

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

JOE SERNA, JR. BUILDING
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM, SECOND FLOOR
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9:00 A.M.

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APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson

Dr. John R. Balmes

Ms. Sandra Berg

Ms. Doreene D'Adamo

Mr. Ronald O. Loveridge

Mrs. Barbara Riordan

Mr. Ron Roberts

Dr. Daniel Sperling

Dr. John Telles

Mr. Ken Yeager

STAFF

Mr. James Goldstene, Executive Officer

Ms. La Ronda Bowen, Ombudsman

Mr. Tom Cackette, Chief Deputy Executive Officer

Mr. Bob Fletcher, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. Lynn Terry, Deputy Executive Officer

Ms. Mary Alice Morency, Board Clerk

APPEARANCES CONTINUED

STAFF

Mr. Kurt Karperos, Assistant Division Chief, PTSD

Ms. Lezlie Kimura, Local Government Strategies
Section, Planning and Technical Support
Division (PTSD)

Mr. Aron Livingston, Senior Staff Counsel, Office of Legal
Affairs

Mr. David Mehl, Manager, Energy Section, Stationary
Source Division (SSD)

ALSO PRESENT

Mayor Janet Abelson, City of El Cerrito

Dr. Janet Abshire, CA Medical Association

Mr. Tom Adams, California League of Conservation Voters

Ms. Sandra Benitez, Vice Mayor, Riverbank

Ms. C. Susie Berlin, NCPA

Ms. Autumn Bernstein, Climate Plan

Ms. Jane Block, Climate Change

Mr. Mike Bitner, Council of Fresno County Governments

Mr. Graham Brown, Council Member Steve Cohn

Mr. Robert Chase, Build It Green

Ms. Bernadette Del Chiaro, Environment California

Ms. Brenda Coleman, California Chamber of Commerce

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Cesar Covanubia, Kennedy Commission

Mr. Casey Cramer, CCGGA/WAPA/NFL

Mr. Bill Davis, Southern California Contractors
Association

Mr. Irvin Dawid, California Conservation Committee

Mr. Randy Deshazo

Supervisor Roger Dickenson, Sacramento County

Ms. Amanda Eaken, NRDC

Ms. Shannon Eddie, Large Scale Solar Association

Mr. Alex Esparza, City of L.A.

Ms. Heather Fargo, Strategic Growth Council

Ms. Michelle Garcia

Ms. Julie Gardiner, The Nature Conservancy

Mr. Dan Geis, AECA

Ms. Laura Genao, Southern California Edison

Mr. Matthew Hargrove, California Business Properties
Association

Mr. Woody Hastings, Clean Air Now

Mr. Peter Hathaway, Climate Plan

Mr. Sean Hebard, Carpenters Union

Mr. Andrew Henderson, Building Industry Legal Defense Fund

Mr. James Hendry, San Francisco Public Utilities
Commission

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Henry Hogo, South Coast AQMD

Ms. Bonnie Holmes-Gen, American Lung Association

Mr. Curt Johansen, Terre Verde Ventures

Ms. Meea Kang, Domus Development

Mr. Andy Katz, Breathe California

Mr. Jim Kemp, Santa Barbaa County Association of Governments

Ms. Elizabeth Klebaner, Adams Broadwell Joseph & Cardozo

Mr. Mark Krausse, PG&E

Mr. John Longville, San Bernardino Community College District

Mr. Richard Lyon, California Building Industry Association

Mayor Virginia Madueno, City of Riverbank

Mr. Ed Manning, KP Public Affiars

Mr. John McCall, Geothermal Energy Association

Mr. Larry McCallum, SCAG

Mr. Mike McKeever, Sac Area Council of Governments

Mr. Bruce McLaughlin, State Water Contractors

Ms. Sabrina Means, California Transit Association

Mr. Clayton Miller, CIAQC

Ms. Danielle Osborn Mills, CEERT

Mr. Dave Modisette, California Municipal Utilities Association

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Rahmon Momoh, CPUC, DRA

Ms. Cindy Montanez, Los Angeles Department of Water and Power

Ms. Kristie Moore, Coddling Enterprises

Mr. Chris Morfas, Sac Metro AQMD

Ms. Crystal Muhlenkamp, CalSTART

Mr. Michael Murray, Sempra Energy Utilities

Mr. Janus Norman, AFSCME

Ms. Cheryl O'Connor, BIA Bay Area

Mr. Terry O'Day, City of Santa Monica

Ms. Elizabeth Patterson, City of Benicia

Mr. Norman Pedersen, Southern California Public Power Authority

Mr. Ben Phillips-Lesenana, Sacramento Sustainability Forum

Mr. Michael Quigley, California Alliance for Jobs

Ms. Nancy Radar, California Wind Energy Association

Ms. Mary-Michel Rawling, City of Merced

Mr. Phil Reyes, Council Member, City of Duarte

Mr. Michael Rubio, Kern County Board of Supervisors

Mr. Seyed Sadredin, SJVAPCD

Mr. David Schonbrunn, Transdef.org

Mr. Mitch Sears, City of Davis

~~Mr. Dan Severson, Turlock Irrigation District~~

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Mott Smith, Civic Enterprise Associates

Ms. Julie Snyder, Housing California

Mayor Dan Tabor, City of Inglewood

Mr. Tim Tutt, SMUD

Ms. Tonia Reyes Uranga

Ms. Jane Warner, American Lung Association

Supervisor Raymond Watson, Kern County

Mr. Mike Wells, Fresno Metro Ministry

Ms. Catherine Garoupa White

Ms. Laura Wisland, UCS

Mr. Denny Zane, Move LA

Mr. Scott Zengel, Bay Area Countil

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PROCEEDINGS

1
2 CHAIRPERSON NICHOLS: Good morning, ladies and
3 gentlemen. We have a quorum of the Board here within the
4 building and within the sound of my voice, but we're just
5 assembling, so it'll take another couple minutes.

6 I would appreciate it very much if everybody
7 that's here for the SB 375 meeting would take a seat. And
8 we will be taking public testimony, of course, after we
9 hear from the staff and have an opportunity for the Board
10 members to ask questions and make a few comments before we
11 take any action on that.

12 If anybody is here for the renewable electricity
13 standard item, that will not be taken up until after
14 lunch. And if you're watching somewhere on the web and
15 thinking about when to come over, I think you're safe in
16 not planning to arrive here any earlier than 1:00. So
17 hopefully that will help people plan their timing a little
18 bit that we set aside the morning for this item.

19 Okay. The September 23rd public meeting of the
20 Air Resources Board will come to order.

21 And we will begin the meeting as we normally do
22 by saying the Pledge of Allegiance to the flag. Please
23 stand.

24 (Thereupon the Pledge of Allegiance was
25 Recited in unison.)

1 CHAIRPERSON NICHOLS: The Clerk will please call
2 the roll.

3 BOARD CLERK MORENCY: Dr. Balmes?

4 BOARD MEMBER BALMES: Here.

5 BOARD CLERK MORENCY: Ms. Berg?

6 BOARD MEMBER BERG: Here.

7 BOARD CLERK MORENCY: Ms. D'Adamo?

8 Ms. Kennard?

9 Mayor Loveridge?

10 Mrs. Riordan?

11 BOARD MEMBER RIORDAN: Here.

12 BOARD CLERK MORENCY: Supervisor Roberts?

13 BOARD MEMBER ROBERTS: Here.

14 BOARD CLERK MORENCY: Professor Sperling?

15 BOARD MEMBER SPERLING: Here.

16 BOARD CLERK MORENCY: Dr. Telles?

17 BOARD MEMBER TELLES: Present.

18 BOARD CLERK MORENCY: Supervisor Yeager?

19 BOARD MEMBER YEAGER: Here.

20 BOARD CLERK MORENCY: Chairman Nichols?

21 CHAIRPERSON NICHOLS: Here.

22 BOARD CLERK MORENCY: Madam Chairman, we have a
23 quorum.

24 CHAIRPERSON NICHOLS: Thank you very much. We

25 have a Chairman too, actually. We have both a quorum and

1 a Chairman. Thank you.

2 A couple of routine announcements before we get
3 started this morning, especially for any of you who may be
4 new to our meetings.

5 Anyone who wishes to testify, we appreciate it if
6 you sign up with the clerk of the Board. We'd prefer it
7 if you give your name, but it's not actually required. We
8 will limit the time each person has to speak. We'll start
9 at a three-minute limit, but if it seems as though things
10 are getting repetitive or we just have too many people, we
11 might possibly put an even stricter limit on the amount of
12 time.

13 We do read the written testimony and the letters
14 that are sent to us. We already have large volumes of
15 mail that have been submitted on both of our big items
16 today. But if you brought written testimony, we really
17 appreciate it if you, rather than reading it, just
18 summarize it in your own words. It works better for us.
19 We hear better and you'll still have all your comments in
20 the record.

21 I'm also supposed to tell you that the exits for
22 this room in the case of an emergency are at the rear of
23 the auditorium and to either side of me. And in the event
24 of a fire alarm, which does happen sometimes, we're
25 required to evacuate this room immediately, go down the

1 stairs, and leave the building. People just assemble on
2 the street or in the park across the way. And then when
3 the all-clear sign is given, we'd come back into the
4 building.

5 Okay. I think with that, we can get to the
6 agenda. And the first item on our agenda is an
7 informational report. It's not an action item. But it's
8 a report regarding the San Joaquin Valley agricultural
9 burning rule.

10 Mr. Goldstene.

11 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
12 Nichols. Good morning, Board members.

13 This item is a follow-up from the May 27th Board
14 meeting. At that meeting, the Board concurred with the
15 San Joaquin Valley Air Pollution Control District's rule
16 of phase out of agricultural burning as required by Senate
17 Bill 705. At the May Board meeting, staff from Senator
18 Florez' office, the author of SB 705, told the Board that
19 the Senator planned to hold a legislative hearing on the
20 topic.

21 The Board asked that we come back this month to
22 report on the legislative hearing, if it occurred. It was
23 held on July 28th, and a summary of the hearing is
24 included in the memo in your packet and is available on
25 the table in the lobby for members of the public today.

1 In summary, the San Joaquin Valley Air Pollution
2 Control District provided an overview of the district's
3 rule to phase out agricultural burning. The limited
4 exceptions to the phase out are subject to the district's
5 smoke management program, which restricts burning to days
6 with the best meteorological conditions. And as you know,
7 every day, ARB staff determines whether any burning is
8 allowed and works closely with air districts to implement
9 the statewide smoke management program to avoid public
10 health impacts.

11 If the Board has any questions this morning, we
12 do have program staff available if you'd like more
13 information. That's the extent of it.

14 CHAIRPERSON NICHOLS: Thank you. Do any Board
15 members have any questions or comments on the report?

16 We do have one person who indicated a desire to
17 speak. Since no action is being taken, I'm not sure that
18 she wants to. But I will ask if Betsy Reifsnider, did you
19 wish to speak on this item?

20 MS. REIFSNIDER: No. Since no action is being
21 called for today, that's fine.

22 CHAIRPERSON NICHOLS: Thank you very much. Nice
23 to see you. So with that, we can turn to the rest of our
24 agenda I think.

25 Before we take up the next item, I know there's

1 going to be some staff moving from place to place to get
2 ready for the next presentation, we have a couple of
3 general Board announcements or I guess comments to make.
4 Although we don't always shout out all the great things
5 that happen to our Board members or all the things they
6 do, there is one that was just announced this week that I
7 can't resist sharing with the rest of the group, in case
8 anybody missed it. And that is that our Board Member Dan
9 Sperling was awarded the Heinz foundation prize this year.
10 This is an extremely prestigious award in the
11 environmental science world. There are ten of them given
12 I believe every year. It carries a substantial financial
13 prize, which we'd love to find out what you're planning to
14 do with, Dan.

15 In reading the citation for the award, in
16 addition to his book which was a best seller for an
17 academic book, I must say phenomenal accomplishment, he
18 was sited for some of the things he has worked on and
19 advocated for, including the low carbon fuel standard,
20 which are things this Board has had an opportunity to
21 participate in and follow his lead on. So I know we all
22 want to congratulate Dan on this incredible honor. And
23 maybe, Dan, you might just say a word or two or three.

24 BOARD MEMBER SPERLING: Well, thank you very
25 much. It really is a great honor. I'm especially

1 appreciative, because much of the work that I was honored
2 for was actually work that hundreds of people at ARB
3 participated in in different kinds of ways and supported.
4 So it really couldn't have happened without ARB staff and
5 Board. So I'm -- it has an extra meaning for that
6 purpose.

7 And, Mary, there are various people that have
8 come up with ideas on how to spend the money.

9 CHAIRPERSON NICHOLS: I'm sure. There will be no
10 shortage of that.

11 BOARD MEMBER: Maybe Heinz ketchup.

12 CHAIRPERSON NICHOLS: Well, the relationship
13 between Dan's day job at the Institute for Transportation
14 Studies which he Chairs and the Air Resources Board is a
15 longstanding one and has benefited us very greatly. We
16 feel we can bask to some degree at least in the glow of
17 this award.

18 The other thing I want to mention is there is
19 going to be a resolution circulating that we're going to
20 ask the Board members to sign for Dr. Arthur Weiner who
21 has officially announced his retirement from the UCLA
22 School of Public Health. Dr. Weiner has been one of the
23 pioneers in air pollution research going back to the days
24 of the State Air Pollution Research Center at U.C. Davis
25 where he was the Deputy Director for many years before he

1 moved to UCLA. He's trained generations of scientists,
2 and he's still very active as a researcher, but he's
3 decided to retire officially. And we are going to ask the
4 Board members not only to send him a resolution
5 congratulating him, but also to establish a lectureship in
6 his name, which we would hope to do as an annual lecture
7 on a topic in air pollution science here at the building,
8 Cal/EPA. So just to announce that.

9 Okay. Are we now ready for the next agenda item?
10 Okay. So the first action item on our agenda is the staff
11 proposal for regional greenhouse gas reduction targets,
12 which are to be set under Senate Bill 375, which is also
13 known as the Sustainable Communities and Climate
14 Protection Act of 2008. SB 375 established a process for
15 reducing greenhouse gas emissions from transportation by
16 utilizing more sustainable land use and transportation
17 planning. The targets that we are looking at today will
18 set in motion the work of regional planning agencies and
19 local governments to develop plans for more sustainable
20 communities.

21 I would really like to emphasize the fact,
22 because I know there is a lot of people here as a result
23 of some organizing efforts underway, that what we're
24 talking about doing here is establishing a target that
25 would be used to set in motion a plan which would be

1 designed to have impacts in 2020 and 2035. And that's not
2 to say that this is not important, because it is important
3 in terms of focusing everybody's attention on what the
4 goals are. But I do want to make it clear that not only
5 is there no effect in terms of any mandate or punishment
6 if people don't meet those targets, but also that this is
7 a long process to actually get these plans in place.

8 We realize that there are some significant
9 challenges ahead, however. We have a long way to go for
10 local governments to update their land use and
11 transportation plans and any changes that would actually
12 be experienced on the ground in terms of more walkable and
13 livable communities will take years to effectuate.
14 Success is going to take not only a lot of work by a lot
15 of different organizations, both in the public and the
16 private sector, but it's going to take a commitment in
17 terms of additional resources. And there need to be
18 incentives as well, because this is a program that is
19 completely intended to work through carrots rather than
20 sticks.

21 And we all know that in light of the current
22 economic situation that we're living with and the very
23 severe budget challenges that cities and counties are
24 facing as well as the state that the resources to do

25 planning, not to mention the implementation or building

1 new infrastructure, which is what we're really talking
2 about here, to support sustainable development, these are
3 things that are all in very short supply right now.

4 Now, the last time our Board was briefed on this
5 item, I think that we all agreed that our job here, in
6 addition to establishing a number, is not to just set a
7 number and then walk away from the process, but really to
8 work with the regions and local government and with our
9 sister agencies who will play a key role in this. I mean,
10 Air Resources Board is not able to, nor does it want to,
11 nor should it take over the role of the Housing and
12 Community Development Department or the Department of
13 Transportation, to mention just two of the very, very
14 critical agencies that are involved here. But we need to
15 stay involved and stay at the table and to make sure that
16 whatever we are doing to help with implementation is also
17 helping them to focus attention and new sources of revenue
18 on the need for additional planning.

19 I think as we proceed today, we will be reminded
20 repeatedly -- and I know because we have several local
21 elected officials on our Board, that we will not be
22 allowed to forget that local land use is a local
23 prerogative and that it's local decision makers who
24 ultimately have to decide whether and how these targets
25 that we're going to be looking at setting today will be a

1 reality.

2 So one of the things that I'm pleased about and
3 that gives me some sense of confidence in what we're doing
4 here today is that we have had extremely active
5 participation in this process from the very beginning by
6 the local metropolitan planning organizations in the
7 actual development of the targets. I know that the
8 technical staffs of these agencies have been extremely
9 active in trying to make sure that their decision makers
10 as well as the ARB had a strong technical foundation for
11 the recommendations that they've made.

12 But I'm also really encouraged by the fact that
13 many local elected officials had the vision and the
14 courage to step up to the plate and to make
15 recommendations of targets themselves, not to just wait
16 for ARB to come up with a number and then hand it out to
17 them. But actually to do the kind of ground up process
18 that we sometimes pay lip service to but don't always
19 necessarily actually get to see happen. This has been a
20 process that has included very, very active participation,
21 not just by the advocates or the environmental groups or
22 the business community, but by people who actually
23 participate on a day-to-day basis in making the local land
24 use and transportation decisions.

25 So that has been probably the single most

1 important aspect I think of this to date, really, is that
2 there's been so much work already done in the area of
3 sustainable planning taking place.

4 So with that, I'm going to ask Mr. Goldstene to
5 introduce this item.

6 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
7 Nichols.

8 Last year, we briefed the Board on Senate Bill
9 375. We provided an update on target setting efforts and
10 presented draft targets. As part of that briefing, you
11 heard from several executive directors of the regional
12 planning agencies about the tremendous amount of effort
13 they put into developing initial planning scenarios in
14 their commitment to continue work refining this
15 information for use by the ARB in setting final targets.

16 Because considerable work was still underway,
17 staff released the draft targets as ranges. After the
18 release of the draft targets, ARB staff received
19 additional information from a number of the metropolitan
20 planning organizations. Many of the MPOs engaged in
21 additional public processes with their Boards and
22 community stakeholders, refined their initial technical
23 work, engaged in regional policy discussions, and
24 ultimately approved new or updated target recommendations
25 for submittal to ARB.

1 In July, a number of MPOs considered target
2 recommendations. The San Diego Association of Governments
3 Board voted on July 23rd. The Bay Area Metropolitan
4 Transportation Commission voted on July 28th. And the
5 Shasta County Regional Transportation Agency voted on July
6 27th.

7 ARB staff also received further input through its
8 public workshop process in July, which consisted of seven
9 public workshops around the state.

10 Using information from both the MPO Board actions
11 and public process, staff developed and released its
12 proposed targets in our August 9th staff report.

13 Now, since the release of the staff proposal in
14 early August, additional metropolitan planning
15 organizations have submitted information and
16 recommendations on targets for their region. Actions have
17 been taken by the eight MPOs in the San Joaquin Valley to
18 support a unified recommendation from the valley through
19 the San Joaquin Valley Air District Board. The Sacramento
20 Area Council of Governments took action on August 19th.
21 The Southern California Association of Governments took
22 action on September 2nd at their regional council meeting.
23 And the Association of Monterey Bay Area Governments and
24 the Santa Barbara County Association of Governments took
25 final actions as well. All of this work was done in

1 public view and very robust public process.

2 This new information will now be summarized for
3 your consideration as part of the staff presentation.

4 Lezlie Kimura from our Air Quality and
5 Transportation Planning Branch will start the staff
6 presentation. Lezlie.

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

9 MS. KIMURA: Thank you, Mr. Goldstene.

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

12 Your action today is to consider setting
13 greenhouse gas emission reduction targets for passenger
14 vehicles for the 18 metropolitan regions in California
15 pursuant to Senate Bill 375. It is an opportunity for the
16 Air Resources Board to promote better transportation and
17 land use planning and to provide regions the opportunity
18 to achieve community benefits that extend beyond
19 greenhouse gas reductions.

20 --o0o--

21 MS. KIMURA: There is a long history of regional
22 planning in California by Metropolitan Planning
23 Organizations, or MPOs. Local elected officials who sit
24 on the MPO Boards are regularly called upon to make

25 decisions in the context and region at large. SB 375

1 re-enforces this regional planning perspective, allowing
2 local decision makers and the public to examine how their
3 decisions on future land uses and transportation affect
4 travel patterns. It helps to discover ways to best use
5 employment opportunities, transportation options, and
6 regional resources in providing the quality of life
7 improvements that communities want.

8 In addition, SB 375 better integrates the state's
9 transportation, housing, and environmental review programs
10 to promote on-the-ground action. It makes changes to
11 housing planning, to ensure that plans for housing become
12 aligned with the regional vision that will be set forth in
13 regional transportation plans.

14 It also creates several new provisions to the
15 California Environmental Quality Act to reduce the cost of
16 and ease the environmental review of projects in order to
17 assist communities in making their plans a reality.

18 --o0o--

19 MS. KIMURA: If California is successful in
20 implementing improved regional plans under SB 375, many
21 public health benefits beyond greenhouse gas reductions
22 can be realized. More efficient prioritization of land
23 use, transportation infrastructure, and municipal services
24 can help regions and cities reduce air pollution, design
25 healthier communities, with more walkable neighborhoods,

1 open space, and less congestion, and provide overall
2 enhanced quality of life for residents.

3 --o0o--

4 MS. KIMURA: As a reminder, SB 375 requires most
5 regions in the state to add a sustainable communities
6 strategy, or SCS, to their regular regional planning
7 process that looks at how different land use and
8 transportation strategies can help meet long-term
9 sustainability goals.

10 To help guide these regional planning efforts,
11 ARB sets regional greenhouse gas emission reduction
12 targets for 2020 and 2035 and updates them over time.

13 The law is clear that the targets to be set by
14 ARB are not regulatory standards for regional or local
15 governments, and that local governments are not required
16 to change their local plans and policies due to targets.

17 Rather, the law creates incentives that are
18 intended to help communities implement regional plans that
19 meet the targets, if they choose to do so.

20 --o0o--

21 MS. KIMURA: SB 375 places the responsibility for
22 developing regional plans on the 18 MPOs in California.
23 These regional agencies are created by federal law to
24 carry out comprehensive multi-modal transportation
25 planning. MPOs are governed by locally elected officials

1 from within the region, which include city council members
2 and members of county boards of supervisors.

3 The shaded area of this map shows the areas
4 covered by the 18 MPOs, which accounts for overwhelming
5 majority, nearly 98 percent of the state's residents and
6 passenger vehicle greenhouse gas emissions.

7 The four largest MPOs in the state include the
8 Southern California of Association of Governments, SCAG;
9 the Bay Area's Metropolitan Transportation Commission,
10 MTC; the San Diego Association of Governments, SANDAG; and
11 the Sacramento Area Council of Governments, SACOG.

12 Collectively, these four regions are home to over 80
13 percent of the state's population, vehicles miles
14 traveled, and CO2 emissions from passenger vehicles.

15 The eight MPO's covering the San Joaquin Valley
16 and eastern Kern County include the counties of San
17 Joaquin, Stanislaus, Merced, Madera, Fresno, Kings,
18 Tulare, and Kern. The area covered by these MPOs make up
19 roughly 10 percent of the statewide population, vehicle
20 miles traveled, and CO2 emissions.

21 Most notably, this area of the state is expected
22 to experience growth at more than double the rate of the
23 rest of the state in 2020 and 2035. The remaining six
24 MPOs include the Association of Monterey Bay Area

25 Governments and the counties of Santa Barbara, San Luis

1 Obispo, Butte, Shasta, and Tahoe which cover five percent
2 of the state's population, vehicle miles traveled, and CO2
3 emissions and are not expected to experience future high
4 growth.

5 --o0o--

6 MS. KIMURA: In many ways, MPOs and local
7 agencies across California have already started the kind
8 of regional planning envisioned by SB 375. Many of the
9 strategies that will be considered as these agencies
10 develop plans under SB 375 have already been identified
11 through a decade's worth of regional blueprint planning
12 efforts throughout the state, which have emphasized a
13 broad based local collaborative process for identifying
14 how regions want to grow. Some are even being actualized
15 at the local level through the updates to general plans,
16 development of Climate Action Plans, and development of
17 more sustainably designed projects on the ground.

18 Current travel trends are already showing an
19 improvement. The growth in vehicle travel is no longer
20 double that of population growth, which was the rule of
21 thumb in the 80s and 90s. Over the past ten years, growth
22 in vehicle miles of travel did not exceed population
23 growth.

24 MPOs are now projecting that with their current
25 transportation plans in place, vehicle miles of travel per

1 person will actually decrease around 2 percent over the
2 next decade.

3 While this trend is certainly influenced by the
4 recent economic recession, changes to local and regional
5 planning practices, demographic shifts, and changing
6 consumer preferences over the past decade are the key
7 drivers.

8 SB 375 builds on the momentum of these regional
9 and local actions which helps the communities begin
10 discussions of what the sustainable community strategies
11 for their regions should look like.

12 --o0o--

13 MS. KIMURA: Your decision on targets today
14 arguably kicks off the most important part of SB 375: The
15 first formal regional planning process where MPOs must
16 develop sustainable community strategies as part of their
17 regional transportation plans, or RTPs. RTP development
18 is a detailed and time intensive process that is governed
19 by state and federal laws. This is where the very general
20 and generic analysis that MPOs have done to date are
21 turned into concrete and real plans.

22 Typically, the process spans one to two years and
23 includes multiple rounds of technical modeling work,
24 analysis of alternatives, extensive public participation,
25 and an environmental review process.

1 Throughout the RTP development process, MPO
2 Boards are called upon to make policy and technical
3 decisions about population projections, land use patterns
4 and transportation infrastructure that directly affect the
5 expenditures of billions of local, state, and federal
6 transportation dollars. The MPOs develop new regional
7 transportation plans every four or five years and make
8 periodic amendments to existing RTPs as needed.

9 In general, it is important to recognize that
10 regional transportation plan development by the MPOs is
11 based on more detailed technical information, complex
12 regional policy considerations, and a lengthier public
13 process than has occurred in the development of
14 informational scenarios by MPOs for the target setting
15 process.

16 --o0o--

17 MS. KIMURA: To add a sustainable communities
18 strategy to a regional transportation plan, SB 375
19 requires MPOs to set an integrated development pattern and
20 transportation network for the region, identifying things
21 such as general location of different land use,
22 residential densities, and areas to house the region's
23 population, among other things that, if implemented, would
24 achieve the targets set by ARB.

25 ~~Since the content and requirements for regional~~

1 transportation plans are defined by both State and federal
2 law, an MPO's development and adoption of a sustainable
3 community strategy must also remain consistent with State
4 and federal planning requirements.

5 If it is determined that, if implemented, the
6 prepared SCS will not achieve the targets set by ARB, an
7 MPO must prepare a separate alternative planning strategy
8 that shows how the region could achieve its targets.

9 Regardless of which document demonstrates how the
10 region can achieve its targets, the SCS as part of the
11 federally required RTP or the APS as allowed by SB 375,
12 qualifying projects that are consistent with the plan that
13 meets the targets will have access to the environmental
14 relief incentives created in SB 375.

15 --o0o--

16 MS. KIMURA: Clearly, most of the implementation
17 effort in SB 375 is carried out at the regional and local
18 levels. SB 375 outlines a few specific roles for ARB that
19 are intended to help begin and guide these efforts.

20 The first, which is the topic of your
21 consideration today, is to establish emission reduction
22 targets for the MPOs. Starting immediately and extending
23 over the next several years, ARB staff will be reviewing
24 MPO technical methodologies for quantifying greenhouse

25 gases. In addition, once MPOs develop and adopt their

1 sustainable communities and alternative planning strategy
2 plans, SB 375 gives a limited role to ARB to either accept
3 or reject the MPO's determination that its SCS or APS
4 would, if implemented, achieve the regional targets.

5 Finally, SB 375 requires ARB to update the
6 targets at least every eight years and provides that the
7 Board may revise the targets every four years.

8 --o0o--

9 MS. KIMURA: As a first step in developing
10 targets, this Board convened the Regional Targets Advisory
11 Committee, or RTAC, and charged it with providing
12 recommendations on target setting. Composed of
13 individuals with a mix of expertise and experience in
14 planning, home building, environmental resource
15 protection, and social equity, this Committee's work led
16 to many valuable insights for the target setting process.
17 The Committee submitted a report to ARB in September of
18 last year, which staff brought to the Board in November.
19 Highlighted here are three of the Committee's key
20 recommendations on: How the targets should be expressed;
21 the value of the highly collaborative process with MPOs
22 for target setting; and lastly, the need for additional
23 funding and other resources to help local and regional
24 governments with implementation.

25 Since the release of the report, the MPOs put a

1 tremendous amount of work in developing alternative land
2 use and transportation scenarios to inform target setting
3 and have included ARB staff in its development processes.

4 The initial results of their scenario work were
5 provided to ARB and the public beginning in May and
6 presented to this Board in June. Since that time, several
7 MPOs have continued work and provided additional
8 information to ARB.

9 ARB staff has continued to work to maintain
10 public stakeholder engagement throughout the target
11 development process. Information, data, and analyses
12 provided by the MPOs were shared in real time with the
13 public and discussed through a public process, which
14 included meetings in May and June, as well as a series of
15 seven public workshops around the state in July.

16 --o0o--

17 MS. KIMURA: This chart illustrates how staff's
18 proposed targets are expected to work in each region. It
19 uses data for the Sacramento region as an example.
20 Starting with the left most bar in the diagram, you see
21 the region's per capita carbon emissions in 2005 from cars
22 and light trucks.

23 Moving right to the diagram's middle bar, you see
24 the effect of staff's proposed 2020 target on the region's
25 per capita emissions, a seven percent reduction from their

1 targets add up and combine with ARB's greenhouse gas
2 vehicle and fuel standards to achieve significant overall
3 greenhouse gas emission reductions statewide.

4 The top black line represents the greenhouse gas
5 emissions from passenger vehicles based on the updated MPO
6 data.

7 The pink line represents the reduced emissions if
8 all MPOs meet the targets proposed by the staff. As you
9 can see, even though emissions per person are going down,
10 total emissions continue to increase because of population
11 growth. The proposed targets are not growth caps.

12 The bottom blue line shows what happens when you
13 combine the targets with the vehicle and fuels benefits.
14 The result is a dramatic net decrease in total passenger
15 vehicle emissions.

16 --o0o--

17 MS. KIMURA: While ARB staff served as the
18 convener and focal point of much of the target-setting
19 discussions over the past 18 months, it was the MPO staff
20 who worked to develop new and updated region-specific
21 information for those discussions. A significant portion
22 of the information available for target setting includes
23 technical scenario work done by the MPO staff to evaluate
24 the impacts of different strategies on regional emissions.

25 But equally as important are the formal target

1 recommendations that a number of the MPO policy boards
2 provided to ARB. The MPO Board actions reflect the
3 responsibility each locally elected decision maker accepts
4 in sitting on an MPO Board, which is to consider the
5 technical information along with policy considerations in
6 deciding what direction is in the best interest of the
7 region.

8 --o0o--

9 MS. KIMURA: In contrast to the plans developed
10 as part of the formal regional transportation planning
11 process that I described earlier, the scenarios developed
12 by the MPOs for target setting were intentionally much
13 simpler. They reflect the generic impacts of general land
14 use and transportation strategies on regional emissions
15 using current data sets and models.

16 Typically, alternative scenarios are used in
17 planning to evaluate how various bundles of transportation
18 and land use policies will impact a given region. They
19 give planners and the public an opportunity to get a
20 preliminary view of what ideas might look like when
21 implemented and which policy bundles may work better than
22 others in a region.

23 While the target-setting scenarios represent some
24 of the best available and most current information for
25 regional target setting, ARB staff also recognizes that

1 the scenarios should not be interpreted as containing the
2 final strategies or policy options that the regions will
3 eventually pursue in their formal sustainable community
4 strategies.

5 Over the past four months, ARB has received a
6 wide variety of regional scenarios, representing varying
7 degrees of information from the MPOs. Some MPOs looked at
8 the impact of individual strategies. Others evaluated the
9 impacts of combining different strategies.

10 While not an exhaustive list, some of the
11 strategies looked at including increased compact
12 development, expansion of transit networks, improved
13 jobs/housing balance, and pricing.

14 Flowing out of the coordination efforts among the
15 MPOs, they did, where it made sense, use some common
16 assumptions and approaches when developing their
17 scenarios. Most notably, they agreed on a common set of
18 policy categories that they would evaluate. Many also
19 used common approaches for projecting future fuel cost and
20 available regional revenues. Recognizing the importance
21 of accounting for near-term impacts of the economic
22 downturn, many of the MPOs also reported that they
23 adjusted the forecasts used in their scenarios to account
24 for effects of the recession.

25 --o0o--

1 MS. KIMURA: ARB staff recommended in our August
2 9th staff proposal that this first cycle of target setting
3 be focused on the largest and fastest growing regions of
4 the state and recommended that targets for the remaining
5 six MPO regions reflect the region's most current
6 projections for 2020 and 2035.

7 Subsequent to the release of staff's proposal in
8 August, both the Association of Monterey Bay Area
9 Governments and the Santa Barbara County Association of
10 Governments Boards approved target recommendations that
11 would achieve greater greenhouse gas emission reductions
12 than ARB staff's proposal.

13 On August 23rd at a special meeting of the Board,
14 the Association of Monterey Bay Area Governments Board of
15 Directors voted to recommend a target of zero per capita
16 change in 2020 from their 2005 level and a five percent
17 reduction in per capita emissions from 2035 from their
18 2005 level.

19 On September 20th, the Santa Barbara County
20 Association of Governments Board voted to recommend a
21 target of a zero per capita change in both 2020 and 2035
22 from their 2005 levels.

23 In addition, yesterday, staff from the Tahoe
24 Metropolitan Planning Organization asked to correct
25 information that was used to calculate their region's 2035

1 proposed target. The correction changed Tahoe's
2 projections for 2035, resulting in a greenhouse gas
3 emissions reduction of five percent per capita from 2005
4 levels.

5 Over the next few slides, I'll talk some more
6 about the additional information and recommendations
7 provided to ARB since June by the four largest and eight
8 valley MPOs.

9 --o0o--

10 MS. KIMURA: The San Diego Association of
11 Governments, or SANDAG, conducted additional modeling work
12 under the direction of their Board which asked staff to
13 model a revision to a previously modeled scenario assuming
14 a land use allocation consistent with SANDAG's recently
15 adopted 2050 growth forecast and including transportation
16 demand and system efficiency measures, including expanded
17 tele-commuting and ride sharing options, expansions of
18 regional transit, bike, and ped systems and additional
19 high occupancy toll lanes.

20 SANDAG staff presented the results to their Board
21 at its July 23rd meeting. The SANDAG Board approved
22 target recommendations of a seven percent per capita
23 reduction for 2020 from their 2005 level and a 13 percent
24 per capita reduction for 2035 from their 2005 level.

25 --o0o--

1 MS. KIMURA: The Sacramento Area Council of
2 Governments also continued to work on additional
3 scenarios. SACOG staff developed three additional
4 scenarios as part of their planning work related to their
5 metropolitan transportation plan update. These scenarios
6 were initially discussed by SACOG's Transportation
7 Committee in early August and were discussed by the full
8 SACOG Board at its meeting on August 19th.

9 The Board selected targets that represented the
10 mid-range scenario. This scenario assumes an enhanced
11 land use allocation that is more consistent with recent
12 market performance and a blueprint distribution of new
13 residential housing stock in the region. The scenario
14 also reflects enhancements to transit as well as system
15 and demand management strategies compared to the region's
16 current plan.

17 At that meeting, the SACOG Board approved per
18 capita greenhouse gas target recommendations of seven
19 percent reduction for 2020 from their 2005 level and 16
20 percent reduction from their 2035 from their 2005 level.

21 --o0o--

22 MS. KIMURA: In the Bay Area region, the
23 Metropolitan Transportation Commission evaluated the
24 potential emission reductions associated with separate

25 land use, pricing, and maintenance policy options, as well

1 as the potential reductions of combining these policies.

2 In early July, MTC staff worked with the
3 Commission's Policy Committee to review the initial
4 scenarios and conducted additional work to provide
5 potential impacts of reduction targets set at 12 and 15
6 percent for 2035. MTC staff presented the results of
7 their analyses to the Commission at its July 28th, public
8 meeting.

9 At that meeting, the Commission approved per
10 capita greenhouse gas target recommendations of seven
11 percent reduction for 2020 from their 2005 level and 15
12 percent reduction from their 2005 level.

13 Board Member Supervisor Yeager, who is also a
14 member of the Commission, has asked that Steve Hemminger,
15 MTC's Executive Director, present some additional
16 information on the region's work following ARB staff's
17 presentation.

18 --o0o--

19 MS. KIMURA: The eight MPOs in the San Joaquin
20 Valley, which includes the entire county of Kern, are in a
21 unique situation, having just adopted eight new RTPs in
22 July of this year as a result. Their first SB 375 SCSs
23 will be done in the context of their 2014 RTPs.

24 To prepare for the 2014 RTPs, these MPOs have
25 already initiated substantial model improvement efforts

1 and continue to discuss how to move forward with the
2 flexibility SB 375 provides in allowing multi-county
3 sustainable community strategy development in the valley.
4 Given their unique circumstances, ARB staff proposes a
5 process that:

6 One, establishes place holder targets of a five
7 percent per capita reduction from 2005 levels for 2020 and
8 a ten percent per capita reduction from 2005 levels for
9 2035;

10 Second, establishes a process where the report on
11 expected model improvements in 2012;

12 And lastly, establishes provisional targets in
13 2012 which would be formerly considered by ARB in 2014.

14 Since the release of staff's draft proposal on
15 August 9th, the eight MPOs have had continued discussions
16 with their local jurisdictions, stakeholders, and the San
17 Joaquin Valley Air Pollution Control District. In a
18 region-wide effort to bring a unified recommendation from
19 the Valley, the San Joaquin Valley Air District Board
20 supported by the eight MPO directors, adopted a
21 recommendation in favor of ARB staff's proposed process,
22 with the exception of staff's recommended placeholder
23 target.

24 Instead, the air district and MPO's have
25 recommended an alternative placeholder target of a 2

1 percent per capita reduction for 2020 from 2005 levels and
2 a five percent per capita reduction for 2035 from 2005
3 levels.

4 --o0o--

5 MS. KIMURA: In the Southern California region,
6 the Southern California Association of Governments, or
7 SCAG, initially looked at five scenarios that assumed land
8 use patterns that reflected locally supported land use
9 policy concepts developed through the region's compass
10 blueprint efforts as well as gradual improvements in
11 transportation infrastructure and policy beyond what the
12 current transportation plans achieves.

13 In our August report, ARB staff proposed an eight
14 percent per capita reduction target for 2020 from 2005
15 levels, based on the recommended target range provided by
16 SCAG in May.

17 For 2035, ARB staff proposed a reduction target
18 more in line with the other major MPO regions of 13
19 percent per capita reduction subject to the pending SCAG
20 Regional Council discussion. The ARB staff proposal
21 recognized that SCAG staff was doing additional technical
22 analyses on the region's scenarios.

23 Since that time, SCAG staff performed additional
24 sensitivity testing of 2035 scenarios that considered

25 additional transportation demand management and

1 non-motorized measures, refined forecasting analyses of
2 local socioeconomic input, and improved some technical
3 modeling and off model analyses.

4 SCAG staff concluded that a 13 percent per capita
5 reduction target in 2035 is ambitious, but possibly
6 achievable, assuming the successful implementation of
7 planned projects within the region, as well as commitments
8 from State and federal governments for additional funding
9 and resources.

10 On September 2nd, SCAG staff recommended that the
11 Regional Council approve target recommendations of an
12 eight percent per capita reduction for 2020 from their
13 2005 level and a 13 percent reduction for 2035 from their
14 2005 level, provided ARB accept a list of recommendations
15 to address funding and other resource concerns related to
16 SB 375 implementation.

17 After much discussion, the SCAG Regional Council
18 voted 29 to 21 to approve target recommendations of a 6
19 percent per capita reduction for 2020 from their 2005
20 level and an 8 percent per capita reduction for 2035 from
21 their 2005 level, with the provision that with ARB as a
22 partner, they would be willing to discuss higher targets.

23 --o0o--

24 MS. KIMURA: From the very earliest discussions
25 about SB 375, funding and technical tools have been

1 clearly identified as statewide implementation challenges.
2 The concerns highlighted early in the process by the RTAC
3 and more recently by the San Joaquin Valley MPOs and SCAG
4 Regional Council reinforce the importance and urgency of
5 these challenges.

6 --o0o--

7 MS. KIMURA: Today, funding for transportation,
8 local planning, and redevelopment efforts is in short
9 supply. The recession has adversely affected local
10 government resources, leaving many struggling to provide
11 basic services.

12 Along with the recession, State budget cuts,
13 especially to transit and redevelopment funding, are
14 near-term obstacles to achieving the goals.

15 The solution to this funding dilemma is not
16 something that can be fixed quickly or by any one source.
17 It will require a continued commitment to bring together a
18 host of funding sources across State and federal
19 government, the regions, businesses, non-profits, and
20 local governments.

21 In addition to funding, tools that help regional
22 and local agencies assess the potential impacts of their
23 land use and transportation policy decisions on the
24 liveability of their communities must be improved. Local

25 decision makers and the public will want to know how their

1 choices will affect emissions, how they affect commute
2 times, will they affect household costs, health, and other
3 things.

4 ARB, in cooperation with the Caltrans, the MPOs,
5 and other state and local agencies already have a number
6 of efforts underway to help address this issue.

7 ARB is providing funds to improve the San Joaquin
8 Valley MPO's travel demand model using the statewide
9 travel model Caltrans is currently developing with U.C.
10 Davis as its framework. The San Joaquin Valley Air
11 District is also contributing funding to the Valley model
12 improvement effort.

13 Caltrans is facilitating a significant upgrade to
14 the statewide household travel survey that will update and
15 improve travel data throughout the state. This effort is
16 being funded in part by the Strategic Growth Council as
17 well as by contributions from a number of the MPOs. ARB
18 has also contracted with a team of U.C. researchers to
19 assess the empirical literature and identify the potential
20 effects of different land use and transportation
21 strategies on greenhouse gas emissions, including
22 co-benefits.

23 In addition, the MPOs have started discussing
24 appropriate performance indicators for guiding regional

25 ~~planning development and tracking regional progress over~~

1 time.

2 These efforts represent a promising start.
3 Continued commitment to improving these tools will be
4 needed for ensuring successful long-term implementation.

5 --o0o--

6 MS. KIMURA: Today's Board action sets in motion
7 a whole series of discussions, technical exercises, and
8 opportunities for the public engagement that will take
9 place throughout the state at the regional and local
10 levels.

11 Over the next several years, MPOs will go through
12 the formal process of developing strategies to meet the
13 targets set today. Local governments and community
14 stakeholders will discuss and make decisions about the
15 future of California's cities and counties. As modeling
16 and data improve, regional policy discussions advance, and
17 California's economy moves out of the recession, this
18 Board will have the opportunity to incorporate new
19 information into the next target-setting cycle.

20 Thank you. That concludes staff's presentation.

21 At this time, I'd like to turn the microphone to
22 over to Mr. Hemminger of the Metropolitan Transportation
23 Commission.

24 CHAIRPERSON NICHOLS: While he's coming up, I'd

25 like to let people in the audience know we're thrilled so

1 many of you have taken the time to come and be with us and
2 participate in this decision. Obviously, it's something
3 that people feel very intensely about.

4 There does appear to be a shortage of seats in
5 the room, however. There is a few empty ones in the
6 middle. We have just received notice that we have use of
7 the Coastal Hearing Room, which is next door down the hall
8 where you can hear, although I'm not sure that you can see
9 everything that's being said.

10 And so what I would recommend for those of you
11 who either are just monitoring this or after you've spoken
12 if you would consider moving, I think it would make it a
13 little more comfortable for everybody. So that's just an
14 option out there for those who are standing in the back of
15 the room or wedged up against a wall. Thanks.

