MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

JOE SERNA, JR. BUILDING
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM, SECOND FLOOR
1001 I STREET
SACRAMENTO, CALIFORNIA

THURSDAY, FEBRUARY 24, 2011
9:00 A.M.

TIFFANY C. KRAFT, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 12277

CALIFORNIA REPORTING, LLC
(415) 457-4417
APPEARANCES

BOARD MEMBERS
Ms. Mary Nichols, Chairperson
Ms. Sandra Berg
Ms. Doreene D'Adamo
Mr. Ronald O. Loveridge
Mrs. Barbara Riordan
Mr. Ron Roberts
Dr. Daniel Sperling
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
Ms. Susan Fischer, Climate Action and Research Planning
Ms. Terry Roberts, Local Government Strategies Section
ALSO PRESENT

Mr. Patrick Berger, California Public Interest Research Group
Mr. Louie Brown, National Biodiesel Board
Mr. Michael Friedman, EZ Flow Nozzle
Ms. Connie Gallippi, California Infill Builders
Ms. Bonnie Holmes-Gen, American Lung Association
Mr. Chung Liu, RSC Committee Member
Mr. Jim Lyons, Poet, LLC
Ms. Rachel Morello-Frosch, RSC Committee Member
Mr. Robert Naylor, Los Angeles County Metropolitan Transportation Authority
Ms. Suzanne Paulson, RSC Committee Member
Mr. Miguel Sivla, Oakland Truckers
Ms. Tracy Thatcher, RSC Committee Member
Mr. Steve Unnasch, Life Cycle Associates
<table>
<thead>
<tr>
<th>Item 11-1-2</th>
<th>Chairperson Nichols</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Executive Officer Goldstene</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Staff Presentation</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Board Discussion</td>
<td>28</td>
</tr>
<tr>
<td>Item 11-1-1</td>
<td>Chairperson Nichols</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Motion</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Vote</td>
<td>57</td>
</tr>
<tr>
<td>Item 11-1-3</td>
<td>Chairperson Nichols</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Executive Officer Goldstene</td>
<td>57</td>
</tr>
<tr>
<td>Item 11-1-4</td>
<td>Chairperson Nichols</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>Executive Officer Goldstene</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td>Ombudsman Bowen</td>
<td>85</td>
</tr>
<tr>
<td>Item 11-1-5</td>
<td>Chairperson Nichols</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Executive Officer Goldstene</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td>Staff Presentation</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>Mr. Naylor</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>Ms. Bernstein</td>
<td>118</td>
</tr>
<tr>
<td></td>
<td>Ms. Holmes-Gen</td>
<td>119</td>
</tr>
<tr>
<td></td>
<td>Ms. Gallippi</td>
<td>121</td>
</tr>
<tr>
<td>Public Comment</td>
<td>Mr. Friedman</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>Mr. Berger</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td>Mr. Silva</td>
<td>139</td>
</tr>
<tr>
<td>Adjournment</td>
<td>143</td>
<td></td>
</tr>
<tr>
<td>Reporter's Certificate</td>
<td>144</td>
<td></td>
</tr>
</tbody>
</table>
CHAIRPERSON NICHOLS: Good morning, everybody.
And welcome to the February 24th public meeting of the Air Resources Board. The meeting will come to order.
I'm pleased to say we have a quiet agenda today, but a lot of really interesting and good substance to discuss.

Before we begin, we will please all rise and say the Pledge of Allegiance.

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

CHAIRPERSON NICHOLS: Thank you.
The Clerk will please call the roll.
BOARD CLERK MORENCY: Dr. Balmes?
Ms. Berg?
BOARD MEMBER BERG: Here.
BOARD CLERK MORENCY: Ms. D'Adamo?
BOARD MEMBER D'ADAMO: Here.
BOARD CLERK MORENCY: Ms. Kennard?
Mayor Loveridge?
Mrs. Riordan?
BOARD MEMBER RIORDAN: Here.
BOARD CLERK MORENCY: Supervisor Roberts?
BOARD MEMBER ROBERTS: Here.
BOARD CLERK MORENCY: Professor Sperling?
BOARD MEMBER SPERLING: Here.
BOARD CLERK MORENCY: Dr. Telles?
Supervisor Yeager?
BOARD MEMBER YEAGER: Here.
BOARD CLERK MORENCY: Chairman Nichols?
CHAIRPERSON NICHOLS: Here.
BOARD CLERK MORENCY: Madam Chairman, we have a quorum.
CHAIRPERSON NICHOLS: Thank you very much.
Dr. Balmes was particularly sorry not to be able to be here, but he is at a research conference. I believe it's in Chicago. He's out of the state.
We got word from Dr. Telles yesterday that his schedule as a physician prevented him from being with us today.
And I know that Mayor Loveridge is planning to join us later this morning.
So we do have a quorum and more than a quorum for this very interesting meeting.
But before we begin, I have a couple of announcements that I want to make. Anyone who wants to testify, if you are not familiar with our procedures, should sign up with the staff out in the lobby outside the auditorium. And we request, but you're not required, to put your name on the speaker card. We're planning on
observing our three-minute time limit as usual today.
Although, given the rather relaxed schedule we're on, we
may allow a little bit of indulgence in that area.
I also have a great pleasure and privilege this
morning of recognizing one of our own Board members for an
accomplishment, which she probably wishes we weren't going
to mention the number of. But we have a Board member
who's actually served the State of California as a member
of the Air Resources Board for 20 years. And this is her
20th anniversary of her having originally been appointed
to the Air Resources Board. And so being a State agency,
we don't have anything exciting like gold watches or
anything like that, but we do have Resolutions. And we
very much wanted to honor this occasion. So I'd like to
actually read this Resolution, and then I'll present the
official version of it.

The resolution is as follows. And it's
Resolution 11-1, because it's our first Resolution of the
year 2011.

"Whereas, on the occasion of February, 8th, 2011,
Mrs. Barbara Riordan reached an unprecedented
accomplishment of serving 20 consecutive years on the
California Air Resources Board.

"Whereas, during this tenure, Mrs. Riordan served
with unequal commitment to improving air quality for the
citizens of California, while faithfully representing her constituents in the San Bernardino region.

"Whereas, Mrs. Riordan has effectively represented the interests of small and mid-sized Air Pollution Control and Air Quality Management Districts within California.

"Whereas, Mrs. Riordan has served four Governors, seven Board Chairmen, and with 35 Board members and four Executive Officers" -- wearing them all out -- "providing sound and well respected advise and counsel to all.

"Whereas, Mrs. Riordan has also been appointed as an interim or Acting Chairman of the Board three times, each time ensuring that the Board's commitment to clean air and a healthy economy continued uninterrupted.

"Whereas, air quality over the last 20 years has improved dramatically in all areas of California.

"Whereas, the Board's programs are often emulated worldwide, resulting in improved public health and higher focus paid to such issues an environmental justice and land issues.

"And whereas, Mrs. Riordan has earned the respect of her peers and the broad range of stakeholders that interact with the Board through her calm and graceful manner, her common sense approach to improving air quality while considering the impacts on the economy on the State,
and her unparalleled ability to empathize and communicate with affected businesses and individuals.

"Therefore, be it resolved, Mrs. Riordan's fellow Board members provide a heartfelt thank you to Mrs. Riordan for her years of exemplary service and long-standing commitment to improving air quality for the people of the great state of California, presented" -- et cetera.

And this Resolution is endorsed unanimously by all of my fellow Board members. So thank you very much.

(Applause)

BOARD MEMBER RIORDAN: Thank you. That's very kind of you.

And I had hoped to say under the radar and not have to recognize the number of years, only because I'm a lady and we never like to acknowledge our age.

Just to let you know, there are two Chairmen seated in the audience. They still hopefully speak to me; Bob Sawyer and John Dunlap. Hopefully -- Chairman Nichols, I didn't go through so many Chairmen by choice.

It was more of a happenstance.

But I just want to say how much I appreciate the fact that I have been able to serve all these years and to have had a staff that is totally outstanding. And I think those of us who serve on this Board really need to say
thank you to the staff that really do the work for us. We sometimes get the recognition, but we really need to recognize them.

So I'm very happy to accept this. Don't want to recognize all those years, but do want to say thank you to the staff and to my many Board members. And we've had some wonderful years, some wonderful Board members. Some of them have been real characters. Those have all been in the past. Not today. Not today. But many in the past have been wonderful characters that I thoroughly enjoyed serving with. So thank you.

CHAIRPERSON NICHOLS: You're very welcome.

And speaking of the staff, I do also have for you another plaque. This one comes from our staff and it's beautifully prepared. And it recognizes you for reducing 640,000 tons per year of air pollution. So take that.

(Applause)

BOARD MEMBER RIORDAN: Thank you. Well, that's just a credit to them, too. That's a lot of pollution. So when anybody asks me what I've been doing for the last 20 years, I can point to this. Thank you.

CHAIRPERSON NICHOLS: Point to your plaque.

And then last, but definitely not least, I believe we also have a presentation from CAPCOA, who would also like to speak.
MR. KOYAMA: Good morning. Thank you very much.
I'm Ken Koyamo. I'm the new Executive Director of CAPCOA.
We earlier this month passed a resolution also for Barbara Riordan. I'd like to read it, if I may. A Resolution from the California Air Pollution Control Officers Association.

