

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AUDITORIUM
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APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson

Ms. Sandy Berg

Mr. Hector De La Torre

Mr. John Eisenhut

Supervisor John Gioia

Mayor Judy Mitchell

Mrs. Barbara Riordan

Supervisor Phil Serna

Professor Daniel Sperling

Dr. Alex Sherriffs

STAFF

Mr. Richard Corey, Executive Director

Dr. Alberto Ayala, Deputy Executive Officer

Ms. Edie Chang, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. La Ronda Bowen, Ombudsman

Ms. Kim Heroy-Rogalski, Manager, Strategic Planning and Development Section, MSCD

Ms. Terry Roberts, Manager, Sustainable Communities Policy and Planning Section, AQPS

Mr. Todd Sax, Assistant Division Chief, MSCD

APPEARANCES (CONTINUED)

ALSO PRESENT

Ms. Heather Adamson, AMBAG

Ms. Christine Barker, Fresno Metro Ministry

Mr Fernando Cazares, NRDC

Mr. Andrew T. Chelsey, San Joaquin COG

Mr. Cary Drake, US EPA

Mr. Ahron Hakimi, Kern COG

Mr. Bill Higgins, CALGOG

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

Mr. Hasan Ikhata, SCAG

Ms. Rebecca Long, Metropolitan Transportation Commission

Mr. Joe Lyon, Coalition for Clean Air

Mr. Mike McKeever, Sacramento Area COG

Mr. Matt Miyasato, South Coast Air District

Mr. Jaime Moncayo, Leadership Counsel for Justice & Accountability

Mr. Richard Raya, Climate Plan

Mr. Charles Stoll, SANDA

Ms. Carol Sutkus, Manager, South Coast AQMP Section, AQPS

Mr. John Wall, Cummins

Mr. Carlos Yamzon, Stanislaus COG

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1 BOARD MEMBER SHERRIFFS: Here.

2 BOARD CLERK JENSEN: Professor Sperling?

3 BOARD MEMBER SPERLING: Here.

4 BOARD CLERK JENSEN: Chairman Nichols?

5 CHAIRPERSON NICHOLS: Here.

6 BOARD CLERK JENSEN: Chairman Nichols, we have a
7 quorum.

8 CHAIRPERSON NICHOLS: Great. Our first two items
9 are consent items, but I'll take them up separately. I
10 guess before I do that, I should make the routine
11 announcement that anyone who wants to speak, if you're not
12 familiar with our procedures, should please check in with
13 the Clerk so she can get your name on the LIST prior to
14 the commencement of the item. And we will be imposing a
15 three-minute time limit on oral testimony.

16 Also, please observe the emergency exits that are
17 in the rear of the room. In the event of a fire alarm, we
18 need to evacuate this room.

19 The first item on our agenda, which is a consent
20 item, is a public meeting to consider minor updates to the
21 1997 8-hour ozone standard State Implementation Plans for
22 Coachella Valley and the Western Mohave Desert ozone
23 non-attainment areas.

24 Is there anyone who signed up to speak on this
25 item?

1 BOARD CLERK JENSEN: No.

2 CHAIRPERSON NICHOLS: Does any Board member wish
3 to take it off the consent calendar? If not --

4 BOARD MEMBER RIORDAN: Madam Chairman, staff has
5 briefed me, and I want to thank them for working with us
6 and I would move Resolution 14-29.

7 BOARD MEMBER SHERRIFFS: Second.

8 CHAIRPERSON NICHOLS: All in favor, please say
9 Aye.

10 (Unanimous aye vote.)

11 CHAIRPERSON NICHOLS: Any opposed?

12 Any abstentions? Great.

13 The second item is a public meeting to consider
14 the supplemental document for the San Joaquin Valley
15 24-hour PM2.5 State Implementation Plan. And again, we
16 have no witnesses who signed up to testify. No Board
17 member who wishes to take it off consent. Very good.
18 Then I will appreciate a motion to approve.

19 BOARD MEMBER SHERRIFFS: Motion to approve.

20 CHAIRPERSON NICHOLS: Very good. Second?

21 BOARD MEMBER EISENHUT: Second.

22 CHAIRPERSON NICHOLS: All in favor say aye.

23 (Unanimous aye vote.)

24 CHAIRPERSON NICHOLS: Opposed?

25 Carried.

1 Now we will begin a report on reductions achieved
2 from incentive-based emission reduction measures, update
3 on the Board's California heavy-duty truck program which
4 is the Board's program, past, present, and future.

5 Mr. Corey, this goes to you.

6 The purpose of this report here is to update the
7 Board on our current plans to develop the next phase of
8 heavy-duty greenhouse gas emission standards which we're
9 working on in collaboration with our two federal partners.
10 And this is an interesting program, of course, because
11 California has its own very robust heavy-duty program,
12 which is already providing significant emissions
13 reductions from trucks and buses. But these have been
14 essentially vehicles which operate in the interstate
15 commerce situation. So we have always the desire and the
16 need to have cooperation with the federal government as
17 well.

18 Staff's presentation is going to provide an
19 historical overview as well as describe our current
20 heavy-duty programs and then preview our efforts to
21 strengthen these programs.

22 So Mr. Corey, would you please begin?

23 DEPUTY EXECUTIVE OFFICER COREY: Yes, thank you,
24 Chairman.

25 The informational presentation will provide an

1 overview of nearly of component of ARB's program for
2 controlling emissions from heavy-duty engines and vehicles
3 from the time they're certified for sale until they're
4 ultimately retired, which makes over million miles of
5 operation for certain vehicles.

6 Staff will also describe how ARB's program work
7 together to reduce the emissions from heavy-duty engines
8 in vehicles, including new engine certification standards,
9 durability emissions warrantee, and on-board diagnostics
10 system requirements, roadside and fleet inspection
11 programs, and in-use rules designed to accelerate the
12 fleet updates.

13 The presentation falls on the heels of workshops
14 that staff conducted this past September regarding
15 developments in advanced zero and near-zero emission
16 technology for heavy-duty emissions in vehicles may
17 significantly assist California in attaining its future
18 air quality and climate goals. The culmination of these
19 technology assessments will be released shortly and serve
20 as the foundation for the sustainable freight strategy
21 that staff will discuss with you all at the December Board
22 meeting.

23 So presentation also sets the stage for the
24 developments of the upcoming state implementation
25 strategies necessary to attain federal air quality

1 standards in the South Coast and San Joaquin Valley area
2 basin as well as future more stringent greenhouse gas and
3 NOx standards for heavy-duty engines and vehicles.

4 Kim Heroy-Rogalski of the Mobile Source Control
5 Division will now give the staff presentation. Kim.

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

8 MANAGER HEROY-ROGALSKI: Thank you, Mr. Corey.
9 And good morning, Chairman Nichols and members of the
10 Board.

11 As you know, the ARB has in place a successful
12 comprehensive program that significantly reduces criteria
13 pollutants and greenhouse gas emissions from new and
14 existing heavy-duty trucks.

15 Today's informational presentation is to update
16 you on our current heavy-duty vehicle program and discuss
17 staff's recent evaluation of the program and areas
18 identified for improvement.

19 --o0o--

20 MANAGER HEROY-ROGALSKI: Here's an outline of my
21 presentation. After a short introduction, I'll provide an
22 overview of ARB's current heavy-duty truck program,
23 including both new engine standards and in-use
24 requirements.

25 Next, I'll discuss staff's recent evaluation of

1 in the lower photo, to class eight long haul
2 tractor-trailer trucks like shown in the top photo.

3 Heavy-duty trucks overall are predominantly
4 diesel powered, although gasoline is used in a sizable
5 fraction for the smaller trucks. Although the population
6 is greatest for the smallest trucks, the 2B3s, the
7 emissions are dominated by class eight trucks, which have
8 the largest engines and travel the most miles.

9 --o0o--

10 MANAGER HEROY-ROGALSKI: Heavy-duty trucks over
11 8500 pounds are responsible for a third of the state's
12 total NOx emissions and over a quarter of the diesel
13 particulate matter. They also emit a fifth of the total
14 greenhouse gas emissions associated with transportation
15 sources, which is about eight percent of the statewide
16 total. This's why our truck programs are so important.
17 Without controlling this significant source, we can't
18 expect to make progress overall.

19 --o0o--

20 MANAGER HEROY-ROGALSKI: As I mentioned on the
21 previous slide, heavy-duty trucks are responsible for a
22 third of the state's total NOx emissions. NOx is a key
23 ingredient in ozone pollution. So if we're going to
24 attain ozone standards, further NOx control is critical.
25 This is true in California today and may be true in many

1 more parts of the nation in the future.

2 Many of these areas are in states with air
3 quality representatives in the audience here today. The
4 left map on the slide shows designations for the federal
5 ozone standard. You'll see that for today's federal
6 8-hour ozone standard, 75 parts per billion, California
7 has a near unique air quality challenge. Only California
8 has areas classified as serious or extreme. See the red
9 and yellow portions all clustered in California.

10 The right map shows a different story. U.S. EPA
11 is currently in the process of reviewing the ambient ozone
12 standard. It is considering levels between 60 and 70 PPB
13 and action is expected later this year.

14 As you can see, many additional areas in the
15 country will likely be newly designated as non-attainment,
16 and existing non-attainment areas will have further to go
17 to meet a more stringent standard. The turquoise, yellow,
18 and orange dots on the right map indicate potential new
19 ozone non-attainment areas.

20 --o0o--

21 MANAGER HEROY-ROGALSKI: Now I'll provide a brief
22 overview of California's current heavy-duty engine and
23 vehicle program.

24 --o0o--

25 MANAGER HEROY-ROGALSKI: The ARB has a long

1 history of establishing increasingly stringent emission
2 standards for criteria pollutants from new engines in
3 heavy-duty vehicles.

4 Over the past 20 years, ARB has reduced NOx and
5 PM standards for on-road heavy-duty vehicles by about 97
6 percent, as this chart shows. In 2013, California
7 approved the federal Phase I greenhouse gas standards for
8 trucks over 8500 pounds.

9 Later, I'll discuss our efforts in developing the
10 next round of greenhouse gas standards called Phase 2.
11 California's in-use programs, such as truck and bus
12 regulation and other fleet rules, complement the new
13 engine requirements by requiring technology upgrades and
14 accelerated vehicle replacements.

15 In 2008, ARB approved the first-ever greenhouse
16 gas emission reduction requirements for the largest
17 heavy-duty trucks through the tractor-trailer greenhouse
18 gas regulation. This regulation includes requirements for
19 both new and in-use heavy-duty vehicles.

20 --o0o--

21 MANAGER HEROY-ROGALSKI: The new engine emissions
22 standards, which I showed on the last slide, are the
23 foundation of ARB's heavy-duty vehicle program.

24 Manufacturers currently are required to comply
25 with the emission standards on two test cycles to simulate

1 long time, enabling many heavy-duty vehicles to remain in
2 operation for hundreds of thousands of miles.

3 As a result, fleet turnover to new vehicles
4 equipped with lower-emitting engines is slow. New engine
5 standards alone are not sufficient for California to
6 attain federal air quality standards.

7 To address this, ARB implements programs to
8 reduce criteria pollutants from the legacy fleet through
9 fleet rules that require accelerated vehicle replacements
10 and technology upgrades, limits on commercial vehicle
11 idling time, and requirements for vehicle smoke
12 inspections.

13 In addition, ARB offers incentive funding through
14 the Carl Moyer and Prop. 1B Goods Movement Programs to
15 assist fleet owner in replacing older, higher-emitting
16 engines, and vehicles.

17 --o0o--

18 MANAGER HEROY-ROGALSKI: New engines and fuels
19 requirements coupled with programs to reduce emissions
20 from the legacy fleet are successfully working together to
21 significantly reduce diesel emissions and the associated
22 air toxic risk.

23 Based on the multiple air toxics exposure study,
24 or MATES, draft report for 2012 through 2013 called MATES
25 IV, overall cancer risk has decreased more than 50 percent

1 between 2005 and 2012 in the South Coast region.

2 Monitoring, inventory, and modeling approaches
3 all show similar results demonstrating that ARB's
4 heavy-duty vehicle program is providing verifiable
5 benefits in the region of California and experiences the
6 most severe air quality challenges.

7 --o0o--

8 MANAGER HEROY-ROGALSKI: ARB's current program
9 also provides climate benefits. As I mentioned earlier,
10 ARB's tractor-trailer greenhouse gas regulation, an AB 32
11 early action measure, requires improved aerodynamics and
12 tires for long-haul tractors and trailers operating on
13 California roads.

14 California also approved the federal Phase I
15 greenhouse gas standards, which begin with the 2014 model
16 year. This chart illustrates the Phase I standards
17 greater than 20 percent reduction in CO2 emissions for
18 Class 8 sleeper cab trucks.

19 --o0o--

20 MANAGER HEROY-ROGALSKI: So I'll now move on to
21 discuss the staff's recent program evaluation.

22 --o0o--

23 MANAGER HEROY-ROGALSKI: As you recall, truck
24 owners voiced their concerns about diesel PM filters at
25 the Board meeting last October. These concerns generally

1 focused on filter performance, durability, and vehicle
2 down time associated with repairs.

3 In response, staff initiated a technology
4 evaluation and presented the Board an introductory status
5 of date in April. Today, I'll summarize staff's
6 evaluation. Because the final data analysis is still
7 ongoing, staff plans to provide you a complete report in
8 writing later this year.

9 To perform the evaluation, staff inspected about
10 400 trucks and 41 fleets concerned with filter issues and
11 reviewed their maintenance records. Additionally, staff
12 conducted over 600 roadside inspections and truck driver
13 surveys. In this total, staff inspected and collected
14 data from over a thousand heavy-duty diesel trucks, in
15 addition to reviewing warrantee, emissions, and
16 maintenance data, and surveying filter manufacturers and
17 installers.

18 As staff delved deeper into its evaluation, we
19 uncovered issues related to endurability and in-use NOx
20 emissions and thus focus their efforts in those areas as
21 well.

22 --o0o--

23 MANAGER HEROY-ROGALSKI: In general, staff found
24 that filters are working as designed. When functioning
25 properly, a filter virtually eliminates all particulate

1 emissions. Several roadway and vehicle testing studies
2 validate that properly functioning PM filters effectively
3 reduce diesel PM emissions and other compounds toxic to
4 human health.

5 In addition, staff confirmed that warrantee claim
6 rates for filters are low, both for retrofit filters and
7 most original equipment filters.

8 As I'll expand upon more in the next slide, staff
9 found that filters appear to be uncovering underlying
10 problems with engines and emission control systems due
11 either to flawed components, inadequate maintenance, or
12 some combination thereof. I'll talk more about
13 preventative maintenance later.

14 --o0o--

15 MANAGER HEROY-ROGALSKI: While staff concluded
16 that diesel particulate filters are generally working as
17 designed, they also confirmed that some fleets were
18 experiencing filter problems. The vast majority of these
19 problems appear to be due to other engine malfunctions
20 that, when not addressed, affect filter performance and
21 durability.

22 For example, failed turbo chargers may be leading
23 to high PM rates that clog filters. Rather than being the
24 source of the problem, it appears that diesel particulate
25 filter are uncovering preexisting engine issues. A small

1 very effective in high speed, high engine load cruise
2 conditions, it's less effective in stop-and-go driving
3 conditions because the system catalyst requires a minimum
4 operating temperature to function effectively.

5 Hence, excess NOx is of particular concern for
6 stop-and-go operations, like local delivery trucks that
7 spend a significant time at low speed, low load.

8 --o0o--

9 MANAGER HEROY-ROGALSKI: Based on the findings so
10 far from the program evaluation, I'll now discuss possible
11 improvements to ARB's existing heavy-duty vehicle program
12 that we think can achieve additional criteria pollutant
13 reductions and help better address truck owners'
14 concerns.

15 --o0o--

16 MANAGER HEROY-ROGALSKI: First, we're looking for
17 ways to ensure heavy-duty engines and emission controls
18 remain more durable. For example, I mentioned earlier
19 expanding warrantee requirements. Staff is also
20 considering improvements to the in-use compliance testing
21 program, under which ARB can bring trucks in for testing
22 to see how their emissions are performing in use.

23 Staff is also looking for ways to improve truck
24 preventative maintenance. As we spoke with fleet
25 maintenance personnel and truck drivers during the program

1 evaluation, one finding that became clear was that as
2 truck technology has evolved, truck maintenance practices
3 have not always kept up. To address this, ARB staff has
4 joined with the trucking industry, engine manufacturers,
5 and retrofit installers in a preventative maintenance
6 working group. This group aims to develop maintenance
7 best practices and then disseminate this information to
8 truckers.

9 A third way to help ensure better durability is
10 to improve our current smoke inspection program through
11 stricter opacity standards, taking fuller advantage of
12 truck's OBD systems and potentially other methods.