16 Okay, Mr. Hemminger, go ahead.

17 BOARD MEMBER YEAGER: Madam Chair, if I may begin
18 here.

19 Before we begin the public testimony, I feel
20 compelled to set the record straight on where the Bay
21 Area's Metropolitan Transportation Commission stands with
22 respect to SB 375 and the greenhouse gas reduction targets
23 for our region. I serve not only as the Bay Area's
24 representative on this Board, but also as a member of MTC.

25 ~~I am one of 16 voting Commissioners, all locally elected~~

1 officials representing Bay Area cities and counties on
2 matters of transportation planning and funding for the
3 region. I represent Santa Clara County.

4 As an MTC Commissioner, I was taken aback by the
5 misrepresentation of the MTC's position on SB 375
6 published Wednesday in the San Jose Mercury News. Two of
7 my fellow Commissioners wrote an opinion piece calling for
8 ARB's proposed emissions reductions targets for the Bay
9 Area extreme and unrealistic. They implied that ARB staff
10 turned its back on the wishes of the Bay Area's
11 representatives in the recommending that the Board adopt
12 15 percent per capita reduction targets for 2035.

13 I'm frustrated by this misrepresentation as well
14 as the misrepresentation by the Building Industry
15 Association and others. In truth, ARB staff
16 recommendation embraces the consensus of the MTC.

17 On July 28th, the Commission actually approved
18 emission reduction targets of seven percent for 2020 and
19 15 percent for 2035. It passed nine to four. The
20 majority of Commissioners favored these targets because of
21 their potential to improve the mobility, health, and
22 overall quality of life for Bay Area residents.
23 Health-related savings alone are projected to amount to
24 \$140 million a year.

25 In truth, the Bay Area is already on track to

1 reach a greenhouse gas emission reduction of at least 12
2 percent by 2035 through measures in city and county
3 general plans.

4 The Commission's vote on recommended reduction
5 targets turned on whether and how to achieve another three
6 percent reduction, raising the bar to 15 percent.

7 Opponents have misquoted MTC staff on how the
8 higher targets could be attained claiming the Commission
9 would have to impose some "massive tax and fee hikes" and
10 force Bay Area residents to pay a freeway congestion fee.

11 I cannot speak for all of my fellow
12 Commissioners, but it's safe to say that none of them are
13 poised to enact that kind of taxes or fees raised in the
14 commentary. We feel confident it can be achieved in ways
15 that don't include a special VMT tax.

16 The bottom line is that MTC favors the proposed
17 reduction targets before the Board today. The Commission
18 thinks they are very achievable and is proud of being in
19 front of the anti-sprawl measures.

20 I invited MTC's Executive Director Steve
21 Hemminger to help clear the air on the Commission's
22 position. I feel that many of today's speakers will
23 misrepresent MTC's position, and I wanted Mr. Hemminger to
24 speak to those concerns now, particularly the issue of the
25 \$9 price per gallon and how we arrived at our 2020, 2035

1 targets.

2 Mr. Hemminger.

3 MR. HEMMINGER: Thank you, Supervisor.

4 With your permission Madam Chair and members of
5 the Board. It's a pleasure to see you.

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

8 MR. HEMMINGER: I'm Steven Hemminger, MTC's
9 Executive Director and also a member of your Regional
10 Targets Advisory Committee.

11 But today, as Supervisor Yeager indicated, I hope
12 I can provide a little clarification for our scenario
13 planning results, which have proven to be quite quotable,
14 if not misquotable. And that's all fair for me, because
15 we've done a lot of work over the last several months, not
16 just my agency, but agencies around the state. And I
17 think it's important for that work to be represented
18 accurately.

19 If we can go to the next slide.

20 --o0o--

21 MR. HEMMINGER: What I'm going to give you is a
22 very condensed version of the presentation that our
23 Commission sat through for several hours in July and try
24 to hit the high points of some of the places where I think
25 some misunderstanding or perhaps misrepresentation may

1 have occurred. This is probably a good place to start.
2 And this slide tries to show you the evolution that we
3 have all gone through in understanding, in learning from
4 each other, in recalibrating the various scenarios that we
5 have run and their effect on greenhouse gas emissions per
6 capita.

7 Let me dwell on two points on this slide. The
8 first is at the far right. We adopted our long range
9 regional transportation plan in the Bay Area just last
10 year. And when we adopted that plan, we thought based
11 upon the planning information we had at the time, that it
12 would increase CO2 per capita by 2 percent by 2035.
13 That's what we thought it did.

14 What we have done in this process is change the
15 assumptions in that plan. We haven't changed the plan at
16 all. The plan is still the adopted plan of the Bay Area.
17 But we have taken account of the recession that
18 unfortunately we are still mired in. We have taken
19 account of the fact that reduces economic activity which
20 reduces CO2 emissions. And what we find is that that same
21 plan today would reduce CO2 emissions by 2 percent per
22 capita by 2035. That's a four percent swing with the plan
23 not changing at all, but the world changing around it.

24 And I would add to you that I think it's likely
25 by the time we start our planning work for our sustainable

1 community strategy next year, we may need to re-visit
2 those assumptions again, because unfortunately, the
3 recession is persisting longer than we would like.

4 Now, some have indicated that we're somehow
5 planning for a recession or rooting for a recession, and
6 we are doing no such thing. But we are acknowledging that
7 it exists. And if we did otherwise, we would be
8 practicing very poor planning indeed.

9 At the left end of this chart, I would like also
10 to draw your attention to the fact that we labeled an
11 analysis one of the planning scenarios we considered
12 several months ago most ambitious. And maybe that was a
13 regrettable term of phrase, because it didn't turn out to
14 be most ambitious at all. We were able to make some
15 corrections, change some assumptions, add new measures
16 that we had learned from our colleagues elsewhere in
17 California to put a package of sensitivity tests together
18 as they're labeled here that had the combined effect of
19 reducing CO2 emissions in the Bay Area by 18 percent, not
20 11.

21 So I think part of the issue perhaps in the
22 commentary that you're receiving is folks are plucking
23 information from several months ago from several
24 iterations ago and saying, uh-huh, that's what they said.

25 Well, what we're saying is what we're saying today. And

1 we've done a lot of learning, and I think that learning
2 has all been to the good in terms of how credible this
3 process is becoming.

4 --o0o--

5 MR. HEMMINGER: The packages that we presented to
6 our Commission in July essentially were three-fold. This
7 was quite similar I think to the kinds of packages that
8 were represented to Board members and policy makers around
9 the state. We had three of them, as you can see on the
10 slide. One of them at the left, transportation demand
11 management. Those are programs: To encourage employers
12 for their employees to telecommute or bike to work or take
13 transit instead of drive; road pricing, which I'll
14 describe in detail in a second; and a land use strategy
15 that concentrates more growth in established cities around
16 public transit and the like.

17 You can see the estimated GHG reduction per
18 capita for each of them by 2035. When you combine them,
19 if you do the quick math, you'll notice that the combined
20 effect is less than each of them individually because
21 there's some double counting that you have to take account
22 for. But the fact is you can see on this slide at least
23 that the land use strategy we believe clearly holds the
24 greatest potential for making positive improvement in CO2
25 emissions in our region.

1 --o0o--

2 MR. HEMMINGER: The direction we had from our
3 Planning Committee, as your staff indicated when we dealt
4 with this subject in July, we had initially recommended
5 the staff to them a ten percent reduction by 2035. When
6 they received that information and received a lot of
7 public commentary, just like you're going to get today,
8 they asked us to sketch out the impact, the road map, if
9 you will, to a 12 percent or a 15 percent reduction. And
10 that's what we did in the space of a couple of weeks
11 between the Committee and a Commission meeting. And we
12 presented them results like I'm going to show you right
13 now.

14 --o0o--

15 MR. HEMMINGER: On the land use question, the one
16 that I think is the most powerful strategy, I think this
17 slide was quite revealing to the members of my Commission,
18 including your colleague Supervisor Yeager, because it
19 includes the largest city in our region and the one that
20 he calls home.

21 What the slide does is show you the increase in
22 population, the growth from 2005 to 2035 for the three
23 largest cities in the Bay Area; San Francisco in blue, San
24 Jose in orange, Oakland in green. It shows them for you
25 in four different slices. On the far left is our adopted

1 regional transportation plan. The one we adopted last
2 year, the one that's been approved by the federal agencies
3 for being reasonable in its planning assumptions and
4 demographic assumptions. The other three, as you march
5 off to the right of the chart, are based upon different
6 percentages of emission reductions, 10 and 12 and 15.

7 And I think the lightbulb that went off for a lot
8 of Commissioners on my Board is the fact that we are
9 already planning and we have already committed to a very
10 significant level of growth in these center cities,
11 primarily through infill strategies and transit-oriented
12 development. That's where we are starting from. The
13 change from there to 10 or 12 or 15 percent is not nearly
14 as great as the change from today to the plan we've
15 already committed to.

16 CHAIRPERSON NICHOLS: Steve, may I interrupt you
17 for just a second? I'm not sure if this is the right
18 slide to ask this question with.

19 But this has in the last week or so been a time
20 when clearly there has been a lot of agitation and
21 organizing going on around these issues, both pro and con
22 frankly. But some of the rhetoric has been pretty
23 extreme.

24 And one of the comments that I've heard I believe
25 from one of the representatives of the building industry

1 is that your plan relies on the forced relocation of
2 people. That's the term that they use, which is a
3 pretty -- that's a pretty loaded term for those of us in
4 this society. So obviously, that caught my attention.
5 And I'm just wondering what that is referring to, what
6 that is based on. And can you respond to that?

7 MR. HEMMINGER: Well, I'm not quite sure. We're
8 certainly not going to knock on anybody's door and take
9 them out of their house and take them to San Francisco.

10 CHAIRPERSON NICHOLS: I don't think you have the
11 power to do that anyway.

12 MR. HEMMINGER: No, I don't believe we do.

13 What we're talking about in this challenge with
14 CO2 reduction is not so much altering the behavior of
15 people who are already here and who have already
16 established patterns where they live and where they work,
17 how they get around, although changing their behavior
18 would be nice. But that's the toughest kind of behavior
19 to change, all of us who were here and are used to doing
20 what we're doing.

21 What we are really talking about here is the
22 increment of growth. The folks who aren't here yet, the
23 children who aren't born. And planning an infrastructure
24 and putting in place a set of incentives for those new
25 folks to act somewhat differently and somewhat more

1 reduce vehicle travel.

2 We currently in the Bay Area have about five
3 percent of our workforce doing that. The assumption we
4 made in this scenario is that we could double that to ten.
5 Now, can we pull that off? I'm not sure. Can we do
6 better than five? I believe we can. And when you look at
7 the trend of work, the kind of work being done at the
8 increasing sophistication of these computer instruments
9 that we are all carrying around in our pockets now, we do
10 believe this is a strategy that is right for improvement
11 and that we could gain some significant air quality and
12 CO2 emission benefit from it.

13 Now, how we pull that off is still an open
14 question. Our air quality district is considering an
15 indirect source regulation that could be one way of doing
16 it. There could be incentive programs with employers as a
17 different way of doing it. But we do believe it is a very
18 viable and feasible strategy, which brings us to the last
19 one.

20 --o0o--

21 MR. HEMMINGER: The one that got you all that
22 e-mail about \$9 per gallon gasoline. We had a scenario in
23 our planning that looked at road pricing, because one way
24 you clearly -- the literature is well established -- can
25 influence how people travel is if they're paying more to

1 drive. What we tested is a scenario under which -- and I
2 think it's shown best perhaps at the bar on the left --
3 that in 2035 -- and remember that's when all this work is
4 being done -- there will be a base cost to drive around,
5 the cost of buying gas and maintaining your car and so on.
6 And we essentially added a per mile fee, a vehicle miles
7 traveled fee that roughly doubled that cost from, as you
8 can see on the slide, a little bit under 30 cents per mile
9 to something over 50.

10 Now, that's a planning scenario. That is not a
11 policy proposal. In fact, if I had made that proposal to
12 my Board in July, I doubt I could have gotten a single
13 vote. I doubt I could get a single vote for that here.

14 We analyzed the scenario for the purposes of
15 demonstrating to the Commission the relative power and
16 influence of this strategy. But I think it is entirely
17 the case that our Commission and policy makers like them
18 around California first will be pursuing strategies
19 they're used to and have comfort with and only at later or
20 last in this case reports will they be looking at
21 strategies that they are not comfortable with and not used
22 to.

23 There's no question that this strategy is
24 powerful in terms of the effect it has. That's one of the
25 reasons it's quite controversial, because it has that kind

1 of power.

2 At the same time, I would mention our Commission
3 in the middle of this recession acted several months ago
4 to raise tolls on the Bay Area bridges. And as part of
5 that action, they acted to have a variable toll on the Bay
6 Bridge, the busiest bridge in the western part of the
7 United States. So the toll is higher in peak hours and
8 lower in off peak hours. That was a unanimous vote of our
9 Board. Not exactly an uncontroversial idea.

10 So I don't mean to suggest that road pricing is
11 something that we shouldn't even talk about. We should be
12 afraid to even discuss it. But clearly at these levels it
13 is something that I think is well beyond the current
14 political consensus in any region of our state. I think
15 those who suggest that somehow it is imminent or that it
16 is an absolute pre-requisite to attain these standards, it
17 is simply misleading for the public and your Board.

18 Again, I don't think it is all likely that my
19 Commission is going to pursue this strategy. But we did
20 believe it was important in terms of disclosure to show
21 them the different ways that you could go about trying to
22 reduce CO2 emissions.

23 --o0o--

24 MR. HEMMINGER: The conclusions we gave them I
25 will leave with you today in terms of all the scenarios we

1 evaluated. The first is that the Bay Area, as many of our
2 counterparts are elsewhere in the state, is already
3 embarked on a fairly aggressive focused growth strategy.
4 My colleagues at the other big four MPOs, we have been
5 doing what we call blueprint planning for several years.
6 We did it before we ever heard of Senate Bill 375, and we
7 are going to keep doing it with or without Senate Bill
8 375, because it's a good thing to do for a lot of reasons.
9 That we believe gives us a lot of confidence that the --
10 I'll go to the third bullet now that the strategy that
11 relies on land use and focused growth is really where
12 we're going to go first.

13 And as you can see in this analysis, that gets
14 you in the Bay Area about a 10 to 12 percent reduction in
15 CO2 per capita. So that leaves us a gap if we want to get
16 to 15 percent of about three to five percent. And how we
17 fill that gap I think is going to occupy Supervisor
18 Yeager's time and his colleagues for the next three years
19 as we comply with the law.

20 I do not think they're going to turn to \$9
21 gasoline as the way to do it. They're going to look at
22 transportation demand management. They may look at
23 strategies like smart driving where if all of us took the
24 golf clubs out of our trunks, we could reduce CO2

25 emissions by that simple strategy alone. And that road

1 pricing, if it is considered, will be considered as a last
2 resort, not a first one.

3 So all of that led my Commission -- and this is
4 the last slide I have for you --

5 --o0o--

6 MR. HEMMINGER: -- to give you the advice that
7 you've received, which is namely that you establish Bay
8 Area targets that don't exceed seven percent in 2020 and
9 15 percent in 2035.

10 Our Board, like the SCAG Board, as you heard
11 earlier, also suggested that we have a lot of work to do
12 together to make those targets happen by identifying
13 incentives and other strategies that can help us get to
14 and, if possible, exceed the targets that you establish.
15 And that it be very important for your Board to regularly
16 review these targets. If they turn out to be too high, to
17 reduce them. If they turn out to be too low, increase
18 them.

19 I think one of the members of my Commission, my
20 Vice Chair, said it well we want to succeed. We like the
21 idea of a challenge. You know, we're trying to win the
22 National League West right now with no hitting whatsoever.

23 CHAIRPERSON NICHOLS: Good luck with that.

24 MR. HEMMINGER: So we like the idea of a
25 challenge.

1 BOARD MEMBER ROBERTS: Some of us are enjoying
2 that performance.

3 MR. HEMMINGER: I knew I shouldn't have gone to
4 baseball. But we want to have a target we can reach. And
5 we are clearly going to have to work hard to get to 15
6 percent. But we think with the right amount of work and
7 ingenuity we can get there. And we've appreciated the
8 work we've done together with your staff to date and look
9 forward to working with you in the future.

10 I'd be happy to answer any questions.

11 CHAIRPERSON NICHOLS: Yes, I think we do have at
12 least one question.

13 Mayor Loveridge.

14 BOARD MEMBER LOVERIDGE: Could you just comment
15 on the importance of the second bullet, the question of
16 incentives and assistance outside the region, how
17 important are such resources and incentives?

18 MR. HEMMINGER: I think, Mayor, it may be the
19 tail of the take. We have a number of incentive programs
20 in our region already. We have something called
21 transportation for livable communities. We've had it for
22 ten years now. We're spending tens of millions of dollars
23 a year encouraging cities to do transit-oriented
24 development and the like. And we have found very
25 receptive partners. I think where we are right now in the

1 Bay Area, we have a lot of jurisdictions. A hundred of
2 them volunteered for what we call priority development
3 areas, transit-oriented infill opportunity. They
4 volunteer. They want to do it. But they lack the
5 resources.

6 And I think if we can find the resources, given
7 where the market is moving for this kind of development,
8 and given where cities want to grow and how they want to
9 grow, I think the more incentives we can find, the more
10 results we're going to have.

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

12 BOARD MEMBER D'ADAMO: This presentation was
13 really helpful. Thank you.

14 I think the message that I'm getting from this is
15 that you have a toolbox, and there's all kinds of tools in
16 that toolbox. I'm just wondering -- I don't think you can
17 answer the question now. If you can, that would be great.

18 It would be useful for us to see what those other
19 tools are. Sort of a list. And if you miss a target on
20 one, for example, commuting from home, how does that
21 relate to the other tools that are remaining? How much
22 more of a burden do those other areas end up with?
23 Ultimately, these are local decisions anyway. And I think
24 what's happened here is that one tool has just been

25 ~~plugged out of the toolbox and held up when, in fact,~~

1 there are so many other alternatives.

2 MR. HEMMINGER: I think that is very well said.
3 And I showed you three different strategies or tools
4 today. There are many more. And I'll just mention one
5 that I think is quite important, and that is you all are
6 in charge of the cars and fuels and making them cleaner.
7 But if we can somehow accelerate some of that, maybe help
8 folks get plug-in hybrids or whatever the case might be,
9 that might be a cost effective way of also reducing CO2
10 emissions.

11 So there are lots of different ways to do this
12 and we're not going to turn to the most difficult one
13 first. We're going to turn to the ones that we know
14 about, that we're comfortable with, that we're already
15 doing. I think that is going to get us most of the way
16 there.

17 CHAIRPERSON NICHOLS: Yes, Dr. Sperling.

18 BOARD MEMBER SPERLING: There's been people that
19 criticize, say that this is going to result in more cost
20 to our communities, to taxpayers.

21 It seems to me from some of the things you were
22 hinting at and some other things that have been said that
23 actually leads to increased revenue from federal sources
24 that, you know, I'm wondering your reaction to this. It
25 seems like you come up with a good plan. You get ahead of

1 the curve. The federal government in terms of like from
2 HUD in terms of their sustainability community funding
3 programs, the transportation funding, which is going more
4 towards a performance-based approach, all of that -- it
5 seems like all of that suggests that putting in place this
6 SB 375 process will actually lead to getting more money
7 and saving taxpayers' money in California. Does that seem
8 true to you?

9 MR. HEMMINGER: I think it does. I think right
10 now it's at a fairly limited level. You're absolutely
11 right that US DOT and HUD now are very much looking at the
12 same set of issues, the same tools and trying to encourage
13 them. DOT calls it liveability. They come up with
14 different names. It's all heading in the same direction.

15 I think the bigger question is that the federal
16 program now is quite flexible in terms of how we can
17 invest the funds. And whereas, 20 years ago, the federal
18 program, you know, you had three choices with the money.
19 You could build an interstate or build an interstate or
20 build an interstate.

21 Now, you have a lot of choices. And this kind of
22 an attempt to make our communities more livable and
23 sustainable is entirely consistent with that flexibility.
24 Twenty years ago, I'm not sure we could have pulled this
25 off. We would have had far fewer incentives at our

1 disposable.

2 The program I just mentioned, the TLC program in
3 the Bay Area, that's all federal money. And 20 years ago,
4 we couldn't have done that with federal money. I do agree
5 that the policy direction is headed in this area in the
6 place we want to go.

7 CHAIRPERSON NICHOLS: Ms. Berg.

8 BOARD MEMBER BERG: I also want to say thank you
9 very much for this presentation. Maybe you can comment
10 for me your perspective. I feel what I'm hearing is that
11 there is a great deal of fear and concern of the unknown,
12 which is very understandable. And in a regulatory
13 process, there would be a lot of sticks that would
14 accompany non-compliance.

15 Maybe you could help us understand from an MPO
16 perspective on as you're looking at driving this process,
17 the review process and the what if. What if we don't get
18 the incentive we need? What if the recession does go on
19 longer than any of us hope or anticipate? What are the
20 consequences for not being able to achieve a plan and kind
21 of addressing the fears and the concerns?

22 MR. HEMMINGER: I'd like to give you two answers.
23 The first, unfortunately, gets back to this recession
24 question. Ironically, if the recession continues longer
25 and is more severe, it will make these targets easier to

1 reach. That's hardly the strategy we all want to pursue.
2 But the simple fact is where there's less economic
3 activities, there's less driving and less emissions.
4 That's why the first slide I showed you showed that our
5 current plan has gone from 2 percent positive to 2 percent
6 negative without a change in the plan. It just reflects
7 the depth of the economic difficulty we're in.

8 So I'm certainly hopeful the recession is over
9 quickly. If it is, that will probably make it more
10 challenging to reach these targets, because that will
11 increase economic activity. But I think that's the
12 underlying condition we all want to see is a robust
13 economy.

14 I would like to draw an analogy for you if I
15 could to answer the other part of your question. The
16 MPOs, my colleagues in the room, and I think your staff as
17 well are familiar with this process called conformity,
18 which is in the criteria pollutant realm where our plans
19 under federal law have to be consistent with your State
20 Implementation Plan to reduce air pollution. And they are
21 really joined at the hip.

22 And it's also a computer modeling exercise. If
23 the model suggests that you're one little micron above,
24 you're out of conformity and all kinds of consequences
25 ensue, like losing transportation money.

1 I think what is far preferable in this process,
2 Senate Bill 375, is instead of all these frightful
3 consequences occurring, if you fail to meet the target,
4 the requirement is that you do an alternative planning
5 strategy and you show the public, your Board, the
6 Legislature, the Air Resources Board how you could meet
7 the target if certain things were changed, if there were
8 additional resources available, or if you had additional
9 authority.

10 From a planning point of view, I think that is so
11 much preferable to the conformity process where as soon as
12 there is a failure, you know, it's call in the lawyers.

13 What will help in this case, I believe, is that
14 where we do have regions -- and there may be some who
15 aren't able to reach the targets -- will learn a lot of
16 lessons about why they didn't and they have the obligation
17 in this alternative planning strategy to suggest ways in
18 which they could if, for example, they had additional
19 resources from the state.

20 CHAIRPERSON NICHOLS: Are there any -- yes, Dr.
21 Telles.

22 BOARD MEMBER TELLES: Thank you for your
23 presentation.

24 As an MPO leader, I have a question that I've
25 asked our MPOs in the San Joaquin Valley. And it's a very

1 fundamental question that I think is the basis of this
2 whole thing. And that is what's the importance of these
3 numbers, you know, the seven percent, the 15 percent,
4 especially given the fact -- I read SB 375, and it seems,
5 as I mentioned the San Joaquin Valley, there's really no
6 huge stick and no huge carrot, unless I'm missing
7 something in it. The carrot is you get some relief from
8 CEQA planning, which seems pretty nebulous to me, being a
9 non-elected official. And I was looking for some
10 transportation funds that are there. And it doesn't seem
11 like there's any there at all. And so my fundamental
12 question is why are we struggling so hard with these
13 numbers, given that they're not standards. They're goals
14 to be set. And they're not etched in stone today. As an
15 MPO or anybody in the staff, I wonder if you can just make
16 a comment on my angst here.

17 MR. HEMMINGER: I'm afraid I share it. I think
18 it's a point very well taken. In the sense that what
19 we're trying to do here is show what the climate
20 benefit -- in my opinion, what the climate benefit is of
21 growing in a more sustainable way.

22 As I said earlier, we have already been embarked
23 on this path, many of us for a decade or more in our
24 planning. And we're doing it for a whole host of reasons.

25 ~~This is one of them. This in fact may not be the most~~

1 powerful one. The notion of improving mobility in our
2 communities, improving social equity in our communities,
3 making our communities a more attractive place to live so
4 that kids can afford to live in the neighborhood where
5 their parents did, all of those reasons -- public health
6 benefits -- I think are equally if not more powerful than
7 the climate imperative.

8 So I do look at this process as really just sort
9 of pile on a bit to an existing set of policy initiatives
10 that are pursuing these strategies for a whole host of
11 reasons. And I do think it's unfortunate if we get too
12 fixated on the numbers and too fixated on the results,
13 when what we're really doing is adding another layer I
14 think of richness and complexity to our planning process
15 to acknowledge that when we do this kind of a thing, in
16 terms of the built environment, it has this range of
17 benefits. And the one that you're dealing with today
18 happens to be one of them.

19 CHAIRPERSON NICHOLS: All right. Well, we have a
20 lot of people here who want to speak to us about this. So
21 thank you very much.

22 I think, Supervisor Yeager, we appreciate you
23 trying to help us frame these issues a little better
24 before we get started.

25 ~~BOARD MEMBER YEAGER: Thank you very much.~~

1 CHAIRPERSON NICHOLS: We have a large list of
2 witnesses. We've taken them in the order they signed up.
3 So let's get started. We will be imposing a three-minute
4 limit. There is a timer there. You will save us and
5 yourselves trouble if you keep track of the list. I
6 believe the list is posted, and I'll try to read the names
7 a few in advance so people can come forward and just be
8 ready to speak when it's your turn.

9 We're going to start with Mayor Abelson from El
10 Cerrito, and then next will be the Vice Mayor of Dublin
11 and the Mayor of Riverbank.

12 BOARD MEMBER ROBERTS: Madam Chair, while she's
13 coming up to the mic, I'd like to clarify I've asked our
14 director of SANDAG to be here, but I didn't feel any need
15 to make a presentation. I don't want you to think there's
16 something wrong.

17 CHAIRPERSON NICHOLS: No, I was going to call you
18 out on the fact that SANDAG has been moving forward ahead
19 of all the other regions in the state and doing very well
20 with this process and does not appear to be engendering
21 much -- we may have had a lot of contentious local
22 hearings. I can't say. But at least here we're not
23 hearing a lot from folks in San Diego. So I think that's
24 positive.

25 Okay. Mayor Abelson.

1 MAYOR ABELSON: There. Does that work?

2 CHAIRPERSON NICHOLS: That works for us.

3 MAYOR ABELSON: And thank you.

4 I'm honored to be the very first public speaker.
5 I don't know if I'll set the tone or not.

6 I do represent the city of El Cerrito which is in
7 the Bay Area. We're a small city of 24,000 people. And
8 from our point of view, we're just trying to implement our
9 Climate Action Plan, which seems to be going along on a
10 parallel process to this. So we're finding it's for us
11 very doable and very comfortable.

12 We currently are looking at for based on today in
13 the year 2020 a 15 percent reduction in our planning
14 process. We haven't completed our Climate Action Plan,
15 but we are in the midst of it. And we are doing an
16 innovative approach, and we've received an ARA Grant from
17 the EPA to collaborate with three other small cities to
18 work on our Climate Action Plans together. These cities
19 are Albany, San Pablo, and Piedmont. They're all in
20 San Francisco east bay. So it's been a very rewarding and
21 fruitful experience for us to work together and get this
22 done. So I think I'm here to say it's possible to do it.
23 And we're very happy to be doing it.

24 We did have a report on Monday night, and so my
25 information is pretty current I think.

1 We see it as providing real community benefits.
2 One of them is better air quality. We do have a problem
3 in our community with air quality. So this is a
4 significant benefit to us.

5 And we also see that it will give us more energy,
6 security, and independence. And most importantly, it will
7 give us a more livable community, which we've been
8 striving for for a number of years through some of the
9 programs, for example, that were just mentioned by Steve
10 Hemminger. And we've been using tools such as
11 trends-oriented development to do that. And just to give
12 you an example of what we're currently experiencing, and
13 this is very, very current for us. We have a piece of
14 property next to our city hall, which is actually not near
15 a BART station, although we have two of them. We just
16 went out to bid for proposed developers. We got eleven
17 applications. That's current information.

18 So it looks to us like people are starting to
19 want to develop. And that's very exciting news for us,
20 because we see this as not only being good for our
21 building industry, which we totally support, but also good
22 for our local economy, our merchants, because we've been
23 told that the only way we're going to improve our economy
24 is to increase the number of shoppers in our communities.

25 So people aren't going to come 20 miles to shop in our

1 community. We need to have them right there. And these
2 kinds of projects fit -- they just fit into this whole
3 larger picture.

4 CHAIRPERSON NICHOLS: I'm sorry. We are going to
5 have to really enforce the time limits here.

6 MAYOR ABELSON: I think you get the idea.

7 CHAIRPERSON NICHOLS: We do. Thank you.

8 Jenny Bard, Virginia Madueno, and Mike McKeever.

9 Is Jenny Bard here?

10 Virginia Madueno.

11 MS. MADUENO: Good morning. Again, my name is
12 Virginia Madueno, and I'm representing the city of River
13 Bank. I'm the Mayor. We're located here in the Central
14 Valley. And I'm here to support the Air Resources Board
15 staff recommendation for the current target.

16 It is no secret that California and communities
17 like mine and River Bank, we've experienced a huge crisis
18 with the foreclosures and the bubble that burst with our
19 housing crisis.

20 And I'm here because I've seen what could have
21 been a wonderful opportunity to keep residents in our
22 community by keeping them close to shopping, but we missed
23 the mark. We missed the mark horribly.

24 What I'd like to see is SB 375 implement

25 opportunities where we as policy makers can make

1 communities that are more sustainable, walkable, bikable,
2 and more transit-oriented. But we need the State to help
3 us as well.

4 I'm representing also the River Bank Oakdale
5 Transit Authority where we've suffered immensely in terms
6 of having to cut back on our public transit systems. If
7 we are truly going to implement SB 375, we need help at
8 the state level to also help us with our transit.

9 My vision for the community of Riverbank is to
10 make it a wonderful community where again children can
11 walk to school, can bike to school, where we can actually
12 incorporate one side of the community with the other.

13 I've already had developers who are starting to
14 come back saying we want to start developing. And I'm
15 saying what you need to do is come back to me when you
16 have a plan that makes sense, not just for Riverbank, but
17 makes sense for the region.

18 I want to see how you're addressing the need that
19 we're going to have in the very near future to accommodate
20 our aging population. They're going to need to have more
21 accessibility.

22 I want you to show me a plan that makes sense for
23 our children where they're going to be able to actually go
24 to school in their own community, in their own backyard.

25 I want you to show me a plan that again makes

1 sense that we're not going to create this urban sprawl,
2 but really we're going to take care of the community that
3 we live in, and again not just makes sense for Riverbank,
4 but makes sense for the region.

5 In closing, I just want to let you know that
6 strong targets will keep my community and my children's
7 community a healthy and safer community by reducing the
8 air pollution that causes asthma and making it safer for
9 our children to walk and bike to school.

10 Right now, my children go to a school where they
11 have to raise a flag that shows what the air quality is.
12 It would be great for them to know that they don't have to
13 look and depend on the flag, but know they're going to
14 have better air quality for generations to come.

15 Thank you very much.

16 CHAIRPERSON NICHOLS: Thank you.

17 Mike McKeever, followed by Bonnie Holmes-Gen and
18 Dr. Janet Abshire.

19 MR. MC KEEVER: Good morning, Chair Nichols,
20 members of the Board.

21 Mike McKeever, Executive Director of the
22 Sacramento Area Council of Governments here to support
23 your staff recommendation, which is consistent with my
24 Board's recommendation for targets of -7 percent, to

25 encourage you to adopt targets consistent with the staff

1 recommendation which also was the unanimous recommendation
2 of my 31 member Board of -7 percent for 2020 and -16
3 percent for 2035.

4 The kernel I want to leave you with about this
5 process in the Sacramento region is this is an agenda we
6 have been embarked on for some time. We adopted an RTP in
7 the spring of 2008, several months before the Governor
8 signed SB 375 into law.

9 One of the things that we have learned through
10 this scenario process with our colleagues in the last six
11 to nine months is that when we update the assumptions in
12 our RTP for both the new economy and the financial
13 constraints that come with it is that our adopted document
14 will come close to meeting those targets, -6 percent by
15 2020 and -15 percent by 2035.

16 One of the things I'm hoping that gives you some
17 comfort in is that the Sacramento region has done that
18 without going to extremes. And we think only good things
19 are coming from the fact that we're implementing that
20 plan. It's in our rear-view mirror, but we're seeing
21 changes on the ground now.

22 No one has blamed us for causing the great
23 recession because we adopted that plan. We do believe
24 that it increases the economic benefits in our region.

25 That's why my Board adopted it, not because they thought

1 it would degrade the quality of life or cause a loss of
2 jobs or hurt the economy, but that it would improve all of
3 those amenities for their constituents.

4 And so we're asking for a target that helps us to
5 proceed on that agenda, to ratchet up our performance
6 beyond where we are now, but we definitely believe we can
7 attain it. And I believe we will probably exceed it.

8 And that's the final comment that I want to make
9 is that the track record that Mr. Hemminger reviewed for
10 you with his agency is very similar to what all of the
11 rest of us have been through over the last six,
12 nine months. If you look at the trajectory of the
13 projected savings in carbon, greenhouse gas emissions from
14 regional transportation plans, all of our numbers have
15 been growing larger. The more we learn, the more we work
16 together, the more we challenge each other, and the more
17 we think about what in the net what the overall benefits
18 are of moving in that direction. I believe that trend
19 line will continue as we implement our RTPs, and I think
20 you're going to see several MPOs that exceed the numbers
21 that you adopt here today.

22 CHAIRPERSON NICHOLS: Great. Thank you.

23 I've been asked to make an announcement about the
24 webcasting, which I don't know if anybody is going to hear
25 me who's trying to watch this on the web. But apparently

1 we're having some problems with transmission between here
2 and Chicago someplace. So people that are trying to
3 follow this proceeding on the web are having a hard time.
4 I don't know what to say other than we're sorry and
5 they're trying to fix it. Okay. Thank you.

6 Go ahead.

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

9 MS. HOLMES-GEN: Good morning, Chairman Nichols
10 and Board members. I'm Bonnie Holmes-Gen, Senior Policy
11 Director with the American Lung Association in California.

12 I wanted to give you a snapshot today of the
13 types of public health benefits and avoided health costs
14 that will result in movement toward healthier, more
15 compact, and sustainable communities. We know that smart
16 growth reduces chronic illness and death, but we are
17 convinced that more data is needed to illustrate the
18 extent of these benefits and we developed some data to
19 show you.

20 The American Lung Association contracted with
21 TIAX LLC to evaluate the health benefits of the smarter
22 growth scenarios in the Vision California report.

23 Can I go back on this?

24 --o0o--

25 MS. HOLMES-GEN: As you recall, this report was

1 heard by your Board at the June Board meeting, and we
2 specifically reviewed the tons of criteria emissions
3 avoided in California's mixed growth growing smarter
4 scenarios compared to the business as usual scenario in
5 2035. The growing smarter scenario is the more
6 progressive scenario and reflects emission reductions a
7 little higher than the proposed targets from the larger
8 MPOs before you today.

9 --o0o--

10 MS. HOLMES-GEN: By applying the cost of health
11 factors used by the U.S. EPA to assess pollution-related
12 health costs and health problems avoided per ton of
13 criteria pollutants reduced, we were able to quantify the
14 public health benefits expected in 2035 from more compact
15 mixed use and walkable communities.

16 Here are our a few slides that capture some of
17 the data we found. Smart growth would annually avoid up
18 to 132,000 tons of criteria pollutants. This is in the
19 smarter growth scenario, including nitrogen oxides, sulfur
20 oxides, and particulate matter by 2035.

21 --o0o--

22 MS. HOLMES-GEN: Smart growth also equals
23 tremendous reductions in avoided illnesses and death. We
24 found reductions of over 105,000 asthma attacks and
25 respiratory symptoms. We also found tremendous reductions

1 in health costs.

2 --o0o--

3 MS. HOLMES-GEN: Smart growth equals 1.57 billion
4 in avoided public health costs.

5 Also we found that 16,000 avoided lost work days
6 and also found reductions in heart attacks, chronic, and
7 acute bronchitis cases, and other cases of respiratory
8 illness.

9 It's important to note that this data reflects a
10 small slice, really the tip of the iceberg of the public
11 health benefits related to improved air quality from
12 reduced vehicle emissions, yet the numbers are still very
13 compelling. We know that if health benefits from
14 increased physical activity were included for these
15 compact, more livable, walkable communities, there would
16 be even greater benefits. The snapshot of public health
17 benefit needs to be expanded -- I will conclude.

18 BOARD MEMBER RIORDAN: Thank you very much. I
19 apologize, but we need to continue on.

20 Dr. Janet Abshire, followed by Jane Warner.

21 DR. ABSHIRE: Thank you for the opportunity to
22 speak with you today.

23 My name is Dr. Janet Abshire. I'm speaking on
24 behalf of the California Medical Association and the
25 Health Network for Clean Air, a coalition of medical and

1 health organizations across the state.

2 As a physician, I have a deep interest in the
3 root causes of health problems and environmental impacts
4 facing on my patients. I strongly support SB 375 as a
5 tool to help me help my patients.

6 The issue of land use and transportation planning
7 is at the core of three crises affecting the health of my
8 patients and our society. Because so many of our
9 neighborhoods are designed for driving and often prevent
10 safe and practical actions for walking, biking, and
11 transit options, we face terrible costs of chronic
12 illness, include diabetes and obesity that increasingly
13 are effecting our children at alarming rates.

14 California's home to some of the worst air
15 pollution in the nation, causing thousands of
16 hospitalizations and premature deaths, including hundreds
17 of thousands of asthma attacks.

18 Climate change will worsen these problems and
19 exacerbate them and most severely effect our most
20 vulnerable populations, including the young, the elderly,
21 low income neighborhoods and others. By adopting strong
22 targets like those set out in the staff report, you can
23 help our development patterns shift to smart growth
24 patterns that also are smart health principles. We can
25 halt our unhealthy behavior and begin to improve our

1 quality of life. Establishing strong targets will
2 underscore the message that we need to change and we need
3 to reduce our focus on driving when planning our
4 neighborhoods.

5 Leading public health organizations like the
6 American Lung Association, the California Medical Society,
7 the American Cancer Society, Health Officer's Association
8 of California, and the California Academy of Family
9 Physicians have signed onto this letter stressing the
10 important health connections to your actions today.

11 In order to maximize the health benefits of SB
12 375, the public health community asks that you adopt the
13 staff targets included in the August report, that you
14 communicate to the public and local leaders the health
15 benefits of strong implementation of SB 375, including
16 reduced rates of asthma, obesity, diabetes, heart disease,
17 certain cancers, and other chronic illnesses, that you
18 support ongoing work to improve community planning models
19 and work toward models that can effectively identify the
20 health impacts of various plans and design choices.

21 That you work closely with the local and regional
22 governments to identify and secure funding to assist with
23 the implementation of these plans.

24 So, please, I urge you to break our habit of
25 business as usual sprawl and move forward with the

1 strongest possible description for healthier communities.
2 Place take full advantage of the opportunity for a
3 healthier future and by adopting this ambitious targets
4 before you today. Thank you.

5 BOARD MEMBER RIORDAN: Thank you very much.

6 Janet Warner, followed by Tonia Reyes Uranga,
7 followed by Henry Hogo.

8 MS. WARNER: I'm Jane Warner, the President and
9 COE of the American Lung Association.

10 I would first of all like to thank the staff and
11 the MPOs that did the remarkable work on this report.

12 Today, I think we have more information than
13 we've ever had that tells us that compact land use
14 supports walking and biking and public transport and has
15 huge, huge public health benefits.

16 SB 375 is critical right now for very important
17 reasons. We must reduce our dependence on dirty petroleum
18 fuels. We must reverse those skyrocketing trends in
19 chronic illness. We know we can do that.

20 We must reduce the impacts of climate change.
21 And as we all know, California is one of the worst states
22 in the country for air pollution. And this measure will
23 make an impact on that.

24 Your action today will have very long lasting
25 health benefits, and it's critical that we know the

1 urgency of taking this action today.

2 The American Lung Association has been involved
3 in working on SB 375 for a couple of years now. We've
4 been working with our health partners, with local
5 government agencies. And as you will see today, there are
6 numerous people here today to express their support of
7 these important targets.

8 Our automobile centered lifestyle has directly
9 contributed to increased air pollution, decreased physical
10 activity, and more chronic illness. We know that
11 sustainable development and improved public health go hand
12 in hand.

13 The American Lung Association in California plays
14 an important role as we move forward in SB 375. And I am
15 here as the President and CEO to pledge to you our
16 support, our partnership, and our hard work. We will not
17 give up.

18 Thank you.

19 BOARD MEMBER RIORDAN: Thank you very much. We
20 look forward to that partnership.

21 Tonia.

22 MS. REYES URANGA: My name is Tonia Reyes Uranga,
23 and I want to thank you for allowing me to speak.

24 I have been here before as past member of the
25 ~~South Coast Air Quality Management District governing body~~

1 and as a council member for the city of Long Beach.

2 But today, I'm here as a mother with asthma and a
3 mother with children with asthma, but also someone who
4 lives in an EJ area, as you call it, an environmental
5 justice area, an area impacted by the goods movement
6 industry, by trucks, truck transfer facilities, and
7 freeways and congested highways.

8 On behalf of these families, I want to thank CARB
9 for all that you've done in the past to help with their
10 quality of life. I want to say that these families really
11 experience a double whammy.

12 First, in these tough economic times, they are
13 affected in their pocketbook. But secondly, agencies and
14 businesses cut back on environmental safeguards in an
15 effort to cut costs and that results in tremendous health
16 impacts. I hope that doesn't happen here today. We still
17 breathe. We still have to drive, and we still have to
18 live in these communities. We cannot move. Those with
19 the least truly do suffer the most.

20 I'm here to strongly urge your support of 13
21 percent per capita greenhouse gas reduction targets for
22 Southern California. And I'll say especially for Southern
23 California.

24 This past -- I'm proud to say as a past regional
25 council member for SCAG that the Executive Director did

1 recommend those percentages. Also, last Friday, the
2 California League of Cities overwhelming the voting
3 delegates approved re-affirmed their support for AB 32 and
4 SB 375. Coming from Long Beach, I have to say I'm proud
5 that my city unanimously supported a resolution that I
6 hope you received that urged CARB to place aggressive
7 targets for reduction targets.

8 And so unless we really take these steps, it
9 doesn't really mean much. I know many of us that do
10 support AB 32, but unless we do what we need to do with SB
11 375, it's just not to going to happen. We need to
12 implement it.

13 We should not be swayed by the cost issues,
14 because the cost of doing nothing would be tremendous. It
15 would be unfortunate that if you consider those costs or
16 if you get too conservative or too cautious and we don't
17 have those emission reduction targets that you are looking
18 at. So there will be tremendous cost to our community in
19 terms of health, in terms of quality of life, and of
20 course traffic and congestion. But in the end, again the
21 least will end up suffering the most.

22 I thank you for your time. But I urge CARB to
23 support those approved recommended targets. I thank you
24 for your support and truly for your leadership in this
25 area. Thank you.

1 BOARD MEMBER RIORDAN: Thank you. We appreciate
2 your being here today.

3 Henry Hogo, followed by Raymond Watson, followed
4 by Heather Fargo.

5 MR. HOGO: Good morning, members of the Board.

6 I'm Henry Hogo, Assistant Deputy Executive
7 Officer for the Mobile Source Division at the South Coast
8 Air Quality Management District.

9 Our Chairman submitted a comment letter to you
10 and you should have that. I'd like to highlight some of
11 the points he wanted to make at this time.

12 The Board strongly believes that implementation
13 of SB 375 is essential given the transportation sector
14 contributes significantly to greenhouse gas emissions. In
15 addition, there will be co-benefits in terms of criteria
16 pollutant emission reductions.

