

MEETING  
STATE OF CALIFORNIA  
AIR RESOURCES BOARD

BYRON SHER AUDITORIUM  
SECOND FLOOR  
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THURSDAY, MARCH 21, 2013  
9:10 A.M.

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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

Mrs. Barbara Riordan

Supervisor Ron Roberts

Mr. Phil Serna

Dr. Alex Sherriffs

Professor Daniel Sperling

STAFF

Mr. James Goldstene, Executive Officer

Mr. Alberto Ayala, Deputy Executive Officer

Mr. Richard Corey, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. La Ronda Bowen, Ombudsman

Ms. Analisa Bevan, Chief, Sustainable Transportation  
Technologies Branch

Ms. Trish Johnson, Air Pollution Specialist, SSD

APPEARANCES CONTINUED

STAFF

Ms. Lisa Macumber, Air Pollution Specialist, Air Quality Improvement Program, Mobile Source Control Division

Ms. Annalisa Schilla, Ph.D., Climate Action and Research Planning Section, Research Division

ALSO PRESENT

Ms. Nidia Batista, Coalition for Clean Air

Mr. Tim Carmichael, California Natural Gas Vehicle Coalition

Mr. Wade Crowfoot, Deputy Director, Governor's Office of Planning and Research

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

Ms. Kristen Power, CSPA

Mr. Doug Raymond, National Aerosol Association

Mr. Matt Schrap, Crossroads

Ms. Karen Snyder

Mr. Zeltzer, UVWA

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PROCEEDINGS

1  
2 CHAIRPERSON NICHOLS: Good morning, everybody.  
3 This is the March 21st, 2013, public meeting of the Air  
4 Resources Board. And I will call the meeting to order.  
5 We will start as we generally do by saying the Pledge of  
6 Allegiance to the flag. Please rise.

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

9 CHAIRPERSON NICHOLS: Madam Clerk, would you  
10 please call the roll.

11 BOARD CLERK JENSEN: Dr. Balmes?

12 Ms. Berg?

13 BOARD MEMBER BERG: Here.

14 BOARD CLERK JENSEN: Ms. D'Adamo?

15 BOARD MEMBER D'ADAMO: Here.

16 BOARD CLERK JENSEN: Mr. De La Torre?

17 Mrs. Riordan?

18 BOARD MEMBER RIORDAN: Here.

19 BOARD CLERK JENSEN: Supervisor Roberts?

20 BOARD MEMBER ROBERTS: Here.

21 BOARD CLERK JENSEN: Supervisor Serna?

22 BOARD MEMBER SERNA: Here.

23 BOARD CLERK JENSEN: Dr. Sherriffs?

24 BOARD MEMBER SHERRIFFS: Here.

25 BOARD CLERK JENSEN: Professor Sperling?

1 BOARD MEMBER SPERLING: Here.

2 BOARD CLERK JENSEN: Chairman Nichols?

3 CHAIRPERSON NICHOLS: Here.

4 BOARD CLERK JENSEN: Madam Chairman, we have a  
5 quorum.

6 CHAIRPERSON NICHOLS: Great.

7 I have a couple of announcements before we get  
8 started this morning, and I should also note one change  
9 which is that I'm going to make a few personal remarks and  
10 expect others on the Board will want to as well after we  
11 get to the end of our agenda.

12 But I do want to welcome our newest Board member,  
13 Supervisor Serna, who is with us this morning for the  
14 first time. So we're very happy to have him here.

15 We have a slight change in the agenda order  
16 today. Following Agenda Item 13-3-4, the appointment of  
17 the Environmental Justice Advisory Committee under AB 32,  
18 we're going to hear Agenda Item 13-3-7, which is an update  
19 on the Governor's Zero Emission Vehicle Executive Order  
20 Action Plan. That's a mouthful. But it's our opportunity  
21 to hear about what's in the ZEV order.

22 I want to announce that interpretation services  
23 are available in Spanish for anyone who would like them.  
24 Headsets are available outside the hearing room at the  
25 sign-in table. Interpretation services have been

1 requested for our fourth item, the Environmental Justice  
2 Advisory Committee Item. And that will be available until  
3 lunch.

4 (Whereupon the announcement was made in  
5 Spanish.)

6 CHAIRPERSON NICHOLS: Thank you.

7 Anyone who wishes to testify and hasn't signed up  
8 online should fill out a request to speak card. They're  
9 available also in the lobby outside the boardroom. We  
10 appreciate it if you would turn it into the clerk as soon  
11 as possible so that she can sort out the list of speakers.  
12 And including your name as optional.

13 If you have already signed up online to speak,  
14 you don't need to fill out a card. But you do need to  
15 check in with the clerk so she knows you're here.  
16 Otherwise, your name will be removed from the speakers'  
17 list.

18 Also, we're going to be following our usual  
19 practice of imposing a three-minute time limit on  
20 speakers. So we appreciate it if when you come up to the  
21 podium you would state your name and then put your  
22 testimony into your own words. If you have written  
23 testimony, we will have received it. And you don't need  
24 to read your written testimony, since it will already be  
25 in the record.



1           Finally, I have to note that there are emergency  
2 exits to the rear and to my right in this room. In the  
3 event of a fire alarm, we're required to evacuate this  
4 room immediately and go down the stairs and out of this  
5 building until we hear the all-clear signal when we can  
6 return to the hearing room and resume the hearing.

7           I have to smile when I make that statement,  
8 because it's something we're required to do every meeting,  
9 and I've always done it basically read it straight as it's  
10 supposed to be. But I attended the retirement party for  
11 my friend and colleague, Charlie Hoppin, who is the  
12 long-time Chairman of the State Water Resources Control  
13 Board, which took place this week. And his staff did a  
14 video of him giving that announcement about the exits over  
15 his years on the Board, and some of them are hilarious.  
16 Many of them are unprintable. But he really had a good  
17 time with that. So I'm thinking maybe I've been taking it  
18 too seriously. So there could be a change by the time of  
19 the next meeting. Stay tuned.

20           I think we should actually begin with the agenda  
21 at this point. The first items are consent items. We  
22 have first the appointment of a new member to the Research  
23 Screening Committee. If anybody needs any further comment  
24 or if there is anybody who wants to take that item off  
25 consent -- if not, could I just have a motion?

1 BOARD MEMBER RIORDAN: Move consent calendar.

2 BOARD MEMBER D'ADAMO: Second.

3 CHAIRPERSON NICHOLS: And we'll separately take  
4 up the two research proposals that were in front of us.  
5 Any questions? Comments? Testimony on those? Seeing  
6 none, we have a motion and a second.

7 Any opposition? Great. All right.

8 Now we'll move on then to the proposed research  
9 plan.

10 EXECUTIVE OFFICER GOLDSTONE: Good morning, Board  
11 members. Thank you, Chairman Nichols.

12 There are ten projects in this year's research  
13 plan recommended for funding. This list of proposed  
14 projects addresses high priority research needs to support  
15 our air quality and climate programs.

16 The proposed projects will specifically address  
17 the air quality impacts of consumer product emissions,  
18 health effects of exposure to multiple pollutants,  
19 effectiveness of diesel emission reduction technology,  
20 trends among zero emission vehicle buyers, feasibility of  
21 the low-carbon intensity fuels, and potential unintended  
22 effects of sustainable community strategies.

23 If approved by the Board, the projects described  
24 in the Research Plan will be developed into full proposals  
25 and then brought back to the Board for your final approval

1 over the next several months.

2 With that, I'd like to introduce Annalisa Schila  
3 of the Research Division who will describe the proposed  
4 studies. Dr. Schilla.

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

7 DR. SCHILLA: Thank you, Mr. Goldstene.

8 Good morning, Chairman Nichols and members of the  
9 Board.

10 --o0o--

11 DR. SCHILLA: Today, we are asking the Board to  
12 approve the proposed 2013/2014 research plan. The plan  
13 has ten research concepts that will support the Board's  
14 decision making for key policies and programs at a cost of  
15 \$4.4 million.

16 If the plan is approved today, staff will work  
17 with researchers over the next few months to develop  
18 concepts into full proposals. We will then take proposals  
19 to the Board's Research Screening Committee for review  
20 before returning to the Board to request approval and  
21 funding for each research project.

22 --o0o--

23 DR. SCHILLA: This research plan proposes funding  
24 projects in six of ARB's key program areas. Funds will be  
25 used to address research needs related to air pollution's

1 health effects and State Implementation Plans and will  
2 support the advanced clean cars, low-carbon fuel standard,  
3 sustainable communities, and diesel programs.

4 --o0o--

5 DR. SCHILLA: ARB's Research Program will  
6 continue to play an important role in meeting the  
7 challenges of increasingly stringent federal air quality  
8 standards and long-term climate goals.

9 The projects included in this Research Plan will  
10 improve ARB's ability to meet and demonstrate compliance  
11 with lower PM2.5 and ozone standards and to achieve  
12 greenhouse gas emissions reductions consistent with  
13 climate goals through 2050.

14 --o0o--

15 DR. SCHILLA: For this year's Research Plan, ARB  
16 staff streamlined the development process in order to  
17 focus on the Board's highest priority research needs and  
18 to utilize the entire three-year life of State funds  
19 allocated for research.

20 ARB's Research Planning staff collected input  
21 from across ARB's divisions to identify and prioritize  
22 research to support the agency's most pressing program  
23 needs, such as future updates to State Implementation  
24 Plans and the advanced clean cars, low carbon fuel  
25 standard, diesel, and sustainable communities programs.

1           Staff developed scopes of work for projects  
2 in-house and released a solicitation for draft proposals  
3 which targeted the University of California and California  
4 State University systems.

5           Staff continue to coordinate with air districts  
6 and other California and federal agencies to ensure that  
7 our research portfolio is non-duplicative of  
8 already-funded work, leverages the State's available  
9 research funding, and produces results that have the  
10 greatest program benefits.

11                           --o0o--

12           DR. SCHILLA: As part of the Board's ongoing  
13 effort to improve California's air quality, ARB will  
14 continue to fund research to support State Implementation  
15 Plans.

16           Past and ongoing research in this area has  
17 focused on the causes of and solutions to ozone and PM2.5  
18 non-attainment in the San Joaquin Valley, South Coast, and  
19 other air basins. Recent projects have included field,  
20 laboratory, and modeling studies to improve emission  
21 inventories and PM2.5 chemistry. As air quality standards  
22 are tightened, new air quality modeling must be done and  
23 plans developed to further reduce air pollution.

24           By 2023, consumer products are projected to be  
25 the largest source of volatile organic compounds in the

1 South Coast air basin. Current estimates of emissions of  
2 low vapor pressure VOCs that could effect air quality are  
3 about 39 tons per day, constituting 13 percent of the  
4 consumer products inventory.

5 The need for research to better characterize the  
6 air quality impacts of LVP VOCs was raised at the January  
7 2013 Board meeting when the South Coast Air Quality  
8 Management Plan was approved, and staff propose funding  
9 two research projects on this topic.

10 --o0o--

11 DR. SCHILLA: Low vapor pressure VOCs are  
12 ingredients used in some consumer products to comply with  
13 ARB's consumer products regulations, because the  
14 regulations provide an exemption for these compounds.

15 The exemption covers products such as floor  
16 cleaners, hair care products, windshield washer fluid, and  
17 paint thinners and was originally intended to exclude  
18 compounds that do not readily participate in ozone  
19 formation. But some recent laboratory testing indicates  
20 that certain LVP VOCs may have previously unrecognized air  
21 quality impacts.

22 The first proposed project will investigate the  
23 ambient evaporation rates of LVP VOCs both at pure  
24 compounds and in consumer products sold in California.  
25 The researchers will also conduct environmental chamber

1 studies to explore ozone and PM2.5 formation from these  
2 compounds. The results of this project will improve  
3 estimates of the emission rates of LVP VOCs and their  
4 impacts on air quality.

5 --o0o--

6 DR. SCHILLA: The second proposed project is  
7 closely linked to the project just described, but this  
8 project will focus on the environmental fate of LVP VOCs.

9 The goal with this study is to develop a model to  
10 investigate the air quality impacts associated with the  
11 environmental fate of consumer products that contain LVP  
12 VOCs.

13 For example, when products are disposed of down  
14 the drain, interactions with water and potential emissions  
15 at water treatment plants may need to be accounted for.  
16 The results of this project will improve understanding of  
17 the role that different environmental fates play in  
18 determining the air quality impacts of LVP VOCs.

19 Together, these two research projects will inform  
20 ARB's assessment for the LVP VOC exemption in the consumer  
21 products regulations.

22 --o0o--

23 DR. SCHILLA: Next, I will describe this year's  
24 planned health effects research.

25 ARB's Health Effects Research Program seeks to

1 characterize the health impacts of California's air  
2 pollution, particularly from PM2.5 and ozone, and adds to  
3 the body of scientific literature that the U.S. EPA  
4 considers in their review of the national ambient air  
5 quality standards. Although it has been well-documented  
6 that air pollution exposure leads to adverse health  
7 effects, the biological mechanisms which cause these  
8 associations are only beginning to be understood.

9           Previously, ARB-funded research has demonstrated  
10 that PM2.5 exposure leads to an increased risk of blood  
11 clots and that removal of semi volatile organic compounds  
12 significantly reduces the toxicity of the PM2.5.

13           Staff proposed funding two projects that will  
14 investigate the interactions and synergies associated with  
15 simultaneous exposure to multiple pollutants.

16                           --o0o--

17           DR. SCHILLA: The first proposed health study  
18 will examine a possible biological pathway for PM2.5 and  
19 ozone-induced cardiovascular disfunction in rats,  
20 specifically looking at the role of the central nervous  
21 systems in causing cardiovascular effects.

22           The researchers will monitor breathing patterns  
23 and heart rate variability during various exposure  
24 regimens to examine the influence of PM2.5 and ozone  
25 exposure on cardiac function.



1           After the experiment, researchers will evaluate  
2 various health end points indicative of cardiovascular  
3 impacts. The results of this study will improve  
4 understanding of the biological mechanisms which lead to  
5 air pollution's health effects and help characterize the  
6 health impacts of air pollution exposure.

7                           --o0o--

8           DR. SCHILLA: Many studies have reported a  
9 significant association between exposure to either PM2.5  
10 or ozone and adverse cardiovascular effects, but further  
11 research is needed to understand the effects of  
12 simultaneous exposure to ozone and PM2.5 on  
13 atheroscleroses. For this project, researchers will  
14 expose mice to various concentrations of PM2.5 and ozone  
15 alone and in combination. The mice will also be exposed  
16 to air samples in which the organic components of PM2.5  
17 have been removed.

18           In order to test the hypothesis, the organic  
19 fraction of PM2.5 plays a key role in progression of  
20 atheroscleroses. The researchers will examine various  
21 cardiovascular end points to evaluate the mice's response  
22 to these exposures. The results of this study will  
23 improve understanding of the health effects of  
24 simultaneous exposure to multiple pollutants.

25                           --o0o--

1 DR. SCHILLA: Now I will turn to this year's  
2 planned diesel research.

3 Diesel engines are a major source of air  
4 pollutants in California. ARB's Diesel Research Program  
5 seeks to characterize how emissions are affected by new  
6 regulations, fuels, and emission control technologies and  
7 to confirm that the emissions and adverse health effects  
8 of diesel combustion continue to decrease.

9 Ongoing research is characterizing the  
10 degradation and failure rates of diesel particulate  
11 filters and selective catalytic reduction in southern and  
12 northern California and around ports. However, research  
13 is needed to further evaluate how SCR technology functions  
14 under California driving conditions. Staff proposed  
15 funding one project in this area.

16 --o0o--

17 DR. SCHILLA: The proposed diesel project will  
18 assess the in-use patterns of SCR equipped heavy-duty  
19 trucks operating in California and will provide insights  
20 into the on-road effectiveness of SCR for reducing  
21 emissions.

22 Because selective catalytic reduction requires  
23 minimum temperatures of around 200 degrees to operate,  
24 heavy-duty cold starts and low load operations could  
25 render the SCR ineffective for reducing NOx. Researchers

1 will document how trucks are used from travel surveys and  
2 English control unit or onboard diagnostic data for  
3 various different trucks, uses such as line haul, drayage,  
4 and delivery.

5 Results from this project will inform possible  
6 improvements to emission certification and compliance  
7 procedures and improve emission's forecasts.

8 --o0o--

9 DR. SCHILLA: Next I will describe this year's  
10 planned research to support implementation of the Advanced  
11 Clean Cars Program.

12 Passenger travel is a major source of criteria  
13 and toxic air pollutants and greenhouse gas emissions in  
14 California. ARB Advanced Clean Cars Program will provide  
15 emission reductions from light-duty vehicles needed to  
16 meet air quality standards and climate goals.

17 Governor Brown's Executive Order B-16-2012 also  
18 established goals for expanding Californian's access to  
19 zero emission vehicles and supporting infrastructure. You  
20 will hear more about the State's Action Plan to Support  
21 those goals in an update to the Board later today.

22 ARB has initiated research that will examine  
23 consumer response to ZEVs, how ZEVs are being used,  
24 compliance strategies, and PM measurement. Research in  
25 these areas is being coordinated with the U.S. EPA, U.S.

1 Department of Energy, and the National Highway Traffic  
2 Safety Administration.

3           Understanding consumer vehicle purchase decisions  
4 related to ZEVs will be a critical factor to support  
5 implementation of the ZEV program and to inform the  
6 mid-term review of the Advanced Clean Cars Program, but  
7 the factors that influence these decisions are only  
8 beginning to be understood. Staff propose funding one  
9 project to address this research need.

10                   --o0o--

11           DR. SCHILLA: Although the current zero emission  
12 vehicle market is relatively small, recent  
13 commercialization of some ZEVs has allowed for more  
14 empirical evaluation. However, to date, none of these  
15 efforts has been a comprehensive characterization of the  
16 recent wave of ZEV buyers in California.

17           This project will establish a method to evaluate  
18 the socioeconomic and geographic characteristics of ZEV  
19 buyers for the entire state, relying on vehicle  
20 registration data and other data sources to understand how  
21 these buyers are changing as vehicle offerings and  
22 incentives evolve. This research will complement ongoing  
23 research by providing a broader perspective of the overall  
24 ZEV landscape.

25           The results of this study will describe the

1 current zero emission vehicle market and will improve  
2 understanding of ZEV market potential in California.

3 --o0o--

4 DR. SCHILLA: Next, I will describe this year's  
5 planned research to support the low carbon fuel standard.

6 In order to achieve California's climate and air  
7 quality goals, emissions from transportation will need to  
8 be significantly reduced in the coming decades.

9 ARB's low carbon fuel standard aims to reduce the  
10 carbon intensity of California's transportation fuels by  
11 ten percent by 2020 and incentivizes the production and  
12 sale of low-carbon intensity transportation fuels through  
13 performance standards for fuel producers and importers.

14 Recent research funded by ARB and others is  
15 investigating the environmental impacts, development, and  
16 demonstration of various fuels and production facilities.  
17 Research is needed to examine the availability and  
18 environmental impacts of renewable natural gas as a  
19 near-term fuel option and drop-in fuels which are  
20 compatible with existing infrastructure in vehicles over  
21 the longer term. Two projects are proposed to address  
22 these topics.

23 --o0o--

24 DR. SCHILLA: Renewable natural gas is a  
25 promising near-term, low carbon intensity transportation

1 fuel for both light-duty and heavy-duty vehicle  
2 applications.

3 The LCFS regulation already incorporates a number  
4 of pathways for renewable natural gas production, such as  
5 landfill gas, dairy digesters, and high solids and  
6 anaerobic digesters.

7 Widespread large scale production of renewable  
8 natural gas would help achieve California's greenhouse gas  
9 emission reduction objectives, but more research is needed  
10 to facilitate the market penetration of this fuel.

11 This project will examine renewable natural gas  
12 production and distribution, particularly for  
13 transportation fuel use in California. The researchers  
14 will develop a map of current and potential production  
15 sites and will examine the costs and feasibility and  
16 environmental impacts of large scale production and use.  
17 They will evaluate optimization of facility locations in  
18 order to maximize production and minimize environmental  
19 impacts. The researchers will also identify potential  
20 barriers to expanded production and strategies to overcome  
21 them.

22 The results of this research will provide  
23 insights into the economic and environmental feasibility  
24 of large-scale production and use of renewable natural gas  
25 as a low carbon transportation fuel in California.