13 --o0o--

14 MANAGER HEROY-ROGALSKI: In addition to the
15 program improvements I've already discussed, we recognize
16 the need for future lower mandatory NOx standards for new
17 engines, given the magnitude of California's air quality
18 challenges.

19 To lay the technical foundation now, ARB is
20 leading research at the Southwest Research Institute to
21 demonstrate diesel and natural gas engines that could be
22 certified to 90 percent below today's NOx standard.

23 As we work on the next generation of new engine
24 standards, we have three goals in mind.

25 First, the need for lower national NOx standards

1 for new truck engines. We will continue to coordinate
2 with U.S. EPA on the development of new, national lower
3 NOx standards for heavy-duty trucks. Since more than half
4 the heavy-duty trucks operating in California typically
5 have been purchased out of state, national standards are
6 key.

7 Second, stronger durability requirements and
8 expanded warranty periods to encourage manufacturers to
9 produce high-quality engines and that remain low emitting.

10 And third, the need for broader in-use compliance
11 testing and inspection maintenance to ensure heavy-duty
12 vehicles continue to operate cleanly.

13 --o0o--

14 MANAGER HEROY-ROGALSKI: So I just talked about
15 program improvements to get more NOx and PM reductions.
16 Now I'm going to discuss further reducing greenhouse gas
17 gases.

18 --o0o--

19 MANAGER HEROY-ROGALSKI: While the Phase I
20 greenhouse gas standards were based on off-the-shelf
21 technologies, Phase 2 standards are expected to be more
22 technology-forcing. To demonstrate advances in engine,
23 drive train, and vehicle efficiencies in class eight
24 trucks, the Department of Energy has awarded 115 million
25 to four teams participating in the Super Truck Program.

1 Including private industry investments, the total program
2 cost is approximately 270 million. The program seeks to
3 demonstrate further improvements in both engine and
4 vehicle design and to achieve a 50 percent increase in
5 overall tractor-trailer and engine efficiency by 2015.

6 Four teams have signed up to work on the Super
7 Truck Program: Cummins, Daimler, Navistar, and Volvo.
8 Recently, the Cummins team demonstrated a 43 percent
9 improvement in greenhouse gas emissions and fuel
10 consumption rate.

11 --o0o--

12 MANAGER HEROY-ROGALSKI: Shown here are the key
13 sources of energy loss in a tractor-trailer. As you can
14 see, there are multiple sources of energy loss, but the
15 two main ones are engine and aerodynamic losses. The
16 remaining sources of energy loss as shown, include rolling
17 resistance, auxiliary loads, drive train, braking and
18 idling. Reducing these energy losses can improve fuel
19 economy and reduce greenhouse gas emissions.

20 --o0o--

21 MANAGER HEROY-ROGALSKI: ARB staff has been
22 cooperatively working with U.S. EPA and the National
23 Highway Traffic Safety Administration over the past year
24 to develop the scope and stringency of the Phase 2
25 standards. U.S. EPA is scheduled to release its notice of

1 proposed rulemaking in early 2015 and is on schedule to
2 adopt the final rule in March of 2016. Upon federal
3 adoption of the Phase 2 program, staff plans to bring a
4 proposed California Phase 2 program before the Board in
5 mid-2016.

6 The Phase 2 standards represent a significant
7 opportunity to achieve further fuel economy improvement
8 and greenhouse gas reductions for 2018 and later model
9 year heavy-duty vehicles, including trailers, which were
10 not included in the Phase I program.

11 Based on the National Academy of Science's 2010
12 report, Phase 2 standards can potentially reduce CO2
13 emissions an additional 13 to 25 percent beyond Phase I,
14 depending on the vehicle classification. The American
15 Council for an Energy Efficient Economy and Union of
16 Concerned Scientists recently confirmed these estimates,
17 estimating Phase I and II standards combined could cut
18 fuel consumption in new trucks by at least 40 percent when
19 compared to 2010 levels.

20 Based on ARB own staff's technical assessments,
21 we agree this 40 percent CO2 reduction for the combined
22 Phase I and II programs is technologically feasible.

23 --o0o--

24 MANAGER HEROY-ROGALSKI: Shown here are some of
25 the various technologies that we expect engine and vehicle

1 manufacturers may use to achieve Phase 2 compliance.
2 Overall, Phase 2 will require the use of optimized
3 advanced engine and drive train technologies, engine
4 down-sizing and lighter weight components, and improved
5 aerodynamics for both vehicles and trailers.

6 Staff plans to report back to the Board mid next
7 year with a more detailed Phase 2 update after U.S. EPA
8 releases its Notice of Proposed Rulemaking.

9 --o0o--

10 MANAGER HEROY-ROGALSKI: Some strategies that
11 could be used to improve fuel economy and comply with the
12 Phase 2 standards could make it more difficult to control
13 NOx. Conversely, some strategies to reduce NOx can have a
14 fuel economy penalty. However, simultaneous reductions in
15 NOx and greenhouse gas emissions are possible. The key
16 will be for engine and truck manufacturers to design
17 integrated systems, keeping the needs to reduce both NOx
18 and greenhouse gas emissions in mind. Many technology and
19 strategies, such as hybridization, improved aerodynamics,
20 low rolling resistance tires, and reduced idling reduce
21 both NOx and greenhouse gas emissions.

22 --o0o--

23 MANAGER HEROY-ROGALSKI: I've already discussed
24 today efforts to improve fuel efficiency to further reduce
25 emissions for tomorrow's heavy-duty vehicles. To meet our

1 longer-term air quality and climate change goals, we need
2 to greatly expand the use of zero and near-zero emission
3 technologies. As you saw yesterday in the zero emission
4 vehicle showcase, ultimately we expect to see these
5 technologies mainstreamed into the heavy-duty vehicle
6 sector.

7 --o0o--

8 MANAGER HEROY-ROGALSKI: Over the past year, ARB
9 staff have collaborated with our air district partners to
10 evaluate the current state of various mobile source
11 technologies and fuels and assess the potential of
12 promising advanced technologies for use within the next
13 decade.

14 The heavy-duty engine and vehicle sector has been
15 a major component of this technology assessment and
16 included separate staff teams evaluating different
17 advanced technology sectors, such as hybrid, battery
18 electric, and fuel cell, as well as improvements to diesel
19 and natural gas engines.

20 The technology assessments have evaluated well to
21 wheel emissions for a variety of fuel types and
22 technologies, identified infrastructure needs, and
23 highlighted the most promising areas for ARB to focus its
24 demonstration and incentive funding efforts.

25 Staff held a series of workshops in September to

1 present the initial results and are currently working to
2 finalize their findings.

3 --o0o--

4 MANAGER HEROY-ROGALSKI: One of the main ways
5 California government can foster advanced technology
6 development and deployment is by investing in technology
7 demonstrations and deployment.

8 Together, ARB and the California Energy
9 Commission are currently distributing 200 million annually
10 in such funding with much of these funds being generated
11 by greenhouse gas auction proceeds. That is cap and trade
12 funds.

13 ARB and CEC are funding a diverse portfolio of
14 heavy-duty projects, including demonstrations, pilot
15 deployments, infrastructure, and use of renewable fuels.
16 This past June, the Board directed up to \$85 million in
17 ARB's heavy-duty vehicle funding to hybrid and zero and
18 near-zero truck and bus demonstration and deployment
19 projects. All of these funds are moving technologies
20 along the development path, from research and development,
21 through demonstration and pilots, toward commercialization
22 and widespread use.

23 --o0o--

24 MANAGER HEROY-ROGALSKI: So to wrap up today's
25 presentation, our existing heavy-duty truck programs have

1 been effective, but further improvements are possible.
2 And there's lots to do to encourage technologies that
3 advance us along the pathway to zero emission.

4 The upcoming Phase 2 greenhouse gas emission
5 standards will be an important next step in making trucks
6 more fuel efficient and cutting CO2 emissions.

7 Finally, the technology assessments currently
8 underway are laying the foundation for future regulatory
9 development and state implementation plans.

10 Thank you. We'll now be happy to respond to any
11 questions or comments you have.

12 CHAIRPERSON NICHOLS: Thank you.

13 We have a couple of people who signed up to speak
14 to us. So why don't we hear from them first. This is
15 obviously not an action item today, but I think we will
16 want to have some comments in general.

17 BOARD MEMBER SPERLING: Can I ask some clarifying
18 questions? So a great overview. The two slides that kind
19 of concerned me a little. The ones -- I think it's 15 and
20 16 talking about the engine durability and the NOx
21 controls in-use emissions. And I'd just like to
22 understand what exactly you're talking about, because at
23 least -- if we're talking about class eight trucks the
24 first few years, the majority of those are being used by
25 big fleets, long haul. I would think they're maintained

1 well.

2 And so the idea that there is maintenance issues
3 or that there's problems seems kind of odd to me, unless
4 we're talking about much later in the life of these
5 trucks. And you know, there is NOx issues also. But can
6 you explain that? What's really going on here? Because
7 it sounds like there is a real problem.

8 And also to quantify, is there any quantification
9 of how many we're talking about and how much higher are
10 these emissions really.

11 DEPUTY EXECUTIVE OFFICER AYALA: Let me get it
12 started and frame it for you at a higher level and then
13 we'll have staff give you additional detail.

14 When we set out to try to understand the question
15 in terms of the effectiveness of the filters, we went to
16 the field study that staff discussed. And in addition to
17 that, we also looked at the information that is reported
18 to the agency as part of the certification program. And
19 as we started peeling the layers of this onion, we
20 discovered, as staff reported, that, indeed, the filters
21 are working as designed. But they are not installed and
22 forget technology. You really have to pay attention to
23 other things that are going on with the engine. It's a
24 bit of the cannery in the mine type of thing.

25 What we learned as we started looking at the

1 warrantee reporting that the manufacturers are submitting
2 to us on a regular basis, we started uncovering a number
3 of warrantee claims and other issues with components in
4 the engine like turbo chargers and EGR valves and that
5 start of thing. When you have one of those components not
6 operating as designed, that problem can be manifested as a
7 filter problem. And really to sum it up from our staff's
8 perspective, what we are uncovering is an uncomfortable
9 high number of warrantee claims and such issues with
10 components and engines that should be a lot more durable.

11 And I think that's what we're trying to point to
12 here. That really we should be expecting a higher level
13 of quality in terms of the products that are being put on
14 the market and the reports we're looking at are not
15 suggesting that we have that high level of quality. And
16 obviously, we have a reference point in terms of what we
17 see for the light-duty sector. That's really what we're
18 trying to indicate here.

19 And as staff said, unfortunately, at the moment
20 we don't have the flexibility to actually do much about
21 it. That's one of the key issues we're going to be
22 working on. Because again statutorily, there is limited
23 action that we can take.

24 So let me turn to staff so see if they want to
25 add something.

1 ASSISTANT DIVISION CHIEF SAX: Todd Sax. I can
2 talk about a couple of things. I can talk about in-use
3 NOx. One of the things that we noticed in the testing
4 that we've done both in chassis dynamometer testing and
5 also in portable emissions measurement testing is that
6 under low temperature, low load operations, the selective
7 catalytic reduction device doesn't operate as efficiently
8 as it does at high speeds. And the net result of that is
9 what we term vocational applications for truck operations,
10 you don't necessarily get the same level of NOx control
11 that you would in over-the-road on the freeway
12 applications.

13 And that isn't to say that the trucks aren't
14 providing a NOx benefit. They are actually when we look
15 at the test data, the trucks that are certified in the
16 2010 standard for NOx are much cleaner than any of the
17 trucks that have been manufactured before them. But in
18 vocational applications, we think that there's more that
19 can be done to bring additional reductions out of the
20 aftertreatment systems to continue to achieve NOx
21 reductions.

22 CHAIRPERSON NICHOLS: This is a recap of the
23 discussion that we had on more than one occasion during
24 the hearings on our truck and bus rule. And I don't think
25 staff is adding anything new here. They're looking to

1 expand their jurisdiction to some degree. We may need
2 legislation in this area, quite frankly. And I think that
3 it's sort of an -- you have to balance a little bit
4 because we think that these past programs have achieved
5 results, but they haven't been as much as we hoped.

6 Any other clarifying questions before with turn
7 to the people who asked to speak to us? Okay. If not,
8 Matt Miyasato from the South Coast Air District.

9 MR. MIYASATO: Good morning, Chairman Nichols
10 members of the Board.

11 I just want to acknowledge Mayor Judy Mitchell
12 who sits on this Board, usually on this seat. For the
13 record, I met with some of the Deputy Executive Officers
14 on science technology advancement here at the South Coast
15 air basin. I'd like to thank the staff, not only for the
16 overview that you provided today, but also for involving
17 the air districts in the technology assessment because
18 heavy-duty trucks are near and dear to our hearts. As you
19 heard from Dr. Wallerstein yesterday, Dr. Joe Lyou and
20 Mayor Mitchell, we have a monumental challenge before us
21 in the South Coast to reduce our NOx emissions by 2023
22 over 60 percent.

23 And heavy-duty trucks, if you remember that bar
24 chart that Dr. Wallerstein showed, medium and heavy duty
25 trucks are at the top of the bar chart. They represent

1 the largest sector of NOx emissions. We believe that's
2 the area where we have the potential greatest emissions
3 reductions potential for NOx.

4 And, oh, by the way, if you reduce NOx emissions
5 with technologies, you also get reduction in diesel
6 particulate, which again Dr. Wallerstein showed is still
7 the largest contributor to air toxics in our region.
8 Although air toxics have reduced emissions, diesel
9 particulate is still the number one contributor to air
10 toxics.

11 So because of this, we've been focusing on
12 developing, demonstrating, and commercializing near-zero
13 and zero emission technology that your staff had
14 suggested. To be clear, when I say near zero, I'm talking
15 about a working definition of 90 percent lower than
16 existing standards. So .02 grams per break horsepower
17 hour. And the technologies that we're investigating span
18 the gamut from cleaner .02 gram heavy-duty natural gas
19 engines to plug-in hybrids with all-electric range. So if
20 you think of like a large Chevy Volt, fuel cell range
21 extended trucks, battery electric trucks, several of which
22 you saw out in the parking lot yesterday, to even trucks
23 that are running on trolly lines, much like the buses that
24 you see in the San Francisco area.

25 So although we're working on developing and

1 demonstrating these technologies with the California
2 Energy Commission as well as Department of Energy, as well
3 as other stakeholders in the region, where we really need
4 your help is the last couple slides your staff showed is
5 in the commercialization of this technology. As you know
6 from your experience with ZEV, you not only need
7 technology push, but you need market pull. So we need
8 your help in identifying opportunities, regulatory and
9 policy wise, to help the technology push as well as
10 incentivization for the market pull, for looking at
11 incentives not only to establish the early market, but to
12 keep the early market and then go for fleet penetration.

13 So we thank you and your staff for the
14 comprehensive overview that you've undertaken with the
15 technology assessment. But now the hard work begins. So
16 we want to work closely with you to identify the answers
17 for the two questions: How do we implement and
18 commercialize the technology? And how do we accelerate
19 the deployment, especially here in the South Coast where
20 we need those emission reductions so desperately. So
21 thank you.

22 CHAIRPERSON NICHOLS: Thank you.

23 John Wall of Cummins.

24 MR. WALL: Good morning, Chair Nichols and
25 members of the Board.

1 Thanks for the opportunity to comment in support
2 of the Phase 2 greenhouse gas standards for heavy-duty
3 vehicles and engines.

4 I'm John Wall, the Chief Technical Officer of
5 Cummins. We're the world's largest manufacturer of
6 automotive diesel engines and automotive natural gas
7 engines.

8 We think the challenge of climate change is
9 extremely important in air quality. So we're certainly
10 committed to continue to collaborate with the staff and
11 innovate work with industry partners and our customers to
12 respond to the challenge and with durable products.

13 In the short term time, I'd like to speak to the
14 measure of the rule. The Phase I greenhouse gas and fuel
15 efficiency rule really provides a very strong foundation
16 to move forward in Phase 2 and deliver on two important
17 principles: Regulatory integrity and business
18 consistency. Regulatory integrity to us means your
19 intended improvements in emissions are assigned
20 appropriately and directly to the engine and the vehicle
21 are realized in real world use and can be physically
22 verified and enforced.

23 This business consistency means the regulation
24 does not interfere with the structure and functioning of
25 established business relationships among component and

1 vehicle manufacturers and their customers and maintains a
2 level player field for all competitors. The critical
3 element of the Phase I rule that delivered on these
4 principles was a separate engine standard in addition to
5 the vehicle level standard.

6 Some have called for elimination of the vehicle
7 and component standard -- or the engine and component
8 standards and just the vehicle level standard in Phase 2.
9 The vehicle standard in Phase I that is planned for Phase
10 2 is based on computer simulation. It's useful for
11 dealing with the diversity of vehicles in calculating CO2
12 emissions at that level, but problematic for translating
13 apparent benefits into real world effects.