"Whereas, Barbara Riordan was appointed to the California Air Resources Board by Governor Pete Wilson in 1991 and re-appointed by Governor Arnold Schwarzenegger in 2004;

"And whereas, Barbara Riordan has worked tirelessly to implement ARB's mission of promoting and protecting public health and welfare;

"And whereas, Barbara Riordan has served as a member of the Board for the California Air Resources Board for 20 years, and in doing so, represents the longest consecutive appointment tenure in the history of the Air Resources Board;

"And whereas, Barbara Riordan has been a prominent proponent of the reduction of statewide mobile source emissions for countless numbers of ARB regulations over the years to reduce such emissions and improve air quality throughout the state;

"And whereas, the CAPCOA Board of Directors wishes to honor Barbara Riordan for her longstanding
contributions to improved air quality resulting in more healthful air quality conditions for tens of millions of Californians.

"Now, therefore be it resolved, that the California Air Pollution Control Officers Association hereby recognizes Barbara Riordan for her distinguished 20 years of service to the ARB and her leadership, dedication, and commitment to the cause of clean air in California and expresses the Association's appreciation through this resolution adopted February 11th, 2011."

Signed Thomas Christofk, president of CAPCOA.

BOARD MEMBER RIORDAN: Thank you very much.

(Appause)

CHAIRPERSON NICHOLS: Barbara and I have a little rivalry of statistics going on here. I haven't served as long as Barbara has on the ARB, but I have been appointed three times and twice by the same Governors. And Supervisor Roberts here has a little bit of statistical distinction, too.

BOARD MEMBER ROBERTS: Earlier this morning, completely unrelated to this, Barbara and I were talking. And she just casually threw out a reference to 2020. And when she said it, I was thinking, there's not many people around who would even know what she's talking about. We're not talking about the TV show. But it was the old
building that we were in many years ago. And she was
wondering if it was still unrented. And maybe somebody
knows that.

But I think because of her attempts to train me
over 16 years and maybe her longest reigning project on
the Air Board, I would say that with affection and
respect, because the work she's done -- especially when
she's weighed in on an interim basis on those periods
where we didn't have someone with experience to Chair the
Board, she deserves a lot of credit and recognition.

BOARD MEMBER RIORDAN: Thank you.

BOARD MEMBER ROBERTS: Of course, as a County
Supervisor for many of those years, I'm always
appreciative that you've done the work.

CHAIRPERSON NICHOLS: Whenever I hear about
people -- thank you. I agree with you.

Whenever I hear about people who are making a
career and a fortune in crisis management, I think about
people like Barbara who's done it for years without making
any extra pay as a result of doing it either. Really
remarkable service.

BOARD MEMBER RIORDAN: Thank you.

CHAIRPERSON NICHOLS: Okay. Well, we do actually
have a Board meeting today. I just wanted to say a word
about the schedule. We are going to take a break sometime
around the noon hour and have an executive session today. And we intend to be done by 2:00 because there is an Executive Officer hearing taking place in this room at 2:00; is that correct?

EXECUTIVE OFFICER GOLDSTENE: That's correct.
CHAIRPERSON NICHOLS: If it started late, it wouldn't be the end of the world.
EXECUTIVE OFFICER GOLDSTENE: Just can't start before that.
CHAIRPERSON NICHOLS: So that is the plan. Okay.

So the first item before us this morning is a joint meeting with the members of our Research Screening Committee, and we're very pleased that we've been able to welcome some of the members of that Committee to our meeting.

ARB's Research Program has been an integral part of our mission from the very beginning. And the research that we, ourselves, have sponsored, although it's only a part of the scientific basis for our programs, has provided some very key information that has been integrated into our work.

Today's meeting is an opportunity for the Board to engage with the Screening Committee in a discussion about our priorities and themes for the future. Our research interests are shared by many other state, local,
and federal organizations. And in fact, the reason why Dr. Balmes is not with us today is because he's attending a U.S. EPA workshop on multi-pollutant risk assessment, which is an issue that has been very close to his own personal research agenda and is of great interest to the Board as well since we're well aware of the fact that people don't breathe one pollutant at a time and yet our tools for regulating air are very focused on individual pollutants.

The kind of opportunity that Dr. Balmes is engaged in today is critical to our efforts at the state level, because it enables us to leverage our very limited research funds through influencing the research priorities of other agencies and institutions. So I wanted to extend my thanks to all of the members of the Research Screening Committee and a special thanks to those who have been able to travel here today to participate in the discussion.

I'm aware of the fact that the members of this Committee spend many hours reviewing research proposals and draft reports, and their input makes a critical difference in the selection of projects and in the quality of the final products of our research.

So I'm going to ask James Goldstene to present this item, and then we'll turn to a discussion.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
Each year, the Board approves an annual research plan which reflects priorities and ARB's multi year strategic plan for research. We last updated the strategic plan for research in 2003.

Today's presentation will start with an overview of key research areas and findings from the 2003 plan. Then staff will suggest some topics for Board discussion, but we also expect the Board and RSC members to have additional ideas. To prepare for today's meeting, staff consulted with Dr. Balmes and Professor Sperling who helped us get this started.

After the staff presentation, we'll open the discussion to the Research Screening Committee and members of the Board. We are honored to have four members of the Committee with us here today. I'd like to recognize each of them. First, Dr. Chung Liu from the South Coast Air Quality Management District, who's an expert in air quality modeling and technology advancement. Next is Professor Rachel Morello-Frosch from the University of California at Berkeley who is an expert on environmental health and environmental justice. We also have Professor Suzanne Paulson from UCLA who is an expert in atmospheric chemistry, and Professor Tracy Thatcher from CalPoly San Luis Obispo, who is an expert in indoor air pollution.
Although not all Committee members could be with us today, a conference call several weeks ago allowed them to contribute ideas which are reflected in the staff presentation. The Chairman of the Research Screening Committee, Professor Harold Cota from CalPoly San Luis Obispo was planning to be here but was unable to attend at the last minute. However, he has provided a letter which each of you have in front of you.

Dr. Susan Fischer of the Research Division will now continue the staff presentation. Dr. Fischer.

(Thereupon an overhead presentation was presented as follows.)

DR. FISCHER: Good morning, Chairman Nichols and members of the Board.

We're delighted to meet jointly with the Board and the Research Screening Committee regarding strategic use of ARB's modest but influential research program to support the Board's decision making and implementation.

--o0o--

DR. FISCHER: To set the stage for this morning's discussion, I'll present an overview of our previous strategic research plan, followed by some topics to consider as we move forward. The results of today's meeting will be used to update our strategic plan and will guide the development process for the next annual research
DR. FISCHER: I'll begin with an overview of the previous strategic plan, which was originally developed in 2000 and then updated in 2003, serving as a road map for the past ten years of ARB funded research.

DR. FISCHER: The previous strategic plan identified four broad regulatory priorities as drivers of ARB's research program:

First, getting a better understanding of PM exposures, health risks and emission reduction strategies;

Secondly, characterizing and reducing community air pollution exposures;

Thirdly, investigating how global transport of air pollution and climate change affect California's air quality;

And fourth, promoting advancement and acceptance of clean technologies.

DR. FISCHER: In 1998, U.S. EPA established the first PM2.5 standards in the world. Research results that support protecting California's public health from particulate matter air pollution include: Studies that helped establish the biological mechanisms explaining
PM2.5 related premature deaths and contributed to new health-protective air quality standards.

ARB also funded studies that offer technical support for attaining strict PM2.5 standards, as well as emissions estimates to support goods movement and diesel control plans.

Currently, ARB is working with research partners to identify the most toxic species of PM2.5 so that we can cost effectively protect public health by targeting the most critical sources for emissions reductions. ARB is also engaged in research to verify the effectiveness of diesel emissions controls.

--o0o--

DR. FISCHER: Recognize the goal of reducing exposures to communities near sources of pollution, our research included studies to evaluate the impact of traffic on air pollution exposures and support land use guidance. We've also conducted research to clarify the impacts of air pollution on vulnerable populations such as children, the elderly, and those with low socioeconomic status, who often are exposed to multiple sources. And we've investigated indoor exposures and sources. This indoor air research found high exposures to formaldehyde and ozone, prompting health protecting regulations of composite wood products and air cleaners.
Continuing research to support the understanding and mitigation of community air pollution exposures includes assessment of how neighborhood risks from toxic air pollutants vary in space and time, as well as studies of how ultra fine particles, semi volatile compounds and indoor air chemistry affect Californians exposures to air pollution. These activities support our public health goals and also our commitment to consider environmental justice implications of air pollution exposures.

--o0o--

DR. FISCHER: Our year 2000 strategic research plan focused global air pollution research on the impact of air pollutant transport across the Pacific. In response to the signing of AB 1493 in 2002, ARB revised its strategic plan to include research related to climate change.

With the signing of AB 32 in 2006, ARB's research portfolio farther expanded. Research accomplishments under the previous strategic plan include quantification of impacts of Asia dust on PM2.5 in California. Also, field collaborations with NASA and NOAA gave ARB access to aircraft that collected data over the Pacific to inform boundary conditions for modeling.

