



Waterfront & Economic
Development

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November 8, 2021

Liane M. Randolph
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Proposed Commercial Harbor Craft Regulations

Dear Chair Randolph:

The Harbor Commission for the City of Redondo Beach submits its comments on the proposed amendments to the Commercial Harbor Craft (CHC) Regulation, which is scheduled for hearing by the California Air Resources Board (CARB) on **November 19, 2021**. While our Harbor Commission supports CARB's goals of improving statewide air quality, we question the need to expand state regulations well beyond existing U.S. EPA engine standards for all affected vessels,¹ including non-profits, local municipalities, family-owned businesses and other small enterprises, such as, sportfishing, charter boats, whale watching, sightseeing, educational, research, construction, training and similar activities.

As summarized below, our Harbor Commission has numerous concerns regarding inequitable regulation of different vessel categories, considerable expense of vessel upgrades, viability of current pollution controls and other concerns. Consequently, the Harbor Commission strongly urges CARB to conduct further detailed analysis of socioeconomic impacts on small enterprises, and work with industry associations and stakeholders to provide exemptions, deferrals, financial assistance and other regulatory relief until such time compliance can be feasibly achieved.

PROPOSED AMENDMENTS ARE EXTENSIVE AND INEQUITABLE

Even though U.S. EPA applies its strictest diesel particulate and other pollution standards to marine engines that are rated above 600 kW,² CARB seeks to expand its CHC regulations well

¹ CARB Proposed Amendments to the Commercial Harbor Craft Regulation, Staff Report: Initial Statement of Reasons, September 21, 2021, Page ES-2

² 40 CFR §1042.101, et. seq.

beyond such federal requirements. Specifically, CARB proposes several significant changes that will adversely impact small enterprises, including:

- Affected vessels with the strictest emission standards will be expanded to include Commercial Passenger Fishing Vessels (CPFVs or sportfishing), tank barges, research, hydrographic surveys, training, construction and other workboats;³
- CARB proposes Tier 3 and Tier 4 engine standards plus use of diesel particulate filters (DPF) which exceed U.S. EPA standards for affected vessels;
- There are significant inequities in compliance timeframes and emission standards for commercial fishing versus sportfishing, research, workboats and other affected vessels;
- CARB proposes to change the “recreational vessel” exemption to no longer include passenger capacity thresholds, and therefore will regulate any diesel-powered vessel engaged in commercial service as a charter or hired to carry any number of passengers;
- CARB proposes to remove an existing exemption for small diesel marine engines that are less than 50 hp (or 37 kW).

Further, CARB staff anticipates the most common pathway for meeting its strict engine performance standards would be repowering or rebuilding existing marine engines and installing a Level 3 DPF that can achieve greater than 85% diesel particulate reduction.⁴ In those cases where engine and DPF retrofits are not feasible, CARB anticipates that existing vessels must be retired, and new vessels will need to be purchased at significant costs in order for operators to comply with the proposed amendments.⁵

LOCAL COMMUNITY IMPACTS

The city of Redondo Beach has harbor operations and local businesses that will be impacted by the proposed CHC amendments. King Harbor and Redondo Pier occupies over 150 acres of land and coastal areas with various tourist, recreational and commercial activities. Within King Harbor, there are four marinas providing approximately 1,400 slips for personal, commercial and municipal uses. In addition, there are major hotel chains, dozens of small and franchise restaurants, retail stores, banquet facilities, parks and open space and numerous other uses. As a result, King Harbor and Redondo Pier provide significant beneficial public and commercial uses which draw tourists from all over the world, support local jobs and generate tax revenue for public services.

³ CARB Proposed Regulation Order, Page 33 – Definition of “Workboats” will include self-propelled vessel that is used to perform any duty not specifically listed by another category of commercial harbor craft, including but not limited to duties such as fire/rescue, law enforcement, research, hydrographic surveys, spill/response, school training, marketing, and construction (including drilling). Workboat can include vessels owned by public, private, and not-for-profit organizations.

⁴ CARB Proposed Amendments to the Commercial Harbor Craft Regulation, Staff Report: Initial Statement of Reasons, September 21, 2021, Page III-3

⁵ Id. at Page III-3

Moreover, Redondo Beach and its local businesses are still recovering from the impacts of COVID-19, which our Harbor Commission is concerned the proposed CHC amendments will further delay our recovery. In addition, sportfishing, charter boats, sightseeing and other similar operations provide the only means for those who cannot afford their own boats for a cost-effective way to access, enjoy and learn about our coastal waters, flora and fauna. King Harbor is the only harbor in the 25 miles of coastline between Marina Del Rey and the Port of Los Angeles. With this central location it is a critical access point for a large segment of LA County. King Harbor's proximity to key fishing and marine mammal areas off of Redondo and the northern end of the Palos Verdes Peninsula adds to the attraction for those who cannot afford their own vessels.