14 These trucks are very different than passenger
15 cars. As you know, they're not just one piece. They're
16 two pieces. The tractor and trailer are all interchanged
17 in use. So there are no integrated vehicle tests that
18 allow you to test at the vehicle level and enforce it in
19 use.

20 So you can calculate a very nice reduction in CO2
21 emissions with the computer simulation, but in use in the
22 real world, if the tractor is pulling a different trailer,
23 if different tires are being used, then the calculated CO2
24 emissions are really not being realized. So while it's
25 useful, that vehicle level standard in the computer

1 simulation does not deliver regulatory integrity.

2 A separate engine standard regulates the source
3 of CO2 emissions, the engine, directly and provides clear
4 direction to manufacturers for technology investment that
5 is needed. It ensures that the projected CO2 emissions
6 are realized regardless of the vehicle application and
7 configuration. It can be physically verified and enforced
8 with protocols that have been honed by ARB, EPA, by the
9 industry over the past three decades. And by using these
10 protocols, you can keep CO2 and NOx linked. NOx being
11 very important to the state of California. You don't want
12 to give one up for the other.

13 So these test protocols allow us to regulate both
14 simultaneously. It would also --

15 CHAIRPERSON NICHOLS: Your time is up.

16 MR. WALL: Sorry. I'm on a roll. In any case, I
17 think you got the point.

18 CHAIRPERSON NICHOLS: We do.

19 MR. WALL: We appreciate the time you've given us
20 to comment. There's some written comments.

21 CHAIRPERSON NICHOLS: We will look at the
22 comments, and we may have questions for you later if
23 you're going to be here. So thank you. Bonnie
24 Holmes-Gen.

25 MS. HOLMES-GEN: Good morning.

1 Bonnie Holmes-Gen on behalf of the American Lung
2 Association of California. And I also wanted to present
3 some comments on behalf of the affirmation both the Lung
4 Association and the Union of Concerned Scientists
5 basically supporting the great work that your Board is
6 doing to move towards stronger heavy duty standards, both
7 at the state level and at the federal level. And we
8 strongly support the efforts that you've been reporting on
9 today to work with EPA and NHTSA to set these strong phase
10 two standards and significantly ramp down climate
11 emissions from heavy-duty trucks. It's an incredibly
12 important sector from both our GHG reduction efforts and
13 for our criteria pollutants, meeting our federal standards
14 in the heavy-duty truck sector.

15 Emissions are expected to grow, unfortunately,
16 because of the increase in goods movement activity and
17 really need to ramp down those emissions.

18 We want to underscore the study that your staff
19 presented today by the Union of Concerned scientists and
20 other groups that emphasize the availability of
21 technologies to reduce heavy-duty truck emissions by 40
22 percent for these 40 percent compared to 2010 levels.
23 It's exciting that we have this new data and that we know
24 technologies are available that can cost effectively
25 reduce emissions, pay for themselves, reduce fuel costs to

1 owners, and achieve these health benefits. So we're
2 excited about that.

3 And the final point is that we wanted to
4 underscore the importance by focusing on standards that
5 can integrate the achievement of nitrogen oxides, NOx,
6 emissions reductions and the GHG. You've heard a lot
7 about that. We wanted to underscore the importance of
8 moving in that direction. And of course, a key way to
9 address that is to pursue zero emission technologies.

10 I wasn't able to be at the technology showcase
11 yesterday, but your webcam actually has some nice glimpses
12 of the showcase. And you have great press conference.
13 But we are really excited to continue working with you on
14 the zero emission solutions through cap and trade funding
15 incentives, the AB 118 program, and anything we can do, we
16 want to partner with you to move forward on the zero
17 emission technologies. Thank you so much.

18 CHAIRPERSON NICHOLS: Thank you. And that
19 concludes the list of witnesses who signed up. So just so
20 bring the conversation back to the Board, this is just a
21 status report. But things are moving fairly quickly with
22 respect to the EPA. As you heard, they're about to come
23 out with a proposal early next year. It's an important
24 part of the President's Climate Action Plan. So we are
25 going to be actively at the table.

1 I think it's fair to say we are concerned and a
2 couple reasons to be concerned. One is the potential for
3 a proposal that is not sufficiently ambitious, given
4 pressures that will be coming, clearly coming from people
5 who are going to be effected directly by the rule.

6 But the other thing that I think we have to keep
7 our eye on is this issue of how to make sure we're not
8 doing anything that precludes or interferes with our
9 ability to move forward with the tighter NOx standards.
10 So this is sort of a regulatory artistry issue as much as
11 it is a technology issue.

12 We had some conversation about that last year.
13 But I mean, yesterday, how soon we forget -- just
14 yesterday. But I think this is an area where Board
15 members are going to be hearing a lot in the weeks and
16 months to come and would appreciate your input as well as
17 your usual attention to making sure that ARB is in a
18 position to maintain the strong posture on this.

19 As you know, for the last several years, we've
20 been working very hard at trying to integrate our
21 activities more and more with the federal government in
22 order to save everybody the costs -- transactions costs of
23 multiple tests and so forth and to be on the same path.

24 But this is one of those issues where it may be
25 necessary for ARB to actually propose something that is

1 beyond what the federal government is prepared to do
2 because of our unique air quality needs. It's something
3 that I think will be resource-intensive and will be a
4 major commitment.

5 But if we look at what we've been through for the
6 last several years, dealing with the in-use vehicles --
7 and you realize how incredibly long these engines and
8 vehicle stay on the road and how conservative the industry
9 is, it's just it doesn't make sense to let one of those
10 rare opportunities go back when you've got the potential
11 to shape what the technology is going to be like for
12 literally decades to come into the future.

13 And the issue that Dr. Sperling was inquiring
14 further about in terms of the durability of the equipment
15 is going to be a key part of this, because given the fact
16 that they are dealing with equipment that's outdated for
17 long periods and used very widely, it's just going to be
18 important that we be mindful of the real world
19 implications of some of these tests that may look good now
20 but may not in the real world.

21 So if anybody has any additional comments or
22 thoughts, if not we can move on. Yes?

23 BOARD MEMBER MITCHELL: I'd like to make a couple
24 of comments.

25 Everything that you said I think is important.

1 But commercialization of this sector into the newer
2 technology is very important and is an extremely heavy
3 lift, as you said, because the truck life is very long.

4 But I also want to emphasize again the issues in
5 the South Coast District and San Joaquin Valley, we need
6 to have these extreme NOx reductions by 2023 and then
7 again by 2032. And we're also looking at Phase 2 with
8 even lower NOx standards. And that's important for public
9 health, but it also puts an extra extreme burden on the
10 South Coast district.

11 So I want to emphasize that the obligations to
12 get this done rest with us. We are the regulators of
13 mobile sources, and I think we, as a Board, must step up
14 and see that this gets done and that the NOx reductions
15 that are needed here in the South Coast and San Joaquin
16 can actually be accomplished. And it's our job to get
17 that done. I want to emphasize that. Thank you.

18 CHAIRPERSON NICHOLS: Thank you for that
19 reminder. And also tying it to the comment that Mr.
20 Miyasata made before about the dissemination of the new
21 vehicles. So our job is not only to use our regulatory
22 authority as well as we can, but also to do everything in
23 our power to design the program that will get the best
24 technology out there in the real world.

25 BOARD MEMBER SPERLING: So on this durability

1 question, I can't help but think there must be some better
2 way of dealing with it. It seems that now that we have
3 OBDs in all of these trucks and have for a number of years
4 and GPS, there must be some better way of approaching it.
5 We have so much data potentially available, and it's not
6 only in terms of the durability, but it's even in the case
7 that some areas have a much more severe pollution problem
8 than others. It might not be that we want to have a
9 uniform requirement for all trucks everywhere. Maybe
10 because of OBD, because of GPS, we can create kind of
11 pollution regions and think of some way that, you know,
12 whether through pricing or even just some other mechanism
13 that we could address it in a much more efficient and
14 effective way.

15 It could be that if there is a high pollution
16 area that you have -- if you're going to move your truck
17 in that area, you pay a high fee. So a fleet would send
18 in their electric trucks or their fuel cell trucks into
19 those areas. So I just think, are we kind of thinking at
20 all along those lines?

21 DEPUTY EXECUTIVE OFFICER AYALA: Certainly, I
22 think the short answer is absolutely. I completely agree
23 with you that we are at the cusp of unleashing a level of
24 innovation in terms of not just cleaner engines and
25 trucks, but really truly sustainable mobility.

1 Transportation solutions will actually get us what we need
2 in terms of not only the NOx, but the GHG.

3 You're right, OBD is the starting platform. I
4 mean, you know, we really want to learn from the lessoned
5 learned and the fact for our cars and light-duty cars,
6 we're going to be doing all IMN using the OBD system. We
7 want to take those learnings and explore the potential the
8 system has for the heavy duty trucks.

9 When you consider the trends in the industry in
10 terms of connectivity vehicle to vehicle, vehicle to
11 internet, et cetera, I think we are at the point of
12 looking at the potentially doing exactly what you're
13 saying, Dr. Sperling.

14 And part of the technology assessment that we are
15 working on is trying to get into some of those areas so we
16 can truly maximize the benefit in terms of increasing the
17 efficiency of moving things and people as well as reducing
18 the emissions at the core engine level.

19 BOARD MEMBER SPERLING: Have any specific ideas
20 that we are exploring?

21 DEPUTY EXECUTIVE OFFICER AYALA: So the very idea
22 that you suggested is something that we actually have been
23 talking to a few manufacturers. And that is because the
24 systems are getting to the level of sophistication that
25 you can dial in, in certain areas, you can go into a mode

1 that will give you, say, low NOx emissions. In other
2 areas, you can dial in highly efficient engine operation.

3 So obviously, technology that is zero as Dr.
4 Miyasata talked about is going to be absolutely
5 instrumental. So we're really exploring all the options
6 at this point. I don't think that we've completed truly
7 the in-depth assessment that we have in the works. And
8 obviously, the input from the district and industry and
9 other stakeholders is really going to get us down into
10 what eventually is going to be the final solution.

11 But the future looks very promising. And again,
12 I think the credit goes to the manufacturers who are the
13 ones that are innovating and actually bringing us this
14 great technology to the market.

15 CHAIRPERSON NICHOLS: I hear a little bit of a
16 disconnect here. So I'm just going to weigh in.

17 I think what Dr. Sperling is suggesting, as he
18 often reminds us, is that there may be ways that we can
19 employ fees or other kinds of variable incentives in order
20 to target the reductions where we need them to be.

21 I, of course, coming at this from a different
22 perspective, see the headline "ARB adopts sacrifices for
23 areas that are not going to get the cleaner trucks" and
24 start to worry about the opposite.

25 But regardless of which of those points you come

1 from, it is true that our need for the additional control
2 is so much greater than any other place that we know of,
3 at least right now, that it's hard for us to get our
4 federal counterparts to seriously consider the levels of
5 control that we need to meet our needs here in southern
6 California. So we're going to have to explore every idea
7 that's out there, even ones that may have been looked at
8 before but didn't seem to be applicable I think are going
9 to have to be on the table.

10 So I do encourage you to think both about
11 technology and about other tools that we could use at the
12 same time.

13 BOARD MEMBER SPERLING: And Chairman Nichols, one
14 more question for you. You made the comment that we might
15 have to go a separate way from EPA. Were you referring to
16 just NOx but also greenhouse gas emissions?

17 CHAIRPERSON NICHOLS: The two are -- the two of
18 them are related to each other, obviously. We're dealing
19 with the same engines, the same uses. So I think it's
20 possible that we would want to try to do both.

21 I'm encouraging the staff, and I've told my
22 friends and colleagues at EPA that they should expect us
23 to at least be seriously considering that idea whether we
24 would actually go through it or not. I think what we have
25 to look at the cost and benefits of doing a separate

1 California standard.

2 But the fact is that we are the only counter
3 weight that's out there to the views that are going to be
4 heard very loudly in Washington at OMD and elsewhere that
5 it doesn't make sense to push as far as we need to go.

6 I mean, we look at the technology and say 40
7 percent, sure. What about more? Why are we limiting
8 ourselves to 40 percent? Let's think about doing
9 something more ambitious.

10 And while that viewpoint might be discussed by
11 friends, for example, from the environmental community, it
12 would not have anything like the same impact as if
13 California is actually seriously proposing to do something
14 along those lines. So I think it's worth seriously
15 pursuing.

16 Yes?

17 BOARD MEMBER SHERRIFFS: Thank you.

18 On Ms. Mitchell's comments, reminding us that 70
19 percent of the health risk of air pollution in the
20 United States of America, the population that is affected
21 is the South Coast and the San Joaquin Valley. So this
22 really is critical to our state and critical to specific
23 areas of the state. And depending how far that ozone
24 level is set by the EPA, well, in some ways it will remind
25 a lot of the United States about the issue, in a sense,

1 put us back in the game. They it may not appreciate it
2 now, but it is important to their health.

3 CHAIRPERSON NICHOLS: Always a good reminder to
4 bring this back to the health.

5 Okay. I think we should move onto our next item,
6 which is a report on the incentive-based emission
7 reduction measures in the San Joaquin Valley. How
8 appropriate.

9 So we while the staff is switching places, I'll
10 just note that California has made a substantial
11 investment over the last 15 years in standardizing the
12 introduction of new cleaner technology earlier than what
13 the law and regulations otherwise would require.

14 Incentive programs provides significant emissions
15 reductions across the state and are a critical part of
16 meeting the state's SIP commitments for emission
17 reductions in the San Joaquin Valley. In fact, there's I
18 think nowhere what has deployed incentive programs as
19 widely as the San Joaquin has.

20 Staff has been working with U.S. EPA to ensure
21 that the state receives SIP credit for these emissions
22 reductions. The report that we're considering today is
23 one step in seeking U.S. EPA's approval to recognize the
24 reductions from these incentive programs.

25 Mr. Corey, would you please introduce this item?

1 DEPUTY EXECUTIVE OFFICER COREY: Yes. Thank you.

2 In 2008, ARB adopted a SIP for the San Joaquin
3 Valley to attain an annual PM2.5 standard by 2014.

4 In the SIP, ARB committed to reduce emissions to
5 the levels necessary to achieve the PM2.5 standard through
6 the ongoing benefits of existing control programs, new
7 control measures, and programs the Board has adopted since
8 SIP approval and from incentive programs.

9 The report quantifies emission reductions from
10 the Carl Moyer and Prop. 1B incentive programs and
11 demonstrates how these emission reductions can be counted
12 towards meeting the emission reduction commitments in the
13 San Joaquin Valley SIP.

14 And with that, Carol Sutkus sensitivity will
15 present the staff presentation.

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

18 MANAGER SUTKUS: Thank you, Mr. Corey. And good
19 morning, Chairman Nichols and members of the Board.

20 Today, I will provide you with an overview of
21 staff's report on incentive-based emission reductions in
22 the San Joaquin Valley.

23 This report serves as a mechanisms for the U.S.
24 Environmental Protection Agency to approve emission
25 reduction achieved through the Carl Moyer and Proposition

1 1B incentive programs as part of the State Implementation
2 Plan, or SIP, for the San Joaquin Valley.

3 --o0o--

4 MANAGER SUTKUS: Incentive programs play an
5 important role in reducing emissions in California. They
6 work hand in hand with regulations to provide emission
7 reductions. And the early investment in advanced
8 technology spurs commercialization of cleaner vehicles and
9 equipment. These advanced technologies ultimately become
10 commonplace.

11 Incentive programs were first included in
12 California SIPs 20 years ago and have been a key component
13 of the state's air quality strategy ever since.

14 --o0o--

15 MANAGER SUTKUS: There are a broad variety of
16 incentive programs available in this state that draw on a
17 mix of local, state, and federal funding.

18 On a statewide basis, ARB works closely with the
19 local air districts to distribute incentive funds and
20 implement the requirements of the programs, including
21 tasks such as inspections and audits. In turn, air
22 districts tailor their incentive programs to meet their
23 local needs.

24 Today, we are focusing on two successful
25 incentive programs; the Carl Moyer Memorial Air Quality

1 Standards Attainment Program and the Proposition 1B Goods
2 Movement Emission Reduction Program. These two programs
3 have awarded a total of \$1.6 billion in California to
4 date.

5 --o0o--

6 MANAGER SUTKUS: The Carl Moyer Program has been
7 in place for over 15 years and provides grant funding for
8 cleaner than required engines and equipment.

9 Last year, ARB, local districts, and stakeholders
10 collaborated to sponsor legislation to maintain Carl Moyer
11 Program funding into the future.

12 Legislative action successfully reauthorized
13 funding for the Carl Moyer Program through 2023.

14 To date, this program has awarded \$900 million,
15 statewide, with \$151 million in the San Joaquin Valley,
16 replacing over 5,000 highly polluting engines.