Multiple research projects provide a direct regulatory support and economic analysis for the AB 1493
greenhouse gas regulations and AB 32 emissions reduction measures, such as several refrigerant rules.

Several research projects projected future heat waves and air pollution episodes for Climate Action Team reports. Ongoing research related to global air pollution issues and climate change include efforts to verify emissions reductions through mobile monitoring, networks of ambient monitors, and sophisticated modeling. To help inform the integration of climate and criteria air pollution control, ARB's highly leveraged collaboration with NOAA, the Cal NEXT 2010 field study has enabled investigation of the impact of air quality and climate change on each other. This research enables more effective planning efforts.

--o0o--

DR. FISCHER: Another key issue identified in the last strategic plan is promoting clean technology to enable low and zero emissions transportation and energy systems. ARB's contributions in this area include supporting demonstrations of efforts that led to commercialization of more than ten clean technologies, including airport ground support equipment, control of boiler NOx emissions, and an electrically re-generated diesel PM filter.

Ongoing State programs to promote clean air
technology include the Carl Moyer program, which offers grants to help Californians finance heavy duty-vehicles that are cleaner than required. Public interest energy research supports energy services that are environmentally sound, reliable, and affordable. And AB 118 directs the State to invest in renewable fuels and vehicle technologies that are aligned with clean air and greenhouse gas emissions reductions.

--o0o--

DR. FISCHER: Now I'd like to introduce some of the ideas for future research areas that have been generated from discussion with the Board members, the Research Screening Committee, and staff from multiple divisions in ARB.

--o0o--

DR. FISCHER: ARB's regulatory responsibilities are continuing to evolve. As we move forward to meet these challenges, over the next five to ten years, some issues that will face the Board include: Integrating control programs so that we can meet both air quality and climate change goals, meeting long-term climate change goals, protecting human health by continuing to reduce air pollution exposures, evaluating the benefits of air pollution rules, and enhancing economic analyses.

--o0o--
DR. FISCHER: As we enter the next phase of strategic planning, it will be important to integrate our programs. In compliance with the Clean Air Act, the Board has historically addressed exposure to criteria pollutants one pollutant at a time. But since people are exposed to a mixture of pollutants, we will benefit by expanding health assessments to consider the effects of exposures to multiple pollutants.

Controlling criteria pollutants as well as greenhouse gas emissions will require an integrated view of energy policy, land use, and transportation planning.

We must also work closely with the federal, State, and local governments to integrate criteria and climate control strategies. These partnerships allow ARB to leverage and enhance available resources and maximize efforts. ARB's research program can help form the foundation for effective policy decisions by filling critical gaps in the assessment of multi-pollutant exposures, identifying co-benefits of emissions reduction strategies, and supporting development of comprehensive strategies to put us on the path towards clean air in communities at the regional level and globally.

--o0o--

DR. FISCHER: While many programs are already in place to help us reach the 2020 greenhouse gas emissions
reductions goals, the State has a longer term goal of 80 percent emissions reductions by 2050. A strong program of federal climate change research focuses on national-level impacts and policies. However, potential cut-backs to national research programs may impede these efforts. California climate policy is moving quickly, and ARB needs to ensure that no matter what happens at the national level in the near term, we have the tools to meet our targets through options that work for the State. We need to confirm that mitigation strategies are working through verification programs.

At the same time, we need to ensure that there are options to cost effectively meet our long-term goals by focusing on research into emerging low-carbon energy technology and its viabilities in the State and in coordination with other agencies. ARB will also build on our history of encouraging cleaner fuels by researching advanced fuel technology.

Behavioral strategies will also play a crucial role in long-term climate efforts. Understanding climate behavior can help to ensure the success of technology-based mitigation strategies. Understanding behavior can also play a role in mitigation strategies involving the way we use energy, choose our housing, and travel. California's climate is already changing, so...
strategies to mitigate change through sustainable community design may benefit from tools that incorporate adaptation needs.

---o0o---

DR. FISCHER: A strong body of scientific research supported by universities, federal programs, and other funding agencies has established links between criteria air pollution and adverse health effects. Questions remain to be answered regarding, for example, mechanisms of ozone associated premature mortality and risks from low level exposures to hazardous air pollutants. Areas that warrant attention from the State's air pollution research program include: Quantifying regional, local, and indoor exposures and links between them; clarifying the role of ultra fine PM on exposures in the state; identifying which pollutants are the most health damaging and which sources should be targeted for cost-effective control.

---o0o---

DR. FISCHER: As we work to attain increasingly stringent air quality standards, some of which require costly controls, it is imperative to systematically evaluate how well rules are working to protect public health. Several field studies in recent years confirm benefits of ARB rules, including studies showing that near
roadway exposures are being reduced near ports of Los Angeles and Long Beach due to drayage truck and port rules.

ARB has also worked on tunnel studies confirming that emissions control efforts are, in fact, reducing vehicle emission in the state.

In the coming years, we'll need to continue tracking our progress and developing new cost-effective tools to measure results of our rules. Much of this work will be done through in-house research. For example, we'll develop improved technologies for ambient and near-source monitoring, modeling tools to inventory previously unrecognized sources, and better understandings of the vehicle exhaust from newer technologies and fuels.

In addition to the direct benefits of our rules, we need to identify and account for co-benefits. ARB-funded research recently demonstrated such ancillary benefits by demonstrating that diesel emissions controls are reducing regional climate warming from black carbon.

--o0o--

DR. FISCHER: Another one of our priorities in the coming years is to ensure that we are using state-of-the-science methods in our economic analyses. One way we intend to accomplish this is with our new ARB economics fellowship program. Starting this summer, we
will have an outside academic expert serving as an in-house advisor for a two-year period. By the end of that time, we expect to have strengthened our ties with the academic community and incorporated the emerging thinking on economic analysis.

There are three general areas where we would like the fellow to focus their attention. The first is looking for ways to improve our assessment of the economic impact of ARB's proposed rules on individual businesses.

The second is developing approaches for conducting sensitivity analyses to provide a wider range of information on the impacts of the economic cycles.

And the third is to work with the broader academic community to access whether there are any new economic analysis tools that could be used to support rule assessment. This will include looking for ways to broaden our analysis to include co-benefits and other potential outcomes associated with proposed regulations.

--o0o--

DR. FISCHER: ARB is proud of its 40-year legacy of research, but we must continue to strengthen our process and get the most return from our very limited research funds.

--o0o--

DR. FISCHER: ARB has a small budget of only
about five million to seven million per year to cover research ranging from emissions controls, atmospheric science, health and exposure, and climate change.

Accordingly, ARB must focus its funds on areas with direct implications for protecting California's public health and continue to ensure that our research portfolio is substantially leveraged.

Over the past ten years, we have Secured roughly three dollars in external leveraging per dollar spent by the State. Leveraged funds include direct co-funding, in-kind resources, and access to facilitates, equipment, and data sets.

In addition to leveraging resources, returns on our research funds have been enhanced when they serve as seed money to initiate larger efforts. For example, the National Institute of Health now funds the Children's Health Study, which was originally funded by ARB.

ARB's Research Program, with its unique statutory responsibility to conduct air pollution research, has benefited from the lowest overhead rates available with California's universities. This low overhead ensures that our funds are used for actual research rather than administration, and it has been key to ARB's achievements. ARB, the Department of General Services, and public university representatives are currently negotiating
whether ARB will continue to receive these low overhead
dates for its air pollution research.

--o0o--

DR. FISCHER: ARB's Research Program provides the
scientific basis for many of the Board's activities, but
also has a number of valuable co-benefits. The vast
majority of ARB's research funding goes to support
researchers and graduate students at California
universities. Many of these individuals become nationally
and internationally recognized experts in the field of air
quality, going on to serve in leading positions in
academia, government, and industry.

Also, ARB's Research Program has supported the
development of a number of new scientific instruments and
methods that have allowed us to better understand sources
of air pollution and how to control them most cost
effectively.

The combination of scientific expertise and
technological development fostered by ARB's research
funding has enabled the growth of many California
companies involved in air pollution control and clean
technology.

--o0o--

DR. FISCHER: Given the breadth of ARB's
regulatory responsibilities and the very limited funding
for its research program, it is important that the Research Program's influence extends beyond research that it can directly fund. We've already discussed several ideas internally as well as with the Board and the Research Screening Committee.

One key strategy will be improving accessibility of our research results to audiences that include researchers, regulators, and the lay public.

We would also like to build stronger partnerships with air districts. Since many funding institutions and researchers would like to address policy relevant questions, it is essential that we communicate our priorities to other funding institutions. We must continue to pursue research partnerships, such as those exemplified by our Cal NEXT 2010 collaboration with and NOAA, and we will continue to target niche gaps that are critical to the State through dialog with external experts whose larger research portfolios address many but not all of the questions facing the Board.

--o0o--

DR. FISCHER: This summer, we'll bring the fiscal year 2011-2012 Research Plan to the Board. The projects proposed by that plan will incorporate your comments today, and the overall portfolio will be guided by our ongoing strategic planning discussions.
We would now like to turn the discussion over to the Board and the RSC.

CHAIRPERSON NICHOLS: Thank you. Thanks for framing the discussion that way. It's very timely.

