5 the cost of a truck. Additionally, this would extend
6 program funds further by allowing more trucks to
7 participate.

8 For small and medium truck fleets, we expect that
9 loan guarantees will also be available to increase their
10 access to finance the remainder of the cost.

11 --o0o--

12 AIR RESOURCES ENGINEER GINTY: As the program
13 continues to transition to the cleanest engines, we are
14 working closely with the AB 118 incentive program to
15 enhance the funding opportunities for zero emission
16 trucks. Equipment owners could receive the same amount of
17 Prop 1B funding as those meeting the 2010 engine standard,
18 plus additional AB 118 funding, if available, for choosing
19 a zero emission replacement truck.

20 The ability to combine Prop 1B and AB 118 funding
21 would enhance the incentive for truck owners to switch
22 over to zero emission technology. In addition, we are
23 proposing that zero emission replacement projects be given
24 the highest priority in the competitive process.

25 --o0o--

1 AIR RESOURCES ENGINEER GINTY: Now let's talk
2 about opportunities for locomotive projects.

3 Locomotives can be in operation for 30 years or
4 more. Due to this long life, it's critical to upgrade
5 existing locomotives with the cleanest technology to
6 maximize the emission reductions achieved in the future.

7 Tier 4 locomotive engines are over 90 percent
8 cleaner than those with no emission controls and are
9 expected to become available in 2015. Since there is an
10 opportunity to achieve a significant amount of emission
11 reductions in this category, we propose locomotive
12 projects in the future be limited to this Tier 4
13 technology.

14 --o0o--

15 AIR RESOURCES ENGINEER GINTY: In order to
16 encourage manufacturers and railroads to accelerate the
17 introduction of Tier 4 locomotive engines in California as
18 soon as they become commercially available, we are
19 proposing that the program pay a greater share of the cost
20 along with an added incentive for projects implementation
21 in 2015.

22 --o0o--

23 AIR RESOURCES ENGINEER GINTY: Let's move on to
24 discuss ships at berth and cargo handling equipment. For
25 ships at berth, it is necessary to revise the eligibility

1 requirements due to the 2014 compliance deadline under the
2 at-berth or shore power rule. For cargo handling
3 equipment, we are proposing to increase funding for zero
4 emission technologies and include a minimum cost
5 effectiveness requirement.

6 --o0o--

7 AIR RESOURCES ENGINEER GINTY: The Governor
8 directed ARB to provide flexibility in reimbursing ports
9 for payments on grid-based shore power projects, and this
10 has been included. Container and refrigerated cargo ships
11 need to begin plugging into shore power in January 2014.
12 The berths for these ships already received Prop 1B
13 funding awards. The opportunity for extra reductions now
14 comes from equipping berths that handle only other types
15 of ships with shore power or the bonnet system to capture
16 and control emissions.

17 Because all the benefits are extra, we are
18 proposing that the program offer greater funding for this
19 category.

20 For rubber tired gantry cranes, funding would be
21 increased for zero emission engines, and the program would
22 allow reimbursement of infrastructure expenses that supply
23 electricity to the equipment.

24 --o0o--

25 AIR RESOURCES ENGINEER GINTY: Our final

1 equipment category is commercial harbor craft. Staff is
2 proposing to fund only Tier 3 or cleaner engines at
3 increased funding levels for this project category and is
4 also recommending to extend the operational boundary for
5 upgraded vessels further out to sea. ARB staff is also
6 recommending a minimum cost effectiveness for this
7 category.

8 --o0o--

9 AIR RESOURCES ENGINEER GINTY: Staff's proposal
10 includes increased funding to align with the higher cost
11 of Tier 3 engines and allow a higher funding amount for
12 vessels that are not subject to the in-use requirements of
13 the harbor craft regulation.

14 We are also proposing to fund the installation of
15 hybrid power systems in all vessels to reduce both fuel
16 consumption and emissions. Funding for a hybrid system
17 can be combined with one of the other funding sources.

18 --o0o--

19 AIR RESOURCES ENGINEER GINTY: The last revisions
20 I'd like to discuss are those to streamline the program
21 administration requirements. ARB staff would like to
22 thank the air districts for their extensive coordination
23 over the last six months in developing and refining the
24 proposed modifications to the administrative requirements
25 within the guidelines.

1 These changes will streamline implementation of
2 the program by reducing documentation and simplifying
3 reporting requirements while including robust
4 accountability standards.

5 The proposal also allows local agencies the
6 ability to solicit equipment projects prior to the award
7 of grant funds by the Board and thus expedite the process.
8 As a result, more truck owners would be eligible for the
9 next round of grant funding in 2013.

10 --o0o--

11 AIR RESOURCES ENGINEER GINTY: ARB and the local
12 agencies are poised to move quickly. If the Board adopts
13 the update to the program guidelines, ARB will seek
14 funding in the spring bond sale and issue a call for local
15 agency project proposals. If funds are received from a
16 spring bond sale, the program will move ahead with the
17 public process to recommend funding awards for your
18 consideration in June.

19 --o0o--

20 AIR RESOURCES ENGINEER GINTY: ARB staff
21 recommends that the Board adopt Resolution 13-5, the
22 attachment to the resolution, which describes additional
23 minor clarifications, and the proposed 2013 update to the
24 Proposition 1B Goods Movement Program guidelines.

25 Staff also requests that the Board establish

1 trucks, locomotives, and the transition to zero emission
2 technologies as priorities for upcoming program funding.