17 --o0o--

18 MANAGER SUTKUS: The Proposition 1B program was
19 established by voters in 2006 to reduce health risks along
20 trade corridors. The program funds emission reductions
21 from activities related to the movement of freight. To
22 date, over \$700 million have been awarded for projects
23 throughout California. In the San Joaquin Valley, \$145
24 million have been awarded, replacing about 3,000 highly
25 polluting engines.

1 The Board adopts guidelines that specify how the
2 programs are implemented. These same guidelines also
3 provide the basis for demonstrating to the U.S. EPA that
4 the reductions achieved meet the requirements of the Clean
5 Air Act.

6 --o0o--

7 MANAGER SUTKUS: When the Board adopts a SIP, it
8 makes legal commitments to take specific actions and to
9 achieve the total reductions needed to attain the air
10 quality standard in a region.

11 The total reductions come from ongoing
12 implementation of the existing control programs, plus
13 further emission reductions from new emission reduction
14 measures. These reductions can be achieved through
15 regulations as well as incentive programs.

16 Once adopted and SIP implementation begins, staff
17 tracks the status of proposed rules, adopted regulations,
18 and reductions from incentive programs to document that
19 the state is meeting its SIP commitment.

20 Today's report is part of the SIP tracking effort
21 for the San Joaquin Valley.

22 --o0o--

23 MANAGER SUTKUS: In 2008, ARB made a SIP
24 commitment for emission reductions in the San Joaquin
25 Valley as part of the SIP for the annual PM2.5 standard in

1 2014. Today's report identifies emission reductions that
2 have been achieved through the Carl Moyer and Proposition
3 1B incentive programs in the 2014 calendar year as part of
4 meeting that commitment.

5 For each type of incentive project, the report
6 details how the Moyer and Proposition 1B guidelines meet
7 the U.S. EPA approval requirements for reductions being
8 enforceable, quantifiable, surplus, and permanent. These
9 are the same criteria U.S. EPA uses when approving
10 reductions achieved through regulations.

11 The report also identifies each specific project
12 from which reductions in 2014 are achieved.

13 --o0o--

14 MANAGER SUTKUS: The emission reductions
15 documented in the report are from projects that achieve
16 reductions throughout the entire 2014 calendar year.
17 There are over 800 Carl Moyer projects and almost 1500
18 Proposition 1B projects, consisting of off-road mobile
19 agricultural equipment, portable engines, and heavy-duty
20 diesel trucks.

21 The emission reductions achieved from these
22 projects are shown here in this table, representing 7.8
23 tons per day of NOx reductions and .2 tons per day of
24 diesel PM2.5 reductions in 2014. Through this report, ARB
25 is documenting that these projects provide SIP creditable

1 emission reductions.

2 --o0o--

3 MANAGER SUTKUS: Staff, therefore, recommends
4 that the Board approve the report and direct staff to
5 submit it to U.S. EPA for inclusion in the SIP. That
6 concludes my presentation.

7 Staff will be happy to answer any of your
8 questions.

9 CHAIRPERSON NICHOLS: Any questions? We have one
10 witness.

11 Cary Drake of U.S. EPA.

12 MR. DRAKE: Good morning, Chair Nichols and
13 members of the Board.

14 On behalf of EPA, let me say thank you for
15 letting us testify before you today. So we understand and
16 I think the previous presentations really bear it out. We
17 understand that not only is your Board a partner with EPA
18 in setting stringent emission limits for engines and
19 mobile sources, that in many ways it's a leader in that
20 very same endeavor. And we also understand that you need
21 those stringent emission standards because of the air
22 quality challenges that you have here, particularly in the
23 South Coast and San Joaquin Valley.

24 And we also understand that you've taken
25 sometimes heroic I think measures through in-use rules,

1 for example, to accelerate the emission reductions. And
2 also an amazing investment that your Board or that your
3 staff just laid out to you in accelerating those emissions
4 reductions that are needed.

5 And we also understand that you need credit for
6 those State Implementation Plans, because we're getting to
7 that point where we need those credit in order to meet
8 federal Clean Air Act requirement.

9 So it's been a longstanding interpretation of EPA
10 that economic incentive programs are creditable in the
11 SIP, but that they have to be demonstrated to be
12 quantifiable surplus, enforceable, and permanent as the
13 staff just laid out.

14 We believe that it's important for the state to
15 give us a rigorous evaluation of these criteria and to
16 demonstrate that those criteria have been met. And that's
17 what this report is intended to do.

18 So we've worked with your staff on this. We
19 appreciate their hard work. We look forward to you
20 submitting it to us and reviewing it and acting from
21 there.

22 I'm here to answer any questions if you have any.

23 CHAIRPERSON NICHOLS: I don't think there are any
24 questions here. Thank you so much. Appreciate your
25 coming and participating.

1 We have a Resolutions Number 14-36. Do I have a
2 motion and a second?

3 BOARD MEMBER SHERRIFFS: Move the amended
4 regulation.

5 BOARD MEMBER GIOIA: Second.

6 BOARD MEMBER EISENHUT: Second.

7 CHAIRPERSON NICHOLS: Let's do a voice vote.
8 That's good to do every once in a while.

9 BOARD CLERK JENSEN: Ms. Berg?

10 BOARD MEMBER BERG: Aye.

11 BOARD CLERK JENSEN: Mr. De La Torre?
12 Mr. Eisenhut?

13 BOARD MEMBER EISENHUT: Aye.

14 BOARD CLERK JENSEN: Supervisor Gioia?

15 BOARD MEMBER GIOIA: Aye.

16 BOARD CLERK JENSEN: Mayor Mitchell?

17 BOARD MEMBER MITCHELL: Aye.

18 BOARD CLERK JENSEN: Mrs. Riordan?

19 BOARD MEMBER RIORDAN: Aye.

20 BOARD CLERK JENSEN: Supervisor Serna?

21 BOARD MEMBER SERNA: Aye.

22 BOARD CLERK JENSEN: Dr. Sherriffs?

23 BOARD MEMBER SHERRIFFS: Yes.

24 BOARD CLERK JENSEN: Professor Sperling?
25 Chairman Nichols?

1 CHAIRPERSON NICHOLS: Aye.

2 BOARD CLERK JENSEN: The motion passes.

3 CHAIRPERSON NICHOLS: Great. Thank you.

4 BOARD MEMBER SHERRIFFS: On behalf of the valley,
5 thanks staff for their hard work on this moving it
6 forward. You batted more than 400 on this one.

7 CHAIRPERSON NICHOLS: Good work. It's nice that
8 it seems to simple. And it's really great that EPA has
9 found a way over the years to legitimately credit things
10 that don't come in the form of regulations that are easy
11 to enforce.

12 BOARD MEMBER SHERRIFFS: The incentives are
13 hugely important to making -- well, it works both ways.
14 It's the regulations that make the incentives work, but
15 also it's the incentives and how those are applied that
16 make people more accepting and willing to work and come to
17 the table with regulations.

18 CHAIRPERSON NICHOLS: And the fact you can
19 actually quantify the reduction is obviously key. Great.
20 All right.

21 Our last item before we break for an executive
22 session, which will be short, is a continuation of our
23 discussion from prior Board meetings regarding the process
24 for updating the SB 375 targets. The issue has generated
25 a lot of interest from numerous participants around the

1 state. The Scoping Plan update under AB 32 reiterated
2 that greenhouse gas emission reductions are needed from
3 the transportation sector, including changes to land use
4 as well changes in technology.

5 Passenger vehicle emissions proposed about
6 one-quarter of the total greenhouse gas emissions in
7 California. For this reason, SB 375 is one of the key
8 strategies mentioned in this Scoping Plan for meeting our
9 climate objectives.

10 Today, staff will provide recommendations for how
11 we will update the targets. And this has come out of
12 discussions with a spectrum of stakeholders over the last
13 year.

14 While today's informational item does not involve
15 any formal request for Board action or decision on
16 revising the greenhouse gas emissions reductions targets,
17 I expect that the Board members will be sharing with staff
18 their ideas, thoughts, and guidance on how to proceed.

19 Mr. Corey, would you please introduce this item?

20 DEPUTY EXECUTIVE OFFICER COREY: Yes. Thank you,
21 Chairman.

22 In 2010, the Board adopted per capita greenhouse
23 gas emission reduction targets for the 18 NPOs in
24 California pursuant to SB 375.

25 The first round of regional transportation plans

1 and sustainable community strategies prepared pursuant to
2 SB 375 is nearly complete. And the second round is
3 already underway in certain regions. ARB's role in
4 implementing 375 includes reviewing the greenhouse gas
5 determinations prepared by the MPOs and setting and
6 revising the GHG emission reduction targets that apply to
7 each of the MPOs.

8 375 requires ARB to update the GHG emission
9 reduction targets every eight years, but the Board can
10 revise them of four years to reflect changes that may
11 effect the targets. When ARB adopted the targets in 2010,
12 you asked staff to come back in four years to discuss
13 updating targets.

14 In January 2014, staff briefed you on the status
15 of implementation of the program and some thoughts on the
16 process for the next target update. Since the January
17 briefing, we've had numerous discussions with MPOs,
18 stakeholders, and the public to gather input on process to
19 update the targets.

20 Staff will present recommendations to you today
21 that include continued outreach to the MPOs and regular
22 communication with stakeholders over the next year as we
23 develop recommended regulations from new targets.

24 And with that, Terry Roberts will give the staff
25 presentation. Terry.

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

3 MANAGER ROBERTS: Thank you, Mr. Corey.

4 Good morning, Chairman Nichols and members of the
5 Board.

6 This is an informational briefing to present
7 staff's proposed approach to updating the SB 375
8 greenhouse gas emission reduction targets for the MPO
9 regions of California.

10 When the Board established the original targets
11 in 2010, you directed staff to provide an update in four
12 years to review the progress of target implementation and
13 the need for updating the targets. Early this year, the
14 Board provided further direction by asking staff to engage
15 in public outreach with stakeholders before recommending
16 on approach for updating the targets.

17 This briefing presents the results of our
18 stakeholder outreach, a proposed time line and process for
19 updating targets, and a description of related work that
20 staff will undertake over the next two years.

21 --o0o--

22 MANAGER ROBERTS: SB 375 implementation involves
23 several things. It means ARB establishing and updating
24 the targets. It means MPOs adopting regional plans that
25 show how the targets could be achieved.

1 Most importantly, it means local actions to
2 implement the regional plans so that they are more than
3 just policy statements, but rather action-oriented plans
4 that result in real greenhouse gas reductions.

5 The first group of adopted sustainable community
6 strategies, or SCSs, demonstrates a commitment to more
7 sustainable planning. The success of the target update
8 and new planning rests on implementing the current plans
9 so that the regions can meet their 2020 targets and
10 establish the foundation for meeting their 2035 targets.
11 Our priority now should be on the SCS implementation.

12 The SB 375 program has resulted in many positive
13 changes in the way that California plans for the future.
14 It has created a framework for better planning and
15 decision making. Implementing the current plans is
16 expected to result in many positive changes in our
17 communities beyond greenhouse gas reductions, such as:
18 Improved public health through active transportation, more
19 ability choices that reduce reliance on the single
20 occupant vehicle; more coordinated land use planning;
21 lower costs for transportation, utility infrastructure and
22 energy; and conservation of natural resources for a more
23 compact development patterns.

24 These benefits have generated broad support for
25 the plans among residents, local governments, the business

1 community, health professionals, and environmental
2 organizations.

3 --o0o--

4 MANAGER ROBERTS: With the heightened awareness
5 of co-benefits associated with SCSs, there is growing
6 interest in developing methods to measure or quantify
7 those co-benefits. MPOs have developed a variety of
8 performance measures to evaluate the benefits and to
9 monitor the performance of their plans. Some of these
10 performance measures include improvements in public
11 health, increasing the amount of open space and ag land
12 conserved, increasing economic and job growth, and
13 reducing infrastructure costs.

14 The ability of MPOs to develop and use robust
15 performance measures is often limited by the availability
16 of tools and data to quantify these co-benefits and
17 measure change over time.

18 For example, while new tools are being developed
19 and tested to quantify the public health and other
20 co-benefits of an SCS, there are currently no widely
21 available and universally accepted tools for this purpose.
22 Additional work is necessary to develop better methods
23 that can be made available for use by MPOs and local
24 governments.

25 --o0o--

1 MANAGER ROBERTS: We are seeing SCSs that reflect
2 more integrated planning with more sustainable land use
3 strategies supported by a program of transportation
4 investment that can result in lower per capita greenhouse
5 gas emissions. A few examples of notable land use
6 strategies include focused growth in priority development
7 areas in the Bay Area, focused infill development in high
8 quality transit areas in southern California, mapping of
9 potential infill locations in the San Diego region's smart
10 growth concept map, and the Sacramento region's focus on
11 compact mixed use supported by high frequency transit. In
12 virtually every SCS, we see the policy of encouraging more
13 compact growth in existing urbanized areas.

14 Similarly, the SCS reflect common transportation
15 strategies that support a move towards more compact urban
16 infill. These include policies to accelerate and expand
17 investments in public transit, including bus, bus rapid
18 transit, and light rail services.

19 Every region has made commitments to active
20 transportation as a component of the transportation
21 system, with increased planning and dedication of funding
22 for pedestrian and bicycle infrastructure. Where
23 appropriate, MPOs have made commitments to develop the
24 local infrastructure necessary to meet and surpass
25 statewide goals for the purchase and use of advanced

1 technology vehicles.

2 --o0o--

3 MANAGER ROBERTS: The commitment to plan must be
4 accompanied by a commitment to implement those plans if
5 emission reductions are to be realized. MPOs are taking
6 steps to implement their first SCSs. However,
7 implementation of these SCSs is dependant on available
8 resources for planning and project development.

9 The regional transportation plans of which the
10 SCS is an integral component are financially constrained.
11 By law, the RTP must include a financial component that is
12 based on reasonably foreseeable funding to cover the cost
13 of projects included in the plans.

14 All MPOs have identified funding needs to
15 implement their plans and recognize that the financial
16 resources for local SCS implementation are severely
17 limited. It is critical that funding be available in
18 sufficient amounts to support SCS implementation at both
19 the regional and local levels.

20 Investments need to be made now if we expect
21 regions to meet their 2020 targets and stay on course to
22 reach their 2035 goals. This fiscal year, the Strategic
23 Growth Council plans to allocate \$130 million in cap and
24 trade proceeds through its Affordable Housing and
25 Sustainable Communities Program. The SGC's grant

1 MPOs to meet their current 2020 targets. There is also
2 broad agreement that MPOs should have the opportunity to
3 provide target recommendations to ARB based on scenario
4 development and other technical data and analysis.

5 This is consistent with the statutory requirement
6 for ARB to engage in the consultative process with MPOs
7 and others before updating the targets.

8 Finally, there is support for continuing efforts
9 to develop tools and other methods of estimating the
10 co-benefits of regional plans, particularly in the area of
11 public health. All of these themes, as well as staff's
12 recommended approach, are reflected in the staff report
13 that ARB staff released on October 15.

14 In the next few slides, I will present the
15 proposed schedule for updating the targets. The 18 MPO
16 oxidation can be placed in three groups which for policy
17 and technical reasons should be addressed separately. The
18 following time line and process take into consideration
19 our focus on SCS implementation together with the
20 recognition that MPOs have staggered, not concurrent,
21 schedules for plan updates.

22 --o0o--

23 MANAGER ROBERTS: The four largest MPOs, SANDAG,
24 SCAG, SACOG, and MTC are the four largest regions of the
25 state representing the majority of the state's population

1 strategies and inter-regional travel over the next year or
2 so.

3 The process should provide help us to more
4 accurately quantify the emission reductions achievable by
5 their first SCSs. Staff would return to the Board in 2016
6 with recommended targets for these eight MPOs to use in
7 their next SCSs slated for adoption in 2018.

8 --o0o--

9 MANAGER ROBERTS: The modest targets for six
10 smaller MPOs were largely based on the greenhouse gas
11 emission reductions expected from their RTPs in place at
12 the time of the initial target setting. For some, their
13 targets are zero. And in one case, the target is actually
14 an increase in per capita emissions.

15 However, their first SCSs are demonstrating much
16 better performance than the targets demanded. By early
17 2015, all six of these MPOs will have adopted an SCS and
18 the performance of their SCSs will help inform updated
19 targets.

20 Targets for the six smaller MPOs would be updated
21 based on greenhouse gas emissions, strategies adopted, or
22 reductions projected in their first SCSs.

23 ARB staff would consult with the MPOs regarding
24 any changes in modeling tools, methodology, or assumptions
25 before recommending updated targets. This is something we

1 would do with other MPOs, as appropriate.

2 For the six smaller MPOs, staff would return to
3 you in late 2015 with recommended targets, which would
4 apply to their second SCSs scheduled for adoption
5 beginning in late 2016.