I was actually surprised to learn that the strategic plan, which seemed to me to be fairly recent, was actually adopted in 2003. And even though I realize people have looked at it since than and there have been some tweaks made, I think it's very appropriate that we are undertaking a serious effort to now really reshape it in light of many changes that have occurred, probably the most significant one being, of course, the Board's new responsibilities in the area of climate change.

But that also opens up both opportunities and challenges to us in adding to the integration and partnerships all of those agencies that are funding research on climate change, which is a field that's way beyond anything we can take on financially or even in terms of keeping up with all of the work that's going on in that field. But it does become important for us to at least see where we can contribute and also to be in a position the better evaluate we've going on in that area.

I would invite any of the Board members who have any questions or thoughts along these lines to jump into the discussion at this point. I wanted to have this
presentation today, both because it's the first time we've
had a bit of a lull in our agenda to be able to kind of
step back and devote some time to just thinking and
planning for the next few years.

But also I guess it's timely in the sense that
within a new administration there's going to be some
re-thinking about priorities and agendas and so forth.
When Governor Brown was running for the office of
Governor, he made some strong statements about his support
for the universities and for research in the university.
He's obviously facing some very serious budget constraints
right now, and there's going to be challenges keeping his
attention focused on the budget for months to come. But
the more we can do to kind of focus and clarify our input
on what we need and why we need it I think the better off
we will be in that process.

So I'll start down at this end with Professor
Sperling.

BOARD MEMBER SPERLING: I think the staff did a
very good job of identifying a lot of the issues and
priorities and how to think about going forward.

And I have lots more ideas and maybe depending on
how our discussion goes, I'll contribute.

I think the first thing I'd like to say is add a
little more depth to -- a little more context to how ARB
has changed and its responsibilities and what that means for research. When ARB got started decades ago, even before Mary and even before our Chairwoman and our 20 year Board member, you know, the focus really was very different from what it is now. It was much more focused on very specific regulatory actions. It tended to be much more prescriptive than we do now, much more technology fixes. And we've evolved over time in many ways. So now our purview is much expanded with climate change, which requires a much more -- in a way, really a much more sophisticated approach. We need -- the agency already is evolving towards more flexibility, more use of market instruments, more looking at multiple pollutant affects, looking at spacial impacts in terms of the effects on different local communities. So there's so many changes that have taken place and -- even in the last ten years. Even since 2003.

So as we think about going forward, given our limited resources, given the evolution of the Clean Air Act, or changes that are likely to be happening, and given how important California is in terms of the national discussion about the Clean Air Act, there's so much going on here and so little money.

So I think it really does require us to be -- think really hard about exactly what are our criteria
about how we want to spend our money, what our needs really are.

One of the things I've learned coming from academia to the Air Board here is that in many ways scientists and academicians really don't have a good feel for what the needs are of an agency like ARB. And ARB doesn't have a good feel for how the academic culture. And there is this chasm. And a part of that that's most important is understanding how do you design and support regulatory initiatives and developing the models, the data to really support how ARB can move ahead in the most effective way. We really have struggled -- SB 375 we struggled with. Even of our vehicle standards, which we've been working on for years.

So this kind of a general thought. But I think it would be useful to take a lot of those ideas that the staff just presented and really sharpen them up. Come up with very sharp criteria about what exactly are our criteria that we're going to use in designing our research agenda and evaluating projects. And what are we -- and the tail end of it is, as was mentioned, doing a better job of marketing it and disseminating it, which would be important for the research, important for ARB, important for environmental research generally.

So those are general ideas. We can get to the
specific ones later.

CHAIRPERSON NICHOLS: Maybe just to follow-up a little bit on your point. I know that within the university -- within your university, there are multi disciplinary research entities that get together and try to plan their own future agendas. And one of the things they ask for often is our input into what they should be doing. I guess just to raise a question is is there some more effective way that we could be integrating information across a number of different entities and disciplines to help us think more strategically as you suggest?

Obviously -- I shouldn't say obviously. I should say, one of the things I learned during my time in academia is just how incredibly competitive the process of getting research funding is. So anybody who thinks that, you know, professors just sit there and grants roll in and they get to work on whatever they feel like has never spent any time around a university where particularly in the sciences -- but I presume it's true in other areas as well -- the top researchers have to devote a very large amount of their time to actually putting together and getting the funds to do the work we're talking about. So here comes ARB with a small amount of funds, but a large need. Is there some way that we could better take
advantage, if you will, of the fact that it is a very competitive world out there?

BOARD MEMBER SPERLING: You know, one little thought on that is I think more interaction -- and maybe the Research Committee will have some thoughts on this. But my experience is that I'm -- given my experience here in Sacramento, I'm able to go back to the university and talk to researchers and explain to them how they could tweak their research a little bit in a way that can be much more useful and productive. Part of it is just them understanding what our priorities are. And maybe part of this is just putting a little more effort into having James or John Balmes or myself and others actually go out and talk more at the different universities.

Because I think we can -- researchers love -- they want to do research that has an impact. We have the great advantage here is that what we do is very compelling to them. And so maybe part of this might be just more actual physical interaction and communication in the universities. But maybe some of the Research Committee members might have some thoughts.

CHAIRPERSON NICHOLS: I would invite any of you to respond to that.

I'll call on my friend and colleague Suzanne Paulson, since she's sitting right in front of me.
DR. PAULSON: I think that I guess it would be great if you guys could come and make presentations and so on. But I think that that communication could be done effectively in writing as well or with websites and so on. I've only been on the RSC a couple of years. I think it's fair to say I don't have a clear idea of what your research agenda is and I've been trying to triangulate in my experience as a new RSC member. There is a little bit of guidance in the research call that goes out every year, but it's quite vague. And, you know, this does have some advantages, because it draws a lot of very novel ideas. And if you're more prescriptive, you won't get as broad a collection of sometimes very good ideas and maybe not take advantage of the very wide range of knowledge that's available in the academic community as well as you have in the past. But I think that working on communicating better your priorities would serve pretty well and probably can be done in written form.

BOARD MEMBER SPERLING: If we can figure them out.

CHAIRPERSON NICHOLS: Other thoughts on this general line of whether there is a better way for us as a Board to be communicating our priorities to the academic community?
DR. LIU: I think it will help definitely some
direct communications at the University levels. And
particularly most of the funding from the ARB research
divisions does go to the university systems.

On the other side of the equation, ARB, given
small research resource available, I think it's probably
around five to six million actually dollar -- but ARB does
have a heavy mandate and has a lot of interest in research
projects outside ARB.

So I really encourage the Board, staff, and
Research Division really heavily involved in the
participation, coordination, and even try to inference the
other research at the national level, at the EPA, DOE
national labs, and some of the research organizations. I
think ARB really do need to really get in more like the
National Institute of Health and CRC. Those organizations
have done marvelous research work and we really can take
advantage. When I say ARB has a mandate and people
listen. So you can really have a heavy influence way
beyond this five, six million dollars.

CHAIRPERSON NICHOLS: So being able to free up
some of our staff who have the appropriate expertise and
training to participate in some of these efforts as well
as tapping into the Board members who are able to
participate would be a good way to expand our reach there
Okay. Other Board members have any questions or comments at this point about where we go from here?

Ms. Berg.

BOARD MEMBER BERG: I would just like to echo what the conversation -- the direction of the conversation. And also looking at the first 40 years has really been about the low hanging fruit and going up the tree. And I see that the struggle that we have now is the solutions that we have in front of it are: A, not inexpensive. So they're very expensive. And B, they effect a wide range of the population. And so we're going to get some backlash on that.

So in looking at our research, I was thrilled to see that we were looking at some behavioral areas and also some economic impact. And I would encourage that on the economic impact that we bifurcate and look at impact on existing populations or stakeholders as well as economic impact on creating new green jobs and so forth and that we are able to communicate that.

I think what we've learned over the last couple of years both with AB 32 and some of the diesel rules is that lumping all the impact study under one umbrella made people feel like: A, they weren't being listened to and it had a great impact on them.
So I think as we're going forward, some of the research would be well served if we could keep in mind that the things that we are going to be looking at are not easy answers. And instead of putting one umbrella over it, to look at it from different avenues. And I think that also could be very helpful to us.

Great job today. Thanks.

CHAIRPERSON NICHOLS: Mayor Loveridge.

BOARD MEMBER LOVERIDGE: I was not here for much of the presentation. But just two quick comments.

One is the question of priorities. Almost the more you do, maybe the less you do. That is the question. If there really are important things that we need to know about that may be important to identify and commit our sums to that as opposed to a wide range. So that's probably been discussed many times before. But I think the issue of priorities and funding limited is a question.

The other just on the economic analysis, I came in as you were talking about an economic fellow. I was trying to understand what -- is that a senior --

CHAIRPERSON NICHOLS: It's a post-doctoral fellowship for actually someone who's recently received a doctorate, but who's moving into an academic career. And the idea that is the person will be based at the university, but will be working here a portion of the
time. And part of their responsibilities will be to help
link us to state-of-the-art research that is going on in
economics.

BOARD MEMBER LOVERIDGE: And how will that fellow
be chosen?

CHAIRPERSON NICHOLS: Somebody can explain in
more detail probably than I can how we've actually set
this thing up.