1                   --o0o--

2                   DR. SCHILLA: Drop in fuels are cleaner  
3 alternatives to fossil derived gasoline and diesel fuels  
4 that would require the least modification to the existing  
5 infrastructure and vehicle fleet. In order to be  
6 commercially viable, the fuels need to be available in  
7 sufficient quantities and at competitive prices.

8                   Drop-in fuels are currently in a research and  
9 development phase, with pilot and demonstration scale  
10 plants under construction, but further research on the  
11 feasibility and cost effectiveness of producing these  
12 fuels is needed.

13                   For this project, researchers will analyze the  
14 technology, feasibility, costs, and environmental impacts  
15 of drop-in fuels at both demonstration and commercial  
16 scales.

17                   The researchers will consider a variety of  
18 different production pathways, including conversion of  
19 alcohol or sugars to hydrocarbons, algal oils, upgrading  
20 syn gas and conversion of biomass to bio oil.

21                   They will perform a geospatial analysis to  
22 estimate where fuel production facilities could be located  
23 in order to maximize production and minimize environmental  
24 impacts. And they will develop strategies to monitor and  
25 track supplies, costs, and progress of these technologies.

1           The results of this project will help assess the  
2 potential for production and use of drop-in fuels for  
3 achieving California's climate and air quality goals.

4                           --o0o--

5           DR. SCHILLA: Finally, I will describe this  
6 year's planned sustainable communities research.

7           ARB's sustainable community program aims to  
8 reduce greenhouse gas emissions and improve air quality  
9 and health for all Californians.

10           Current research funded by ARB and others is  
11 designed to improve estimates of vehicles miles traveled,  
12 greenhouse gas emissions reductions, and air pollution  
13 exposure associated with land use and transportation  
14 planning strategies.

15           As California regions pursue more compact  
16 transit-oriented development as part of their sustainable  
17 community strategies, research is needed to assess the  
18 benefits and the potential for any unintended adverse  
19 impacts and to examine strategies to mitigate air  
20 pollution exposure. Two projects are proposed this year  
21 to address these topics.

22                           --o0o--

23           DR. SCHILLA: SB 375 requires each metropolitan  
24 planning organization in California to develop a  
25 sustainable communities strategies that demonstrates how



1 they will meet regional greenhouse gas reduction targets  
2 set by ARB. Many MPOs are relying on transit-oriented  
3 development to help meet their targets, but environmental  
4 justice organizations have expressed concern about the  
5 potential for displacement of low-income residents.

6 In addition, the displacement of low-income  
7 residents, who are more likely to rely on transit by  
8 higher income residents who may be more likely to travel  
9 by car, could decrease the reductions in vehicle miles  
10 traveled that might otherwise be achieved by transit  
11 oriented development.

12 MPOs have been begun evaluating the potential for  
13 displacement, but there is a need for more robust  
14 analytical tools. As a result, ARB is partnering with  
15 MPOs on this proposed project.

16 This study will provide insights into the  
17 relationship between transit-oriented development and  
18 potential displacement of low-income residents, including  
19 analyzing the VMT impacts.

20 This research will provide tools that MPOs can  
21 use to evaluate potential displacement impacts of their  
22 sustainable community strategies, as well as identify  
23 possible solutions. This project will help ensure that  
24 low-income communities share in the benefits of  
25 transit-oriented development.

1                   --o0o--

2                   DR. SCHILLA: Metropolitan planning organizations  
3 and environmental justice stakeholders have also expressed  
4 interest in strategies to mitigate air pollution exposure  
5 of residents living near air pollution sources, such as  
6 high traffic roadways. ARB staff have identified sound  
7 wall vegetation combination barriers as a promising option  
8 that requires further research.

9                   Although progress has been made in reducing air  
10 pollution exposure of residents living near roadways and  
11 other pollution sources, strategies that can further  
12 reduce exposure would provide important near-term  
13 benefits.

14                  ARB has several research projects underway to  
15 examine exposure mitigation approaches, such as high  
16 efficiency filtration in homes and vehicles. Studies have  
17 shown sound walls may reduce near-roadway pollution  
18 exposure by 50 percent, but there are concerns that the  
19 pollution impacts may be shifted to other locations.

20                  Further research is needed that examines the  
21 benefits of adding vegetation to sound walls and that  
22 identifies the specific conditions under which sound  
23 wall/vegetation combination barriers can reliably provide  
24 an exposure reduction benefit to California residents.

25                  This project will evaluate the variability and

1 effectiveness of these barriers in various urban settings  
2 and meteorological conditions. Sampling will include  
3 real-time field measurements of traffic-related  
4 pollutants, meteorology data, and traffic activity  
5 patterns. Results of this research will help inform  
6 guidance for local governments and planning agencies on  
7 effective strategies for reducing air pollution exposure.

8 --o0o--

9 DR. SCHILLA: The projects included in this  
10 year's research plan will support the Board's decision  
11 making in a number of key program areas.

12 In order to ensure that ARB's research program  
13 compliments other funding efforts and provides the  
14 greatest program benefits, ARB staff continue to  
15 coordinate with federal, State, and local agencies.

16 For both the Advanced Clean Cars Program and  
17 Low-Carbon Fuel Standard, federal and State agencies are  
18 funding closely related work.

19 Similarly, ARB is partnering with MPOs and  
20 Caltrans on sustainable communities research. ARB staff  
21 are coordinating closely with those agencies to ensure  
22 that our research portfolios remain complementary.

23 In addition, several large-scale federally funded  
24 greenhouse gas and air quality research efforts are  
25 underway in California. And as a result, this year's

1 research plan includes relatively little research in these  
2 areas. The National Institute of Standards and Technology  
3 is providing several million dollars in funding for the  
4 Los Angeles Mega Cities Project, to monitor greenhouse gas  
5 trends in the L.A. region.

6 And the National Aeronautics and Space  
7 Administration is funding two major air quality research  
8 efforts in California, both of which launched in 2012.  
9 NASA chose the San Joaquin Valley as one of the sites for  
10 the Discover AQ study, which includes both flights and  
11 on-the-ground monitoring to characterize the complex flow  
12 and movement of air and pollutants above the valley.

13 And in November of 2012, NASA's air quality  
14 applied sciences team held their fourth biannual meeting  
15 at the Cal/EPA building in Sacramento specifically to get  
16 input from ARB and the California air districts on air  
17 quality concerns and modeling needs that could be  
18 addressed collaboratively.

19 ARB staff will continue to coordinate with these  
20 and other partners to leverage ARB's limited research  
21 dollars.

22 --o0o--

23 DR. SCHILLA: If the 2013-2014 Research Plan is  
24 approved today, staff will work with our research partners  
25 to bring full proposals to the Research Screening

1 Committee. And then we will return to the Board to  
2 request approval and funding for each project. We  
3 recommend that you approved the 2013-2014 annual research  
4 plan.

5 CHAIRPERSON SAWYER: Thank you, Dr. Schilla.

6 Before we turn to the two speakers who signed up  
7 to speak, do Board members have any questions they would  
8 like to raise or comments on this plan?

9 Dr. Sperling?

10 BOARD MEMBER SPERLING: Just a quick comment.

11 I've been working with the staff these last few years on  
12 the Research Program, and I think we've been making good  
13 progress in coming up with research that's more valuable,  
14 frankly, to the agency, that's more targeted towards the  
15 needs of the agency in terms of forming rules and  
16 understanding what's needed, developing the tools for it.  
17 And so, you know, I'm quite pleased to see that.

18 I think we're focusing on important topics, and I  
19 think that the good projects are being designed more and  
20 more. There's always -- it can always be done better and  
21 the needs are always changing. But it is focused more on  
22 the needs of the regulatory program and being more  
23 mission-oriented. I think for an agency with a limited  
24 budget and a large regulatory agenda, that's very  
25 important.

1           And you know, I just would say it is a big  
2 challenge putting together a effective, efficient research  
3 program. It does require, in this case, coordinating  
4 across all the different parts of the agency, what's  
5 needed in the different programs and the research staff  
6 communicating with them. It requires a lot of foresight,  
7 you know, anticipating what are our needs going to be in  
8 five years. And it just requires a lot of sophisticated  
9 understanding of the issues. So I see good progress. And  
10 so that's a kudo to the improvements that have been made  
11 and the encouragement follow the path.

12           CHAIRPERSON NICHOLS: Thank you. That's very  
13 helpful.

14           Dr. Balmes.

15           BOARD MEMBER BALMES: First off, I would like to  
16 echo Professor Sperling's comments in general. I think  
17 the last couple years the staff has really learned to  
18 focus on what's important issues that we need to address.

19           But I have to say when I was assigned to the  
20 Research Subcommittee of the Board that I was a little  
21 concerned it would negatively effect the health effects  
22 research this agency has done a great job and.

23           I still think the Children's Health Study is the  
24 single most important air pollution study that's ever been  
25 done. And this agency started that, that research.

1           And I have to say, I'm pleasantly pleased I don't  
2 think the health effects research has been diluted at all  
3 by our focus on having regulatory relevant projects. I  
4 was a little concerned about that with health effects  
5 research. As you can see from the proposals that are in  
6 the plan, we're still looking at understanding basic  
7 mechanism, which I think is important, especially given  
8 the federal budget problems. So there will be decreased  
9 U.S. EPA moneys available for this kind of research.

10           I applaud the staff for improving in terms of  
11 targeting the research to what the data gaps we need to  
12 address for regulatory purposes, but also maintaining the  
13 quality of the health effects research.

14           CHAIRPERSON NICHOLS: Thank you for that. I  
15 think it's particularly challenging given the fact that  
16 our resources aren't growing, commensurate with the need  
17 either. I look at the price tags on some of these studies  
18 in comparison with what I know can be and used to be the  
19 case sometimes when there was big federal money available.  
20 It's impressive that we think we can really good research  
21 out of some of these projects. So thanks for that.

22           Any comments from the Board members? Okay.

23           I'll turn to the speakers then. We have three.  
24 Kristen Power, followed by Doug Raymond and then Tim  
25 Carmichael.

1 MS. POWER: Madam Chair, members of the Board, I  
2 appreciate the opportunity to support the Air Resources  
3 Board proposed research plan for fiscal year 2013-2014.  
4 I'm Kristen Power with the Consumer Specialty Products  
5 Association.

6 The Consumer Specialty Products Association  
7 representing the interests of companies engaged in the  
8 manufacturer, formulation, and distribution of sales of  
9 consumer products that help households and institutional  
10 customers create cleaner and healthier environments, and  
11 our member companies have worked collaboratively with the  
12 Air Resources Board staff since the late 1980s to reduce  
13 VOCs in products through the development of successive  
14 rulemakings on the consumer products and aerosol coatings  
15 regulations.

16 We think research, such as that proposed in the  
17 air quality impacts of low vapor pressure volatile organic  
18 compounds study, is essential to future regulatory actions  
19 to meet federal and State air quality standards.

20 We support funding of the research. And in fact,  
21 industry groups are undertaking research we believe will  
22 be complimentary and supplemental to the proposed study to  
23 ensure scientific data is available to continue the  
24 development of strategies to achieve long-term ozone  
25 attainment strategies.



1           Related to this study, Air Resources Board staff  
2 is developing draft amendments to the consumer products  
3 regulation that include changes to how the low vapor  
4 pressure compounds are regulated.

5           In addition to asking for Board support for  
6 funding this critical research, we ask the research we are  
7 discussing today precede any regulatory action impacting  
8 low vapor pressure compounds.

9           Thank you for the opportunity to support the  
10 research.

11           CHAIRPERSON NICHOLS: Thank you.

12           Doug Raymond.

13           MR. RAYMOND: Good morning, Madam Chair, members  
14 of the Board.

15           My name is Doug Raymond. I'm here representing  
16 the National Aerosol Association. In discussions with ARB  
17 management, we were encouraged to comment on this issue.  
18 We are here to support the studies for the impacts of low  
19 vapor pressure compounds. We have worked cooperatively  
20 with the staff for more than 20 years on making feasible  
21 rules. We believe the study is necessary to -- we need  
22 science in the area of the LVPs.

23           We have one concern. Our concern is that there  
24 is a current rule development that we brought before you  
25 in July that concerns the LVP issue. We would ask that

1 any changes to the LVP be delayed until after these  
2 studies are done. We're here to support the study. We  
3 believe it's necessary. But we don't believe any changes  
4 should be made to the status of the LVPs until that study  
5 is completed. Thank you very much.

6 CHAIRPERSON NICHOLS: Thank you.

7 Tim Carmichael. You're reprising you role as the  
8 last speaker.

9 MR. CARMICHAEL: I'm trying to shed that label.

10 Good morning, Chairman Nichols, members of the  
11 Board. Tim Carmichael with the California Natural Gas  
12 Vehicle Coalition. Here to support the research proposal  
13 for the next year.

14 I want to bring to your attention one item which  
15 we're very keen on. And that's a study looking at the  
16 feasibility of renewable natural gas as a significant fuel  
17 for heavy-duty transportation in California.

18 We have looked at this. CAL START, some of the  
19 universities have looked at this over the last few years,  
20 and we all think that there is a significant opportunity  
21 for renewable natural gas to be a major player in the  
22 heavy-duty transportation sector.

23 But this study will I think give more credence to  
24 our beliefs on what's possible there. And I just want to  
25 remind the Board that we're talking about biomethane, a

1 renewable natural gas, which can be produced from a  
2 variety of waste streams from landfills to wastewater  
3 treatment facilities to ag waste streams. And there is a  
4 lot of potential to produce that fuel here in California.  
5 And we're talking about a fuel that is one of the lowest  
6 identified carbon intensity fuels that ARB has been able  
7 to find thus far.

8 So with that, we encourage your support and glad  
9 it's on the list.

10 CHAIRPERSON NICHOLS: Thank you. We appreciate  
11 that.

12 Okay. If there are no further comments or  
13 question I think should --

14 BOARD MEMBER SHERRIFFS: Motion.

15 BOARD MEMBER BERG: Second.

16 CHAIRPERSON NICHOLS: Okay. Moved and seconded.  
17 All in favor please say aye.

18 (Ayes)

19 CHAIRPERSON NICHOLS: Any opposed?

20 Any abstentions?

21 Okay. Great. Thank you all very much.

22 I want to echo the support for the progress  
23 that's been made in terms of developing a really focused  
24 research plan. Appreciate it. These are some tough areas  
25 to get into effectively, too, particularly some of the

1 newer social science work. This is nice to see it  
2 evolving. Thank you.

3 We will move next to the appointment of a new  
4 Environmental Justice Advisory Committee. And I think  
5 staff are changing places here. Just want to say that  
6 over the past several years we worked to develop and  
7 implement programs under AB 32, we've had a number of  
8 different advisory committees who have helped us along the  
9 way providing expertise and a variety of different kinds.

10 We also had the benefit in the early days back in  
11 2007 of an Environmental Justice Advisory Committee which  
12 was actually described in the legislation itself. The  
13 original EJAC, as we called them, focused on cap and trade  
14 design issues, economic and technology-related issues, and  
15 the low-carbon fuel standard in its early days of  
16 development. All of these things in various ways have  
17 been valuable.

18 And I think it's important to recognize that in  
19 some cases, including notably our Blue Ribbon Economic  
20 Advisory Committee, we ended up not following their  
21 recommendations. In fact, we went in a completely  
22 different direction. But never the less, it helped us a  
23 lot to focus on what the real issues were. And I have to  
24 say that they were very gracious, considering how much of  
25 their time and expertise they provided to us that.

1 Although they made it clear they would have preferred we  
2 had gone in a different direction, there was a question  
3 of -- if you'll remember back to those days -- auctioning  
4 versus the free distribution of allowances. They  
5 understood that there were policy reasons to go in the  
6 different direction. And the back drop of that has  
7 continued to help I think inform our thinking about how we  
8 move.

9           As far as the Environmental Justice Advisory  
10 Committee goes, AB 32 directs the Board to focus on  
11 implementing our rules in such a way that we also provide  
12 co-benefits, including reducing criteria pollutants and  
13 toxic emissions, particularly in disadvantaged  
14 communities. So it's really sort of an overarching  
15 concern of our work under AB 32.

16           As we begin work on updating the Scoping Plan, we  
17 really need to reactivate this Committee to help us  
18 continue to make progress on this front, particularly as  
19 we're looking at some new and different approaches to  
20 reducing greenhouse gas emissions.

21           So we are going to be looking at a list of new  
22 appointees potentially.

23           So I'll ask Mr. Goldstene to introduce the item.

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

1           As you'll recall, AB 32 directed the Board to  
2 convene an Environmental Justice Advisory Committee of at  
3 least three members by July 1st, 2007, to advise the Board  
4 in developing the Scoping Plan and any other pertinent  
5 matter to implement the California Global Warming  
6 Solutions Act of 1996. We did so in 2007 to support the  
7 original Scoping Plan.

8           Staff is proposing that the Board appoint a new  
9 Environmental Justice Advisory Committee to advise the  
10 Board on development of the 2013 update to the Scoping  
11 Plan.

12           Staff evaluated the nominations and is proposing  
13 Committee members that represent regions of the state with  
14 the most significant exposure to air pollution, including  
15 communities with minority population or low income  
16 populations.

17           I'll now ask Ms. Trish Johnson to begin the staff  
18 presentation.

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

21           MS. JOHNSON: Good morning, Chairman Nichols and  
22 members of the Board.

23                           --o0o--

24           MS. JOHNSON: Today, I will provide a background  
25 on the Environmental Justice Advisory Committee and

1 staff's proposal to reconvene the Committee, the proposed  
2 Committee members, and staff's recommendations.

3 --o0o--

4 MS. JOHNSON: AB 32 directed ARB to convene an  
5 Environmental Justice Advisory Committee by July 1st,  
6 2007, to advise the Board in developing the Scoping Plan  
7 for achieving the maximum technologically feasible and  
8 cost-effective reductions in greenhouse gas emissions and  
9 any other pertinent matter in this implementing the  
10 California Global Warming Solutions Act of 2006.

11 Pursuant to Assembly Bill 23, ARB convened the  
12 Environmental Justice Advisory Committee in January 2007  
13 to advise it on the development of California's Climate  
14 Change Scoping Plan and other AB 32 program areas.

15 The 2008 Scoping Plan was approved by the Board  
16 on December 12th, 2008, and reapproved on August 24th,  
17 2011.

18 --o0o--

19 MS. JOHNSON: AB 32 further directs ARB to update  
20 the Scoping Plan at least once every five years.

21 Staff is proposing to reconvene the Environmental  
22 Justice Advisory Committee to advise in the development of  
23 the 2013 Scoping Plan update that staff plans to bring to  
24 the Board before December of this year.

25 Staff solicited nominations for the Environmental

1 Justice Advisory Committee from January 22nd through March  
2 1st. Members that had previously served on the Committee  
3 were eligible to resubmit nominations. Two of the members  
4 that we are recommending today resubmitted nominations.

5 --o0o--

6 MS. JOHNSON: Staff learned some key lessons from  
7 our initial work with the Environmental Justice Advisory  
8 Committee that can be used to facilitate an effective and  
9 results-oriented process.

10 Staff plans to work with the Committee to  
11 establish clear objectives and to develop a process that  
12 enables effective engagement. As we discussed with you in  
13 December of last year, a major focus of the Scoping Plan  
14 update will be to look at specific sectors and the ways  
15 that we can develop and implement comprehensive sectorial  
16 approaches to reducing greenhouse gas emissions and  
17 achieving additional co-benefits, like improvements in air  
18 quality, including in disadvantaged communities. The  
19 sectors of focus will be transportation, water,  
20 agriculture, energy, waste, and natural resources.

21 In addition, staff will provide support to the  
22 Committee throughout this process.

23 --o0o--

24 MS. JOHNSON: A total of nine eligible  
25 nominations were received and accepted. Staff is



1 recommending that all nine individuals be appointed to  
2 serve on the Environmental Justice Advisory Committee.

3 --o0o--

4 MS. JOHNSON: The proposed members include Martha  
5 Dina Arguello from Physicians for Social Responsibility;  
6 Nicole Capretz from Environmental Health Coalition in San  
7 Diego; Gisele Fong from End Oil; and Susan Riggs Tinsky  
8 from San Diego Housing Federation representing southern  
9 California both the Los Angeles and San Diego regions.  
10 Tom Frantz from the Association of Irrigated Residents  
11 represents the San Joaquin Valley.

12 --o0o--

13 MS. JOHNSON: Kemba Shakur from Urban Relief and  
14 Mari Rose Taruc from Asian Pacific Environmental Network  
15 represent the Bay Area. Monica Wilson from Global  
16 Alliance from Incinerator Alternatives and Ryan Briscoe  
17 Young from The Greenlining Institute represent statewide  
18 organizations.