6 --o0o--

7 MANAGER ROBERTS: This table is simply a summary
8 of the update schedule that I just described for the three
9 different groups of MPOs. Staff would return to the Board
10 in 2015 with recommended target updates for the four
11 largest MPOs and also for the six smaller MPOs. Staff
12 would return to you in 2016 with target recommendations
13 for the eight San Joaquin Valley MPOs. And this table
14 just reminds you about the year in which those updated
15 targets would apply.

16 --o0o--

17 MANAGER ROBERTS: Public discussion among MPOs,
18 stakeholders, modeling experts, and state agency partners
19 have been important to making progress on complex issues.
20 Several topics have been identified by ARB staff and
21 stakeholders as important for discussion and collaboration
22 over the course of the next two years as targeted are
23 being updated.

24 These include: Identifying better tools and
25 methods to account for inter-regional travel and explore

1 methodologies that could be used for future SCS
2 development; working with MPOs to establish more
3 consistency in the factors used to develop key
4 assumptions, including auto operating costs and socio
5 economic forecasts, which are fundamental inputs to their
6 regional travel models.

7 We would MPOs to increase consistency in their
8 model validation and peer review processes and develop a
9 more standardized set of Sensitivity tests that MPOs would
10 conduct for purposes of ARB's technical evaluations.

11 We would also want to strike the appropriate
12 balance between encouraging innovative technology measures
13 as a means of achieving emission reductions, and
14 emphasizing the importance of land use and transportation
15 strategies in an SCS.

16 We would also facilitate a discussion of best
17 practices and lessons learned for SCS development and
18 implementation, ranging from procedural practices such as
19 public participation strategies to the use of innovative
20 land use and transportation strategies.

21 We would also encourage the development and use
22 of tools that would enable MPOs to quantify or estimate
23 the co-benefits of sustainable community strategies.

24 ARB staff will continue to periodically
25 facilitate discussions on these focused topics with MPOs,

1 stakeholders, appropriate state agencies, and the public.
2 To maximize the effectiveness of these discussions, staff
3 will invite appropriate technical experts who can
4 contribute to greater understanding of the issues. And
5 staff intends to ensure representation from large and
6 small MPOs.

7 --o0o--

8 MANAGER ROBERTS: In closing, our focus should be
9 on SCS implementation to ensure that the extensive
10 planning work done so far results in real emission
11 reductions.

12 MPOs and local governments need sufficient
13 resources to invest in planning and project development as
14 early as possible to enable the regions to achieve their
15 2020 targets and put them on the path to achieve their
16 2035 targets.

17 The consultative process used for initial target
18 setting was useful to demonstrate the range of possible
19 CSC strategies and potential emission reductions possible
20 from those strategies. Staff will work with MPOs
21 throughout 2015 to encourage innovative approaches to the
22 development and testing of scenarios and strategies and to
23 maximize potential emission reductions and co-benefits of
24 future SCSs.

25 Recommended targets will be presented to the

1 Board for these three groups of MPOs in 2015 and '16 for
2 your consideration and adoption.

3 ARB staff will work with MPOs to ensure that
4 recommended targets reflect a sustained effort to reduce
5 greenhouse gas emissions and that emission reductions
6 continue to grow over time through 2035 and beyond.

7 Thank you. That concludes staff's presentation.
8 I'm happy to answer any questions.

9 CHAIRPERSON NICHOLS: Questions before we go
10 ahead.

11 BOARD MEMBER GIOIA: A question. I'll hold my
12 comments until later.

13 Having been involved in the Bay Area SCS with the
14 timing, I wanted to be clear. The chart that shows --
15 this will help me in my comments later on when I listen to
16 the speakers. I guess it's timing updates, slide 11.

17 So just to help, the second SCS is due different
18 dates for different regions or all the same? So explain
19 the dates they're due. I think it's 2017 in the Bay Area,
20 the climate option deadline. So just to be clear, because
21 that effects our timing here. The four largest MPOs, are
22 they all 2017? Could you just tell us when they are?

23 MANAGER ROBERTS: For the four largest MPOs, they
24 go in order for -- I'll just stick them in chronological
25 order. There's four large MPOs.

1 SANDAG adopted their first SCS in 2011. Their
2 second one would be in early 2015, and their third SCS
3 would be adopted in early 2019.

4 If you take SCAG and SACOG, they're about the
5 same schedule. Their first SCS was adopted in 2012.
6 Their second SCS would be adopted in 2016. And the third
7 one would be adopted in 2020.

8 For MTC, the Bay Area, their first RTP SCS was
9 adopted in July of 2013. The second one would be adopted
10 about midyear 2017. And the third one would be adopted in
11 2021. That's assuming they're follow for the update.

12 BOARD MEMBER GIOIA: Is there a pattern on the
13 San Joaquin? Are they all about the same?

14 MANAGER ROBERTS: For the San Joaquin Valley,
15 they all adopt in the same year -- maybe different months,
16 but all the same year.

17 BOARD MEMBER GIOIA: What were the years?

18 MANAGER ROBERTS: It was 2014, this year. Their
19 second SCS will be adopted in 2018. And their third SCS
20 will be adopted in 2022.

21 BOARD MEMBER GIOIA: Okay. And the six smaller
22 ones are all the same years?

23 MANAGER ROBERTS: They're not all the same.

24 CHAIRPERSON NICHOLS: Okay. This helps me
25 understand. For some reason, I thought all of the were

1 was 2017. But this helps frame this a little bit.

2 Thanks.

3 CHAIRPERSON NICHOLS: We have 16 witnesses who
4 have signed up, beginning with Mike McKeever, followed by
5 Ahron Hakimi, Kern COG.

6 MR. MC KEEVER: Thank you very much, Chair
7 Nichols, members of the Board.

8 I think you're going to hear mainly common ground
9 amongst the diverse MPOs that are here today, but I want
10 to be clear that my remarks are for sure related to the
11 four largest MPOs. I don't want to inadvertently say
12 something someone doesn't agree with.

13 We're very appreciative of the staff
14 recommendations in terms of the approach to both the
15 second round and the third round targets. It's a good
16 example of the great working relationship we've been able
17 to form or you've been able to form with us at your Board
18 level and your staff level.

19 It is really critical to us that we have the
20 elbow room to focus on implementation. We hear you see
21 that's good news. You actually do want these plans
22 implemented and the benefits to the plan delivered. We
23 think this approach gets us there.

24 We are also supportive of the notion -- very
25 supportive of the motion of starting the update to the

1 third round early. And the question about the timing gets
2 you into complicated issues. I do, unfortunately, need to
3 just tell you that there are some practical issues
4 associated with the timing. I don't want to take time
5 today to go into them. We would very much like to get
6 with your staff and roll up our sleeves and work for
7 solutions to that.

8 The big four are so concerned about the timing
9 issue that we are strongly thinking of using this as an
10 impetus to go to the federal government for permission to
11 get all of ours on the same time frame. And there may be
12 MPOs in the state that want to do that, too. So that's
13 the nature of the discussion that we want to have.

14 We also understand, I will say on the record,
15 that the unstated context of that early start is that the
16 third round in, what meeting the ambitiously achievable
17 target may mean may very well be a harder target to meet
18 than it did in round one. And we get that and we're where
19 we trust you to work with us to see if there are feasible
20 ways to do even better.

21 I do would like to make a couple of related
22 comments, Chair Nichols, if I could related to the ongoing
23 cap and trade issue, because I do think it relates. We
24 have for a long time been hoping that the cap and trade
25 money would help us to implement the plan and even deliver

1 savings beyond what are in our first round plans.

2 Unfortunately, I'm not particularly optimistic
3 given the state of the draft guidelines for the 20 percent
4 of those funds that relate to the affordable housing
5 sustainable communities strategy that we are going to get
6 there.

7 The 375 is a great example of at least one
8 version of the healthy partnership between roles of
9 states, regions, and local governments where the state
10 sets a very clear performance standard. The regions and
11 their cities and counties have virtually complete
12 flexibility to figure out how to meet that standard given
13 the realities of our local regions and then --

14 CHAIRPERSON NICHOLS: Go ahead. I'll let you
15 finish up.

16 MR. MC KEEVER: I'll try to be quick. I do have
17 a couple points I would sure appreciate time to make.

18 And then you with your technical staff and
19 ultimately your Board have the capacity to hold us
20 accountable for whether our unique ways of meeting that
21 clear performance standard are real or whether we're
22 fudging the numbers or not doing it well enough. That is
23 working. That model is working. And we are together very
24 much in a race to the top situation where we're getting
25 better and better at delivering benefits to the planet.

1 I'm really worried at this point that the cap and
2 trade at least in year one is the reverse of that. There
3 were more silos in the statute than we had hoped for. But
4 they're workable.

5 What's happening in the draft guidelines is more
6 and more silos are being created and categories beyond
7 what are required by the statute. And they're serving
8 many totally legitimate public policy interests. But
9 every new category that's created and new quota about X
10 percent of the money has to be spent here and here reduces
11 the power of the greenhouse gas emission reduction
12 imperative, which is the only point of cap and trade,
13 which is to take a very substantial sum of money, we hope,
14 and deliver the very most savings for the state that is
15 possible through that pot of money. Ad we don't think the
16 track it's currently on is serving that interest.

17 We are concerned that a lot of knowledge and
18 staff capability that exists throughout the state in the
19 18 MPOs and in the rural counties is not looked on as a
20 resource that will be beneficial and help the state to
21 accomplish that. And we're concerned that the
22 prescriptive standards are so tight that it's even going
23 to limit how many proposals you get, let alone encourage
24 the most innovative, creative, and productive proposals to
25 come in the door. So we are working on that. It's not

1 done.

2 The one idea I want to close with is that in
3 addition to this process the SGC is running, you, of
4 course, have a major role in the greenhouse gas
5 determination of what the benefits of the projects are.
6 And in addition to the work we're doing on the SGC side,
7 we would offer to you that we can take our good
8 partnership that's been created under SB 375 and work with
9 you just on those technical computations to document what
10 the savings are. And we have very smart modelers who know
11 these regional plans, who will know where the high impact
12 leverage points are that help to get this to a strategic
13 level and a maximum bang for the buck level. And there is
14 no need to go into details here. But that's just a
15 concept, Chair Nichols and others, that I would like to --
16 we would like to explore with you.

17 CHAIRPERSON NICHOLS: Thank you.

18 BOARD MEMBER GIOIA: I have a quick question.

19 So one of the issues that came up in the Bay Area
20 in the presentation that we received from the Strategic
21 Growth Council and the guidelines came out is that the
22 Council of Governments or the MPOs themselves were not
23 eligible to apply for the SCS funding -- cap and trade SCS
24 funding. And there was an open question of whether the
25 local air district could apply. The belief was they may

1 be able to.

2 So I would be interested to hear when the COG
3 folks come up, just their thoughts on that. Cities and
4 counties can apply. And there was this discussion that
5 the cities and counties sort of in conjunction with some
6 blessing from the COG, but that's unclear. Because my
7 original thought was maybe the COGs were going to be
8 eligible or the MPO. But that appears not to be the case.

9 So it would be interesting to hear briefly each
10 of their thoughts on that, because that's a key issue
11 about how the money is spent. I don't know if there has
12 been a final determination whether the local air districts
13 are eligible to apply. I don't know if our staff or legal
14 staff -- but whether we understand whether they can or if
15 there is any new information on that.

16 MR. MC KEEVER: I'm going to let others in our
17 team respond to that.

18 CHAIRPERSON NICHOLS: Yes. We'll hear I'm sure
19 from the other MPO directors. Thank you.

20 Staff, do you have any comment on the eligibility
21 issue? We've been looking at these guidelines to the
22 extent they are written in a language one can read.

23 BOARD MEMBER GIOIA: Whether local air districts
24 are eligible to apply.

25 MANAGER ROBERTS: I have looked at the draft

1 guidelines. They're not final yet. The emphasis is on
2 construction of residential projects and other
3 infrastructure. So the emphasis for eligible applicants
4 is local governments. And I do not recall seeing air
5 districts in the list of eligible applicants.

6 BOARD MEMBER GIOIA: It was an open question
7 about that. But so we need to get that.

8 CHAIRPERSON NICHOLS: They're still in draft form
9 so comments can be submitted.

10 MR. MC KEEVER: As I leave, a final thought is
11 one way to fix -- the sum of the really are the impression
12 of the calendar and the fact this program is scheduled to
13 be rolled out in a blink of an eyelash. And if there was
14 any way to combine the first and second founding rounds
15 into a consolidated round and buy another six month's
16 time, I think a lot of good would come from that. I do
17 understand that that has been considered and not supported
18 today. But this is really important. And so it may be a
19 hail Mary pass, but sometimes a hail Mary pass works,
20 Chairman Nichols.

21 MR. HAKIMI: Good morning. I'm Ahron Hakimi, the
22 Executive Director of the Kern Counsel of Governments and
23 also the Chairman of the San Joaquin Valley MPO Directors.

24 Madam Chair and Board members, thank you and your
25 staff for all the work with Kern and the other San Joaquin

1 Valley MPOs in their review and development of the SCSs
2 and all the work over the last 20 years that have resulted
3 in huge improvements in the air quality in the San Joaquin
4 Valley. We look forward to a continued partnership.

5 The San Joaquin Valley Policy Counsel, a
6 Committee consisting of two local elected officials from
7 each MPO region, voted unanimously to recommend any 375
8 target update not be implemented until the third round of
9 SCS development. This action recognizes the need for the
10 second round of SCS development to focus on implementation
11 of the ambitious strategies contained in the first round
12 SCSs.

13 Those SCSs reflect ambitious new strategies that
14 require collaboration with the cities, counties, and
15 transit operators within each MPO region to successfully
16 implement. Without implementation of the strategies
17 within the SCSs, no additional greenhouse gas reductions
18 will occur from SB 375 planning efforts. As an example,
19 Kern received over \$8 million from bike and ped projects
20 during the first year of implementation of the CTC's new
21 ATP program. \$8 million represents 20 percent of the
22 funds we projected to receive over 26 years. This is
23 great news.

24 We have embraced the new ATP program by
25 submitting quality applications for reserving projects in

1 mostly disadvantaged areas. These projects, as you know,
2 take years to develop as most infrastructure projects do.

3 Give us time to build these types of projects and
4 time for our residents to use the project before setting
5 and implementing new targets. Davis did not become a
6 bike-friendly city in five, six, or eight years. It has
7 taken decades.

8 We are on the cusp of a technological break
9 through that will radically shift our investments in the
10 San Joaquin Valley in conventional transit. I believe
11 that Professor Sperling is correct in his statements at
12 prior meetings that smart-phone based ride sharing or car
13 service aps may fundamentally alter how people move in our
14 communities over the next decade. Please give us time to
15 see how this plays out before we come back to you with a
16 plan that proposes more investment in possibly outdated
17 technology.

18 And finally, the first round of SCS development
19 was a learning process statewide. Please give us the same
20 consideration that you give the four largest MPOs and the
21 targets should not take effect in central San Joaquin
22 Valley until our third round, which would be 2018.

23 Thank you, Madam Chair.

24 CHAIRPERSON NICHOLS: Thank you.

25 Next is Andrew Chesley.

1 MR. CHESLEY: Thank you, Chair Nichols, members
2 of the Board.

3 I, too, would like to offer my thanks to your
4 staff and to this Board. This Board has been a particular
5 support to all of us in terms of recognizing the need in
6 terms of implementation of investment in tools and
7 strategies and methodologies that can bring about --
8 improve that work from.

9 We want to thank you for the investment that you
10 have made in MPOs and particularly in the San Joaquin
11 Valley.

12 But this is only the beginning. One of my
13 partners in the San Joaquin Valley, we urge support the
14 Board to look at the implementation of our SCSs and to
15 stay the course similar to the four largest MPOs and
16 recommend that the update targets occur in the third round
17 of the regional transportation plans for the RTP and SCSs
18 that come forward from the San Joaquin Valley.

19 We think it's appropriate, especially when we
20 talk about the smallest MPOs in the state, the MPOs with
21 the least amount of resources, and MPOs that went through
22 first round and had some of the greatest challenges in
23 terms of the experience in doing so through the
24 methodology that has been adopted, the tools we had in
25 place, the data that was available to us. We believe the

1 following same pattern as the four largest MPOs makes
2 sense.

3 I support the comments made by Mr. McKeever in
4 terms of that third round, making sure we're thinking
5 about it as early as possible in terms of moving forward
6 with target development to levels like, but looking very
7 specifically to the third round.

8 I want to assure you that in the San Joaquin
9 Valley we are breaking a sweat. I can speak on behalf of
10 the San Joaquin Council of Governments in Stockton. Three
11 northern valley counties are set to coordinate a joint
12 target and cooperate in the development of a group
13 possible under SCS strategies for the next round of the
14 RTP. That has been discussed at each of our MPOs.