RESEARCH AND DEVELOPMENT BRANCH CHIEF HERNER:
This fellow is being recruited by the University of Santa
Barbara. And position is currently being advertised and
the interviews will begin at the end of March. The
initial interviews will be conducted by the University of
Santa Barbara staff, the PI. And then ARB senior
management will be involved in that interviewing and
decision making process because the individual will have
very close contact with the Chair and with the Board
members.

BOARD MEMBER LOVERIDGE: Nothing against
University of California Santa Barbara, but why Santa
Barbara as opposed to Davis or Riverside or some other
campus?

RESEARCH AND DEVELOPMENT BRANCH CHIEF HERNER:
Well, the U.C. Santa Barbara has a very strong economics
program. They have existing links with ARB, and one of
the priorities in establishing the ARB fellowship was to do this quickly, because we felt it was a priority. So we're taking advantage of our existing very strong linkages with U.C. Santa Barbara to expedite that process.

CHAIRPERSON NICHOLS: But I believe they are disseminating this opportunity and trying to recruit candidates from throughout the system.

RESEARCH AND DEVELOPMENT BRANCH CHIEF HERNER: That's correct. This is not a recruiting simply Santa Barbara graduates. This position is being advertised in economic journals on a widespread basis. And so in theory, the applicant could be coming from anywhere in the country. And we're very much pushing and advocating for a high quality, high caliber candidate to take this position.

CHAIRPERSON NICHOLS: I think starting a couple of years ago, there was interest on the part of some Legislatures. And I think if there were more money around, we might have gotten further with this in actually creating a position for a chief economist at the ARB because of the heavy pressure and questioning all the time about the effects of what we do. And as the Board members heard many times over the course of last couple of years, we have some excellent staff and very well trained people who are also in communication with academic experts who
are thinking about the latest ways of evaluating the kind
of work that we do on the economy, pro and con, because it
does become very adversarial at times, as several people
pointed out. And that never really came to fruition. But
this seemed to be something that we could do internally to
identify a position for a post-doctoral fellowship.
Fortunately, those aren't quite so expensive. And the
idea was that if somebody came for two years, that would
be enough for them to make a real contribution here and
also would enable us to begin to establish a cadre of
people in the economics profession who know more about how
we think and what we need and what we do to help bridge
that gap that Professor Sperling was talking about, where
people in academia oftentimes don't understand how
government approaches issues like pollution and what we
can do about it.

So anyway, it's an experiment.

BOARD MEMBER LOVERIDGE: The only other caution,
it seems to me, it would be helpful from California
itself, one of the universities, to have somebody from
maybe another state to. Doesn't seem to match what our
needs are and attempt to tie back into existing state
research.

CHAIRPERSON NICHOLS: Well, fortunately or
unfortunately, California is an expensive enough place to
live and work, and the salary that we're offering is low enough. So I don't think we're likely to attract candidates from far away who would have to move here just to take this.

But you don't know, because certainly since the advent of AB 32, we've seen a real surge in interest in graduates and experts from all over the world wanting to come and work with us on some of these issues. And it's going to probably be continuing at least for the next couple of years in the absence of a strong federal climate program as well anyway. That's helped us I guess in some respects.

Mrs. Riordan.

BOARD MEMBER RIORDAN: Yes, I'm very excited about this economic analysis and how we move forward. I think that's going to be a real benefit for me as a Board member.

When we were discussing opportunities, it occurred to me to partner as we have in the past for research has been very helpful. And I'm looking at Chung Liu and thinking with South Coast on occasion and hopefully we can continue to do that. I don't know what your budget is now for research. At South Coast at one time it was a very healthy budget. I don't know what's happened to it today.
But there are many opportunities to work with
people such as South Coast Air Quality District and there
may be many others. And we need to try to do that as best
we can.

And Chung, are you our liaison between the two,
ARB and South Coast?

DR. LIU: I'm here being a member of the Research
Screening Committee.

BOARD MEMBER RIORDAN: No, I know you are. But
this would be a subset of your official position today. I
mean, you must carry the message on occasion back about
what we're doing, and hopefully you're telling us what
South Coast is doing.

DR. LIU: We have a clean fuel funding, so we do
have some resource that can be used for mobile source
related, particularly the vehicle related projects. As a
matter of fact, a recent major study we're initiating is
to check the emission in the real world, the so-called
in-use emissions from heavy-duty vehicles. The ARB staff
is helping us to select the contractors and consultants to
work on it and just received a letter that ARB is going to
send four staff to work on. Those kinds of efforts are
ongoing for many, many years and will keep on going.

And besides the South Coast, on the national
level, and Board has been engaged with NOAA and NASA. And
those organizations has heavy mandate also to looking to the atmosphere. And the study last year is tremendous success. So those kinds of efforts are ongoing. And for South Coast, we'd be more than glad to work with ARB on research project related to mobile sources.

CHAIRPERSON NICHOLS: Thank you.

Supervisor Yeager.

BOARD MEMBER YEAGER: Yes, thank you.

Just to put on my local government hat and maybe sort of some other issues to look at with the research, I know that cities and counties and even MPOs are continuing to struggle with SB 375 and the sustainable communities strategies. And I just want to make sure that we spend a little bit of time looking at how to help out cities trying to particularly measure many of the land use decisions that they're making. They, too, are totally understaffed. They aren't quite sure what they need to be doing. They certainly don't have any idea of how to measure what their actions are.

So I think that's very important to make sure we have contact with local government and find out what kind of research would be most useful for them. A lot of them are coming up with their strategies. But again they aren't quite sure of knowing what's going to be -- what's going to produce the type of results that they're looking
for.

Just some other issues, too, that are going on around local government. As we look at the air quality, particularly amongst in areas where there is a lot of freeways and a lot of industry, that is often the areas where land is cheaper and we can build more affordable housing. But the clash there is between the air quality and the housing. And I don't think local government has a good idea of how to measure that air quality. And so even though we're looking at more EIRs and certainly showing that these might not be optimal places to house people, if they're not in sort of the central areas where all of the freeways and the mass transit is, it's going to be hard to figure out where to place that housing.

The other thing too is to look at behavioral change. I think as we're looking at trying to have people move into the central city where there's more transit opportunities, it's still going to be difficult to get people out away from living into more suburban areas or trying to getting industry and companies to locate in urban areas rather than on the outskirts. So what do we need to do to sort of change behavior so we get the results that we want, so we have fewer miles traveled, that we really have that concentration in the urban core rather than again building outside of the urban areas, all
of which has to be done if we're going to meet the goals
of SB 375.

        But I can tell you that cities are really in the
dark. I think they'd want to try to comply, but they
aren't sure what they're going to do that's actually going
to be effective. So whatever ARB can provide them.

        I should say I think the same thing is true with
the air districts and with the MPOs. Again, they've set
the targets, but no one is quite sure how they're going to
achieve them. So any assistance that that you can give
them would be helpful.

        CHAIRPERSON NICHOLS: I think we're going to be
talking about this topic a little bit further this morning
actually when we get into the SCAG report. But it's fair
to say as I've been out and around in the last year or so,
this is a theme I've heard quite consistently. And we
have made some commitments at ARB to try to help leverage
funds to work on exactly the issues you're talking about.
There is more going on than maybe meets the eye at the
moment. But we have succeeded in getting some funding
directed from bond moneys that we don't control but that
exist to direct into this area at the MPO level to improve
the state-of-the-art of monitoring and modeling in
particular for impacts of changes in land use and
transportation on greenhouse gas emissions.
And we are all looking and appreciate everybody's help in finding pots of money and research programs that can be Leveraged in this area. So one of the ones that I've been working with, I'm on the Advisory Board for the PEER Program at the Energy Commission, which is funded with the money from rate payers of investor-owned utilities. And some of their funds we are hoping are going to be used for this purpose. And it's a large pot that's potentially available. So there is recognition of the need that you're talking about.

This is also an area that is Ms. D'Adamo has been interested in for a long time and how we get better messages out to local governments and land use agencies about the impacts of their decisions on air quality.

BOARD MEMBER D'ADAMO: Thank you. I couldn't agree with you more. I have seen the reports about increased funding, and I think it a terrific point -- Supervisor Yeager makes a good point. I'm seeing that everywhere I go in the valley.

All I could say, just to add to this, is that anything that can be done to make it very easy for municipalities, there is a whole area of actions that can be taken that are just very subjective. I just net with staff yesterday, and they were talking about making bus stops more pleasant so that people want to ride the bus.
Well, that's something that communities probably want to do anyway. But they can't really wrap their arms around when does that mean in terms of a reduction. So as you were talking about housing near freeways, very specific information that just makes it easier for communities to determine as they plan and grow what specific actions they can take where they can see a measurable result.

CHAIRPERSON NICHOLS: I'm also pleased to notice that we have an expert in indoor air quality serving on our Research Screening Committee, because the issue about where and how people get exposed to air pollution, the amount of time people are actually spending indoors versus outdoors and, you know, what, if anything, we can do about indoor air quality is one that is always kind of bubbling along just below the surface I think of the regulatory attention.

It's not an area -- other than in our effort that we undertook a couple years ago to get rid of the kind of indoor air purifiers that were actually making air worse for people -- we haven't had much activity in that area directly. But as people who are concerned about air quality, it definitely behooves us to pay attention to where the air is that people are breathing.