3 This concludes the staff presentation. Thank
4 you, and we'd be happy to answer any questions you may
5 have.

6 CHAIRPERSON NICHOLS: Thanks.

7 I didn't see anywhere in the presentation the
8 information as to where in terms of the overall
9 authorization that's in Prop 1B. So we talked about all
10 that's been achieved so far with the bonds that have been
11 sold and the grants that have been made. But where do we
12 stand with respect to the overall goals of 1B?

13 BRANCH CHIEF KITOWSKI: At this point, we have
14 expended about 600 million of the one billion dollars. So
15 we would expect about another -- we're hopeful for about
16 another 150 million in the spring bond sale in that
17 ballpark.

18 CHAIRPERSON NICHOLS: We're reaching the end of
19 this program is the point, really like maybe one more year
20 and that would be --

21 BRANCH CHIEF KITOWSKI: In our view, we believe
22 this is the penultimate guidelines. And we'll have one
23 more coming back to the Board.

24 CHAIRPERSON NICHOLS: Well, I don't think that's
25 inappropriate, given the goals of the program, which is to

1 see the turn over happen. And I think that the timing may
2 actually sort of work out well in terms of where you're
3 headed with the plans for the next iteration of a clean
4 freight program.

5 But I just want to flag for people's attention
6 that there's going to be a need for major funding for that
7 as well. And we should be thinking about how that can
8 happen.

9 Okay. We have a number of witnesses. Oh, yes.
10 Sorry, Dr. Sherriffs.

11 BOARD MEMBER SHERRIFFS: If staff could comment
12 in terms of the cost effectiveness question. Thinking
13 about what we've achieved with, say, the first 600 million
14 and what we are looking at achieving with the next 400
15 million, if it's there.

16 AIR RESOURCES ENGINEER GINTY: Yes, the cost
17 effectiveness is not quite as good since we've lost the
18 opportunity to get most of the PM reductions on the truck
19 projects. And I assume you're talking about trucks
20 mostly. And so the reduced funding level allows us to
21 keep most of the cost effectiveness that we've previously
22 gotten on projects that are being funded right now.

23 ASSISTANT DIVISION CHIEF MARVIN: This is Cynthia
24 Marvin.

25 If I could add to that. Part of the shift we're

1 seeing is right now grants have been going to help fund
2 the incremental cost or help aid the incremental cost
3 primarily for cleaner trucks to a lesser extent for the
4 ships at berth, the shore power projects.

5 As we look beyond the current guidelines in front
6 of you, as we look at the last increment of funding, the
7 last roughly 250 million because we expect that would be
8 focused on zero emission technology, there will be again a
9 delicate balancing act we will bring to you to say how
10 much money does it take to get people to be leaders and
11 innovate and jump into that technology ahead of the rest
12 of the world. And what then happens in terms of cost
13 effectiveness.

14 So when we come back to you with the final set of
15 guidelines focused on zero emission technology, you'll be
16 able to specifically deliberate on how much is it worth to
17 get that technology out there and get everyone comfortable
18 with it so that we can then look at what's possible in the
19 future potentially in terms of regulatory requirements for
20 that same technology.

21 CHAIRPERSON NICHOLS: Yes. Go ahead.

22 BOARD MEMBER SHERRIFFS: And also in terms of --
23 thank you for that answer -- the commercial harbor craft,
24 it seems like a small -- a very small piece of this whole
25 project. And it seems like a very small impact on all the

1 harbor craft that must be out there. Do you want to
2 comment on why spend any money there? Do we get branding
3 rights on the side of the tugboats?

4 BRANCH CHIEF KITOWSKI: I think we have a
5 strategy to fund the program moving forward now.

6 Harbor craft is one of those -- it is part of
7 goods movement. It is a fundamental component. I think
8 we need to do everything we can in each of the areas.

9 What we've found with this program as we've
10 coordinated with other incentive programs, like the Carl
11 Moyer program, it was easier for the participants to go
12 into the Carl Moyer program rather than to fit into this
13 one. And so we have not had a whole lot of applicants for
14 that category.

15 We've made a few teaks. And basically, this is
16 our chance to see if participants do come or not. We've
17 made some changes. We think it will provide some more
18 pull into the program. If it works, well, great. We'll
19 go from there. If it doesn't, I think as you said, we've
20 tried.

21 CHAIRPERSON NICHOLS: Yes, Sandra.

22 BOARD MEMBER BERG: Thank you very much. Been a
23 great report. And this has been a fabulous program. I
24 think that we have a lot to be proud of. I was looking at
25 the funding to date. If my memory serves me correctly,

1 didn't we have 200 million on school buses in the Prop 1B
2 bond money?

3 BRANCH CHIEF KITOWSKI: Yes, the original
4 legislation had a billion dollars for the Prop 1B goods
5 movement portion and an extra \$200 million for school
6 buses. That funding is mostly all spent. I think they're
7 dealing with some reversions and some funds that came
8 back. But for the most part, that was successful in
9 replacing the oldest, unsafest school buses, putting clean
10 retrofits on those buses.

11 BOARD MEMBER BERG: So even though it was a tag
12 onto a billion, I always like to take the opportunity to
13 remind us that we did take the dirtiest school buses off
14 the road and that was also a job well done. Thank you.