15 We have agreed with the Metropolitan
16 Transportation Commission to adopt similar assumptions to
17 directly address the inter-regional issues and travel
18 between our two regions.

19 We have moved forward to supplement the state's
20 active transportation funding with 150 percent increase
21 over that using our regional dollars to match that and to
22 take steps right off the bat in terms of implementing our
23 SCS strategies.

24 And when it comes to land use planning, the
25 Stockton General Plan is in the process of being updated,

1 in large part because of scenarios that was developed as
2 part of the SCS. Stockton is looking now forward to
3 pulling back on some of the boundaries in their general
4 plan, looking to go up and maybe not as large as that plan
5 originally is as a way to address the SCS.

6 I encourage you to continue to work with us in
7 terms of the implementation on this. That is the key
8 component of the next round, that experience in
9 implementing the adopted SCSs by the MPOs. Thank you.

10 CHAIRPERSON NICHOLS: Mr. Stoll.

11 MR. STOLL: Thank you. I'm Charles Stoll and
12 most people know me as Moggs Stoll, the Planning Director
13 from the SANDAG. And we have had the distinct pleasure to
14 go first in the SB 375 regional plans. And we will have
15 the distinct pleasure to be first on the second round of
16 those plans in the fall of 2015, just barely a year away.

17 I'm here on behalf of Larry, our Executive
18 Director. Our Board meeting happens to be this morning,
19 so he couldn't be here.

20 We definitely appreciate the support we've gotten
21 from the Air Resources Board and the staff. We've worked
22 very closely together on both the original -- the first
23 plan under SB 375 and now that the first got in the second
24 round. We agree with the targets being looked at and
25 applied to the third round because frankly it's too late

1 for us to get target set. We're well on our way. We're
2 less than a year away from approving our second plan. So
3 if targets were to be set tomorrow, it would be too late
4 for us to really implement them into our plan to begin
5 with.

6 I want to reiterate what you've heard here
7 already about the importance of focusing on implementation
8 and the funds needed for that implementation. We feel
9 that we certainly agree with that in San Diego. From our
10 perspective, there is a lot of consensus on our plan that
11 we have that our horizon year is 2050. And the plan
12 itself includes transit components, active transportation
13 components, technology components, all of those. There is
14 a lot of consensus. Where we hear frustration is how long
15 it's going to take to get there. Our plan goes out to
16 2050. And we're getting a lot of pressure, why can't you
17 bring these great projects forward. And the fact of the
18 matter is the process is required to be fiscally
19 constrained. And there are fiscal realities.

20 In our region, we are committed to exploring yet
21 another regional funding source. We already have a
22 half-cent sales tax measure that goes out to 2048. We're
23 committed to look for more than that. We really need to
24 focus in our region and I think throughout the state on
25 the importance of operations for transit. Sometimes it's

1 easy to find the capital dollars to build a transit
2 facility, very difficult to find a sustainable source to
3 operate it. So that's important.

4 And when the discussion before was about the
5 ability for MPOs to apply for cap and trade funding, we
6 build projects at SANDAG. We build all of the transit
7 projects in the region. Our Board has made a \$200 million
8 commitment the first ten years to build out our active
9 transportation projects. So that's a very important issue
10 to us.

11 I just want to end with we also very much support
12 the ideas that were put forth by Mr. McKeever. And thank
13 you very much for the opportunity.

14 CHAIRPERSON NICHOLS: Thank you.

15 Rebecca Long, followed by Heather Adamson.

16 MS. LONG: Good morning, Chair Nichols, members
17 of the Board. Rebecca Long with the Metropolitan
18 Transportation Commission here on behalf of Steve
19 Hemminger, who is out of the country right now.

20 I, too, would like to thank the staff for their
21 very thoughtful presentation. We are very much in support
22 of the recommendation as far as starting on the targets in
23 2015 and then having those be effective in 2019 for the
24 big four MPOs.

25 We think it's great that the staff have really

1 emphasized implementation. That is key. This is largely
2 a planning exercise that we're doing in the SCS. But what
3 really matters is implementing these improvements and
4 achieving the greenhouse gas reductions.

5 And along those lines, I would just mention, you
6 know, we talked in the presentation about the regional
7 transportation plans being financially constrained. And
8 they are, which sort of then asks the question why are we
9 talking about necessary funding? Well, within that
10 financial constraint, there is still assumed new money.
11 In fact, MTC assumed hundreds of millions, if not
12 billions, when you take the entire 25-year time frame of
13 the SCS and cap and trade funding, as well as other new
14 revenue sources. So to realize the targets in our SCS, we
15 need to attain that new funding.

16 So just looking at what the Legislature has
17 thankfully done with cap and trade funding and this new
18 program, it is a great opportunity. And I would like to
19 align our comments very much with those articulated by
20 Mike McKeever. We are very concerned about the draft
21 guidelines. We think they kind of tie the program up in
22 knots. And we'd really like to see some support from you
23 all in expressing the importance that this program was
24 designed to be an SCS implementation tool. So above all,
25 that's really what it should be targeted towards is

1 achieving the implementation of these plans at the
2 regional level.

3 So that's really the emphasis I wanted to provide
4 today. And just thank you very much.

5 BOARD MEMBER GIOIA: I had a question. So I know
6 there was a lot of discussion when we adopted the plan in
7 2013 sort of collective Bay Area plan about the estimate
8 for cap and trade revenues that was incorporated. And I
9 know a lot of folks, including myself, thought that was
10 maybe a bit too generous of an assumption.

11 So you raise an interesting point which may be
12 applicable obviously to all the plans is that the
13 assumptions of reaching the goal are linked to a certain
14 assumption about how much cap and trade revenue would be
15 received. I'm not sure if every plan is similar. It may
16 not be -- every plan may not be similar. But if those
17 plans that are, that's an important factor to understand
18 or there needs to be another source of revenue to build
19 out the projects or the environmental strategies that are
20 needed.

21 So this isn't the first time I heard that linkage
22 mentioned about the goals and the assumptions. And I
23 don't know from the staff, did some of the -- all of the
24 SCS plans rely on a certain amount of cap and trade
25 funding? Because I think that was somewhat controversial,

1 the dollar amount that was put in this for the Bay Area.
2 And can you tell us, did all of them rely on sort of an
3 assumption on a certain amount of cap and trade funding?

4 MS. LONG: Not all of them relied on cap and
5 trade funding. I cannot tell you how many did rely on it.

6 BOARD MEMBER GIOIA: I'm just thinking what that
7 means as we think this through. I don't have an answer.
8 But I just want to draw attention to that.

9 CHAIRPERSON NICHOLS: Thank you.

10 Heather.

11 MS. ADAMSON: Good morning. My name is Heather
12 Adamson. I'm the Planning Director for the Association of
13 Monterey Bay Area Governments, or AMBAG. We are one of
14 the six smaller MPOs in the state. I'm here representing
15 Mora Tumi, our Executive Director, who had a conflict
16 today.

17 And I can understand the need to update the
18 targets as we move forward with developing future SCSs.
19 While as a smaller MPO with very limited resources we
20 would have preferred to wait until the third round of SCSs
21 like the rest of the state so we can focus on
22 implementation, we can't accept ARB staffs recommendation
23 to update to our targets the second round SCSs. However,
24 we encourage ARB to maintain flexibility in the
25 target-setting process.

1 Ongoing collaboration with all of the MPOs is
2 critical during this target-setting process. And we
3 appreciate that ARB is willing to add a representative
4 from the smaller six MPOs to participate in the roundtable
5 stakeholder meetings moving forward.

6 As I mentioned, this is one of the smaller
7 regions without any self-help funding. We have very
8 limited resources to implement the types of projects and
9 programs that provide GHG reductions.

10 Absent these resources, it is hard for us to meet
11 our sustainability goals. We encourage the ARB Board and
12 other State agencies to provide funding to the regions to
13 help us implement our SCS and to provide the GHG
14 reductions mandated in SB 375. Thank you.

15 CHAIRPERSON NICHOLS: Thank you.

16 MR. IKHRATA: Good morning, Chairman Nichols,
17 Board members. Welcome to the SCAG region. Thank you for
18 allowing me to speak for a few minutes. Couple things.

19 One thing is I agree with everything that Dean
20 said, my brother, Mike McKeever. I second everything he
21 said.

22 I also want to thank you specifically, Chair
23 Nichols, for hearing our voice. You didn't have to, but
24 you did.

25 We, at least the four large MPOs, work together

1 very hard with the lot of resources to develop plans that
2 actually mean something, that hopefully one day this will
3 be real. And we actually do have a lot of good stories to
4 tell about how this plan are moving. In the last three
5 months in the SCAG region, over \$200 million from the
6 Transportation Commission and from the regional program
7 that SCAG is in has been allocated for projects -- for
8 active transportation projects. SCAG put about 25 million
9 of its own money to give planning guide to cities and
10 counties to move SCS forward. We happy with that.

11 One thing I want to emphasize and my Commission,
12 the cap and trade is an opportunity to tell regions to
13 work with cities. These plans are real. And it is
14 important to remember that cap and trade should be
15 directed to our reduction of greenhouse gas emissions.

16 I'm very concerned, like my colleagues, to get
17 the date right. And I think people are watching to see
18 how we move this funding and watching the process itself.

19 One thing I appreciate about you and the Air
20 Resources Board and your staff is we partner. We actually
21 have a meaningful partnership to put together the plans.

22 And I would -- my advise to the State agencies in
23 charge of this is to reach out to partners. While the
24 staff has said we should coordinate, coordination could
25 mean a lot of things. I would argue that it is to the

1 best of the plans to have regional and state coordination
2 moving forward these funds. And right now, the silos and
3 the kind of things that these guidelines go into is
4 troublesome actually.

5 We are, as you know, going to move this plan as
6 many of you said before with this determination. We're
7 not only relying on fixed guide ways. We're not only
8 relying on technology. We're not only relying on the
9 capacity, but we're relying on a mix of things to move the
10 plans forward. And we look for partnership. And at the
11 end of the day, the state is in charge and we respect
12 that. But we would like to have a true partnership to
13 move this forward. Thank you very much.

14 CHAIRPERSON NICHOLS: Thank you.

15 Carlos Yamzon.

16 MR. YAMZON: Good morning, Madam Chair, members
17 of the Board.

18 Carlos Yamzon, Executive Director for the
19 Stanisluas Council of Governments, one of the MPOs in the
20 San Joaquin Valley.

21 I don't want to belabor this, but many thanks to
22 the ARB staff and to the Board for consideration of the
23 valley in this matter.

24 I think over the last two years has been a real
25 learning process for us in the trenches. Did I say

1 trenches? I'm sorry, the valley. It's the philosophy of
2 intent versus the political and technical. There are some
3 key differences there. Those are the challenges that we
4 have in the valley, merging the political and technical.

5 I think a point was brought up by the staff in
6 presenting the time lines and having consideration of
7 different time lines because of policy and technical
8 matters. So they're real.

9 Locally, I think what we have learned is things
10 like health, transportation, and land use are almost
11 hiding in plain sight when you're trying to get that out
12 to the population that's most effective and probably the
13 least interested in the work we're doing here.

14 But I think in doing that and engaging that
15 health industry, we've learned a lot of lessons. And I
16 appreciate the workshop that Professor Sperling actually
17 had with us and taking things along with that,
18 particularly in relation to health.

19 And it's almost like as you learn as you go, we
20 just got through adopting our SCS. And you almost want to
21 start all over again because there are new things that
22 come about that we get so excited about. I want my staff
23 to update the RTP SCS on Monday, not necessarily in
24 anticipation of the new targets, but because we just had
25 such a good time doing it.

1 But if you've read your USA Today, that was
2 probably left or not left in front of your door, Uber's
3 one-shot deal. Related to Professor Sperling's comments
4 regarding Uber. Uber is in the valley. It's in Modesto.
5 They're actually using it to get the vaccine to people
6 that can call and use the application. These are
7 technologies that we're talking about. The bureaucracy
8 and the government moves a little slower than technology.
9 We have to catch up with this or get into the same time
10 line. I think that's the challenges that we're facing.
11 So we appreciate your consideration of updating the
12 targets and recognizing the challenges that we have.

13 And that timer is distracting, but I'm going to
14 stay on time.

15 But it's real and we accept that challenge. We
16 appreciate all the work. And I think we have good
17 intentions, as we all do. And I appreciate your time and
18 your corporation. Thank you very much.

19 MR. HIGGINS: Good morning. I'm Bill Higgins,
20 Executive Director of the California Association of
21 Councils of Governments, which means I get to represent
22 the little ones and the Center Valley and the big four and
23 provide the unifying voice.

24 And I think when you got the presentation from
25 our Executive Directors in January, you heard we're very

1 pleased about the progress of our plans. In fact, I've
2 often said that our SCSs were more about community
3 conversation change than climate change, because it
4 engaged people in the discussion of co-benefits and the
5 discussion of health in addition to GHG reduction.

6 But the plans and the mandate is to focus on GHG
7 reductions, and we appreciate the focus on implementation
8 in this report. And I want to pick up on where Supervisor
9 Gioia made on the connection between funding and the
10 ability to achieve targets. 375 is an input/output
11 device. The more money you put in, the more that projects
12 that will be in our fiscally constrained plans and the
13 higher targets we can achieve.

14 You were aware of that I think when you set the
15 targets because I have the phrase tattooed on my body in
16 resolution that says that you committed to "identify,
17 pursue, and secure additional funding sources for the
18 successful implementation of SB 375." That's in the
19 resolution. You can go read it.

20 And since that time, there's transportation
21 funding has shrunk, redevelopment has gone away, and there
22 is this new source of funding called cap and trade. And
23 you heard some frustration about it. Cap and trade is
24 going to do some very, very good things because it's going
25 to award some specific projects. But if I'm a regional

1 transportation agency looking at achieving a higher
2 target, I can't program a project -- I can't assume that a
3 project is going to win an SGC grant five years from now
4 to program that project.

5 If we're going to be successful, we need a set of
6 funding that we can program so you can hold us to account
7 on that and we can continue the good working relationship
8 we have.

9 So when you hear our frustration on that
10 particular issue, it's because we don't think it's the
11 most effective means of funding in order to achieve the
12 goal that you and we share, which is reducing GHGs by high
13 targets. The last thing, because I did listen to
14 everything Supervisor Gioia said, is the question about
15 who's eligible in the guideline is public agencies, which
16 are COGs and everything. But there is also co-applicants
17 which could be any subdivision of the state which would
18 include air districts.

19 BOARD MEMBER GIOIA: So you're saying that, for
20 example, in the Bay Area Public Transportation Commission
21 because it was discussed at a meeting, the Regional Joint
22 Policy Committee meeting that MTC would not be eligible.
23 Has MTC determined it is?

24 MR. HIGGINS: Actually, there needs to be a
25 clarification in the language. It's in my list of

1 comments. It does say a Council of Governments is
2 eligible to apply. I believe when they wrote that
3 language they were thinking that all MPOs to are COGs.
4 That's not the case. MTC is a regional transportation
5 planning agency.

6 BOARD MEMBER GIOIA: That would mean Association
7 of Bay Area Governments was eligible and their
8 understanding was they were not?

9 MR. HIGGINS: According to their language, they
10 are.

11 BOARD MEMBER GIOIA: The position of the COGs is
12 the Council of Governments is eligible?

13 MR. HIGGINS: According to the words of the
14 Strategic Growth Council, yes. And this isn't unusual for
15 COGs. I think you can go to SANDAG in the audience or
16 many of the other regional transportation planning
17 agencies that are also service providers or project --
18 they undertake projects. And they award themselves funds
19 through a competitive process with the process controls
20 because they're a part of the solution in their regions.
21 And that's what the local governments --

22 BOARD MEMBER GIOIA: That would make air
23 districts eligible.

24 MR. HIGGINS: Under air district in the current
25 guidelines, it's not defined as a public agency?

1 BOARD MEMBER GIOIA: I don't want to misquote it,
2 but the Executive Director of the Strategic Growth Council
3 the day after -- two days before the guidelines were
4 released was making a presentation in the Bay Area. And I
5 believe the representation was that it was like ABAG would
6 not be eligible. You were at that, weren't you? No.
7 Maybe not. So anyway --

8 MR. HIGGINS: So to refocus, because I see the
9 three right there, is we're interested in working with you
10 on real long-term funding solutions so that we can
11 identify, pursue, and secure additional funding sources.

12 CHAIRPERSON NICHOLS: Absolutely. Well, there
13 are two elements to this. One is the current allocations,
14 which we all know are just a start. And the second is the
15 longer-term picture. We're interested in both.

16 Ms. Holmes-Gen.

17 MS. HOLMES-GEN: Good morning. Bonnie Holmes-Gen
18 with the America Lung Association of California.

19 Really pleased to be here to be part of this
20 discussion today. We care deeply about the SB 375 program
21 and roll out. The Lung Association has been involved in
22 the initial-target setting process, engaged in the
23 regional processes, supported funding. We've been
24 involved in developing our own research to try to pin down
25 some of the health benefits as far as we can go with the

1 tools that we have.

