ENERGY, WATER & ENVIRONMENTAL SUSTAINABILITY COUNCIL
March 18, 2016
10-11:30am

1. WELCOME & SELF-INTRODUCTIONS

2. DISCUSSING THE FUTURE OF ENVIRONMENTAL REGULATION
   • Tony Brasil
     Chief, Heavy Duty Diesel Implementation, California Air Resources Board (CARB)
     Mr. Brasil and his team are here today to engage stakeholders on the transit fleet proposal to reduce emissions using ever-evolving technologies.
     Twitter: @AirResources

   • Lezlie Kimura Szeto
     Lead Staff, Sustainable Freight Action Plan, CARB
     Ms. Szeto is the lead staff person at CARB on the Sustainable Freight Action Plan. She is part of the team that will establish priorities for creating a California Sustainable Freight System that integrates technology, infrastructure, energy, and economy by July 2016.

3. UPDATE
   • Tesoro Los Angeles Refinery Integration and Compliance Project
     • Brissa Sotelo-Vargas
       Public & Government Affairs Manager (Southern CA), Tesoro Refinery, Los Angeles
     • Paul Dofton
       Senior Manager/Engineer, Tesoro Refinery, Los Angeles

4. ACTION ITEM
   • California Sustainable Freight Action Plan- Principles
     • Lupe Valdez
       Director, Public Affairs, Union Pacific Railroad

Upcoming Chamber Events:
   • ACCESS Washington, D.C.: April 26-28th at the JW Marriott
   • ACCESS Sacramento: June 8-9th at the Citizen Hotel

Tony Brasil
Chief of Implementation
California Air Resource Board

Mr. Brasil has 22 years of professional experience with the State of California with 17 years in the air pollution field and over 10 years of that experience in a management capacity at ARB. Mr. Brasil’s team develops and oversees the implementation of several regulations that reduce emissions from existing in-use heavy-duty vehicles. He also oversees efforts to amend the Transit Fleet regulation to incorporate Advanced Clean Transit strategies.

Mr. Brasil has an undergraduate degree in Mechanical Engineering from the University of California, Davis and is a registered Mechanical Engineer in the State of California.
Lezlie Kimura Szeto  
Lead Staff  
California Air Resource Board

Lezlie is lead staff at ARB on the Sustainable Freight Action Plan and is a key member of the ARB, California Energy Commission (CEC), California State Transportation Agency, Caltrans, and GOBiz team that will establish priorities and benchmarks by July 2016 for creating a California Sustainable Freight System that integrates technology, infrastructure, energy, and economy. Lezlie recently returned to ARB after serving as advisor and chief of staff to CEC Commissioner Janea A. Scott. Lezlie holds a degree in urban planning from UC Berkeley.

California Sustainable Freight Action Plan:

The California Sustainable Freight Action Plan is an ambitious statewide effort to improve freight efficiency and transition the freight transport system to zero-emission technologies, while continuing to support California’s economy.

In July 2015, Governor Brown issued Executive Order B-32-15, which directs the Secretary of the California Transportation Agency, Secretary of the California Environmental Protection Agency, and the Secretary of the Natural Resources Agency to lead the appropriate State departments in the development of a California Sustainable Freight Action Plan by July 2016. The State departments involved in this effort include the California Department of Transportation, the California Air Resources Board, the California Energy Commission and the Governor’s office of Business and Economic Development.

The integrated action plan will identify strategies, actions and freight pilot projects to advance progress toward a sustainable freight transportation system that meets California’s environmental, energy, mobility, safety and economic needs.
January 19, 2016

Mary D. Nichols
Chair, California Air Resources Board
Chairman’s Office
P.O. Box 2815
Sacramento, CA 95812

RE: Proposed Advanced Clean Transit Regulation

Dear Chairwoman Nichols:

On behalf of the Los Angeles Area Chamber of Commerce, I would like to thank you for the opportunity to provide comment on the development of the proposed Advanced Clean Transit (ACT) regulation. As you know, California’s public transit agencies have been ardent supporters of advancing zero emission bus (ZEB) technology, and continue to be enthusiastic partners in the state’s efforts to achieve the state’s greenhouse gas (GHG) emissions reductions and air quality goals. Southern California’s transportation agencies have proactively taken steps to introduce ever-cleaner technologies. However, the primary objective of Southern California’s public transit agencies is to provide safe, reliable and efficient mobility options to the region. We are concerned that, if allowed to move forward in its current form, the expensive ACT regulation may result in cuts in transit service. Therefore, I am writing to you to express our concerns with the current framework of the proposed ACT regulation, and to respectfully request that you slow the advancement of the proposed regulation and call for a meaningful study of alternatives. Moving forward, we commit to working with you to ensure that encouraging ZEB implementation does not compromise our ability to accomplish our service objectives.