15 CHAIRPERSON NICHOLS: Great. Thanks.

16 Okay. Turning to the people who have signed up
17 to speak to us here, we'll start with Tim Carmichael
18 followed by Mike Watt and Spencer Richley.

19 MR. CARMICHAEL: Good morning again, Chairman
20 Nichols, members of the Board.

21 Tim Carmichael with the California Natural Gas
22 Vehicle Coalition.

23 Some comments on this important item.

24 First, context. I didn't hear the staff share
25 with you that this pot of money is actually the largest

1 pot of money that will be given to clean up goods movement
2 anywhere in the country this year. It is very, very
3 significant. For a long time, our organization has been
4 encouraging ARB to modify this program to use the funds to
5 get more benefits from, albeit a billion, a limited pot of
6 funds. A billion goes quickly, as you have witnessed, and
7 do more to support alternative fuels with this pot of
8 funding and achieve fuel diversity, fuel security,
9 greenhouse gas benefits, and the criteria emission
10 reduction benefits that you are proposing to get with this
11 program.

12 In this round of guideline revisions, we're
13 pushing for more money per vehicle. There was some
14 discussion of reducing the per truck money to 30,000
15 dollars and they bumped that up. That's a good thing.

16 And we were pushing for an augmentation for
17 alternative fuels and/or a carve out for alternative
18 fuels. We're finally some signal to the air districts
19 that you want to prioritize alternative fuels.

20 The staff proposals increases the funding per
21 vehicle, which is good but it's not enough. I'll explain
22 why in a second. It augments the funding for zero
23 emission vehicles and hybrids. And the problem with this
24 is in the goods movement sector, there is limited
25 applicability of these technologies today. So you're

1 going to be able to fund some vehicles, but in a limited
2 range of applications in the goods movement sector and, in
3 our opinion, not get as much benefit as you could with
4 those funds if they were available to all fuels more
5 broadly. And there is no carve out recommended by the
6 staff for alternative fuels.

7 The reason why increasing the money per vehicle
8 isn't enough to support alternative fuels is that this
9 program and the projects that come forward are measured on
10 their cost effectiveness. And so you have a diesel truck
11 project versus a natural gas truck project, for example.
12 Diesel trucks today cost less money per vehicle than
13 natural gas trucks. So a proponent for those could ask
14 for less money per vehicle and still make their project
15 look more -- have their project be more cost effective for
16 the evaluators. So going head to head with the same
17 amount available per vehicle with no signal that you want
18 to prioritize alternative fuels, it's not going to work,
19 we don't think.

20 And my final comment is staff indicated that you
21 are prioritizing zero emission projects in this round of
22 funding, which is okay. I get that. But it would be
23 wonderful if the Board also said we want to prioritize
24 alternative fuel projects ahead of diesel projects.

25 CHAIRPERSON NICHOLS: Tim, you're in negative

1 time now. You delivered the message.

2 MR. CARMICHAEL: My parting message is, Mayor
3 Loveridge, it's been a pleasure working with you all these
4 years. Thank you.

5 CHAIRPERSON NICHOLS: Thanks.

6 Mr. Watt.

7 MR. WATT: Good morning, I guess. Mike Matt,
8 Manager of Mobile Source Incentives with the San Diego
9 Mobile Air Pollution Control District.

10 We've been involved with the program since its
11 inception working with ARB staff. And I do want to extend
12 my thanks to them in working with us on some of the
13 streamlining measures that ended up in this version of the
14 guidelines.

15 We submitted a comment letter to you guys for
16 review. There is one item in particular that I want to
17 discuss. It has to do with the requirement for new
18 equipment funded under this program to operate at least 90
19 percent of the time within the state of California.

20 Down in San Diego, we're home to one of the
21 busiest border crossing ports in the entire country. And
22 one of the priorities outlined in these guidelines is to
23 do something to reduce emissions from border crossing
24 activities.

25 We found that that requirement for new equipment

1 to operate 90 percent of the time within the state has
2 been a hindrance to the ability of those border-crossing
3 vehicles that take advantage of the funds. What we'd like
4 to see is that number reduced to 75 percent, which will
5 align with the requirement that existed in these
6 guidelines for the existing vehicle, as well as lining up
7 with the requirements that already are in place for the
8 Carl Moyer program. We feel that will encourage more
9 participation from these trucks that operate at the border
10 and allow us to achieve some additional reductions from
11 those vehicles. While maybe not operating as much time in
12 California, some of those vehicles are much older and
13 dirtier, and we think they could get some significant
14 reductions.

15 Additionally, those vehicles will still have to
16 compete on the cost effectiveness scale with the other
17 vehicles. So we're not going to be funding vehicles that
18 are less cost effective.

19 With that, like I said, we do support these
20 guidelines. And we appreciate the way the program has
21 worked out. I think we've cleaned up somewhere on the
22 order of 300 trucks in San Diego, reducing more than 1200
23 tons of emissions. So it's been of great benefit to us so
24 far. Thank you.

25 CHAIRPERSON NICHOLS: Thank you.

1 BOARD MEMBER RIORDAN: Madam Chair, could I just
2 ask staff if they want to comment on the request? I had
3 not thought about that. And might make good sense.

4 BRANCH CHIEF KITOWSKI: Absolutely. And I want
5 to echo Mike's comments that we've worked closely with the
6 San Diego Districts over the past months and other
7 districts as well and working through a variety of
8 different streamlining measures. So we really appreciate
9 the cooperation of the districts in working with us and
10 having a more efficient program.