17 We commend the MPOs and ARB in working closely to
18 develop the greenhouse gas reduction targets and support
19 the target expressed as percent per capita reduction.
20 However, we continue to be concerned about the disparity
21 in modeling tools and capabilities which will make it
22 difficult to make comparisons between regions. As such,
23 we recommend that ARB continue to develop reliable and
24 consistent monitoring and tracking tools to ensure that
25 reductions are real and properly incorporated into future

1 State Implementation Plans.

2 We strongly urge ARB working with the State
3 Legislature to provide both financial and technical
4 resources to the MPOs and local governments for their
5 planning program development and implementation.

6 This is essential to make the target a reality.
7 Without adequate funding, MPOs and local governments will
8 not be able to afford to undertake the actions necessary
9 to properly plan and implement transit-related projects
10 that are critical to the success of this effort.

11 And in particular, special attention should be
12 given to transit system expansion and development that
13 will move towards zero emission technologies. We will
14 continue to work with our local MPO, SCAG, and ARB on this
15 effort. And want to thank you for this opportunity to
16 comment.

17 BOARD MEMBER RIORDAN: Thank you. Thank you for
18 your cooperation.

19 Supervisor Watson, followed by Heather Fargo and
20 Jim Kemp.

21 SUPERVISOR WATSON: Good morning, Madam Chair and
22 Board members. My name is Ray Watson, Chairman of the
23 Kern County Board of Supervisors and on the Board of
24 Directors of the San Joaquin Valley Air District.

25 I'd like to begin by saying that Kern County and

1 the San Joaquin Valley Air District are committed to
2 ambitious but achievable emission targets. We've already
3 achieved 80 percent reduction in emissions in the last 30
4 years at the cost of \$40 billion to Valley industry. We
5 are one of the most improved areas in the nation, and that
6 was achieved by ambitious goals and good science that
7 demonstrates our commitment to results.

8 Kern County is more than the Valley. It includes
9 over 8,000 square miles of valley, desert, and mountains
10 with a population of over 800,000. Each area or
11 sub-region has different characteristics. For example,
12 the eastern part of Kern County is the desert area. It
13 has two military bases with 16,000 employees, 8,000 of
14 whom commute. The Department of Defense could assign
15 thousands of personnel not housed on base, and Kern County
16 would have absolutely no control over the development
17 impacts. We also wouldn't have control over the
18 transportation impacts, because of the security measures
19 that might affect bussing and van pooling.

20 Kern County should not be held accountable for
21 actions and uses controlled by the federal government.
22 This also applies to the U.S. Forest Service Parks and BLM
23 parks that are used by thousands of commuters from outside
24 of Kern County every single week.

25 ~~Other counties and subregions may have unique~~

1 considerations of their own. Therefore, emission targets
2 should be based on modeling by subregion, considering
3 individual characteristics with ambitious targets but
4 realistic and achievable.

5 Valley targets should be a compilation of the
6 subregions. CARB proposed placeholder targets of five
7 percent by 2020 and 10 percent by 2035. They are not
8 based on modeling. They are not achievable or reasonable
9 based on known factors. Kern County asks that CARB adopt
10 alternative placeholder targets of 2 percent by 2010 and 5
11 percent by 2035 for the seven Valley MPOs and Kern COG and
12 label the Valley MPO and specifically identify Kern COG on
13 the decision including eastern Kern and express support
14 credit for trips associated with uses on the federal land.

15 Kern County and the Valley Air District and the
16 eight county MPOs are committed to developing ambitious
17 emission targets based on realistic modeling, taking into
18 consideration the realities of its various subregions.

19 In the mean time, we are committed to achieving
20 the alternative placeholder targets of 2 percent and 5
21 percent as proposed. We believe the adoption of arbitrary
22 unsubstantiated targets that we believe to be unrealistic
23 and unachievable would be a disincentive to serious
24 attempts to achieve all of our goals. The reduction of
25 emissions to the lowest possible level

1 BOARD MEMBER RIORDAN: Supervisor Watson, thank
2 you.

3 As I was listening to you, I noted staff was
4 taking some notes. So we may come back and address some
5 of the issues you've raised. But at this time we're,
6 going to move on with the speakers.

7 Next, Heather Fargo, followed by Jim Kemp,
8 followed by Mike Bitner.

9 MS. FARGO: Thank you very much. And good
10 morning to all of you.

11 My name is Heather Fargo. I'm the Executive
12 Policy Officer for the California Strategic Growth
13 Council. I'm here today on their behalf.

14 You obviously have a very difficult and important
15 task to do today. As you set targets for California
16 communities, we know that you and the staff and the
17 community have spent countless hours in this effort. And
18 we want to thank you for that.

19 I also want to remind you that you are not alone
20 in wanting to improve air quality, to reduce greenhouse
21 gas emissions, and improve the quality of our environments
22 and our lives here in California. You have many partners,
23 including the Strategic Growth council.

24 The Growth Council has been charged with a number
25 of objectives as we join you in pursuing these same goals,

1 a sustainable of California, addressing environmental,
2 economic, and equity issues. We have programs to assist
3 the communities of California in reaching these goals of
4 becoming more sustainable.

5 We are funding traveling models -- travel
6 modeling by the MPOs and by Caltrans to provide valuable
7 information to help cities and counties better understand
8 the travel patterns and therefore better plan and meet the
9 requirements of SB 375. The modeling efforts are already
10 underway and should be ready to go, ready to be shared
11 within about 18 months.

12 The SGC is gathering data, a lot of data, and
13 making it available free of charge to the communities of
14 California, to help them with their planning efforts.
15 Again, an effort to try to reduce the cost of local
16 planning in order for us to reach our regional targets and
17 our statewide goals.

18 We all know that we have made a lot of mistakes
19 over the last couple of decades in land use planning in
20 California, and we have quite a ways to go to become more
21 efficient and to recognize and respect the clear
22 relationship between land use, transportation, air
23 quality, public health, and the quality of life of
24 Californians.

25 We are also undertaking a number of education

1 efforts to help to educate the planners, the elected
2 leaders, the Commissioners and others throughout
3 California to help them do a better job of meeting these
4 goals. We are giving out grants for greening projects and
5 for planning throughout California to help people clean
6 the air, reduce energy usage, and reduce pollution.

7 We're awarding grants to cities, counties, and
8 regional planning agencies to produce plans that they need
9 to become more sustainable. Our recent deadline of August
10 31st resulted in 188 applications, requesting almost \$94
11 million. We have 22 million to give out. I think that
12 gives you some indication of the incredible interest
13 statewide in producing better plans so that we can have a
14 higher quality of life here in California for all of our
15 communities.

16 As you know, there are many co-benefits of this
17 effort in water conservation and energy savings, reduced
18 congestion, preservation of natural resources and
19 agriculture lands, better public health, and a better
20 quality of life.

21 We also think this will help lead to a more
22 robust economic life here in California as well. So we
23 are ready to be your partners. We look forward to working
24 with you as we reach goals of more sustainable California
25 and a better quality of life for all of us.

1 Thank you very much.

2 CHAIRPERSON NICHOLS: Thank you.

3 We're very glad to have you there.

4 BOARD MEMBER BALMES: Madam Chair?

5 CHAIRPERSON NICHOLS: Yes.

6 BOARD MEMBER BALMES: Madam Chair, I have a
7 question for Ms. Fargo.

8 I have to say I'm just learning about the
9 Strategic Growth Council. And you don't necessarily have
10 a formal part in SB 375 at this point. You're saying
11 you're willing to be partners with us and the MPOs and
12 obviously are providing resources through grants and
13 modeling tools.

14 MS. FARGO: Our role is in reducing greenhouse
15 gas emissions. We do have a clear charge to work on doing
16 that.

17 BOARD MEMBER BALMES: On SB 375 in specific
18 though or in general?

19 MS. FARGO: I don't believe so.

20 BOARD MEMBER BALMES: I guess I would be
21 interested in staff or the Chair's opinion on whether
22 there should be a more formal partnership with the
23 Strategic Growth Council.

24 EXECUTIVE OFFICER GOLDSTONE: Dr. Balmes, we work
25 closely with the Strategic Growth Council. We are -- we

1 are being represented formally on the Council by Cal/EPA.

2 And we are interacting with them on a regular basis.

3 BOARD MEMBER BALMES: It just seems that one area
4 that I'd like to see be incorporated into the SB 375
5 process and with regional targets is an effort to maximize
6 the co-benefits that Ms. Fargo just mentioned, as many
7 other people have mentioned. And sounds like some of the
8 tools that are being developed by the Strategic Growth
9 Council could be of help to the MPOs.

10 Clearly, there is an effort to reach out from
11 what she's saying. But it just seems like we could be a
12 little bit better at integrating Strategic Growth Council
13 with the SB 375 planning process.

14 MS. FARGO: If I could just comment on that a
15 little bit. We do actually see ourselves as partners.
16 And we do -- we feel the goals that we're all working
17 towards are the same, even though we may have different
18 names for them. We are working on trying to reach those
19 co-benefits.

20 And one of our very clear charges is to bring the
21 agencies of California together to work more
22 collaboratively. So obviously working not only with the
23 Air Resources Board, but all of the departments and
24 agencies that we are made up of. We have a cabinet level
25 Board that is made up of four of the agency secretaries.

1 And so we're very engaged in a lot of things going on in
2 the state.

3 And one of the things I know that many people are
4 looking at is what else could the Strategic Growth Council
5 do? How else can we do a better job of working together
6 and making progress? We're open to that.

7 CHAIRPERSON NICHOLS: Thank you.

8 We obviously are falling far behind in terms of
9 the numbers of people who have signed up to speak. I'm
10 going to start asking people to stick to two minutes at
11 this point and see if we can make more progress.

12 This is Jim Kemp?

13 MR. KEMP: Good morning, Chair and members.

14 I'm Jim Kemp. I'm Executive Director of the
15 Santa Barbara County Association of Governments.

16 You should have received a letter from the SB CAG
17 Board from our Chairman reflecting our Board's position on
18 the target-setting process. I just wanted to touch on a
19 few key points that are contained in that letter.

20 First of all, we wanted to just indicate our
21 support for the collaborative approach that's been taken
22 by your staff in working with the MPOs in the target
23 setting process. Your staff has considered in this
24 process the size and projected growth of the different

25 regions around the state, the severity of the existing air

1 quality problems that exist in the different regions, the
2 relative contributions that each area makes to the state's
3 greenhouse gas emissions, and also some of the limitations
4 that exist for particularly some of the smaller MPOs.

5 The SB CAG Board on Monday voted to request that
6 you set a more aggressive target for the Santa Barbara
7 County region. The CARB staff proposed limiting our per
8 capita greenhouse gas emissions to a six percent increase
9 in 2020 and a four percent increase in 2035. This is
10 consistent with our growth projections and with our
11 current plans. However, we believe that we can do better.

12 Our Board is requesting -- on Monday took a vote
13 to do so -- that you set regional target at zero net
14 increase in 2020 and 2035 in our per capital GHG
15 emissions. This puts us more in line with the other
16 smaller MPOs around the state and also reflects our desire
17 to contribute to meeting the State's greenhouse gas
18 emission reduction goals.

19 This request comes with one caveat. We would
20 request that since we have not yet developed our
21 sustainable communities strategy obviously, we are just
22 embarking on this process, and nor do we have modeling
23 tools available to us to test the feasibility and
24 effectiveness. We would just ask that you maintain your

25 flexibility in setting greenhouse gas emission targets in

1 the future.

2 Thank you. I'll conclude my comments.

3 CHAIRPERSON NICHOLS: Thank you. We do have the
4 letter. Okay.

5 MR. BITNER: Good morning. I'm Mike Bitner,
6 principle planner with the Council of Fresno County of
7 Governments.

8 First, I'd like to thank the ARB staff for
9 proposing additional flexibility for the San Joaquin
10 Valley by allowing provisional targets for 2012.

11 I also want to let you know Fresno COG supports
12 the San Joaquin Valley Air District's recommendation for
13 valley-wide alternative placeholder targets of 2 percent
14 in 2020 and 5 percent in 2035. Fresno COG had a very
15 successful SB 375 target-setting process. Our
16 stakeholders helped us develop several alternative
17 scenarios and consensus was reached as to ambitious and
18 achievable targets for Fresno County. Our targets were
19 approved by our Fresno COG Policy Board.

20 Unfortunately, our member agencies were very
21 discouraged that their voice through the Fresno COG
22 process was not heard. And they have expressed serious
23 concerns about implementation of unrealistic targets.

24 SB 375 does not mandate meeting the targets and
25 does not really provide incentives or disincentives in

1 regards to the SCS or the APS. What we are concerned
2 about is that the targets will set -- targets set
3 unreasonably high will discourage and disengage our cities
4 from the process.

5 However, I do want to assure you that Fresno COG
6 and the San Joaquin Valley MPOs are unified in our
7 determination to work together to meet the requirements of
8 SB 375.

9 We also understand that larger MPOs in the San
10 Joaquin Valley will have to do their part and help the
11 smaller MPOs by taking on a larger share of the required
12 greenhouse gas reductions.

13 Finally, just to let you know that the San
14 Joaquin Valley is moving forward with improving our
15 transportation models. We just jointly released an RFP to
16 improve each and every one of the traffic models as
17 required for 375 using Strategic Growth Council money.

18 Thank you.

19 CHAIRPERSON NICHOLS: Thank you, Mr. Bitner.

20 I going to call out of order a couple of folks
21 who are elected officials and who have to be elsewhere.
22 I'm going to next call on Supervisor Rubio from Kern
23 County. Thank you.

24 And then who else did I have? Alex Esparza from
25 the city of L.A., Mayor Patterson from Benicia.

1 SUPERVISOR RUBIO: Thank you, Madam Chair and
2 members of the Board.

3 First, let me thank staff for their hard work on
4 this particular bill and these targets. I've worked with
5 them endlessly, so I want to thank them for their hard
6 work.

7 I come to you as a county supervisor and also
8 someone who sits on the San Joaquin Policy Council which
9 is representatives of each of the eight COGs making up the
10 entire San Joaquin Valley. I'm here to tell you we all
11 understand in the Valley that business as usual cannot be
12 the future. But we have to work together in this
13 collaborative effort and it is in that vain that I stand
14 before you today.

15 But I do have some remarks that I'd like to leave
16 with you. First, how the Valley is unique.

17 In your own targets and to reach the renewable
18 energy goals that you have, over 50 percent of those
19 renewable projects will be built in the San Joaquin
20 Valley. And I think it's pretty significant when you look
21 at the pie that you put up earlier in that the Valley only
22 has ten percent of the population of the VMTs, we're
23 actually going to generate over 50 percent of the
24 renewable energy. Your particular plans have not taken
25 into account the VMTs to those projects at all and they

1 are very significant.

2 You know, I heard from the gentleman from MTC
3 earlier, and it's quite striking. I think it highlights
4 the tale of the two cities in the state of California.
5 It's not David versus Goliath. It's Patterson, California
6 versus San Jose. No matter what you do, people are going
7 to move, as did my mother-in-law, to Patterson, and then
8 drive for a decade to work in San Jose.

9 These targets today do not take into amount the
10 VMTs that originate in the Valley and then to that
11 workplace in San Jose. So what do we get in the Valley
12 for those vehicle miles traveled? In these targets, we
13 get no consideration.

14 That's why I stand before you today, to ask that
15 you do adopt the San Joaquin Air Pollution Control
16 District targets of 2 percent in 2010 and 5 at 2035,
17 because when you look at the Valley -- and I'll sum it up
18 with this analogy. This is the Appalachian region in
19 California. In fact, the studies have suggested it's
20 worse off. We're not worrying about gulf clubs in trunks.
21 We're worried about putting groceries in trunks today with
22 our unemployment rates.

23 CHAIRPERSON NICHOLS: Thank you. Very well said.

24 I think I had suggested we would hear from Mayor
25 Patterson next. Yes.

1 MAYOR PATTERSON: Good morning. It's nice to see
2 you again, Chairman Nichols.

3 I'm Elizabeth Patterson, mayor of the city of
4 Benicia, the first incorporated city in California and
5 among many firsts in the county of Solano, which is a
6 city-centered growth county.

7 I'm here to support your staff's recommended
8 targets and to continue your leadership role in
9 implementing SB 375. We've long strived to achieve these
10 on our own with our general plan that was adopted in 1999
11 which is a sustainable growth document. So we appreciate
12 these targets which will further our goals.

13 My community of Benicia was the first city in
14 Solano County to adopt a Climate Action Plan. This plan
15 commits us to reducing greenhouse gas emissions
16 community-wide ten percent by -- below 2000 by 2020 and
17 our city government operations 33 percent levels by -- of
18 2000 by 2020. And we're well on our way, which I will
19 describe briefly.

20 We have created a Community Sustainability
21 Commission, one of the few in the state of California that
22 makes recommendations to the city on implementation and
23 prioritization of strategies. We're already working hard
24 to make our community a healthy green safe place and to be
25 the green gateway into Solano County.

1 We are doing this, because we recognize that our
2 air quality is one of the fourth worst areas in the Bay
3 Area, and it's not because we're large and we're
4 contributing to it. But the larger contributors are
5 elsewhere. Traffic and air pollution are regional
6 problems, and there's only so much we can do to address
7 that.

8 We stand ready with a long list of cities and
9 counties proudly throughout California who have adopted
10 resolutions to support ambitious targets and are committed
11 to work with the Air Resources Board and our regional
12 partners to meet the targets.

13 I would like to submit resolutions today and
14 letters into the record today, which is a total of 28
15 local government resolutions, including two councils of
16 government, 48 local elected leaders from all over
17 California.

18 Again, I thank you. And I'd be happy to describe
19 some of the programs we have.

20 CHAIRPERSON NICHOLS: Okay. Thank you.

21 We're going to hear next from Mr. Esparza, you're
22 waiting, and then Supervisor Dickinson, Council Member
23 Cone.

24 MR. ESPARZA: Thank you, Madam Chair, members.

25 Alex Esparza on behalf of the city of Los

1 Angeles. I'll keep my comments short, and I'll submit the
2 longer comments to staff.

3 But I'm just here to strongly support staff
4 recommendation on the regional targets for 2020 and 2035.
5 The targets are a product of intensive coordination and
6 collaboration between our RTAC, ARB, and the MPOs. It
7 represents a feasible approach to creating more
8 sustainable neighborhoods and communities.

9 The city will continue to work with SCAG to
10 implement these targets that the Board has established.
11 We do this for a number of reasons, but primarily because
12 the targets maintain local authority over land use
13 decisions and don't in any way mandate local governments
14 to change their land use policies. These targets are
15 readily achievable and reflect the goals and work already
16 underway in Los Angeles.

17 In the city of L.A., for example, greenhouse gas
18 emissions have been reduced by 11 percent. We are on our
19 way to having 40 percent of our energy from renewables by
20 2045. The city knows meeting these goals will not be
21 cheap. We will require additional funding for continued
22 modeling and planning and to ensure that we develop our
23 regional sustainable community strategies to meet these
24 goals.

25 I want to assure the Board that we will continue

1 looking as we have done so far for funding opportunities
2 from local, State, and federal sources. We will leverage
3 these funds through our regional partnerships and take the
4 kind of regional action necessary to reduce greenhouse gas
5 emissions and improve our air quality and create a future
6 Los Angeles that is healthy, vibrant, and sustainable.

7 Thank you for your time.

8 CHAIRPERSON NICHOLS: Thank you very much.

9 I want to ask folks at the request of the sound
10 crew here who are having some challenges today if can you
11 use this podium over here. The other one is really set up
12 for wheelchairs, and it's hard for people to get close
13 enough to the mike to be heard. So those of you who are
14 not in wheelchairs, we appreciate your standing over here.
15 Thanks.

16 SUPERVISOR DICKENSON: Good morning, Madam
17 Chairman and members. I'm Supervisor Roger Dickenson from
18 Sacramento County, Chair of that Board, and also a member
19 of among other bodies the Sacramento Area Council of
20 Governments.

21 As one who served on your Regional Targets
22 Advisory Committee, as well as one who is involved in the
23 inception and throughout the development of our regional
24 blueprint approach here in the Sacramento region, I

25 greatly appreciate the necessity of adopting these targets

1 such as your staff has recommended in order to advance the
2 cause of both the environmental and economic future of not
3 just this region, but of the state of California.

4 You've heard very, very good testimony, which I
5 won't repeat about, the justification for adopting the
6 recommended targets. But importantly, if I can, I would
7 just add that we recognize here in the Sacramento region
8 that both our environmental and economic future will be
9 built on a different pattern of urban development. It
10 will be built on the preservation of our natural resources
11 and our agricultural farmland. It will be built on
12 reducing congestion in our region and maintaining a
13 quality of life that makes this a very attractive place to
14 locate, to do business, and to raise a family.

15 We believe those same qualities apply across the
16 entire state of California, but we also believe we will
17 only achieve them by recognizing the necessity to take the
18 steps that lead us to a future of more compact, more
19 sustainable development, that leads to reduction in
20 vehicle miles traveled, and provides the incentives
21 contained in SB 375 for that kind of development.

22 I appreciate the time you're taking with this and
23 thank you for giving me the opportunity to speak this
24 morning.

25 ~~CHAIRPERSON NICHOLS:~~ Thank you.

1 From the city of Sacramento, Council Member Cohn,
2 are you here? Yes.

3 MR. BROWN: He had to leave. I have a statement
4 that he left. Do you want me to read it into the record?

5 CHAIRPERSON NICHOLS: If you want to do it
6 quickly.

7 MR. BROWN: I'm Graham Brown. I'm with Transform
8 on behalf of city of Sacramento Council Member Steve Cohn.

9 "I was just elected to a record fifth term as
10 city council member in the city of Sacramento. A
11 big part of my re-election platform was to carry
12 out the forward-looking general plan the city
13 adopted this year. The general plan accommodates
14 thousands more housing units and jobs in the
15 central city and transit centers. Two-thirds of
16 all future growth in the city will be in in-fill
17 areas near existing services such as light rail,
18 schools, and jobs. Eighty-five percent of the
19 city is located in transit priority areas as
20 identified in SB 375, meaning that most of our
21 population is close to existing or planned
22 transit stations.

23 "The city has adopted a sustainability master
24 plan, a sustainability implementation plan
25 designed to reduce greenhouse gases from city

1 operations and ensure that the city operates in a
2 sustainable manner.

3 "The city is also participating in the
4 California FIRST Program, AB 811. Creates a
5 special financing district to provide loans to
6 residents to install energy efficiency and solar
7 improvements in their homes.

8 "Other cities in California will follow this
9 lead. In 2011, the city of Sacramento will adopt
10 a Climate Action Plan that will reduce greenhouse
11 gases from the city as well as residents. This
12 plan includes a number of programs to address
13 everything from transportation and land use to
14 the use of efficient technology, all designed to
15 reduce our carbon footprint.

16 "As the first target setting phase of SB 375
17 implementation comes to a close, I encourage the
18 Board to finalize the draft greenhouse gas
19 reduction targets proposed in the August 9th,
20 2010, ARB staff report. These achievable targets
21 reflect the best expertise of transportation and
22 planning experts from regions around the state.
23 If anything, they are conservative.

24 "I also ask that ARB commit to provide the
25 ongoing guidance necessary to ensure that

1 implementation achieves its goals. Such guidance
2 is necessary to help regions measure progress on
3 the full range of potential benefits."

4 Thank you so much for your time.

5 CHAIRPERSON NICHOLS: Thank you.

6 Do we still have Supervisor Watson with us? He's
7 done. Okay.

8 And I have to take note of the fact that although
9 there's only one member of the carpenter's union who
10 signed up to testify, he's brought quite a large number of
11 friends along with him. And I'd like to just call you up
12 next, because you folks have been waiting patiently from
13 the very beginning here. So Mr. Hebard, are you with us?
14 Oh, no. Oh, dear.

15 Well, maybe while we're waiting -- oh, here he
16 is. There you go. I just figure you deserve extra credit
17 for being the only one to speak on behalf of this big
18 group.

19 MR. HEBARD: Thank you. We're trying to be
20 thrifty with your time. I'm Sean Hebard here on behalf of
21 the Carpenters Union in Action. And it pains me a little
22 bit to be speaking against an issue like this as an
23 environmentalist. But what pains me more is the dire
24 straits of my fellow carpenters. And I had to run to get
25 back in here.

1 In my brief 25 years in this industry, I've seen
2 a sea change around the green building movement. And I'm
3 proud of that. The spirit of cooperation and flexibility
4 between the management and labor, the environmental
5 community, and the scientific community and government.
6 And this cooperation has continued right up into these
7 tough economic times and uncertain futures. And I fear
8 that the targets that you're setting now are counter to
9 that spirit of cooperation. They're going to be tough for
10 us to reach.

11 And I'm not accusing you of not looking at all of
12 the perspectives in this, but I do feel that you see the
13 projects differently than we do. You see a project on a
14 piece of paper, and I see a project -- when you look at
15 concrete and wood, you see concrete and wood. When I look
16 at concrete, I see an old man retiring with dignity. When
17 I look at wood, I see a young couple buying their first
18 home.

19 And when a project is delayed, I see that couple
20 losing that home. And when a project is canceled, I see
21 that old man putting his name on page 15 of the out of
22 work list. It pains me.

23 So I urge you to just take a look at those
24 projects through the eyes of the men and women I've
25 brought here with me today and re-assess those targets.

1 When the day comes that you come back here with targets
2 that we can all work together to achieve, we'll fill this
3 room with those old men and those young couples in support
4 of those targets. But it won't be these targets and it
5 won't be today.

6 CHAIRPERSON NICHOLS: Well, thank you.

7 (Applause)

8 CHAIRPERSON NICHOLS: Hang on just a second
9 before you leave. I think we have at least one question.

10 BOARD MEMBER SPERLING: I'm curious why you think
11 this is going to result in less jobs. I mean, what this
12 program does is its aim is to reduce sprawl and vehicle
13 use. It does not aim to reduce construction or reduce
14 employment. In fact, you know, there's every reason to
15 think it will actually increase those kinds of
16 investments.

17 MR. HEBARD: In the long term, that's our vision,
18 too. That's the vision that we share with this Board.

19 But in the short term, when our grasp on our
20 homes and our health benefits is so, so tentative, the
21 simple idea of the uncertainty of the cost of projects is
22 enough to kill them at this point. The margins are so
23 slim, and the industry is so frightened. You know, I hate
24 to say we fear the change, but we do.

25 ~~BOARD MEMBER SPERLING: You might want to look at~~

1 it more closely, because, in fact, the only real
2 carrot/horse stick associated with this program is to
3 expedite the review of new projects that are consistent.
4 And therefore one could argue just as much it's going to
5 accelerate those kinds of investment and those jobs.

6 MR. HEBARD: We're hesitant to wait and see. And
7 we're just -- the change at this point where we have such
8 just a tentative grasp on recovery. Our jobless recovery,
9 you know, our version of recovery right now is just
10 stemming the hemorrhaging right now. We're afraid that
11 this is going to create just another level of uncertainty
12 and funding of projects and slow things down.

13 CHAIRPERSON NICHOLS: One of the things that I've
14 heard said that may help explain this disparity here,
15 because I agree that your group, your members, and the
16 housing industry in general has been one of the real
17 leaders in terms of coming up with innovations to reduce
18 greenhouse gases, reduce energy use. This is an area
19 really one of the bright spots in California.

20 What I hear is that by setting the target, any
21 target, in effect, people are afraid that we're going to
22 hand a tool to those that would use it the litigate, to
23 stop any project they don't like for one reason or
24 another. And that's one of the major fear factors that's
25 out there. I don't know if that's your view as well.

1 MR. HEBARD: It's definitely an element, yeah.

2 CHAIRPERSON NICHOLS: So I think that's something
3 that we may want to think about what we can do. Anyway,
4 thank you so much.

5 MR. HEBARD: Thank you for your time.

6 CHAIRPERSON NICHOLS: Well done. Okay.

7 Julie Snyder and then Richard Lyon and then
8 Andrew Henderson.

9 MR. SNYDER: Madam Chairman and members, Julie
10 Snyder with Housing California.

11 I want to draw attention today to the important
12 issue of what happens after you set the targets. Once
13 they're set, what role should you and other State agencies
14 play?

15 We believe that ARB and other State agencies
16 should continue to take a leadership role, including
17 highlighting the innovative work being done around the
18 state, providing an open forum to raise and discuss the
19 issues that will continue to arise, and helping every
20 region reach the goals in an equitable way. We
21 wholeheartedly support your staff's recommendations by
22 including the staff continue to participate in the MPO
23 efforts to improve modeling and develop performance
24 indicators.

25 We also support the recommendation that ARB fund

1 research projects that will increase the understanding of
2 the link between greenhouse gas reductions, housing costs,
3 equity, and other issues, other outcomes.

4 We would also urge you though to additionally
5 direct staff to spearhead a public forum where all
6 stakeholders can discuss issues as they arise. It isn't
7 enough for your staff and MPOs to meet privately, not when
8 key housing goals and other important State goals are at
9 stake.

10 Your RTAC demonstrated the value of such a forum
11 where the combined expertise of stakeholders from whole
12 range of interests produced a consensus approach.

13 In closing, I also want to note that regardless
14 of the targets that you set today, the law, SB 375 is very
15 clear. Every community in California retains its fair
16 share obligation to provide housing for families at all
17 income levels. MPOs and local agencies must determine how
18 they will reach the targets and provide these housing
19 opportunities. We will be watching closely to make sure
20 that the requirement is met, and we hope the Board and
21 other State agencies will as well. Thank you.

22 CHAIRPERSON NICHOLS: Thank you.

23 Richard Lyon and then Andy Henderson and then
24 Woody Hastings.

25 MR. LYON: Good morning Madam Chair, members.

1 Richard Lyon on behalf of the California Building
2 Industry Association.

3 By now, I'm sure you have heard that home
4 builders have concerns with the staff recommendations that
5 are in the report. Our concern is not whether the targets
6 are set; rather, the concern is one of balance and
7 degrees, the level at which they're set. The higher the
8 targets, the more challenging it's going to be for regions
9 to meet their emission reduction targets given the
10 daunting economic planning, legal, and political
11 challenges they'll face.

12 And when you factor in the overall economic
13 condition of California, the slow pace of recovery that we
14 have and we'll continue to have, it seems to us that
15 common sense would demand that the first of a kind program
16 we're talking about here and that we were involved in
17 putting together and would like to see succeed be stepped
18 out in a way that gives it the best possible opportunity
19 to succeed. We believe that can best happen if the
20 targets are set initially at levels that there is a high
21 likelihood they can be achieved based on funding and
22 resources and can be implemented through a sustainable
23 community strategy.

24 What we urge you to do is not to get too far out
25 in front of the horse with the cart. The approach that we

1 put together in 375 is complex and it's large scale. It
2 links and aligns transportation delivery with land
3 development forecast, air quality consideration, housing
4 need, allocation plans, yes, greenhouse gas reduction
5 goals, and attempts to accomplish all of this at a
6 regional scale and requires a CEQA analysis accompany all
7 of this. That's a pretty daunting task.

8 If this is going to work, the moving parts have
9 to be scaled so they fit and function together. If we get
10 too far out on one aspect, such as the targets, we risk
11 forcing the transportation plans to have to strain to
12 achieve the targets by making assumptions about the
13 infrastructure, road, and pricing and demand management
14 strategies that may or may not be feasible or have
15 political buy-in. So we are concerned about the level of
16 the targets.

17 We do recognize in San Diego they are achievable.
18 And on that one major MPO, we recommend that you go with
19 the staff recommendation on that. And in the short amount
20 of time I have, Madam Chair, that's the truncated
21 testimony. Be happy to answer any questions.

22 CHAIRPERSON NICHOLS: Thank you. I think you may
23 get some questions. Go ahead. Ms. D'Adamo.

24 BOARD MEMBER D'ADAMO: Well, I believe I spoke
25 with you the other day on the phone. And in that

1 conversation, you raised a concern that resonated with me.
2 That has to do with CEQA compliance. I know that SB 375
3 was not -- it was intended to offer incentives and not
4 sticks.

5 And the concern that you raised was that perhaps
6 these plans could be used against developers as they move
7 forward with projects in the event that the specific
8 measures in order to meet the targets, if they're not met,
9 they could find their way into a development project CEQA
10 documents. And so I was wondering -- I understand that
11 staff was going to address this with some resolution
12 language. And I'm just not -- it looks like there's an
13 attachment, but I'm just not finding it. So I was hoping
14 that staff could address that issue while you're up here.

15 DEPUTY EXECUTIVE OFFICER TERRY: It's a long
16 resolution. We added that language on page 13 of the
17 resolution. It's the second paragraph. And Aron
18 Livingston, our legal staff, can answer any questions
19 about the nature of the language.

20 BOARD MEMBER RIORDAN: Is it the "be it further
21 resolved"?

22 EXECUTIVE OFFICER GOLDSTONE: The Board intends
23 the regional targets be used to guide regional planning
24 processes and not to judge the environmental impact of any
25 particular project.

1 CHAIRPERSON NICHOLS: So I think the idea here is
2 to clarify. This obviously isn't regulatory language, but
3 then there isn't a regulation that we are adopting either.
4 It's a little awkward to see what you can do that would
5 actually be the strongest possible armour against the
6 misuse of the targets. But this would make an effort to
7 go in that direction.

8 MR. LYON: I appreciate the effort with the
9 language. Let me be clear. 375 has a mandate to achieve
10 the targets. I understand it's not regulatory, but the
11 mandate is a statutory mandate for the regions to achieve
12 the targets.

13 And while the language is nice, we would have to
14 suspend 40 years of history with CEQA challenges on a
15 project by project basis to believe that project scale
16 challenges are not going to occur. Of course, they're
17 going to occur. And the higher the targets are set and
18 the less achievable those targets are, the more
19 opportunity and exposure that individual development
20 projects, all types, transportation, housing, retail have
21 to a CEQA challenge.

22 CHAIRPERSON NICHOLS: That's really at the crux
23 of all of this, I think. And it's what we are trying to
24 get away from, what we were all trying to get away from in
25 the adoption of SB 375. And it remains the biggest

1 challenge, because nobody wants to touch CEQA in terms of
2 taking away any of the protections that it provides. And
3 yet, at the same time, we've seen there is a lot of
4 mischief that can occur. So we need to do what we can to
5 try to prevent that. Prevent our work from handing
6 anybody any additional tools. That's I think what we all
7 need to look to.

8 MR. LYONS: There is a tremendous amount of
9 uncertainty out there, Madam Chair, with respect to the
10 rules of the game that builders and project applicants
11 would have to meet through the CEQA process. There are no
12 rules of the game. Those are left right now to courts.
13 With high targets, that compounds the problem even more.

14 Again, we are not saying don't set the targets.
15 We're saying set them at levels that we know can be
16 achieved at least in the short term. And then as the
17 funding becomes available for transportation and planning,
18 then we can have a much more rigorous discussion about
19 increasing those targets at a later time.

20 The concern we have is that if targets are set
21 high and they really aren't supported by reasonable
22 funding and political buy in, then we set the table for
23 failure of the program. And we were at the table in
24 putting this program together. We would like to see it

25 succeed. And in order to do that, we're going to have to

1 continue to march together to make that happen.

2 CHAIRPERSON NICHOLS: So just to be clear, again,
3 as I understand it, the 2020 targets which are pretty much
4 business-as-usual targets or -- business as it is planned
5 to be, the MPOs believe they will achieve these targets as
6 a result of the plans they've already adopted and things
7 they're already doing. That's not your concern? It's the
8 2035 targets.

9 MR. LYON: The 2035 targets are definitely of
10 concern. We would also recommend that you adopt the
11 targets that were recommended back to the Board from both
12 the Southern California region and the San Joaquin Valley.
13 We are deeply concerned though about the viability of the
14 2020 target in Bay Area.

15 CHAIRPERSON NICHOLS: Thanks.

16 Yes.

17 BOARD MEMBER TELLES: I have a question maybe to
18 be answered later by legal staff. You can think about
19 this.

20 But what's the difference between -- our
21 resolution says in that statement there that these are
22 guidelines and not standards. The building industry says
23 they're mandates following the statute. Are we following
24 the statute by putting them as guidelines and not
25 standards? Making language that's a little more

1 palatable? Or is there a problem here as far as the
2 legality of this? Is that resolution -- basically I'm
3 asking is that resolution legal? Is this truly a
4 guideline? Is it a standard or a mandate? Or what is it?
5 Please define to me what the mandate is. You don't have
6 to answer that right now, but maybe at the end of the
7 meeting or something.

8 CHAIRPERSON NICHOLS: Okay. Thanks.

9 Next we have Andrew Henderson, Woody Hastings,
10 and Mitch Sears.

11 MR. HENDERSON: Thank you, Madam Chair.

12 My name is Andrew Henderson, Vice President and
13 General Counsel at the Building Industry Association of
14 Southern California. And we represent the home builders
15 in the SCAG region which is an area that includes
16 basically half of the population of the state.

17 As Richard Lyon just said, the Home Builder
18 Industry has supported SB 375 up until now. We feel if
19 it's moderately rolled out that it's a good thing that
20 will lead to better regional planning and something we can
21 all live with.

22 The problem is in moderation and the targets that
23 are being proposed and my presentation really wants to
24 focus back on the Scoping Plan, because there were a

25 number of assumptions in the Scoping Plan that led up to

1 the placeholder target in that plan. One was the
2 population was going to grow at 1.2 percent per year.
3 Probably a little high. The other was that aggregate VMT
4 was going to grow 2.2 percent a year. That was definitely
5 high.

6 And the overall conclusion as stated in the
7 appendix at C-57, there is this ridiculous trend in
8 aggregate VMT growth and we need to slow it down. There
9 was never any suggestion that we had to decrease per
10 capita VMT or it was even possible in a burgeoning
11 population to do so.

12 So this Scoping Plan had these numbers. If you
13 look at passenger vehicles, it showed that the overall
14 emissions from passenger vehicles in 2020 would be 160.8
15 million metric tons. And the goal then was to decrease
16 that by five million metric tons, roughly from 160 to 155.
17 This shows that same chart of the -- what the projected
18 reduction needed was. The parabolic line is the 2.2
19 percent aggregate VMT growth. The misstated assumption,
20 probably too high assumption. The yellow area shows the
21 reduction you were looking for. It was five million
22 metric tons in 2020.

23 Now, this shows instead what we're now looking at
24 in terms of targets. And in the middle of the page you
25 see the 2020 numbers. The business as usual has -- if I

1 could continue just a second. I got one more slide --
2 decreases from 132 to 128. Well, that compares to the 160
3 to 155 that was in the Scoping Plan. In fact, the Scoping
4 Plan wanted you to achieve 155 million metric tons.
5 You're now looking at 128.5, which is a little bit off
6 because it excludes through trips. But other than that,
7 those are the numbers you're comparing.

8 Look also with the business-as-usual projection
9 for 2020, just above that: 160 in the Scoping Plan; 132
10 now. These are obviously wildly different projections.
11 And I would just say you need to be very careful with
12 these numbers. They're really way off. And it all leads
13 back to our ask, which is moderation.

14 CHAIRPERSON NICHOLS: Thank you. I'm assuming
15 you're going to leave these numbers with us.

16 I'm also going to ask if Mayor Loveridge and then
17 Supervisor Roberts want to talk about this.

18 BOARD MEMBER LOVERIDGE: I just thought staff
19 comment on the numbers might be helpful.

20 CHAIRPERSON NICHOLS: Okay. Staff comment on the
21 numbers.

22 BOARD MEMBER ROBERTS: My question is do we have
23 copies of the numbers.

24 MR. HENDERSON: I've brought copies. I run 20
25 copies. I'm give them to staff.

1 And if I could just ask the Board to consider one
2 question for staff it is: What is the number of million
3 metric tons in 2020 that are related to through trips?
4 Because if you have that number, you can equate everything
5 in the comparison I just gave you. I think it's in the
6 order of four or five million metric tons in 2020.
7 Hopefully staff will know that. If not, they can get that
8 answer quickly.

9 CHAIRPERSON NICHOLS: Okay. Thank you.

10 He's going to leave the copies with the clerk.
11 But the question was would staff please address this issue
12 of the SCAG numbers and then we'll take you.

13 AIR QUALITY AND TRANSPORTATION PLANNING BRANCH
14 CHIEF KARPEROS: Kurt Karperos, ARB staff.

15 The number, the 132, it's also the number that we
16 showed you on one of the staff slides. It had three lines
17 which was a baseline and the benefits of the SB 375. And
18 finally, we rolled in the benefits of the vehicle
19 technology and fuel standards. At that chart at the 120
20 intersection it was 132 -- 2020 line year it was 132
21 million metric tons.

22 That baseline represents the emissions against
23 which the targets apply. So it is not -- it is the 18
24 MPOs. It's not the entire emissions from all the
25 greenhouse gas from passenger and light trucks in the

1 state. Remember, our early charts showed SB 375 applied
2 to a subset of the state. Admittedly, it is most. It is
3 98 percent of the VMT. So first, you need to discount for
4 that.

5 Next one of the first exercises that we went
6 through in calibrating the targets as recommended by the
7 Regional Target Advisory Committee this was to be a
8 bottom-up process. And we understood that the baseline
9 information we had in the Scoping Plan did not reflect the
10 economic downturn. So the first exchange we had with the
11 MPOs was to update our baseline information. And you
12 heard Mr. Hemminger refer to the change in the greenhouse
13 gas emissions in his region when he updated his plan for
14 the current economic trends. So that also brought this
15 down.

16 And then finally the commentor just spoke about
17 the interregional trips. This was an issue that was
18 discussed at some length at the RTAC Committee. Those are
19 the trips that we take. We start in Sacramento and we
20 drive to Disneyland. And some of those greenhouse gas
21 emissions from that trip occur in the Central Valley. And
22 the Central Valley doesn't have a policy option through
23 its regional planning to reduce the emissions from that
24 trip.

25 So the simple approach that the RTAC discussed

1 and has been applied to these numbers was to remove those
2 from the calculation. And then when you do that, then you
3 end up with the 132 million metric tons in 2020 that we
4 proposed.

5 One other thing I'd like to point out, the
6 Scoping Plan baseline actually did reflect -- the
7 commentor said there was a 2 percent per year increase in
8 greenhouse -- vehicle activity in the Scoping Plan. The
9 Scoping Plan baseline reflected about a one percent
10 decrease. So that trend that we actually are expecting to
11 see with the current plans is actually in the Scoping
12 Plan.

13 CHAIRPERSON NICHOLS: Can you just pull this back
14 together? This is really complicated.

15 I think what we're trying to understand is: Are
16 we suddenly imposing a much higher goal on VMT and land
17 use than the Scoping Plan called for? I think that's what
18 the issue is. Are we switching the table here?

19 AIR QUALITY AND TRANSPORTATION PLANNING BRANCH
20 CHIEF KARPEROS: The simplest way to look at it is the
21 relative change that we are targeting -- would be
22 achieving with the MPOs are able to reach these targets in
23 terms of the amount of change, the percent change and per
24 capita emissions is on par with what we had in the Scoping
25 Plan.

1 CHAIRPERSON NICHOLS: So five million metric tons
2 out of that list of tons that we were going to try to get
3 from this particular type of activity is roughly what --

4 AIR QUALITY AND TRANSPORTATION PLANNING BRANCH

5 CHIEF KARPEROS: In terms of maximum number, the benefits
6 from these targets would be slightly less than that for
7 the reasons I was describing the baseline.

8 CHAIRPERSON NICHOLS: Right. Okay. Thanks.

9 I believe it's Woody Hastings and then Mitch
10 Sears.

11 MR. HASTINGS: Madam Chair, if I may, I'd like to
12 request to switch positions on your speaker list with my
13 colleague, Curt Johansen, who has to leave. If we can
14 just switch.

15 CHAIRPERSON NICHOLS: Wherever he was. He should
16 be on the list.

17 MR. JOHANSEN: Thank you, Chair Nichols. Good
18 morning.

19 In the 1970s, California suffered through a
20 recession exacerbated by an oil embargo. In response,
21 something remarkable happened; the California Energy
22 Commission was created. Ambitious energy legislation
23 followed, particularly Title 24, which then met with the
24 same cautionary rhetoric you hear from business as usual
25 interest today. Those energy efficiency standards helped

1 fuel innovation and the creation of tens of thousands of
2 new jobs in California.