As proposed, the ACT regulation would mandate that a “modest” fraction of bus purchases be ZEB technology, beginning 2018, and transition all transit fleets to ZEB technology by 2040. From our experience, ZEB technology neither offers the range, nor the reliability to be operated in all conditions across our state’s varied transit systems. Most critically, ZEB technology often imposes significantly higher upfront capital costs than conventional technologies, and unknown, but possibly higher ongoing operating costs, which could strain our capital and operating budgets. Therefore, without a robust lifecycle cost analysis, we hold that any assertion by California Air Resources Board (CARB) staff that the total cost of ownership of ZEB technology (inclusive of the upfront capital costs of bus purchase and infrastructure construction, bus operation and maintenance, workforce development and training, midlife rebuild and bus disposal) may be less than the total cost of ownership of conventional technologies is purely speculative.

In addition, CARB staff has failed to identify funding options, beyond a few small discretionary programs, which could adequately support and sustain the long-term goals of the proposed ACT regulation. The state funding options that have been identified to-date, particularly those that rely on Greenhouse Gas Reduction Fund (GGRF) dollars, are already oversubscribed; these funding options are intended, per their enacting statutes and existing guidelines, to support various forms of infrastructure development, capital replacement and technology incubation that achieve prescribed policy objectives – not just a ZEB purchase requirement. Federal funding options, while bettered by the recent enactment of the Fixing America’s Surface Transportation Act, are similarly limited and often dedicated to critical operations and maintenance purposes. Additionally, CARB staff’s assumptions regarding the Federal Transit Administration (FTA) contributions to initial bus capital expenditures remain deeply flawed, as they assume Urbanized Area Formula program funding will
be available to cover 82 percent of the costs of a bus no matter the costs of the bus; in fact, this
program’s funding disbursements are actually fixed relative to bus capital costs. Without adequate
dedicated funding, the costs of the proposed regulation will likely divert already limited state and
federal funds from other critical transit uses.

The Chamber believes the costs of the proposed regulation may result in service reductions that limit
mobility, particularly for transit-dependent and disadvantaged communities, increase traffic
congestion, and degrade our community’s economic competitiveness. These service reductions may
also reduce or negate the regulation’s purported GHG and air quality benefits. On a statewide-level,
this regulation may limit the state’s ability to fund other projects and programs that may net far
greater near-term and long-term environmental benefits, and conflict with current or pending
legislative guidance.

With these concerns in mind, we implore you to slow the advancement of the proposed regulation to
work through our concerns, and to consider other regulatory frameworks for achieving our shared
long-term environmental objectives. We support, and urge you to consider an alternative approach,
recently endorsed by the California Transit Association’s Executive Committee – the “Proposed
Framework for Incentivizing the Adoption of Zero Emission Transit Fleets.” This proposed
framework seeks to maintain transit’s leadership in adopting and incubating clean technologies to
achieve even greater GHG emission reductions and air quality improvements, while seriously taking
into account the operational limitation and financial constraints that transit agencies face. Put
broadly, the proposed framework is premised on the establishment of technology neutral and
performance-based emission and petroleum targets, instead of the technology-forcing approach of the
proposed ACT regulation, which provide transit agencies with the flexibility to implement the
commercially viable, zero or near-zero emission technologies best-suited to meet their operational
needs. As funding is a key impediment to the robust implementation of zero and near-zero emission
technologies, the framework calls for CARB to identify and secure, for the sole purpose of
facilitating the transition to zero emission fleets, new and ongoing state and federal funding. We
believe that this approach is prudent, and may lead to a more cost-effective use of limited GGRF
dollars.

In the coming months, we along with our stakeholder partners, will continue to work with you to
advance our common goal of cleaner air for Californians. We believe we can find a collaborative
way to increase ZEB adoption in the state without placing undue burden on public transit agencies
Thank you for your leadership and for your consideration of our position.

Sincerely,

Gary Toebben
President & CEO
Sustainable Freight Action Plan

Leading Principles per Chamber Membership:

- No Declining Facility Caps
  - We do not support regulatory proposals that will place emissions caps on facility operations. Facility Emissions Caps effectively limit throughput and economic activity, and this concept is antithetical to supporting California’s competitiveness as a global trade gateway and should not be included in the final action plan.

- No Stranded Assets
  - CARB needs to assure companies that they will be able to fully amortize past and future investments in technology for the useful life of the equipment, avoiding stranded assets. If an industry is required to buy new technology/equipment, they should be permitted to use that equipment for its useful life.

- Do no harm
  - The Action Plan must assure that the transition to new technologies will not be made at the expense of jobs.

- No Technology before proven in use
  - New technologies must be safe, proven, and reliable to ensure the supply chain system continues to deliver a product that meets customer, community, and regulatory needs.

- Economic importance of Goods Movement
  - Small businesses rely on the Ports
  - Jobs for those with HS diploma or less