19 --o0o--

20 MS. JOHNSON: Staff recommends that the Board  
21 approve the nine individuals proposed to serve on the  
22 Environmental Justice Advisory Committee.

23 CHAIRPERSON NICHOLS: Thank you, Trish.

24 I don't believe we had anybody signed up to  
25 comment on this item. I'm personally acquainted with a

1 number, although not all, of the people who are on this  
2 lift. The ones that I do know I think very highly of and  
3 I think they will do an excellent job. So I'm pleased to  
4 support them.

5 I wanted to challenge just a little bit your  
6 statement about representing a particulate area. Because  
7 I think the fact that a person lives in a place, although  
8 that's significant and we should be seeking geographical  
9 representation or geographical diversity, maybe would be a  
10 better word for it, I don't think it's fair to say a  
11 person represents the area that they're from. I think  
12 that's asking a lot of them when they are here because  
13 they were nominated by a particular organization.

14 But there may be lots of other organizations in  
15 that area that weren't selected or, you know, they may not  
16 feel like they have to cover every piece of the geographic  
17 territory that they're from. So I think we should just be  
18 a little bit careful about that.

19 I know a couple Board members also have been  
20 following this with great interest and have some comments.  
21 I'll start with you, Mr. De La Torre.

22 BOARD MEMBER DE LA TORRE: Thank you.

23 I appreciate the efforts and the outreach that  
24 went into getting these folks to apply and then to be  
25 selected. However, I think that, kind of along the lines

1 of Chairman Nichols' comments, while folks may not  
2 represent a geographic location, you want to have  
3 geographic diversity on this panel. And it seems to me  
4 just by looking at where these folks are that we're a  
5 little short inland in the state. So I think it would be  
6 helpful to expand the Board a little bit, have a more  
7 inland representation, namely the Inland Empire and the  
8 Central Valley. So I have a some language here that I'd  
9 like to share.

10 "Be it further resolved, the Board delegates to  
11 the Executive Officer at his or her designee authority to  
12 select and appoint up to three additional Committee  
13 members from underrepresented regions of the state,  
14 including the San Joaquin Valley and the Inland Empire."

15 CHAIRPERSON NICHOLS: Yes. Do you want to second  
16 that?

17 BOARD MEMBER BALMES: I do want to second that.  
18 Just to add, if we're talking about economic justice here,  
19 we really have to have folks "representing" or from the  
20 most impacted areas in the state, which I think is the  
21 Central Valley and the Inland Empire. So I hardly second  
22 Mr. De La Torre's motion.

23 CHAIRPERSON NICHOLS: Thank you. We'll include  
24 that as an amendment into the resolution.

25 Yes, Mr. Serna.

1 BOARD MEMBER SERNA: Thank you, Madam Chair.

2 I would offer maybe a friendly amendment to the  
3 amendment. I think the reference was made to the San  
4 Joaquin Valley that was made to the Central Valley I think  
5 that would be a little more inconclusive.

6 BOARD MEMBER DE LA TORRE: Okay.

7 CHAIRPERSON NICHOLS: Do you accept that? That's  
8 a terrific addition and proves why it was so smart to add  
9 somebody from that region to the Board.

10 Any other comments on this?

11 BOARD MEMBER SHERRIFFS: Could you just expand a  
12 little bit more as what you see is the charge for this  
13 Committee?

14 MS. JOHNSON: The initial charge for the  
15 Committee will be to advise the Board on the 2013 Scoping  
16 Plan update. That update will focus on the implementation  
17 status of the measures that are in place to meet our 2020  
18 goal. Those were part of the original 2008 Scoping Plan.  
19 There will also be a post-2020 element. That's what we  
20 would recommend that the Committee focus on, a very  
21 high-level strategy on how California will meet its 2050  
22 goal.

23 BOARD MEMBER SHERRIFFS: If I can just add, you  
24 know, I think one of our concerns is to be sure that as we  
25 go forward disadvantaged communities are not further

1 disadvantaged in this work. Their perspective is  
2 important for many other reasons.

3 I also think it's important to get the  
4 perspective of what they those communities can contribute  
5 to this effort.

6 CHAIRPERSON NICHOLS: Yes. I agree. That's a  
7 very good point.

8 I might just add a little bit, because this is an  
9 area that I've spent quite a lot of time on with staff  
10 trying to figure out why our previous effort was not as  
11 successful as it should have been. Because honestly, I  
12 think everybody, both those who served on the Committee  
13 and those who worked with the Committee, felt that at the  
14 end of the day when we had so many members either deciding  
15 not to continue or actually actively opposing the Scoping  
16 Plan that the Board adopted, but we shouldn't have had to  
17 get to that point.

18 And I think it's clear that it's very important  
19 to have the charge right, as you say, so people have  
20 expectations coming in that are realistic and they know  
21 what they're signing up for.

22 It's also very important that we staff it  
23 properly and that people who are on the Committee feel  
24 that they're being given adequate access and information  
25 so that they can really give good advise.

1           And then also I think, as you're suggesting, I  
2 believe inviting them -- inviting the members to add to  
3 the charge if there are places where they feel like we  
4 could use some additional direction to be more responsive  
5 and effective, I think that's absolutely correct.

6           I'm really pleased that a couple of members of  
7 the old Committee chose to reapply, because I think that  
8 shows a good will on their part, and it will be nice to  
9 have a little bit of that historical memory. But it's  
10 also going to be great to have a bunch of new folks who  
11 are active in their communities but haven't been involved  
12 in this process before. So it's kind of a nice mix, I  
13 think.

14           Ms. Berg.

15           BOARD MEMBER BERG: Thank you, Madam Chairman.

16           And just to follow up, I think that it's equally  
17 as important to provide information for the Committee  
18 within the scope of what we are looking at. Because  
19 there's some very tough issues. But they don't fall all  
20 under AB 32. And the Scoping Plan. And it gets very  
21 frustrating when you see an opportunity that you might be  
22 able to be heard on a criteria pollutant issue or another  
23 issue through this Committee and then we really -- it  
24 isn't the forum for us to act on that.

25           So I'm very pleased and happy that and commend

1 staff and thank you for your leadership on this, because I  
2 echo Dr. Sherriffs' observations this is critical. We  
3 need to engage these communities. We need their help.  
4 But we also need to provide them guidance so it can be a  
5 win-win situation.

6 CHAIRPERSON NICHOLS: Yes, Ms. D'Adamo.

7 BOARD MEMBER D'ADAMO: I would just echo Ms. Berg  
8 and maybe encourage staff to have information available so  
9 that they could point the participants into the right  
10 direction.

11 I've just found in my own tours on air quality  
12 issues in the valley with disadvantaged communities  
13 oftentimes issues come up that are very significant, such  
14 as water quality and availability and access to drinking  
15 water supplies that we don't have a direct role on, if  
16 any. So it would be I think important for staff to have  
17 information to provide to the participants as to other  
18 venues that they could go to in order to seek redress of  
19 those important issues.

20 CHAIRPERSON NICHOLS: Okay. Seeing no further  
21 comments and not having had any comments or questions from  
22 the audience, I would like a motion to approve the  
23 appointment, with the understanding that the Committee  
24 will be expanded and that an effort will be made to go out  
25 and recruit and hopefully with some help from our Board

1 members to do that.

2 BOARD MEMBER D'ADAMO: So moved.

3 BOARD MEMBER RIORDAN: Second.

4 CHAIRPERSON NICHOLS: All in favor please say  
5 aye.

6 (Ayes)

7 CHAIRPERSON NICHOLS: Opposed?

8 Abstentions? Okay.

9 And now we'll move on to the Governor's Zero  
10 Emission Vehicle Plan. Okay.

11 So I should say an introduction here that a year  
12 ago Governor Brown Executive Order directing California  
13 to, "Encourage development and success of zero emission  
14 vehicles to protect the environment, stipulate economic  
15 growth, and improve the quality of life in the state."

16 The long-term target of one and a-million zero  
17 emission vehicles on California's roadways by 2025 is in  
18 line with the program targets for our own zero emission  
19 vehicle program.

20 ARB's leadership in supporting zero emission  
21 vehicles and fuels is reflected in the tasks outlined in  
22 the zero emission vehicle Action Plan that was developed  
23 from this Executive Order. Staff have spent a  
24 considerable amount of time and effort helping to shape  
25 this plan. We're very excited about it.



1           And so would like to have an opportunity to hear  
2 some more about it. I want to welcome Wade Crowfoot of  
3 the Governor's Office of Planning and Research, who is  
4 going to help provide some of the background on this as  
5 well.

6           DEPUTY DIRECTOR CROWFOOT: Thank you, Chairman  
7 Nichols. Very good to be here today, Board.

8           As you know, the ARB has been leading on the  
9 issue of zero emission vehicles for over 20 years  
10 beginning with the ZEV mandate in 1990. It's gratifying  
11 to be here today and to be providing an update from the  
12 Governor's office on our recent progress.

13           As Mary indicated, a year ago this month,  
14 Governor Brown issued an Executive Order on zero emission  
15 vehicles that sets a series of milestones on the path  
16 towards 1.5 million zero emission vehicles on California  
17 roadways by 2025.

18           And you know, of course, that that number, 1.5  
19 million vehicles, is very close to the zero emission  
20 vehicle mandate that your Board passed of 1.4 million  
21 vehicles on California roadways by 2025. So the purpose  
22 of the Executive Order that Governor Brown issued is to  
23 support the work that really your Board started with the  
24 ZEV mandate. And as I mentioned, it sets forth a series  
25 of milestones for 2015, 2020, and then 2025 to achieve

1 that milestone.

2           It's worth noting that this Governor, Governor  
3 Brown, has issued only a handful of Executive Orders since  
4 he took office. So that, to us, indicates the priority  
5 and importance that he puts on the acceleration of the ZEV  
6 market.

7           It's worth noting that in the Governor's office  
8 while we work to support CARB and Cal/EPA to meet AB 32,  
9 which of course is a 2020 target, much of our work focuses  
10 on the longer term target, the 2050 target, of reducing  
11 greenhouse gas emissions 80 percent by that time. And  
12 we've come to the conclusion that an essential part of  
13 meeting that target is electrifying transportation.  
14 Simply put, it's very difficult to meet the long-term 2050  
15 target that achieves climate balance if we don't make a  
16 fundamental shift towards transforming transportation to  
17 become electrified. So, of course, the zero emission  
18 vehicle market and accelerating that market is a key piece  
19 of that work.

20           So I'll just provide a bit of a high level update  
21 from the Governor's perspective on where we're at, and  
22 I'll turn it over to my colleague, Analisa, who, of  
23 course, is the staff of yours at ARB.

24           So after the Governor issued the Executive Order  
25 in March of last year, we realized that in order to meet

1 these milestones that began in 2015, State government had  
2 to come together across agencies to take a variety of very  
3 specific actions to support market development of zero  
4 emission vehicles.

5 ARB, of course, has been doing good work on ZEVs,  
6 as I mentioned, for a couple of decades. But many  
7 agencies and departments that are essential to the State  
8 helping to accelerate the market had not yet been engaged.  
9 So the Governor's office convened an interagency working  
10 group to create a specific Action Plan, of which I think  
11 you at this point have copies. This Action Plan was  
12 intended to do a few things. One is to integrate again  
13 departments and agencies that hadn't been involved before.  
14 You may be surprised to realize that the Department of  
15 Food and Agriculture, for example, plays an important role  
16 in this work or that the Bureau of State Architect  
17 actually can enable in its own way the market adoption of  
18 zero emission vehicles.

19 So the Governor's Interagency Working Group is  
20 really an effort to bring all of this disparate  
21 departments and agencies together on a common plan around  
22 very specific actions that State government should be  
23 taking to support the zero emission vehicle market.  
24 Within the Governor's office are clear. State government  
25 does not sell vehicles, nor would we probably want to sell

1 vehicles. We understand fundamentally this is a private  
2 sector enterprise. Because this market is in its infancy,  
3 we realize the State government can take many actions to  
4 support the marketplace and consumer adoption of these  
5 vehicles.

6 So when you have a chance to look at the Action  
7 Plan, you'll see very specifically 119 specific actions  
8 that State agencies or departments will be taking. And  
9 importantly, each action is accompanied by designation of  
10 which lead agency is responsible for achieving that action  
11 in a time frame.

12 So this is not only a plan; it's really an  
13 accountability document, to hold ourselves accountable in  
14 state government to doing what we can to support market  
15 acceleration.

16 And we wanted to be as transparent as possible  
17 with industry, be it auto makers, infrastructure  
18 companies, utilities so our private sector partners would  
19 be aware of just what we're doing in State government to  
20 accelerate the market.

21 So I'm very happy to report that we have  
22 finalized this Action Plan as of December. We held a  
23 summit actually in this room, public summit, which  
24 involved over 300 stakeholders to get feedback and a draft  
25 of this Action Plan. So we view this very much as a

1 product of our both our state agencies, our local  
2 governments, and our private sector partners.

3 And then since January, we have been rolling up  
4 our sleeves and actually working towards the achievement  
5 of the actions within the Action Plan. And if I had more  
6 time, I would bore you with some very early areas of  
7 success, be it on standardizing signage across the state  
8 or actually achieving charging stations infrastructure  
9 vehicles in our state fleet.

10 But I don't have that time, so I won't bore you.  
11 Instead, I will turn it over to my colleague and your  
12 staff, Analisa, to give a more detailed report.

13 CHAIRPERSON NICHOLS: Thank you so much.

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

16 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

17 CHIEF BEVAN: Thank you. Thank you, Wade. Good morning,  
18 Chairman Nichols and members of the Board.

19 This morning, I will provide you with an overview  
20 of the Governor's Executive Order on zero emission  
21 vehicles and the resultant Action Plan for its  
22 implementation.

23 --o0o--

24 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

25 CHIEF BEVAN: As Mr. Crowfoot described, the Executive

1 Order signed March 2012 lays out specific goals for the  
2 commercialization of ZEVs in California. Foremost is the  
3 goal to have 1.5 million ZEVs on California roads by 2025.  
4 To support the 1.5 million ZEVs, the EO calls for a  
5 ramp-up in infrastructure development to support one  
6 million ZEVs by 2020. This goal includes both plug-in  
7 electric chargers and hydrogen stations for fuel cell  
8 electric vehicles.

9 The EO calls for reaching cost parity for ZEVs  
10 compared to conventional vehicles by 2020. Achieving this  
11 goal will require aggressive volume increases and a  
12 portfolio of incentives.

13 Perhaps ONE of the most substantial goals in the  
14 EO is the commitment to incorporate ZEVs into the State  
15 fleet. The EO calls for ten percent ZEV purchases by 2015  
16 and 25 percent by 2020.

17 The EO also calls for increased use of zero  
18 emission technology in heavy, duty applications,  
19 especially as applied to public transit and freight  
20 movement.

21 Finally the EO directs the State to pursue growth  
22 in economic investment in ZEV technologies,  
23 infrastructure, and related jobs.

24 --o0o--

25 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

1 CHIEF BEVAN: Following the signing of the EO, the task  
2 team of State agencies was formed to develop specific  
3 metrics and actions that the State would use to measure  
4 and achieve the goals of the EO as Wade mentioned.  
5 Starting with the core agencies like ARB, the California  
6 Energy Commission, and the California Public Utilities  
7 Commission, and the Department of General Services, the  
8 task team has grown to include all the agencies shown on  
9 this slide.

10 I think it is significant that when taking a  
11 careful and comprehensive look at what is needed from the  
12 State to support ZEV deployment so many agencies and  
13 programs are touched.

14 It is important to note also that the EO directed  
15 the State to work with its public/private partnerships,  
16 the California Fuel Cell Partnership, and the California  
17 Plug-In Electric Vehicle Collaborative in development of  
18 metrics and actions needed to implement the EO.

19 In addition to the Stakeholder Summit that Wade  
20 mentioned by way of process and public interaction, the  
21 Task Team carried out workshops with the California Fuel  
22 Cell Partnership and the Plug-In Electric Vehicle  
23 Collaborative to take comment and suggestions from their  
24 members.

25 --o0o--

## 1           SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

2 CHIEF BEVAN: In developing the Action Plan, the Task Team  
3 found it helpful to break down the recommended actions  
4 into one of four groups: Infrastructure and community  
5 readiness, consumer acceptance and outreach,  
6 transformation of public and private fleets, and growth  
7 and investment in jobs. In total, the Action Plan  
8 identifies 119 distinct actions over the four broad  
9 categories.

10                   --o0o--

## 11           SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

12 CHIEF BEVAN: Having outlined the EO and the process for  
13 developing the Action Plan, I'll turn now to highlights of  
14 the Action Plan, the items ARB is assigned and a number of  
15 key items assigned to other agency that are significant in  
16 their impact to ZEV deployment. The items assigned to ARB  
17 are shown in bold text in the following slides.

18                   --o0o--

## 19           SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

20 CHIEF BEVAN: The infrastructure and community readiness  
21 category includes actions focused on all ZEVs, including  
22 both hydrogen and plug-in vehicles. Under this category,  
23 ARB will implement automaker reporting for ZEVs and assist  
24 with the development of infrastructure needs assessments  
25 based on projected ZEV deployments.



1           Following on this is the commitment to ensure  
2 that as plug-in chargers and hydrogen stations are  
3 installed, they are reported to the national renewable  
4 energy labs alternative fuel station clearinghouse. Their  
5 database of alternative fuel stations is used by many  
6 mapping applications, and thus, helps drivers reliably  
7 find charging and hydrogen stations.

8           The Department of Food and Agriculture's Division  
9 of Measurement Standards is tasked with establishing new  
10 fuel station labeling standards and new metrics for  
11 informing consumers about fuel quantity and pricing  
12 metrics.

13           Next, Caltrans is working with agencies and  
14 stakeholders to standardize roadside signage that directs  
15 drivers to charging and hydrogen stations. They are also  
16 tasked with enabling the installation of signage to help  
17 drivers find fueling infrastructure.

18           Finally, we're helping to develop community  
19 readiness guide books, supporting regional readiness  
20 councils, and community planning efforts. To this effort,  
21 the Office of Planning and Research is driving development  
22 of a ZEV guidebook that will provide communities with  
23 permit streamlining recommendations, best practices, and  
24 background information about ZEVs.

25                           --o0o--

## 1 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

2 CHIEF BEVAN: Specific to hydrogen, the ZEV Action Plan  
3 puts a high priority on establishing the initial network  
4 of hydrogen stations needed to support commercial launch  
5 of fuel cell electric vehicles by the auto makers in 2015.

6 The key action to accomplish this is  
7 re-authorization of AB 118 with a provision explicitly  
8 directing funding for hydrogen stations. Supporting the  
9 efforts of communities to become hydrogen fuel cell ready,  
10 the Governor's Environmental and Economic Leadership Award  
11 Program now includes an award to hydrogen infrastructure  
12 leadership.

13 Alameda Contra Costa County Transit District is  
14 the first recipient of the award for their zero emission  
15 fuel cell bus demonstration program, innovative transit,  
16 and public hydrogen fueling stations.

17 ARB, CEC, and the California Fuel Cell  
18 Partnership are tasked with working together to explore  
19 innovative financing options and ways to bring private  
20 investment into the picture.

21 Finally, the Action Plan calls for establishment  
22 of a permitting Ombudsman for hydrogen stations. This  
23 position may provide broader support for establishment of  
24 stations, but initially, it was suggested by stakeholders  
25 that a State point of contract for permitting assistance

1 would be helpful in accelerating station construction.

2 --o0o--

3 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

4 CHIEF BEVAN: Recommendations recording plug-in vehicle  
5 infrastructure were the most numerous of the actions  
6 listed in the Action Plan. Many of them relate to  
7 establishment of policies and regulations for the use of  
8 electricity as a transportation fuel. And most of these  
9 will be undertaken by the California Public Utilities  
10 Commission and are aimed at ensuring fair, safe, and  
11 reliable delivery of electricity to vehicles.

12 The actions that I want to specifically bring to  
13 the Board's attention include ensuring accessibility to  
14 public charging stations through standardization of  
15 connectors and uniformity such that all drivers can  
16 activate charging, regardless of the network providing the  
17 service.

18 Also, the Energy Commission and the ARB will work  
19 develop to together a statewide plan for plug-in vehicle  
20 infrastructure. This will help determine priorities,  
21 funding needs, and charger use behaviors.