I don't know if, Dr. Thatcher, you want to comment at all about any of the work you've been doing
with the Committee, but it would be interesting.

DR. THATCHER: I really appreciate your interest in indoor air quality, and I think it's really important. And I think it dovetails to a lot of the things we're talking about.

It's hard to regulate indoor air quality because there is not really an authority, but a lot of the things that you do impact indoor air quality. And a lot of the things we're going to do for greenhouse gases, changing fuel types, wood burning stoves, a lot of the outdoor regulations also impact indoor air quality. And it's important to understand that connection between the two.

So I think there is a lot that can be done and that should be done. A lot of the behavioral issues we're talking about, a lot of the greenhouse gas things are going to be the lowest hanging fruit is implementing behavioral changes and understanding what the -- sort of what impedes those. And a lot of those end up being strong impacts on indoor air quality. And there may actually be some indoor air quality drivers that can help people go towards behavioral change when they understand that if they make changes in their fuel consumption and the way they run their house and things like that, not only is it good for the environment, it lowers their utility cost and can change their indoor environment and make it a much more
healthy place.

So I think there are a lot of places where indoor air quality can dovetail nicely into the regulatory framework and the things that we're trying to achieve. I try and include that or help the understanding of that as we work on processes.

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

I'm going to call on you, too, Dr. Morello-Frosch, to maybe add a few comments. I know your work -- we have had some interaction, and you've been involved with the ARB's work in the area of understanding impacts of some of our regulatory efforts on environmental justice and trying to create a better understanding on our part as well as the part of communities about how our work effects communities that are most impacted by air pollution. So maybe might just add a few words from your perspective about how things are going in that area as well.

DR. MORELLO-FROSCH: Yeah, I would love to dovetail a little bit on Supervisor Yeager's points about municipality total piece and local communities thinking about land use planning, transportation planning, because this is an area I think where impacted communities, particularly environmental justice communities, are really
working to engage on those issues. So I think any research that can kind of help inform the roll out of a lot of those policies where local communities and regions are trying to achieve climate change goals are going to be key to get community buy-in on those issues if we are going to impact those behavioral change goals we're seeking to promote and encourage.

So I think that research that promotes kind of interagency partnerships, whether it's the Energy Commission or the Department of Public Health or even partnerships with non-governmental organizations and research and policy think tanks that are really thinking about these local and regional community impacts and measuring sort of exposure reductions, potential health benefits, and their distributions, I think is also going to be very critical. And that this research plan is really -- some of these ideas that have been sketched out today in the presentation I think kind of promotes three basic issues: Improving the scientific rigor about how we assess both costs and benefits and doing a better job at assessing benefits and co-benefits and their distribution. Making sure that the research is relevant to what communities are doing with now, both municipalities and local communities and regions.

And then I would say the reach of the research;
how do we think a little more strategically about how we distribute the results of the research that we funded in innovative ways that are more accessible to diverse audiences. So I think there is some ways in which to do that dissemination strategy to reach broader audiences. It doesn't necessarily have to entail a huge cost because I know we're all under severe budget constraints.

CHAIRPERSON NICHOLS: I think that's great.

I would just add -- I know it was alluded to in the staff presentation, but I do think that particularly when we're talking about local governments and how to communicate effectively that bringing the air districts into that discussion could be very productive. I don't know if any other districts in the state have the kind of resources or well established research programs. I'm not as familiar with others outside of the South Coast. There may be. But South Coast certainly has a long established program. And if we can also help take advantage of their resources and their connections at the local level, particularly as we get more involved with SB 375 implementation, and are really trying to provide technical tools to the local governments to use in assessing their land use and transportation plans, I think that could be a very effective collaboration.

One more comment here.
BOARD MEMBER SPERLING: Perhaps let me offer a few cautionary notes. So I'm, of course, very enthusiastic about doing more and better research. But speaking on behalf of my research colleges, we have many, many ideas. We by nature -- it's a creative community. And let them loose, and they'll come up. They could spend billions of dollars on very useful research. But you know, it really -- so that's one cautionary note. The other cautionary note is that we have to be able to anticipate by the nature of this process priorities in five years from now. By the time you come up with your priorities and let the contracts and research is done and you get it back, you're talking four or five years. So that's a lot trickier. That's a lot harder. We can sit here and say, well, cities need this. Yes, today, that's what they need. What will they need in five years? And you know, that's a -- so I think we need to pay attention to that.

So I just had a few summary thoughts as I was listening to the discussion. And a lot of this -- it all repeats what was said, but I think synthesizes it. I think we need -- one point is we need to sharpen our criteria about what we really want to fund and need to fund, given our limited resources, in terms of regulatory needs, in terms of leveraging, in terms of the science
gaps, that's number one. What are those criteria? And be
more specific about it.

The other is to articulate much better what are
the science gaps as we're going into the future. What are
these regulatory needs that we are going to have in three,
four, five, eight years from now.

We also -- I think we need a better process for
getting advice as our agenda has broadened and the
questions have become more complex.

You know, the economic fellow is a good idea, but
I think we can probably figure out other ways of doing
that. Maybe we have specialized research advisory
committees in different areas that can help us that can be
relatively cheap. We have to figure out how to do all
this with relatively little money.

CHAIRPERSON NICHOLS: Cheap isn't good enough.

It has to be free.

BOARD MEMBER SPERLING: And with our new
Governor, we have to be even cheaper, right.

And then this idea of dissemination, I've been
talking with staff about it. And it's echoing what's been
said here. But in this modern day and age when the world
is awash in different kinds of information, we need to do
a much better job of disseminating our findings.

And one of the ways of doing that might be using
our research staff more as kind of research synthesizers
than as project managers so that they can take some of
this knowledge, like on multiple pollutants and their
effects or on the effects on cities and SB 375 co-benefits
and so on and synthesize it and be key parts of the
process of putting out white papers. You can use --
science writers are useful, but a lot of the research
staff are very good writers, and maybe they can play a
role in this.

But somehow I think we need to do a better job.
It's so important. If no one knows about it, no one reads
it, what good is it? And it's communicating those
research findings. Given the nature of the public
discourse on science generally and so many of the things
we're interested in has really degenerated, and perhaps
ARB can play a positive role in upgrading that discussion
a little bit.

CHAIRPERSON NICHOLS: Does anybody else have any
sort of concluding remarks?

I would want to perhaps add one thing to that
comment, because I agree in general with all you said.
And that is just to remind all of us that there is a lot
of work that goes on at ARB both internally and externally
funded through contract dollars that would qualify as
science or research that takes place throughout the
organization. And we're really only focusing on that one small part of it that is used for external peer reviewed academic research. And that is kind of the -- it's a separate pot of funding, and it's also a very special kind of program that we have. We're one of a small number of agencies in the State of California that has anything like this program, and it's something that we've nurtured through the years because it does provide us with a seed funding to participate in a much larger world of ideas and of longer term thinking than what we can do with our day-to-day regulatory programs and needs.

It is important for all of us to understand that this kind of research cannot be looked to to give you quick results. You cannot contract through research grants. You're not going to get a cookbook or a report on the time frame that you need it because it's just not going to happen that way. So what we're really doing with these dollars is investing in people and programs that will provide us over the years with the expertise and in some cases even the people.

So I appreciate your comment about better ways or other ways to get advice, and I totally agree with that. I would just say perhaps because it was my idea to begin with so I have to defend it, but the idea of the fellowship for an economist was really based on the fact
that there were so few people that we could find anywhere in economics departments or with Ph.D.s in economics who knew anything about our programs or had any interest in participating in some of the stuff that we were facing. So we'll see if it works. And I realize that it may not.

But I just do think it's important that we recognize that there is a much wider world of communications and interaction that we need to have with the science community and with the public at large than we can possibly do through this program. But I think it was useful to shine a light on the research program itself because it is a vulnerable program and one that we have to continually defend over the years as something that we need to keep going here to provide us.

I think it's, as Dr. Fischer's report mentioned, work that has been sponsored through this program over the years has played a big role in the reputation that we do enjoy internationally and for our efforts. So we want to maintain that if we possibly can.

If there are no further comments, I will thank the members of the Screening Committee for having taken the time to come and being willing to respond to our questions and appreciate very much your efforts and hope to see you again. Thank you very much.

We will move to some specific research proposals.
But I guess before I do that I should ask if there's any public comment on this item of the research report. Okay, seeing none, we'll move right into the consent calendar, which consists of 17 research proposals which were part of the 2010 to 2011 research plan that was approved last October. These projects were developed with the current program priorities in mind. And since we just concluded this discussion of the planning process, I would point out that several of these projects involve research themes that we intend to pursue going forward.

So I would ask the Clerk of the Board whether we have any witnesses who signed up to testify on this item? We did not.

If there are any Board members who want to remove any item from the consent calendar, then we would remove them from that. Otherwise, I would ask that we vote on the Resolution and approve them all as a whole.

BOARD MEMBER LOVERIDGE: So moved.
BOARD MEMBER RIORDAN: Second.
BOARD MEMBER SPERLING: I just need to recuse myself from -- there's a number of them that are U.C. Davis.