3 We now lead the nation in clean technology
4 investment and manufacturing capturing 60 percent of all
5 the U.S. venture capital in that sector. We use 40
6 percent less energy than the United States overall, and
7 we've saved Californians \$56 billion in the process.
8 The wisdom of that legislation seems obvious today.

9 In the 1970s, something unremarkable happened in
10 California as well. We increased our pursuit of a failing
11 strategy in land utilization known as sprawl zoning.
12 Consequently, we shifted the burden of fiscal
13 externalities for infrastructure from sprawl onto the
14 backs of cities and counties.

15 The absence of wisdom in that underwriting of
16 unsustainable development seems obvious today. Ambitious
17 emission targets will not hurt our economy; they will
18 help. The Silicon Valley leadership groups representing
19 325 of our most respected employers support stretches
20 targets.

21 Over time, the infrastructure savings to
22 California taxpayers will be in the billions of dollars
23 again. Equally important, incentives for the creation of
24 sustainable communities will give the majority of

25 Californians what they want: Housing closer to jobs,

1 schools, shops, and transit. Aggressive targets will
2 inspire California to innovate again. The marketplace is
3 asking for this shift to occur. Moderating targets is
4 like saying we probably won't win this game, so let's try
5 to lose by less.

6 Please have the courage to do what you know we
7 must do. Thank you.

8 CHAIRPERSON NICHOLS: All right. Thank you.

9 Mr. Sears and then -- did Seyed testify already?

10 MR. SEARS: Thank you, Madam Chair, Board
11 members.

12 I'm here representing the city of Davis today,
13 and I would like to echo the previous speaker. City of
14 David was the first community in the country to adopt a
15 climate-specific energy code which helped kick start the
16 1970s revolution that the previous speaker recommended.
17 We're here -- it was kind of uncomfortable to fill out the
18 opposition card. We're here not to oppose the movement
19 towards greenhouse gas emission reduction targets from
20 VMT, but to support a more aggressive approach.

21 The City of Davis has done quite a bit of work.
22 We've been at this a good long time probably working on
23 this stuff for about 40 years. And what we're finding at
24 the local level with our local analysis is that the

25 targets that are being set today, being considered today,

1 do not allow us to achieve our local greenhouse gas
2 emissions reductions. We need to reduce our local
3 greenhouse gas emission reductions associated with
4 transportation by approximately ten percent in the next
5 five years to stay on the path, even in a community as
6 progressive as Davis on these issues by ten percent.

7 And these targets do not allow us to do that,
8 because we need a much more robust regional approach that
9 allows our local actions to be multiplied by what's
10 happening at the regional level. Our local analysis does
11 not show that's going to occur as a result of those.

12 I would also point out the city's concern with
13 the methodology of going with a per capita approach. It's
14 been mentioned a couple of times by the Board. What our
15 basic local analysis shows is indeed in the Sacramento
16 region that when you combine the population growth with
17 the proposed reductions using a per capita rather than an
18 absolute, we actually end up with more emissions here in
19 the Sacramento region both in 2020 and 2035. Something on
20 the order of between 8 percent around 2020 and upwards of
21 18 percent by 2035.

22 Thank you. Concludes the City of Davis'
23 comments, though we do support the overall approach and
24 direction.

25 ~~CHAIRPERSON NICHOLS:~~ Thank you. You just think

1 we could do better.

2 Seyed and then Tom Jordan.

3 MR. SADREDIN: Good morning, Madam Chair and
4 members of the Board.

5 I know this is a greenhouse gas measure, but I'm
6 here from a perspective of public health to urge you to do
7 the right thing on this.

8 As you know, the Valley Air District is the
9 single public health agency with jurisdiction over the
10 eight counties in the Valley. As a public health agency,
11 we want -- we need the strongest health targets you can
12 set for the Valley when its comes to reducing vehicle
13 miles traveled and reducing emissions from vehicles. Air
14 quality goals cannot be achieved without major reductions
15 in air pollution.

16 Now, I think what should be guiding for you to do
17 the right thing for is a recent quote that I saw from
18 Mayor Loveridge. He's not here right now. But he
19 basically said that this is marathon, not a sprint when it
20 comes to doing 375 right. And there is no place in
21 California where that is more true than in San Joaquin
22 Valley, given where we are and where we need to go.

23 But I think with all its imperfections, if you do
24 SB 375 right, it can be revolutionary in San Joaquin
25 Valley. It's a revolution that we need and want. You

1 have to be careful as to how you go about doing that.

2 Looking at this, the San Joaquin Valley Air
3 District got involved late in the process, and we brought
4 the MPOs together and have a recommendation before you
5 that we urge you to consider, which really has two major
6 components. One is the process which we are in total
7 agreement with ARB with, with the staff. The other is the
8 placeholder targets that we have suggested. This process
9 in San Joaquin Valley will not work if any of those two
10 components are missing. If you don't have the process
11 we've laid out or we don't have these targets that will
12 keep the Valley engaged and get us to where we need to go.

13 Now if I could borrow another phrase. There is
14 an irrational exuberance by some to simply say let's come
15 up with the highest targets that we can throw on the table
16 and let's see what happens, even though we don't have the
17 science.

18 If I could take one minute of Tom Jordan's time.

19 CHAIRPERSON NICHOLS: I'm sure he'd be happy to
20 accommodate you.

21 MR. SADREDIN: If we go with the five to ten
22 target that is on the table right now, SB 375 is dead on
23 arrival in San Joaquin Valley. That will be a major blow
24 to public health and to air quality that we need to keep
25 on track.

1 So, you know, what basically it will do because
2 of the CEQA issues that we talked about, there is nothing
3 you can put in your resolution that will fix the CEQA
4 problem. Having been involved in that, let me guarantee
5 you that. Because you don't have to have the real legal
6 argument for CEQA. You just to have a hook and you can
7 delay projects and kill projects with just whatever you
8 can put your hand on.

9 So forcing Valley to do an APS is a total missed
10 opportunity, will get us no reductions. It will give
11 us -- people that hold nice conferences and nice document
12 to bring up when we have a land use conference and a nice
13 academic discussion. APS would really not do the job in
14 its sustainable community plans. And what we've laid out
15 here will get us there. Most areas in the Valley -- I'll
16 let Tom finish that thought.

17 CHAIRPERSON NICHOLS: Thank you. Tom Jordan.

18 All right. Got a question here though, Seyed.
19 Sorry, you can't leave.

20 BOARD MEMBER SPERLING: I'm going to ask a nerdy
21 academic question here.

22 How much confidence do you really have in these
23 numbers that are being generated? For instance, this two
24 percent and five percent. Just to make a little comment.

25 My understanding, one of the models is that they're not

1 very refined. They're not very sophisticated dealing with
2 the kind of things we're talking about.

3 And number two, there's no reason to think that
4 it will be any more difficult to reduce VMT in San Joaquin
5 than it would be in the Bay Area. Because we're talking
6 about from wherever you are now, we're not creating some
7 absolute target. It's a percent reduction. When you're
8 starting with an area that has a lot of sprawl and is
9 spread out, it seems like actually it would be easier to
10 get reductions than in the bigger areas.

11 MR. SADREDIN: Actually, what Tom was about to
12 tell you is that in San Joaquin Valley the baseline
13 emissions right now in pounds per capita when you look at
14 vehicular traffic and it's in your staff report in the
15 Valley, we are already 20 percent below the average
16 compared to all those -- all those MPOs. So we start with
17 a much lower baseline that is a lot more difficult to
18 meet.

19 But really your question goes to the crux of this
20 problem. That is the reason that we have suggested the
21 targets that we have, because the science does not exist.
22 This Board unfairly, in my view, has been accused of not
23 using science and which I totally disagree with. I think
24 you have a long tradition of relying on good science.

25 First of all, there is no science to support the

1 ten to five -- or the two and the five that we are
2 suggesting as absolutely the final numbers when it comes
3 to achievable and -- ambitious but achievable.

4 But let me just give you some numbers that we run
5 and to look at all the numbers that were put together by
6 many areas. I'm going to focus on the 2035, because the
7 2020, as many have said, it's essentially a little bit
8 better than business as usual the way most people are
9 seeing it.

10 In Fresno County, pushing all the levers of
11 creativity and hoping for funding and all the projects
12 that are difficult to imagine would happen, we were seeing
13 numbers like 4.1 percent. In Kern County, we were seeing
14 a 4.1 percent reduction. In Kern County, we were seeing
15 numbers as high as eight percent increase. So in our
16 view, two to five does not total business as usual. It is
17 something that still will push the Valley. To do two and
18 five Valley wide, Fresno, city of Fresno, city of
19 Bakersfield, city of Modesto, and all the major
20 metropolitan areas have to do a lot better than the five
21 percent and the two percent or what the ultimate goal will
22 be.

23 My hope, as a public health advocate, is that
24 with good science, keeping the Valley engaged in MPOs, we
25 can actually push them to much higher target levels.

1 Whereas, if you go with this five and ten, at this point,
2 it's every anecdotal and every bit of modeling that we
3 have shows it's nearly impossible to meet it. My hope is
4 that we put the model together and find it out it's
5 actually doable. We might be able to do better. We need
6 reductions in vehicle miles traveled.

7 CHAIRPERSON NICHOLS: Do you have anything left
8 to say, Mr. Jordan? No. Thank you very much. Thanks a
9 lot. That's very helpful.

10 I'm going to call next on Tom Adams from the
11 California League of Conservation Voters, John Longville
12 and Jane Block. And then we're going to take -- I'm going
13 to ask you all to re-organize things a little bit.

14 MR. ADAMS: Thank you very much, Madam Chair.

15 I'm Tom Adams. I'm the Board Chair of the
16 California League of Conservation Voters. I was one of
17 the co-sponsors of SB 375 and, for good or ill, probably
18 the principle drafts man of the bill.

19 I'm here today to support staff recommendation
20 for ambitious and achievable targets.

21 I just want to make a couple of brief comments
22 about the structure of the bill and why we think this will
23 work. The bill was supported, as you know, by a very
24 broad coalition of builders, local governments, housing
25 advocates, labor unions, environmental groups, a coalition

1 which is showing some fissures here today, unfortunately.

2 But the bill contains no mandates to achieve the
3 greenhouse gas reduction targets. It, instead, sets forth
4 a planning process in which people have to participate.
5 And the bill does not create penalties for failure to
6 achieve the targets. Instead, it relies on a system of
7 incentives.

8 And the bill reflects specifically the existing
9 federal requirements for transportation planning that mean
10 that the plans have to be fiscally constrained. The
11 planning has to be based on realistic forecasts of what
12 transportation money might be available to support it.

13 Now, why do we think the plan will work? The
14 plan does a couple of things.

15 One is for the first time it has an integrated
16 climate land use and transportation planning system.
17 Whereas, before SB 375, these planning processes
18 frequently conflicted.

19 Secondly, I think SB 375 works because of the
20 incentive system and because of social and economic
21 changes in our society. It sort of rides the crest of a
22 wave that is kind of happening anyway that SB 375 will
23 help move along. So for example --

24 CHAIRPERSON NICHOLS: I'm going to extend your
25 time on the grounds that you're speaking as the author of

1 almost the author of the bill. I'm sure Senator Steinberg
2 would want you to be heard.

3 MR. ADAMS: Thank you very much. I'll be very,
4 very brief.

5 The changing demographics are changing housing
6 demand. Under SB 375, people will still be able to
7 purchase a large lot single-family dwelling, even put a
8 picket fence around it. But they will have choices of
9 more housing types. SB 375 will lead to less expensive
10 infrastructure for housing. And frankly, I think if we
11 look at the fiscal system in the state of California, the
12 money to continually expand the footprint of urban
13 infrastructure simply does not exist.

14 SB 375 will result in shorter commute times. It
15 will provide savings to household budgets. It will result
16 in much greater water conservation. It will improve air
17 quality. It will reduce energy consumption. And it will
18 lead to more land conservation.

19 These benefits are felt by the people of the
20 state of California and will help push and participatory
21 planning process towards the goals this Board will set in
22 the target process. And that's what we're relying on to
23 make this work.

24 Madam Chair, thank you very much.

25 ~~CHAIRPERSON NICHOLS:~~ Thank you.

1 Let me just ask you one question, which I think
2 is a mirror of a question or comments that -- dialogue I
3 had with Mr. Lyon. That's about the uncertainty issue.

4 Clearly, this is a worse time in terms of
5 people's confidence level, at least in the California
6 economy than when SB 375 was passed. We need to reflect
7 that in some manner or another. Do you have any
8 suggestion how that best to do that?

9 MR. ADAMS: I mean, given the coalition that
10 worked on SB 375 -- I hope everybody knows it was scrubbed
11 with litigation opportunities. The bill is designed to be
12 an incentive voluntary planning bill.

13 The ULI, in its recent report, said that SB 375
14 will provide more consistency, more coordination, and more
15 certainty for the land use planning process. And that's
16 partly because it does something that the building
17 industry has always wanted. That is it pushes more
18 decisions up to the regional scale. It will allow
19 projects and local governments to rely on the CEQA
20 document that was prepared at the regional level. And it
21 gives projects that will fulfill the targets set by this
22 Board additional CEQA relief. So it provides incentives
23 to good projects that will meet the targets, reduces the
24 opportunity for litigation, and creates greater
25 incentives.

1 I did just want to say if I could in response to
2 a point that came up earlier. SB 732, which created the
3 Strategic Growth Council, does have an expressed statutory
4 provisions that authorizes that Council to cooperate in SB
5 375 plan. Sorry.

6 CHAIRPERSON NICHOLS: Thank you. All right.
7 Thank you very much.

8 John Longville, Jane Block.

9 MR. LONGVILLE: Good afternoon. It's a pleasure
10 to be here in the Byron Sher auditorium. I had the
11 pleasure of first meeting then Assemblymember Sher a
12 couple decades ago when I was working with Kip Lipper in
13 the working group on AB 2766, which I ended up as a member
14 of the Mobile Source Air Pollution Reduction Review
15 Committee for seven years, five years as Chair of it,
16 working with him quite a bit. And later was a colleague
17 in the Legislature.

18 I'm impressed with the fact that SB 375 is in the
19 spirit of AB 2766 in a number of ways, one of which is the
20 flexibility which I believe is crucial to the ability of
21 this legislation to actually achieve pragmatic results.

22 I'm speaking here today in support of your staff
23 recommendations -- strong support of those
24 recommendations. I believe that the benefits of this are
25 clear in many ways. A lot of people have spoken of the

1 health benefits. I'd like to focus instead for just a
2 moment on the economic factors, because I believe that
3 that has not gotten sufficient attention. The economic
4 benefits, if we can achieve greater job/housing balance,
5 if we can avoid having so many of our commuters wasting
6 incredible portions of their workday, day after day,
7 buried in horrible traffic, not only generating pollution
8 but throwing away money, and in a time of rising energy
9 costs, which we can foresee inevitably going on
10 indefinitely into the future, that becomes especially
11 crucial to people in my home area in the Inland Empire
12 where people like Ron Loveridge and Barbara Riordan and
13 our neighbors have to deal with extraordinary commuting
14 costs.

15 So I really just came to urge you to support the
16 staff recommendations and to thank the prior speaker and
17 Senator Steinberg for the approach they took in designing
18 such a flexible approach. Thank you very much.

19 CHAIRPERSON NICHOLS: Thank you.

20 Ms. Block.

21 MS. BLOCK: Thank you, members of the Board.
22 Thank you for the opportunity to speak on this vital
23 issue.

24 My name is Jane Block. I'm a resident of
25 Riverside City, and I'm a member of Clean Air Now and

1 Climate Plan.

2 Before I comment on the standards for 375, I
3 would like to thank each of you. I have lived in
4 Riverside since 1969. And because of your efforts and
5 wisdom, I can now see Mount Rubidoux and the Santa Ana
6 mountains. And you have added years to my life with clean
7 air. Thank you.

8 A few months ago, Clean Air Now and Climate Plan
9 organized a hearing in Corona regarding 375 and greenhouse
10 gas. The consensus among the participants was supportive
11 strong standards regarding air quality. They felt high
12 standards would contribute to the creation of a green
13 industry. Private interests are quite active in this
14 field in our area.

15 And please follow the staff recommendations.
16 Keep the standard high. The citizens of southern
17 California need the clean air and green jobs. The
18 children need clean air to grow and thrive.

19 Thank you.

20 CHAIRPERSON NICHOLS: Thank you. It's now ten
21 past 12:00, and it's my goal to actually reach a
22 conclusion on this item by 1:00. And that would be
23 achievable if some of the people who have signed up to
24 testify would agree to yield their time to others. In
25 other words, if not everyone who is here felt they

1 absolutely had to speak, but you could group yourselves by
2 those who are for, those who are against, we could do it
3 by NGOs and government and unions and business
4 representatives or some other fashion. But I think it
5 would actually -- I'm going to try at least calling people
6 that way for a while and just see if we can focus on the
7 issues that really we need to focus on if we're going to
8 do anything other than adopt the staff report that's in
9 front of us.

10 If there is anybody who has anything to say that
11 would cause us to do it differently, you know, then I'd
12 like to hear from them. Otherwise, if it's just support
13 or don't support, you know, I don't think that we really
14 need to extend the amount of time for the hearing beyond
15 just knowing that you're here and that you care.

16 So I'm going to try this with urban people. I've
17 got somebody from the city of Inglewood. I've got the
18 city of Merced. There may be some other cities -- city of
19 Duarte. And then maybe some other cities that are here
20 that all indicated that they're in support of the staff
21 recommendation.

22 Can one of you speak for the cities in that
23 regard?

24 It's the Mayor of Inglewood. Oh, my gosh. Okay.

25 Well, in that case, Dan Tabor. Okay. Mr. Tabor, go

1 ahead.

2 MAYOR TABOR: Madam Chair, in deference to time,
3 let me try to be quick. Inglewood, as you mentioned, is a
4 urban community. Our largest suburb is the city of Los
5 Angeles. We're the largest --

6 CHAIRPERSON NICHOLS: Thank you for doing just a
7 great job.

8 MAYOR TABOR: We recognize this is an important
9 issue to us.

10 Many speakers have already commented on the
11 science, so let me talk about it from a very different
12 standpoint. We note in the city of Inglewood health
13 studies have told us, research has confirmed that our
14 residence, our children, and your seniors suffer higher
15 incidents of asthma and other respiratory illnesses
16 because we're born by two freeways, less than a half mile
17 from the city's edge, sometimes running through the city,
18 and Los Angeles World Airport and the sanitation refinery.

19 We recognize also that we have the opportunity
20 because of that proximity to Los Angeles World Airport and
21 now importantly because the Metropolitan Transit Authority
22 of Los Angeles is bringing the LAX Crenshaw line through
23 Inglewood, it would be the line that takes folks to and
24 from Los Angeles World Airport, there is an opportunity
25 for us to live the full vision of what SB 375 proposes,

1 that we can plan to increase our density, change our land
2 uses, and encourage and incentivize development that will
3 bring people into an area where there will be both jobs
4 and housing and reduce their dependency on public
5 transportation.

6 So we encourage this Board to adopt the highest
7 standards possible, those recommended by your staff, and
8 approved by SCAG and Los Angeles region to set those goals
9 higher than our reach so we can work towards them, not so
10 they're easily achievable today and reset goals in the
11 future. We encourage you to do that. We encourage
12 innovation. And California needs to do this now. Thank
13 you.

14 CHAIRPERSON NICHOLS: Thank you very much.

15 Other city folks? Elected officials?

16 MS. RAWLING: Yes. Good afternoon, Madam Chair,
17 members of the Board. My name Mary-Michal Rawling, a
18 member of the Merced City Council in the San Joaquin
19 Valley.

20 Sorry I don't feel comfortable speaking on behalf
21 of the other cities and other places.

22 I just wanted to start by telling you a few facts
23 about my communities, all of which I think are very
24 inter-related with each other. Eighteen percent

25 unemployment. Some of the highest foreclosures rates in

1 the country. Twenty percent childhood asthma prevalence
2 rate and leapfrog development to such an extent that there
3 are not one, but two measures on our November ballot for
4 voters to take back power to direct growth to cities to
5 save our treasured resources of farmland, air, and water.

6 I'm here today to ask for what your Board so ably
7 has provided in the past, and that's leadership to help
8 correct all of the issues listed above, by setting targets
9 at what your staff is recommending at five and ten percent
10 in the San Joaquin Valley, and to demonstrate that there
11 is not widespread unity around lower targets in the San
12 Joaquin Valley. Quite the opposite. And I stand by my
13 colleagues at the League of Cities in support of SB 375.

14 Merced is set to have a very high influx of
15 growth in the near future because of the University of
16 California and high speed rail system. And having lower
17 targets means more congestion, more sprawl, and
18 respiratory illness, none of which will help my city.

19 In Merced, we're trying to be more proactive. We
20 have a general plan in the works and we're developing a
21 Climate Action Plan. As we're putting together these
22 targets, we're looking around for guidance. And a finding
23 of COG in its recent transportation plan has set a lofty
24 goal of zero percent greenhouse gas emissions reductions
25 in anticipation of new standards. So it's no wonder that

1 five percent seems so unachievable to them.

2 So in conclusion, I'm asking for your leadership
3 today. Please help my city to continue our work to
4 revitalize our downtown and establish areas, support our
5 green economy, and improve our overall quality of life.
6 We can't fight this regional issue on our own. We need
7 strong regional targets to facilitate efficient and
8 effective regional planning. Thank you so much.

9 MR. REYES: Good afternoon, Madam Chair and
10 distinguished Board.

11 My name is Phil Reyes, Counselman, city of
12 Duarte. I'll try to be brief, considering respect to all
13 those behind me. I think we may be at the point of
14 redundancy.

15 So with that, you know, city of Duarte is in the
16 San Gabriel Valley. Two million people in the San Gabriel
17 Valley, 35 cities within that region. And I ask you very
18 quickly again pointedly if you would please adopt SCAG's
19 recommendation, adopt SB 375, and move forward from there.
20 Obviously, there is a need and I appreciate your
21 leadership and the direction we're hopefully all going in.
22 Thank you.

23 CHAIRPERSON NICHOLS: Thank you. Okay.

24 City of Santa Monica.

25 MR. O'DAY: Good afternoon. Thank you.

1 I'm Terry O'Day, council member from the city of
2 Santa Monica, and I'm here to support the staff
3 recommendations.

4 But I want to just come up to say that -- given
5 the time constraints here, I do want to offer the example
6 of the achieveability of the staff recommended targets.

7 Let me tell you, we updated our general plan this
8 summer in unanimous vote of both our Planning Commission
9 and City Council. And it updates a plan that was adopted
10 in the early 80s that encouraged growth commercially --
11 commercial growth in particular and accomplished over 25
12 years of a small percentage of what was envisioned for
13 commercial growth, albeit quite a lot and created a lot of
14 jobs and particularly jobs to housing imbalance. As a
15 result, created a backlash in some of our neighborhoods.
16 We have -- the neighborhoods had concerns about congestion
17 and traffic as we see throughout our region, and housing
18 affordability and concerns about preserving the existing
19 character of our neighborhoods.

20 So as we set out to adopt a new general plan, we
21 had those goals in mind, along with sustainability goals
22 that we heard from our community.

23 But the sustainability goals were intangible. SB
24 375, when we embarked on this six years ago, didn't exist.

25 ~~AB 32 wasn't there to guide us. And so we built our new~~

1 land use and circulation updates to address these tangible
2 community objectives. And what we did -- what happened
3 was we found something specific. Our EIR when it came
4 back to us this year showed not only no new traffic trips
5 in our community with this plan, but also an 18 percent
6 reduction in gross greenhouse gas emissions, and 31
7 percent per capita reduction in 2030, five years ahead of
8 the targets we're discussing today.

9 And I think it's important to realize this is not
10 a plan that is anti-growth by any stretch. Consider that
11 it incorporates three new corporate headquarters, hundreds
12 of millions in private investment, and multiple new large
13 hotels.

14 So I encourage you to adopt the staff
15 recommendations because I think we're proving it's
16 achievable.

17 CHAIRPERSON NICHOLS: Thank you. It would be
18 helpful, if you haven't already done so, if you'd submit
19 some additional information about the specifics to the
20 staff. That would be good. Thank you.

21 Okay. More elected officials or city reps? Yes.

22 MR. MC CALLUM: Thank you very much.

23 I'm Larry McCallum, Council Member from the city
24 of Highland and President of the Southern California

25 Association of Governments, or affectionately known as

1 SCAG.

2 I'm here -- I want to thank, first of all, the
3 Board and your staff for working closely with all of the
4 MPOs and for the three workshops that you held in the SCAG
5 region. I was pleased to participate in all three of
6 them, and your staff did an excellent job, very
7 professional, and very attentive to all of the input that
8 they received.

9 You know, SCAG is committed to trying to achieve
10 the goal of SB 375, which is to reduce greenhouse gas
11 emissions from passenger vehicles and light duty trucks.
12 Since SB 375 was signed into law, SCAG and our local and
13 regional stakeholders have spent countless hours analyzing
14 how best to implement the law and what it really means for
15 our region.

16 While we know much more now than we did two years
17 ago, it is a matter which is still evolving. We're still
18 studying it. Still modeling it.

19 While SCAG, our fellow MPOs, and our local
20 jurisdictions are committed to the goal of SB 375, we also
21 know that the success of SB 375 requires the commitment of
22 all who are involved, which importantly includes the state
23 and the federal governments and ARB.

24 For this reason, SCAG urges the ARB to focus not
25 just on the targets, but on the conditions that must be in

1 place to successfully meet these targets. While the SCAG
2 Regional Council debated the targets for 2020 and 2035, it
3 is my opinion that the Regional Council was united in its
4 understanding and belief in the need for ARB to accept the
5 11 conditions that were outlined by SCAG staff.

6 SCAG fully understands the impacts of the
7 recommended targets for 2020 and 2035. However, they
8 translate in -- how they translate in southern California
9 having a greater quality of life by breathing cleaner air
10 and having more transportation choices, including improved
11 transit, walkable communities, and less traffic
12 congestion.

13 In summary, however, SCAG, the other MPOs, and
14 our local jurisdictions throughout the state cannot do
15 this alone. Regardless of what the final targets are,
16 SCAG will do its best to achieve them. But we need the
17 support and commitment from ARB and the State and federal
18 governments to successfully achieve these targets and to
19 make the goal of SB 375 a reality. Thank you very much.

20 CHAIRPERSON NICHOLS: Yes, Mayor.

21 BOARD MEMBER LOVERIDGE: Just I want to
22 acknowledge and thank Larry for his leadership at SCAG
23 this year. He's really been one of the best of the
24 leaders I've seen in my 25 years of going to SCAG

25 meetings.

1 Second, he mentioned that the staff -- and
2 there's been some attention to SB 375 in southern
3 California, but just take a guess at how many conferences,
4 meetings, separate panels that you attended on this in the
5 last, say, year and a half.

6 MR. MC CALLUM: I know SCAG we've had at least
7 100 outreach meetings, and I've probably participated in
8 at least a quarter to 30 percent of them.

9 BOARD MEMBER LOVERIDGE: This is not an inside
10 look. This has been established that has been taken
11 around Southern California and SCAG has worked very hard
12 on it. Thanks.

13 MR. MC CALLUM: Thank you.

14 CHAIRPERSON NICHOLS: Thank you, sir.

15 Okay. I think we have one more.

16 MS. BENITEZ: Hello, Board members. My name is
17 Sandra Benitez. I'm the Vice Mayor for the city of
18 Riverbank. I've been an elected official for the last 16
19 years.

20 And I'm here to let you know that we 100 percent
21 support the recommendations that this wonderful staff has
22 made on this in regards to SB 375.

23 Our city suffers the same as every other city in
24 the state, and we will do anything to keep our air clean,
25 because our motto is clean air means healthier people, a

1 sustainable city. You can't have all of it if you can't
2 have clean air and water.

3 So I'm here to let you know that we're ready to
4 work with you, that we support you, and we will be willing
5 to work with our regional partners, which one of them is
6 Patterson that Supervisor Murial mentioned earlier.

7 I have delivered to your staff a letter from one
8 of the council members from Patterson. He was unable to
9 attend today.

10 But I just wanted you to know our little tiny
11 city does support you and that we look forward to your
12 continuous leadership on this problem, because I don't
13 envy what you have in the future as far as solving these
14 problems.

15 And I would like to say one thing. Common sense
16 and simplicity will get you way further than complicated
17 and not running around in circles. If you can keep common
18 sense and simplicity in mind as you work on these
19 complicated problems, I know you'll be very successful.
20 Thank you very much.

21 CHAIRPERSON NICHOLS: Thank you. Thanks for your
22 good advice. Okay.

23 I'm next going to call on the business community
24 and labor who are here, developers, contractors,
25 associations, et cetera. All of you, if there's any

1 electric utilities, water districts, come on down.

2 Mr. Manning, I believe.

3 MR. MANNING: Thank you, Madam Chair and Members.

4 My name is Ed Manning. It's been a hiatus for a
5 couple years. I'm happy to be back.

6 I'm here representing in my testimony the
7 California Major Builders Council, and I'm also speaking
8 for the California Association of Realtors and the
9 California Business Properties Association.

10 If Tom Adams was the driving force, I was the
11 anti-Tom in the 375 discussions until Tom and I found
12 commonality. And in the end, we ended up helping draft SB
13 375, strongly supporting it. And I can tell you it was a
14 lonely place for our business to be the only business
15 group, only major business group supporting SB 375. So we
16 feel we have a lot invested in it and we want it to
17 succeed.

18 There were a couple of very good questions asked
19 earlier about what the consequences are of these targets
20 and what does the number mean. And I want to focus like a
21 laser on that issue, because I think Mr. Telles' question
22 was the right one.

23 I agree with everything Mr. Adams said about the
24 benefits that can come from 375, with one caveat: That
25 only happens if you do a sustainable community strategy.

1 If you read the legislation, it is very clear that if you
2 do an alternative planning scenario, you do not sink the
3 RENA (ph) allocations for housing, and you don't imbed the
4 same assumptions for transportation build out and housing
5 allocations, which means you lose much of the benefit of
6 375.

7 Our concern is in three regions, and Mr. Lyon
8 addressed the general concern. So we support the lower
9 SCAG targets. We support the lower San Joaquin targets.
10 We're good in many other parts of the state.

11 The place where I think that the problem is most
12 acute is MTC. The reason for that is the following --

13 (Laughter)

14 CHAIRPERSON NICHOLS: Can't leave us hanging.

15 MR. MANNING: I will not leave you hanging.

16 They went from five percent in May to the RTAC to
17 15. They tripled the number. Imbedded in that number are
18 assumptions about not funding but changes in land use and
19 changes in transportation funding and transportation
20 charging.

21 If you look at the EIR they did last year on
22 their 2035, some of you have looked at the actual
23 language. They said in that EIR that those changes
24 allocating 200,000 more units in San Francisco, you can't
25 do that under housing element law or federal housing law.

1 You can't concentrate populations. Every community has to
2 do its fair share in California.

3 The pricing strategies call for VMT taxes,
4 charges for dollar an hour for parking, increased
5 automobile operating costs, et cetera, et cetera, et
6 cetera. The number, Mr. Telles, means you're endorsing --
7 when you say 15 percent, you're endorsing the policies
8 that get you to 15 percent. Those in the RTAC report and
9 in their own EIR, they deemed legally, socially, and
10 economically infeasible. And when they do their RTP, if
11 those are infeasible, then they have only one option under
12 357: Have to do alternative planning scenario. Under
13 that scenario, there are no CEQA benefits to builders in
14 375, because the land use allocations won't be realistic.

15 And more importantly, you will not get the full
16 greenhouse gas benefits that you want. That's the
17 lose-lose scenario.

18 And unless -- when you're running a marathon, the
19 first thing you learn don't go out too fast or you don't
20 finish the race. And that is what we're asking. We
21 support you setting targets. We just want them to be
22 achievable. If money comes, if dramatic changes happen in
23 housing elements, law, if pigs fly, whatever, you can
24 always come back and raise the targets. But to start out
25 with targets that you know are not feasible in the EIR is

1 a problem for us. And that's why we have concerns.

2 Thank you.

3 CHAIRPERSON NICHOLS: Thank you.

4 I appreciate that you gave us your explanation.
5 I'm sure we'll have further discussion on this item before
6 we take a vote.

7 MR. DAVIS: Good afternoon, Madam Chairman and
8 members of the Board.

9 My name is Bill Davis. I'm the Executive Vice
10 President of the Southern California Contractors
11 Association. But today I'm here as John Earp's mailman.
12 Jim Earp is the Chairman of the California Transportation
13 Commission. Yesterday, he addressed a letter to you, Ms.
14 Nichols, that outlines concerns that the CTC has with
15 regard to the target levels that are before you. And I've
16 asked the clerk to distribute that letter so it would be
17 on the top of the stack of the mail you guys get, which I
18 know is fairly enormous.

19 To be very brief, there are five concerns
20 expressed by the CTC Chairman. First, impact to the
21 various target levels under consideration on jobs, bids,
22 and the state's economy. I wish our friend from the
23 carpenters union had managed to stay, because that's why
24 they were here. All of these guys that were sitting in
25 the seats today are at the hall, which means they're not

1 working. And they need jobs. That's one of the most
2 serious considerations that these targets are going to be
3 effecting.

4 Second, current lack of adequate funding to fully
5 implement and sustain SB 375. You guys don't have any
6 money, and you don't have the ability to create money out
7 of pole cloth. You have to get it from somewhere else.
8 That would mean the State or the federal government. We
9 are currently seeing the fact that the state is remarkably
10 incapable of even producing a budget, much less additional
11 funding for things of this nature.

12 I was a part of the process here. I was a member
13 of the subcommittee with several of our friends here in
14 the environmental community that put together the regional
15 transportation guidelines that the CTC has adopted. It's
16 a 275-page document. A big chunk of that is revolving
17 around modeling, modeling that doesn't currently exist and
18 no one knows exactly what that's going to cost.

19 May I continue briefly --

20 CHAIRPERSON NICHOLS: Actually, excuse me. This
21 letter was delivered to us a couple days ago. And I've
22 actually already responded to it.

23 MR. DAVIS: What did you say?

24 CHAIRPERSON NICHOLS: I said, right on. We agree
25 with you. So --

1 MR. DAVIS: His key point is the same one the
2 previous speaker made, which is the sustainable
3 communities strategies is the only way that transportation
4 funding is going to flow to these communities. The APS
5 will just cut them out of it completely. That's a grave
6 concern of ours.

7 Dr. Sperling talked about cost savings and
8 infrastructure. That simply means not building new
9 infrastructure in California. Frankly, if we did a good
10 job of fixing what we got, we'll all be working today.

11 CHAIRPERSON NICHOLS: Thank you.

12 MR. DAVIS: We appreciate it if you all still
13 employ the contractor's rule, which is measure twice, cut
14 once. Thank you.

15 CHAIRPERSON NICHOLS: Okay. Thanks. We're going
16 to not take a lunch break. We're going to work through
17 lunch. People will step out for a minute or two and
18 listen from the back while they grab a bite. We are
19 prepared to keep on listening to you.

20 EXECUTIVE OFFICER GOLDSTENE: Chairman Nichols.

21 CHAIRPERSON NICHOLS: Yes.

22 EXECUTIVE OFFICER GOLDSTENE: The court reporter
23 will need a break soon.

24 CHAIRPERSON NICHOLS: A ten-minute break.

25 All right. Well, we'll finish with the

1 gentleman -- I think we need to deal with the people who
2 are standing in line, but please be quick, and then we
3 will take a ten-minute break. Thank you.

4 MR. NORMAN: My name is Janus Norman on behalf of
5 the American Federation of State County and Municipal
6 Employees here in support of the staff recommendations,
7 particularly the 13 percent per capita greenhouse gas
8 reduction target for 2035 for the Southern California
9 region. A couple quick points.

10 We think the strong targets will encourage best
11 mix especially in transit systems.

12 And secondly, we think it's the strong targets
13 will help with our chronic diseases. As a person who
14 suffers from asthma, we think it's vitally important that
15 we clean up our air so we can curb the increases in those
16 chronic diseases. Thank you.

17 CHAIRPERSON NICHOLS: Thank you, sir.

18 MR. HARGROVE: Madam Chair, Board members,
19 Matthew Hargrove here today representing California
20 International Council of Shopping Centers.

21 We're here today to ask you to please go more in
22 line with what SCAG and San Joaquin did. We're very
23 concerned, and we'd like to associate with the comments of
24 Ed Manning earlier and Richard Lyon. We believe that

25 setting these very high targets is going to cause a lot of

1 problems with the projects. It's going to cause
2 complications with CEQA. And we hope that you go with the
3 more moderate reasonable targets to make sure SB 375 is
4 implemented successfully. Thank you.

5 CHAIRPERSON NICHOLS: Thank you.

6 MR. COLEMAN: Good afternoon, Madam Chair,
7 members of the Board.

8 Brenda Coleman here on behalf of the California
9 Chamber of Commerce.

10 I, too, wish to echo the comments made by the
11 business folks previous to me and just say that we ask
12 that you consider setting realistic targets, rather than
13 the ones that you're currently considering -- or that
14 currently are before you. Just in keeping in mind with
15 the current state of our economy and obviously also with
16 our unemployment rate as high as it is. We ask for these
17 things to be put into consideration. Thank you.

18 CHAIRPERSON NICHOLS: Thank you.

19 MS. O'CONNOR: Hi. My name is Cheryl O'Connor.
20 I'm the CEO of the Building Industry Association of the
21 Bay Area.

22 Politicizing of science has taken hold this past
23 summer with the process in arriving at the proposed MTC
24 targets for the Bay Area. The MTC process for setting the
25 targets was flawed, arbitrary, and not subject to public

1 scrutiny. The process was inadequate and against the
2 spirit of cooperation in arriving at achievable and
3 realistic goals.

4 How did MTC get to this recommendation of a
5 variety of recommendations along the way? A July 14th
6 memo to the Joint Policy Committee said that the
7 milestones would be created on September 22 as a day for
8 MTC to take final action.

9 What really happened? MTC in May suggested we
10 can achieve a five percent reduction per capita in 2020
11 and five percent in 2035. Then, on June 29th, MTC
12 distributed a draft resolution setting the target for the
13 Bay Area at seven and ten percent. Then there were two
14 versions of the same resolution with the same date, one as
15 seven percent and ten percent for 2035 and one at seven
16 percent and 15 percent for 2035. So sometime during that
17 day, they changed their minds.

18 A month later, on July 28th, MTC Board decided to
19 recommend seven percent for 2020 and 15 percent for 2035.

20 From May to July, the MTC recommendation went
21 from five and five and seven to ten and then seven and 15.

22 Amazing three-month transformation with a
23 scientific approach.

24 From a personal perspective, I have been in all
25 building business for 35 years. And I've worked for

1 affordable home builders and am a lead AP green building
2 advocate. I know what goals and targets do to stop any
3 development, including smart growth.

4 I also know that 80 percent of our industry is
5 out of work. The focus on land use strategy that Steve
6 talked about earlier may be not notice that this is lowest
7 number of permits pulled in any year in history. Steve
8 said we also lack the reserves to build BDAs. Well, guess
9 what. Housing prices falling 50 percent, you cannot make
10 any of these projects pencil out. So they will not get
11 built. You can do all kinds of incentives for planning,
12 but you need to get the projects built.

13 My experience with the -- I'm also on the MTC
14 Policy Advisory Council with the three Es. We took a vote
15 on these standards.

16 CHAIRPERSON NICHOLS: Finish your sentence.

17 MS. O'CONNOR: I will finish.

18 It was actually a vote of two-thirds social
19 equity and environment voting for the targets and business
20 environment, which was the third, economy, we voted
21 against it. And I think because we understand the
22 cost/benefit ratio and don't just pull targets out of thin
23 air. We encourage the MTC targets for the Bay Area to be
24 a realistic and achievable five percent. Thank you.

25 ~~CHAIRPERSON NICHOLS: Okay.~~

1 MR. ZENGEL: Thank you, Madam Chair.

2 Scott Zengel, Bay Area Council, on behalf of Jim
3 Wonderland of RTAC.

4 I'll make this really quick. We want to first of
5 all congratulate your hard work, CARB staff, the
6 environmental community for coming up with very large and
7 aggressive standards. But the business community from our
8 standpoint is extremely concerned. We've got real
9 concerns on how this is going to be executed.

10 We have two solutions. Number one, for you as
11 powerful persuasive Board members, look and see how we can
12 do transportation funding infrastructure funding for
13 future. Number two, look at ways that we can help our
14 developers do this infill development and not just the
15 small amount of CEQA carve-outs that are in SB 375. We
16 need to be progressive. Today is a start. So we welcome
17 working with you, of course. And we support you and want
18 you to be as proactive as possible. Thank you.

19 CHAIRPERSON NICHOLS: Thank you for those
20 suggestions.

21 Go ahead.

22 MR. PHILLIPS-LESENANA: Good afternoon. My name
23 is Ben Phillips-Lesenana. I'm the Interim Executive
24 Director of the Sacramento Sustainability Forum

25 representing 60 local businesses and the green sustainable

1 movement, as well as the incoming Board Vice President of
2 the Sacramento Rainbow Chamber of Commerce. Also a local
3 entrepreneur and business owner myself. And I'd like to
4 thank the Board for the community to speak today and the
5 staff for their due diligence on the recommendations.

6 I'm here in support of the recommendations as a
7 business owner. I'm asking the Board if not now, when do
8 we implement these types of needed and aggressive
9 recommendations?

10 We find ourselves in a perfect storm and
11 opportunity today with the ability to access funding from
12 outside of our own state in order to be able to help
13 implement some of these segments.

14 Additionally, I ask this Board when in history
15 have we established and sought out mediocrity? When have
16 we ever set low expectations and low goals for ourselves?

17 And in similar to the other Sacramento
18 sustainability supporters, forum supporters, my business
19 partner and I established our business during this great
20 recession, here in the state of California. While we may
21 not be part of the land use, we are a part of the
22 development industries. We are a part of the ancillary
23 manufacturing and wholesalers of product and commodities.

24 So in conclusion, there is a new economy and
25 there is a new face of businesses who rely on the

1 courageous actions of this Board. And we support the
2 recommendations by the staff. Thank you.

3 MR. MILLER: Good afternoon. My name is Clayton
4 Miller with the Construction Industry Air Quality
5 Coalition.

6 Today, CIAQC appreciates the opportunity to
7 provide brief comments on the proposed targets, and CIAQC
8 understands the challenge of reaching the climate goals
9 associated with 375. However, we believe the proposed
10 targets, the higher targets are infeasible. And it will
11 come with an extraordinary cost to California, one that
12 California cannot afford.

13 During these desperate economic times, reasonable
14 steps must be taken. The economic impacts of the elevated
15 targets need to be clearly understood and the assumptions
16 for which future transportation improvements upon which
17 they're based need to be realistic.

18 The construction industry supports an efficient
19 robust transportation system. However, the higher targets
20 assume that the development of these transportation
21 projects -- mass transportation projects are not likely to
22 be completed any time soon and the funding opportunities
23 for these are uncertain at best.

24 We're concerned that these uncertainties could
25 result in increased mitigation fees under CEQA in the

1 future and that the higher targets will burden local
2 governments during a time when resources are being
3 stretched to their limits.

4 They will also jeopardize the flexibility of the
5 planning process and could result in significant
6 restraints on the local land use decisions.

7 And so for these reasons, we recommend that the
8 lower targets be considered. This is an important
9 decision you're making today. And it's pointing people in
10 a direction. And we want to make sure we're headed in
11 that direction in the right way. Thank you.

12 CHAIRPERSON NICHOLS: Okay. Thanks.

13 MR. QUIGLEY: Hello. My name is Michael Quigley,
14 the Manager of Government Affairs with the California
15 Alliance for Jobs.

16 Not to be -- I won't be redundant. I just have
17 one additional point to add.

18 I represent 2500 union construction contractors
19 and 80,000 union construction members, and they were also
20 represented today. And I ask that you remember their
21 important message about how this economic downturn has
22 effected our industry.

23 And just my one point I would look to add on top
24 of previous testimony is that we have a concern there has
25 not been enough economic analysis of what the difference

1 in the levels of targets, how that would impact different
2 regions. I think that's an important component that was
3 left off of this target setting process.

4 And one thing I want to point out throughout the
5 testimony today, you've heard all of the economic actors,
6 the employers, developers, union members, those who have a
7 direct benefit and concern to the way the markets
8 function. They've all been opposed to higher targets and
9 have had grave concerns about moving targets to
10 unreasonable and unattainable levels.