22 Finally, in this early market, we have already  
23 learned that two areas of high priority for charging are  
24 multi-unit dwellings, like condominiums and apartments and  
25 workplaces. Providing support for installation of these

1 two sectors is anticipated to significantly support the  
2 market acceptance and use of plug-in vehicles.

3 --o0o--

4 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH  
5 CHIEF BEVAN: A second major Action Plan category is  
6 consumer acceptance. These actions are aimed at raising  
7 awareness and acceptance of electric drive vehicles to  
8 further support the market growth of ZEVs.

9 The task team recognized the importance of  
10 supporting re-authorization of AB 118 in this instance to  
11 continue clean vehicle rebates offered by ARB.

12 The Action Plan also recommends participating in  
13 consumer outreach campaigns that raise awareness about  
14 ZEVs where stakeholders acknowledged that providing  
15 opportunities to drive electric drive vehicles is very  
16 important. It was also recommended that the State pursue  
17 programs to increase the use of ZEVs in rental car and  
18 share car fleets, providing customers with opportunities  
19 to experience electric drive vehicles in longer duration.

20 The Action Plan recognizes the need to continue  
21 educating the public about hydrogen and fuel cells as  
22 well. Fuel cell information will be integrated into ZEV  
23 outreach websites that are currently focused on plug-in  
24 vehicles.

25 The Action Plan also directs ARB to expand ZEV

1 education to auto dealerships. I can say from my own  
2 experience, even car sales associates signed expressly to  
3 the sale of electric drive vehicles do not have all the  
4 facts about the technology, available incentives, or  
5 infrastructure. Any resources we can provide to  
6 dealerships should help make the ZEV purchase experience  
7 more successful.

8 Finally, ARB is tasked with better understanding  
9 user household and fleet preferences when it comes to  
10 ZEVs. It is envisioned this work will help identify  
11 barriers to consumer acceptance and strategies that are  
12 working successfully to promote ZEV up take.

13 CHAIRPERSON NICHOLS: Can I just stop you on that  
14 one for a second?

15 We have not historically worked directly with  
16 dealerships that I'm aware of, except perhaps in an  
17 enforcement role, which is not necessarily the best  
18 introduction. Has the staff got a plan for how you're  
19 actually going to implement that one?

20 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH  
21 CHIEF BEVAN: We do. I'll talk about that a little bit  
22 later in the other slides, and maybe we can have more  
23 conversation.

24 CHAIRPERSON NICHOLS: Sure. Thanks.

25 --o0o--

## 1 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

2 CHIEF BEVAN: The consumer outreach acceptance actions  
3 described here are largely supported by other State  
4 agencies. The Governor's office is taking the lead on  
5 supporting continuation of federal tax credits for the  
6 purchase of ZEVs.

7 The California Public Utilities Commission  
8 through their regulatory process will ensure that the full  
9 value of electricity credits earned by utilities under the  
10 Low Carbon Fuel Standard are returned to plug-in vehicle  
11 users.

12 Recognizing that access to high occupancy vehicle  
13 lanes has been an excellent incentive for the purchase of  
14 ZEVs, the Action Plan recommends supporting extension of  
15 the benefit to ZEVs beyond the 2015 sunset date.

16 Additionally, recognizing that the process to  
17 receive an HOV lane sticker can take quite some time, as  
18 drivers must wait until they receive their license plates  
19 and registration before they can even apply for the  
20 sticker, the Department of Motor Vehicles will explore  
21 ways to streamline the process for issuing stickers.

22 And DGS is working on developing a statewide  
23 policy to provide parking benefits to ZEVs at State-owned  
24 buildings and parking lots.

25 --o0o--

## 1 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

2 CHIEF BEVAN: One of the most substantial elements of the  
3 EO is the commitment to purchase ZEVs for the State fleet.  
4 The Department of General Services is tasked with  
5 establishing State fleet purchase rules for ZEVs and a  
6 plan for implementation within three years. They have  
7 already issued the rules and the plan for ZEV purchases by  
8 State agencies.

9 They are also working on establishing statewide  
10 purchasing contract for ZEVs. These pre-negotiated  
11 contracts are available to local governments as well,  
12 broadening the pool of government fleets that may take  
13 advantage of ZEVs. They will also explore pooling of  
14 planned ZEV purchases with local and federal governments  
15 as well as -- federal government agencies, as well as with  
16 other states to see if advantages may be gained from  
17 larger orders.

18 State fleets will also participate in near-term  
19 pilot projects incorporating ZEVs to demonstrate how  
20 electric drive technologies integrate into daily fleet  
21 applications. As you may be aware, the State's vehicle  
22 fleet is shrinking. State agencies are relying more ad  
23 more on rental car contracts to fulfill their car travel  
24 needs. To this end, the task team asked that the Action  
25 Plan reflect a commitment to make the State's government's

1 annual miles driven increasingly zero emission by  
2 including ZEVs in the State's car rental contract. ARB is  
3 exploring piloting that project.

4 On the broader scale, the Department of General  
5 Services is exploring the use of car sharing as a solution  
6 to the State's car-based travel needs, and the Action Plan  
7 directs them to consider integrating ZEVs into such a  
8 fleet management system.

9 --o0o--

10 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH

11 CHIEF BEVAN: Looking ahead at the beginning stages of  
12 heavy-duty use in zero emission technology, a number of  
13 actions were developed that will encourage transformation  
14 of these fleets as well. ARB will create a statewide ZEV  
15 fleet users forum, a platform o bringing fleet managers  
16 together to discuss ZEV applications, share data, and  
17 support expansion of zero emissions technologies in  
18 fleets.

19 On the transit bus side, ARB coordinated with the  
20 California Fuel Cell Partnership to develop a road map for  
21 commercializing fuel cell buses, which was recently  
22 published. We expect to be able to use this and other  
23 sources of data and input to develop amendments to the  
24 zero emission bus regulations. We are scheduled to return  
25 to the Board later this year with an update and amendments



1 to this regulation that requires the use of zero buses in  
2 the largest transit agencies in the state.

3 In support of electric heavy-duty vehicles, the  
4 Action Plans calls for the establishment of electricity  
5 tariffs for public transit, fleets, and freight  
6 applications that encourage electrification. Action is  
7 needed in this area because the demand charges applied to  
8 high electricity loads that would be generated by rapidly  
9 recharging heavy-duty vehicles battery packs.

10 ARB will also assess the need for incentive  
11 funding for zero emission trucks and the inclusion of  
12 infrastructure costs in that assessment and will work with  
13 other State agencies to develop strategies to accelerate  
14 medium and heavy-duty ZEV use.

15 --o0o--

16 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH  
17 CHIEF BEVAN: In addition to the actions aimed at  
18 commercializing ZEVs, the Governor's EO also directs us to  
19 consider a broader goal of bringing ZEV technology  
20 investment, development, and manufacturing to California,  
21 adding benefit to our economy. ARB is tasked with  
22 supporting funding for ZEV demonstration and deployment  
23 projects. Other state agencies geared towards economic  
24 development are tasked with conducting industry analysis,  
25 outreach, assisting with permitting and looking for

1 facility reuse opportunities, like Tesla's reuse of NUMI  
2 facility in Fremont.

3 The Action Plan also calls for developing  
4 pathways for knowledge transfer between national labs,  
5 universities, and industry to help foster ZEV technology  
6 development in California.

7 As a primary market for battery vehicles, the  
8 need to address battery recycling was highlighted in the  
9 Action Plan, which directs the Energy Commission to  
10 support new market opportunities for battery reuse and  
11 recycling.

12 The Employment Training Panel is tasked with  
13 implementing training programs to develop the workforce  
14 needed to support growth in ZEV-related businesses. They  
15 have already put in place training programs for  
16 electricians to learn how to install electric vehicle  
17 charging stations, and they have begun pilot programs to  
18 train auto dealer sales associates about ZEV technologies.

19 The Energy Commission has been providing  
20 workforce development funding to the Employment Training  
21 Panel for these programs through AB 118 program.

22 --o0o--

23 SUSTAINABLE TRANSPORTATION TECHNOLOGIES BRANCH  
24 CHIEF BEVAN: Finally, I want to close on the message this  
25 that Action Plan is a living document. The Task Team is

1 committed to meeting regularly to report on progress on  
2 the actions listed in the document and continue building  
3 cooperative relationships between the agencies.

4 The Task Team is also committed to updating the  
5 Action Plan at least annually. It is important to the  
6 Governor's office that we publicly report on progress  
7 towards the goals outlined in the EO.

8 That concludes my presentation. We're happy to  
9 answer any questions. Thank you.

10 CHAIRPERSON NICHOLS: Thank you very much.

11 I really am pleased that we have the opportunity  
12 to update the Board on this project. I think if you serve  
13 on the Board for any length of time, you know how involved  
14 ARB has been in bringing the zero emission vehicles into  
15 reality and getting them now on to the dealers' floors.  
16 But that doesn't mean that they're actually flying out in  
17 the numbers that we would like them to. And it is clear  
18 that creating a new market is something that requires a  
19 lot of different elements. And the State is certainly not  
20 in a position to write down the cost to the point where it  
21 would be perhaps the easiest way to compete with the  
22 existing types of conventional vehicles. But there is a  
23 lot that we can do to make it easier for consumers to find  
24 these cars and to actually use them. So it's been just  
25 exciting to see how the State as a whole has really come

1 together around this goal.

2           Wade did a terrific job, I think, of pulling that  
3 together. Again, it's easy enough to issue an Executive  
4 Order. All you do is write it up and say it shall be so.  
5 But to actually make it happen in the real world is a  
6 whole different order of magnitude. And he has stuck with  
7 it and really put a lot of very solid meat on the bones of  
8 the Executive Order.

9           So as you can see, we have a lot to do with this.  
10 But we also have a lot of help. I think that back page of  
11 the Action Plan which lists some of the other resources  
12 that are available with all those different web sites  
13 attached to it is a pretty good reference point.

14           I know those of you who are representing local  
15 government on this Board have stories to tell about things  
16 that are going on in your communities to facilitate the  
17 introduction of zero emission vehicles because it's  
18 actually amazing how much is going on here. But this is  
19 at least a good illustration of some of the highlights of  
20 it.

21           Anybody have any comments? Yes, Professor  
22 Sperling.

23           BOARD MEMBER SPERLING: Yes.

24           CHAIRPERSON NICHOLS: By the way, U.C. Davis is  
25 the home of a major research center on zero emission

1 vehicles, which I think was initially seeded with a grant  
2 from the California Energy Commission. So there is  
3 relationship there, too.

4 BOARD MEMBER SPERLING: I do have this little  
5 moonlighting job as Chairman of the California Fuel Cell  
6 Partnership for this year, in addition to a few other  
7 moonlighting jobs.

8 CHAIRPERSON NICHOLS: With a lot of pay attached  
9 to it, I believe.

10 BOARD MEMBER SPERLING: I really do want to add  
11 to what Chairman Nichols said that this really is a very,  
12 very impressive Action Plan, and it's because exactly --  
13 it is because of the follow up and identifying all these  
14 agencies and organizations that have all these tasks that  
15 are necessary for this to be a success.

16 So it really is very impressive what the  
17 Governor's office and Wade is doing in terms of actually  
18 turning a plan on paper into a real action, set of  
19 actions.

20 I did want to highlight one other related part to  
21 this that's not been mentioned. And I know it's become --  
22 coming to the attention of our Board here and yourself as  
23 well, and that is we really need to worry about the rest  
24 of the country and especially the other states that have  
25 adopted the ZEV mandate along with us. And if you talk to

1 the car companies, they're very pleased with what  
2 California is doing. They're impressed and pleased and  
3 helping all the incentives and all the other actions we've  
4 taken.

5 But that's not happening at the same level in the  
6 other states. And if those other states falter as we go  
7 forward, one that undermines the ZEV mandate just in terms  
8 of a regulatory action, but much more so in terms of  
9 creating that market, if the car companies don't have a  
10 market for their ZEVs, that means the price of the ones  
11 they do sell in California are going to be much higher and  
12 much less committed.

13 And we're having discussions -- we're going to  
14 have another discussion this afternoon about it  
15 internally. But I just put this at highest priority that  
16 we need to figure out what we can do to support those  
17 other states. And we've got a lot of expertise. We've  
18 got a lot of experts. We've got a lot of knowledge here.  
19 And we're a big state. I add that. And we'll have to  
20 figure out what exactly that means as we go forward. But  
21 it just has to be a high priority.

22 CHAIRPERSON NICHOLS: Thank you.

23 Other questions or comments? Yes, Dr. Sherriffs.

24 BOARD MEMBER SHERRIFFS: Great job. As the owner  
25 of a zero-emission electric car, as I look around, it's a

1 no-brainer why isn't everybody doing it? But I understand  
2 there are a lot of barriers and the infrastructure, in  
3 particular, for people. It is a different mindset to take  
4 that step. But boy, we have no regrets. Very glad to  
5 have done it.

6 The time line, can you say a little bit more  
7 about the accountability? Are you responsible for running  
8 around to these agencies for the next three years and  
9 ensuring they're meeting their time lines?

10 DEPUTY DIRECTOR CROWFOOT: Short answer is yes.  
11 I'm fired if this doesn't happen.

12 We wanted to be very clear and hold ourselves  
13 accountable. So ultimately, it's the Governor's office  
14 that's responsible for convening this interagency working  
15 group. And we are, in turn, are holding each agency and  
16 department listed in this Action Plan as accountable.

17 Some of these actions are very tangible and  
18 achievable in the near term. Some are more multi-phase in  
19 the longer term. So if you have a chance to review the  
20 document, you'll see some are 2013 deliverables where  
21 we're confident we can actually get this done in 2013.  
22 Some are 2013 to 2015, recognizing that as a longer term  
23 process. But as Analisa mentioned, we are committed to  
24 providing a quarterly update to the public and to  
25 stakeholders on the progress that we're making.

1           I can tell you that there is very strong  
2 partnership both through the Fuel Cell Partnership and the  
3 Plug-In Vehicle Collaborative. We are in real time  
4 contact with both the auto makers, the utilities, and  
5 infrastructure companies, because we want them to know  
6 what we're doing so they can leverage our efforts.

7           CHAIRPERSON NICHOLS: Supervisor Roberts.

8           BOARD MEMBER ROBERTS: Just a question since it  
9 as an interagency effort. I'm curious and we're talking  
10 about infrastructure, it seems like the question always  
11 goes begging is what do you do when you have millions of  
12 these on the road and they're not paying for the  
13 fundamental infrastructure of the roads themselves? Seems  
14 like the longer that question goes unanswered, the more  
15 difficult it's going to be to resolve because you're going  
16 to then millions of people who feel empowered and feeling  
17 like they shouldn't contribute to the basic  
18 infrastructure.

19           DEPUTY DIRECTOR CROWFOOT: I think that's a very  
20 good point and a fair question.

21           And to the extent that the State or the country  
22 moves away from gasoline as it's primary transportation  
23 fuel, that's a question that we need to answer. Right  
24 now, the ZEV penetration is extremely modest, between  
25 one --



1 BOARD MEMBER ROBERTS: I'm aware of that.

2 DEPUTY DIRECTOR CROWFOOT: -- two percent. From  
3 our perspective, we don't want to disable or kill the  
4 market before it takes off.

5 But Supervisor Roberts, your point is a good one.  
6 We're actively thinking about what are alternative funding  
7 streams for transportation that aren't so directly linked  
8 only to gasoline.

9 BOARD MEMBER ROBERTS: So there is some  
10 discussion at someplace?

11 DEPUTY DIRECTOR CROWFOOT: Absolutely.

12 CHAIRPERSON NICHOLS: Yes. Actually, including  
13 within our own State Department of Transportation, because  
14 as we've been holding workshops on the use of the funds  
15 generated by the Cap and Trade Program, Brian Kelly, the  
16 Director of the Agency, has been sitting with us. And  
17 somewhat ironically I suppose, but they're looking  
18 potentially to be part of a coalition that would help  
19 secure funds from cap and trade for a variety of different  
20 transportation-related programs, including some element of  
21 road maintenance as a part of that. It's an interesting  
22 switch in thinking about it.

23 BOARD MEMBER ROBERTS: I'm actually delighted to  
24 hear that. Thank you.

25 CHAIRPERSON NICHOLS: Okay. This is just an

1 informational item. So you are now informed. You're all  
2 part of it. And --

3 DEPUTY EXECUTIVE OFFICER AYALA: I think I'd like  
4 to share with the Board a follow-up in response to  
5 Dr. Sperling's point. I think it's very relevant and very  
6 important.

7 We also share the concern about the uptake of  
8 technology in the northeast states. And we are  
9 implementing new actions so that we can re-energize the  
10 ZEV alliance that the Board has had with those states for  
11 many years.

12 And just so that you know, one of the ideas that  
13 we are contemplating and actively pursuing is the concept  
14 of those states developing Action Plans similar to what  
15 we've done and that you just heard about. Specifically  
16 for the reasons that Professor Sperling pointed out that  
17 we want to make sure that we are tracking. We want to  
18 make sure that we are helping. We want to make sure that  
19 we are engaged in what is happening, not only in  
20 California, but also and perhaps most importantly, outside  
21 of California, because we absolutely need the economies of  
22 scale that are going to be accomplished only if we develop  
23 a national and international market, because that's going  
24 to help us here with the cost of technology.

25 And it's also going to be critical because, as we

1 all know, the ZEV mandate is already becoming an important  
2 point in discussions with industry, discussions that have  
3 been very positive thus far.

4 So I just wanted to respond to Dr. Sperling and  
5 share that point with the Board.

6 CHAIRPERSON NICHOLS: Thank you. I've neglected  
7 to call on the one person who signed up to speak on this  
8 item. So I'll do that now.

9 Bonnie Holmes-Gen.

10 MS. HOLMES-GEN: Thank you, Chairman Nichols and  
11 members.

12 Bonnie Holmes-Gen with the American Lung  
13 Association of California. And I'm pleased to be here.

14 I just wanted to briefly state our great  
15 appreciation for the work of the Governor's office and  
16 your Board and bringing forth this ZEV Action Plan and all  
17 the coordinated efforts that are going on to promote zero  
18 emission vehicles in California. As you know, we are  
19 completely committed to the drive to transform our vehicle  
20 fleet in California. And we believe a successful launch  
21 of ZEV technology is a critical public health measure that  
22 will help to improve public health, reduce asthma attacks,  
23 and chronic illness from air pollution.

24 And we are supportive of all the strategies that  
25 are brought forward today, particularly the need to expand

1 consumer awareness, to promote ZEV readiness and  
2 leadership at the local government level, to reduce  
3 up-front cost for ZEV technologies, and to support medium  
4 and heavy-duty ZEV technologies.

5           And want to particularly make a couple comments.  
6 Number one, this issue of the dealership and the need for  
7 consumer education at the dealership I think is a really  
8 important issue. I've heard about some promising efforts  
9 starting to educate dealers, and we want to hear more  
10 about this. I think that's a real priority issue,  
11 especially with a few stories I've heard from people who  
12 have visited dealerships and had unfortunately not the  
13 best experience.

14           Just also want to comment, of course, we're  
15 really pleased to be co-sponsoring SB 11 by Senator Pavely  
16 and AB 8 by Assemblymember Perea and Skinner. And we're  
17 really pleased the continuation of these incentive funding  
18 is going to make a big differences in continuing to  
19 incentivize consumers who are buying ZEV technologies and  
20 incentivizing the whole range of deployment of ZEV  
21 technology.

22           And third of all, I wanted to also just mention  
23 this area of medium and heavy-duty is a very important  
24 area to us. I'm really pleased that you've called that  
25 out. That's an area where we're very anxious to see a

1 separate plan of action as to how we're going to increase  
2 deployment in the freight sector. I know that you've got  
3 some meetings coming up in that regard, and we're going to  
4 participate. And we're really pleased you're looking more  
5 closely at how we can expand in that area.

6 So thank you so much for all the hard work on  
7 this. And we, of course, look forward to continuing to  
8 partner with you in this effort.

9 CHAIRPERSON NICHOLS: Great. Thank you, Bonnie.  
10 Supervisor Serna.

11 BOARD MEMBER SERNA: Thank you, Madam Chair.

12 I note in the Executive Order that there is  
13 mention of obviously the need to protect the environment  
14 by successfully developing zero emission vehicle structure  
15 infrastructure for the State, but there's also a mention  
16 of the economic benefit of doing that.