CHAIRPERSON NICHOLS: If you want to just note that for the record and make sure that the Clerk knows that you didn't vote on those items. So otherwise we can
have a motion to adopt Resolution Numbers 11-2 through
11-18.

BOARD MEMBER YEAGER: So moved.
CHAIRPERSON NICHOLS: All in favor please say aye.

(Ayes)
CHAIRPERSON NICHOLS: Any opposed?
Great. Thank you very much.
The next item is a report from our Executive
Officer on what he's going to be doing in 2011.
(Thereupon an overhead presentation was
presented as follows.)
EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
Nichols.

Today, I'm going to give an overview of the
activities planned for this year and the items we plan to
bring to the Board in 2011. This year's focus is
primarily on implementation of programs given the number
of significant rulemaking we've promulgated in the past
few years.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: This year's primary
focus is on implementation of rules to reduce emissions of
pollutants that form particulate matter and ozone toxic
air contaminants and emissions of greenhouse gases. We
have one major rulemaking this year, that's the advanced
clean cars, and several modifications to existing rules to
address various implementation issues.

I'll also touch on our activities in Washington,
D.C., and joint activities with our partners at CAPCOA and
talk about the 2011 Board calendar.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: Governor Brown is
emphasizing the need to develop's California's green
economy and new jobs and to provide for a clean energy
future. These priorities reinforce the need for the
programs we are implementing to reduce greenhouse gas
emissions and improve air quality statewide.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: I'll start the
discussion of program implementation with a list of
measures to reduce emissions of greenhouse gases. Key
program implementation areas include the renewable energy
standard, Low Carbon Fuel Standard, cap and trade,
refrigerant rules, and development of sustainable
community strategies under SB 375.

While SB 375 is being implemented by local
agencies and metropolitan planning organizations, ARB
staff will be reviewing the technical documentation
related to greenhouse gas targets set by the Board.
EXECUTIVE OFFICER GOLDSTENE: Implementation of the Federal Clean Air Act involves a number of programs in order to meet planning and regulatory requirements and to achieve air quality standards. This list of programs focuses on our efforts to reduce air pollution at the statewide, regional, and community levels. A variety of rules that have already been adopted are reducing emissions from goods movement statewide and near ports and rail yards. In addition, we have an initiative focusing on rail yards this year, and the 2010 on and off-road diesel rules are being implemented as well.

Enforcement of ARB regulations is always a core implementation activity to ensure that expected emission reductions are achieved. And, lastly, there are substantial information technology activities which underlie all of our programs.

EXECUTIVE OFFICER GOLDSTENE: I'll start the implementation discussion with our efforts to increase California's use of electricity generated from renewable sources. Currently, we are awaiting action on two bills going through the State Legislature, SB 23 and another part of the budget special session -- another bill included in the budget special session that would require
investor-owned utilities and publicly owned utilities to acquire at least 33 percent of their electricity from renewable energy sources by the end of 2020.

Meanwhile, staff is completing revisions to the renewable electricity standard as authorized in the Board's adoption of the rule last year.

As directed by the Board, staff will evaluate options to harmonize provisions of the proposed RES regulation with the California Public Utility Commission's Tradable Renewable Energy Credit Program.

The interagency coordination on these issues has been unprecedented and is being done through the Energy Principles Group, which is helping us to integrate our greenhouse gas efforts with California's energy policy.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: This year, the implementation of the Low Carbon Fuel Standard starts. Energy providers regulated under LCFS are now required to reduce the carbon intensity of the gasoline and diesel fuels. Throughout the year, staff will be performing technical analyses, developing new tools and methodologies to support the program, and participating on stakeholder work groups established by the Board.

In a parallel effort, the LCFS program review advisory panel held its first meeting here last week.
This panel will assist us on the formal review of the LCFS regulation. All of this work will feed into recommended regulatory amendments that will be brought to the Board later this year. We anticipate adding fuel pathways. In fact, today we're having our first Executive Officer hearing to consider several new fuel pathways -- and new land use change values, as well as other amendments to develop with the assistance of the Advisory Panel. We will also update the Board on our progress to develop and incorporate sustainability provisions.

---o0o---

EXECUTIVE OFFICER GOLDSTENE: As part of the work to finalize the cap and trade regulation and implement the program, ARB staff will begin to hold a series of workshops to discuss offsets, electricity, allocations, and compliance. Later this year, staff will provide an update on the allowance allocation system, the status and schedule for the market tracking and auction systems, and update on market oversight and readiness, a status report on offset protocols and supply, and information regarding the Western Climate Initiative overall.

While there is still a lot of work to be done before the cap and trade regulation takes effect, staff is up to the task as California continues to lead the nation in this area.
EXECUTIVE OFFICER GOLDSTENE: I'd also like to thank Kevin Kennedy, who is leaving the Office of Climate Change shortly for a new position as head of U.S. climate efforts at the World Resources Institute in Washington. I know I sent a memo to all of you. I don't know if Kevin is here.

(Applause)

EXECUTIVE OFFICER GOLDSTENE: He will be missed. But luckily, we work with WRI a lot, so we will see him quite a bit.

CHAIRPERSON NICHOLS: I consider them part of our staff, don't you?

EXECUTIVE OFFICER GOLDSTENE: I don't think he's actually being released. But he'll be in Washington, which is great.

Next slide.

EXECUTIVE OFFICER GOLDSTENE: Two other greenhouse gas regulations take effect this year, the Refrigerant management program requires best management practices to reduce emissions of refrigerants from commercial refrigeration systems. The regulation, of course, is designed to reduce refrigeration leaks.

Also effective starting in January is the
automotive refrigerant can recycling program for
do-it-yourself automotive refrigerant cans. This program
involves manufacturers, retailers, and the end users of
small refrigerant cans. As you'll call, this is the
program where we work with the industry to redesign the
can and to have a return deposit. We're expecting great
success from that program.

And, of course, we are coordinating with the
local air districts to conduct outreach and enforcement of
these rules.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: Much of the
activity related to developing sustainable community
strategies will take place at the regional level, of
course. The San Diego Association of Governments will be
the first metropolitan planning organization to include a
sustainable communities strategies as part of their
regional transportation plan in summer 2011. Other
regions will follow in 2012 and 2013.

We are providing technical support and working
with other State agencies to identify funding mechanisms,
which is I'm sure something we'll also be talking about a
little later.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: In the goods
movement area, we recognize that reaching our future air quality and public health goals will require a collaborative effort across a broad spectrum of agencies and stakeholders to transform California's diesel-based freight transportation system into a much greener model that relies on zero and near-zero emission technologies. We hope to initiate a discussion about the logistics, infrastructure, and technology improvements to deliver a more efficient system that cuts fuel consumption and greenhouse gas, regional ozone, and fine particles, and localized health risk.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: In the mean time, we continue to implement the goods movement rules for ship fuels, cargo handling equipment, transport refrigeration units, drayage trucks, harbor craft, and shore power in order to reduce emissions.

Ports are applying now for Prop. 1B grants to co-fund installation of shore power and will complete these projects by 2014. These measures are currently providing significant reductions, although staff will propose some revisions this year to improve compliance or regulatory flexibility.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: ARB continues to
pursue diesel emission reductions in the rail yard and
locomotive sector of goods movement. ARB's voluntary
agreements with the State's two major rail carriers remain
in effect and continue to reduce emissions near rail
yards. These agreements are expected to reduce PM
emissions and health risks by 85 percent between 2005 and
2020.

Last June, staff provided an update on the
proposed commitments to reduce diesel particulate matter
at the four rail yards. And in January of this year,
staff posted revised draft commitments to address the
Board's June 2010 directives. These revisions are
designed to increase accountability and encourage
deployment of new technology.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: For the diesel
truck and off-road equipment rules, staff is completing
the Board-directed changes from the December Board meeting
and will be issuing the revised regulation for the 15-day
comment period later this year.

We developed an extensive outreach program to
assist with compliance of the diesel rules. The outreach
program will provide small businesses and fleets with
information about multiple regulations, ranging from the
idling limits to retrofit and modernization requirements.
And we hope to reach about 300,000 truck and equipment owners about available funding opportunity. This multi-faceted program includes meeting with industry work groups and outreach efforts to fleets dealers and repair facilities. In addition, we plan to hold about 50 one-stop outreach efforts statewide where we provide truck and equipment owners with information about the new requirements in the funding opportunities in person.

Next slide.

EXECUTIVE OFFICER GOLDSTENE: To achieve our green air goals, we need to combine efforts of regulations and incentive programs. Incentive programs compliment regulations by providing funding to achieve early or extra emission reductions.

Later this year, staff will propose a new funding plan for the AB 118 Air Quality Improvement Plan, which tackles the issue of providing incentives in the context of significantly increasing volumes of electric vehicles.

The Board will also consider new guideline proposals for the Carl Moyer Program in April to expand opportunities for fleets. Board Member Berg has been instrumental in leading the incentive program's advisory group that provides a forum for discussing policy level issues relating to these air quality incentive programs.
CAPCOA also plays a critical role in the development of
the incentive program policy guidelines and the
development of the overall programs.

Meanwhile, the Proposition 1B Goods Movement
Fund, which started at a billion dollars, has received
approximately 460 million from bond sales so far.
Currently, the majority of the Prop. 1B dollars are being
allocated for truck and shore power projects, and we
anticipate getting additional funds from bond sales later
this year.