2 We're excited about what has been accomplished.
3 We see tremendous potential for increasing the health and
4 air quality benefits through SB 375 and with our upcoming
5 ozone deadline and the need to clarify our path to 2020
6 that the Board's plan to look at our mid-term goal
7 setting. There is a lot of opportunity here I think to
8 figure out what more can we get out of our 375 process and
9 out of reducing traffic, reducing trips at the local
10 level.

11 There's been a lot of early successes, but we
12 think there is a lot more to do to ensure that SB 375
13 truly guides our land use and transportation decisions at
14 the local level and reaches the potential.

15 Some key items that we see are needed to move
16 forward and really meet this higher level. Clearly,
17 setting robust targets for 2035. Going boldly into the
18 next round of target setting is really important to
19 continue to drive innovation, commitment, and investment
20 at the local level.

21 We'd like to stand up for the schedule that's in
22 the staff report. I heard some different opinions about
23 it, but we think the schedule is a good start to look at
24 seeing if we can set a higher level of targets for the
25 valley for round two.

1 At this point, let's see what we can do if we
2 have to go through this process of determining what has
3 been done in the current plans. We have to understand
4 where we are in terms of the current what can be achieved
5 with the current plan. I understand that will contribute
6 to understanding how far we can move forward.

7 We really -- aside from robust targets,
8 critically important, we need to nail down this
9 co-benefits analysis. We need your help. We know that
10 information about reduced health costs is critically
11 important. How can we work with you to finalize the
12 tools, identify funding and resources needed, get us more
13 assistance to local governments and NPOs in using those
14 tools, help spread good information about best practices
15 is another key effort.

16 We really want your leadership and direction in
17 spreading important innovations, looking at project
18 performance assessment, how well are our current
19 investments aligned with our goals under SB 375.

20 Finally, funding, that's another huge area and we
21 look forward to working with you on cap and trade. The
22 bottom line is America Lung Association and health
23 communities are strongly invested in moving forward to
24 push the envelope in improving health benefits and air
25 quality benefits throughout SB 375.

1 Look forward to working with you.

2 CHAIRPERSON NICHOLS: Okay. Thank you.

3 Is Joe Lyou here?

4 MR. LYOU: Hi, Chairman. Thank you for having me
5 again, and members of the Board.

6 Joe Lyou with the Coalition for Clean Air. I
7 think yesterday the message on the zero emission vehicle
8 program to stay the course, the message today is business
9 as usual isn't going to get us where we need to go.

10 And also picking up on a metaphor from yesterday,
11 if all your programs are a turkey dinner, this one may be
12 the mashed potatoes. It's a little squishy.

13 I think that the really encouraging thing is I
14 hear consensus that prior to SB 375, we didn't -- we have
15 planning agencies and local government officials really
16 buying in and supporting the idea that they need to do
17 something for the climate, for the environment to protect
18 the planet. And that engagement didn't happen until we
19 had SB 375. I think we had a consensus on that.

20 What worries me is that I see us going in
21 different directions on whether there should be aggressive
22 targets and obligations versus the argument that we don't
23 have the funding. We can't move us forward. And that
24 shouldn't be allowed to divide us.

25 I think that we should pursue a framework and a

1 process, a what if exercise, of if money wasn't the
2 impediment, let's take a look at that. Now, you said the
3 targets the way you have to through the statutory
4 requirements of the financially constrained processes and
5 all that. But if you do the what if exercise and you say,
6 what if we had unlimited funding to do all the things we
7 needed to do to reach our climate goals to attain our
8 clean air standards, what would that look like?

9 And by that process, I think we can avoid the
10 division, come together in consensus and get creative
11 where we are going to find the funding sources. Quite
12 honestly, I think we all recognize that the amount of
13 money it's going to take goes way beyond what cap and
14 trade can provide.

15 So I think we have to be honest about that. I
16 think that in the end, we all recognize that the low
17 hanging cranberries have been picked. We need to reach
18 for the high ones and we need to do it together. Thank
19 you.

20 CHAIRPERSON NICHOLS: Coming from the east coast
21 myself, I'd like to comment that cranberries grow on low
22 bushes. But other than that, your analysis is perfect.

23 Okay. Mr. Raya.

24 MR. RAYA: Good morning, Chair Nichols and
25 members of the Board. I'm representing Climate Plan.

1 Climate Plan and its partners are pleased with much of the
2 staff report and with want to thank you for your
3 leadership and continued commitment to the following four
4 issue areas.

5 First, analyzing NPO GHG targets to determine if
6 they can actually achieve the AB 32 goals. And that they
7 are actually on pace to meet these goals. This type of
8 analysis can foster statewide dialog about what resources
9 are needed to help with implementation.

10 Second, identifying and spreading best practices.
11 The SCSs have inspired a lot of innovation in communities
12 across California and any effort to spread these best
13 practices between regions and communities would be
14 valuable. So we're happy to see that in the staff report.

15 Third, quantifying co-benefits like health,
16 affordability, job growth, and conservation will help
17 communities achieve these goals because as we all have
18 heard so often, what gets measured gets done. So we are
19 really happy that that is also in the report.

20 And then finally, regarding the GHG reduction
21 targets in SB 375, we recommend keeping the focus on land
22 use strategies and measuring our progress toward these
23 targets. Any reductions resulting from electric vehicle
24 infrastructure or new technology should supplement, we
25 believe, not supplant the land use targets.

1 Again, thank you for your leadership in this area
2 and we look forward to working with you.

3 CHAIRPERSON NICHOLS: Thank you.

4 Mr. Cazares.

5 MR. CEZARES: Good morning, everyone. Thank you
6 for allowing me the time. My name is Fernando Cazares and
7 I work for the Natural Resources Defense Counsel.

8 I recently moved back to L.A. after nine years of
9 living in San Jose and Washington, DC, where I either
10 walked, rode my bike, or rode a public bus or train to go
11 to and from work or to go to numerous happy hours and
12 networking events.

13 I sold my car when I moved to DC. When I looked
14 at coming back to L.A, I thought about what are my options
15 going to be? Am I going to have to buy a car?

16 The last four days, I've done public transit from
17 San Fernando over the 405 to Santa Monica. I expected
18 much worse. It's actually been not as bad as I thought.
19 It's been tremendous improvement, though I believe there's
20 much more improvement to be done.

21 I'm speaking to you today not only as a
22 representative of NRDC but as a native Angelino and
23 Southern California resident, and also an uncle of a nine
24 and a seven year old who live in Bakersfield, California.

25 I strongly ask you to take the following steps to

1 strengthen 375. Please set the targets strong enough to
2 meet the state goals. We know what we need to do to
3 mitigate the impacts of climate change. I believe that we
4 should set the goals accordingly. Please identify and
5 share best practices among regions. You're in a
6 quarterback position to be able to see best practices from
7 different regions. So please take advantage of that role.

8 Please maintain the focus on reduced driving.
9 Use me as an example, if you will. Electric vehicles are
10 valuable, and I'm looking at them honestly. But we need
11 to find ways to reduce the need to drive to just about
12 anything for daily activity. And we need to find ways to
13 measure the co-benefits of reduced driving.

14 We cannot deviate from the critical intended
15 impact of 375. We have to make specific and tangible land
16 use and transportation policy improvements that will lead
17 to significant reduction in vehicle miles traveled and
18 sustainable development patterns.

19 You should only give credit to action-oriented
20 strategies and projects rather than assumptions on fuel
21 demographic or economic trends and their related effects
22 on greenhouse gas emissions.

23 To close, we have an opportunity here in
24 California not only to lead the nation in cutting
25 greenhouse gas emissions and providing a model for the

1 nation, more equally important with 375 and AB 32 give us
2 a chance to remake our communities and free our residence
3 from gridlock on healthy air quality and toxic industrial
4 land use while lacking economic potential to coordinate
5 land use and improving our health.

6 To paraphrase a book by outgoing President
7 Francis Bernaky, SB 375 gives us an opportunity to -- SB
8 375 is about the California we create and leave behind for
9 our children, grandchildren, nephews and nieces. Thank
10 you very much.

11 CHAIRPERSON NICHOLS: Thank you.

12 Mr. Moncayo.

13 MR. MONCAYO: Hi. How are you? My name is Jaime
14 Moncayo with the Leadership Counsel for Justice and
15 Accountability. We've been working closely with folks in
16 Kern, Tulare, Fresno and Merced on the SCS process.

17 First of all, we'd like to thank the Board and
18 the staff for the entire process. We appreciate your hard
19 work and your willingness to collaborate with us.

20 When updating, my comments are focused
21 specifically in the value because that's where we do most
22 of our work. We would like to take into consideration a
23 couple things when you work on those targets. Primarily
24 that the initial targets were placeholders. Always keep
25 that in mind.

1 Remember that a review of the methodologies that
2 are being used would be much more helpful in understanding
3 what the targets should be in the future. We'd like you
4 to take into consideration that for some of these MPOs, it
5 was relatively easy to meet the targets. Very few changes
6 were required to what they were already doing, which is
7 not the purpose of this law or process.

8 And also we would like that you would consider
9 setting a very high standard so that the residents of
10 these communities can benefit from the changes.

11 As was highlighted by the process throughout this
12 time for several MPOs, we'd like you to please clarify or
13 set stricter guidelines for assumptions in regards to
14 travel models, auto operating costs, or socio economic
15 forecasts. Again, we want the process to bring real
16 benefits and actually require work that has been done and
17 can be done.

18 Again, we also are very encouraged by the
19 development of tools and models to assess co-benefits. We
20 hope that with these new tools and models, we can see
21 greater benefits to the communities throughout the region,
22 especially disadvantaged communities so they can benefit
23 from the SB 375 process.

24 Likewise, on the matter of implementation and
25 resources, which I know have been a big topic here

1 tonight, we'd like you to know that we are willing to help
2 locating and securing these resources, and that we hope
3 you make it a big commitment on everybody's part to make
4 sure that a lot of these resources are directed towards
5 disadvantaged communities. Thank you.

6 CHAIRPERSON NICHOLS: Thank you.

7 Christine Barker.

8 MS. BARKER: Good morning, everyone. My name is
9 Christine Barker. I work with Fresno Metro Ministry.

10 Got up at 4:00 this morning to be with you all
11 today. So thank you so much for taking the time and the
12 effort to really implement SB 375.

13 The plan that the staff has outlined in the staff
14 report, it's a really good step forward. And again, the
15 MPOs have done a lot of work to get us as far as we have
16 so far.

17 As an advocate, I've been working in Fresno with
18 the Fresno SCS update process for the last two years. And
19 I have been witness to the huge amount of learning that
20 has taken place already and the amount of learning I have
21 faith that we are going to continue to do together to
22 really figure out how we can set targets and how we can
23 make plans that improve the air quality in our region,
24 which is desperately needed.

25 I moved back after college, and I got asthma as

1 an adult, which I didn't realize was possible until I came
2 back to the valley. So we really need strong targets. We
3 need to remember the initial ones were placeholders. The
4 next round should have stronger targets for the valley.

5 We need to know what our benefits are. I think
6 you've heard that already. We should be sharing what
7 we're learning and making sure that the communication and
8 the connection continues.

9 Again, in places like Fresno, we really need the
10 help to focus on reducing driving and creating
11 infrastructure to be able to have transportation options
12 that don't exist currently like they do in bigger cities.

13 And we definitely appreciate that there is so
14 much emphasis on addressing the technical issues and model
15 assumptions and we want to make sure that that
16 transparency continues and improves so we all know that
17 we're all talking about the same thing. That will be
18 great.

19 And just to close, the valley serious issues
20 require serious consideration. And we need to promote
21 stronger strategies to achieve emission reductions,
22 greenhouse gas reductions through land use changes.

23 We have to change how we grow in the valley.
24 Thank you so much for all your time and effort and
25 leadership and have a good morning.

1 CHAIRPERSON NICHOLS: Thank you.

2 Mr. Imhof.

3 MR. IMHOF: Good morning. Peter Imhof from the
4 Santa Barbara County Association of Governments.

5 As much as SBCAG supports reducing greenhouse gas
6 emissions and understands the vital importance of doing
7 so, revising the SB 375 targets right now will not help
8 reduce greenhouse gas emissions or move the needle one
9 iota. It's the implementation of adopted SCSs that will
10 achieve greenhouse gas reductions.

11 A new target-setting process right now will
12 require a huge expenditure, staff time and effort, both
13 for NPOs and for ARB that could be better put to use for
14 implementation.

15 We appreciate the staff report's acknowledgement
16 of the need for material support and funding to allow SCS
17 planning and implementation. However, that support has
18 yet to be made concrete, even through cap and trade. If
19 you do decide to initiate a new target process now, then
20 we request that new targets take effect for small MPOs in
21 2018 consistent with the requirements of SB 375 and
22 SBCAG's own update time frame so we're not hit with new
23 targets exactly midway through our current planning cycle.

24 Finally, if you use projected reductions in the
25 first adopted sustainable community strategies as the

1 basis for the updated targets, then your request that you
2 build in some flexibility to account for technical issues,
3 such as changes in modeling tools or methodologies that
4 could result in changes to the projected reductions.

5 Thank you.

6 CHAIRPERSON NICHOLS: Thanks. That concludes the
7 list of witnesses that I have. So it's back to the Board
8 for some discussion.

9 Before we go too much further, I want to say a
10 company many things. If you're here to give public
11 comment on something other than this item, but just want
12 to speak during the open comment period at the end, I
13 would appreciate it if you would sign up with the clerk so
14 we know how to plan for that.

15 Back to this item though, I really would like to
16 say a couple things. First of all, the staff report
17 really was good. Our staff reports are generally good.
18 But this is an excellent staff report I think in the sense
19 that it lays out both technical and policy issues in a
20 very clear and helpful way. And part of the evidence for
21 that I think is the fact that we had such strong and
22 positive input, not only from our partners but also from
23 the community organizations who have been following this
24 process most intently.

25 And I really want to congratulate all of the

1 groups that came here to present testimony this morning
2 and to urge us on in various specific ways. I hope you
3 realize that you have had an impact. And if any of the
4 funders of your groups are listening to this broadcast, I
5 hope they're hearing it, too, because we really have come
6 a long way over the last couple years.

7 I do feel that we should explain a little bit
8 about ARB's role in this funding issue. Not to be
9 defensive, but just to be clear, we were involved in the
10 preparation of the Governor's budget and the budget that
11 the Governor submitted to the Legislature was
12 substantially siloed I would say as a result of the
13 process, because that's what tends to happen. And then as
14 has been indicated, even beyond that, now that it's back
15 with the various agencies, there were pressures to further
16 come things up into small or different kinds of chunks.

17 We are not members. ARB is not a member of the
18 Strategic Growth Council. We don't have any direct
19 responsibility for the guidelines or for allocating the
20 funds. We're a sister agency. But we do have an
21 opportunity to have input.

22 And based on what I've heard today and the
23 comments I've heard at least from a couple of people on
24 the Board, I think it might be a smart idea for the Board
25 to actually communicate in writing and not just informally

1 to the Strategic Growth Council about some of our concerns
2 about how they are approaching the process.

3 I want to be positive in supportive because it is
4 the first time through maybe that Mike McKeever's comment
5 that we should just punt for a while may end up being the
6 wisest thing to do. But even if that happens, it still is
7 going to be coming at us again before we know it.

8 So laying out some of the considerations that
9 people have pointed to here, particularly in terms of
10 tying the funding to already adopted sustainable
11 communities finance seems like sort of a no-brainer. But
12 we're not there yet.

13 So anyway, those are some sort of opening
14 comments. And I'll go to Mr. Serna.

15 BOARD MEMBER SERNA: Thank you, Chairman Nichols.

16 I, too, want to thank staff for an exceptional
17 staff report. And I also want to agree with our esteemed
18 Chairman that I, too, agree that Mike McKeever is the dean
19 of the MPOs. I've been fortunate also serving on the
20 SACOG Board of Directors and was very involved with the
21 development of our SCS. Great appreciation for his
22 leadership and his thoughtfulness. And it's also
23 reflected in today's comments.

24 I'm glad that the Chairman opened up with the
25 mild suggestion that that's what, in fact, it is to

1 perhaps communicate in writing to the SGC the fact the
2 knowledge I would presume in that correspondence that we
3 don't have -- we're not charged with the same
4 responsibilities they are. But nonetheless, we do find
5 this an issue that is important enough that we might make
6 some respectful suggestions.

7 Some of those I think were articulated quite
8 clearly by Mr. McKeever and others, some other MPOs. The
9 ones that resonate most with me are certainly trying to
10 get our sister agency to think more clearly about
11 performance standards versus prescriptive measures or
12 implements.