11 Yet, at the same time, you've heard from people
12 outside the economic purview, public health advocates,
13 environmental groups are telling us that this is going to
14 be good for the economy. Well, I think if that's true,
15 then why aren't we setting targets even higher? Why stop
16 at 15 percent if this is an economic development program?
17 Why not raise them to 30 or 50 or 60 percent.

18 I think it's because we all know the truth that
19 it's not necessarily -- this is not an economic
20 development program. This is not going to have a benefit.
21 But we don't know exactly where that line goes from smart
22 growth to anti-growth. So I think that's something that
23 we should study and do more to do more economic analysis
24 of these regulations. I ask that you delay the 2035.

25 Thank you.

1 CHAIRPERSON NICHOLS: Thank you.

2 I should announce at this point that we're not
3 accepting new cards from people who suddenly have decided
4 they'd like to speak. It's kind of unfair to everybody
5 else at this point.

6 Go ahead.

7 MS. KANG: Good afternoon, Madam Chair. My name
8 is Meea Kang, and I'm with Domus Development, a
9 California-based development company primarily building
10 affordable housing, market rate housing in mixed use
11 communities throughout the state.

12 I'm also President of the California Infill
13 Builders Association. Our organization represents the
14 interest of builders who support the development of
15 attractive neighborhoods in our urban areas. As infill
16 developers, we strongly support the recommended targets
17 and urge you to support them as well.

18 Domus Development has been building projects that
19 meet or exceed the proposed targets for years. We believe
20 that focusing our energy on transforming abandoned
21 properties in urban areas into attractive convenient
22 neighborhoods is both good for business, good for
23 California's quality of life.

24 As developers who paid close attention to market
25 demand, Californians want homes that give them more

1 options that go from shops, work, and other destinations.
2 They want to be able to walk to the store, ride their
3 bike, and have choices, like the option of taking light
4 rail versus driving and dealing with traffic and
5 congestion.

6 My company is about to start construction on four
7 major projects from the north, which is Lake Tahoe. We
8 have projects in Sacramento as well as the Bay Area and
9 Los Angeles. We estimate we're going to be creating or
10 preserving 1,600 jobs, which start now. We believe that
11 these targets are good for California, good for business,
12 and good for jobs.

13 If you drive around any city in California, you
14 quickly start to realize there are decades of
15 redevelopment projects in our urban areas. Redeveloping
16 these abandoned properties has many benefits, which
17 include SB 375 and achieving these goals we're setting out
18 today.

19 We believe that by placing housing in urban areas
20 that already have infrastructure and are served by public
21 transit is another way we can bring benefit to California.

22 The opposition to these targets are not about the
23 current economy. It's about the unwillingness to adopt
24 and respond to a growing problem. In supporting the

25 proposed targets, we have builders and developers make the

1 statement that we are willing to be part -- to be
2 responsible when it comes to growth. Thank you.

3 CHAIRPERSON NICHOLS: Thank you.

4 After Tim Tuck, we're going to then take a break.

5 MS. MOORE: Good afternoon. My name is Kristie
6 Moore, and I'm with Coddling Enterprises, an investment
7 holding company in Sonoma County. The California builders
8 with the California building industry does not speak for
9 me. At Coddling Enterprises, we are already building
10 projects that go above and beyond the targets you are
11 considering. And the response from home buyers has been
12 overwhelming.

13 To give you an example, a Sonoma Mountain Village
14 project which has transformed manufacturing plants into a
15 vibrant neighborhood with a variety of retail and housing
16 option designed to meet the needs of a wide range of
17 residents at a variety of income levels.

18 In addition to being a zero waste community,
19 Somona Mountain Village is designed to support what we
20 call a five-minute lifestyle with parks, shopping,
21 services, and a town square all within a short walk of
22 homes and businesses. It will create over 4400 jobs, 700
23 of which are already in place. Incidentally, Coddling
24 Enterprises is actually signatory to the Carpenters Union
25 and has been for over 50 years.

1 We have yet to break ground on the project, but
2 have already leased 50 percent of the commercial space and
3 have a waiting list of over 2,000 people for the
4 residential. People want this kind of development. They
5 are tired of business as usual. They want to walk to
6 local stores. They want transportation options. They
7 don't want to be tied to their cars and spend hours in
8 traffic every day.

9 The proposed targets are a realistic goal and a
10 solid step forward. I know you have heard from some
11 developers that urge you to weaken the targets. I urge
12 you to resist their advice and think of the future. The
13 old model, the old way of doing business has changed and
14 we need to change with it. On behalf of the Coddling
15 Enterprises, I thank you for being able to say my
16 comments.

17 CHAIRPERSON NICHOLS: Thank you.

18 MR. SMITH: Good afternoon. Thank you, Madam
19 Chairman and members of the Board.

20 My name is Mott Smith, and I'm principle of Civic
21 Enterprise Development. We are a development company
22 doing infill projects in Los Angeles, California. I'm
23 also a member of the Board of the Infill Builders
24 Association and Code Director of the University of
25 ~~Southern California Dean's Initiative Infill Planning~~

1 Policy and Development.

2 I'm here in strong support of the staff
3 recommendations. And thank you for your courageous stance
4 on this. For me, for us, it's really about nuts and
5 bolts. We've heard a lot of rhetoric about should we be
6 stopping sprawl or stopping the building. The answer
7 really comes down to nuts and bolts. This move you're
8 about to make is not about stopping anybody from doing
9 business. It's entirely about making the business we're
10 trying to do -- people are trying to make our urban
11 neighborhoods more walkable, more sustainable communities,
12 making our job easier.

13 We've been very fortunate to get to continue
14 building over the last several years, despite the
15 recession because of our focus on infill neighborhoods.
16 And I tell you without exception every construction crew
17 that we've worked with has cell phone numbers from the
18 Inland Empire, from the desert, from areas where building
19 has absolutely stopped, and we're happy to keep them
20 employed. They come to me every day and say when are you
21 going to have more work for us? The people that live in
22 our projects -- their friends come to us and say when are
23 you going to build more stuff like this?

24 The number one barrier for us really is the
25 regulatory process. What you're about to do hopefully is

1 going to ease the regulatory process for people like us.
2 I'll be able to report back to the construction crews
3 we're trying to keep working that they're going to have
4 more work coming to them. We'll be able to report to
5 young families that wish they could stay in the city and
6 raise their kids instead of moving out to the suburbs
7 they're going to have a place to live.

8 So thank you very much. Hope you do the right
9 thing.

10 CHAIRPERSON NICHOLS: Thank you.

11 Mr. Tutt, you are it before our break.

12 MR. TUTT: Thank you, Madam Chair and members of
13 the Board. I'll be very brief.

14 I'm Tim Tutt. I represent the Sacramento
15 Municipal Utility District. And we stand here in support
16 of the staff targets. We believe they're achievable and
17 can even be exceeded with ongoing cooperation as we
18 implement these plans.

19 SMUD believes that achieving these kind of
20 reductions in the transportation sector will reduce our
21 customer's costs of meeting the commitments that we have
22 for carbon reduction in our sector. And we believe also
23 it will improve the efficiency of our distribution system
24 over time, thereby continuing to keep our customer cost
25 down and will ease the growing that we'll see as

1 transportation electrifies over the next 20 or 30 years.

2 That will also help keep costs down for our customers.

3 We stand in support of the targets. And I thank
4 you for your time and glad to give the court reporter a
5 break.

6 CHAIRPERSON NICHOLS: Thank you. On that note, I
7 think we should try to get back here -- let's just say
8 five past 1:00.

9 (Thereupon a lunch recess was taken.)

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AFTERNOON SESSION

1:19 P.M.

CHAIRPERSON NICHOLS: We're going to get started again. The rest of the Board is grabbing a bite of lunch.

For anybody that isn't familiar with the way we operate, we have speakers set up in the back room so that Board members can take a break and still listen to the testimony and they can also watch it on the video screen. We're going to get started again.

And having now heard from cities and from business interests, we're going to turn to the NGO community. And I'm going to ask the people who are here representing environmental and public health organizations or if you feel you're aligned with that particular community of interest, if you would please come line up and be prepared to speak. Thank you.

Go ahead.

MR. HASTINGS: Good afternoon. My name is Woody Hastings representing Clean Air Now, a Riverside, California based nonprofit organization advocating public policy to improve air quality in California since 1969. I'm a member of the Board of Directors of Clean Air Now. Thank you for the opportunity to comment.

Clean Air Now testified here back in June urging high but realistic targets pursuant to SB 375. And today,

1 we're here to ask you to support your staff's recommended
2 targets.

3 We want to emphasize positive public health
4 benefits as you heard from others this morning, but I'll
5 be real brief. The positive public health benefits of
6 implementing SB 375 targets, in addition to addressing GHG
7 emissions when vehicle miles traveled are reduced,
8 attempting those levels help to mitigate the negative
9 impacts on public health.

10 Clean Air Now was co-founded by a medical doctor
11 who was appalled at the rate of respiratory illness he saw
12 in his clinic, especially that of young people. So we
13 want to emphasize that strong targets will help reduce
14 smog and the air toxics that lead to asthma and/or
15 cardiopulmonary disorders. Better land use planning
16 offers an excellent opportunity to reverse the alarming
17 trends of chronic illnesses and tackle the root cause of
18 California's worst in the nation air pollution.

19 Clean Air Now also always been supportive of a
20 robust healthy economy. The strongest economies in the
21 world are those that have strong statutes and regulations
22 and protect natural resources and public health. Good
23 environmental regulation and a long-term healthy economy
24 are mutually inclusive. Strong SB 375 targets send the
25 right signal to industry and investors that will

1 strengthen our economy through the growth in appropriate
2 technologies for which the world is clambering for as
3 countries strive to protect natural resources and reduce
4 the ultimate costs and impact on the local and global
5 environment.

6 In conclusion, Clean Air Now urges you to adopt
7 your staff's recommendations and encourages the Air Board
8 to continue its leadership role in SB 375 implementation.
9 Thank you very much.

10 CHAIRPERSON NICHOLS: Thank you.

11 MR. SCHONBRUNN: Good afternoon. David
12 Schonbrunn, Transdef, the Transportation Solutions Defense
13 and Education Fund.

14 I should have marked my speaker card reluctant
15 supporter. I'm going to offer a different point of view
16 here. We submitted a letter noting that we believe the
17 bottoms-up process used here was inappropriate in
18 achieving a science-based result. It was instead an
19 inherently political process.

20 The climate truly does not care about the
21 willingness of humans to change their lifestyles. Science
22 tells us that serious reductions are needed in the very
23 near term to prevent an accumulation of GHGs that will
24 result in irreversible changes to the climate. The
25 proposed targets will not do that.

1 These targets will result in increased emissions
2 in this sector due to population growth. This is going in
3 the wrong direction and would send the wrong signal to the
4 rest of the world about ARB's view of the need for urgent
5 reductions in GHG emissions.

6 We do, however, recognize you have a difficult
7 problem in front of you with the challenges posed by the
8 oil and building industries. While we consider these
9 challenges to be nothing short of suicidal, we recognize
10 you need to deal with them.

11 I reviewed the BIA comment letters and found them
12 to be based on arcane calculations they did themselves.
13 The results of these calculations appear counterintuitive
14 and result in conclusions that are the opposite of our
15 own. Their concern about CEQA vulnerability of projects
16 is completely misplaced. A well designed project can show
17 reductions upwards of 40 percent. They're confusing
18 projects with an overall regional target. Totally
19 different things.

20 It would be our strong preference for ARB to
21 adopt targets that would result in a minimum of five
22 million metric tons by 2020. However, if you're not going
23 to do that, we ask that you adopt the staff proposal and
24 reject the comments by the building industry as based in
25 ~~faulty math and faulty understanding of the transportation~~

1 regulatory environment. Thank you.

2 CHAIRPERSON NICHOLS: Thank you.

3 MR. ZANE: I'm Denny Zane with Move L.A.

4 I wanted to report to you that Move L.A. strongly
5 supports your staff's recommendation, but also that we
6 received communication not long ago that the Board of Los
7 Angeles Metro has already voted strongly to support the
8 recommended targets for the Southern California region.
9 That is, of course, the agency who probably share their
10 lion's share of the burden of making this happen. They're
11 fully committed to this task. Let's move forward.

12 CHAIRPERSON NICHOLS: Great.

13 Good afternoon.

14 MR. HATHAWAY: Good afternoon.

15 I'm Pete Hathaway. I'm a transportation
16 consultant working as part of a team to assess these
17 targets for Climate Plan.

18 My expertise comes from 25 years as a Deputy
19 Director at SACOG and at the California Transportation
20 Commission.

21 Your staff recommendations would allow positive
22 overall greenhouse gas increases in Santa Barbara, in
23 Monterey, in the Tahoe basin, and in Shasta County.

24 This morning, you heard that within the last

25 couple weeks the Boards of Santa Barbara volunteered zero

1 percent targets for 2020 and 2035. Monterey Bay's Board
2 volunteered for zero percent targets for 2020 and a five
3 percent reduction for 2035. And Tahoe's Board volunteered
4 for a five percent reduction in 2035.

5 You should accept these new recommendations. You
6 would recognize the region's efforts which haven't been
7 easy to do better and do more.

8 I would suggest with my professional expertise
9 that any small MPO should be able to achieve at least a
10 minus four percent target by 2035. The major metros have
11 figured this out, and they've made their targets more
12 aggressive. This small ones don't have the staff and it
13 takes them longer.

14 In fact, you, the CARB Board, should not give any
15 urban region a positive greenhouse gas target. That
16 represents permission to continue doing business as usual.
17 Every region needs to do their fair share. Every region
18 can do something to reduce their capita greenhouse gas
19 emissions; some using land use, some using transportation,
20 maybe even some using pricing.

21 I ask you that one of you make a motion to
22 supplant the staff recommendation and accept the new
23 recommendations offered in Santa Barbara, in Monterey Bay,
24 and in Tahoe. And in fact, to set a policy that no

25 positive -- no region should get out of town with a

1 positive target.

2 CHAIRPERSON NICHOLS: Thank you.

3 MR. COVANUBIA: Good afternoon.

4 My name is Cesar Covanubia, Executive Director of
5 the Kennedy Commission in Orange County, California.

6 First and foremost, I'd like to thank the Air
7 Resources Board for the opportunity to speak and also for
8 all the work that has been done leading to this vote
9 today.

10 My organization works to increase affordable
11 housing opportunities and also to improve quality of life
12 for low-income working families. We do believe the
13 implementation of SB 375 is key to providing new
14 development opportunities, especially in redevelopment
15 areas, that are responsive to community needs in the form
16 of housing, transportation alternatives, air quality, and
17 jobs. Also responsive to smart land growth ideas.

18 This will be an opportunity to ensure that
19 sustainable communities achieve the goals of increasing
20 connectivity and create alternative transportation by
21 having the opportunity to live close to job centers. I'm
22 here to ask you to support staff's recommendation and to
23 help us all improve our quality of life.

24 I would also like to encourage the Air Resources
25 Board to continue its guidance to MPOs on implementation

1 of key matrix and also encourage them to look at
2 jobs/housing balance as a way to make sure the units that
3 are being built out there in terms of housing are
4 responsive to the community's needs in terms of housing
5 that's also being produced, specifically in lower income
6 areas where the largest generation of job service sectors
7 jobs which pay minimum wage as a result.

8 We would also encourage public participation,
9 especially in the SCAGs, in our case, Orange County's own
10 SCS development, to make sure there is participation from
11 non-traditional stakeholders, such as advocates that are
12 not traditionally as they are planned.

13 We also want to make sure that the Air Resources
14 Board does what it can to secure financing and additional
15 resources for the process.

16 Thank you for your time.

17 MS. MEANS: Good afternoon, Board members.

18 My name is Sabrina Means. I'm with the
19 California Transit Association. We straddle both labor
20 and the environment. We do employ over 40,000 transit
21 workers in the state, but we also help clean up the air.

22 And I just wanted to let you know that the
23 transit industry here cares and we supportive of what the
24 State is trying to do in terms of reducing emissions and
25 keeping people out of there cars.

1 But we urge you to please put pressure on the
2 State to find resources for us. If the State can't do it,
3 please help us identify other resources that we can use
4 for transit.

5 We're an industry that's done a lot with a
6 little. If the trend continues, we're not going to be
7 able to do more than a little in the sense the State would
8 be sabotaging itself by finding alternatives to driving
9 and taking away one of those alternative to driving.

10 So I just want to urge you please, please, please
11 put pressure on the State to find resources for us. And
12 in turn, we will continue to work with the MPOs to reach
13 their targets and we will continue to be innovative as an
14 industry. Thank you.

15 MS. WHITE: Good afternoon.

16 Catherine Garoupa White with the Central Valley
17 Air Quality Coalition. Our coalition represents over 70
18 different organizations working for clean air in the San
19 Joaquin Valley.

20 I was also asked to issue a strong "me too" from
21 Betsy Reifsneider, the Environmental Justice Coordinator
22 of the Diocese of Stockton as she had to leave.

23 We're here to strongly support staff's
24 recommendation for placeholder targets for the San Joaquin
25 Valley of five and ten percent. As you know, our air

1 basin faces significant air quality challenges that
2 seriously degrade our quality of life in the San Joaquin
3 Valley. And SB 375 offers the opportunity for us to do
4 something differently.

5 Now, as a general member of the public, I would
6 like to strongly debunk any comments that you may hear
7 today about the public being involved in the process of
8 the eight MPOs in the San Joaquin Valley and the air
9 district creating a counter proposal of targets for two
10 and five percent. In the more than four years I've done
11 this work, I've been a very active member of the
12 communities on these issues for Madera County, my home
13 county. I served as our representative for the Regional
14 Advisory Committee and also participated at the local
15 level.

16 I was not consulted by Madera County at all on SB
17 375 target setting or included in those conversations.
18 Furthermore, I just concluded a two-year term at our air
19 district on the Environmental Justice Advisory Group. And
20 less than a month ago, we were given a presentation on SB
21 375 that didn't even mention the proposal of cutting our
22 targets in half. So we were denied the opportunity to
23 weigh in on that proposal.

24 On behalf of the public, we've consistently
25 demonstrated our leadership and our willingness to do our

1 part even in a difficult economy. We supported a passed
2 legislation authorizing our air district to raise our DMV
3 fees in the San Joaquin Valley up to \$30 to be able to
4 help offset the cost of reducing air pollution emissions.

5 My question for you all is: Where is the
6 leadership from the air district and the eight MPOs? They
7 are not representing the voice of the public today, and I
8 want you all to know that.

9 Unfortunately, while I would like to work with
10 the local leadership to create a great strategy, I have to
11 come to you at the state level and ask you to demonstrate
12 your leadership of maintaining the targets of five and ten
13 percent. Thank you.

14 MR. WELLS: Good afternoon. Mike Wells with
15 Fresno Metro Ministry. I left home about eight hours ago,
16 so I'm very hungry. So forgive me if I pass out. I'll
17 try not to.

18 Fresno Metro Ministry is a faith-based community
19 benefits organization, nonprofit. And as such, we keep at
20 the forefront of our mission the people who are probably
21 most affected by climate change, people who probably
22 contribute the least to it as individuals, the people who
23 grow our food, and the people who live in Fresno's areas
24 of concentrated poverty.

25 Just wanted to let you know that many of those

1 people I just mentioned are very -- I would say the white
2 population or Fresno in general is very excited about the
3 things that Fresno is already doing: Updating the general
4 plan, working on a specific plan and community plan for
5 the downtown neighborhoods that are both in the spirit of
6 SB 375. We just didn't wait for the implementation to get
7 going on those things.

8 A couple of downtown infill developments are very
9 popular in Fresno and have been received with a lot of
10 enthusiasm. And these are developments who are doing the
11 best they can under the current regulations that really
12 make it hard to do infill development and encourage sprawl
13 development.

14 People of Fresno are very excited about the
15 co-benefits, the health benefits, the walkability benefits
16 that will come from good planning, things that will lead
17 to less obesity, less heart disease. We look to lessen
18 Dr. Telles' caseload so he can spend more time on these
19 important issues.

20 So we strongly support the staff's
21 recommendations and hope that you will, too. Thank you.

22 CHAIRPERSON NICHOLS: Thank you for coming and
23 sticking with us.

24 MS. GARCIA: Good afternoon.

25 My name is Michelle Garcia, and I'm here today to

1 provide comment from several physicians in the Valley who
2 could not be here today.

3 As physicians, we see the effects that
4 inefficient planning has on the health of Valley
5 residents. Air pollution related illnesses lead to
6 thousands of hospitalizations, ER visits, and premature
7 deaths every year in California. Strong targets for the
8 Valley will help us to clean up our air and better protect
9 the health of our patients.

10 We urge you to support staff recommendation of
11 the five to ten percent targets. We feel that they are
12 not only achievable, but they are necessary.

13 Thank you on behalf of Alexander Sharess, family
14 practice, geriatrics in Fowler, California; Don Gatty,
15 internal medicine, vascular medicine, Fresno, California;
16 Herbie Hudida (ph), allergy, immunology, internal
17 medicine, Hanford; and Dr. Michael Doulis, psychiatry,
18 Fresno.

19 Thank you.

20 MS. EAKEN: Good afternoon, Chairman Nichols,
21 members of the Board. I want to respect your request, so
22 I will be quite brief.

23 My name is Amanda Eaken. I'm speaking on behalf
24 of the Natural Resources Defense Council and our 250,000
25 California members and activists.

1 I'm also speaking on behalf of Stuart Cohen, my
2 fellow Regional Targets Advisory Committee member of
3 Transform.

4 We want to applaud your staff and the MPO staff
5 for all the excellent analytical work they have completed
6 over the past year and a half. In fact, I'm proud to say
7 we may emerge from this process with the richest
8 collection of data ever assembled on the potential to
9 reduce greenhouse gas emissions from land use and
10 transportation planning.

11 As you heard from a number of the MPOs, the more
12 the regions learn and exchange information, the more
13 achievable they find these targets to be.

14 We strongly urge you to adopt your staff
15 recommendation. And we thank you very much for your
16 leadership today.

17 CHAIRPERSON NICHOLS: Thank you for all your work
18 on the Regional Targets Advisory Committee and throughout
19 the process.

20 MR. DAWID: Chairman Nichols, my name is Irvin
21 Dawid, volunteer with Sierra Club, California.

22 Sierra Club supports the SB 375 targets. We are
23 a member of climate plan. In the interest of time, I will
24 let Autumn Bernstein speak. I just will say as a Bay Area
25 resident, I did particularly enjoy and appreciate hearing

1 MTC Director Hemminger speak and explain the high targets,
2 which we do support.

3 Thank you.

4 CHAIRPERSON NICHOLS: Thank you.

5 MS. BERNSTEIN: Good afternoon, Madam Chair.

6 Autumn Bernstein with Climate Plan. I'm also
7 speaking on behalf of Shankar Prasad from Coalition for
8 Clean Air who unfortunately did have to leave.

9 I will make my comments brief. I want to thank
10 you for your hard work and your leadership in this process
11 and let you know we do support staff's recommendation for
12 the proposed targets.

13 One of the most important things that ARB has
14 done over the last two years is to bring together
15 stakeholders from around the state in an important
16 conversation about our future. So as we transition to
17 implementation, I encourage you not only to adopt the
18 targets, but to continue that leadership role in helping
19 us tackle the important challenges that we face on things
20 like resources for implementation, improving the travel
21 models, ensuring the targets to implement in a way that
22 maximizes benefit for all communities.

23 Thank you.

24 MS. GARDINER: Hi. I'm Julie Gardiner with the
25 Nature Conservancy. And I'm also speaking today on behalf

1 of the Defenders of Wildlife, Audubon California, the
2 Trust for Public Lands, and Pacific Forest Trust.

3 Our organizations thank the Board, ARB staff, and
4 MPO leadership and staff for your hard work and
5 collaboration throughout the process. We support staff's
6 proposed targets and urge the Board to adopt them today.

7 I want to thank Dr. Balmes and many of the
8 previous speakers for raising the fact that full
9 implementation of SB 375 will provide a broad suite of
10 public benefits, including protection of their natural
11 resources and the services they provide to our
12 communities, including clean air and water, food and jobs,
13 and habitats for fish and wildlife.

14 Conservation of forests and other natural lands
15 is particularly aligned with SB 375 because of the climate
16 benefits these lands provide by removing carbon from the
17 atmosphere and storing it for hundreds of years.

18 We ask the ARB to continue to play a guiding role
19 in SB 375 implementation to facilitate the integration of
20 co-benefits into sustainable communities strategies. And
21 we ask that you coordinate closely with the Strategic
22 Growth Council and its member agencies to achieve these
23 goals. And we offer our continued support as you work to
24 achieve these greenhouse gas emissions reductions and
25 critical co-benefits.

1 Thank you.

2 MR. CHASE: Good afternoon, Madam Chair, members
3 of the Board. Thank you for your patience and letting us
4 all have our say here.

5 My name is Bob Chase. I'm an architect, lead AP,
6 green building professional. I'm here on behalf of Build
7 It Green, which is a nonprofit in California promoting
8 residential green building.

9 And before I go any further, I'm here to speak in
10 support of the staff recommendations as submitted to you.

11 I think back as my days of the practicing
12 architect over the last three years, there's two other
13 major significant challenges that came before the building
14 and design industry. One more recently was the ADA
15 implementation, which I can speak to. And the other of
16 course was Title 24. And we have to ask now looking back
17 would any of us now say we should have lessened those
18 goals at the time and reduced them? I think not.

19 As I say, Build It Green promotes green building.
20 We think it provides the jobs that you heard other people
21 mention.

22 Yet, we also realize to live in a green point
23 rated house, which is what we promote, work in a LEED
24 platinum building, such as this wonderful building, but
25 drive 25 miles in a car to get between those two will

1 negate many of the attributes of both of them. So given
2 that, it comes to why we do support and thank the staff
3 for the tremendous amount of work here.

4 Thank you very much.

5 CHAIRPERSON NICHOLS: Thank you.

6 MS. MUHLENKAMP: Good afternoon. Crystal
7 Muhlenkamp on behalf of CalSTART. We're dedicated to
8 growing California's clean transportation sector and to
9 helping the state meet its climate and air quality
10 targets.

11 We were very pleased to support SB 375 in a
12 Legislature and we strongly support the proposal before
13 you today. Thank you.

14 CHAIRPERSON NICHOLS: Thank you.

15 MR. KATZ: Good Afternoon. Dr. Andy Katz
16 speaking on behalf of Breathe California and also for
17 Public Health Institutes supporting the proposed targets
18 for greenhouse gas emissions reductions from sustainable
19 communities.

20 This is about public health. The emission
21 reductions from achieving these targets is equivalent to
22 avoiding 100,000 asthma attacks and respiratory symptoms
23 annually and 140 premature deaths annually.

24 So we encourage you to adopt these targets and
25 work closely with the MPOs and the public health community

1 on implementing. Thank you.

2 CHAIRPERSON NICHOLS: Thank you.

3 Is there any other group or individual who feels
4 that they have not had a chance to speak and need to be
5 heard from at this point? Somebody didn't fit any of my
6 categories.

7 MR. DISHAZO: My name is Randy Deshazo. I'm from
8 one of the categories that hopefully does fit MPO: The
9 Association of Monterey Bay Area Governments.

10 I just want to reiterate some of the information
11 that's already been provided that the MBAG Board of
12 Directors provided for a letter to your Board recommending
13 a zero percent increase in greenhouse gases from 2005 by
14 2020 and a five percent decrease by 2035. We're just here
15 to reiterate our request. That's it. Thank you.

16 CHAIRPERSON NICHOLS: You're only the second
17 person I've ever met whose name was Deshazo. Are you
18 related to the professor at UCLA?

19 MR. DESHAZO: Probably distantly.

20 MR. MORFAS: Chair Nichols and fellow Board
21 members, I'm Chris Morfas. I'm number 57 on your list of,
22 the Sacramento Metropolitan Air Quality Management
23 District and here today to offer our support for the staff
24 recommendations and to confirm from the perspective of a
25 local air district that the work being done by our

1 colleagues at SACOG is, in fact, improving air quality,
2 improving public health, is feasible and ambitious both,
3 and that the benefits of the collaborative and integrated
4 land use and transportation decision making is working in
5 Sacramento and can work statewide.

6 We applaud the elected officials on the SACOG
7 Board who have taken those steps, the daily efforts of the
8 SACOG staff. And urge you today to show similar courage
9 at this important juncture and improve the staff targets.
10 We look forward to helping you and our friends at SACOG
11 make those targets real in Sacramento and statewide.

12 Thank you very much.

13 CHAIRPERSON NICHOLS: Thank you.

14 At this point, I think I'm going to bring the
15 discussion back to the staff and to the Board then since
16 we do need to take some action here.

17 I have to say, by the way, whenever somebody
18 urges us to use courage, I always wonder what is it I'm
19 facing that I'm not aware of? What is there out there
20 that we should be worried about it that we weren't taking
21 account of. But thank you for that.

22 Okay. I believe a couple of Board members had
23 questions pending or have questions that they wanted to
24 ask of the staff. But before we get to those, does the
25 staff have any final or semi-final comments that you'd

1 like to make based on the testimony that you just heard?

2 DEPUTY EXECUTIVE OFFICER TERRY: I would just
3 make one, that obviously the request from the MPOs that
4 recently took actions, we're very supportive of changing
5 our staff proposal to reflect Monterey, Santa Barbara, and
6 Shasta and Lake Tahoe.

7 CHAIRPERSON NICHOLS: Yeah, Shasta and Tahoe.
8 And what about San Joaquin?

9 DEPUTY EXECUTIVE OFFICER TERRY: That's one I
10 suspect needs some Board discussion.

11 CHAIRPERSON NICHOLS: Okay. All right. Well,
12 that's fair enough.

13 Do you want to begin? I could ask -- well, I
14 mean, let's put a motion in place. We have a resolution
15 in front of us. It's long, as the staff has indicated.
16 Got lots of whereas and even more be it resolved, as well
17 as the numbers associated with them. And I suspect there
18 may be some proposals to existing or additions or
19 whatever.

20 So can we just put the resolution forward with a
21 motion --

22 BOARD MEMBER LOVERIDGE: So moved.

23 BOARD MEMBER BERG: Second.

24 CHAIRPERSON NICHOLS: A motion and a second from

25 Ms. Berg. So we ask have discussion. And I'll start with

1 you, Ms. D'Adamo.

2 BOARD MEMBER D'ADAMO: I just have a couple
3 questions and maybe a few requests depending on how staff
4 responds.

5 First of all, on the issue of developers and the
6 concern that they have regarding these targets and the
7 impact it may have on their projects, I guess the question
8 was asked earlier of Mr. Livingston maybe if you could
9 respond to the resolution language. And is it possible to
10 tighten it up a little bit so it's more clear that this is
11 not intended to -- nothing in this resolution is intended
12 to be construed as a requirement from any specific
13 project?

14 SENIOR STAFF COUNSEL LIVINGSTON: Right.

15 The additional language you could add to the
16 resolution is, "be it further resolved that the regional
17 targets approved herein set an overall regional target for
18 each of the years 2020 and 2035, but do not express or
19 imply greenhouse gas reduction target or goal for any
20 particular project."

21 BOARD MEMBER D'ADAMO: Does it need to be tied to
22 a permit process to have some language in there with
23 respect to the environmental permit process or something
24 along those lines?

25 SENIOR STAFF COUNSEL LIVINGSTON: It could. I

1 think between this and the other paragraph that's already
2 in there, I think it would probably cover that.

3 BOARD MEMBER D'ADAMO: Okay. And then I have a
4 question of staff regarding next steps. And I know that
5 everyone has been really busy focusing on these targets.
6 But what seems to be missing is a discussion about the
7 value of open space and protecting open space. And just
8 wondering as we move forward what can staff do -- first of
9 all, does anything specific need to be added to the
10 resolution or at a later time in order to ensure that the
11 tools of open space could be used by the various regions.
12 And specifically I'm thinking of farmland preservation
13 where I live, that can be a very useful tool depending on
14 strategically where those conservation easements are
15 located. Wetlands easements, flood control easements,
16 that sort of thing.

17 CHAIRPERSON NICHOLS: This is one of the areas
18 where the Strategic Growth Council I believe could play a
19 helpful role, because there's programs and there's even
20 some funding, although it's never enough. But through
21 bonds and sometimes from other grant funds for some of
22 those kinds of programs.

23 And maybe, Mr. Goldstene, you could expand on
24 that a little.

25 ~~EXECUTIVE OFFICER GOLDSTENE: I think that's a~~

1 good idea. We should at least make sure that we reference
2 that somehow in the resolution and maybe specifically call
3 out a collaboration with the Strategic Growth Council.

4 BOARD MEMBER D'ADAMO: And beyond money, I know,
5 for example, easements can be utilized as mitigation so
6 that maybe one project pays for an easement, which would
7 help to manage growth with respect to future projects. So
8 not necessarily relying on state and federal funding.
9 Just being open to that as a tool.

10 CHAIRPERSON NICHOLS: I think that's true.

11 Again, we're not doing the planning. We're just
12 setting -- we're just approving targets.

13 But I think all these things are already being
14 considered by all the planners. We can certainly be more
15 specific about our interest and paying attention to those
16 things.

17 BOARD MEMBER D'ADAMO: And the third and final
18 question has to do with jobs/housing balance and
19 collaboration between regions.

20 I really appreciate how progressive the Bay Area
21 is being, but if you look at where the Valley is coming
22 from, there's quite a stark contrast. And the concern I
23 have and I know it was raised by the BIA that, you know,
24 we may be inviting an additional round of big housing
25 developments in the northern part of the Valley, further

1 exacerbating the problem.

2 So anything we can do on our end to encourage
3 collaboration between regions, not just the Valley and the
4 Bay Area, but other regions as well, so there is a greater
5 jobs/housing balance.

6 EXECUTIVE OFFICER GOLDSTENE: There is already a
7 blueprint planning process that sets out to do that. And
8 I think this all layers on top of that.

9 I don't know if staff wants to add.

10 BOARD MEMBER D'ADAMO: I guess what I'm saying is
11 with respect to when you go to set targets, the targets
12 are, you know, so different between the regions.

13 DEPUTY EXECUTIVE OFFICER TERRY: Well, I think
14 this is something that the MPO directors and the ARB staff
15 team have been obviously talking about as scenarios have
16 been run. And I talked with Steve Hemminger last night
17 about the fact that this issue would probably come up and
18 it needs to be on the agenda for the technical team.

19 And since the Valley is on a different time frame
20 of planning and really on a longer time frame, I think
21 there is a real opportunity to have that dialog between
22 the Valley -- north Valley and the Bay Area.

23 And then in terms of the air district's proposal,
24 a lot of conversation needs to happen within the Valley

25 with respect to -- within the Valley. That's one of the

1 issues that came up when the various eight MPOs were
2 struggling with do they ask for individual targets or do
3 they ask for a single target for the Valley, because they
4 didn't want a similar situation that if Fresno County had
5 higher target and the adjacent counties would then start
6 to have better communities. So it's both an internal to
7 the Valley and then it's north/south with the Valley and
8 its neighbors.

9 BOARD MEMBER RIORDAN: It can actually happen
10 even within very large planning areas. And I'm thinking
11 of SCAG that has incredible difference between highly
12 urbanized areas and those areas in our high deserts even
13 to some degree low desert, which you know, jobs/housing
14 balance is critical. It's critical to that. And you
15 can't impede the location of new industrial projects or
16 professional business complexes in an area that can really
17 benefit under that.

18 CHAIRPERSON NICHOLS: We have a number of hands
19 that have been raised.

20 I'm going to go with Mayor Loveridge and then Dr.
21 Balmes and then Supervisor Roberts and then Dr. Telles.

22 BOARD MEMBER LOVERIDGE: Let me be very limited
23 in the focus of my comments.

24 I do have a recommendation I'd like for the Board
25 to consider to add to the resolution.

1 Talking about SCAG, six counties, 180-plus
2 cities, 19 million people, more than half of state of
3 California. It's not quite as SCAG goes as SB 375, but
4 what happens in SCAG is important for the state and
5 obviously for SCAG regions.

6 I serve on the Regional Council, although I was
7 not there at the meeting where the vote that's reported.
8 I've not attended every meeting that Larry McCollum has,
9 but I've attended a lot of meetings in southern California
10 talking about SB 375.

11 I've talked at length with the Executive Director
12 of SCAG, as well as the SCAG leadership. And so what I'm
13 saying is not simply my own, but reflects their agreement
14 on what I will shortly recommend.

15 Just some obvious things that we live -- 21st
16 century is a century of regions. That's where economic
17 development and quality of life is experienced. We've not
18 been very successful in connecting regions.

19 Just what I see is 375 is the first time in my
20 political lifetime where there's been this serious
21 regional conversations about urban form and urban
22 direction. This is not going to be easy. As someone
23 said, it's a marathon and not a sprint. To be effective,
24 it's going to require resources incentives beyond simply
25 technical and planning funding.

1 There is a new book that Richard Florida has just
2 given called "The Great Reset" which I could commend to
3 you. But he says after his -- a third of major economic
4 problems facing our county, what's going to happen
5 afterwards is going to not be the same for settlement and
6 transportation patterns.

7 I think the point is when you're looking at the
8 future, can't look through a rear-view mirror. We have to
9 look prospectively what's taking place.

10 And it's also I think clear that for this process
11 really to work, there needs to be a collaborative
12 approach. We need to be engaged and talking together
13 about the future of Southern California.

14 So what I'd like to really propose -- and let me
15 pass out a recommendation is the following: Is that as
16 recommended by staff, we have the eight percent target for
17 SCAG for 2020 and conditionally except the target of 13
18 percent for SCAG for 2035 with the following addition;
19 that there be serious discussion between the CARB staff
20 and SCAGs, both staff and elected leadership, regarding
21 the eleven conditions which you find on the handout.
22 These are eleven conditions which are a part of the SCAG
23 motion before the SCAG Regional Council.

24 And at our meeting in February, the CARB staff
25 return with a progress report of their discussions and a

1 recommended for target for SCAG for 2035.

2 So basically asking -- accepting the eight
3 percent for 2020, conditionally accepting the 13 percent
4 for 2035 conditioned on discussions between SCAG staff,
5 leadership, CARB, and then a report back in our meeting in
6 our February with a recommended target.

7 I'd like to ask that be included in the
8 recommendation before us. I think it will move the ball
9 forward. I think the kind of points that are identified
10 in the conditions are points that should be talked about
11 as we go forward with SB 375.

12 I would ask James if that's tenable and possible.

13 EXECUTIVE OFFICER GOLDSTONE: Yes to both
14 questions. I think it is. We have conditional approval
15 for 2035 and then come back in February with an update
16 after more discussion and analysis.

17 CHAIRPERSON NICHOLS: I'd like to be clear. I
18 think it's important that the discussion continue and that
19 the analytical work be done, given the number of items and
20 the fact that some of them are not within the control of
21 the parties. I don't necessarily want to assume that
22 we're going to have them all resolved. But certainly good
23 to accelerate and concentrate the discussion and to have
24 perhaps the requirement of a report would help get that to
25 happen. If that's the understanding, I would be happy to

1 support it.

2 EXECUTIVE OFFICER GOLDSTENE: That's my
3 understanding.

4 BOARD MEMBER TELLES: I would second it.

5 CHAIRPERSON NICHOLS: Great. I think it's an
6 amendment. But whatever.

7 Yes, Bob. We'll consider this as part of the
8 main motion then as this point.

9 BOARD MEMBER BALMES: Do you want to have any
10 further discussion about this amendment? Because I was
11 going to go back to what we were talking about.

12 CHAIRPERSON NICHOLS: Is there any further
13 discussion about the proposed amendment that's been moved
14 and seconded here in relationship to SCAG?

15 BOARD MEMBER ROBERTS: One observation to make
16 here.

17 Several caveats that pertain to funding, I think
18 those should apply to any region of the state. These are
19 not unique the SCAG. We've done our forecasting based on
20 being tax dollars and we may not be able to get. And I
21 think that those several points I think are appropriate as
22 we look at any standard for any region. Is that clear?

23 CHAIRPERSON NICHOLS: I understand your point.
24 And I think it has been said several times by different
25 people in different ways that securing additional funding

1 and focusing on the funding is going to be critical to any
2 of these targets being met.

3 I think the only difference in terms of the
4 process and honoring the process is that when the SCAG
5 Board took their vote, they made their -- they made their
6 number contingent on the specifics being addressed. And
7 other regions maybe would have done the same thing if they
8 thought of it. I don't know. But there is a problem of
9 continually revisiting numbers.

10 And so I think this is a way to deal with the
11 fact that the SCAG Board invited us to reconsider their
12 number, in effect. Whereas, other boards seem to be -- I
13 don't know if they're trusting, but they're more willing
14 to put a target in and then work with -- work to get those
15 funds. That's the only basis for distinction.

16 BOARD MEMBER ROBERTS: I know you had other
17 speakers.

18 I think this has implications beyond just
19 adopting this. I hope to vote on this, because I think
20 there are other things that need to be said here.

21 CHAIRPERSON NICHOLS: Okay.

22 BOARD MEMBER BALMES: So I wanted to go back to
23 the points that Ms. D'Adamo was making, because I was
24 going to make the same points.

25 I do want to call the Board's attention to the

1 "be it further resolved" on the bottom of page 12. There
2 is a long resolution. And I'm sure not everybody has had
3 a chance to go through it with a fine tooth comb. I know
4 I haven't.

5 But I want to thank staff for including this. It
6 addresses some of my concerns about trying to achieve
7 co-benefits from the SB 375 planning process. It
8 specifically mentions agricultural lands. But I don't
9 know if that's -- if the mention is exactly what Ms.
10 D'Adamo had in mind. I'd certainly be open to
11 strengthening that.

12 But what strikes me about this "be it further
13 resolved" is it's talking about encouraging. I realize we
14 can't mandate MPOs to do specific things, but I'd like to
15 give MPOs the tools, especially smaller MPOs that might
16 not have the resources to do modeling and quantifying of
17 co-benefits.

18 So I took the discussion we had about the
19 Strategic Growth Council -- and I appreciate Chair Nichols
20 mentioning it again just a few minutes ago -- that perhaps
21 we can work with the Strategic Growth Council -- CARB
22 staff and Strategic Growth Council to try to provide tools
23 for MPOs to model and quantify co-benefits so that
24 there's -- we're not just encouraging. We're giving

25 people the tools they need to actually take these

1 co-benefits seriously.

2 And an example of something I think could be done
3 at the MPO levels, we haven't heard anything about
4 schools, for example, today. I think a lot of VMTs are
5 generated by getting kids to school and back. And I think
6 we can promote active transportation of walking, cycling.

7 Dick Jackson at UCLA, one of my environmental
8 health heroes, gave talks about where he gets in front of
9 groups of middle-aged folks like many of us and said how
10 many of you walked or biked to school. Two-thirds of the
11 room raises your hand. How many of your kids walk or bike
12 to school? Nobody raises their hand.

13 It's a small point, perhaps. But given the
14 childhood obesity epidemic we have in this country, I
15 think that that's a specific example of where I'd like to
16 see MPOs thinking about the planning process and
17 co-benefits a little bit more carefully.

18 That was just an example, not that I want to
19 dwell on that.

20 I was really pleased to hear Mr. Adams say
21 that -- I forget the specific bill, but the Strategic
22 Growth Council was formerly -- formed a part of the SB 375
23 planning process. I just want to encourage us to work
24 with the Strategic Growth Council to work with MPOs to
25 provide tools to model and quantify co-benefits.

1 CHAIRPERSON NICHOLS: Sorry. Dr. Telles, do you
2 have anything -- you want more and then we'll come back.

3 EXECUTIVE OFFICER GOLDSTENE: Chairman Nichols,
4 Supervisor Roberts, I just want to clarify Dr. Balmes'
5 point.

6 Do you want language added to the resolution on
7 that point? Or do you think this language, plus the
8 language in the very beginning, the whereas on page one,
9 paragraph two, takes care of that?

10 BOARD MEMBER BALMES: Well, I think that the
11 spirit of what I would like to see is there already. And
12 I thank staff for that.

13 I wouldn't mind having a couple words of
14 specificity with regard to providing tools to MPOs to
15 quantify -- to model and quantify potential co-benefits.