POLLUTION CONTROLS FOR SMALL VESSELS ARE NOT VIABLE

As noted above, CARB staff anticipates the most common compliance pathway would be repowering or rebuilding existing marine engines and installing a Level 3 DPF, or otherwise new vessels must be purchased. However, despite Level 3 DPFs as the primary pollution controls to comply with proposed emission standards, CARB has reported that there are no such DPFs currently available for marine engines.⁶ Moreover, the Cal Maritime Academy confirmed in a report to CARB that the size and weight of such DPFs and other engine retrofits would render CPFVs and other small vessels unstable, and also pose significant safety concerns for passengers and crew. As we understand these concerns, existing boat hulls for sportfishing, charters and other smaller vessels were not originally designed to accommodate the additional size and weight of expected engine retrofits and DPFs. In addition, operational issues with the DPFs could result in unexpected equipment failure when the boats are out at sea with passengers. While such equipment failure is manageable on land, such circumstances at sea may pose life threatening and other safety concerns for passengers and crews that could be adrift for hours.

Further, our Harbor Commission views many of the proposed amendments as being inequitable in their regulation of different vessel categories. For example, sportfishing, research, educational, construction and other workboats have stricter emission standards with compliance dates beginning as early as 2023 while commercial fishing has less stringent emission standards with compliance dates starting in 2030.⁷ As another example, the Sportfishing Association of California estimates these amendments could impact 174+ sportfishing vessels statewide, which are principally small business operators.⁸ Although these vessels spend minimal time in harbors with their engines running, and typically spend much of their time operating miles offshore with negligible adverse impact to local air quality, sportfishing vessels will be subject to the most stringent emission standards. In our view, there is no justification for such unfair treatment, as all affected vessels should have the same engine standards and maximum allowable time.

⁶ CARB Proposed Amendments to the Commercial Harbor Craft Regulation, Staff Report: Initial Statement of Reasons, September 21, 2021, Page I-35

⁷ CARB Proposed Regulation Order, September 21, 2021, Tables 16, 17, 18, 19, 21 – Compliance Dates

⁸ CARB Standardized Regulatory Impact Assessment, July 7, 2021, Page 101, Table C-37 - CARB estimates 292 affected vessels classified as Commercial Passenger Fishing Vessels (CPFVs, i.e., sportfishing, charters)

SMALL ENTERPRISE IMPACTS ARE SIGNIFICANT

For the typical small enterprise that provides sportfishing, sightseeing or similar activities, CARB's economic analysis estimates over \$1.8 million of non-amortized costs for the average vessel replacement, which is nearly 2x the average annual revenues for such enterprises.⁹ Moreover, CARB's economic models assume affected businesses will be able to pass along amortized compliance costs for new vessels or engine retrofits onto customers, however, CARB offers no technical, industry or other support for this key assumption.¹⁰ Despite these estimates, CARB concludes the CHC amendments are unlikely to have a significant impact on the overall California economy.¹¹ However, it is our view CARB's conclusions do not reflect the financial impacts on individual small enterprises and niche market segments, which are likely to be significant given the above economic analysis.

Within a matter of a few years, the vast majority of newly affected vessels will have to be taken out of service as vessels that are made of wood and fiberglass cannot be modified as steel hulls can. Consequently, affected businesses will incur significant costs to modify existing vessels and engines, or otherwise be forced to purchase a new vessel. Assuming such modifications can be made to existing vessels, another impact to affected businesses will be reductions of passenger loads by over 40 percent to account for engine modifications that are greater in size and weight. On the other hand, for boat owners required to purchase a new vessel, the option of financing new vessels is not possible when existing boats will have little to no resale value once deemed noncompliant in California. Consequently, the proposed regulations force these enterprises into an untenable position. They cannot afford to purchase new vessels while reconstructed vessels are too expensive to operate with reduced passenger loads that generate lower revenue. As a result, many industry experts strongly believe that these new regulations will force boat owners out of business within 3-6 years after implementation, which CARB's economic analysis also does not adequately address.

CONCLUSION – FURTHER STUDY IS REQUIRED

Redondo Beach is economically dependent on strong and vibrant hospitality, tourism and other commercial activities from its harbor. As noted, our Harbor Commission shares the CARB's objective to improve statewide air quality, however, it is our view the proposed CHC regulations will adversely affect potentially thousands of family owned businesses, non-profits and other small enterprises across the state. As a consequence, we request that CARB conduct more detailed socioeconomic analysis on the impacts of the proposed amendments on affected small enterprises and coastal communities that rely on such commercial activities. Further, we strongly urge CARB to work with industry associations and other stakeholders to develop exemptions, remove regulatory inequities, offer financial assistance and provide other relief until such time compliance can be reasonably achieved for these vulnerable enterprises.

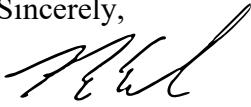
⁹ Id. at Page 110, Table C-32 – Compliance Cost Analysis for Small Business, Commercial Passenger Fishing Vessel

¹⁰ CARB Standardized Regulatory Impact Assessment, July 7, 2021, Page 110

¹¹ CARB Proposed Amendments to the Commercial Harbor Craft Regulation, Staff Report: Initial Statement of Reasons, September 21, 2021, Page ES-6

The Redondo Beach Harbor Commission appreciates the opportunity to comment on the proposed CHC regulations, and thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Carlson', written in a cursive style.

Roger Carlson
Chair
Harbor Commission
City of Redondo Beach