17 And I wonder to what extent have we collectively,  
18 all the agencies that are mentioned at the back of the  
19 report, beginning to reach out the regional Chambers of  
20 Commerce, not just the auto industry, but economic  
21 development organizations.

22 I can tell you for a fact that here in Sacramento  
23 there is a real genuine interest. In fact, you'll read  
24 about it in today's Sacramento Bee, in diversifying our  
25 local economy to not just be reliant on State government.

1 This is, to me, a shining example of some real promise for  
2 developing new technologies here in our own backyard and  
3 other places around the state. I'm just wonder out loud  
4 what have we been doing, what can we do better to promote  
5 the economic benefit of this endeavor?

6 DEPUTY DIRECTOR CROWFOOT: Supervisor, I would  
7 call it a work in progress.

8 The fourth area of the Action Plan is focused on  
9 building investment in jobs. So we have actively --  
10 active partner in this is the Governor's Office of  
11 Business, or GoBIS, for short. Actually, they have a  
12 CalBIS development team that seeks to keep businesses in  
13 California and attract new ones in California.

14 So we are conducting a supply chain analysis of  
15 both hydrogen fuel cells and electric vehicles to best  
16 understand really where are we most well positioned to  
17 bring component manufacturing into the state, for example.  
18 So we're really working to do the analysis to identify  
19 where we can build.

20 I think your suggestion around outreach to  
21 regional business organizations is a good one. We haven't  
22 done frankly enough of that. So that's a suggestion that  
23 I'll take back.

24 I will note that there is a fair amount of  
25 manufacturing and research and development for both

1 electric vehicles and fuel cell vehicles happening in  
2 California. If you look at the number of patents pulled,  
3 for example, on hydrogen, California overwhelmingly is the  
4 place where this innovation is occurring.

5 So the short of it is we are hopeful in the next  
6 couple of years we have real success stories in different  
7 parts of the state where we can demonstrate that  
8 acceleration of the market is building real jobs.

9 BOARD MEMBER SERNA: Thank you.

10 CHAIRPERSON NICHOLS: Thanks so much. Thanks,  
11 everybody. Look forward to continuing to be updated on  
12 the progress. And I'm sure individual Board members will  
13 continue to have ideas and questions as we go along as  
14 well.

15 The next agenda item is an update, just another  
16 informational item, on the Truck Loan Assistance Program.  
17 When the Board approved the in use truck and bus and  
18 tractor trailer greenhouse gas rules in December of 2008,  
19 we committed support for a comprehensive financial  
20 assistance program to help effected fleet owners upgrade  
21 their trucks ahead of regulatory requirements.

22 The Truck Loan Assistance Program is one  
23 component in our portfolio of approaches for aiding the  
24 truckers, and it's specifically designed for small fleet  
25 owners who may face challenges in financing their truck

1 upgrades in order to comply with the rule.

2 Today, we're going to hear about this program and  
3 its successes and its outlook for continuing into the  
4 future.

5 I want to point out that this program exemplifies  
6 a successful collaborative effort with the California  
7 Pollution Control Financing Authority. So I'm pleased to  
8 welcome Mike Papanian, who is Executive Director of the  
9 agency, who is going to join our staff to update us on the  
10 program.

11 Mr. Goldstene, would you please use this item?

12 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman  
13 Nichols.

14 Approving the truck and bus and tractor/trailer  
15 greenhouse gas regulations, the Board committed support to  
16 ARB's comprehensive financial assistance portfolio on  
17 truck upgrades ahead of compliance schedules.

18 The portfolio's program specifically designed for  
19 truckers include the Carl Moyer Program, the Proposition  
20 1B Goods Movement Emission Reduction Program, and the AB  
21 118 Truck Loan Assistance Program. Together, these  
22 programs have provided more than \$640 million in funding  
23 assistance for truck upgrades.

24 Today, we'll update you on one component of ARB's  
25 financial assistance for the portfolio, the Truck Loan



1 Assistance Program known as PLACE, or providing loan  
2 assistance for California equipment.

3 This innovative funding tool is a first for ARB  
4 and is a mechanism to stretch our limited incentive  
5 dollars. To augment ARB's traditional grant programs, ARB  
6 partnered with the California Pollution Control Financing  
7 Authority to utilize its California Capital Access Program  
8 model to provide financing to small business fleet owners  
9 for truck and trailer upgrades.

10 Since the first loan was enrolled in the program  
11 in June 2009, ARB funding has provided about \$23 million  
12 in reserve funding to private lenders, which, in turn,  
13 have provided approximately \$150 million in financing to  
14 small business and minority truckers working in  
15 California. What that means is that we're getting about a  
16 six-to-one leverage of public money to private capital.

17 I'll now ask Krista Fregoso of the Mobile Source  
18 Control Division and Mike Papanian, who the Chairman just  
19 introduced to talk about the program. Krista.

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

22 AIR POLLUTION SPECIALIST FREGOSO: Thank you, Mr.  
23 Goldstene.

24 Good morning, Chairman Nichols and members of the  
25 Board.

1           Today's update on the Truck Loan Assistance  
2 Program will be a joint presentation with the California  
3 Pollution Control Financing Authority, known as CPCFA, to  
4 reflect our agency partnership in implementing this  
5 innovative financial assistance program for truckers.

6           First, I will provide a brief program overview  
7 describing our partnership with CPCFA, the program  
8 structure, and its success to date.

9           Next, Mike Papanian CPCFA's Executive Director,  
10 will provide an update on the demographics of truckers  
11 using the program, funding projections for the remainder  
12 of the year, and a program adjustment CPCFA will soon  
13 implement.

14                           --o0o--

15           AIR POLLUTION SPECIALIST FREGOSO: The Truck Loan  
16 Assistance Program, officially known as the providing loan  
17 assistance for California equipment program, or PLACE,  
18 expands ARB's portfolio of air quality incentive programs  
19 to assist truckers working in California.

20           Developed as one component of ARB's comprehensive  
21 funding assistance program to support the in-use truck and  
22 bus and tractor/trailer greenhouse gas rules adopted in  
23 December of 2008, the Truck Loan Assistance Program is the  
24 first of its kind for ARB by shifting the funding  
25 mechanism from the traditional grant program to a

1 financing assistance program. I'll explain this program  
2 structure more in the next few slides.

3 Assembly Bill 1338 signed in 2008 provided the  
4 basic framework for the program and allocated first year  
5 funds from the ARB's AB 118 Air Quality Improvement  
6 Program, called AQIP, for the program start-up. You'll  
7 hear more about AQIP during the next Board Item.

8 With just over 30 million available funding,  
9 staff set forth designing a program to provide small  
10 business owners with access to affordable financing for  
11 the purchase of newer, cleaner trucks, ARB-verified diesel  
12 exhaust retrofits, and SmartWay aerodynamic technologies  
13 that improve fuel efficiency and reduce greenhouse gas  
14 emissions.

15 --o0o--

16 AIR POLLUTION SPECIALIST FREGOSO: Staff began  
17 their partnership with CPCFA in 2008 to develop a Loan  
18 Assistance Program targeting small fleets in need of  
19 financing for truck upgrades ahead of regulatory  
20 compliance schedules.

21 By partnering with the CPCFA, ARB was able to  
22 quickly and efficiently develop a Loan Assistance Program  
23 utilizing CPCFA's proven financial assistance model, the  
24 California Capital Access Program, or CalCAP for short.  
25 In its legislative authority to implement, the CalCAP

1 model aids small businesses that fall just outside  
2 lenders' standard loan underwriting criteria, including  
3 those that may not qualify for conventional financing in  
4 California's volatile economic climate and tight credit  
5 market.

6 With the basic program structure already  
7 established, ARB and CPCFA tailored a program for a prompt  
8 startup in April 2009 to meet the specific needs of the  
9 small business trucking sector.

10 ARB provided CPCFA just over \$30 million to  
11 administer the Truck Loan Assistance Program through the  
12 end of 2013. As you will hear from Mike Paparian later  
13 because of the success and popularity of the program,  
14 currently available funding will likely deplete by June.

15 To help address this shortfall, staff will be  
16 proposing as part of the next agenda item to transfer  
17 about \$4 million of available AQIP funding to the Truck  
18 Loan Assistance Program to help extend it through the  
19 summer.

20 --o0o--

21 AIR POLLUTION SPECIALIST FREGOSO: I'll now  
22 briefly discussion the benefits of the CalCAP loan  
23 assistance model.

24 First, by reducing the financial risk to lenders,  
25 it enables lenders to provide loans to small businesses

1 that may not qualify for traditional loans and that are  
2 having trouble obtaining financing.

3 In our program, ARB funds are set aside in the  
4 lenders' loan loss reserve accounts, as loans are  
5 enrolled. In the next slide, I'll describe more how  
6 works.

7 But providing lenders a comfort level to expend  
8 their target borrower pool, loan assistance creates new  
9 opportunities for small businesses truckers to access  
10 financing in order to upgrade their fleets.

11 Finally, for every dollar we spent in the form of  
12 loan assistance, participating lenders have provided about  
13 \$6 1/2 in financing to a trucker.

14 --o0o--

15 AIR POLLUTION SPECIALIST FREGOSO: Each time a  
16 loan is enrolled in the program, ARB funds are deposited  
17 into a lenders' loan loss reserve account as a form of  
18 loan portfolio insurance. The more loans a lender makes,  
19 the more dollars are deposited into its loan loss reserve  
20 account to cover potential losses resulting from loan  
21 defaults.

22 At the program's inception in 2009, ARB  
23 contributed 14 percent of each enrolled loan amount into a  
24 lender's loan loss reserve account.

25 In 2010, ARB authorized CPCFA to increase the

1 contribution rate to 20 percent on the next \$5 million in  
2 loan volume for each participating lender. This change  
3 encouraged new lenders to participate in the program and  
4 encouraged more loans to the trucking sector, severely  
5 affected by California's economic climate and tight credit  
6 market.

7 At the end of January, five of the most active  
8 lenders in the program each surpassed \$5 million in loan  
9 volume. Participating lenders set all interest rates and  
10 terms and conditions of the loans as well as decide which  
11 loans to enroll in the program.

12 In addition, eligible borrowers must meet the  
13 CalCAP's small business requirements, which align with  
14 ARB's goal to provide more funding opportunities for  
15 smaller trucking fleets.

16 This means that a trucking company must have 100  
17 or fewer employees, have a primary economic impact in  
18 California, and adhere to an average annual revenue cap.

19 --o0o--

20 AIR POLLUTION SPECIALIST FREGOSO: This slide  
21 presents the program's achievements through January.  
22 Since the program's inception in mid-2009, nearly 23  
23 million in program funding has been leveraged to provide  
24 just over \$148 million in financing for the purchase of  
25 nearly 2600 cleaner trucks, exhaust retrofits, and

1 trailers.

2           The lenders participating in the program include  
3 a mix of traditional banks, credit unions, community  
4 development financial institutions, and truck finance  
5 lenders. Together, these lending institutions have  
6 provided a range of access points throughout California to  
7 finance truck upgrades in nearly 80 percent of  
8 California's counties.

9           Looking ahead, there is a continued program need  
10 to assist at least 30,000 trucks in small business fleets  
11 that will require upgrades over the next two years.

12                               --o0o--

13           AIR POLLUTION SPECIALIST FREGOSO: Let's now move  
14 on to program demographics and funding projections. We  
15 are very pleased that Mike Paparian, Executive Director of  
16 the CPCPA, has joined us today to provide that update.  
17 I'll turn the remainder of the presentation over to Mike.

18           MR. PAPARIAN: Thank you, Krista.

19           I'm Mike Paparian, Executive Director of the Air  
20 Pollution Control Financing Authority. We've been around  
21 since 1974. March 7th, 1974, as we just celebrated our  
22 40th birthday as an agency helping in a variety of ways to  
23 assist with financing in the environmental and small  
24 business areas.

25           You actually know one of our former staff, James

1 Goldstene, in the 1990s was one of the folks who worked in  
2 the California Capital Access Program.

3 With me today at the end of the table here is  
4 Nancy Trombly, the Manager of the CalCAP Program.

5 So you asked us -- the ARB asked us to work with  
6 them a few years ago to come up with a program that would  
7 meet various goals in assuring that small business  
8 truckers who are affected by your rules who were  
9 complaining that they were not going to be able to get  
10 into new trucks and not going to be able to get the  
11 financing for new trucks we could overcome those obstacles  
12 working together with this program that we developed in  
13 conjunction with the ARB.

14 I'm very pleased to report the results of the  
15 program. It's been very successful. I think it's met all  
16 of our expectations, and then some.

17 As you can see from this slide, 79 percent of All  
18 enrolled rolled trucks are to owner/operators of one  
19 truck. That means that these are truly the small business  
20 truckers that are benefiting from it.

21 Ninety-four percent of the loans went to  
22 companies with ten or fewer employees. So you do have  
23 some additional ones that have just a handful of trucks.

24 Eighty-six percent of the trucks financed are  
25 used, but these are the newer used trucks that meet your



1 air quality requirements.

2 Eighty-seven percent of the borrowers are  
3 minorities.

4 Number of jobs created or retained through the  
5 program, 3,345 jobs created or retained. And then it's  
6 kind of an ancillary jobs benefit, we know anecdotally  
7 from our lenders about 30 or so staff have been added to  
8 lenders to participate, so the lenders could participate  
9 in this program.

10 --o0o--

11 MR. PAPARIAN: How does the program work? Krista  
12 described it. But basically, the borrower approaches a  
13 lender. The lender makes the loan, makes a decision about  
14 the loan. They enroll the loan in CalCap. We then  
15 provide the portfolio insurance, the contributions that  
16 Krista talked about previously.

17 The program growth, next slide.

18 --o0o--

19 MR. PAPARIAN: You'll see there has been a steady  
20 growth. And you'll see that in 2010 there were a large  
21 number of loans in two quarters in 2010. This related to  
22 some of your compliance deadlines and a lot of truckers at  
23 that point doing retrofits.

24 Since that time, we haven't seen the retrofits,  
25 but we've seen a steady increase in the usage of the

1 program for the purchase of new or newer trucks.

2 As of January 29th, you can see that we had 141  
3 loans so far this year. I can report as of this week  
4 we're up to 352 for this quarter. So we're going to  
5 continue this growth curve that you're seeing where we  
6 have more and more loans enrolled every quarter. We're  
7 very pleased with the acceleration in the program demand,  
8 but this presents a funding challenge, which I'll describe  
9 in the next slide.

10 --o0o--

11 MR. PAPARIAN: So as we enroll more trucks, we  
12 have less funding available for the program. As mentioned  
13 earlier, ARB has provided slightly more than \$30 million  
14 to implement the program through December under the  
15 current interagency agreement. We've used most of that  
16 funding. As of January, we had about \$6 million left.  
17 All of this week, we have about \$4 million left in  
18 funding.

19 Based on the latest activity trends, we're  
20 estimating that the remaining funds will be depleted --  
21 this slide shows by the May/June time frame, and that  
22 seems to be right. Sometime in the May/June time frame,  
23 we would run out of funds, and we would have to curtail  
24 the program at that point without any additional funds.

25 --o0o--

1           MR. PAPARIAN: So we've done some projections in  
2 the next couple slides, you'll see. To implement the  
3 program through 2013, as is, without any program  
4 adjustments, we estimate about \$11 million in additional  
5 funding is needed. And "as is means" the program retains  
6 the 20 percent and 14 percent loan loss reserve  
7 contributions discussed earlier.

8           The program successes depend not only a  
9 demonstrated demand by truck owners, but also on our  
10 partners in the lending community who have requested our  
11 resources in developing the program to best serve the  
12 small business trucking community. So without additional  
13 funds to extend the program, the program is projected to  
14 end in the May/June time frame.

15                               --o0o--

16           MR. PAPARIAN: So \$11 million could carry it as  
17 is through the rest of the year. We could make some  
18 program adjustments. We've talked quite a bit to  
19 participating lenders about the impacts of various  
20 adjustments we could make to the program. If we reduced  
21 this loss contribution to ten percent, we would reduce the  
22 needs in funding to around 7.8 to \$8 million through the  
23 rest of the year.

24           We believe the lenders would continue to serve a  
25 comparable community of truckers that we wouldn't see a

1 big drop-off in their ability to make loans to the  
2 trucking community.

3 Below the ten percent contribution, what they're  
4 telling us, is they would have to start reducing the  
5 number of -- basically cutting out at the margin the  
6 truckers that would qualify for loans. And you would see  
7 some of the truckers who have poorer credit risks or  
8 poorer credit histories not being able to get the  
9 financing for trucks.

10 --o0o--

11 MR. PAPARIAN: The next slide simply shows if we  
12 were able to add \$5 million -- and that's in your next  
13 agenda item -- we're projecting that the program would  
14 continue to the August/September time frame with the \$4  
15 million that you'd have discussed in the next slide.

16 So the next slide --

17 --o0o--

18 MR. PAPARIAN: -- just in summary, program has  
19 been a great success. We've been very happy with it. We  
20 think we've met our joint expectations for the program.  
21 The demand for the program is continuing to increase  
22 somewhere in 8 million to \$11 million range would be  
23 needed to continue the program in a comparable fashion  
24 through the end of this year.

25 And then for 2014 and beyond, we would entertain

1 and welcome discussions about how we can continue the  
2 program into 2014 and beyond. The \$19.4 million you see  
3 in that slide would be the projection if we were to  
4 continue the program as is in 2014. And if there were  
5 lesser funds available but a desire to continue the  
6 program, we could work on how that could work out.

7 CHAIRPERSON NICHOLS: Just in case anyone hasn't  
8 read ahead on the agenda, the very next item is going to  
9 be a proposal by the staff for how to deal with this  
10 shortfall situation. So you can hold questions on that I  
11 think, although it would be good to just clarify what the  
12 source of the funds has been up until now. What pot of  
13 money did this come out of?

14 MR. PAPARIAN: The startup funds for this program  
15 came from the very first year of the Air Quality  
16 Improvement Program, the AB 118 Air Quality Improvement  
17 Program.

18 CHAIRPERSON NICHOLS: The same program we've been  
19 talking about the need to re-authorize was the basis for  
20 this. And I don't think there is any question this has  
21 been enormously successful, has leveraged a tremendous  
22 amount of air quality improvement for a relatively modest  
23 sum of money, all things considered. Not to mention  
24 dealing with a particular population of truck owners who  
25 are clearly going to be the most heavily impacted

1 financially by our regulations. So it's something that we  
2 would certainly want to try to replicate.

3 We do have one witness who signed up for this  
4 one. Nidia Batista.

5 MS. BATISTA: I do have a comment on this item  
6 I'd like to share. If you'll indulge me, I wanted to make  
7 a quick little presentation as well.

8 On this item, I wanted to say we've been strong  
9 cheerleaders of this program when CARB first initiated it  
10 and would like to continue to be.

11 So I was going to ask what can we do to help to  
12 make sure this program moves forward and continues to be  
13 effective. And we look forward to working with staff and  
14 getting more of the details I just shared. Unfortunately,  
15 I walked in midstream, so I didn't get to hear the full  
16 presentation. But we want to make sure this program moves  
17 forward.

18 Chair Nichols, as you mentioned, this is serving  
19 a population that perhaps wouldn't otherwise get served.  
20 And as it comes to incentives, our organization, which I  
21 should mention I'm with Coalition for Clean Air, statewide  
22 air quality advocacy organization. Traditionally, we are  
23 certainly are supportive of incentives, but not for the  
24 use of compliance.

25 The one flexibility we see and the thing we have

1 supported is, in fact, making sure when it comes to  
2 financing that financing can, in fact, be used for  
3 compliance. In that regard, we would like to see this  
4 program grow. And we would like to congratulate you and  
5 applaud you and let you know we want to be helpful. We  
6 see this as a wave of the future with limited public  
7 resources. We want to maximize their use and maximize  
8 their reach. And financing certainly is one area where we  
9 can provide that.

10 CHAIRPERSON NICHOLS: Thank you. We appreciate  
11 your coming forward.

12 MS. BATISTA: And if you just indulge me, I'm  
13 concerned I may not be here for the rest of the meeting.  
14 I just wanted to thank Board Member D'Adamo for her  
15 services and her years here on the Board. It's a little  
16 off topic on this item. Over the years, we've not always  
17 agreed on things. But she's been definitely demonstrated  
18 an openness and a willingness to engage in dialogue. And  
19 it's been really, really appreciated.

20 And actually, I think for the most part have  
21 agreed on most things. It's been really great. And her  
22 role as a leader for the region, San Joaquin Valley, and  
23 as a state, we're just really excited. We wish her well  
24 on the Water Board and want to continue to maintain  
25 communication and contact.