13 I think it's very important to understand the
14 messenger here, which is the MPOs. The MPOs are the ones
15 that quite frankly having served on the Board have that
16 expertise. They have that knowledge base. They have the
17 modeling and they do it well. And I know that's true
18 across the state. There are certainly different levels of
19 challenges from region to region. But I think it's safe
20 to say overall it's at the regional level where that
21 expertise is best applied and we have to take advantage of
22 that.

23 So those are kind of my thoughts. I would be
24 curious to hear from other colleagues about the submission
25 that the Chair has made. I think it's a very good one.

1 Not sure if we are capable of today or not of actually
2 setting that in a motion, but if there is a will of
3 someone to do that, I would be very supportive of that.

4 CHAIRPERSON NICHOLS: I'm looking at Lynn Terry
5 and Terry Roberts and thinking they're quite capable of
6 taking notes and putting this all into a good letter.

7 BOARD MEMBER SERNA: Great. Thank you.

8 BOARD MEMBER GIOIA: I think this has been a good
9 discussion. And just to make sure I understand from the
10 chart on the effective dates, which is why I wanted to
11 know the dates of the plan.

12 So for San Joaquin, the updated targets will be
13 effective 2018, meaning for their second update; correct?
14 I just want to be clear about that. I think it's
15 important.

16 I think it's important to continue to keep
17 aggressive on the targets. And we realize that each
18 region has tried to approach this in a unique way and at
19 the same time I think we can provide the leadership to
20 ensure the regions are pushing the targets some more
21 aggressive.

22 And frankly, I know having been through the Bay
23 Area for those in other parts of the state, including
24 especially in the San Joaquin Valley where they were not
25 as aggressive on some of the measures, we can be helpful

1 in continuing to push that along and realizing that it's a
2 challenge in obtaining funding.

3 I do think one of the things we can do is be an
4 advocate for more funding for the plans. And I do believe
5 that there is this sort of belief that the cap and trade
6 funding that will be the only funding to help. It will
7 not. And the idea is that cap and trade is meant to
8 leverage other funding sources as well.

9 So I do think in our comments to the Strategic
10 Growth Council -- we should clarify that the council of
11 Governments are eligible, and because I think frankly a
12 lot of the good work is going on on a regional basis. And
13 while cities and counties individually will be able to
14 apply, frankly, a lot of the effective programs are going
15 to be on a regional level. And so I frankly think we need
16 to sort of clarify that and be a voice on that issue. The
17 regional agencies themselves can apply for the funding,

18 Advocating for more funding, obviously there's
19 only a certain amount in this year's budget. But for the
20 future, getting back to the Resolution that was cited when
21 we started this a couple years ago that we said, yes, we
22 wanted to help the voice for funding to implement this
23 these plans and acknowledging it's not just cap and trade
24 funding.

25 So I don't want to repeat what others have

1 mentioned. I know you've been through this in Sacramento
2 as well. But agreeing with the Chair's comment, we should
3 provide the comments back to the Strategic Growth Council
4 on this as well.

5 CHAIRPERSON NICHOLS: Great. Down at this end,
6 I'll start at the far end.

7 BOARD MEMBER MITCHELL: First of all, full
8 disclosure, I'm a member of the Regional Council for the
9 SCAG region. So I've worked through this process such as
10 Supervisor Gioia has and Supervisor Serna I believe also.

11 And I want to say that right now our first
12 priority is implementing the SCSs that we presently have,
13 and so all of us are diligently working on that. I do
14 think that as we move forward to the next set of targets
15 that we need to allow flexibility in that. What's so
16 interesting about this -- and one of the speakers did
17 mention this -- is that the regions across the state all
18 have different deadlines for their RTPs and SCSs. So I
19 think one of the things that they've talked about is can
20 we go to the federal government and get a -- coordinate
21 this so we all have the same deadline. I don't know if
22 that's good or not, because it puts some real burdens on
23 staff when they have to work all of them at once.

24 But I also want to commend Terry Roberts on all
25 the work she has done because she has this wonderful

1 demeanor that is so acceptable and easy to work with. She
2 really is an example of the cooperative collaborative
3 staff person. And that brings up the issue that Hasan
4 Ikhata mentioned, and that is how important it is to go
5 into partnership and collaborate with the funding on this.
6 What we have is a pot of money, sort of 13 agencies
7 looking at that money.

8 And my concern is that if we don't work together
9 on this, you could see some duplication of effort and
10 really lose of the most effective means of using those
11 funds. So I think our letter to SGC on that would be a
12 very good idea because we need to emphasize how important
13 a collaboration is in this whole exercise.

14 So I think that's -- the others have mentioned
15 the problems, and I think flexibility and timing is key
16 because every MPO and the big MPOs have different issues
17 with their timing. And if our staff could listen to what
18 their concerns are, kind of work with them on that timing.

19 Sometimes the timing may just be a difference in
20 step one, but we still get to the end date of target
21 setting at the same time we would have gotten there
22 anyway. But the announcement of the targets or the exact
23 pinning down with what those targets are, that might be
24 postponed, but still get at the end date at the same time.
25 So thank you very much.

1 CHAIRPERSON NICHOLS: Great.

2 BOARD MEMBER SPERLING: I have two thoughts.

3 One is I support the general discussion on
4 funding. In fact, I see SB 375 as having two roles. One
5 is to provide an organizing framework for regions to
6 actually pursue all the strategies they probably already
7 want to do, whether it's dealing with infrastructure,
8 livability, health, so on. But it does provide that
9 structure. That's good.

10 But then it does come back to where are the
11 carrots and sticks, and the carrots especially. So the
12 conversation of funding is good.

13 Where I was a little unclear is there is this
14 follow-up conversation about other funding. I've always
15 had the thought in my mind that eventually we would be
16 able to influence how the huge amounts of transportation
17 funding is allocated in such a way that it would be
18 restructured to reward the MPOs, the regions that do have
19 strong SCSs, and are achieving their targets. And I've
20 not heard any discussion on that. And I'm just -- so it
21 seems like that's the really big opportunity. And really
22 if anyone is going to champion that, it seems like that
23 should be us. Of course, we can't do it ourselves, but we
24 do have all the connections and so on. So that was one
25 point.

1 And the other is what is the strategic plan for
2 ARB in this area in terms of what it's actually going to
3 do? Like, there is a mention of best practices. Is
4 that -- I mean, I know this is kind of a new area for ARB
5 and we're building the staff. Where are we going with
6 this? To what extent are we really going to help and how,
7 you know, these different regions and cities and counsels
8 and so on? So you know, both of those thoughts I was
9 interested in a response.

10 DEPUTY EXECUTIVE OFFICER TERRY: On the best
11 practices, that was something of course you remember from
12 the original RTAC discussion, a lot of dialogue on it.
13 And we have taken a first step, which is to use our
14 wonderful U.C. system to have some white papers done to
15 try to pull together the documentation empirical studies
16 on the value of different strategies. I consider that to
17 be the heart of the best practices effort.

18 Now that we have a first round of SCSs to be
19 implemented, I think looking at the common elements and
20 using some staff resources to pull that information
21 together as a starting point, here's what's been done so
22 far. Here's the commonalities. Here's some ideas for
23 future exploration that we might want to see in scenario
24 analysis that we expect the MPOs to do in the next round
25 would be an obvious next step that's directly linked to

1 the target setting.

2 And then in addition in our research program, I
3 think there's opportunities for us to expand on the
4 in-house staff work as we move forward with the program.

5 On the funding issue --

6 BOARD MEMBER SPERLING: Can I follow up on that?
7 Have we gotten much explicit feedback from the MPOs and
8 the local governments about what they think they need and
9 what would really be helpful? Of course, it's different
10 for the big MPOs versus others. I mean, what you said all
11 makes sense. But what are we hearing?

12 DEPUTY EXECUTIVE OFFICER TERRY: I'll ask Terry
13 if she wants to comment on that.

14 MANAGER ROBERTS: Dr. Sperling, Lynn mentioned
15 the literature reviews that we've done over the past few
16 years that resulted in over 20 policy briefs that describe
17 different land use and transportation strategies, some but
18 not all MPOs are putting into their SCSSs.

19 Just a couple weeks ago, was it early October, we
20 held a seminar with Susan Hendy, who is one of the key
21 researchers, to present the results of this information.
22 And there was such a great amount of interest. We have
23 people traveling from all over the state to come to
24 Sacramento, observe that research seminar, and we have
25 people e-mailing us from other states and other countries.

1 So we know it was widely noticed.

2 And we know that MPOs are looking very carefully
3 at these policy briefs to find out what strategies are
4 being used in different cities, states, and what kind of
5 effect it had. And what to be able to share the
6 information from the these literature reviews to tell
7 their local residents and communities about the benefits
8 that could be accrued if certain policies were accepted
9 and put into their regional plans.

10 So I just wanted to mention that, and the fact
11 that it's been widely noticed and appreciated. We have
12 gotten thanks from many of the MPOs. I think the next
13 step here is to make sure that the MPOs not just talk to
14 us but talk to each other. And I think that's where we
15 can play a roll of facilitating that kind of cross
16 pollination which we have done to a certain extent which
17 it comes to talking about regional scenario planning.

18 BOARD MEMBER SPERLING: Could I ask that actually
19 staff put together a real plan with activities and maybe
20 it's a strategic plan with action items.

21 And the reason I'm suggesting that is because
22 most of us on the Board here are really interested in
23 helping out. And we have lots of other connections in our
24 various organizations. And I think if we had something
25 like that, it would be very useful. And also it would be

1 a mechanism for us to give feedback as well as the MPOs
2 and others to give feedback. I think we've reached a
3 threshold where we've got to up the game and figure out,
4 you know, what that really means.

5 Is that reasonable suggestion?

6 CHAIRPERSON NICHOLS: It's a perfectly reasonable
7 suggestion. I think it should be fed into a process that
8 Richard Corey I know has underway at the moment to work
9 with all the deputies on some planning activities. So if
10 you don't mind, I don't want to punt, but I also don't
11 want to single this out as the only thing that needs some
12 strategic planning.

13 But I do think it's worthy of a separate sort of
14 call-out-able, if that is a word, distinguishable set of
15 activities. So I see a nod, but maybe you can add.

16 DEPUTY EXECUTIVE OFFICER COREY: The message came
17 through loud and clear. And we are -- Chairman Nichols is
18 right on point in terms of the deputy team going through a
19 broader planning process right now and to meet this
20 discussion in open forum like we're doing and we can
21 report back.

22 CHAIRPERSON NICHOLS: I think this does have a
23 public constituency. And so let's try to move it ahead.

24 BOARD MEMBER SPERLING: Just that quick comment
25 on money. What are we doing about getting other kinds of

1 money? Or what are the opportunities?

2 DEPUTY EXECUTIVE OFFICER TERRY: Do I want the
3 talk about money? No.

4 BOARD MEMBER SPERLING: You're retiring soon.
5 You can say anything you want.

6 DEPUTY EXECUTIVE OFFICER TERRY: I think again, I
7 totally agree with. You when we started this program and
8 worked on targets and with the RTAC, we hoped that beyond
9 the incentives imbedded in statute is that somehow we can
10 take the transportation funding process, whether it's
11 federal, state, or local to be an effective tool to make
12 things happen on the ground.

13 We have a lot going on in terms of partnership --
14 new partnerships with Caltrans and our state
15 transportation planning agencies in multiple arenas. So
16 if the Chairman agrees, I think this might be another one
17 we add to that list of topics that we work with on the
18 state funding structure.

19 And ARB staff are clearly not experts on the
20 funding process. I think we're going to need to learn in
21 collaboration with our transportation agencies at all
22 levels.

23 I certainly hope that going forward as the
24 federal transportation bills get reauthorization that the
25 state of California and hopefully some of our other

1 partner states can influence the criteria for federal
2 funding uses along these lines. So I think there is a
3 clear will for the Board going forward with that.

4 CHAIRPERSON NICHOLS: Okay. Thank you.

5 Dr. Sherriffs.

6 BOARD MEMBER SHERRIFFS: I think everybody has a
7 expressed a lot and I would like to -- knock on wood.

8 Comment was made about how this process at the
9 local level community conversation changed. I think this
10 has been an extraordinary example of community
11 conversation change. This is not what I was hearing
12 two years ago. And seeing all the players, the
13 stakeholders, the entities here today having this
14 conversation all in the same room really very similar kind
15 of shared concerns. Very much on the same page about what
16 people want to achieve. So can they add to those three
17 Cs, civility, collaboration -- and I'm sure people can
18 come up with others. So I'm glad to see you scribbling
19 the -- drafting your letters here.

20 CHAIRPERSON NICHOLS: Any other -- yes?

21 BOARD MEMBER GIOIA: Just one comment. I think
22 we have to think about our efforts in a way that provide
23 the leadership direction to get the regions to continue to
24 work and push the goal for one really important reason:
25 For those of us who are involved in this in our regions

1 and it's different around the state, this was a really
2 difficult thing to do. I can't impress on those of you
3 who were not involved with developing these plans how
4 difficult it is to change the community conversation on
5 this. I think there was great leadership in various
6 regions to move this.

7 So to the extent that we can be helpful to the
8 electeds in the regions, because frankly there was some
9 very from strong people in the Bay Area who were
10 threatened with recalls over this type of developing this
11 plan. There was an amazing backlash by many communities.

12 But in the end, sort of, it was developed and
13 clearly there was some opposition from some sectors that
14 continued. So I think our efforts should sort of
15 provide -- I don't say the cover, but the ability for the
16 local electeds to continue to push the envelope on this.

17 And that's both from a standpoint of we talked
18 about the best practices, what other regions are doing,
19 how to access additional resources, and frankly to set the
20 aggressive goals. Because sometimes it's easy. For those
21 at the local level who are facing a tough situation, it's
22 easier to say, the folks at the state are helping push us
23 in this direction. So it provides a certain amount of
24 justification for them to continue pushing the envelope.

25 So just based on personal experience, I think as

1 a Board and an agency, we can be very helpful in that
2 regard.

3 CHAIRPERSON NICHOLS: I think so, too. That's
4 great.

5 Ms. Berg.

6 BOARD MEMBER BERG: Thank you. Well, I really
7 appreciate you sharing that information, Supervisor Gioia,
8 because it really also speaks to the six smaller MPOs.
9 And I think after yesterday's conversation, the smaller
10 guys get kind of swept up into these programs. And where
11 are the resources that are available for the six smaller
12 guys?

13 I think one of the things that struck me and
14 especially on the last testimony was the fact that smaller
15 MPOs don't have the people in the departments that are the
16 planners and the target setters and then a separate
17 department for implementer. It's all the same department.

18 So when we look that they are going to be tasked
19 with setting targets earlier than even the large people, I
20 think that we've heard across the board here the
21 importance of timing and flexibility. And I hope,
22 Chairman, that we would be able to stay open to the fact
23 that as we're looking to set new targets and aggressive
24 targets, as Supervisor Gioia just mentioned, that we would
25 be understanding that we're not inhibiting the six

1 smallest MPOs from really getting traction and getting
2 meaningful successes moving ahead.

3 And the other thing that really struck me is
4 nobody on this Board represents or is participating with
5 the six small people. We have wonderful participation for
6 all the large. And so maybe that is another thing we can
7 take a look at. Thank you.

8 CHAIRPERSON NICHOLS: It's a challenge working
9 with the diverse boards in the valley. Ms. Roberts has
10 been spending a lot more time than she ever thought
11 possible, I suspect, on the road working with the smallest
12 of the MPOs. But it's really taxing our resources I think
13 to do this effectively with all of them.

14 A lot of good work is being done on the technical
15 support side though, and that's probably the place where
16 we actually contribute the most.

17 So while I feel empowered to sign a letter on
18 behalf of the Board making the points that I think all of
19 us have stressed here, I'll send it to you anyway so you
20 can all have a look at it. It sounds like a good step
21 forward anyway.

22 So thanks to everybody for coming and
23 participating, all your hard work. And that I think is
24 the end for this item.

25 We do need to allow for a time for general public

1 comment, if there is anybody here. Did anyone sign up?

2 No, they did not. All right.

3 Then all we have to do is to adjourn briefly for
4 a briefing on pending litigation. There is no action
5 being requested. I will come out and make an announcement
6 after the executive session is over just to confirm that
7 we didn't do anything, assuming that remains true. But
8 nobody else needs to do that. But I would appreciate your
9 joining me in the staff room for a brief executive
10 section. Thanks, everybody. And we will be adjourning
11 other than that last report.

12 (Whereupon the Board recessed into closed
13 session from 11:29 a.m. to 12:12 p.m.)

14 BOARD MEMBER SHERRIFFS: So we are back on
15 record. Alan Sherriffs acting as Chair here. We met in
16 closed session to discuss litigation. Made no action.
17 And this meeting is adjourned. Thank you.

18 (Whereupon the California Air Resources
19 Board adjourned at 12:12 p.m.)

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