11 With regard to this specific point, the Board may
12 remember that during the last guideline changes in 2010,
13 they made modifications that would change the minimum
14 requirement in California where we were limited to
15 100 percent in California previously, and we modified that
16 down to 90 percent.

17 And the concept behind that, the idea behind that
18 flexibility was to allow for various operational
19 flexibility. Once in a while, you need to go out of
20 state. But fundamentally, these were still California
21 vehicles. Their primary use was in California. They may
22 need a trip to Las Vegas or Phoenix once a week or
23 something like that. But for the most part, they're still
24 California vehicles.

25 Our concern is a change to 75 percent

1 fundamentally changes the types of vehicles that would be
2 coming into this program. Yes, it would bring in more
3 vehicles. We think it may bring in a lot more vehicles.
4 We're already well subscribed now. Suddenly, it's not
5 just an occasional trip out of state. We have vehicles
6 that would make regular service to Oregon, Nevada,
7 Arizona, and Mexico now pulling into this program. And
8 that creates more pressure on the program. We are well
9 subscribed to the current level. We thought it was
10 appropriate to keep it where it's at.

11 CHAIRPERSON NICHOLS: Just to follow up on that
12 though. If San Diego found itself or we found ourselves
13 through some happy circumstance with extra funds, would
14 that be an appropriate thing to use funds from this border
15 issue in San Diego is obviously fundamental to their
16 quality problem. They do have a large border and a lot of
17 trucks that go back and forth. That seems like that would
18 be something that you would want to give special
19 consideration for, even if you weren't changing the whole
20 program.

21 BRANCH CHIEF KITOWSKI: The difficulty is it's a
22 statewide program. We have consistent requirements across
23 all districts. And it's an interesting -- it's a
24 difficult dynamic to try to carve out a San Diego border
25 Mexico issue. I mean, I think we could.

1 CHAIRPERSON NICHOLS: I think Cynthia might have
2 an idea.

3 ASSISTANT DIVISION CHIEF MARVIN: Well, I usually
4 like to jump in with the positive and what we can do.
5 That's not the case here.

6 CHAIRPERSON NICHOLS: In that case, I didn't call
7 on you. Go ahead.

8 ASSISTANT DIVISION CHIEF MARVIN: What I wanted
9 to do was just say, you know, we are very interested and
10 concerned about what's happening in the border regions in
11 both San Diego and Imperial County because we're aware of
12 the severity of the pollution there.

13 What I wanted to point out was that we are right
14 now working through our drayage truck program to get more
15 information about the trucks that are making those border
16 crossings, where are they coming from and too, what are
17 they carrying.

18 I think it's important to note for the Board's
19 benefit that many of those trucks are carrying goods that
20 are destined to or from ports or rail yards. You may
21 recall that with the changes that you made to the drayage
22 truck rule, those are, by definition, now drayage trucks.
23 Even if those trucks themselves don't make it all the way
24 to the port or the rail yard, they are subject to the
25 accelerated cleanup requirements initiated drayage truck

1 rule.

2 So what that means is for all of those trucks,
3 even if we were to look at changing this 90 percent, 75
4 percent, they wouldn't be eligible because the drayage
5 truck rule is nearly fully implemented now. So it's a
6 practical consideration.

7 CHAIRPERSON NICHOLS: Okay. Good point. But
8 thank you for raising it and reminding us of the issue.
9 Spencer Richley and then Fred Minassian.

10 MR. RICHLEY: Good morning again, Chairman
11 Nichols and the Board.

12 Again, my name is Spencer Richley with Clean
13 Energy, and I share similar concerns with Tim Carmichael.

14 We're pleased with the fact that Prop 1B funding
15 is based on meeting standards, because it makes it
16 available not only to diesel, but alternative fuels as
17 well. However, in its current form, there is no incentive
18 for trucks to use alternative fuels like natural gas,
19 which is currently the cleanest fuel available for large
20 heavy duty trucks. Because natural gas and diesel are
21 certified at the same PM and NOx level, they're viewed in
22 the eyes of Prop 1B as the same, essentially.

23 Furthermore, applicants receive a higher ranking
24 the less money they request. And because natural gas
25 trucks have about a \$20,000 premium cost over diesel,

1 diesel truck applicants are, therefore, ranked higher than
2 natural gas.

3 To change this, we believe that greenhouse gases
4 should be a factor in ranking applicants because
5 California has aggressive greenhouse gas reductions goals
6 that need to be met. This would also encourage the use of
7 alternative fuels over diesel.

8 We also support an optional low NOx standard
9 which we understand is being considered but would not be
10 put into place until possibly the fall. And there is a
11 large chunk of money, about \$150 million, which is
12 expected from the sale of these bonds in the spring and
13 summer that even if the optional low NOx standard was put
14 into place, it might be too late.

15 Again, as Tim stated, zero emission vehicles
16 receive a priority status under Prop 1B, and we ask that
17 natural gas also receives a similar higher ranking and/or
18 more funding so that there is an incentive to choose
19 alternative fuels over diesel. This will maximize the
20 benefits from the Prop 1B funding. Thank you.

21 CHAIRPERSON NICHOLS: Mr. Minassian.

22 MR. MINASSIAN: Chairman Nichols, members of the
23 Board, good morning. I'm Fred Minassian, the Director of
24 Technology Implementation at the South Coast AQMD.