1           And as many of you on the Board have demonstrated  
2 your vocal talents, we'll continue to tap those from her  
3 as well. That's referenced to our annual toast event we  
4 many of you have participated in.

5           So I just wanted to share this gesture of  
6 gratitude to you, Board Member D'Adamo.

7           BOARD MEMBER D'ADAMO: I'm very touched. Thank  
8 you so much.

9           I've really appreciated our relationship through  
10 the years and look forward to continuing to work with you.

11          CHAIRPERSON NICHOLS: And compliments and  
12 presentations of flowers are always in order.

13          BOARD MEMBER BERG: If staff could help me. This  
14 is a Loan Assistance Program, and so our dollars are going  
15 to the lenders to help them offset the risk of default.  
16 So this money then is being used or tapped if, in fact,  
17 the loan is defaulted or is it also to reduce the interest  
18 rate to, A, maybe somebody that would normally have a very  
19 high interest rate because of their credit situation?

20          MR. PAPARIAN: It's a little bit of both. So you  
21 know, the primary purpose is to reduce the risk to the  
22 lenders. So in reducing the risk, what we've seen is that  
23 lenders as they become comfortable with the program and  
24 recognize their risk has been reduced, do have a tendency  
25 then to accept loans that they wouldn't otherwise accept



1 and accept them at a lower interest rate than they would  
2 otherwise. But it's not a direct interest rate subsidy.  
3 It's a risk reduction strategy. Again, reducing the risk,  
4 they are able to reassess their ability to put loans out  
5 at different interest rates.

6 BOARD MEMBER BERG: What is the current default  
7 rate?

8 MR. PAPARIAN: So as of this week, we have had 24  
9 claims on about 2400 loans. But you know, to be very  
10 honest, it's a somewhat deceptive number in that it  
11 usually takes a couple of years before you start seeing  
12 the defaults. And the bulk of our loans have been made in  
13 the last year and a half. So we would expect to see an  
14 increasing number of defaults over the next couple years.

15 BOARD MEMBER BERG: What would be the industry  
16 standard as a percentage in a default rate?

17 MR. PAPARIAN: I'll ask Nancy or --

18 EXECUTIVE OFFICER GOLDSTENE: Half a percent to  
19 one percent.

20 MS. TROMLY: Industry standard would be about one  
21 percent, which is where we are now.

22 BOARD MEMBER BERG: That's where we're running  
23 now.

24 MR. PAPARIAN: Yeah. But it will increase. And  
25 that's -- but we're intending to reach into a riskier

1 marketplace, too.

2 BOARD MEMBER BERG: At the end of the day, I'm  
3 trying to assess if this money that is sitting there, if  
4 they don't use it, if it isn't needed for default or/and  
5 reducing interest rates not in a subsidy but however you  
6 characterize it, is it our money coming back?

7 MR. PAPARIAN: Yes.

8 CHAIRPERSON NICHOLS: Good question.

9 Mrs. Riordan, did you have a question?

10 BOARD MEMBER RIORDAN: Just to follow along, it  
11 comes back you can reuse it; correct?

12 MR. PAPARIAN: So for the lenders out there right  
13 now, the typical lender that's been in the program for a  
14 while has about 18 percent or so of their outstanding loan  
15 balances in the loan loss reserve. If they have a million  
16 dollars in loan balances, they have 180,000 in their loan  
17 loss reserve account, as an average. So they are happy  
18 that it's there because a few loans could deplete that  
19 loss reserve account.

20 But as those loan balances come down that the  
21 balance in the loan loss reserve account with comparison  
22 to the outstanding loans goes up. When it exceeds  
23 100 percent, then you know they're more than covered, but  
24 there are loans outstanding. And I think at that point we  
25 would have some discussions about whether to retrieve some

1 of those funds, or if they decided to exit the program, or  
2 all their loans were paid off, that's the point at which  
3 we would retrieve those funds on your behalf.

4 BOARD MEMBER RIORDAN: But they have potential to  
5 be reused if we were to retrieve them back for new loans.  
6 I know that's not quite how it happens. But theoretically  
7 speaking, maybe there will be a day when some of these  
8 moneys --

9 MR. PAPARIAN: Into the future, yes. But right  
10 now, it's serving as essentially a portfolio assurance.  
11 If we were to retrieve funds now --

12 BOARD MEMBER RIORDAN: I don't know how long  
13 those loans are usually for what -- I have not bought a  
14 truck, so I don't know. What is the time frame?

15 MS. TROMLY: They're typically four to five  
16 years.

17 BOARD MEMBER RIORDAN: Four to five years. And  
18 in theory, maybe if we think the economy is getting better  
19 in California, maybe, just may, be the loan default rate  
20 would go down. I mean, if a trucker is -- or the truck  
21 owner is utilizing that truck on a very regular basis, the  
22 opportunity to not default is good, we hope anyway; is  
23 that right? You're smiling.

24 MR. PAPARIAN: It's a very difficult one to deal  
25 with because where this program is benefiting truckers the

1 most are the truckers who have had challenging credit  
2 histories or, quite honestly, are coming off the cash  
3 economy and getting into a situation where they have a  
4 loan for the first time. It's very hard to predict what  
5 kind of credit challenges they're going to have going  
6 forward. The industry as a whole ought to be doing better  
7 as the economy improves. But the individual truckers who  
8 are out at the margin and are having challenges getting a  
9 loan anyway, very hard to say whether or not --

10 CHAIRPERSON NICHOLS: Sadly, I think what we  
11 learned during the worst of the recession was that there  
12 was a lot of consolidation going on in that industry and  
13 people getting pushed out who have been small  
14 owner/operators, too.

15 I mean, we want to be as helpful and supportive  
16 as we can. And I think there probably is a niche there  
17 for them. But it seemed pretty clear a lot of folks were  
18 losing their businesses because of the economy and also  
19 because they didn't have family members who wanted to take  
20 them over. They were getting out of the business because  
21 it just wasn't very profitable. They have other  
22 opportunities that were better. So it's hard to know how  
23 this is actually going to all shake out.

24 But I think it's very important to keep our eye  
25 on the price, which is a lot of newer trucks out there

1 being driven around that otherwise would not have been  
2 driven, and some really polluting older trucks that are no  
3 longer on the road.

4 BOARD MEMBER RIORDAN: But my hope would be as  
5 the economy improved and their opportunities for loads or  
6 whatever work that truck was doing would keep them going.

7 CHAIRPERSON NICHOLS: I hope so. And of course,  
8 we would all like to see the people repay their loans,  
9 right? It's the right thing to do.

10 We have another item which relates to this --  
11 yes, one more.

12 BOARD MEMBER SHERRIFFS: I had a couple  
13 questions.

14 One question involves qualifications for  
15 people -- businesses that would be applying for this.  
16 One, you talked a little bit about the CalCAP  
17 requirements. I'm wondering where the requirement come in  
18 terms of what percent of time the truck has to be  
19 operating in California in order the qualify for this.  
20 Where that piece comes in, whether it's in the  
21 legislation, or it's our rule.

22 MR. PAPARIAN: It's our requirement that a  
23 majority of the business be done in California. So 51  
24 percent or more of the business be done in California.

25 BOARD MEMBER SHERRIFFS: The other question

1 just -- so this increasing demand, wondering about your  
2 thoughts about why that's happening now. Is it because of  
3 the program or the regulations are tightening up because  
4 the economy is improving? All of the above?

5 MR. PAPARIAN: I think it's a bit of all of the  
6 above. I think it's a bit of as the lenders have gotten  
7 more comfortable with the program and as their loss  
8 reserve accounts have grown, they're seeing a greater  
9 ability to enroll more and more loans into the program.  
10 It took them a while to get used to the program.

11 Once they got used to it and saw that they could  
12 reach out to borrowers they hadn't reached out to before,  
13 they started doing more and more of it. And we have a  
14 variety. We have lenders reaching from original equipment  
15 manufacturers. We have a small bank in Fresno. We have  
16 all kinds of lenders involved in the program.

17 BOARD MEMBER SHERRIFFS: I'm sorry. That 51  
18 percent rule comes from us? You? The legislation?

19 MS. TROMBLY: That comes from the CalCAP  
20 regulations?

21 CHAIRPERSON NICHOLS: Any other questions? If  
22 not, let's thank you so much for coming. We really  
23 appreciate it. Always go to hear a good news story. And  
24 this partnership has been very valuable. So the fact that  
25 James Goldstene spent some time over there undoubtedly

1 helped. Makes us all aware of the opportunity.

2 We are going to move onto the issue of  
3 reallocating some of our funding within this fiscal year  
4 that came to us through AB 118, the AQIP program we've  
5 just been talking about. So far, our investments out of  
6 this program have supported a number of different  
7 priorities, including the deployment of hybrids, advanced  
8 clean cars, and other advanced technologies critical to  
9 meeting our long-term air quality and climate change  
10 goals. All of these investments are important to us and  
11 moving on the fundamental transformation of our vehicle  
12 fleet to one with widespread use of zero and near-zero  
13 emission vehicles.

14 Today's report is going to focus on some of the  
15 program's successes to date and is going to also recommend  
16 one reallocation of available funding. So Mr. Goldstene.

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

19 AB 118, signed into law in 2007, created the Air  
20 Quality Improvement Program, or AQIP, which provides ARB  
21 between 30 and 40 million annually through 2015 to invest  
22 in clean vehicle and equipment projects to reduce criteria  
23 pollutants, air toxics, and greenhouse gas emissions.

24 AQIP expands our portfolio of air quality  
25 incentives, providing the opportunity to fund projects not

1 covered by other incentive programs which focus on  
2 near-term emission reductions from fully commercialized  
3 technologies.

4 AQIP is ARB's only incentive program structured  
5 to enable investments in technology-advancing projects  
6 that can provide immediate emission reductions.

7 Additionally, in the first year of the program,  
8 one-time funding was directed by the Legislature for use  
9 in establishing the Truck Loan Assistance Program to aid  
10 small business truck owners affected by ARB's end use and  
11 bus regulation and the tractor/trailer greenhouse gas  
12 regulation.

13 As we just heard in the previous item, this  
14 program has been highly successful in providing loans to  
15 small trucking businesses, but that current funding will  
16 lapse by summer.

17 On June 28th, 2012, the Board approved the AB 188  
18 AQIP funding plan for fiscal year 2012-2013. As with  
19 previous years, the funding plan allocated funding for  
20 three projects: The clean vehicle rebate project; the  
21 hybrid and zero-emission bus and truck voucher project;  
22 and advanced technology demonstration projects.

23 The 2012-13 funding plan identified contingency  
24 measures as well that allowed the Executive Officer to  
25 reallocate funding between these projects as needed.



1           To date, demand has not exceeded funding  
2 available for the hybrid and zero-emission truck and bus  
3 voucher project, and roughly three to four million dollars  
4 is available which can help close the funding gap between  
5 fiscal cycles for other projects that have seen recent  
6 increases in demand.

7           However, because the Truck Loan Assistance  
8 Program is not one of the three projects funded this year,  
9 program funds currently cannot be reallocated by the  
10 Executive Officer.

11           Therefore, staff is requesting Board delegation  
12 to the Executive Officer to reallocate available funds  
13 from the hybrid and zero-emission truck and bus voucher  
14 project to the Truck Loan Assistance Program.

15           Lisa Macumber from the MSCD will update you on  
16 the program and the recommendation. Lisa.

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

19           AIR POLLUTION SPECIALIST MACUMBER: Thank you,  
20 Mr. Goldstene.

21           Good morning, Chairman Nichols and members of the  
22 Board.

23           You heard the good news in the previous  
24 presentation; the Truck Loan Assistance Program has grown  
25 much more rapidly than anticipated, and staff expects the

1 increased activity to continue as compliance deadlines  
2 approach. However, additional funding is needed to extend  
3 the program at least through the summer.

4 Today, I will present staff's recommendation to  
5 grant the Executive Officer the authority to reallocate  
6 some limited funding from the Air Quality Improvement  
7 Program, or AQIP, to the Truck Loan Assistance Program.

8 I'd like to note today's proposal is only to  
9 address a short-term funding opportunity for the Truck  
10 Loan Program.

11 In June, staff will return with the proposed  
12 fiscal year 2013-2014 AQIP funding plan for your  
13 consideration, covering the sixth year of the program. At  
14 that time, staff will present a more comprehensive review  
15 of the AQIP and provide recommendations for future program  
16 investments.

17 --o0o--

18 AIR POLLUTION SPECIALIST MACUMBER: AQIP was  
19 created by Assembly Bill 118 signed in 2007 and is one of  
20 three incentive programs created under the bill. The  
21 other two programs are administered by the California  
22 Energy Commission and the Bureau of Automotive Repair.  
23 The Energy Commission focuses on vehicles, fuels, and  
24 infrastructure, and the Bureau of Automotive Repair funds  
25 early vehicle retirement.

1 AQIP receives up to \$35 million each year from a  
2 variety of fees through 2015 to pay for clean vehicle and  
3 equipment projects designed to reduce criteria pollutants  
4 and toxics with concurrent climate change benefits. AQIP  
5 has the unique focus as ARB's only incentive program that  
6 allows for investment in mobile source technology  
7 advancing projects that are critical to meet California's  
8 post-2020 air quality and climate change goals.

9 AQIP expands ARB's portfolio of air quality  
10 incentives that generally focus on near-term emission  
11 reductions from fully commercialized technologies, such as  
12 the Carl Moyer Program, Lower Emission School Bus Program,  
13 and the Goods Movement Emission Reduction Program.

14 --oOo--

15 AIR POLLUTION SPECIALIST MACUMBER: As summarized  
16 in the previous presentation, in fiscal year 2008-2009,  
17 the Legislature provided a one-time allocation of roughly  
18 \$30 million to launch the Truck Loan Assistance Program.

19 Beginning with fiscal year 2009-2010 and each  
20 year thereafter, staff has brought the Board a funding  
21 plan developed with public input that identifies proposed  
22 project categories and corresponding funding allocations.  
23 The funding plan also describes eligibility and selection  
24 criteria and describes how projects will be solicited and  
25 administered. Annual funding plans change from year to

1 year to reflect current priorities and public input.

2 --o0o--

3 AIR POLLUTION SPECIALIST MACUMBER: Since the  
4 program's inception, AQIP investments have focused funds  
5 in three core projects: The Clean Vehicle Rebate Project,  
6 which provides rebates of up to \$2500 to purchasers of  
7 light-duty, zero emission, and plug-in hybrid vehicles;  
8 the Hybrid and Zero Emission Truck and Bus Voucher  
9 Incentive Project, which provide vouchers for  
10 approximately half the incremental cost of hybrid and zero  
11 trucks and buses for California fleets; and advanced  
12 technology demonstration projects that focus on vehicle  
13 and equipment projects that are not yet commercialized.

14 These early investments in clean cars, truck, and  
15 other advanced technologies are critical for long-term  
16 transformation to a zero emission transformation future.

17 --o0o--

18 AIR POLLUTION SPECIALIST MACUMBER: Last June,  
19 the Board approved the fiscal year 2012-2013 funding plan.  
20 That plan allocated \$18 million for the clean vehicle  
21 rebate project, \$10 million for the hybrid and  
22 zero-emission bus and truck voucher incentive project, \$2  
23 million for advanced technology demonstration projects.

24 These investments brought cumulative total  
25 project amounts to just under \$50 million for clean car

1 rebates, \$64 million for hybrid and zero-emission truck  
2 vouchers, and nearly of \$6 million for demonstration  
3 projects.

4           In addition, the Board approved several program  
5 refinements to stimulate near-term demand for hybrid and  
6 zero-emission trucks. Refinements included: Increasing  
7 vouchers for the cleanest technologies available and  
8 adding new eligible vehicle types.

9           As a result, participation in the program is  
10 slowly beginning to increase. Demand for clean passenger  
11 vehicles has been increasing quickly. To ensure near-term  
12 demand for projects could be met, the Board included  
13 flexibility for the Executive Officer to reallocate up to  
14 \$10 million from the current year hybrid and zero-emission  
15 truck voucher funds to other projects, such as clean car  
16 rebates.

17           The Executive Officer invoked this flexibility  
18 last month by requesting allocating six million of the \$10  
19 million available from hybrid and zero-emission truck  
20 vouchers to the Clean Vehicle Rebate Project. This \$6  
21 million, combined with \$4.5 million from the Energy  
22 Commission, brings the total to \$28.5 million for clean  
23 car rebates in the fiscal year 2012-2013, which should  
24 carry the program through summer when the next year's  
25 funding becomes available.



1 put the success of the Clean Vehicle Rebate Project into  
2 perspective, this slide provides a month by month  
3 illustration of rebate activity since the project's  
4 launch.

5 As you can see, demand for rebates reached a  
6 record high in the fall of 2012, with close to 2,000  
7 rebates issued each month from October through December.  
8 This level of demand continues today, and we expect it to  
9 grow. While staff expects the total infusion of funding  
10 to carry the program into summer when new funds from the  
11 upcoming funding plan become available, it is possible  
12 that funding could run out first.

13 To address a limited term shortage of funding,  
14 the Executive Officer has the discretion to establish a  
15 waiting list to bridge the gap between this year's and  
16 next year's funding. Staff will continue to monitor  
17 expenditures and will implement appropriate action as  
18 needed to minimize any disruption in the program.

19 --o0o--

20 AIR POLLUTION SPECIALIST MACUMBER: On the  
21 heavy-duty truck side, voucher amounts are based upon  
22 vehicle weight and range from the \$8,000 for a commercial  
23 hybrid pickup truck to \$40,000 for a Class 8 urban  
24 delivery truck or refuse hauler.

25 For zero-emission trucks, vouchers range from

1 \$12,000 for a commercial pickup to \$55,000 for a Class 8  
2 delivery vehicle. ARB encourages local air districts to  
3 offer co-funding to further incentivize deployment of  
4 these advanced technologies in their region.

5 In 2011, the Energy Commission provided \$4  
6 million to help further buy down the cost of 150  
7 zero-emission trucks, including the 100 UPS trucks  
8 manufactured by EVI that Governor Brown recognized at a  
9 press event last month.

10 Finally, the San Joaquin Valley Air District is  
11 now offering \$2 million to increase voucher amounts by up  
12 to \$28,000 for hybrid and zero-emission trucks and buses  
13 operating in the valley.

14 --o0o--

15 AIR POLLUTION SPECIALIST MACUMBER: Voucher  
16 activity for hybrid and zero emission trucks has  
17 fluctuated over the past few years. As you can see,  
18 demands for hybrid and zero-emission trucks and buses  
19 peaked in 2010 when the project launched and funding first  
20 became available. However, several circumstances  
21 contributed to a significant market slowdown over the past  
22 few years.

23 First, early adopter fleets, such as UPS and  
24 Coca-Cola saturated their demands for hybrid trucks with  
25 their initial purchases. Some fleets also found that



1 their driving patterns did not optimize fuel economy  
2 benefits as much as they had expected and delayed  
3 subsequent purchases. And low cost natural gas has made  
4 CNG-powered trucks and buses more attractive relative to  
5 hybrid and electric vehicles.

6           Fortunately, there is reason for new optimism  
7 that interest in hybrid trucks will begin to grow again.  
8 Hino Motor Company, owned by Toyota, has recently  
9 introduced a low-cost heavy-duty hybrid truck that  
10 leverages Prius technology. This more economical Hino  
11 hybrid has driven voucher demand among smaller fleets.

12           Also, battery electric and zero-emission truck  
13 demand has risen recently in response to the increased  
14 voucher amounts referenced earlier.

15                           --o0o--

16           AIR POLLUTION SPECIALIST MACUMBER: Now that you  
17 have been updated on our AQIP projects, I will highlight  
18 the issues that bring us before you today.

19           Although we included flexibility within our  
20 fiscal year 2012-2013 funding plan to move AQIP money  
21 between projects based upon need, we did not provide  
22 flexibility to move money to the Truck Loan Assistance  
23 Program. This increased activity in the Truck Loan  
24 Assistance Program that occurred this past year was  
25 greater than anticipated. And therefore, the program was

1 not identified in the funding plan as an eligible AQIP  
2 project.

3           Because of this, current year program funds  
4 currently cannot be reallocated by the Executive Officer  
5 from AQIP to the Truck Loan Assistance Program. For that  
6 reason, staff requests that the Board grant the Executive  
7 Officer authority to reallocate up to \$4 million from the  
8 Hybrid and Zero-Emission Truck and Bus Voucher Incentive  
9 Project to the Truck Loan Assistance Program to cover a  
10 portion of the program's shortfall for calendar year 2013.