16 EXECUTIVE OFFICER GOLDSTENE: Which is what the
17 Strategic Growth Council is trying to do. So we'll come
18 up with some ideas.

19 Sorry, Supervisor Roberts.

20 BOARD MEMBER ROBERTS: Okay. We have our health
21 people and other planners working together, and we're
22 integrating that stuff in the community plans and you
23 know --

24 BOARD MEMBER BALMES: I'm sure --

25 ~~BOARD MEMBER ROBERTS: If you were thinking~~

1 everything is going to be planned from up at this dais or
2 from this city --

3 CHAIRPERSON NICHOLS: Oh, hardly.

4 BOARD MEMBER ROBERTS: There's movements with
5 respect to obesity and programs and all that that are
6 going on.

7 I guess I get concerned that we lose --

8 BOARD MEMBER BALMES: If I might just respond.

9 I wasn't worried about San Diego. I think
10 there's some smaller MPOs that don't necessarily have the
11 resources and sophistication --

12 BOARD MEMBER ROBERTS: I'm still thinking I
13 appreciate that sometimes we think every problem has to be
14 solved from up here.

15 I guess it seems to me -- first of all, I don't
16 have a problem with every region having different
17 standards that grow out of their unique circumstances and
18 their understanding of those circumstances. It seems to
19 me that there's quite a disparity in terms of the range of
20 possible goals here. I don't have a problem with that
21 today.

22 It seems like one of the things that we have to
23 build into this, we have to come up with probably on some
24 kind of regular basis bringing this back for review. I
25 would guess maybe it's four years to see what is really

1 happening, to see what the -- what the genuine efforts are
2 that are being made and compare. Maybe we benchmark
3 what's going on from one area to another and see who's
4 maybe doing something that could be done in other areas.
5 We're hearing a lot of excuses in some cases of why things
6 can't be done. I'm not familiar enough with each of those
7 areas to know if there are other things that maybe could
8 be done or couldn't be done.

9 But I think what would be better if we could
10 today would be to adopt the goals, accept the fact that
11 there are going to be a range of different goals. It
12 seems like at least in three of the major areas we're
13 getting some concurrence. I think that's positive.

14 I would suggest that maybe it's four years from
15 now, but that we have a comprehensive review and to see --
16 to some extent, if one region has economic benefits over
17 another because of the rules they've adopted, that needs
18 to be looked at. I don't want to be in a situation where
19 we're agreeing to do something and find out that, you
20 know, that we're comparatively at a disadvantage because
21 of that.

22 With respect to the concerns I had on
23 transportation, you've heard me say this on several
24 different occasions. The state's policies are

25 schizophrenic. You can't on the other hand say we're

1 going to have all these requirements and then you pull
2 away the funding that allows you to achieve those goals.
3 That's exactly what's been happening. And both public
4 transportation and funding for roads is extremely
5 important. And it's not just important in SCAG. We're
6 all making assumptions. I think that has to be part of
7 your review, because I don't think any of the major areas
8 is going to attain their goals if there isn't proper
9 transportation funding and other types of funding.

10 So to that extent, that's why I was concerned
11 that that needs to be part of the bigger picture. I would
12 have made that statement whether this list of suggestions
13 was in here or not. I've been concerned about this since
14 day one.

15 That doesn't necessarily automatically excuse
16 anybody. It just means it's something that, as we do the
17 review, we need to take that into consideration. It seems
18 terribly unfair for the state that on the other hand wants
19 you to do these things and on the other hand is not
20 willing to be the financial partner that they should be if
21 you're going to achieve them. So for me --

22 CHAIRPERSON NICHOLS: I agree with you.

23 BOARD MEMBER ROBERTS: That has to be a part
24 of -- irrespective of what --

25 ~~CHAIRPERSON NICHOLS: I think I mentioned when~~

1 Mr. Davis was testifying that I received a letter from the
2 head of the California Transportation Commission, and I
3 just wanted to comment that one of the good things that's
4 happened out of this process is that we have an
5 opportunity to have a very good discussion about some of
6 the challenges and the good perspective of some of these
7 jobs is to try to get the resources together to carry out
8 some of these transportation plans. And the fact that,
9 you know, ARB's program or our goals here can have a
10 positive or a negative impact depending on how they're
11 implemented and really would be important to coordinate
12 closely on these things.

13 BOARD MEMBER LOVERIDGE: Mary, can I ask a point
14 of information, follow up on Ron.

15 The question of review and two years, four years,
16 how -- is that -- there is a four-year review.

17 BOARD MEMBER ROBERTS: I was suggesting four
18 year.

19 EXECUTIVE OFFICER GOLDSTONE: SB 375 requires an
20 eight-year review, allows four-year review.

21 BOARD MEMBER ROBERTS: I think we have to go to a
22 four-year review.

23 BOARD MEMBER RIORDAN: Let me just note,
24 following that along, which was the point of why I wanted
25 to speak, page 3 in the last full paragraph there clearly

1 delineates exactly what will happen. That's why I have
2 great comfort in supporting this, because I think the
3 regional targets -- we truly in this room don't know
4 everything that may occur between now and 2035. But we
5 have the opportunity under the law to update those
6 regional targets at least every eight years, but provides
7 the Board may revise the regional targets every four
8 years. That makes good sense.

9 And then it goes on to say you have to exchange
10 the technical information with Department of
11 Transportation, the MPOs, local governments, affected air
12 districts, and the public. So I think we've covered it
13 very well in the resolution. And just we need to remind
14 ourselves that we need to follow our own resolution. That
15 will be the trick if we can remember that that is what we
16 have to.

17 EXECUTIVE OFFICER GOLDSTENE: I promise we will
18 not forget.

19 BOARD MEMBER RIORDAN: Put it in some magic.

20 But I think that is the great comfort I have with
21 this. This is a planning process. This is not something
22 locked into stone. But it gives us the ability to make
23 adjustments as we move through the next few decades.

24 BOARD MEMBER ROBERTS: What I was suggesting was
25 stronger than that. I know Mr. Goldstene has a great

1 memory. I'd have that cast in stone we will be back
2 here in four years.

3 BOARD MEMBER RIORDAN: It's cast in stone here.

4 BOARD MEMBER ROBERTS: That's cast in sand. I
5 want it cast in stone.

6 EXECUTIVE OFFICER GOLDSTONE: We'll change "may"
7 to "will" four-year review.

8 BOARD MEMBER RIORDAN: Okay. Make it "will."

9 EXECUTIVE OFFICER GOLDSTONE: We'll re-write that
10 so it makes sense.

11 BOARD MEMBER D'ADAMO: The way I read it with
12 Mayor Loveridge's amendments, we would be back in
13 February 2011 for a report on SCAG, and San Joaquin Valley
14 comes back in 2012. And there is an opportunity at that
15 point for the targets to be adjusted provisionally --
16 provisional targets in 2012; right?

17 DEPUTY EXECUTIVE OFFICER TERRY: Well, a point of
18 clarification.

19 The intention was to come back in 2012 and do an
20 update on everybody's progress. San Joaquin, we talked
21 about provisional targets, because as I mentioned, they
22 just completed their plan. So they won't be doing plans
23 until 2014. All the major MPOs will be doing plans over
24 the next year or so. They were in the unfortunate place
25 of on a parallel track they would be adopting a plan

1 without the 2014 updated target. We wanted to suggest
2 that the Board have an update on the improvements in the
3 modeling, the Valley's progress, and discuss what targets
4 might make sense at the next formal update, which would
5 not be until 2014.

6 CHAIRPERSON NICHOLS: Just to be clear, your
7 proposal is that we treat the San Joaquin targets as
8 provisional?

9 DEPUTY EXECUTIVE OFFICER TERRY: No. Actually --

10 CHAIRPERSON NICHOLS: It's not. This is a little
11 muddled.

12 DEPUTY EXECUTIVE OFFICER TERRY: The Board is
13 legally obligated to adopt targets by the 30th of
14 September for all the regions.

15 But as a practical matter, because the plans have
16 just been completed, the Valley will not be initiating
17 their planning process until 2012. So there is an
18 opportunity while there is -- not legally the Board can't
19 adopt revised for four years. There could be a
20 discussion, and you could give the MPOs an indication of
21 what kind of target revision might occur in 2014.

22 It's just an unfortunate situation where they're
23 off cycle planning. So we wouldn't want them in four
24 years to be in the same place where they just did their
25 plan and now they have a target. So that's sort of the

1 best finesse we could come up to meet the legal
2 requirements.

3 BOARD MEMBER ROBERTS: We're going to have a
4 status report and a review in a sense.

5 BOARD MEMBER TELLES: Point of clarification.

6 The resolution states that for the San Joaquin --
7 I'm talking about page 13 down about two paragraphs, "the
8 targets would be replaced by future Board action with
9 revised targets that incorporate expected modeling
10 improvements." To me, that sounds like we come back in
11 2014 with a new target for the San Joaquin.

12 DEPUTY EXECUTIVE OFFICER TERRY: That's right.
13 That's what the law allows in four years.

14 BOARD MEMBER TELLES: It's kind of a professional
15 target.

16 DEPUTY EXECUTIVE OFFICER TERRY: So 2012 would be
17 provisional, an indicator as you initiate your planning
18 process. This is a kind of range of targets you should be
19 shooting for, but the Board can't officially adopt them
20 until 2014.

21 BOARD MEMBER TELLES: Another question.

22 Mayor Loveridge's recommendation has
23 February 2011 review, and I think we should, if we do this
24 process, we ought to incorporate all these reviews at more
25 or less the same time.

1 BOARD MEMBER LOVERIDGE: This is not really a --
2 I do not see the February as a review. This is really a
3 look at what the target is.

4 DEPUTY EXECUTIVE OFFICER TERRY: Yes. Staff's
5 interpretation is that what's on the table is to defer the
6 2035 target for SCAG region until February for final Board
7 action to allow the conversation to happen between the
8 Board and SCAG.

9 CHAIRPERSON NICHOLS: Okay.

10 EXECUTIVE OFFICER GOLDSTONE: On Supervisor
11 Roberts' point, the funding, we do try to respond to that
12 on page 14, paragraphs five and six.

13 Where the Board is committing to work with local
14 governments, MPOs, State agencies, and the Legislature to
15 identify, pursue, and secure adequate incentives and
16 sustainable sources of funding for regional and local
17 planning and other activities related to the
18 implementation of SB 375.

19 And next paragraph, "be it further resolved, the
20 Board directs staff to work with other State agencies and
21 the MPOs to track available resources for implementation."

22 BOARD MEMBER ROBERTS: For me, that doesn't go
23 far enough. It says what the Board's intention are. But
24 if the State Legislature ignores those good intentions, I
25 want to know that that's going to be part of the review

1 process in 2014 for evaluating what the adequacy of the
2 funding to achieve the goals that were set for each of
3 those areas.

4 So the fact that this Board -- I know this Board
5 will be very cooperative in trying to help. I don't know
6 if this Board is going to be effective when it comes to
7 financial issues sustainable.

8 CHAIRPERSON NICHOLS: I think the point is well
9 taken that it should be a factor in the review in 2014 to
10 evaluate what happened. And I think as I look ahead to
11 what's likely to be going on in the next year or two,
12 nobody is projecting a tremendous turn around in the
13 economy. It's going to be slow. It's going to be
14 difficult.

15 But whatever happens, there will be a new
16 Governor, and there will be programs initiated no matter
17 what under the new administration to try to get a handle
18 on some of these terrible problems.

19 We think we're on the side of history in terms of
20 how the Legislature is looking at what kind of development
21 they'd like to be incentivizing and the SB 375 represents
22 a real move in the direction of support for sustainable
23 cities and for what localities are going to do.

24 But we don't know that that's going to happen or
25 what the new Governor will do. And that would be true

1 regardless of who that person is.

2 So I think it will help both the new
3 administration and the Legislature actually focus on these
4 issues when they do get around to them if we have
5 something in place that makes it clear that this is
6 something we're serious about.

7 BOARD MEMBER ROBERTS: I just don't see how we're
8 going to make it if we don't have that kind of assistance.
9 I guess being from San Diego, I serve on the Public
10 Transportation Board as well as the Transit Committee and
11 I've got two colleagues here from SANDAG in the audience.
12 Next week we'll be in Washington, D.C. to hopefully get
13 closer to closing our agreement to extend our light rail,
14 which we're going to have \$600 million with the local
15 funding.

16 But if we don't get the assistance from the State
17 and the federal government that we're anticipating,
18 there's no way we're going to make those numbers. It just
19 is not -- I can tell you, it's not going to happen. Put
20 that down in stone. Okay.

21 So we have given you an optimistic number that we
22 are going to try every way, shape, or form to meet. But I
23 think there has to be some language that recognizes that a
24 lot of what we are asking people to accomplish is going to
25 be dependent specifically on State funding and to some

1 extent on federal funding.

2 CHAIRPERSON NICHOLS: The gist of it is a
3 paragraph or a sentence that resolves that in 2014 when we
4 bring back the review that it will include an assessment
5 of how we've done on all of these items that we agree to
6 and that the targets will be modified based on that
7 evaluation.

8 BOARD MEMBER SPERLING: Madam Chair, can I add
9 something?

10 CHAIRPERSON NICHOLS: Sure. Good to see you
11 back.

12 BOARD MEMBER SPERLING: I apologize. I had my
13 first class of the year today, so I had over 100 students.
14 So I thought I should at least make an appearance there,
15 not be the celebrity professor.

16 But this question about money I think, while it
17 is hugely important to the success of what cities are able
18 to do and counties, but I do want to -- and I support the
19 discussion that just happened. But I do want to perhaps
20 minimize it a little bit, because in fact public
21 transportation investment, while it's hugely important for
22 the viability and liveability and all kind of things for
23 these cities, in terms of the greenhouse gas plans, it
24 really plays a relatively minor role, a very small role.

25 In fact, if you look at the MTC slide that Steve

1 Hemminger put up earlier, he had land use is 12 percent.
2 Pricing was eight percent. TDM was three percent. This
3 is a little part of the three percent.

4 So while we really do need to help out the
5 cities, I don't think it plays a very crucial role in the
6 attainment of these targets that we're talking about. So
7 we shouldn't put too much weight into that.

8 I did miss --

9 BOARD MEMBER ROBERTS: You couldn't be wronger.
10 I'll tell you why.

11 CHAIRPERSON NICHOLS: He probably could be,
12 actually.

13 BOARD MEMBER ROBERTS: Operational dollars are
14 being -- operational dollars to run these transit agencies
15 was basically completely removed. What has to happen
16 there, it's not a matter of not having all the answers.
17 You're pulling service out. All of a sudden, you're
18 talking about the existing situation, exacerbating it.
19 And if you don't think that that has an impact on what
20 these numbers are and people happen to use their cars
21 because there aren't options as we remove service, I
22 don't -- I'm just too close to these studies to believe
23 for a minute what you're saying.

24 CHAIRPERSON NICHOLS: I think you guys should
25 take it out of the room.

1 BOARD MEMBER SPERLING: Just to put lines of a
2 defense on that point, I would just point out that only
3 about five percent of the passenger travel in cities is by
4 transit. Almost all of the rest is by car. So -- and the
5 buses have fairly high greenhouse gas emissions. So I
6 support what you say for other reasons, but not for
7 climate reasons. Anyway --

8 CHAIRPERSON NICHOLS: But you don't actually
9 disagree with each other in terms of the resolution.

10 BOARD MEMBER SPERLING: That's right.

11 EXECUTIVE OFFICER GOLDSTENE: We will add the
12 language.

13 BOARD MEMBER SPERLING: Thank you, Madam Chair,
14 for bringing us back.

15 BOARD MEMBER SPERLING: Could I hear the
16 resolution that Mr. Loveridge put forward?

17 CHAIRPERSON NICHOLS: Yes. We all have the
18 language. I think you have it in front of you.

19 Are there other comments? Yes.

20 BOARD MEMBER TELLES: This is probably a little
21 less controversial, but the three regions requested a more
22 aggressive stance: Monterey, Santa Barbara, and Tahoe
23 area. I think we should take their present stance.

24 I had one other issue --

25 ~~CHAIRPERSON NICHOLS: Agreed. I think everyone~~

1 agreed to that.

2 BOARD MEMBER TELLES: The other issue is it seems
3 like nobody still owns these VMTs between planning
4 organizations, for instance, in the San Joaquin Valley to
5 the Bay Area.

6 And also there is a concern in many regions that
7 jurisdictions in those areas have no control over some of
8 the VMTs. I'm talking about like in San Diego, an Indian
9 casino out in middle of nowhere. In our region, the same
10 thing. Or in Kern County a military base that they don't
11 control how many personnel is going to be there and
12 there's no way for them to plan. Or it would seem
13 reasonable they should be -- these regions should be
14 responsible for the VMT on their regional plan. I think
15 we ought to carve those instances out, if they haven't
16 already been done.

17 CHAIRPERSON NICHOLS: I think staff worked on
18 this issue quite a bit during the RTAC process.

19 EXECUTIVE OFFICER GOLDSTONE: I'll ask Kurt to
20 comment on that.

21 BOARD MEMBER TELLES: Well, it's not clear to me
22 whether it's carved out or not. Some people from Kern
23 County came here and said they have to deal with it. I
24 heard other people say it's kind of they're not dealing
25 with it.

1 CHAIRPERSON NICHOLS: Could we just get an answer
2 and then I'll --

3 BOARD MEMBER TELLES: I don't know if it needs to
4 be on a resolution or just policy procedure.

5 CHAIRPERSON NICHOLS: Factually we should
6 understand what staff thinks is happening here.

7 AIR QUALITY AND TRANSPORTATION PLANNING BRANCH

8 CHIEF KARPEROS: In the numbers that the MPOs from the
9 Central Valley shared with us, they have carved out the
10 VMT, the travel related to the federal facilities as you
11 describe, as well as the through trips. We've talked to
12 them in some detail about how that works. It's one way to
13 solve the problem.

14 One of the things we wanted to do over with the
15 MPOs in the Valley over the next couple years is to
16 explore is that actually the best solution for them. In
17 some ways, it's a sword that cuts both ways. If they had
18 a policy that would reduce that trip, if you carve it out
19 of the calculation, they don't get credit that they made a
20 good policy decision.

21 So we have sort of that as a placeholder approach
22 that we can explore in more detail with them over the next
23 couple years.

24 BOARD MEMBER TELLES: There's no set policy

25 that -- I mean, carve outs are actually -- there's no set

1 policy that carve outs are actually accepted by the plan?
2 I mean, it seems like it should be a universally not just
3 use San Joaquin Valley, but San Diego County --

4 CHAIRPERSON NICHOLS: For any region.

5 BOARD MEMBER RIORDAN: We all have federal
6 installations.

7 DEPUTY EXECUTIVE OFFICER TERRY: I would just
8 suggest I think it's appropriate for the Board to weigh in
9 and say as these targets are being implemented, it would
10 be appropriate to take that into account in the accounting
11 system, because as you recall from the staff presentation,
12 the Board does review the demonstration of the SCS or the
13 APS in terms of does it meet the target. So that would be
14 a question. And if so, the Board gave us direction today.
15 That would be helpful to be clear --

16 CHAIRPERSON NICHOLS: Evaluation as opposed to
17 the targets.

18 DEPUTY EXECUTIVE OFFICER TERRY: There's no way
19 the deal with incentive targets explicitly.

20 BOARD MEMBER TELLES: I second that motion.

21 CHAIRPERSON NICHOLS: Ron.

22 BOARD MEMBER ROBERTS: I want to make sure not
23 everybody is misunderstanding what I'm saying. I'm not
24 just talking about public transit. We have major programs
25 for what we called management lanes and other things that

1 have a direct bearing on those numbers. Okay.

2 Transportation funding -- I go back to what I
3 said. Transportation funding is a major key. If it's not
4 available, we can tell you, we will not make those
5 numbers. There is no way to make those numbers. And I
6 don't know how to say it any clearer. I'm going to
7 presume that most areas are going to confront similar
8 challenges.

9 And maybe -- maybe that language would help to
10 wake up some of the people who make those policy decisions
11 to if you want A, you have to provide B. Okay. A being
12 the cleanup and the reduction of greenhouse gas gases, and
13 B being the financial backing that the State has until
14 recently historically provided.

15 CHAIRPERSON NICHOLS: The Board is going to be
16 pleased and surprised to learn that this was going to be
17 the easy item. And the one that we have people lined up
18 in the back for was going to be the tougher one to deal
19 with. So just FYI as you're considering where we go with
20 this one.

21 BOARD MEMBER RIORDAN: Back to the carve out.
22 Did we understand that you will include that for federal
23 installations?

24 CHAIRPERSON NICHOLS: As part of the evaluation
25 for mechanism --

1 EXECUTIVE OFFICER GOLDSTONE: I think maybe Lynn
2 can repeat her motion, just to make sure we're all
3 understanding the --

4 DEPUTY EXECUTIVE OFFICER TERRY: It's direction
5 to staff to consider -- and maybe you want to list what
6 you want us to consider -- military installations and
7 other inter-regional issues in terms of the accounting
8 towards meeting a target.

9 BOARD MEMBER TELLES: Not only military
10 installations, but also commuting from one --

11 EXECUTIVE OFFICER GOLDSTONE: This is an issue
12 that Mayor Loveridge has raised, others have raised.

13 CHAIRPERSON NICHOLS: The issue of inter-regional
14 transportation more broadly.

15 DEPUTY EXECUTIVE OFFICER TERRY: And on that
16 point, I guess I suddenly remember the RTAC did have a
17 recommendation that the simplest way to deal with it was
18 to split 50/50 the inter-regional travel. Staff was very
19 comfortable with that take on it.

20 CHAIRPERSON NICHOLS: I think that was Gary
21 Gallegos' proposal as I recall actually.

22 Okay. I do not hear or see a single additional
23 comment at this time. Therefore, I'm going to call the
24 question.

25 So with the additional items that have been added

1 to the resolution and, you know, with full knowledge that
2 this is going to be subject to continuing review and there
3 will be a need for vigilance here in the implementation
4 process, I think I'm going to say on behalf of most of us
5 that we feel pretty comfortable this is a good step
6 forward and that we're very pleased with the response that
7 we've received to date from all sectors that have
8 participated in this process. It really is a great
9 tribute I think to the interest in support that many
10 Californians feel towards the notion of more sustainable
11 communities and feeling everybody has about quality of
12 life and the places where we live in California that
13 they're coming together to try to make these targets work,
14 but really not so much because of concerns about global
15 warming or greenhouse gas emissions. That's just a metric
16 in many ways. It provides a focal point for the kinds of
17 planning that we all know need to be done.

18 So I'm going to now call the question. And I
19 think I've can do this on the voice vote. All in favor
20 please say aye.

21 (Ayes)

22 CHAIRPERSON NICHOLS: Any opposed?

23 All right. You have your targets. Thank you
24 very much.

25 (Applause)

1 CHAIRPERSON NICHOLS: Let's give ourselves a
2 ten-minute break.

3 (Thereupon a recess was taken.)

4 CHAIRPERSON NICHOLS: Ladies and gentlemen, ten
5 minutes go by awfully quickly. Ready to get started.

6 The next item on our agenda today is
7 consideration of proposed regulation to implement a 33
8 percent renewable electricity standard by the year 2020.
9 This regulation builds upon the state's existing renewable
10 portfolio standards requirement of 20 percent renewable
11 energy by 2010, and it addresses emissions associated with
12 fossil fuel electricity generation as part of the State's
13 efforts to reduce our greenhouse gas emissions.

14 In addition to reducing greenhouse gas emissions,
15 the proposed regulations will result in hundreds of tons
16 of statewide reductions in both criteria and toxic air
17 pollutants as we displace the use of dirtier fossil fuel
18 generation, and thus we anticipate and are looking forward
19 to health-related co-benefits as well.

20 The proposed regulation provides further
21 co-benefits by helping California diversify its current
22 energy supply, building on California's leadership on the
23 Center for Green Technologies by fostering a market for
24 renewable technology and supporting the creation of new
25 green jobs as part of that growing market.

1 This Board was originally scheduled to consider
2 this item at the July 2010 Board meeting, but shortly
3 before that meeting, the Governor asked that we postpone
4 our consideration of the regulation in order to allow
5 additional time for the Legislature to produce a bill that
6 he could sign that would have accomplished the goal of
7 establishing the 33 percent renewable standard.

8 Unfortunately, the legislative session ended
9 without a bill. And as a result, we are now moving
10 forward with consideration of a proposed regulation that
11 will satisfy both our Scoping Plan and the Governor's
12 directive that we achieve the 33 percent program by 2020.

13 I want to take this opportunity to particularly
14 thank the leadership and staff of the Public Utilities
15 Commission, the California Energy Commission, and the
16 California independent system operator who have worked
17 with us collaboratively, not only to develop the
18 regulation, but also to develop a document that we
19 released two days ago called "California's Clean Energy
20 Future," a document that was intended to look at the
21 vision that our agency shares for how we are collectively
22 going to work together for achieving the ambitious
23 environmental policy goals that have been established by
24 the Legislature and by Governor Schwarzenegger.

25 We have representatives of those three agencies

1 with us. We've asked them to speak at the end of the
2 public comment period so they can have an opportunity to
3 reflect on what we will be hearing from the various
4 interested parties. And we really appreciate their
5 willingness to spend this time with us.

6 At this time, I want to turn the program over to
7 our Executive Officer, Mr. Goldstene.

8 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
9 Nichols.

10 Today, we're proposing for our consideration a
11 regulation that will significantly reduce greenhouse gas
12 emissions by displacing electricity generated from fossil
13 fuel sources with renewable energy sources.

14 As you are aware, the Scoping Plan approved by
15 this Board contained a proposed measure to reduce
16 greenhouse gas emissions associated with electricity
17 production by increasing the amount of electricity
18 generated from renewable resources to 33 percent by 2020.

19 On September 15th, 2009, the Governor signed
20 Executive Order S21-09 under its AB 32 authority to adopt
21 a regulation consistent with a 33 percent renewable energy
22 target. We were to do that by this summer.

23 The proposed emission reduction measure before
24 you today satisfies the Scoping Plan commitment and

25 fulfills the Governor's executive order.

1 As you will see in the staff's presentation, the
2 proposed regulation is one of the largest measures from
3 the Scoping Plan, reducing greenhouse gas emissions by
4 more than 12 million metric tons by 2020.

5 I'd also like to recognize and thank the energy
6 agency representatives. We greatly appreciate their
7 willingness to share their extensive knowledge and educate
8 our staff on the intricacies of the existing renewable
9 portfolio standard and California's electricity network
10 system. I'm sure we have collectively spent hundreds and
11 hundreds of hours discussing the proposed regulation with
12 the energy agency representatives. And as a result, the
13 proposed regulation is a much improved product.

14 I'd like to have Dave Mehl of our Stationary
15 Source Division present the staff proposal. Dave.

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

18 ENERGY SECTION MANAGER MEHL: Thank you, Mr.
19 Goldstene.

20 Good afternoon, Madam Chairman and members of the
21 Board.

22 Today, I will present our proposed regulation for
23 the California's renewable electricity standard.

24 This slide outlines today's presentation.

25 --o0o--

1 ENERGY SECTION MANAGER MEHL: First, I will
2 provide some background on California's electricity
3 sector, including the sector's contribution to
4 California's greenhouse gas emissions and California's
5 sources of electricity generation.

6 I will also cover key terms used for California's
7 energy agencies and electricity providers.

8 I will then provide some information on
9 California's existing renewable energy program and
10 directives to increase renewable energy use in the state.

11 The renewable electricity standard, also known as
12 the RES, is being proposed to meet these directives. They
13 will play a major role in reducing the state's greenhouse
14 gas emissions and is a major measure within the Scoping
15 Plan.

16 --o0o--

17 ENERGY SECTION MANAGER MEHL: This slide shows a
18 breakdown of California's greenhouse gas emissions by
19 sector.

20 The electricity sector is the second largest
21 contributor of greenhouse gas emissions, at 24 percent of
22 the state's emission, or about 110 million metric tons of
23 carbon dioxide equivalent emissions per year.

24 --o0o--

25 ENERGY SECTION MANAGER MEHL: This slide shows

1 California's electricity generation mix, based on the
2 latest information available from the California Energy
3 Commission.

4 Over a third of the electricity generation is
5 from non-fossil-fueled resources. Of this, eleven percent
6 is from resources recognized as renewable under the
7 existing renewable energy program.

8 Increasing renewables from eleven percent to 33
9 percent will result in approximately 60 percent of the
10 state's electricity coming from non-fossil-fueled
11 resources.

12 --o0o--

13 ENERGY SECTION MANAGER MEHL: For clarity, I
14 would like to describe some key terms that are used
15 throughout this presentation.

16 There are three primary energy agencies in
17 California responsible for overseeing the state's
18 electricity providers and ensuring grid stability. These
19 are the California Public Utilities Commission, the
20 California Energy Commission, and the California
21 Independent System Operator.

22 There are over of 60 electricity providers in the
23 state. The majority of electricity sales are provided by
24 the investor-owned utilities, or IOUs. The IOUs and other
25 electrical entities regulated by the CPUC collectively

1 supply approximately 75 percent of the state's
2 electricity.

3 The three largest IOUs are Pacific Gas and
4 Electric, Southern California Edison, and San Diego Gas
5 and Electric. Each of them serve millions of customers.

6 Local publicly-owned electric utilities, or POUs,
7 are owned by their customers. The 45 POUs in California
8 range considerably in the number of customers served and
9 the collectively supply approximately 25 percent of the
10 California electricity.

11 The two largest POUs are the Sacramento Municipal
12 Utility District and the Los Angeles Department of Water
13 and Power.

14 --o0o--

15 ENERGY SECTION MANAGER MEHL: California's
16 existing renewable energy program is administered by the
17 CEC and CPUC.

18 Mandatory requirements apply to electricity
19 providers that are regulated by the CPUC, including the
20 IOUs. Under the program, IOUs are required to meet a 20
21 percent renewable energy target by 2010. The CPUC has
22 worked with the IOUs to establish an aggressive renewable
23 energy procurement strategy. Due to these efforts, IOUs
24 are well situated for meeting the 20 percent target.

25 ~~POUs are self-regulated and are encouraged to~~

1 meet a voluntary goal of 20 percent. As a group, POUs are
2 exceeding this target, with some POUs pursuing a very
3 aggressive procurement strategy.

4 --o0o--

5 ENERGY SECTION MANAGER MEHL: The Board approved
6 the AB 32 Scoping Plan in December 2008, which identified
7 several measures to reduce greenhouse gas emissions for
8 the electricity sector. The implementation of the 33
9 percent renewable energy standard by 2020 was one of the
10 most significant measures identified.

11 In September 2009, the Governor signed an
12 Executive Order directing ARB, under its AB 32 authority,
13 to adopt a regulation establishing a 33 percent renewable
14 energy standard. The regulation is to build upon
15 California's existing renewable energy program.

16 --o0o--

17 ENERGY SECTION MANAGER MEHL: ARB is part of a
18 multi-agency effort to guide the future of clean energy in
19 the state, with one major objective being environmental
20 protection.

21 As mentioned previously, using our authority
22 under AB 32 and the Health and Safety Code, we are
23 proposing this regulation to reduce greenhouse gases and
24 other pollutants to help mitigate the effects of climate
25 change and protect public health.

1 This proposed regulation is designed to maximize
2 greenhouse gas reduction benefits and other co-benefits
3 through the use of renewable energy from essentially all
4 electricity providers, including both IOUs, and POUs.

5 --o0o--

6 ENERGY SECTION MANAGER MEHL: The direct benefits
7 of the proposed RES include a reduction in emissions of
8 greenhouse gases, criteria pollutants, and toxic air
9 contaminants.

10 There are also numerous co-benefits to a robust
11 renewable energy program. These include promoting energy
12 security, helping California diversify the current energy
13 supply, supporting the creation of new green jobs, and
14 building upon California's leadership as a center for
15 green technology by fostering a growing market for
16 renewable technology, including wind and solar.

17 --o0o--

18 ENERGY SECTION MANAGER MEHL: During the
19 development of the proposed RES, ARB staff worked
20 extensively with staff from the energy agencies to address
21 a number of important considerations.

22 These included the analysis of numerous technical
23 analyses of the impacts of a 33 percent renewable
24 standards and review of the regulation and staff report.

25 The outcome of these efforts is a program that

1 maintains grid stability as more variable renewable
2 resources, such as wind and solar, are added to meet a 33
3 percent standard, and a program that can effectively
4 harmonize with California's existing renewable energy
5 program.

6 To the greatest extent possible, the proposed RES
7 utilizes the provisions and implementation mechanisms
8 established for the current program.

9 We also solicited input on the RES requirements
10 through numerous public workshops and individual
11 stakeholders meetings.

12 --o0o--

13 ENERGY SECTION MANAGER MEHL: This slide lists
14 the types of technologies that would qualify as renewable
15 energy resources under our proposed regulation. We are
16 recognizing the same technologies as are eligible under
17 the existing renewable energy program.

18 --o0o--

19 ENERGY SECTION MANAGER MEHL: The goals of the
20 proposed RES are to maximize greenhouse gas reductions,
21 set similar requirements for the IOUs and POUs, increase
22 the use of renewable energy in the state to 33 percent by
23 2020, and harmonize the program with California's existing
24 renewables program.

25 Renewable energy resources that are eligible

1 under the existing program also qualify under the proposed
2 RES. The certification procedures and requirements for
3 eligible resources also stay the same. The types of
4 information required for monitoring and reporting and the
5 procedures for verifying retail sales of electricity are
6 consistent between the two programs.

7 ARB staff will continue to partner with the staff
8 from the energy agencies as the RES program moves forward.

9 --o0o--

10 ENERGY SECTION MANAGER MEHL: The proposed
11 regulation would apply to approximately 65 retail sellers
12 of electricity. These include the IOUs, POUs, and other
13 types of electricity providers.

14 Some regulated parties would be subject to only
15 recordkeeping and reporting requirements. This would
16 apply to the California Department of Water Resources, the
17 Federal Western Area Power Administration, and smaller
18 retail sellers.

19 About half of the state's utilities would fall
20 under this last category, representing about one percent
21 of the state's electricity sales.

22 --o0o--

23 ENERGY SECTION MANAGER MEHL: The proposed RES
24 includes renewable energy targets that are designed to

25 ensure a steady progress towards meeting a 33 percent

1 certificates, providing flexibility with meeting the
2 targets.

3 Regulated parties will submit these certificates
4 when they are used to comply with the RES targets, as is
5 done in the existing renewable program.

6 --o0o--

7 ENERGY SECTION MANAGER MEHL: Regulated parties
8 will submit a one-time plan by July 2012 identifying how
9 they will achieve and maintain the 33 percent RES standard
10 by 2020.

11 Annual reports are due to the ARB starting July
12 2013. The reports must include information necessary to
13 track progress toward meeting the targets.

14 --o0o--

15 ENERGY SECTION MANAGER MEHL: ARB will enforce
16 the proposed RES in consultation with the CEC and CPUC to
17 ensure that all regulated parties are in compliance with
18 the regulation.

19 Penalties for violations would be assessed based
20 on the shortfall of certificates submitted to comply with
21 the renewable energy target. I will discuss this further
22 in a moment.

23 --o0o--

24 ENERGY SECTION MANAGER MEHL: The proposed RES
25 requires that ARB staff conduct at least three

1 comprehensive reviews of the program and report the
2 findings to the Board. The reviews are required in 2013,
3 2016, and 2018.

4 The reviews will be done in coordination with the
5 energy agencies, as well as the regulated parties and
6 other interested stakeholders.

7 The reviews will determine the need for
8 recommended adjustments to the program. They will address
9 the cost of the RES, improvements to California's energy
10 infrastructure, greenhouse gas emissions, and other air
11 quality impacts and grid stability.

12 --o0o--

13 ENERGY SECTION MANAGER MEHL: The proposed RES
14 will provide significant reductions in greenhouse gas
15 emissions and result in less construction of new fossil
16 fuel generation, primarily natural gas fired generation.

17 In addition, existing fossil fuel units will run
18 at much lower capacity.

19 These changes in grid operations will lead to
20 reductions in toxic air contaminant emissions.

21 --o0o--

22 ENERGY SECTION MANAGER MEHL: The proposed RES
23 will reduce greenhouse gas emissions from California's
24 electricity sector by 12 to 13 metric tons of carbon

25 dioxide equivalent emissions in 2020, making it one of

1 California's largest greenhouse gas emission reduction
2 strategies.

3 In addition, the proposal will provide hundreds
4 of tons of statewide reductions in criteria pollutants by
5 displacing the use of dirtier fossil fueled generation,
6 thus providing health related co-benefits.

7 --o0o--

8 ENERGY SECTION MANAGER MEHL: The annual program
9 costs are estimated to be about \$2.5 billion in 2020.
10 These costs do not assume any decrease in the cost for
11 renewables and assumes no significant increase in natural
12 gas prices compared to today.

13 The RES will insulate California retail
14 electricity rates against fluctuation in natural gas
15 prices. Over the last ten years, these prices have
16 reached costs more than double current prices.

17 The average retail rate is expected to increase
18 one cent per kilowatt hour due to the proposed RES. The
19 state's economy is projected to grow two-tenths of a
20 percent less in 2020 than without the proposed RES.

21 --o0o--

22 ENERGY SECTION MANAGER MEHL: Based on existing
23 procurement contracts, over 80 percent of the new
24 renewable energy resources needed to meet the 33 percent
25 standard are expected to be built in California.

1 Historically, in-state resources have long-term contracts,
2 while out-of-state resources have short-term contracts.

3 A shift in jobs is expected in the state from
4 supporting fossil fuel generation to supporting renewable
5 energy projects. As this shift occurs, it is possible
6 that job growth will proceed at a slightly lower pace.
7 However, this is contingent on the rate at which renewable
8 energy costs decline.

9 --o0o--

10 ENERGY SECTION MANAGER MEHL: Although staff
11 worked closely with stakeholders to address their concerns
12 during the proposal's development, three significant
13 issues remain. These are: The proposed enforcement
14 provisions; the cost for building renewable resources and
15 infrastructure by 2020; and unrestricted use of
16 certificates.

17 Stakeholders have raised concerns about ARB's use
18 of the standard penalty structure specified in the Health
19 and Safety Code. They would like assurances within the
20 regulation itself that penalties, should they occur, would
21 not be excessive. Staff understands the concerns raised
22 and will be making a recommendation for 15-day changes
23 intended to address this issue.

24 Stakeholders also have raised concerns about
25 long-range costs for building renewable resources and

1 transmission lines. We intend to establish an informal
2 work group for stakeholders as discussed later in this
3 presentation where we can address these and other issues
4 that arise during implementation of the RES program.

5 The cost impacts of the RES, including impacts on
6 electricity rates, will be evaluated as part of the
7 periodic regulatory reviews. The findings will be used to
8 identify any necessary changes to the regulation. The
9 finding and any proposed modifications would then be
10 presented to the Board.

11 Stakeholders have raised concerns about the
12 treatment of certificates under the RES. In essence,
13 staff's proposal allows unlimited use of what the CPUC
14 defines as a tradable credit.

15 In August, the CPUC proposed limits for the use
16 of tradable credits in an existing renewable program in
17 order to better understand the impacts of these changes on
18 the market. Recognizing the CPUC's proposed decisions and
19 our interest in aligning the two programs, staff intends
20 to initiate an expeditious rulemaking to ensure continued
21 harmonization of the two programs, specifically
22 incorporating provisions related to the tradable credits
23 for all regulated parties under the RES regulation.

24 --o0o--

25 ~~ENERGY SECTION MANAGER MEHL: Based on comments~~

1 received during the public comment period and discussions
2 with the energy agencies and affected entities, we are
3 proposing several amendments to the proposed regulations.

4 As mentioned in the previous slide, there has
5 been considerable angst over the potential for ARB to levy
6 very large penalties for failure to comply with the
7 proposed regulation.

8 In order to alleviate this concern, staff is
9 proposing to add additional language to provide more
10 specificity on how penalties will be determined. Staff
11 proposes to form a small informal working group of
12 regulated entities and stakeholders to evaluate potential
13 options, including but not limited to, removing the
14 separate violation for each day language, establishing a
15 not to exceed penalty cap for strict liability for
16 negligence, and establishing an alternative metric for
17 determining penalty amounts.

18 Other 15-day changes proposed include:

19 Clarifying that the primary compliance mechanism is the
20 surrendering of certificates; clarifying the property
21 rights exclusion applies only to those certificates used
22 to comply with the RES regulation and does not extend to
23 certificates used outside of the RES program.

24 Penalty would not be assessed for failure to meet
25 the first compliance period target. Exceeding the target

1 in this interval can be banked and used for future use,
2 thus providing an incentive for early action.

3 Changes to the regulation would further align the
4 RES with the existing renewable program and move in the
5 date for submitting certificates to align with compliance
6 dates in the existing renewables programs.

7 --o0o--

8 ENERGY SECTION MANAGER MEHL: ARB staff will
9 continue to coordinate efforts with staff from the energy
10 agencies during the implementation of the RES program.

11 In addition, we will partner with the CEC staff
12 to refine WREGIS to ensure the program meets the needs of
13 California's renewable energy programs and work with CPUC
14 staff to ensure certificate shortfalls that apply to both
15 programs are not penalized twice.

16 As mentioned previously, ARB intends to establish
17 an informal implementation work group to address
18 stakeholders' concerns regarding potential penalties and
19 implementation costs.

20 --o0o--

21 ENERGY SECTION MANAGER MEHL: This measure will
22 establish a 33 percent renewable target for the state that
23 applies to all retail electricity providers. It will
24 reduce greenhouse gas emissions by 12 to 13 million metric
25 tons of carbon dioxide equivalent emissions and provide

1 health-related co-benefits by reducing criteria pollutants
2 and toxic air contaminant emissions.

3 This measure was determined to be the most
4 flexible approach to meet the goal, while preserving all
5 the benefits at the lowest cost.

6 Therefore, staff recommends the Board's approval
7 to adopt the proposed regulation with our proposed
8 changes.

9 This concludes my presentation. I would be happy
10 to answer any questions.

11 CHAIRPERSON NICHOLS: Thank you.

12 We have a long list of witnesses that are here.
13 And I suspect that people will have questions that will
14 come up as we get into the testimony. Why don't we go
15 straight to that?

16 And our first three witnesses are Mark Krausse,
17 Henry Hogo, and Hank de Carbone.

18 MR. KRAUSSE: Good afternoon, Madam Chairman.

19 Mark Krausse on behalf of Pacific Gas and
20 Electric Company, but also here representing a group of
21 utilities, both public and private, that provided you a
22 letter during the break. I apologize it is today we're
23 providing the letter rather than by your deadline. But as
24 you all know, there was some things in flux and part of
25 that is 15-day comments -- 15-day changes that I'm here to

1 comment on.

2 Want to start by thanking staff. As was
3 recognized in the presentation, staff has done countless
4 hours of work here, not only staff of the ARB, but of the
5 energy agencies.

6 Coming into this proceeding, I have to say some
7 of the people that work at the Public Utilities Commission
8 in San Francisco are a little nervous about having the ARB
9 regulating an area like this. But it's clear from the
10 products here there is real alignment. And the work
11 between two agencies and CEC as well, we appreciate that.

12 The major issue that we do have with regard to
13 the regulation -- and I say the regulation. I'll speak
14 later on behalf of PG&E only about the 15-day language.

15 But with regard to the regulation, the
16 enforcement language was something that I have to admit
17 between probably the last notice for this RES back in July
18 and currently we became much more focused on the potential
19 maximum liability, which is the literally in the millions,
20 in part because of the large numbers you look at when
21 you're talking about megawatt hours, a relatively minor
22 shortfall up to megawatt hours. The letter brings that
23 out. We've worked over the last week with staff and
24 really appreciate their help and efforts. And we strongly
25 support the resolution that's identified in the 15-day

1 notice.

2 I want to emphasize there's language there -- and
3 Mr. Mehl laid out the three items at a minimum that would
4 be considered. We support that and appreciate the
5 inclusion of those.

6 But not excluding other possibilities language,
7 we've talked with staff also about incorporating those
8 factors beyond our control PUC currently recognizes and
9 we'd like to see the Board recognize. Actually, in the
10 review language in the section of the regulation that says
11 what factors should be considered in review, those nicely
12 articulate most of the things we're talking about. So for
13 public or private utility, we signed a contract with the
14 developer, it's not always in our control that it actually
15 comes on line. Some of those factors you can simply do a
16 cross-references in the enforcement section saying take
17 those into account in the course of your enforcement.