25 On behalf of my agency, I would like to thank

1 your staff for having worked closely with us in amending
2 and finalizing the proposed Proposition 1B Goods Movement
3 Program guidelines.

4 We appreciate your staff's consideration of our
5 comments, specifically those related to the increased
6 grant amount per truck, compared to the initial proposal
7 and the simplification of some of the reporting
8 requirements.

9 Our one comment is related to page one of the
10 proposed guidelines. It currently states that CARB may
11 extend or shorten the obligation and expenditure deadlines
12 of the grant funds. We believe the ability to shorten
13 this deadline would create uncertainties both for air
14 districts and applicants. Thus, we request further
15 clarification of the proposed language that the obligation
16 and expenditure of the grant funds won't be shortened
17 after the execution of grant agreement between CARB and local
18 air districts.

19 The South Coast AQMD supports the adoption of the
20 proposed Proposition 1B Goods Movement Program guidelines,
21 and we look forward to working closely with your staff.
22 Thank you.

23 CHAIRPERSON NICHOLS: Thanks. I think we'll wait
24 until the end, and there's going to be some other
25 questions probably. Appreciate that.

1 Mr. Palomares. We have your letter also. Thank
2 you.

3 MR. PALOMARES: You're welcome. Good morning,
4 Chairman Nichols and members of the Board.

5 My name is Andrew Palomares. I'm the Chief
6 Financial Officer for the Port of Hueneme. I'm here on
7 behalf of our Port Director Kristin Decas, who is
8 traveling on port business and could not be here today.

9 We are here today to express our support for the
10 proposed guideline amendments related to short power
11 projects. The proposed amendments are crucial for the
12 Port of Hueneme to successfully implement the shore power
13 infrastructure project. Accordingly, reimbursement will
14 ensure the port meets its contractual financial
15 obligations.

16 The port has a \$12 million operating budget and
17 slightly six million in unrestricted reserves to support
18 our critical capital repairs for the port's \$63 million
19 net capital assets.

20 The shore side power for our port is about eleven
21 and a half million. Without an early reimbursement plan,
22 the port would exhaust its reserves, break our debt
23 covenants with our bond debt, and would have to defer our
24 critical maintenance projects.

25 As a matter of update, we are meeting all of our

1 project milestones. We have ordered equipment, are
2 executing construction contracts, and are scheduled to go
3 live by January 1st, 2014.

4 Our proposed reimbursement plan is also attached
5 with our letter of written testimony for your information.

6 We'd like to express our gratitude to Chairman
7 Nichols for her support. Chairwoman Nichols has made time
8 to meet with the port's CEO and learn about our project
9 challenges and was open to hear our ideas on how to ensure
10 the project's success.

11 In addition, the ARB staff has been extremely
12 helpful and collaborative. And we are deeply grateful for
13 that.

14 Thank you all for your leadership on this
15 program. This promises to realize significant benefits to
16 industry and the environment, my grandchildren. So I'm
17 personally grateful. Please accept our letter of support
18 from the Port of Hueneme. And thank you for your time.

19 CHAIRPERSON NICHOLS: Thank you.

20 Matt Schrap and then Jim Stewart who seems have
21 taken over the old Tim Carmichael role on the person who
22 speaks last on every item.

23 MR. SCHRAP: Thank you, Madam Chairman and Board
24 members. My name is Matt Schrap. I represent Crossroads
25 Equipment Lease and Finance, as well as California Fleets

1 Solution, CFS, the Grants and Compliance Division of the
2 Velocity Vehicle Group, VVG here in southern California.

3 Our organizations have been very supportive of
4 the 1B program over the years. And its solicitation
5 alone, we are able to help our customers obtain millions
6 of dollars in fundings for clean diesel and alternative
7 fuel. In fact, of the 900 applications that we submitted
8 to the South Coast Air Quality Management District, over
9 400 of them were selected for funding.

10 Crossroads, the finance company, was able to
11 supply over \$20 million in residual financing using the
12 Cal Cap Program, very successful program from the
13 treasurer's office. I know ARB has been very supportive
14 over the years.

15 We stand before you today in full support of the
16 changes to the guidelines, and we look forward to
17 continued work with the local districts in upcoming
18 solicitations as well as new applicants for these
19 programs.

20 These improvements are consistent with
21 stakeholder feedback from the workshops late last year,
22 including suggestions contained in the formally submitted
23 comments by Crossroads and California Fleet Solutions from
24 November 29th.

25 We are especially encouraged by the level of

1 detail committed to the compliance check, the flexibility
2 and G WR consideration, lease to own revisions, along with
3 the streamlined district requirements pertaining to pre-
4 and post-inspections, along with other administrative
5 considerations, to name a few.

6 With monumental enforcement challenges facing ARB
7 staff over the next few years, it is of the utmost
8 importance the onroad requirements are clearly
9 communicated to end users, as well as third parties who
10 seek to assist applicants with eligibility requirements.

11 We look forward to the upcoming solicitation and
12 offer ourselves and our sister divisions any assistance
13 that we can provide.

14 Thank you for your consideration.

15 CHAIRPERSON NICHOLS: Thank you. You have a
16 minute to spare and you're such a fast talker. It's
17 amazing. Okay.

18 MR. STEWART: Hi. Jim Stewart representing the
19 Sierra Club. And really, I think I can say on behalf of
20 the whole environmental and environmental justice
21 community, we're certainly thrilled about the prioritizing
22 of the diesel locomotives and the people that have been
23 suffering so long among those rail yards. And so let's
24 keep up that cleaning up that mess there.