11           After shifting the proposed funds to the Truck  
12 Loan Assistance Program, over \$12 million will remain  
13 available for hybrid and zero-emission trucks.

14           Staff expects this will be sufficient to meet  
15 anticipated demand in the project through the end of the  
16 current fiscal year.

17                           --o0o--

18           AIR POLLUTION SPECIALIST MACUMBER: Looking  
19 ahead, staff will bring the proposed AQIP fiscal year  
20 2013-2014 funding plan to the Board for consideration in  
21 June of this year. Staff is developing a plan that builds  
22 upon our past success, but does so with less revenue.

23           Simply put, funding demand for current AQIP  
24 projects exceeds expected AQIP revenue. In addition,  
25 staff continues to evaluate how AQIP might be able to

1 provide additional support for truck loans beyond the  
2 reallocation recommended today.

3 To be ready for June, staff is working closely  
4 with stakeholders to develop next year's plan. On April  
5 4th, staff will hold a final public workshop here in  
6 Sacramento. And in mid to late May, we will release the  
7 proposed plan for the next fiscal year.

8 --o0o--

9 AIR POLLUTION SPECIALIST MACUMBER: In closing,  
10 staff asks that you approve allowing the Executive Officer  
11 to reallocate up to \$4 million in fiscal year 2012-13  
12 funding from the Hybrid and Zero-Emission Truck and Bus  
13 Voucher Incentive Project to the Truck Loan Assistance  
14 Program.

15 Further, staff will continue to seek additional  
16 funding opportunities to assist the Truck Loan Assistance  
17 Program, such as coordinating with efforts underway with  
18 the Proposition 1B program.

19 I'd be happy to take any questions you have at  
20 this time.

21 CHAIRPERSON NICHOLS: Thank you.

22 Any questions on this presentation? It seems  
23 pretty straight forward.

24 BOARD MEMBER RIORDAN: No question. I would be  
25 happy to move approval of the resolution.

1 CHAIRPERSON NICHOLS: All right. We have a  
2 motion.

3 BOARD MEMBER BALMES: I'll second.

4 CHAIRPERSON NICHOLS: Any further discuss?

5 I'm sorry. We do have a person who wishes to  
6 comment. That's okay. We have the motion in front of us.  
7 We can still hear from present comment from Matt Schrap.

8 MR. SCHRAP: Thank you.

9 I was concerned there that maybe I shouldn't have  
10 played roshambo with Nidia outside to see who was going to  
11 testify on the last up with. So I'm glad this worked out.

12 But thank you, Madam Chair and Board members. My  
13 name is Matt Schrap, Vice President of Government Programs  
14 for Crossroads Equipment Lease and Finance.

15 Stand before you today to offer support for  
16 staff's proposed to reallocate 2012-2013 AQIP funds to the  
17 Truck Loan Assistance Program. Crossroads is a home grown  
18 California-based business that offers unique capital  
19 solutions for commercial equipment operators in  
20 California.

21 Our portfolio includes many different  
22 configurations and engine offerings such as clean diesel,  
23 alternative fuel, and hybrid. Our clients range from  
24 large Fortune 500 corporations to single truck operators  
25 and everything in between.

1           The Truck Loan Assistance Program has been a  
2 crucial tool for eligible credit-challenged equipment  
3 owners in California. In fact, Crossroads has enrolled  
4 close to 1,000 projects in the CalCAP Loan Assistance  
5 Program. Many of these participants, as mentioned  
6 earlier, are single truck operators. We thought about  
7 bringing all of these folks with us to encourage their  
8 support for the program, but frankly, they've already  
9 benefited.

10           There are tens of thousands of other  
11 California-based single truck operators that will be  
12 required to upgrade at the end of this year. Not to  
13 mention the thousands of small businesses that are in the  
14 midst of the drayage on-road and GHG rules. With limited  
15 access to statewide incentive programs, this Loan  
16 Assistance Program is their only hope for meeting upcoming  
17 deadlines.

18           Although \$4 million will help support the program  
19 in the next budget cycle, CARB should continue to  
20 recognize the need for loan assistance to help equipment  
21 owners access clean, compliant equipment.

22           Please approve the proposal before you today to  
23 allow the Executive Officer to allocate up to \$4 million  
24 to the Truck Loan Assistance Program and also encourage  
25 the EO to fully fund the program with the available cash

1 through the end of the year, with the added priority for  
2 future funding allocations for existing and additional  
3 loan assistance programs for equipment and vehicle  
4 purchases through the California Pollution Control  
5 Financing Authority.

6 I thank you for your time and look forward to any  
7 questions.

8 CHAIRPERSON NICHOLS: Thank you for taking the  
9 time to come. And we're just as glad you didn't bring the  
10 truck owners, because we want them out there working so  
11 they can repay those loans.

12 All right. We have a motion and a second. All  
13 in favor please say aye.

14 (Ayes)

15 CHAIRPERSON NICHOLS: Any opposed? All right.  
16 No abstentions. And it is approved. Thank you very much.  
17 Good work.

18 We have one more item on our agenda people are  
19 prepared to power through.

20 EXECUTIVE OFFICER GOLDSTENE: If it's okay, we'd  
21 like to take a short break or the lunch break. Maybe take  
22 lunch. At least a short break.

23 CHAIRPERSON NICHOLS: Which is it?

24 CHIEF COUNSEL PETER: I thought we were going to  
25 take a lunch break. And the court reporter was willing to

1 go on through the last item without a break, but I don't  
2 know if it makes sense to do our closed session and our  
3 lunch now and come back for --

4 CHAIRPERSON NICHOLS: Well, aside from the court  
5 reporter's convenience, if it's okay with the Board, we  
6 should just check what people want to do. Do you want to  
7 take an early lunch break for finish all the work that's  
8 in front of us? We usually like to get through it before  
9 we go have lunch. So why don't we take a very short,  
10 short break. Come back and finish. Five minutes. Thank  
11 everybody.

12 (Whereupon a recess was taken.)

13 CHAIRPERSON NICHOLS: We have one additional item  
14 and public comment, and then we will break for lunch. And  
15 we will have executive session and someone will come out  
16 and report on the actions taken during executive session,  
17 probably me and anyone else who's still available.

18 So we will turn now to the report of our  
19 Ombudsman.

20 There is a little bit of an opening statement I  
21 could make here.

22 EXECUTIVE OFFICER GOLDSTENE: You could do it or  
23 I could do it.

24 CHAIRPERSON NICHOLS: I do want to just say this  
25 is our third report from Ms. Bowen, who came to the Air

1 Resources Board to help revamp the Office of the  
2 Ombudsman. This is a position that actually is created as  
3 a result of the Federal Clean Air Act. But it also is an  
4 important position for us, because it's a way to ensure  
5 that small businesses are heard early in the process of  
6 developing policies and regulations. And that we get to  
7 have a more robust engagement than would come about  
8 through the normal process of workshops and hearings where  
9 inevitably there is a tendency for groups that are better  
10 funded to dominate the discussion.

11 So it's very helpful that we have a person who's  
12 got this specific responsibility. And we have taken  
13 advantage of it in recent years by really activating the  
14 Ombudsman's office and role. So it's not what people  
15 think of as typically just a place for people to bring  
16 complaints, but it's a place actually initiating  
17 conversations.

18 So Ms. Bowen is going to talk about what she has  
19 in store for next year, as well as what's been going on.  
20 La Ronda.

21 (Thereupon an overhead presentation was  
22 presented as follows.)

23 OMBUDSMAN BOWEN: Thank you, Chairman Nichols.

24 The ARB's influence, as you know, stretches from  
25 California to nations around the world and that impacts



1 the work of the Ombudsman.

2 Our 2012 report, though focused on California's  
3 small businesses, will demonstrate how we connect with  
4 other agencies and organizations to help achieve the goals  
5 of AB 32 and other ARB programs.

6 --o0o--

7 OMBUDSMAN BOWEN: Today, I'll review our  
8 mandates, discuss small business models and relevant  
9 definitions, then using examples from our office and our  
10 network of partner organizations will demonstrate progress  
11 made to implement our charges during 2012. You will see  
12 how staff is deployed before considering specific areas  
13 where we are aware of developing small business needs. We  
14 will close with goals for 2013.

15 --o0o--

16 OMBUDSMAN BOWEN: The Ombudsman, the laws -- this  
17 slide is just our mandates. The laws that most define the  
18 roles of the Ombudsman are the education and environment  
19 initiative, the California Government Code, and Section  
20 507 of the Clean Air Act amendments and, of course, AB 32.  
21 After defining small business, we'll consider each of  
22 these separately. We're taking the time to define small  
23 business, because we have had so many questions from Board  
24 members what that is.

25 --o0o--

1            OMBUDSMAN BOWEN: First, I'd like to put you in  
2 the small business frame of mind. People are in business  
3 for different reasons, which colors the relationship they  
4 have with the Air Resources Board.

5            Access to capital and timely information are  
6 common across all of these businesses. All offer an  
7 excellent opportunity for greenhouse gas reductions,  
8 economic stability, and healthy communities.

9            Some small business owners intend to stay for the  
10 long haul. They're concerned about growth. They are  
11 essential connectors to their community. They usually get  
12 involved with neighborhood schools and civic  
13 organizations.

14           ARB cares about these firms particularly because  
15 they're critical links in our ability to diffuse new  
16 technologies. Others are in business primarily to support  
17 themselves and their family. Their exit strategy is to  
18 work until they save money to pay off the house. And when  
19 the kids are out of school, sell everything and retire.  
20 We care about this group because they are great connectors  
21 to the next generation.

22           Inventors are owners who go in and out of  
23 business ventures more quickly. They're concerned about  
24 growth to the point of sale. They seek capital and bring  
25 an innovation to market. They want to know how

1 regulations or policies are going to drive technologies,  
2 and ARB can count on them to invent solutions to  
3 regulatory problems. And they, themselves, are early  
4 adapters.

5 --o0o--

6 OMBUDSMAN BOWEN: So how do we define small  
7 business? Small business gets defined in different ways  
8 for different purposes. The three most relevant to the  
9 Ombudsman program are these: EPA Clean Air Act  
10 amendments, say 100 or fewer employees and not a major  
11 source. That's because EPA was focused primarily on  
12 stationary sources at the time. This is in Title 5.

13 U.S. small businesses administration; fewer than  
14 500 employees and \$14 million in sales over three years.  
15 As with everything, there are exceptions.

16 California Department of General Services has  
17 domiciled in California and 100 or fewer employees. And  
18 \$14 million in sales over three years, unless they're  
19 manufacturing, which they have no sales limit.

20 The California Public Utilities Commission has 20  
21 kilowatt electrical demand. This definition was  
22 identified in December of last year for the purpose of  
23 directing utilities to return cap and trade allowance  
24 revenue. We are currently working with the utilities to  
25 gain a better understanding of what types of businesses



1 of questions, but most calls are associated with diesel  
2 regulations.

3 The next two areas receiving the highest number  
4 of calls are aftermarket parts and vehicle recalls and  
5 registration.

6 And in the ZEV presentation, you heard people  
7 often call wanting to know, I want to buy this car.  
8 Should I register it, will I be eligible for the white  
9 sticker or the green sticker? That was the other  
10 presentation presented is really accurate that people care  
11 about that.

12 The Ombudsman Sacramento office also received an  
13 additional 978 calls for assistance, and about 500 of  
14 those were related to onroad diesel issues.

15 So we received -- the Ombudsman gets most of the  
16 Spanish-speaking callers on diesel regulation and Anthony  
17 Marin, who is usually out there, is the one that answers  
18 most of those calls.

19 --o0o--

20 OMBUDSMAN BOWEN: In 1990, Section 507 Clean Air  
21 Act amendments, Title 5, Section 507 of the Clean Air Act  
22 amendments established a three-part program in the states  
23 and the territories to help small business owners  
24 implement regulations. The program consists of the  
25 Ombudsman, technical assistance, and a Compliance Advisory

1 Panel.

2 The overall goals of 507 are to ensure effective  
3 and timely communication with businesses, including  
4 regulations in plain language. We, the Ombudsman, are the  
5 connecting wire between the 35 local air districts, ARB,  
6 and the national 507 programs.

7 To provide businesses with technical assistance,  
8 including permitting and pollution prevention, at ARB, we  
9 include greenhouse gas emission reductions, mostly through  
10 our Cool California Program and develop and promote  
11 compliance tools and resources.

12 ARB does much of this work by connecting with  
13 other statewide agencies, such as GoBIS, which you heard  
14 referred to earlier, and the green business program.  
15 Compliance Advisory Panel is a third part. And it is the  
16 small business voice to help agencies understand small  
17 business perspectives, as well as to help small business  
18 understand regulatory agencies.

19 A really significant accomplishment for us in  
20 2012 was the establishment or reestablishment of the  
21 CAPCOA Small Business Advisory Panel. And Chairman  
22 Nichols made the request to the CAPCOA Air Pollution  
23 Control Officers Association and Larry Greene from the  
24 Sacramento Air Pollution Control Agency facilitated that.

25 Larry Greene and I are working together to

1 implement this Committee, which will consist primarily of  
2 small business owners and will provide ARB and the local  
3 air districts with insight into how to work effectively to  
4 engage small business stakeholders in the development and  
5 implementation of mission-critical policies and rules.

6 Next steps for Larry and I are to identify the  
7 types of industries and potential representatives. Then  
8 Mr. Greene will share the information with CAPCOA and I  
9 with ARB's executive staff and any Board members that wish  
10 to be informed. We certainly do welcome your  
11 participation.

12 --o0o--

13 OMBUDSMAN BOWEN: Climate change requires that we  
14 embrace more than criteria pollutants, focus small  
15 business assistance, and to ensure that we reach  
16 California businesses across all sectors. Ombudsman has  
17 established connections with organizations like the two  
18 we'll use for examples in the next slide.

19 So connections. An example collaboration that we  
20 have is with the Green Business Program Network. This  
21 grew out of the Pollution Prevention Network. 2011  
22 legislation gave the Department of Toxic Substances  
23 Control the oversight of the California Green Business  
24 Program. ARB has been engaged through Cool California.  
25 Green Businesses Network is a consortium of local

1 government entities whose mission is to help businesses  
2 reduce waste, water use, and energy use.

3 ARB worked closely with DTSC and contractors to  
4 develop a common platform for businesses who want to take  
5 climate actions and limit their environmental impact. We  
6 wanted to make sure that we had similar emission factors  
7 built into our tools, such as calculators, data sheets,  
8 and check lists.

9 ARB promotes the Green Business Program on our  
10 Cool California small business calculator where actions  
11 that qualify for green business certification are marked  
12 by a special green icon.

13 Before a business becomes certified, actions  
14 reported are verified by a representative of a local  
15 municipality, including a utility for energy, the Water  
16 Board, and a municipal waste organization. Purchase or  
17 work orders are double checked by the Green Business  
18 Program representative.

19 So I put this chart so if we look at the first  
20 numerical column and only at the GHG and energy savings,  
21 we can see that California realized a benefit of 171,000  
22 tons of GHG saves and over 38 million kilowatt hours of  
23 energy saved from the 2,664 business who changed their  
24 practices, that first column.

25 --o0o--



1            OMBUDSMAN BOWEN: The next slide shows our  
2 strategy for touching California's 3.4 million small  
3 businesses is to multiply our efforts through connections.  
4 Obviously, we can't do it all ourselves. These next  
5 through slides use just the Sacramento region to  
6 demonstrate the multiplier effect of our strategic  
7 partnerships.

8            When properly developed, this network will inform  
9 policy, encourage the financing, demonstration, and  
10 deployment of clean technologies, readily identify and  
11 correct knowledge gaps and obstacles to success, and help  
12 California achieve the triple goals of a healthy  
13 environment, healthy people, and a healthy economy.

14            --o0o--

15            OMBUDSMAN BOWEN: One area is technology where  
16 I'm going to use just this one example of one of those  
17 partners. The partner is SARTA. ARB is relying on the  
18 development, demonstration, and deployment of clean  
19 technologies to achieve its goal. By engaging with the  
20 Sacramento Area Regional Technology Alliance, SARTA,  
21 Ombudsman makes one contact and gains real time knowledge  
22 of how clean technology businesses are progressing  
23 throughout the entire Sacramento region.

24            This matters because many of these clean tech  
25 firms are developing projects or products that will reduce



1 stock, particularly for those qualifying for energy star  
2 certification. Los Angeles is number seven. We have  
3 number one San Jose; number two, San Francisco. That's  
4 not on here.

5 --o0o--

6 OMBUDSMAN BOWEN: So if you think of this  
7 Sacramento model of partnerships and apply it to the rest  
8 of the states, you will see that by connecting partners,  
9 ARB can leverage its resources to better serve  
10 California's 3.4 million small businesses, which provide  
11 over 51 percent of jobs.

12 Ombudsman professional staff are assigned regions  
13 and are responsible for building relationships that will  
14 help us each and understand these customers.

15 --o0o--

16 OMBUDSMAN BOWEN: The Ombudsman has identified a  
17 few areas where we know small businesses have needs and we  
18 want to anticipate them and begin to discover answers.

19 Technology is one. We have talked with customers  
20 throughout the state who have technology solutions that  
21 they cannot bring to demonstration, despite having ready  
22 customers. Others have a small-scale project that's been  
23 demonstrated but cannot find financing to go from demo to  
24 full-scale demonstration and commercialization.

25 Financing, you've already heard there is

1 challenges there. Small truck fleets have great  
2 difficulty finding financing for clean technologies and  
3 new vehicles, despite ARB's excellent efforts. And the  
4 program, the PLACE program, is really excellent. It  
5 really is. The customer you have a letter from has funder  
6 in PLACE program.

7 Other avenues must exist, not only for trucks, but  
8 for deployment of cleaner technologies across the board as  
9 part of our low-carbon economy.

10 In the area of climate, we're just beginning to  
11 see research on the role of small businesses in helping  
12 communities bounce back from major climate events, ranging  
13 from hurricane Katrina to the Chicago heat wave and super  
14 storm Sandy.

15 How does this play into sustainable communities,  
16 and what will small businesses need that we can facilitate  
17 through our network of partners, agencies, and  
18 organizations. Do we know if adopting sustainable  
19 practices will make a businesses more resilient than its  
20 competitors?

21 --o0o--

22 OMBUDSMAN BOWEN: So leaving the small business  
23 part and going to the education piece, California is  
24 poised to lead the nation in environmental literacy with  
25 the Education and Environmental Initiative. But

1 developing a new generation of informed decision makers  
2 extends beyond the requirement to develop an environmental  
3 curriculum for K through 12 students.

4 Under our Air Quality Education Program -- which  
5 is separate from the EII Program, it's just an ARB  
6 initiative -- ARB works with educators, businesses, and  
7 other organizations to make the environment part of the  
8 normal thinking process of today's youth who will be the  
9 policy makers, business owners, and parents of the future.

10 In 2012, Ombudsman joined with the Sacramento  
11 Municipal Utility District's Youth Energy Summit, or YES  
12 event. YES is designed for high school juniors and  
13 seniors from the Sacramento and Lodi areas and focuses on  
14 California's energy future. The theme last year was clean  
15 technology, while this year's theme is business of being  
16 green.

17 Over 90 high school students are divided into  
18 project teams to work on green energy, energy  
19 conservation, and sustainability projects to fulfill a  
20 need in the community.

21 The teams will present their projects to a panel  
22 of judges on the steps of the State Capitol for a chance  
23 to win scholarships.

24 And the next one will be April 26th of this year  
25 for the green business one. This is one of many events

1 and activities the Ombudsman engages in on behalf of youth  
2 and the Air Resources Board.

3 --o0o--

4 OMBUDSMAN BOWEN: Another group that comes to us  
5 for education is foreign visitors. Foreign visitors want  
6 to learn from ARB. National leaders worldwide are  
7 interested. The policies we implement have significant  
8 economic implications for developing economies in Asia, as  
9 well as established countries in North America and Europe.

10 The Ombudsman manages foreign visitor requests  
11 for meeting. In 2012, we facilitated approximately 25  
12 different governmental and industry groups from around the  
13 world. ARB always great to support our work there.

14 Climate change and ARB's cap and trade programs  
15 were topics most frequently requested. However,  
16 discussions included the state of science and math,  
17 education. China is particularly interested in that.  
18 Technology development, business and economy, and requests  
19 to establish Memoranda of Understanding for ongoing  
20 collaboration.