18 And taking off the hat and representing the
19 utility and speaking only on behalf of PG&E, although I
20 suspect you'll hear this from some of the other utilities
21 as well, the late change to essentially look at what the
22 PUC is going to do on RES gives us some pause. We thought
23 we had a very different regulation here. But we're
24 certainly going to take part in the PUC proceeding. And

25 we would urge that -- I think the term harmonization may

1 be read broadly that you consider whether or not to copy
2 that wholesale or take what you think is appropriate.
3 We'd like to participate in that proceeding here.

4 CHAIRPERSON NICHOLS: Thank you very much.

5 Mr. Hogo.

6 MR. HOGO: Good afternoon, Chairman Nichols,
7 members of the Board.

8 Henry Hogo, Assistant Deputy Executive Officer
9 with the South Coast AQMD.

10 The South Coast AQMD staff is here today to
11 express the need for strong standards which reduce
12 criteria emissions from power plants as well as address
13 the state's climate change emission reduction goals.

14 We do support the State's goals for setting
15 renewable portfolio standards. However, setting the RES
16 needs to be part of a broader integrated strategy that not
17 only addresses the state's climate change goals, but also
18 the state's energy and water needs, land use and mobility,
19 and achieving and maintaining air quality standards.

20 In evaluating the impacts of proposed potential
21 future air quality standards, up to 90 percent reduction
22 in nitrogen oxide emissions would be needed in order to
23 attain the upcoming more stringent 8-hour ozone standards
24 in the 2030 time frame. This is 20 years before the end
25 goal of the climate change year of 2050.

1 We are working on a policy white paper to address
2 the need to significantly reduce NOx emissions over the
3 next 20 years. Electrification will play a significant
4 role in this effort and needs to be supported by a strong
5 renewable portfolio. We will be releasing white papers
6 shortly and welcome input from ARB and other stakeholders.

7 In closing, the South Coast AQMD staff urges a
8 strong and aggressive renewable electricity standard. We
9 would encourage ARB, the California Energy Commission, the
10 Water Resources Control Board, and other State agencies to
11 continue to work with local air districts in developing an
12 overall integrated state strategy that addresses
13 California's environmental and energy needs.

14 Thank you for the opportunity to comment.

15 CHAIRPERSON NICHOLS: Thank you.

16 So Hank de Carbone, followed by Dan Geis, and
17 Elizabeth Klebaner.

18 MR. DE CARBONE: No thanks.

19 CHAIRPERSON NICHOLS: Thank you. Take you off.

20 Dan Geis and Elizabeth and Bruce McLaughlin.

21 MR. GEIS: Hi. Good afternoon. Dan Geis with
22 the Ag Energy Consumers Association.

23 I just wanted to talk a little bit while we got
24 off on a position on 33 percent as a general rule, I

25 wanted to weigh in on the issue of where we're going to go

1 as this is implemented. And I want to put in context with
2 this one of the great programs we've done over the last
3 couple of years, which was the ag ice program that
4 converted more than 2,000 diesel engines to electricity in
5 the Central Valley, just over the last two to three years.

6 And part of the reason originally for that was
7 high electricity prices. And I think that we're just here
8 to express a concern that as we implement this, one of the
9 unintended consequences we should be aware of is that
10 electricity prices get too far out of hand, certainly we
11 can see some of those farmers reverse course and go back
12 to diesel, which would be unintended. Certainly nothing
13 anybody would like to see, including the ag industry. We
14 prefer electricity. So I just want to make that quick
15 point.

16 As you go forward and implement this and work
17 with the PUC, I think there are a lot of great
18 opportunities for the agricultural industry to invest in
19 renewable energy. The same reason we grow crops. We have
20 land. We have heat. We have flat areas. All the things
21 that make us grow crops are the same opportunities that
22 present themselves for renewable energy.

23 So we have been -- I think a fair way to put it
24 is I think we've been under impressed with how the PUC and
25 other agencies have acknowledged the agricultural

1 industries opportunity to putting solar biogas in hydro.
2 I think we're there and ready to step up to the table.
3 And there's simply a couple checkmarks and things that
4 need to go through to make sure we're at the forefront of
5 that issue right now.

6 CHAIRPERSON NICHOLS: Sorry. Can I just ask a
7 question?

8 I couldn't let that go by without acknowledging
9 that the Energy Commission, which is also a partner in
10 this effort, has had some very significant programs
11 working with the agricultural industry.

12 MR. GEIS: I agree completely.

13 I think what this comes back to is net metering
14 historically has not worked for agriculture. And the
15 reason is we have very intermittent electricity use. Very
16 hard to gauge a multi-million dollar investment against
17 use that you don't know years going forward. It can be a
18 wet year. Could be a dry year. It could be the
19 circumstances of the electricity, circumstances or water
20 where you may use a lot more energy or less. Makes it
21 very difficult to make that type of investment.

22 I think there is a lot of promise in the fee and
23 tariffs and some of the work that's begun at the
24 Commission. And I think as we keep going down that route,
25 I think that's going to prove to be very successful for

1 the ag industry.

2 I think that -- while I think they made some
3 strides in that area, I think there's still a lot of
4 opportunity left on the table. And the ag industry wants
5 to step up, whether it's 20 percent or 33 or whatever
6 we're going, we know there's more renewables. I think
7 we're in a good position to be able to provide the energy.

8 We want to keep the dialogue opening and keep
9 working. In that context, we want to provide more
10 renewable energy and also keep the idea open that if
11 electricity prices continue to get out of hand and we're
12 already facing a 14 percent rate increase from PG&E next
13 year, that's the type of situation that will force
14 unfortunately many farmers back to diesel, back to
15 internal combustion. That's not the direction we urge
16 them to go in after the success we've had over the last
17 couple years. I just want to put that in context. And
18 hopefully as you move forward, we can work collaboratively
19 with you guys to ensure that occurs.

20 CHAIRPERSON NICHOLS: Did you have a point, Ms.
21 D'Adamo?

22 BOARD MEMBER D'ADAMO: I agree. I've seen it
23 happen, the conversion years ago from electric to diesel.
24 And then we have other problems that we don't want to --
25 possible unintended consequences.

1 What percentage of diesel pumps -- or what
2 percentage of irrigation pump are electric?

3 MR. GEIS: Percentage right now? Probably
4 northwards of 95 percent.

5 BOARD MEMBER D'ADAMO: What's that?

6 MR. GEIS: 95 percent are probably electric in
7 the Valley.

8 BOARD MEMBER D'ADAMO: That seems quite high.

9 MR. GEIS: It was about 90 percent even before.
10 You have to understand the vast majority of those pumps
11 are very small pumps. The vast majority of agriculture
12 time of use are very small, maybe 25 to 30 horsepower
13 pumps.

14 In the ag ice program, the ones that were
15 converted from diesel back to electricity average a
16 horsepower of about 120 horsepower. That's a much bigger
17 brand of electricity. We converted 2,000 of those.
18 You're looking at somewhere from two-and-a-half to three
19 million horsepower of diesel we took out of commission. I
20 think that's a great success story. It would just be
21 unfortunate to go back.

22 So it's the bigger wells. It's the deeper wells.
23 It's those that are a lot more low-intensive are the ones
24 we're concerned about that would have the ability to
25 ~~invest in a Tier 3 style new diesel and go back because~~

1 they're still using. And on the other side of that is the
2 electricity price where electricity goes up 15 to 20
3 percent and you have a \$50,000 a year bill, that's real
4 money.

5 CHAIRPERSON NICHOLS: Okay. Thank you.

6 Elizabeth and then Bruce McLaughlin and Dan
7 Severson.

8 MS. KLEBANER: Good afternoon, Madam Chair
9 Nichols and Board members.

10 My name is Elizabeth Kleaner. I'm speaking today
11 on behalf of Coalition for Green Jobs, the California
12 State Building and Construction Trade Council, the
13 California State Association of Electrical Workers, the
14 California State Pipe Trades Council, the Coalition for
15 California Utility Employees, and California Unions for
16 Reliable Energy.

17 We submitted written CEQA comments on the ARB
18 functional equivalent document as well as the legality of
19 the Board's proposed action. However, today, I would like
20 to speak on the wisdom of ARB's decision to approve the
21 regulation in its present form and not the legality of
22 that approval.

23 We strongly support a 33 percent requirement,
24 because it is California's best opportunity to create jobs
25 and ensure prosperous decades with the extension of

1 California's clean energy market. However, this
2 opportunity is most likely to be achieved not by
3 regulation but through statute. Regulations aren't
4 permanent and provide insufficient support for long-term
5 investment.

6 ARB's initial proposal was a radical departure
7 from what was adopted by the Legislature in 2002, 2006,
8 and 2009 and what was adopted by the Assembly and would
9 have likely passed this year had the session not run out
10 of time.

11 The initial proposal would have allowed
12 compliance from renewable generation located anywhere in
13 the western United States. Did not require even a single
14 kilowatt hour of renewable energy to be delivered to a
15 single California customer. Under that proposal, pure
16 paper compliance would be allowed with no renewable energy
17 and no jobs in California. Never before had any
18 stakeholder or any agency proposed such a radical idea.

19 However, we're pleased to hear that staff's
20 proposal today is to re-examine and to try to harmonize
21 the RECs regulation with a decision of the California
22 Public Utilities Commission on the same subject.

23 The Public Utilities Commission is now working
24 pursuant to existing legislation to identify appropriate
25 limits on using renewable energy credits. And we believe

1 that staff's decision to examine that decision is a step
2 in the right direction.

3 We further urge the Board to refrain from
4 adopting the proposed regulation until the Public
5 Utilities Commission adopts its decision on the renewable
6 energy credits for complying with California's renewable
7 portfolio standard and the ARB incorporates those limits
8 on RECs into its own regulations.

9 Thank you very much for the opportunity to
10 address the Board today.

11 CHAIRPERSON NICHOLS: Thank you.

12 Bruce McLaughlin.

13 MR. MC LAUGHLIN: Thank you, Chair Nichols and
14 Board.

15 My name is Bruce McLaughlin. I represent the
16 State Water Contractors, a mutual benefit corporation
17 comprised of 27 public agencies holding contracts to
18 purchase water from the State Water Project.

19 I'm not a representative of the California
20 Department of Water Resources, but my comments are solely
21 related to the RES including DWR as a regulated party. We
22 filed written comments. We believe there are legal
23 defects in the RES by naming DWR as a regulated party.

24 It's very simple to fix. We believe by removing
25 either DWR from the regulation or including it with

1 special language that we have proposed, calling it a
2 cooperating party, that we can still maintain the same
3 reporting obligation of our information to ARB. We can
4 continue the cooperative interagency activity between DWR
5 and ARB so we would achieve the same goal.

6 I would invite you to read our comments. I don't
7 want to relate all the legal arguments here. But I think
8 it's very, very important to note that DWR has established
9 in 2009 a sustainability policy, and they are increasing
10 their procurement of renewables. They have a state goal
11 set by Executive Order. They are heading towards that
12 quickly, and so they already have a statutory obligation
13 to consider and implement emission reduction measures.
14 That's AB 32.

15 In 2007, AB 85 followed up with that. Not only
16 did the Legislature say yes, do exactly what the Executive
17 Order said; do exactly what AB 32 says as far as achieving
18 emission reductions. We want you to report annually to
19 the Cal/EPA. DWR is doing that.

20 Also, AB 32 set up a system where the Climate
21 Action Team comprised of multiple State agencies is
22 supposed to come together to work cooperatively to achieve
23 the statewide emission reduction goals. We believe DWR is
24 doing that. So it is not a regular ARB but rather a
25 ~~sister agency and together and all State agencies will~~

1 achieve AB 32.

2 So by including DWR as a regulated party, we
3 believe that is legally defective. And by changing almost
4 one word in the regulation, we achieve success.

5 So we would request that you consider that today
6 and either put it in the resolution, change the regulatory
7 language, whatever you might consider. Thank you very
8 much.

9 CHAIRPERSON NICHOLS: Thank you.

10 Dan Severson and then Casey Cramer and Andy Katz.

11 MR. SEVERSON: Madam Chair, members of the Board.
12 Good afternoon.

13 My name is Dan Severson. I work for Turlock
14 Irrigation District. TID is a water and power provider
15 that supplies irrigation of water to approximately 150,000
16 acres in the Central Valley and retail power to
17 approximately 100,000 customers.

18 TID, along with Modesto Irrigation District and
19 the Redding Electric Utility, appreciate the opportunity
20 to comment here on the renewable electricity standard
21 regulations.

22 Our three entities often collaborate on climate
23 change regulatory processes as we share similar resources
24 and customer profiles. We recognize the State goal to
25 increase the investment in and use of renewable energy

1 resources and emphasize the importance of establishing a
2 structure that will facilitate a transition to a cleaner
3 resource mix in an equitable and cost effective manner.

4 I'd like to start by thanking the ARB staff for
5 their diligence and openness throughout the process of
6 designing the RES regulations. Staff has solicited
7 stakeholder comment throughout the process, and we are
8 pleased to hear that many of the approaches suggested by
9 stakeholders are being considered in the 15-day draft
10 language.

11 We look forward to seeing the revised regulations
12 and continuing to work with staff.

13 Specifically, we'd like to highlight three
14 changes staff has indicated will be included in the
15 revised language. Each of these three concepts are key to
16 facilitating an efficient program while mitigating cost
17 impacts to utilities and to customers.

18 We also encourage CARB to further explore one
19 particular area, and I think that's been touched on
20 already.

21 First, we are pleased that staff has supported
22 moving the compliance deadline from March 31st to June
23 1st. That will give utilities a much more manageable
24 timeline given the time constraints inherent in the WREGIS
25 system and verification county as compliance instruments.

1 Second, we support revising the definition of
2 compliance instrument, the proposed approach to using this
3 definition in place is less ambitious and appropriately
4 refers to the WREGIS tracking system that will be tied to
5 demonstrating RES compliance in future years.

6 And third, and most importantly, we believe
7 removal of limitations in the banking and trading
8 compliance instruments is critical. This provision will
9 give regulated parties flexibility and freedom to make
10 more informed long-term decisions about how to manage
11 their RES obligations on behalf of their customers.
12 Banking will help entities mitigate expected future rise
13 of the future costs in developing renewables.

14 CHAIRPERSON NICHOLS: Thank you very much.

15 MR. SEVERSON: Thank you.

16 CHAIRPERSON NICHOLS: Casey Cramer and then Andy
17 Katz and John McCall.

18 MR. CRAMER: Thank you.

19 Yes, Casey Cramer, today representing the
20 California Cotton Ginners and Growers Associations, the
21 Western Agricultural Processors Associations, and the
22 Neisei Farmers League.

23 I'm here today to kind of follow up on what Dan
24 Geis was talking about with the -- we've had a lot of
25 success in converting ag engines over to electricity. The

1 remaining people that did not do the conversion were --
2 their main reason was the rise in rates and electricity.
3 What we're doing here today is definitely going to
4 increase the cost of electricity. Diesel and gasoline
5 will probably go up, too. But the rising cost just adds
6 to everything else and makes agricultural less competitive
7 here in California, especially when the rest of the states
8 and the rest of nation is not yet signed up and followed
9 us down this path.

10 Another point that Dan was talking about the
11 increased cost in the economic analysis is the average
12 monthly bills of the increase, and I think it was around
13 four to five dollars per household. That's an average.
14 The agricultural community and industrial community bears
15 a far bigger burden when it comes down to the rates, gets
16 passed on down to us. We're heavy users of electricity.
17 And those costs are a lot higher than the proposals and
18 the averages that are in the economic analysis. So I
19 actually wish there was a little bit more analysis
20 actually on the specific ag processing facilities,
21 different industrial facilities, because the rate
22 increases will be substantial.

23 Just to give you an idea, I don't want to --
24 maybe PG&E can talk about it, but in their latest rate
25 proposals, they're requesting a one billion dollar

1 increase in what they charge their customers. And of
2 that, they were proposing a 14 percent increase for
3 agricultural customers. So that's a lot bigger number
4 than what we're talking about here.

5 When you add the renewable electricity standard,
6 which by your guys estimates \$2.5 billion, you add the Cap
7 and Trade Program, you add the fee implementation, all
8 these things add up and just makes agriculture more
9 competitive.

10 When we're talking about greenhouse gases, I
11 think your Board needs to support agriculture and open
12 spaces and the things that we do to produce food here in
13 the state. And the agriculture community here in
14 California is the most efficient in the world. So we're
15 talking about greenhouse gas and creating policies that
16 make it less competitive for our California producers. It
17 just shifts the burden over to China, India, other
18 countries that have to produce that fruit and fiber and
19 has a net increase in greenhouse gas reductions. If we're
20 really talking about greenhouse gas reductions, we need to
21 make sure we have a vibrant agricultural community here in
22 California.

23 Thank you.

24 CHAIRPERSON NICHOLS: Thank you.

25 ~~John McCall, are you here? Yes, you are. Jeremy~~

1 Weinstein. I did miss Andy Katz? I don't see him. Okay.

2 Go ahead, John.

3 MR. MC CALL: Thank you, Chairwoman Nichols and
4 Board.

5 My name is John McCall. I'm representing the
6 Geothermal Energy Association today. We don't have a
7 formal position on the draft regulations. I think if
8 you've seen the correspondence from the Center for Energy
9 Efficiency, the cert letter, we're kind of in that place
10 right now.

11 I just wanted to make an observation, and that is
12 for the last -- AB 32 is driving so much activity. And my
13 work for my client has been in the transition planning
14 arena. I have no idea how a 100 percent RES system is
15 going to change our transmission planning that we're doing
16 across the western interconnection.

17 And I guess the thing I wanted to come up and say
18 today is that the RES process got delivered to you or
19 something -- it was, you know, what happened last year.
20 And I hope that CARB stays involved, because this
21 cooperation between your Board, CEC, and the PUC and ISO
22 is critical.

23 The Department of Energy has put a lot of money
24 into WECC, Western Electricity Coordinating Council to

25 figure out how are we going to integrate renewables across

1 the western interconnection. This system that hopefully
2 you're going to reconcile with the PUC is part of it.

3 As someone said, we still have to build projects.
4 We still have to create new renewable energy projects
5 somewhere in the west. It's all going to have to connect
6 up.

7 So I hope that your staff and the Board stays
8 involved on the transmission side as you move through
9 this.

10 Thank you for your good work.

11 CHAIRPERSON NICHOLS: Thank you very much. We
12 understand this is just the beginning.

13 Jeremy Weinstein, David Modisette, Michael
14 Murray.

15 Mr. Dave Modisette, I see you. Dave.

16 MR. MODISETTE: Thank you, Madam Chair, members
17 of the Board.

18 I'm Dave Modisette, the Executive Director of the
19 California Municipal Utilities Association. And we are
20 strongly in support of the proposed regulation. We urge
21 your adoption today.

22 You may know that many of our local governing
23 boards have adopted the 33 percent requirement in 2020 and
24 some of them have even adopted a more stringent target

25 than that. And the reason we've done that is because we

1 recognize the benefits the increasing amounts of renewable
2 energy. Not only the significant environmental benefits,
3 but the benefits of mitigating price swings from fossil
4 fuels, and we believe these new technologies will also
5 create new green jobs in California.

6 Now, make no mistake about it. Meeting a 33
7 percent requirement is going to be a real challenge. So
8 we appreciate the flexibility that staff has built into
9 the existing regulatory proposal.

10 Want to commend staff for all the meetings
11 they've done with us and working with the industry to make
12 this a workable regulation.

13 Having said that, in looking at the new proposals
14 for 15-day language, there's one of those that does give
15 us some concern, and that's the one on page A2, Section
16 97005. It's the first paragraph there, which says that
17 RES certificates procured by regulated parties have to be
18 associated with generation occurring or after January 1st,
19 2010.

20 What I'm told by staff that that means is that if
21 there are any RECs that were procured by utilities prior
22 to 2010, they would then not be able to use those going
23 forward. So I think our concern about that is that it
24 almost seems to be penalizing early action. Penalizing
25 early action by utilities to get these renewable energy

1 credits.

2 So I think we would ask you to take another look
3 at that, either not include that or provide direction with
4 staff to work as part of the stakeholder group during the
5 15-day language to come up with something that's more
6 workable than what appears to be just a complete
7 (inaudible) on the use of those credits prior to 2010.

8 Thank you very much.

9 CHAIRPERSON NICHOLS: Thank you.

10 Michael Murray and then Bernadette Del Chiaro and
11 Laura Wisland.

12 MR. MURRAY: Good afternoon, Chair Nichols and
13 members of the Board.

14 My name is Mike Murray. I'm here on behalf of
15 Sempra Energy Utilities, the parent company of San Diego
16 Gas and Electric, Southern California Gas Company.

17 Sempra Energy Utilities supports the state's
18 efforts to put in place the 33 percent renewable portfolio
19 standard by 2020. Whether done in statute or in
20 regulations, Sempra has consistently maintained the
21 successful RES program must contain certain essential
22 elements.

23 First, it must protect renewable investments made
24 to achieve the current 20 percent RES mandate.

25 Second, there must be equitable application of

1 the rules to the entire electric sector.

2 Third, there must be cost production for
3 customers.

4 Fourth, there must be compliance flexibility that
5 considers events outside the control of the regulated
6 entities, such as lack of transmission.

7 And fifth, expanded eligibility of resources to
8 meet the applicable regulations.

9 In general, the RES regulations you have before
10 you today captures most of these key elements. And we
11 thank staff for their hard work in fashioning this very
12 complex piece of regulation.

13 We also will work with staff during the 15-day
14 modification period to clarify key components of the rule,
15 especially as it relates to enforcement as we were one of
16 the signatures to the letter we referred to earlier by the
17 joint utilities.

18 We are concerned about the last of the
19 resolutions which directs ARB to harmonize the REC policy
20 in the rules with the CPUC TREC policy. The current draft
21 RES regulations provide expanded eligibility of resources
22 which include use of RECs to meet the 33 percent
23 obligation. We support this approach. We need all the
24 tools and all the resources available to meet the state's
25 goals of 33 percent by 2020. A program which allows

1 access to renewables without geographic limitation is one
2 of those tools.

3 The expanded eligibility will provide additional
4 resources, keep downward pressure on prices, and provide
5 cost competition between developers. Keeping the expanded
6 eligibility of resources in the regulation without
7 conditions on future actions of another State agency will
8 also provide the certainty we need now for buyers and
9 sellers of renewable resources to move forward to meet the
10 State's goals.

11 Thank you very much.

12 CHAIRPERSON NICHOLS: Thank you.

13 Bernadette and then Laura and Danielle Osborn
14 Mills.

15 MS. CHIARO: Good afternoon, Chairman Nichols,
16 members of the Board.

17 My name is Bernadette Del Chiaro, clean energy
18 advocate with Environment California. Thank you for the
19 opportunity to present some brief comments here.

20 I think given some of the previous comments, it's
21 really important to articulate that California does need
22 more renewable energy. We need that renewable energy in
23 order to protect our health and protect our environment.

24 We also need more renewable energy in order to
25 help create price stability. There is a lot of talk about

1 rising electricity prices. California has seen
2 skyrocketing electricity prices because of our over
3 addiction to fossil fuels and nuclear power. Renewables
4 will only help diversify California's electricity market
5 and also provide long-term stability for electricity
6 supply.

7 It's also important that California continue to
8 be a leader in promoting renewable energy, something we
9 have been doing and need to continue to do. So it's
10 within that context that we support keeping the ball
11 moving forward on reaching a 33 percent renewable
12 electricity standard in California through regulations.

13 We would strongly prefer to have 33 percent by
14 2020 renewable electricity mandate put into statute
15 through legislation, and we hope to continue to work and
16 this Board will continue to work with the Legislature to
17 see that through.

18 We've always said the three things that we care
19 the most about from Environment California when it comes
20 to renewable electricity standard: One, having a clear
21 mandate that we will reach this target by 2020; two,
22 having a clean definition of what is considered renewable,
23 what's considered eligible; and three, having enforcement
24 and penalties for non-compliance.

25 We're really concerned -- greatly concerned about

1 these regulations in terms of enforcement and also in
2 terms of potentially getting to that 2020 mark. There is
3 a lot of loopholes -- potential loopholes and ambiguities
4 in the regulation as proposed that make us a little
5 uncomfortable.

6 There is a legislative arena. I would be
7 officially testifying support, if amended. Again, because
8 we strongly support moving this ball forward, but we think
9 there is actually a lot more work to be done on these
10 regulations.

11 We hope to look forward to continuing to work
12 with the Board to make sure these are strong that meet
13 those standards. We appreciate the clean definition
14 that's been left in here. And again, appreciate the
15 opportunity to make these comments.

16 Thank you.

17 CHAIRPERSON NICHOLS: Thank you very much.

18 And I should note that Environment California has
19 been one of the leaders to get legislation passed, and
20 we're all hopeful that will happen. Thank you.

21 Laura.

22 MS. WISLAND: Good afternoon.

23 My name is Laura Wisland. I work with the Union
24 of Concerned Scientists, which is a science-based policy
25 organization that strongly supports policies to promote

1 the development of new renewable energy facilities in
2 order to diversify the state's electricity portfolio,
3 improve air quality, reduce greenhouse gases, and create
4 new clean jobs.

5 We strongly support increasing the state's
6 renewable energy requirement to 33 percent by 2020 and
7 believe that the most effective way to do that is to enact
8 a requirement through legislation. While we very much
9 appreciate the staff's efforts so far, we believe that the
10 proposed regulation is a stop gap measure and not an equal
11 alternative to establishing a 33 percent law that will
12 create the policy certainty the market needs to
13 aggressively move forward with the investments in
14 California.

15 If the Board does move forward today, we urge the
16 Board to limit the amount of credit-only purchases that
17 can be used to meet the RES obligations. We are concerned
18 that simply purchasing a credit that renewable energy has
19 been generated somewhere on the western grid will do
20 nothing to reduce the state's reliance on fossil fuels,
21 improve air quality, or create green jobs; three key
22 tenants of the existing RPS policy.

23 We are concerned an informal work group may not
24 to be the most appropriate way to address issues as
25 important as enforcement and compliance moving forward.

1 In closing, we strongly appreciate the staff's
2 efforts on this matter and especially keeping this issue
3 on the table. And we believe that the resolution language
4 to harmonize the PUC and ARB policy of RECs opens the door
5 to resolving our concerns with over reliance on RECs. We
6 continue to believe that the most effective way to
7 establish a permanent 33 percent renewable energy
8 requirement is to establish the requirement through law.

9 Thanks.

10 CHAIRPERSON NICHOLS: Thank you.

11 Danielle Osborn Mills, followed by Bonnie
12 Holmes-Gen, and Tim Tutt.

13 MS. MILLS: Good afternoon, Chairman Nichols and
14 members of the Board.

15 I'm Danielle Osborn Mills. I'm here today with
16 the Center for Energy Efficiency and Renewable
17 Technologies.

18 I'm here in support of a 33 percent mandate for
19 renewable energy and I'm appreciative of the opportunity
20 to comment on this proposed regulation.

21 We view the proposed regulation and the
22 associated resolution that was offered this morning to be
23 a positive step forward toward a policy that requires 33
24 percent renewable energy, though we do have some
25 significant concerns.

1 First, we'd like to emphasize the importance of
2 legislation that can codify a 33 percent mandate and bring
3 additional certainty to the market.

4 In the mean time, we view the 33 percent RES to
5 be a small step forward, but feel the ARB has quite a bit
6 of work to do with the other State energy agencies in
7 terms of the details of implementation, enforcement, and
8 the definition of treatment of renewable energy credits.

9 CEERT agrees the harmonization of policies
10 between the 20 percent RPS and 33 percent RES is necessary
11 particularly on the issue of tradable RECs and
12 out-of-state deliveries. With that said, we recommend
13 that the ARB convene a multi-agency meeting with full
14 participation from the ARB, CEC, CPUC, and Cal ISO.

15 The purpose of this meeting would be to publicly
16 resolve any apparent conflicts between the CPUC TRECs
17 proposed decision, the CEC eligibility guidebook, and the
18 ARB's 33 percent RES.

19 CEERT would like to see the public meeting take
20 place before any new policies on TRECs for energy
21 deliveries are adopted. Such a policy on RECs for
22 deliveries should also acknowledge the increased value
23 that in-state renewable development brings to California
24 as well as transactions that renewable energy credits and
25 power.

1 Lastly, while we appreciate the hard work that
2 went into California's clean energy future implementation
3 plan and road map, we're dismayed by the lack of public
4 participation that was involved in the development of
5 these documents. We believe that an informal
6 implementation work group is not significant enough or not
7 helpful in terms of working out the details of
8 implementation on such a complex policy.

9 And we, therefore, request opening these
10 documents up for a public comment period prior to final
11 adoption and release of this document. And we feel it
12 should coincide with the adoption of a statewide 33
13 percent mandate.

14 In light of the need for the opportunity to
15 codify this mandate through legislation, the need for
16 public multi-agency workshop on TRECs and out-of-state
17 deliveries, the need for public input on the
18 implementation plan and road map, CEERT would prefer a
19 delay in the adoption of this policy until December, but
20 respects your commitment to adoption and final resolution
21 of these issues.

22 If this is adopted today, however, I hope to
23 emphasize that small informal work groups are not
24 significant and not an appropriate way of dealing with
25 issues of enforcement and implementation.

1 Thank for your time.

2 CHAIRPERSON NICHOLS: Thank you.

3 Bonnie Holmes-Gen and Tim Tutt and Norman
4 Pedersen.

5 MS. HOLMES-GEN: Chairman Nichols and Board
6 members, Bonnie Holmes-Gen with the American Lung
7 Association of California.

8 I'd like to state on behalf of the American Lung
9 Association our strong support for 33 percent renewable
10 energy mandate by 2020 and would like to associate with
11 the comments of CEERT and Union of Concerned Scientists,
12 Environment California about the importance of getting
13 this mandate in legislation. I know you feel that way
14 also.

15 But also we agree that's very important to move
16 forward legislative and appreciate you trying to move the
17 ball forward.

18 We strongly support the renewable energy standard
19 because of the importance of reducing criteria pollutants,
20 greenhouse gas gases, promoting energy diversity, and
21 promoting green jobs. And did want to state and emphasize
22 the one key concern that's been mentioned by several folks
23 that is the concern about the policy of allowing the
24 100 percent unbundled RECs and do want to state our belief
25 about the importance of in-state renewable energy

1 facilities and generation and the importance of these
2 in-state facilities in achieving criteria pollutant
3 reductions and GHG reductions in California and promoting
4 green businesses in California.

5 So wanted to again state our strong support for
6 the 33 percent mandate. And thank you for the very hard
7 work that you put forth on this item.

8 CHAIRPERSON NICHOLS: Thank you.

9 Mr. Tutt.

10 MR. TUTT: Good afternoon, Madam Chair and Board
11 members.

12 Again, my name is Tim Tutt, representing the
13 Sacramento Municipal Utility District.

14 And I thank you for the opportunity to commenting
15 on the proposed RES regulation here today.

16 SMUD supports the 33 percent renewable goal and
17 in fact adopted a similar goal, an identical goal of 33
18 percent by 2020 for our utility in 2008. We also adopted
19 an RPS target of 20 percent by 2010 and fully expect to
20 meet that target this year and are committed to meeting
21 the 33 percent target in 2020.

22 We participated in the RES development and
23 greatly appreciate the simplicity and the conciseness of
24 the current proposed regulation. We think these are
25 hallmarks of good regulation. We have worked quite

1 collaboratively with ARB staff and generally support the
2 proposed RES, but have a few remaining significant
3 concerns.

4 First, we were signatories to the letter that you
5 received at the break on enforcement. And we want to
6 emphasize that the proposed enforcement mechanism in the
7 RES creates potential -- for SMUD, maybe tens of millions
8 of dollars per day in penalties, well above any reasonable
9 relation to the cost of the compliance.

10 We appreciate the recognition there is going to
11 be a commitment to working with stakeholders to develop a
12 reasonable enforcement and compliance mechanism,
13 subsequent to adoption, and will look forward to working
14 in that group.

15 Second, we have supported the basic simplicity
16 and reasonableness of tracking renewable energy generation
17 through a common metric such as WREGIS certificates and
18 considering all renewables connected to the wet grid as
19 substantially equivalent for the RES through approved use
20 of certificates unbundled from delivered energy.

21 The recent complication there's arisen of in the
22 future considering artificial limits on one type or
23 location of renewables will in our view make the RES
24 significantly more difficult than expensive, and we oppose
25 moving in that direction.

1 We also are not pleased with the resolution
2 language that implies effectively that municipal utilities
3 may be subject to CPUC regulations through subsequent ARB
4 action. We appreciate changing that language.

5 And third, we at SMUD have been faithfully
6 committed to our states and our RPS goals and have secured
7 at some cost to our rate payers renewable energy beyond
8 our own adopted goals in recent years, expecting good
9 faith to be able to carry over this surplus procurement in
10 future years for our RPS targets.

11 We understood that the RES was being constructed
12 to allow for relatively seamless transition from the RPS
13 to the RES, including the municipal utilities adopted
14 RPSs. And to us, that means that the RPS carry-over
15 should continue to be fully eligible for the RES.

16 Staff's 15-day language moves in that direction.
17 But by cutting off the carry over to only 2010 and later
18 generation, it will effectively render useless close to
19 600 vehicle hours of good faith early action renewable
20 purchases that our rate payers are already paying for. We
21 would suggest changing the January 1st, 2010, to January
22 1st, 2009 as a simple fix for that problem.

23 Thank you very much.

24 CHAIRPERSON NICHOLS: Thank you. I'm going to be
25 asking a question about that, because you're the second

1 person that raised that issue. Wasn't something I was
2 aware of.

3 Okay. Mr. Pederson, followed by Cindy Montanez
4 and Laura Genao.

5 MR. PEDERSEN: Thank you, Chairman Nichols.

6 I'm Norman Pedersen for the Southern California
7 Public Power Authority.

8 There are a lot of things to compliment about
9 both the process and the product that bring us together
10 today.

11 On process, the staff held half a dozen public
12 workshops at which the staff presented aggressively
13 refined proposals. At every step staff provided an
14 opportunity for both oral and written comments by the
15 public and they digested those comments. This sort of
16 iterative interactive process results in a more refined
17 and tested regulation. I think that's what you have
18 before you today.

19 Regarding the product, SCPA particularly commends
20 the provisions permitting the unlimited use of
21 certificates to comply with the RES target. The unlimited
22 use of certificates will help to control the cost of the
23 regulation while simultaneously obtaining the proper
24 objectives of the regulation.

25 However, the regulation can be further improved.

1 First, the penalty provisions should be made more
2 reasonable. Second, the compliance mechanism should be
3 made more flexible.

4 As for the penalty provisions, we're pleased to
5 hear today the staff say that during the 15-day process it
6 may re-examine the provision that would permit penalties
7 to be assessed per megawatt per day. Eliminating the per
8 day multiplier is critical. Daily penalties, as you've
9 heard from previous speakers, could result in penalties of
10 hundreds of millions perhaps into the billions of dollars
11 for the large utilities.

12 We're regulated public utilities. We intend to
13 comply with all laws, including the RES, and we intend to
14 avoid penalties. However, just the specter of massively
15 disproportionate penalties can have adverse credit
16 worthiness and other business-related effects. Thus, we
17 hope you will revise the regulations regarding the per-day
18 penalty provision.

19 As for the flexible compliance provisions, we
20 hope you'll revise a regulation to provide for more
21 flexible compliance.

22 First, we hope you will permit three-year
23 compliance periods instead of dropping to one year at the
24 end of the 2012 to 2020 period. Three-year periods are
25 particularly important to utilities, such as the SCPA

1 members, who will develop their own projects as opposed to
2 relying upon the certificate market.

3 Second, we hope there will be some provision
4 where extensions of compliance deadlines for good cause
5 shown. This is also particularly important for utilities
6 that will be developing their own projects, thereby
7 assuming the risk of project delays due to unforeseen
8 circumstances.

9 And as a last point, we share the concern that
10 you just heard from SMUD and a previous speaker regarding
11 the cut-off of the use of certificates acquired from
12 generation prior to 2010.

13 And thank you very much.

14 CHAIRPERSON NICHOLS: Thank you.

15 Cindy Montanez and then Laura.

16 MS. MONTANEZ: Good afternoon, Madam Chair and
17 members of the Board.

18 My name is Cindy Montanez. I'm here on behalf of
19 the Los Angeles Department of Water and Power.

20 First, I just want to start off by commending the
21 Governor and you, Madam Chair, for your consistent effort
22 in trying to create a solid, meaningful, and long-lasting
23 implementation of AB 32, and really making California a
24 leader in greenhouse gas emissions.

25 And there's no question after seeing a lot of the

1 decisions being made today that you kept us on track and
2 making sure that we do have a successful implementation of
3 AB 23 since we passed that law in 2006.

4 L.A. supports the 33 percent renewable standard,
5 and we do applaud and commend the staff and thank the
6 staff for all the work that you've done in a short period
7 of time.

8 Under the Mayor's Green L.A. plan, L.A. is going
9 to do everything it possibly can to ensure that we do our
10 fair share to reduce Greenhouse gas emissions. LADWP's
11 sustainability programs, especially in renewables, in
12 energy efficiency, in complying with SB 1368 are key to
13 ensuring that the Los Angeles region does its fair share
14 in greenhouse gas emissions.

15 We expect that a thoughtful implementation of the
16 RES regulation will compliment the current efforts that we
17 have and the investments that we have that literally are
18 in the billions of dollars in Los Angeles. And we will
19 continue to look forward to working with CARB to ensure
20 that if any changes are necessary that we'll be there to
21 make sure that we can look back and say we did the right
22 thing today.

23 L.A. has made significant investments in
24 renewable energy and is on track to achieve 20 percent by
25 the end of the year. We also have invested significantly

1 in our energy efficiency programs. This year, we reached
2 a record high of 318 gigawatts saved through energy
3 efficiency, which is equivalent to roughly 1.3 percent of
4 our load over this last year.

5 L.A.'s on an aggressive path forward. The
6 Mayor's been tremendous in that leadership. We're going
7 to continue to invest in resources and helping the State
8 reduce its greenhouse gas emissions. We strongly support
9 programs that will achieve quantifiable emission
10 reductions in a manner that most efficiently, effectively
11 utilizes the resources that our residents and rate payers
12 will have to pay. We want to see real emission
13 reductions, real jobs being created. We think programs
14 like this will result in efforts that are going to be both
15 environmentally and economically sustainable. We think
16 this is a smart way to move forward. And we are committed
17 to continue to do everything we can to work with you,
18 Madam Chair, and the Board to ensure again a very
19 successful implementation of AB 32.

20 CHAIRPERSON NICHOLS: Well, thank you very much.

21 You have a particular stake in this since I
22 believe you were one of the people who helped bring us AB
23 32 in the first place. So thank you.

24 Okay.

25 MS. GENAO: Thank you. Good afternoon, Board and

1 staff.

2 I wanted to start by giving kudos to your staff,
3 extreme efforts that we have shared with us in their
4 discussions with us throughout the course of the adoption
5 of this RES.

6 As currently set forth in Appendix A and the
7 15-day changes, Southern California Edison believes that
8 the RES is a workable path towards 33 percent that is
9 mindful of customers and the issues facing renewable
10 development today. Specifically, the multi-year stair
11 step targets for almost all electricity providers, the
12 broad access to west wide resources, and stated
13 clarifications on enforcement will create a renewables
14 program that can move forward despite the permitting,
15 siting, transmission, and other challenges that have
16 hindered the state's progress on 20 percent to date.

17 However, despite our support for the language
18 being voted on here today, we note with caution language
19 of the resolution opening the possibility that this
20 workable framework that has carefully balanced the needs
21 of customers, markets, and benefits to California may be
22 undermined in the near future if you decide to limit the
23 types of resources that entities such as Southern
24 California Edison will need to buy in order to achieve the
25 ambitious 33 percent goal you adopt today.

1 We, too, will be active as you monitor and
2 attempt to harmonize the CPUC's decision on RECs with the
3 RES you adopt today, but remind you at the heart of your
4 decision today is the vote to increase the state's target
5 from 20 percent to 33 percent for everyone in the state.

6 Do not also take steps to limit the market for
7 resources that we will have to look to to comply. The
8 unfortunate consequence of such a limitation would be to
9 upset this careful balancing of market and customer needs
10 identified by your staff and presented to you here today.
11 It would also threaten progress towards the very goal that
12 you're hoping to implement. And you would do that before
13 you even got started.

14 So again I thank you. I thank your staff for
15 their time and efforts in creating what we believe is as
16 carefully balanced RES that can achieve 33 percent and can
17 be workable for those who have to comply.

18 Thank you very much.

19 CHAIRPERSON NICHOLS: Thank you.

20 Nancy Radar and then James Henry and Rahmon
21 Momoh.

22 MS. RADAR: Good afternoon, Madam Chair and
23 members of the Board.

24 My name is Nancy Radar, Executive Director of the
25 California Wind Energy Association.

1 CAL WEA represents about 25 companies actively
2 participating in a very robust market that was created by
3 California's 2002 RPS legislation. The success of this
4 policy is finally being made more tangible. By next
5 January after construction of several new wind projects
6 this year, the amount of wind energy generation operating
7 in California will have more than doubled since 2002,
8 contributing about four percent of California's
9 electricity supply.

10 The current policy is working supporting new jobs
11 and tax base in the state. Unfortunately, California's
12 future renewable energy policy has been a roller coaster
13 ride for the past two years. As companies' investors look
14 at our state, they see less and less of a market and more
15 and more of a soap opera. To sustain continued investment
16 in wind and other renewables, we need stable and
17 predictable long-term policy.

18 As we state in our written comments, Cal WEA does
19 not view ARB's proposed regulation for 33 percent RES as
20 moving the state toward that goal for a number of reasons,
21 two of which have attempted to address in your draft Board
22 resolution and the staff's proposed amendments.

23 We very much appreciate the positive steps you
24 have just announced towards a more balanced policy on

25 tradable credits and presumably on the treatment of those

1 credits as a property right. Those are both fundamentally
2 important issues to the creation of this renewable market.

3 However, as these changes and other changes have
4 just been announced -- as they have just been announced
5 and as they do not appear to be fully flushed out, we
6 think it's pretty clear from the comments you're getting
7 that people are reading some of these proposals in very
8 different ways.

9 And as the parties have not had a chance to
10 comment on them, we encourage you to postpone your
11 decision on this for another meeting until these things
12 can be flushed out a little bit better and hopefully
13 addressed in public forums and not in informal working
14 groups.

15 It's important that as you adopt the policy, you
16 do so in its totality and not with major gaps outstanding.
17 Postponing the vote until the next meeting would also
18 carry the benefit of giving the Legislature and the
19 Governor another couple of weeks to work out their
20 differences on the 33 percent RPS legislation. Putting
21 the rules in the statute is ultimately what we must have
22 to support the capital investments that are necessary for
23 us to achieve renewable energy goals.

24 Thank you.

25 ~~CHAIRPERSON NICHOLS:~~ Thank you.

1 James Henry.

2 MR. HENRY: Thank you, Chairman and members of
3 the Board.

4 My name is James Henry. I'm with the San
5 Francisco Public Utilities Commission or SFPUC.

6 The San Francisco PUC is the municipal electric
7 utility of the city and county of San Francisco. We
8 provide electric service to schools, police and fire
9 stations, San Francisco General Hospital, and for purposes
10 of GHG reductions, the largest fleet of electric vehicles
11 and light rail vehicles in California, if not the entire
12 country.

13 The SF PUC is supportive of the Air Resources
14 Board's attempt to reduce greenhouse gas emissions, and
15 we've worked closely with ARB staff to craft provisions
16 that will be applicable to the San Francisco Public
17 Utilities Commission.

18 Although we had not planned to testify today or
19 offer any comments, we are here because we identified one
20 minor concern and what we believe is an inadvertent
21 drafting mistake in the provisions. While in most cases
22 this provision should not affect how the SF PUC will
23 comply with the requirements of the regulations, under
24 certain adverse conditions such as if there were to be a
25 major outage of San Francisco's electric generation units,

1 the San Francisco Public Utilities Commission could face
2 an RES obligation greater than 33 percent. As you know,
3 33 percent was the upper range of the obligation imposed on
4 all the utilities under the proposed regulation, and even
5 then would not be achieved until the year 2020.