25 We're also thrilled with the enhanced funding for

1 the zero emission trucks. And I think I need to go toe to
2 toe with my former colleague, Tim Carmichael, on this
3 natural gas baloney. The issue, as you well know -- and
4 if you haven't, I'll be glad to supply you with the
5 studies is that the escaping natural gas, especially, of
6 course, from the fracking fields, is contributing more to
7 global warming than oil or coal even. And if you don't
8 believe that, I'll be glad to distribute the recent
9 scientific studies that have demolished this myth of
10 natural gas being clean.

11 So let's -- I mean, it sure does have less PM,
12 but it's global warming impacts from the fracking in
13 itself as well as, of course, the transportation, as well
14 as the leaks are around the system and on the truck are
15 not acceptable.

16 The question of the subsidy of the cost of the
17 trucks is an interesting one, because I don't understand
18 why you actually did decide to raise the price. If this
19 is such a popular -- we need to get the maximum benefit
20 out of every dollar. Right? We're down to the last 400
21 million here. And I'm disappointed actually that the cost
22 per truck has gone up. And I'm hoping that there's some
23 way that you can use this cost effectiveness and keep that
24 down.

25 And also, I don't know anything about the

1 regulations relative to the ARB's issue on this thing, but
2 is there a way of getting cost benefit from true
3 greenhouse gas reductions included? I mean, we're all
4 trying desperately to make the AB 32 goals. If we can get
5 to these zero emissions, let's do it.

6 So thank you very much. Good program.

7 CHAIRPERSON NICHOLS: Thank you for your
8 comments.

9 I'm certainly not going to get into the middle of
10 the natural gas debate.

11 I do want to say something though about sort of
12 the principles behind this program. And staff may correct
13 me or want to add something as far as the amount of
14 subsidy per vehicle.

15 But having been involved in this program since
16 I've been at ARB, I've tried to keep in mind a couple of
17 basic principles, which we don't always articulate. One
18 is that Proposition 1B was a bond. And a bond means that
19 the people of the state of California voted on it. There
20 is a contract with the people. And if you spend money not
21 in accordance with what the bond said, it's illegal.

22 In this case, the purpose behind this was very
23 clearly to deal with air pollution related to heavy duty
24 transportation. The whole purpose of this bond was to
25 facilitate -- I mean, it's part of the bigger bond act,

1 but it was really a Goods Movement Program for the state
2 of California. And this wonderful chunk of money was set
3 aside to deal with the terrible pollution problems around
4 ports, rail yards, and associated with the goods movement
5 system in general.

6 So, you know, despite the desire to tack on our
7 other goals relevant to climate, which, you know,
8 obviously is an overarching part of what we do, we've
9 implemented this program in a way that just focused on
10 cost effectiveness for tons of toxic contaminants taken
11 out of the air and not -- and resisted the temptation to
12 use it for broader purposes. I know that's frustrating to
13 our friends in the natural gas industry and probably to
14 other alternative fuels people that are not here
15 represented today.

16 But it just seems to me that our obligation was
17 to do as much as we could in as short a time as possible
18 to make air quality better for the people who are
19 subjected to these particular sources. So that's really
20 kind of the underlining principle of this whole thing as
21 it has played out.

22 In terms of how much we're giving per truck,
23 perhaps Mike or someone else you might want to just
24 explain why we've gotten to the point of being willing to
25 put more money into each one.

1 BRANCH CHIEF KITOWSKI: Certainly. We'll start
2 with the base line of previous solicitations. We offered
3 \$60,000 for a line haul type truck. It was a conventional
4 amount.

5 As we're moving forward, as we mentioned during
6 the presentation, we're losing about half of emission
7 benefits. It shouldn't really say losing because the
8 truck and bus rule is being implemented. The State is
9 getting those benefits. That's all a positive thing. It
10 is a good thing. But there's less emission reductions as
11 we're buying emission reductions with this funding,
12 there's less emission reductions for us to buy.

13 Since we're losing half, a little less than that,
14 our official proposal was to cut that dollar amount in
15 half at about \$30,000. As we started talking to the
16 stakeholders and looking at the dynamics of what a new
17 truck will cost, a used truck will cost, we felt that
18 might be a little severe.

19 We also have the benefit of looking at other
20 factors, such as in 2013, there will be new on-board
21 diagnostic requirements coming up for all new trucks. And
22 so we feel if they're buying a new truck, the State will
23 have greater assurance that those trucks will be cleaner
24 through the life of their entire usage. And so there were
25 some other factors like that that we thought, okay, we can

1 incrementally bump this up. And we came to the proposed
2 levels that you see before you.

3 CHAIRPERSON NICHOLS: Okay. Thank you for that.
4 I see that you've distributed some additional minor
5 changes and corrections in the Resolution that was before
6 us.

7 BOARD MEMBER BERG: Chairman Nichols, may I make
8 one comment? This is Board Member Berg.

9 Just following up, I did have some extensive
10 conversations with staff on the dollar amount. And one
11 thing is is that the stakeholders that are available are
12 the small businesses, small trucks. We still can get some
13 early emissions from them. And I felt pretty strongly
14 that we wanted to make sure that the dollar amount was
15 fair, since usually when we get to the tail end these
16 programs, they're the ones that it's their turn. So I
17 would support that.