21 So looking ahead to the rest of 2013, Ombudsman  
22 has four key goals to identify financing resources,  
23 partners, and strategies to meet the needs of California's  
24 small businesses that we know exist while we continue to  
25 learn about other needs.



1 Board members if they have questions or comments outside  
2 of the Board meeting.

3 But if anybody wants to make a comment. Yes?

4 BOARD MEMBER BERG: I would just like to thank  
5 La Ronda for all the work she does. I know over the last  
6 three years when you appointed her, you had a vision for  
7 this department. And it's amazing the work that you have  
8 done over the last three years and to see the Ombudsman  
9 department reaching out in such a dynamic way, being very  
10 proactive. It's really refreshing.

11 I do have an opportunity to work directly with  
12 her from time to time, and it's always a pleasure. So  
13 thank you very much for that great update.

14 CHAIRPERSON NICHOLS: Thank you. I think that  
15 concludes --

16 BOARD MEMBER SHERRIFFS: I just want to add my  
17 thanks. And often we get distracted by the big folks  
18 because they push back a lot harder. But the small  
19 business is so important and it's particularly important  
20 in the valley. And I thought your looking at the small  
21 business models was helpful and good and helps certainly  
22 reminding me as I look around at small businesses in the  
23 towns, in the valley, those people are in it for the long  
24 haul. They are committed to their communities. They're  
25 not going away, you know. The economy goes up and down,



1 but they're not going away. They're a very important  
2 partner in the work we do. And I think especially SB 375,  
3 that it's a key partnership. So thank you.

4 CHAIRPERSON NICHOLS: Thank you very much.

5 We have one more item on the agenda and that is a  
6 the public comment period. We have two people who have  
7 signed up for public comment. So they will please come  
8 forward now and you each of three minutes.

9 MR. ZELTZER: Hello. My name is Steve Zeltzer.  
10 I'm with United Public Workers for Action and the Injured  
11 Workers National Network.

12 And the reason I'm here today is to discuss the  
13 issue of workplace bullying and the situation of workers  
14 in California, public workers, and workers in this  
15 building who being bullied. There is an epidemic of  
16 attacks -- workplace bullying attacks on public employees  
17 in California nationally. They're being scapegoated,  
18 being harassed, and bullied. And in our view, it's an  
19 organized effort of management to drive workers out of the  
20 workplace. And we feel that this is a serious health and  
21 safety issue.

22 Also, it's costing the public millions of dollars  
23 because workers who are harassed and bullied on the job  
24 end up going on disability and workers' comp because of  
25 the stress and conditions on the job.

1           This issue is not just an issue in the schools in  
2 California and schools nationally, but it's an issue in  
3 the workplace, and it has to be addressed. As yet, there  
4 is no law in California legislation against workplace  
5 bullying, but we're working to make that change so that it  
6 is addressed in the law.

7           But regardless of whether it's in the law or not  
8 against workplace bullying, it's still an issue. What  
9 happened in your last meeting where an employee here,  
10 Karen Snyder, spoke about the issue of workplace bullying,  
11 following that meeting, she was harassed and bullied by  
12 the manager right after speaking at this public forum.

13           We think this is a serious issue. This public  
14 forum should be a vehicle for workers, the public, to  
15 speak on issues and not be retaliated against for speaking  
16 on these issues. Yet, this is exactly what happened at  
17 this agency.

18           There is workplace violence going on against  
19 public workers by managers. And the head of this agency  
20 is aware of that. Yet, it's not being addressed by the  
21 management of this agency. We think this commission has  
22 to start addressing it.

23           One other thing that's going on at this agency is  
24 there is extremely high turnover of the staff. Why is  
25 that? Why are people leaving? The reason is they're

1 being bullied out and harassed. It is not a good  
2 workplace environment for the employees, and that's why  
3 people leave.

4           This needs to be examined. You have to examine  
5 the cost of this. The people who are leaving because of  
6 harassment and bullying and the public of California, the  
7 people of California, expect that the public workers  
8 should be treated with respect and professionally so they  
9 could do their job and not be harassed and bullied on the  
10 job. I hope you address it. It's not going to go away.  
11 We're going to be coming back until it is addressed and  
12 corrected at this agency. Thank you.

13           CHAIRPERSON NICHOLS: Thank you.

14           Ms. Snyder.

15           MS. SNYDER: Chairman Nichols and Board members,  
16 of course, you know I am Karen Snyder. I worked at the  
17 Air Resources Board for around six years. And I'm here to  
18 reiterate again that, you know, there's been a purposeful  
19 and, you know, frankly almost mental torture. I've been  
20 out twice for CAT leave just so I could come back and  
21 breathe again. I take my sick and vacation just so I can  
22 breathe again so I can come back and be tortured again.  
23 I've tried to leave, and I told you last time there is --  
24 I can't because of what's going on here.

25           And I'm not the only one. I'm just the only one

1 that is, I suppose, brave enough to speak up. I don't  
2 feel very brave.

3 But I know that you oversee the executive of ARB,  
4 and in turn, who has jurisdiction over this type of  
5 workplace harassment. The day after I spoke at the first  
6 Board, I was sent up to workplace violence again after I  
7 asked -- told you that the first time was completely  
8 biased. And I was sent up again for workplace violence  
9 for a spat between myself and another employee that we  
10 both apologized later for.

11 So I urge you to have an investigation. I gave  
12 you the names of a lawyer's office who does mediation for  
13 this sort of thing. They were recommended by DOJ. If the  
14 they're good enough for DOJ, I would say they're good  
15 enough for ARB.

16 There needs to be an investigation. We work so  
17 hard for the health of the people of California.

18 And again, I want to make clear, my complaint is  
19 against management practices, not against the work that's  
20 being done here at ARB. Make that very clear. But the  
21 management practices here at ARB are just as unhealthful  
22 as anything that we're fighting against. I've said this  
23 before.

24 My health has Deteriorate greatly since I worked  
25 here. When I got here at ARB, I was in the best place of

1 my life. The best place of my life. Since then, there's  
2 times -- I walk in here every morning. I do the best job  
3 that I can, all the while holding my breath because every  
4 single day there is a mental gun to my head. And I know  
5 that my time is limited here. Management is working very  
6 hard at getting rid of me so I stopped speaking out. So  
7 they're doing a good job of that. That's for sure.

8 CHAIRPERSON NICHOLS: Ms. Snyder, you had time to  
9 speak before the Board, but your time is up.

10 MS. SNYDER: Okay. Thank you.

11 CHAIRPERSON NICHOLS: Thank you.

12 Well, this is the time for the Board to move to  
13 executive session. But before we do, probably be a good  
14 idea while we're still in open session to say a few words  
15 about transitions at the Board, because it's a momentous  
16 occasion. This is a Board that has had tremendous  
17 stability and has been tremendously productive.

18 I think I'm going to first speak about our Board  
19 Member Dee Dee D'Adamo since she's got the flowers already  
20 and the thanks of the Coalition for Clean Air. And so I  
21 think it's time for our thanks as well.

22 I'm so pleased that Dee Dee is not leaving  
23 Cal/EPA or leaving State government. In fact, she's going  
24 from being a part-time member of this Board to being a  
25 full-time member of the State Water Resources Control

1 Board. Governor Brown has handed her a very tough  
2 assessment. He's made it clear the Water Board is going  
3 to be playing an active role in making some big decisions  
4 about California's water future. And Dee Dee is going to  
5 be stepping into the role, which she fills very well here  
6 of being both a lawyer and a person who can speak  
7 knowledgeably about the interests of agriculture in our  
8 state.

9 She I think has honed her skills at conflict  
10 resolution, working at this Board. And therefore will  
11 be -- that will be much priced in her new position at the  
12 Water Board.

13 But after 13 years of serving on this Board --  
14 she was here when I came back for the second time -- she  
15 has established herself as one of the stalwarts for this  
16 Board in terms of keeping us focused on our job, keeping  
17 us focused on the needs of some of the most impacted areas  
18 of our state, in particular. And she has been just a  
19 tremendous colleague and example of I think the way all of  
20 us like to think that we can handle ourselves when we go  
21 out and speak in public on behalf of air quality. She's  
22 done a lot of work above and beyond the call of difficulty  
23 duty, as we all do. But in particular, she's been a  
24 really tremendous help and advisor to me when it's come to  
25 implementing a lot of our regulations that effect the

1 valley.

2           So with all of that, I have a resolution -- I  
3 don't have a resolution. I have a plaque, the famous  
4 plaque people get when they leave the Air Resources Board.  
5 And the only difference from prior years is that it not  
6 only recognizes you for your contribution to clean air  
7 through your actions, but also commends your work on air  
8 pollution, toxic risk, and greenhouse gases. So you've  
9 done it all. Thank you. Thank you so much.

10           (Applause)

11           CHAIRPERSON NICHOLS: So we don't need to do  
12 speeches, but some people may feel like they'd like to.  
13 So if anybody wants to weigh in, please do.

14           BOARD MEMBER RIORDAN: Madam Chair, may I having  
15 served with Dee Dee all those 13 years, I just share this  
16 as she inspired me to be more prepared. I've never met a  
17 more prepared Board member. She was thoughtful, but she  
18 asked the most penetrating questions. And for that, I  
19 think the Water Resources Control Board will welcome you,  
20 Dee Dee. Welcome you.

21           Your work is cut out for you. We will miss you  
22 here. We know you're not far away. And there is  
23 something very similar about water and air, though I think  
24 those in the water industry all know that water flows most  
25 often downhill right into a court room. I've never seen

1 litigation in my life more often than in the water areas.  
2 But we'll miss you and thank you for 13 wonderful years.

3 (Applause)

4 CHAIRPERSON NICHOLS: I hope we're going to have  
5 an opportunity to celebrate with you. I know you're  
6 starting your new role April 1; is that right? But you  
7 won't be far away. So we'll have a chance to perhaps do  
8 some more partying after this is all over.

9 BOARD MEMBER ROBERTS: Well, starting on April  
10 1st is kind of suspicious I think. But might want to put  
11 that off to the second.

12 I think I'm one of the few people that have  
13 served with you the entire time you're here. You've been  
14 a constant voice for quality in programs in air quality.  
15 And I feel -- I have mixed feelings, A, that we are going  
16 to lose somebody that has been extremely competent and  
17 professional in every way.

18 I think the where you're going really needs that  
19 help. I would say that there have been -- I think there  
20 are examples of things that we do on this Board that could  
21 be transported to other agencies. And I hope that you  
22 have the kind of success over there that we've enjoyed for  
23 the last decade or so here. I'm absolutely certain you  
24 will make a difference.

25 (Applause)



1 CHAIRPERSON NICHOLS: Dr. Balmes.

2 BOARD MEMBER BALMES: Well, I didn't precede you  
3 on the Board, but I remember the very first meeting I sat  
4 on the dais next to you where it was a very political and  
5 unusually political meeting. It was when we had Prop. 1B  
6 issues about how money should be divided.

7 And I noticed that I voted against you the very  
8 first meeting, but you were still very welcoming. And you  
9 actually said, "John, the meetings aren't always this bad,  
10 really."

11 Anyway, it's been a great pleasure to serve with  
12 you. I've really appreciated the rides to the train  
13 station. And I'm going to miss you greatly.

14 CHAIRPERSON NICHOLS: We will all miss you.

15 BOARD MEMBER D'ADAMO: I have a few words the  
16 say.

17 CHAIRPERSON NICHOLS: Three minutes.

18 (Laughter)

19 BOARD MEMBER D'ADAMO: I'm going to keep this  
20 short. We've had so many changes recently. And I rather  
21 than going through the list of things that we've  
22 accomplished through the years and, of course, it's been  
23 many, I'm going to take a little bit more of an emotional  
24 moment here to just say what a tremendous honor it has  
25 been over a 13-year period to serve with such a

1 distinguished group of people on this Board. Everyone  
2 here today and many that are no longer with us and even  
3 some that have passed away sadly.

4           And staff, you're tops. And I don't think there  
5 will be ever anyone that can replace the amazing  
6 relationship that we all get to share with you. We are so  
7 honored to be able to everywhere we go know that we can be  
8 100 percent confident in what you're telling us and the  
9 amazing work that you do and the dedication. So thank you  
10 very much, from the bottom of my heart.

11           And then I'll just say that it's all about the  
12 public health. It's about the public health, the  
13 environment, and the health of the economy. And I think  
14 we can all hold our heads up high and say that we've kept  
15 a strong economy going, even when we've had those bumps in  
16 the road, we come back. We made adjustments. And I feel  
17 that we do the right thing.

18           So it's been an amazing run, and I just look back  
19 to when I got started. I had a baby in my arms at the  
20 confirmation hearing. And he's now a freshman in high  
21 school and two kids and one that just graduated from  
22 college, one in college.

23           And I wanted to do a small part to improve the  
24 air quality in the state of California, being very  
25 concerned raising three children in an area with an

1 extreme non-attainment designation. I'm so thrilled that  
2 we've seen a vast improvement where I live and all over  
3 the state. And it's just wonderful to have been some  
4 small part in that improvement.

5 So thank you for the opportunity. And I look  
6 forward to seeing you all in the halls. And I'll be next  
7 door at a lot of hearings when you're here. So I'll come  
8 by and visit. Thank you.

9 (Applause)

10 CHAIRPERSON NICHOLS: Okay. Now I get to say a  
11 few words about James Goldstene, who the Governor has also  
12 chosen to move onto another spot where I know he's going  
13 to be tremendously useful to the people of the state of  
14 California.

15 When I got to the Air Resources Board, it was in  
16 the wake of a very dramatic firing of my predecessor and  
17 the resignation of our then Executive Officer. And I  
18 served for the first almost six months without an  
19 Executive Officer because I was so concerned about knowing  
20 what the right structure was, finding the right person,  
21 having the right dynamic between the Chair and the  
22 Executive Officer, because I had heard so many tales about  
23 how things could go awry.

24 And so it took a little while. But after a lot  
25 of consultation with senior people around the Board and my

1 own observations, I finally decided it was time to come to  
2 grips with the situation since I couldn't really do both  
3 of these jobs and there was a need, in fact, for an  
4 Executive Officer, that I actually went out and asked  
5 James Goldstene to apply for the job. He did not apply  
6 initially, which left us in a somewhat awkward situation.  
7 But we were -- fortunately, state government allows you to  
8 open up the period. And so James agreed to put his name  
9 in.

10 As I recall, I made a number of very specific  
11 promises about things like not having to work too hard,  
12 plenty of vacation, valuing family time, there were  
13 probably a few others along those lines which, okay, well,  
14 we tried. It wasn't all that bad.

15 But James really was and has been a terrific  
16 asset to ARB in many ways and a great partner in all of  
17 the big projects that we've undertaken.

18 Obviously, it is a difficult dynamic always to  
19 keep in balance because, you know, the Executive Officer  
20 has the ability to act without the Board, if he chooses to  
21 do so. So it be a situation where you have an Executive  
22 Officer who is just running the place and the Chair who  
23 was in absentia. Or you could have a Chair who was in  
24 conflict with your Executive Officer.

25 And that has not ever been the case with us.

1 We've always been able to really work very collaboratively  
2 and collegially for the good of the organization as a  
3 whole.

4 I think James will be remembered for his time  
5 here, in particular, for some of the hard reorganizations  
6 work that he undertook internally because coming -- AB 32  
7 landed on the Air Resources Board with some additional  
8 resources, but without a cookbook for how to go about  
9 doing it.

10 So having to first create the ability to get a  
11 Scoping Plan and the initial program together and then  
12 figure out how to take this ongoing set of  
13 responsibilities and integrate them into the work of the  
14 organization has been a critical task.

15 James is going a little bit further down the  
16 street. He's not going to be in this building anymore.  
17 But he will be around in a very important role as an  
18 appointee of the Governor to Undersecretary to making the  
19 wheels turn at the Department of Consumer Services, State  
20 and Consumer Services Agency -- I'm sorry I got their name  
21 wrong.

22 But James, we really want to thank you for all of  
23 your time and good work here. You have put a mark on the  
24 organization, and it's been a good one. So I just want to  
25 thank you on behalf of all of us. And I guess if anybody

1 else has anything in addition. We're going to celebrate  
2 you later today at least, I think there is a plan for  
3 involve ing some alcoholic beverages. May involve some  
4 other folks as well.

5 Yes, Ron.

6 BOARD MEMBER ROBERTS: If I could, I won't be  
7 there later today. We did have a little celebration last  
8 night.

9 Let me just say I've been on this Board for a lot  
10 of years, working with a number of different Executive  
11 Officers, I don't know anyone that I've worked with that I  
12 felt more confident in having conversations and getting  
13 the information and getting the straight scoop, so to  
14 speak. That's extremely important when you serve on those  
15 boards. There's a lot of other stuff out there that can  
16 effect our decisions.

17 It's been difficult for me, knowing he is such a  
18 San Francisco Giants fan all these years. Some of my  
19 friends in San Diego don't understand why I'd talk to him.  
20 But it's something else we've shared.

21 I was really relieved to hear where he was going,  
22 since he'll be overseeing a number of things, including  
23 the architectural licensing. Since I let mine expire and  
24 I didn't know who to call, at least I'll know who I can  
25 contact now to get back in the good graces, should I ever

1 need to practice again.

2 But James, I just want to thank you. Not only  
3 for what you've done here, for me, being a good friend.  
4 You'll always have a seat at the Padres games, even if the  
5 Giants aren't playing. I hope to see you in your new role  
6 and to work with you on some of the things you'll be  
7 involved in there.

8 CHAIRPERSON NICHOLS: And Sandy?

9 BOARD MEMBER BERG: I, too, want to wish you all  
10 the best. I was fortunate to be able to interact with you  
11 before you became the Executive Officer where you helped  
12 craft some important speeches for me as you were sending  
13 me out as ARB representative. And so it was very fun to  
14 go through with you when you were considering the  
15 executive position and what a great job you have done.

16 You have been one of those go-to guys that I have  
17 counted on, and I've really appreciated that. I've taken  
18 on some other responsibilities because I know that you and  
19 the staff have been there to back me up. And I really,  
20 really appreciated that.

21 So I will miss you greatly. But I'm excited to  
22 see about what you will be doing over there and keeping in  
23 touch. So all the best, James. Thank you very much.

24 CHAIRPERSON NICHOLS: Okay. You can say a few  
25 words.

1 EXECUTIVE OFFICER GOLDSTONE: I'll just say a few  
2 words.

3 Mary is right; she made me an offer I couldn't  
4 refuse. When I talked to, at that time, Tom Cackette and  
5 Mike Schivo and Lynn Terry and Tom Jennings when he was  
6 Chief Counsel, they basically all refused to tell me about  
7 the realities of the position when I would ask them, "How  
8 come you're not applying for the job?" Boy, did I learn.

9 But I just want to thank all of you and the team,  
10 not just the senior team, but all the employees at ARB  
11 who've made it possible for us to accomplish all the great  
12 things we've accomplished in the last five-and-a-half  
13 years at least I've been in this role. I just want to say  
14 thank you all.

15 I look forward to seeing you all. I'm sure there  
16 will be opportunities for us to exchange phone numbers and  
17 e-mail. But I will be just down the street. And I'll be  
18 checking in. And Ron, I will check on your licensing  
19 status.

20 Thank you very much. I look forward to  
21 celebrating tonight.

22 (Applause)

23 CHAIRPERSON NICHOLS: We're recessing into closed  
24 session. The Board members will be retiring to our room  
25 in the back here, and we will announce any decisions that



1 we make when we come back.

2 (Whereupon the Board recessed into closed  
3 session from 12:33 pm to 1:30 pm.)

4 CHAIRPERSON NICHOLS: We are back to close the  
5 meeting. But before we do, I want to report on the  
6 results of the executive session.

7 The Board met in executive session to receive a  
8 report from our legal counsel on the status of ongoing  
9 litigation. There were no actions required and no  
10 decisions were made.

11 We also had a discussion about the process for  
12 filling the position of Executive Officer, which will be  
13 vacant soon, and how we will go about doing that.

14 That's my report on the executive session. With  
15 that, I'll entertain a motion to adjourn.

16 BOARD MEMBER D'ADAMO: So moved.

17 BOARD MEMBER RIORDAN: Second.

18 CHAIRPERSON NICHOLS: I see no descent. We are  
19 adjourned. Thank you very much.

20 (Whereupon the Air Resources Board adjourned  
21 at 1:32 p.m.)

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