6 It should be noted that the San Francisco Public
7 Utilities Commission already has perhaps the lowest
8 greenhouse gas emissions per megawatt hour of any of the
9 large or medium electric utilities in California.

10 We had noticed this sort of what we view as a
11 drafting mistake and raised this issue with ARB staff.
12 Unfortunately, we only identified it very late in the
13 process, and we apologize that we got to ARB staff late
14 and take the blame for that.

15 ARB staff facing the numerous other difficult and
16 contentious issues they faced said they did not have time
17 to deal with the issue, but they did recommend for us we
18 bring the issue to the Board today, which is why we're
19 here.

20 Second, they understand -- and I don't want to
21 put words in their mouth, but they are sympathetic to our
22 concern.

23 Third, we proposed language that we think
24 addresses this problem that could be quickly and easily
25 implemented.

1 Within the Attachment A to the draft regulations
2 are the proposed new changes to the 15-day comment period.
3 These changes already include what are defined as minor
4 clarifying changes to Section 97004, which is the affected
5 section. We would just urge the Board and the staff to
6 work with the SF PUC with those proposed changes and
7 hopefully can fix this with a minor change in what
8 otherwise is a very notable piece of regulation.

9 Thank you.

10 CHAIRPERSON NICHOLS: Thank you.

11 Rahmon Momoh.

12 MR. MOMOH: Good afternoon, Chairman Nichols.
13 Board members and staff.

14 My name is Rahmon Momoh. I'm speaking on behalf
15 of the Division of Rate Payers Advocate. The Division of
16 Rate Payers Advocate is the independent consumer advocacy
17 division of the California Public Utilities Commission,
18 CPUC. DRA's statutory mandate has outlined in Public
19 Utilities Code Section 390.5 still advocate on behalf of
20 California rate payers to obtain the lowest possible rate
21 for utilities services consistent with satisfy and
22 reliable service levels.

23 DRA (inaudible) to commence for cause on two
24 aspects of RES implementation. The proposed regulation do
25 not contain cost containment measures, but do contain

1 several inconsistencies. DRA written comment forecast
2 (inaudible) million to issues cost containment and
3 consistency with the PUC requirement for green renewable
4 like investor owned utilities.

5 The RES implementation should aim to find the
6 lowest cost to achieve renewable energy goal. To achieve
7 this, DRA recommends the following:

8 Cost transparency to inform policy makers of the
9 total cost, both direct and indirect, of different options
10 available to meet those goals so that the Board will get a
11 full picture of the cost to implement the program.

12 DRA recommends that the periodic reviews of the
13 renewable energy program so money total cost and
14 implementation challenges.

15 DRA supports a collaborative effort by RES
16 stakeholders to establish cost containment measures which
17 might include an off round to protect rate payers from
18 excessive cost increases. In our July 9th letter, we
19 recommended several cost containment measures. And I
20 applaud staff recommendation to work with the PUC staff to
21 develop a cost containment measure.

22 As I indicated earlier, DRA is a separate agency.
23 DRA director is appointed by the Governor. We do not
24 report to CPUC. So we met with the ARB staff sometime
25 last year to offer our assistance to ARB staff to make a

1 more cost effective measures to address cost containment.

2 DRA also recommend five-year flexible -- okay.

3 Well --

4 CHAIRPERSON NICHOLS: Sorry. We do have your
5 written testimony. This covers these same points. All
6 right. We will attempt to follow up with you then.

7 MR. MOMOH: Thank you, Madam Chair.

8 CHAIRPERSON NICHOLS: Thank you. I understand
9 the important role DRA plays.

10 We have two more witnesses, Susie Berlin and
11 Shannon Eddie.

12 Ms. Berlin. Yes.

13 MS. BERLIN: Good afternoon, Madam Chair, members
14 of the Board.

15 My name is Susie Berlin. I'm here today
16 representing the Northern California Power Agencies and
17 MSR public power. Both are joint power agencies comprised
18 of municipal utilities and other public agencies that
19 provide retail electric service to customers across the
20 state and therefore would be subject to the provisions of
21 the RES as a regulated party.

22 I'm going to take a brief moment to thank staff
23 as many others have done for their public workshops, their
24 stakeholder meetings, their responses to phone calls, and
25 to e-mails and working with the stakeholders in this

1 process.

2 I also appreciate a number of the revisions that
3 we heard articulated with regard to changes that they
4 intend to make. One of the most important ones, of
5 course, is enforcement. And the provisions that was
6 articulated by Mark Krausse and NCPA joined in the letter
7 expressing our concerns. And we look forward to working
8 with staff on ways to clarify the provisions for
9 enforcement. We believe the assurances in the regulation
10 itself regarding the application of the penalties is very
11 important.

12 Another very important issue is RECs. NCPA and
13 MSR support the use of renewable energy credits for
14 compliance purposes as set forth in our written comments.
15 Both agencies committed written comments and as
16 contemplated in the proposed regulation.

17 On this issue, we share concerns already
18 expressed by several of our utilities brethren regarding
19 the proposed June 1 2010 -- January 1, 2010, effective
20 date for RES compliance so we won't reiterate those points
21 since you've already heard them, but do join in that
22 concern.

23 We also have concerns regarding the harmonization
24 with CPUC rules that was referenced by staff as
25 publicly-owned utilities not subject to the CPUC's

1 jurisdiction. We have a great deal of discomfort with the
2 comments we heard from a few stakeholders today that CARB
3 simply defer action on this until the CPUC adopts its
4 rules and incorporates those rules into the RES.

5 Incorporating provisions for tradable RECs developed by
6 the CPUC directly into the CARB RES is simply untenable.

7 We share the concerns also articulated by Sempra
8 and others that we need all the tools available in our
9 toolbox to meet the aggressive goals. And if CARB does
10 contemplate harmonization with the anticipated CPUC rules,
11 we look forward to that being part of the totally separate
12 and open process here before the CARB or all the regulated
13 parties have an equal say.

14 We support many of the other proposed revisions
15 anticipated by staff, particularly the definition
16 clarification for compliance instrument and the
17 clarification of the property rights associated with that.

18 We also ask that staff's 15-day language include
19 the clarification that has been discussed before regarding
20 the submission of informational filing on achieving your
21 33 percent objective in 2020 since that filing is going to
22 be due in 2012 and things can change in the intervening
23 years.

24 CHAIRPERSON NICHOLS: Thank you for your
25 assistance in this effort.

1 Shannon Eddie.

2 MS. EDDIE: Good afternoon, Shannon Eddie with
3 the Large Scale Solar Association.

4 The Large Scale Solar Association is a trade
5 association of utilities scale solar companies.

6 I would say right now the companies among them
7 have approximately about 6500 megawatts worth of signed
8 contracts with utilities in California alone. We really
9 believe the key to successful strong and steady markets is
10 program certainty. No where is that no more true than in
11 the renewable energy market.

12 And as we watched the national energy markets
13 sort of stall over the last decade, we comport directly to
14 the stop-start nature of federal policies and some of the
15 state policy.

16 In contrast, California has really been a beacon
17 with the 20 percent RPS and many states have followed suit
18 after the passage of the RPS in 2002. It's critical that
19 we continue forward momentum to assure that market
20 certainty is established and paved for 33 percent goal in
21 2020.

22 The best way to establish that pathway is through
23 legislative action. And we do consider the passage of a
24 33 percent bill our top priority.

25 That said, in the absence of legislation and

1 regulatory affirmation of a 33 percent can certainly serve
2 as an interim Band-Aid to keep the goal on our collective
3 radar.

4 As you heard from a lot of the parties, the
5 treatment of tradable RECs and delivered energy and how
6 those are addressed is a cornerstone foundational element
7 in the RPS. And I really feel encouraged by the new
8 language in the Board resolution that talks about the
9 harmonization of the policies between the PUC and the ARB.
10 We really think this sends a good signal to the market and
11 helps to ensure that California can maintain much needed
12 consistency between the RPS and the RES. We also think
13 that it will give us another opportunity as parties and
14 the stakeholders another opportunity to fully vet the
15 benefits of delivered energy.

16 We do look forward to continuing the dialogue on
17 tradable RECs at the PUC and with you all with your staff
18 as this conversation moves forward.

19 On another note on this issue of WREGIS, we're
20 hearing that WREGIS is contemplating exports to a couple
21 of non-RES states, specifically North Carolina and
22 Missouri, and that there is a possibility that exports
23 from non-RES states might be coming. I would encourage
24 the staff to maybe consider along with just the spirit of
25 the regulations themselves rather than having WREGIS

1 certificates be de facto representations specifying the
2 projects to be eligible for the RES are located within the
3 WECC.

4 So I do appreciate the staff's efforts over the
5 past months. I think that the work done since last year
6 is pretty much unprecedented in terms of the magnitude and
7 scope of this program.

8 So thanks for your time and your consideration.

9 CHAIRPERSON NICHOLS: Thank you for those
10 comments and for your presentation.

11 I think it's pretty clear from the tenor of all
12 your comments that's nobody would not prefer to have the
13 33 percent embodied in the statute. It would have been
14 signed by now.

15 But we're under an obligation under AB 32 to
16 complete all of the regulatory pieces of our Scoping Plan
17 by the end of this year. So we have had a number of
18 conversations with parties and with our sister agencies,
19 and everyone has really been very helpful in trying to
20 make sure we put something in place which sends only
21 strong positive signals to the market and doesn't do
22 anything to de-stabilize or slow down the efforts to get
23 the statute in place.

24 That said, there are still issues among the
25 various parties, as you can undoubtedly hear in the

1 comments, about the issues of how flexible they want to
2 see compliance be, how willing they are to accept any kind
3 of limitations on where the emissions could be reduced and
4 so forth. And these things have enormous economic
5 consequences, as I'm sure everybody can appreciate.

6 And so one of the reasons why it's so important
7 that we stay closely aligned with our sister agencies who
8 are represented here is that for different reasons, each
9 of them has both responsibilities and a depth of
10 information that ARB is really just beginning to catch up
11 with. So it's been tremendously helpful they've been with
12 us as we've been designing this regulation.

13 And I would like to call on them now just to say
14 a few words in response to whatever we've heard here. So
15 if we could just briefly do that. Is that all right?
16 Finishing this up. We'll start with our colleague from
17 the Energy Commission, former ARB Executive Officer Jim
18 Boyd.

19 MR. BOYD: Thank you, Chairman Nichols.

20 It's really tough for me to be brief, as you
21 know. I'll do the best I can.

22 First, I want to thank you for having me sit
23 through a substantial ARB meeting. And really it brought
24 back a lot of pleasant memories. And if you knew what I

25 was doing over in our building, you know I'd be glad to

1 get out of there.

2 I wanted to acknowledge quickly the action you
3 took on 375 as also very important to our mutual agencies,
4 and I appreciate what you've done. Board Member Sperling
5 and I find ourselves on the rubber chicken circuit a lot
6 addressing the same issue of the neglected third leg of
7 the energy stool and the productions in VMT and this,
8 that, and the other that are needed. And that addresses
9 that.

10 But to my real purpose here on behalf of the
11 Energy Commission and my fellow Commissioners, I'm. Here
12 to express our support for your Board's adoptions of the
13 proposed regulations for California renewable electricity
14 standards at 33 percent. This is good energy policy from
15 our perspective. And of course, this supports obviously
16 California climate policy, which is what you're striving
17 to do.

18 I want to remind you there is a very long history
19 of support for the action that you can take today. Dating
20 back to 2004, the Energy Commission's integrated energy
21 policy report, which I happen to oversee the preparation
22 of, urged that all retail suppliers of electricity should
23 be required to meet a longer term 33 percent renewable by
24 2020. And here we are addressing that fact finally. And
25 that was meant at that time as part of a needed

1 diversified renewable electricity portfolio for the state
2 of California.

3 I also want to note and re-affirm today that
4 bringing the municipal utilities into the program
5 alongside the state's other load serving entities is
6 critical frankly to California's achieving the statewide
7 goal. I know we all work in a cooperative way with the
8 public utilities. The CEC and the CPUC have addressed the
9 idea of this type of standard in their energy action plans
10 I guess dating all the way back to 2005. And we've been
11 joined in later years by the California ISO representative
12 here at the table.

13 I want to mention something, and that's the
14 important role of bio energy or bio power in meeting the
15 RES goal. And I noted in the slide that was presented
16 earlier bio power was again not referenced as one of the
17 renewable sources of electricity.

18 But if you look at the size of the wedge it
19 provides now and could provide in the future, it's fairly
20 sizable.

21 In 2006, the Governor had an executive order
22 establishing a goal of meeting 20 percent of the state's
23 renewables with biomass and biogas, and as well as goals
24 to advance the use of biofuels in the transportation area.

25 I know our agencies work hard to implement that Executive

1 Order. We work with the PUC and other agencies within the
2 bioenergy interagency working group to do this. And at
3 the present time, we're updating the energy action plan in
4 this area that the Governor first approved.

5 And in 2008, the joint report of the Energy
6 Commission PUC outlined a variety of options for the Air
7 Resources Board to consider in designing a program to
8 achieve the greenhouse gas emission targets in the
9 electricity and natural gas sector. The report emphasized
10 that the foundation for success to reduce greenhouse gas
11 emissions in the electricity sector is more energy
12 efficiency and the further development of renewable energy
13 sources. And you are addressing that today.

14 Looking to the future, achieving 33 percent
15 renewables by 2020 is, of course, a key part of
16 California's vision and the Governor's vision for a clean
17 energy future. Adopting the renewable electricity
18 standard will help make that vision more of a reality.
19 The ability of the utilities to achieve the 33 goal will
20 be, as heard you, quite challenging.

21 But success and technology driving is key to a
22 long-term energy security, to buffering California from
23 energy price spikes, to maintaining our technology
24 leadership, to expanding our economy in this green economy
25 area, and achieving California's long-term greenhouse gas

1 benefits.

2 I applaud you for your efforts and look forward
3 to a continuing working relationship with all the agencies
4 seated here in meeting these challenges.

5 Thank you for this opportunity.

6 CHAIRPERSON NICHOLS: Thank you very much. You
7 have been important bridge between the agencies on this
8 and others. It's great to have you here with us today.

9 We'll hear from the ISO.

10 MS. MEDSON: Madam Chair, members of the Board,
11 I'm Karen Medson, Vice President of Policy and Client
12 Services for the California Independent System Operations
13 Corporation.

14 I'm very happy to be here. I want to say while
15 we're not a State agency, we're very proud to be
16 associated with the agencies here today, the Air Resources
17 Board in its sponsorship of this important regulatory
18 program, the Public Utilities Commission, and their major
19 role in this area as well as the Energy Commission in
20 their oversight of the current RPS program.

21 I want to just touch on one thing, which is our
22 role in all of this and then respond to the question of
23 flexibility and location of these resources.

24 California's 33 percent renewable energy standard
25 is important, it's ambitious, and it's achievable. The

1 job of the California ISO is to make it work, and we
2 intend to do so and can do so. We do that by helping
3 renewable generation gain access to the transmission grid,
4 and we do that by planning for the related needed
5 transmission upgrades to provide that.

6 The other important part of our role is to do all
7 of this while maintaining reliable electric service, the
8 reliable service that California consumers expect.

9 That leads me then to the importance of
10 flexibility in meeting this objective, this goal. It is a
11 difficult goal to meet. But again, we can meet it. But
12 important to doing that is to have the flexibility to be
13 able to make the system work in light of the variability
14 we'll see there's weather-related, with the need to move
15 the system up and down in reaction to changes in the
16 weather.

17 If we have that flexibility, if we have the kind
18 of flexibility provided in this renewable energy standard
19 proposal before you, the result will be more renewable
20 energy serving California in the most efficient way
21 possible and with the fewest impacts on electric system
22 operations.

23 Now, that then takes me to the location of these
24 resources. I want you to keep in mind that today over 70
25 percent of renewable generation meeting California --

1 built to meet California's current standard, which does
2 not include a requirement for in-state location, over 70
3 percent of that generation is located in state.

4 There are a couple of reasons for that. And one
5 is that it's in the best interest of buyers to procure
6 energy that will actually serve their load. I think
7 nothing in this proposal would change that need.

8 Second, California has a diverse and rich
9 renewable resource base. It's really the best in the
10 west. There's no reason to think that that important
11 renewable resource, some of the best solar resources in
12 the country, some of the best geothermal resources in the
13 word, some of the best resource anywhere, those resources
14 will be developed to meet these needs.

15 And that's really why I think that there is over
16 50,000 megawatts of renewable generation currently
17 proposing to interconnect to the California Independent
18 System Operator system. We do operate the system for most
19 of California, and so this generation will be directly
20 connected when it comes on line to serve the needs of
21 California.

22 So I just want to make the point that removing
23 the flexibility from the system does not necessarily mean
24 you will get more development in state. The development's
25 occurring in state, but it's occurring in a way that

1 allows the market to work most efficiently. And that's
2 something that your renewable energy standards has
3 provided. Your proposal now provides.

4 For all of those reasons, I'm here in support of
5 this proposed standard. And I'm here to say that we have
6 appreciated the opportunity to work with the Air Resources
7 Board and your staff. We look forward to continuing that
8 work as you continue your deliberations and continuing the
9 important collaboration we have with the California Energy
10 Commission and the California Public Utilities Commission.

11 Thank you.

12 CHAIRPERSON NICHOLS: Thanks, Karen.

13 Julie Finch from the Public Utilities Commission.

14 MS. FINCH: Thank you. Good afternoon, Chair
15 Nichols and members of the Board.

16 I'm Julie Finch, the Director of the Energy
17 Division at the California Public Utilities Commission.
18 I'm here representing the PUC in support of the adoption
19 of this regulation.

20 The CPUC has been on record for several years now
21 supporting requiring 33 percent of California's
22 electricity to come from renewable sources by 2020. The
23 regulation under consideration today sends a very strong
24 signal to utilities, developers, other states, as well as
25 the federal government that California continues its

1 leadership role in promoting the development of renewable
2 energy and that we're serious about making it happen.

3 The regulation before you today fills two
4 important gaps that currently exist in the development of
5 renewable regulations in California.

6 First, the PUC is currently prohibited by law
7 from requiring more than 20 percent of renewables to come
8 from its regulated utilities or entities, including the
9 investor-owned utilities, community choice aggregators,
10 and electric service providers.

11 And secondly, publicly-owned utilities are
12 subject to different sets of requirements than the CPUC
13 regulated entities. The CPPUC is in strong support of the
14 application of the uniform set of requirements for 33
15 percent renewables from all retail providers that deliver
16 electricity in the state. And like a lot of stakeholders
17 mentioned earlier, the CPUC would have preferred to see a
18 legislative solution here. But in the absence of that,
19 we're very pleased to support the ARB moving forward with
20 this regulation today.

21 Our staff have been working collaboratively with
22 ARB staff on an interagency basis on this regulation for
23 about a year now. We very much appreciate the openness
24 and cooperative approach that ARB staff have taken to the
25 development of this regulation. We had numerous

1 face-to-face meetings, conference calls, educating each
2 other on our mandates, experience, and sharing insights
3 and ideas. We very much appreciate this and we think it's
4 key to the development of effective regulations and to the
5 smooth implementation of the program.

6 It appears as though there's at least two
7 remaining areas where this ongoing cooperation and
8 collaboration will be crucial. And we're standing ready
9 to help and we're confident we can work with the ARB staff
10 and the other agency staff to find solutions.

11 I'm just highlighting two areas. One is the much
12 mentioned rule surrounding the tradable renewable energy
13 credits. And then the secondly, harmonizing the 20
14 percent RPS statutory requirements with the 33 percent RES
15 regulations on issues other than RECs.

16 On the first issue on tradable RECs, I start by
17 saying this is an area where I think misery loves company.
18 We've had misery in this area for a number of areas. ARB
19 is now joining us.

20 I think this issue is all the more vexing because
21 I think there's fundamental agreement among stakeholders
22 that the vast majority of renewable generation projects
23 should and will be built in California to support this
24 goal. The only problems we can't seem to agree on the
25 appropriate mechanism for making that happen.

1 So CPUC staff continues to have some ideas around
2 this that we think are reasonable at least. And we will
3 continue to work with ARB staff and other agency staff to
4 help resolve this critical issue.

5 And the second area that we hope we can resolve
6 pretty easily for continued discussions is about
7 harmonizing the statutory requirements that the PUC
8 currently operates under with the new 33 percent RES
9 regulations.

10 Since we operate that 20 percent program that
11 applies to our regulated entities, we have some legal and
12 practical concerns about how the two programs will
13 actually interact in the real world. And so as much as we
14 strongly support the idea of an overarching set of 33
15 percent rules for everybody, we are bound to a certain
16 degree by existing regulatory -- statutory requirements.
17 And so we're afraid we may be stuck a little bit in a
18 separate but equal kind of world where we have slightly
19 different requirements for the portion of the procurement
20 between zero and 20 percent.

21 But I'm emphasizing that we're continuing to work
22 together to find ways to work through this and administer
23 the two programs in the most seamless way possible.

24 Overall, the CPUC commends the ARB staff for
25 running a very straight-forward and clear regulation and

1 that it accomplishes our most important goal, which is to
2 make 33 percent renewables a requirement.

3 And we're also confident that adoption of these
4 regulations by the Board today will put us on the road
5 towards making the 33 percent renewables as reality in
6 2020.

7 One final note, I was just going to mention that
8 this morning the PUC actually voted to unanimously oppose
9 Prop. 23. I mentioned that because I think this
10 regulation that's being considered today as well as a
11 number of the initiatives that PUC is undertaking and ARB
12 is undertaking generally is in support of our common goal
13 of reducing greenhouse gasses in California. That also
14 goes along with the announcement of the California Clean
15 Energy Future document earlier this week. I think we're
16 all united in our overall big picture goal here.

17 Pleased to support these regulations today.

18 Thanks.

19 CHAIRPERSON NICHOLS: Thank you so much. Really
20 appreciate your comments and the history over the months.
21 I think everybody here has had some experience of how
22 difficult it is to have agencies of government with their
23 various siloed approach and actually work together despite
24 the best intentions. And it couldn't happen without not
25 just direction from the top but also willingness and

1 ability of the experts and the agencies left to make these
2 programs run to share information and to coordinate their
3 activities. And that's what's been so remarkable about
4 this particular effort I think.

5 Are there questions at this point from the Board
6 of the staff about the program?

7 I see Dr. Telles.

8 BOARD MEMBER TELLES: I have quite a few
9 questions.

10 And one is California doesn't operate in a
11 vacuum. And in reviewing these documents, I couldn't find
12 what's actually happening outside of California. For
13 instance, what's happening with electricity costs in
14 Arizona or Washington or some of our surrounding states or
15 the rest of the states in the United States.

16 The reason why this is an important issue is
17 because we have certain industries which are electricity
18 sensitive and also export sensitive. And if we increase
19 the price of electricity for these industries, whether
20 it's farming, manufacturing, that we're going to make
21 ourselves less competitive not only for the world, but
22 with other states.

23 For instance, in the region I'm from, a
24 cantaloupe grower right now, his major competition is --
25 which he sells throughout the United States is Arizona.

1 Arizona -- California's Central Valley can outproduce,
2 make their quality of cantaloupes, higher productivity.
3 But one of the key factors is electricity. Electric pumps
4 that pump the water and everything has to be chilled. And
5 with just a few extra dollars per box related to
6 electricity costs, it makes that crop not competitive with
7 Arizona. And we lose that.

8 And I'm sure there's other examples in the
9 manufacturing world, too. And in reading the other
10 documents related to this, one is 33 percent renewable
11 portfolio standard implementation analysis from the CPUC
12 which was done in June of 2009. It estimates that the
13 break of increase in electricity of real dollars by 2020
14 without even the renewable portfolio standard is like 16.7
15 percent. With the renewable portfolio standard, you add
16 another 10.3 percent or something on top of that. Are we
17 moving in California to an electricity cost which is going
18 to be making this very uncompetitive with other regions
19 and certainly with maybe other parts of the world and
20 China? How are we going to compete with that? That's one
21 of my major concerns with this, especially in that some of
22 the testimony here mentions that the CPUC, which regulates
23 the rates for our electricity-sensitive industries, there
24 is nothing in this document that says there will be a
25 change in rate based upon competitiveness with California

1 industry -- industries outside of there.

2 I think short of that kind of commitment, I have
3 a really hard time supporting this document the way it
4 stands. And I don't know if that's the way it's been done
5 in the past and where CPUC comes in and says we will
6 change the rates based upon that. But I think based upon
7 what's going to happen, I think short of that kind of
8 commitment up front, we are just asking our manufacturers
9 and farmers to be less competitive than the rest of
10 California.

11 I think at this time in our economy it's going to
12 be very difficult to kind of swallow that. I think the
13 cost of this is kind of underestimated by that one slide
14 that says two billion -- 2.5 billion. If you look in that
15 same document that I mentioned, the PG&E cost to get to
16 that point is more in the range of 160 billion. And that
17 represents less than half of the rate payers in
18 California. So if my numbers are correct, we might be
19 thinking about a \$300 billion investment to get to that 20
20 percent portfolio. That's a lot to ask for the state of
21 California to potentially do something which is going to
22 be non-competitive to our industry.

23 CHAIRPERSON NICHOLS: You've asked a number of
24 very large and broad questions, which do have answers but
25 probably not to your satisfaction in a short space of

1 time.

2 I'd like to take a ten minute break at this
3 point. The court reporter has asked for a break. I think
4 other people may need a break. And we will come back and
5 continue the discussion and move forward to some type of
6 resolution here.

7 (Thereupon a recess was taken.)

8 CHAIRPERSON NICHOLS: So we still have an open
9 record here on the renewable energy standard program and
10 we also have Board member questions on the table,
11 including the last one from Dr. Telles, which was so large
12 in its scope and implications that I was completely unable
13 to deal with it before we took a break. So I hope he had
14 a little of a chance during the break to confer.

15 But I just wanted to say in case there was any
16 questions for the record that my view is that the numbers
17 that are listed in the report are with anything too large
18 based on the fact they don't take any account any kind of
19 improvements in technology and technologies coming down or
20 the reality that the prices are going up for other reasons
21 that have nothing to do with any regulatory requirements.
22 And not to mention the fact that these renewables are, as
23 we all believe, where the utilities are headed anyway and
24 maybe new capacity, which they did despite our best effort
25 that efficiency and conservation. People keep buying

1 stuff that needs electricity. And some of it is stuff
2 we're actually promoting, like electric vehicles. So it's
3 a complicated system.

4 But I would invite our colleagues to add some
5 additional thoughts in terms of the specific numbers that
6 the Dr. Telles was raising, if you're prepared to do so.

7 MR. BOYD: Ms. Finch is far more qualified to
8 give you the details of the number.

9 But the one thing I wanted to say was you can't
10 take this action in a vacuum. You have to look at all the
11 other components. And some of the clean energy futures
12 plan or the energy action plan, the idea of lowering
13 California's electric price has been uppermost in the
14 minds of those of us in the energy agencies dealing with
15 electricity ever since the electricity crisis.

16 The other thing is we have a very diversified
17 program of activities, as I just hinted at and everybody
18 knows, job one in California is efficiency. We are the
19 world's leader in efficiency. We expect to get huge
20 reductions in consumption in electricity in California
21 through the existing and future efficiency measures which
22 will draw down the price in that component.

23 The other thing is if we don't diversify the
24 portfolio that you hinted at, we run the risk of

25 increasing prices in certain areas, such as natural gas,

1 which we're allegedly awash in right now. But I've been
2 there before.

3 We get trapped in being dedicated to a single
4 fuel. And frankly, you're right. I mean, certain
5 technologies, we're desperately trying to replace as best
6 you can within the context of almost 40 million people gas
7 plants. We have the cleanest burning -- we have the
8 cleanest electricity fleet in the nation, but you're only
9 going to be able to do so much of that. You need to
10 diversity the portfolio.

11 And I think where we're going does help with
12 price. The PUC is better equipped to reference this
13 specific price menu.

14 MS. MEDSON: No, I don't want to speak to price,
15 but I did want to respond in two regards.

16 One is just to note that over the past ten years,
17 California's wholesale electricity prices have gone from
18 the highest in the country now to the mid range and lower
19 in many other parts of the country. I think there's been
20 vast improvement in the efficiency of the California
21 electric generation fleet and the cost exposure in the
22 state.

23 And secondly, I just want to build on what Jim
24 Boyd said, which is the California clean energy future,

25 which describes a very deep and interrelated program for

1 achieving the important goals of AB 32 and making sure
2 that it happens in the most efficient way possible. The
3 proposal you have before you now is one that by its nature
4 will achieve the renewable portion of those objectives in
5 the most efficient and cost effective way possible.

6 MS. FINCH: I'll try to respond briefly on the
7 numbers.

8 I think that the 33 percent renewable
9 implementation report that was talked about the PUC that
10 was referenced in the question, we actually estimated a
11 total infrastructure cost of about 115 billion, 1-1-5, for
12 the entire state. I'm not sure what the PG&E specific
13 numbers came from. We didn't estimate based on specific
14 utilities.

15 But that, just to be clear, was an estimate of
16 the total infrastructure cost that would be necessary to
17 support electricity use in 2020. So in other words, it
18 covers not only renewable costs but also fossil costs,
19 everything because load is growing, because demand is
20 increasing anyway, it covers that entire amount. And so
21 probably the relevant comparison that we did was to look
22 at the costs of a 33 percent renewable future versus a 20
23 percent. And in that comparison, we thought this is also
24 based on current technology costs. There was about a
25 seven percent difference in cost in 2020. That was the

1 estimate.

2 A couple of other things I'll say. Electricity
3 costs is increasing in general anyway. But over the past
4 ten years or so, which includes a lot of renewable
5 investment to get to the 20 percent requirement,
6 electricity prices have not been going up more than the
7 cost of inflation. It's been tracking pretty closely to
8 the consumer price index over that period of time.

9 In California, with our renewable investments
10 we're already doing -- also renewables, I think it's been
11 mentioned before, help a lot with the volatility of
12 electricity prices. So all though there may be a steady
13 increase that everyone is facing, the renewables help
14 actually mitigate the volatility of the fossil fuel
15 prices.

16 CHAIRPERSON NICHOLS: The other sort of
17 underlying part of the question which relates to the cost
18 of doing business in California versus the cost of doing
19 business elsewhere is an even more complicated question.
20 And there have been many different attempts and kinds of
21 studies done over the years mostly by people who are
22 trying to prove one point or another frankly. I mean, I
23 think you can see studies that say that California's the
24 worst place in the country to do business. And yet, you
25 can also see consistent numbers showing investments in

1 California, including investments in new manufacturing.

2 Southern California's major growth industry is
3 manufacturing. It's not steal plants or cement plants.
4 But it is solid manufacturing of products that trade in
5 global commerce, including movies and television, which
6 are a form of manufacturing in and of themselves. So it's
7 just a difficult question to really address in a
8 comprehensive way.

9 But the policy of the state, at this point,
10 whether it's from the PUC, the Board of the Municipal
11 Utilities, or even soon we hope the Legislature is for 33
12 percent as our goal for many reasons, all of which have
13 been articulated here.

14 So in that regard, I think I just want to be
15 clear that we are not -- that taking action today is
16 something that is consistent with and I believe called for
17 by the Governor, by our regulatory requirements under AB
18 32. And we believe that -- I believe that it is not
19 inconsistent with and in fact will help move the ball
20 forward in the direction of getting the Legislature to
21 act. It certainly does nothing to do undermine or
22 prohibit or change the dynamics or, for that matter,
23 create winners and losers when it comes to people
24 continuing to argue their respective positions on issues
25 like how RECs should be used when it comes to the

1 legislation.

2 But never the less, we did receive yesterday a
3 letter which repeats the arguments in previous letters.
4 It was posted on our website, but it came in late, like at
5 5 o'clock at night, just a very brief letter, a cover
6 letter signed by Senator Steinberg and Speaker Perez
7 urging us not to take action and sending us a copy of a
8 document that came out back in January after the Governor
9 vetoed the bill a year ago and signed the Executive Order
10 that started us down this path of doing the renewable
11 electricity standard, which again was prepared pursuant to
12 a Governor's Executive Order.

13 So they generated a memo from the Legislative
14 Council which opined that AB 32 does not give the Air
15 Resources Board authority to adopt the 33 percent
16 regulation, that only the PUC could do this and the PUC is
17 limited to 20 percent by the previous legislation and
18 therefore this is not an action that we are permitted to
19 take.

20 We have had this debate with the Legislature now
21 for the last nine months. This is not a new issue. It's
22 a sad issue, because I think as Ms. Finch was indicating
23 earlier about some of the transition and harmonization
24 problems between the PUC and the ARB, the Governor and the
25 Legislature are not together in terms of a bill. And

1 unfortunately, anybody can always speculate when a bill
2 fails at the last minute, which is what happened this
3 year, as to what might have happened if they only hadn't
4 run out of time. Would it have passed? Were the votes
5 really there? Would the Governor have signed it if he got
6 it? Nobody knows. It's a pure hypothetical problem at
7 this point.

8 In the mean time, we have our pending regulatory
9 proposal, which has been out there since July, represents
10 a lot of work, a lot of good thinking on many people's
11 part. And I think the better part of valor is to move
12 forward at this point and to put it in place. So that's
13 what I'm recommending that we do.

14 BOARD MEMBER D'ADAMO: I'll make a motion.

15 CHAIRPERSON NICHOLS: Please do.

16 BOARD MEMBER D'ADAMO: That we adopt the
17 resolution that's before us.

18 And once there is a second, I just have a couple
19 minor points.

20 BOARD MEMBER SPERLING: Second.

21 CHAIRPERSON NICHOLS: Second.

22 BOARD MEMBER D'ADAMO: Not minor, but they're
23 significant for those that raise them anyway.

24 First of all, on enforcement, I agree with the

25 concerns raised by some of the utilities that what we have

1 right now seems to be pretty Extreme. And main concern I
2 have for those that are attempting to enter into contract
3 with developers of these credits that people might shy
4 away. I do think that staff needs to address the issue of
5 the per day violation and the circumstances that might be
6 beyond their control. So --

7 CHAIRPERSON NICHOLS: Staff is nodding they're
8 prepared to did that.

9 EXECUTIVE OFFICER GOLDSTONE: We are prepared to
10 do that.

11 BOARD MEMBER D'ADAMO: Great.

12 And then previously generated credits, early
13 adopters, did staff have a response to the concerns this
14 were raised?

15 SSD CHIEF COREY: It's best I need to describe
16 what the objective was, and we can talk about some of the
17 comments which -- some of which we heard recently which
18 was that.

19 The question was how to recognize renewable
20 generation going forward, that was really the key question
21 in terms of traditionally banked, how far back would you
22 go back to recognize these banked resources that you want
23 to incent additional or new renewables?

24 The comments come forward expressed here in terms
25 of some organization's good faith recently last few years

1 put some resources in place, banked those credits in a
2 sense. Our perspective, as you know, we think it's made a
3 good point. We think it's something we need to take a
4 close look at.

5 I think the suggestion of one of the commentators
6 was look at a modest adjustment perhaps a year or two. We
7 think we're pretty close. We think that's why we
8 identified this as a 15-day change an area we want to take
9 a closer look at, an area where we think we can make an
10 adjustment to the provision and come up with something
11 that's workable.

12 CHAIRPERSON NICHOLS: What I don't understand --
13 I guess maybe I just don't understand the basics of how
14 the program works now.

15 But if they did go ahead and purchase those
16 credits, wouldn't that count towards their 33 percent or
17 their 20 percent? I mean, wouldn't that be part of their
18 baseline going forward?

19 If that's true, then why do we have to worry
20 about banking, I guess is what I'm not understanding.

21 PROJECT ASSESSMENT BRANCH CHIEF TOLLSTRUP: We
22 have the banking provisions in place so that when they
23 over comply, they can put the credits in the bank for
24 future use or purchase the credit in the bank and hold it
25 for the future use.

1 Again, the reason for putting the data on the
2 credits is it's based on -- each credit is based on
3 megawatt hour generation. And so what we didn't want them
4 to do is go into the past five years, ten years, pick up
5 some old credit that was generated back then and use it
6 for compliance now.

7 We figured we needed some cutoff date, whether it
8 was 2010 or another date. But basically say, okay.
9 Generation after this date would count forward for
10 compliance with the program. That's what we tried to do
11 with the 2010 date.

12 CHAIRPERSON NICHOLS: Does that make the earlier
13 credits null and void? I mean, are they then just worth
14 less because of what they did? They did a good deed and
15 that's nice, but they don't get any economic benefit from
16 it?

17 PROJECT ASSESSMENT BRANCH CHIEF TOLLSTRUP: The
18 credits they've already used for compliance with the RPS
19 they can continue to use. We're not taking away the
20 ability to do that. This is just talking about banking
21 these for future use.

22 CHAIRPERSON NICHOLS: For future compliance
23 obligation.

24 BOARD MEMBER D'ADAMO: I guess since I asked the
25 question and opened up pandora's box, we just don't want

1 to have a situation where we're flooded with credits from
2 early adopters and that that is sufficient for compliance
3 where we would otherwise expect something going on now
4 currently.

5 PROJECT ASSESSMENT BRANCH CHIEF TOLLSTRUP: I
6 certainly think -- I can speak for staff. Our intent was
7 not to penalize anybody for early adopters.

8 It seems like there needs to be some limit on
9 just how far back you can go to claim credits. We're
10 really trying to encourage a new generation moving
11 forward. Still give them credit for some of the things
12 they've already done.

13 CHAIRPERSON NICHOLS: Well, it sounds like you're
14 willing to take another look at that during the 15-day
15 period and see if you can come up with something that
16 would be a little more helpful to the people.

17 SSD CHIEF COREY: We've committed to do that and
18 already had some discussions with the stakeholders that
19 brought this up and we'll get to that place.

20 CHAIRPERSON NICHOLS: Okay. Any other comments?
21 Yes.

22 BOARD MEMBER LOVERIDGE: Let me ask a question,
23 which you obviously have thought about. The objection by
24 the President Pro Tem and Speaker, I can't remember
25 receiving such a notice before. Is this sort of a

1 technical, that's our area, but I guess trying to just ask
2 the consequences of taking a position where -- I know if
3 I've been -- you were a mayor and asked somebody not to do
4 something, you felt strongly about it, you would have some
5 memory of that.

6 CHAIRPERSON NICHOLS: Yes, sir.

7 BOARD MEMBER LOVERIDGE: I'm asking -- I don't
8 work in this place up here so I don't know.

9 CHAIRPERSON NICHOLS: I'm trying to disclose this
10 all in as absolutely fair a fashion as I can and not put
11 anybody in a position that will end up making them
12 uncomfortable.

13 But believe me, I've been worrying about this
14 issue for a year now literally, because a bill has passed
15 a year ago that we had nothing to do with, but that was a
16 33 percent renewable bill. And it was vetoed by the
17 Governor. That is what set this chain of events in
18 motion.

19 We were not parties to backing the bill. We
20 weren't in any way involved in telling him to veto the
21 bill. But when he did veto the bill and was determined to
22 move forward to show his determination for having 33
23 percent in place, he both asked the Legislature to bring
24 him a bill that met certain specific criteria, which you
25 know, has not yet happened. You can argue about whose

1 fault that is. But it hasn't happened.

2 And at the same time, he issued an Executive
3 Order directing the agencies that you see here now to work
4 with ARB and ARB to develop a 33 percent regulation.

5 This was something that our staff did in record
6 time. And all of the comments that you've heard of
7 congratulations that have come from the various
8 stakeholders -- you know, we're used to hearing our staff
9 be praised. But this is really one of those situations
10 where truly they did something remarkable because they
11 entered into a mine field and came out with everybody
12 alive. And in fact, we didn't lose anybody in the process
13 and a rule that by and large people think has some real
14 benefits to it.

15 The Legislature isn't happy. They still want a
16 bill. And you know, we certainly want a bill. But having
17 said that, we also feel, A, we're bound by the Executive
18 Order and I do think we are. I don't think ARB is exempt
19 from the requirements of the Governor's Executive Order.
20 He can't tell us what to do in terms of how the rule
21 should look, but he can certainly order us to develop a
22 rule.

23 And we're also I think bound by the -- what I
24 believe is the requirement of AB 32 that there be a 33
25 percent renewable portfolio standard. So this thing now,

1 if we do it, will exist as a back stop.

2 But there is anger. I mean there were threats to
3 our budget. We still are under threat -- budgetary
4 threat. If they pass a budget that pencils out our
5 budget, the Governor will put it back in. This will
6 continue.

7 And it doesn't make me happy to be where I am,
8 especially since as you all know I'm a democrat, so
9 therefore more likely to be sympathetic to the legislative
10 leaders in a matter like this. But that is the reality of
11 where we are. I think all in all, despite the messiness
12 of the politics, it's sort -- it's just one more symptom
13 of the fact that in California everybody agrees that we
14 should be doing this, but somehow we can't get it together
15 to get it done.

16 So here we are. So there are. We have a motion
17 and a second.

18 CHIEF COUNSEL PETER: Madam Chair.

19 CHAIRPERSON NICHOLS: Oh, we need our ex partes
20 to be disclosed. Should we start down at Dr. Balmes' end.
21 You can find your folder.

22 BOARD MEMBER BALMES: So I met with Dan Kelb (ph)
23 of the Union of Concerned Scientists and Jim McCopolous of
24 Sierra Club of California by conference call on July 16th,
25 and they're mostly concerned about us not moving

1 precipitously while a bill was trying to be negotiated.

2 That was back in July.

3 CHAIRPERSON NICHOLS: Ms. Berg.

4 BOARD MEMBER BERG: I had a phone call on July
5 13th with Diane Bailey of NRDC.

6 All though my memory is not totally sharp as to
7 the content of the call, it was around the tradable
8 credits and also making sure to move forward without
9 legislation, if we couldn't get legislation.

10 Thank you.

11 BOARD MEMBER SPERLING: I had a phone call with
12 Laura Wisland from UCS last night, and it was similar to
13 her testimony.

14 BOARD MEMBER YEAGER: None.

15 BOARD MEMBER D'ADAMO: I met with representatives
16 from PG&E on July 15th in Modesto and then again September
17 21st in Sacramento. Their concerns mirrored their
18 testimony today.

19 On July 13th, a conference call with Union of
20 Concerned Scientists and California Wind Energy
21 Association. And as I recall, they were encouraging us to
22 move forward before the decision was made to hold off and
23 delay the regulation.

24 And then a conference call on September 21st with
25 Roger Isom, and he raised the concerns that were raised

1 today by other witnesses regarding agricultural users.

2 CHAIRPERSON NICHOLS: Thank you.

3 Starting down at the other end, Supervisor
4 Roberts.

5 BOARD MEMBER ROBERTS: Nothing to report.

6 BOARD MEMBER TELLES: In July, I met with
7 representatives from PG&E and also talked to them on
8 Wednesday night.

9 BOARD MEMBER LOVERIDGE: PG&E and then the Union
10 of Concerned Scientists and Lung Association but no
11 different commentary that what was heard earlier.

12 BOARD MEMBER RIORDAN: I also met with
13 representatives from PG&E on July 13th, and then again
14 spoke to them via phone on September 21st. And the
15 conversation mirrors the testimony that we heard today.

16 CHAIRPERSON NICHOLS: Well, I have a list that is
17 way too long to read. But Suffice it to say I think
18 except for agriculture, I have talked with every single
19 party that has been here today, in some cases more than
20 once over the course of the development of this
21 regulation. And I believe that everything that we heard
22 here today has been reflected in what they said in those
23 prior meetings. But it has been a long road.

24 BOARD MEMBER TELLES: Before I vote, I want to
25 thank the folks for clarifying my economic issue. It's

1 much clearer to me.

2 CHAIRPERSON NICHOLS: Thank you.

3 Do we want to do a voice vote on this one?

4 All those in favor of adopting the regulation
5 please signify by saying aye.

6 (Ayes.)

7 CHAIRPERSON NICHOLS: Are there opposed?

8 It carries unanimously.

9 Thank you, everybody, for all your help and
10 support. And we will be adjourned.

11 (Thereupon the California Air Resources
12 Board meeting adjourned at 5:26 p.m.)

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CERTIFICATE OF REPORTER

1
2 I, TIFFANY C. KRAFT, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said hearing nor in any
12 way interested in the outcome of said hearing.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 6th day of October, 2010.

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18
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