18 CHAIRPERSON NICHOLS: Good point. Okay. Do you
19 want to go over whatever changes you're proposing to the
20 resolution?

21 BRANCH CHIEF KITOWSKI: It turned out the
22 original resolution that was in front of the Board
23 attachment was left out. We were able to swap out those
24 attachments. So what you see in front of us is the final
25 version. And the change was simply giving staff the

1 flexibility to make minor corrections, fix typos, and make
2 changes.

3 CHAIRPERSON NICHOLS: Do you want to address the
4 one question that was raised by South Coast?

5 BRANCH CHIEF KITOWSKI: Yes. Thank you.

6 We've been working with South Coast as well as
7 San Diego who had a similar question about that, about the
8 length of time and that the State allowed for them to
9 finish up grants and contracts. And we're supportive of
10 the language that Mr. Minassian relayed. We will work
11 with them and just finalizing it and incorporating it into
12 the guidelines lines.

13 CHAIRPERSON NICHOLS: Okay. Great. Any other
14 Board member questions or comments? If not, can we get a
15 motion on the resolution?

16 BOARD MEMBER RIORDAN: I move approval, Madam
17 Chairman.

18 BOARD MEMBER BALMES: I second.

19 CHAIRPERSON NICHOLS: All in favor, please say
20 aye.

21 (Ayes)

22 CHAIRPERSON NICHOLS: Any opposed? Any
23 abstentions? Great. Good work. It's nice to have this
24 done.

25 Before we adjourn, we do have one public comment,

1 one person who's asked to address us in general if he's
2 still here, Mr. Eder. Wanted to come back as I understand
3 it. Yes. There you are.

4 MR. EDER: Thank you.

5 I'd like to agree with what the gentleman from
6 the Sierra Club just said about natural gas.

7 Also, I'd like to incorporate into your record by
8 reference everything that happened at the district in
9 reference to their plan. This was done in writing and
10 submitted to you. There were three separate written
11 submissions.

12 About 12 or 14 years ago, I came before you and
13 talked -- you had a ZEV plan. And Alan Lloyd was here
14 with CARB then, and he had been with the district before
15 that. And I got to know him a little bit there. And did
16 testify before you about using zero emission vehicles,
17 solar electric vehicles, could be solar hydrogen as well
18 with electrolysis.

19 But there are quite a bit of people that are
20 doing this. I know you weren't portrayed or the old CARB
21 was not portrayed very favorably in "Who Killed the
22 Electric Car?" And there is a new movie out. And one of
23 the fellows that was involved in that movie now sells
24 Leafs. And he said he's had 80,000 miles of solar powered
25 travel in his vehicle, and there is a lot of other people

1 that are doing this. And it's something that should be
2 looked at. Stationary sources with solar and the
3 connection with mobile sources, which you basically
4 regulate, except for fleets.

5 So I think this should really be looked at. And
6 the connection should be made there. I think it's really
7 important.

8 Back to natural gas, there are toxics, and there
9 are particulate matter and the ultrafines and natural gas
10 that aren't even being looked at now. And this has to be
11 considered as well when compared to solar. By solar I
12 mean the sun makes the wind blow, the water flow, and the
13 plants grow. It's the engine of our ecosystem. It's the
14 way of the world works. Thank you.

15 CHAIRPERSON NICHOLS: Thank you.

16 That is the conclusion of the public comment
17 list. But it's not quite the end of our meeting because
18 now we turn to the moment we have not been waiting for,
19 which is an opportunity to hear a few words from our
20 departing Board member, Mayor Loveridge.

21 BOARD MEMBER LOVERIDGE: Chairman, thank you.

22 This really is my last time to comment. It's
23 time to say thank you and kudos to the Chair, to the
24 Board, to the staff, and to offer my reflections and
25 highlights of making a difference over the past eight

1 years.

2 I was appointed in 2004. The Board has become
3 importantly a world leader in addressing climate change as
4 well as continuing the innovations and reducing
5 smog-forming emissions.

6 And my comments really that we tend to see at
7 Board meetings, it's meeting after meeting. And this is
8 trying to take a step back and see what has happened over
9 the some eight years that I have been on the Board.

10 2004, the Board adopted the first passenger
11 vehicle regulations to reduce greenhouse gas emissions.
12 This is obviously a response to Senator Pavely's
13 legislation and a prelude to the enactment of AB 32 in
14 2006.

15 Before the climate program, I think to highlight
16 the actions taken to improve air quality here in the South
17 Coast and in all our communities that are highly impacted
18 by diesel pollution, during my first years on the Board we
19 were very active in adopting a number of regulations to
20 implement ARB's Diesel Risk Reduction Plan. These
21 regulations were focused on reducing diesel particulate
22 matter to improve air quality where people live. Remember
23 these Board meetings as being highly contentious in terms
24 of public comment and participation.

25 It's also important to reduce NOx emissions in

1 order to meet the air quality standards for PM2.5 and
2 ozone. As a result, this Board adopted a series of major
3 rules for diesel engines, both on- and off-road covered
4 private trucks, buses, and construction fleets, public and
5 utility fleets, refrigeration and trucks, restrictions on
6 truck idling, on-board diagnostic systems for trucks, Tier
7 4 standards for new off-road engines.

8 This Board also adopted a plan with a special
9 focus in reducing emissions from freight transport. A
10 number of rules were adopted to address port-related
11 emission, including controls for cargo handling equipment,
12 a rule specific to drayage trucks, cleaner fuels for
13 locomotives, oceangoing vessels, harbor crafts, emission
14 controls for ships at berth. We recognize we're a part of
15 the south coast SIP, as well as ARB's Goods Movement Plan.

16 Taken in combination, these regulations have
17 helped the South Coast remain on track to meet 2014
18 federal deadlines for particulate pollution as well as
19 progress on requirements for ozone standards. The diesel
20 regulations along with Prop 1 bond and other incentives,
21 which we've heard discussions today, reduce monitored
22 diesel pollution by estimated over 50 percent in our
23 harbor communities, 50 percent in our harbor communities.
24 And it's clear there are more reductions to follow.

25 2007, we adopted a major rule to improve indoor

1 air quality in homes and schools. And this air toxic
2 control measure put tight limits on the cancer-causing
3 chemicals formaldehyde and building materials.

4 Let me just move to the climate program beginning
5 with the Scoping Plan that ARB adopted in 2008. I've
6 looked at a lot of State plans. And I think the Scoping
7 Plan is the most impressive policy document, State
8 document that I've read.

9 ARB was obviously assigned to develop the game
10 plan for the goal of AB returning to 1990 emissions levels
11 by 2020. You know, this involved evaluating the sources
12 of greenhouse gases in ways even more complex than
13 conventional air pollution, the term life cycle emissions
14 introduced to our thinking, energy and transportation,
15 systems rather than individual facility emissions, and to
16 be considered. And what AB 32 did is challenge us to have
17 a new way of analyzing and responding.

18 SB 375 then followed, requiring ARB to set
19 greenhouse gas reduction targets for regional
20 transportation plans for the development of sustainable
21 community strategies. The success of this program
22 depended on effective outreach of particularly CARB staff,
23 other MPOs.

24 And I think this Board's effort to reduce the
25 SCAG's issues was particularly important. The Regional

1 Transportation Plan and the Sustainable Community Strategy
2 Plan by everyone who has observed this and participated in
3 it in the South Coast said it was the most important plan
4 that's been adopted.

5 But what's interesting, it was done unanimously
6 from right to left, from BIA to even to Jim probably said
7 good words about this.

8 The implementation of AB 32 Scoping Plan requires
9 a range of new activities new to the Board and staff, both
10 technical and policy. And new challenging issues were
11 raised. The Board deliberated a number of regulations to
12 reduce greenhouse gases, including advanced clean cars,
13 low carbon fuel, emission reporting, cap and trade,
14 reporting regulations, and greenhouse gases.

15 Each of these efforts required partnerships with
16 other agencies and the academy, as well as outreach to
17 stakeholder groups. Participation -- and Mary, it must
18 have been interesting. The Western Climate Initiative is
19 one example of the scope of new activities undertaken to
20 engage with others on the climate issue.

21 But all of these Board actions and activities
22 that helped build the foundation and I think the word
23 important here is transformation of our energy and
24 transportation systems, which are necessary to meet our
25 air quality and climate goals.

1 CARB's leadership has been essential to focusing
2 attention on the possibilities for the future. Our
3 strength has been on advancing technology, and that's a
4 key going forward.

5 The new challenge -- and I would emphasize
6 encompasses more than engineering and technology-forcing.
7 It's the social context of change and the potential of
8 economic development become equally important.

9 As regions implement 375, there is a real
10 opportunity for individuals, groups, and cities to engage
11 in the broad discussion of urban form. Quality of life
12 begins with our homes and jobs and communities, but also
13 relies on investment and energy and transportation systems
14 to serve our local, regional, and global economy.

15 Sort of in summary, you think about the last
16 eight years. We have made a difference. See it in the
17 numbers. This region's air quality continues to improve.
18 And ARB has played a major role through its regulations
19 and mobile sources, fuels, consumer products, toxic air
20 contaminants. ARB's leadership on climate is there for
21 the world to see, take measure of, and to share.

22 Finally, going forward, the Board must continue
23 to develop and nurture the many partnerships which have
24 been identified this past morning that are necessary to
25 support our air quality and climate goals.

1 And finally, as a representative of the South
2 Coast District, it was my opportunity and honor to serve
3 for the past eight years. Thank you to the best in the
4 world Chair, superb Board, and outstanding staff. Thank
5 you.

6 (Applause)

7 CHAIRPERSON NICHOLS: Last month, we presented
8 Mayor Loveridge with our Haagen-Smit award, which is the
9 Board's most prestigious award. It's our only award,
10 actually. And we were very pleased to do so.

11 But you're not going to escape without a little
12 further embarrassment or decoration for your walls. So I
13 have two items that I would like to present to you today.
14 One is just a small plaque from the Air Resources Board
15 itself with the seal of California on it recognizing your
16 contribution.

17 (Applause)

18 CHAIRPERSON NICHOLS: And then the other, which
19 was somebody took the initiative to frame it, but I guess
20 you don't have to keep it in its frame, is a letter from
21 our Governor Jerry Brown, who remembers your career. As
22 you know, he was around for a lot of it, too. And I
23 wanted to share some thoughts with you as well.

24 BOARD MEMBER LOVERIDGE: Thank you.

25 CHAIRPERSON NICHOLS: That's it. We are

1 adjourned.

2 (Whereupon the Air Resources Board meeting
3 adjourned at 12:13 PM)

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