We'll continue to look for additional funding
sources to support clean school buses. We'll also
continue to implement our other programs, such as the
Heavy-Duty Loan Guarantee Program with the State
Treasurer's Office, the Car Scrap Program at the Bureau of
Automotive Repair, and over a half a dozen different
federal awards the Board has received.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: This year, we
expect the State Implementation Plan efforts to start
ramping up as we prepare for upcoming air quality planning
issues and implementation of new air quality standards.

Staff is preparing a response to EPA's proposed
disapproval of portions of the 2007/2008 PM2.5 SIPS
submitted for the South Coast and San Joaquin Valley.
Staff has submitted comments into the record and is preparing additional analysis and information that support approval actions by U.S. EPA. These analyses will be presented to the Board in April.

Staff is also developing the technical tools needed for the next round of PM2.5 SIPS, which are due in 2012. These include preparing an update to our mobile source emissions model known as EMFAC.

Anticipating air quality planning issues that we will confront in the coming years, we are commenting on the proposed new 8-hour ozone standard and proposed changes in EPA's implementation of Clean Air Act requirements.

Staff is also evaluating and taking into consideration recent court decisions that can significantly impact future air quality plans.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: With regard to enforcement, our goal is to make sure that we achieve the expected emission reductions and to ensure a level playing field for the regulated community. Last year, we moved about 40 cases of direct regulatory violations by fleets. We inspected over 13,000 pieces of equipment and issued about 3,000 Notices of Violation.

Our enforcement program, particularly in the
context of the number of new rules that we've promulgated in the last several years, is constantly re-evaluating its deployment of resources and prioritizing because, of course, we don't have nearly the number of resources we need to enforce the program like we'd like to. So we are targeting our efforts where it makes most sense and where we can use our resources most efficiently.

Our enforcement program also conducts training and outreach efforts that is widely applauded across the state and across the country. The training provides both formal classroom and hands-on instruction to address a broad audience. And among other benefits, this training allows us to increase our partnership with the local air districts who often participate with us in these trainings.

To conclude the discussion of program implementation, I'll highlight some key information technology activities --

--o0o--

EXECUTIVE OFFICER GOLDSTENE: -- which are critical to our day-to-day activities, even if they are a bit bureaucratic. This year's information technology priorities include the improvement of our project and data management process to address new State requirements and improve our ability to interact with our stakeholders.
In 2007, the State Office of the Chief Information Officer was created and has now since been renamed to the California Technology Agency and has been establishing policies that address all aspects of State information technology administration, from planning to purchasing. Our project management initiative is designed to comply with the project management methodology prescribed by the information officer for the State and the new requirements of the bill AB 2408.

I'm now going to switch from our implementation activities to the rulemaking proposals we'll be bringing to you this year.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: Most significant is the Advanced Clean Cars Program, which will integrate our efforts to reduce both smog-forming and greenhouse gas emissions from cars as well as the Zero Emissions Vehicle Program.

Staff is also preparing other proposed rules for the Board's consideration. The commercial recycling regulation, which the Board will consider this spring, is a joint project with the Department of Resource, Recycling and Recovery, formerly known as the Integrated Waste Management Board.

Staff will also propose modifications to several
rules that reduce air pollution from goods movement. Many of these adjustments are designed to address implementation issues through increased flexibility and consideration of the impacts of the economy.

EXECUTIVE OFFICER GOLDSTENE: For the next two slides, I'll highlight the Advanced Clean Cars Program. This program represents a coordinated strategy to address California's air quality and climate change goals. Using existing successful programs as a basis, the program continues progress towards our air quality goals by setting clear targets for 2025 and laying the foundation for the next generation of clean cars.

The standards will identify a pathway to even lower emissions by mid century. The new standards will integrate requirements for reducing smog and greenhouse gas emissions into the Low Emission Vehicle III, or LEV III, regulatory changes, giving auto engineers a clear target for meeting environmental standards over the next 15 years.

The program will set performance-based standards building on existing and emerging technologies that will maintain consumer vehicle choice.

As part of this effort, staff is continuing our close collaboration with the U.S. EPA and the National
Highway Traffic Safety Administration to establish national greenhouse gas standards for the model years 2017 to 2025.

EXECUTIVE OFFICER GOLDSTENE: One goal of the program is to reduce criteria pollutant emissions to near zero levels for 2014 and later model years. For model years 2017 and later, we are evaluating greenhouse gas standards that would provide three to six percent greenhouse gas emission reductions per year through 2025.

The third goal of our program is to require the introduction of commercial volumes of zero-emitting vehicles for 2015 to 2025. This is needed to achieve our 2050 greenhouse gas reduction goal.

To ensure an adequate refueling infrastructure, we are participating in various work groups, such as the plug-in electric vehicles collaborative and the fuel cell partnership.

EXECUTIVE OFFICER GOLDSTENE: I'd also like to highlight our participation on the national front. ARB's criteria pollutants toxic and greenhouse gas reduction programs continue to lead the nation. Although the Governor's office has reduced staffing in Washington, we have maintained a presence so we can continue to advocate
for national policies that support our programs and our
goals.

We continue to support U.S. EPA's authority to regulate greenhouse gas emissions, which is now being challenged as part of the budget setting process in Washington. Some law makers are using the budget process to target the Clean Air Act waiver provisions for ARB's motor vehicle program. And as you know, the motor vehicle programs are the backbone of California's air quality program, and many states also rely on our standards. Our ability to seek and get waivers is, therefore, critical. And we're working as hard as we can to protect that.

The EPA budget also supports State and local air quality programs, and the funding for those programs may also be in jeopardy. We're working with other states to ensure that Congress has accurate information about the effectiveness of the EPA programs. As the debate goes forward, we're working with NESCOM, which is the northeastern states, the State Voices Group, and also working with other research groups like World Resources Institute, Pew, and the Georgetown Climate Center.

Next slide.

--o0o--

EXECUTIVE OFFICER GOLDSTEN: Over the years, we've worked with CAPCOA and individual districts on
countless programs and issues ranging from incentives programs to regulation development, enforcement, and responding to proposed rules by EPA.

These long standing relationships and partnerships have been instrumental in the success of outcomes of controversial rules and coordinated California's voice on national issues. We have a strong presence on the National Association of Clean Air Agencies.

--o0o--

EXECUTIVE OFFICER GOLDSTENE: Finally, I'll provide highlights of the Board's calendar for the year. For the months of April through July, we'll present SIP revisions, incentive program modifications, the commercial recycling rule, several rule modifications, and an update on the Cap and Trade Program. For the months of September to December, we'll present the advanced clean car regulation, that's in October; potential cap and trade actions sometime this fall; low carbon fuel, and other rule modifications.

Thank you for listening to me this morning. We at the staff level appreciate the Board's leadership and we look forward to working with you for another year.

Thank you.

CHAIRPERSON NICHOLS: Thank you very much, James.
Thanks for the preview of coming attractions.

The last four years for the Air Resources Board were a time of amazing productivity and also of a lot of pressure I think on all of us. I don't think I heard a single protest from a Board member about the fact that we canceled the January Board meeting. I think people felt that having a couple of days off was probably beneficial. But it's really good to know that the staff and you have been planning ahead for the coming year, and it's helpful to have I think that kind of an overview of what the year will bring.

From an overview perspective, as you said, this is a year when a lot of what we're doing is implementation of policies and programs that we adopted over the last couple of years. But it's not just tweaking. It's serious issues that still have to be resolved or filled in.

It's also a year when I think, as you've indicated, there's going to be pressures and reasons why we need the Board members to help us, particularly when it comes to relationships with local governments and air districts, but also with all the constituencies that our Board touches on, because clearly California is out there being viewed as being an outlier, if you will, on some of the issues that we work on. And we want to make sure that
we're not just there because we like being alone. The idea is to be a leader because you are hoping to get other people to follow. And that means that your programs have to be seen as and generally be beneficial to the environment, to the health of the people, and to the economy as well. So we have a lot of work to do to make sure that that really is true.

Lastly, I want to just underscore the fact that the effort on the next stage of vehicle emission standards is critical to the future of the Board as well as, as far as I'm concerned, to the future of the planet. Previous presentations have really highlighted how we have to transform our entire transportation system to one that is much closer to zero emission, not just of conventional pollutants, but of greenhouse gases if we're going to have a hope of reaching our climate goals. And that's obviously going to require massive investments on the part of many people. This is not just something that's going to be done by Detroit or the auto manufacturers alone or even by the auto companies and the fuel providers. It's going to take communities and businesses and electric utilities and others collaborating.

So this is not something that ARB can do by itself. And it essentially isn't something that we would want to undertake without, if at all possible, a strong
partnership at the federal level with the agencies that we deal with there.

And we are working very hard. We adjusted our schedule, as I'm sure many of you have noticed, to push back the date for us to consider any changes in our regulations in order to try to make sure that we and EPA and NHTSA are all able to use the same data and the same analyses of studies that we're working on together. This is a very big effort that we're involved in. And it will once again I think bring a lot of attention to California in this area.

It's also critical, frankly, I think to the core of what this agency is about, which is our automotive regulatory programs, that we do this right. We're already seeing in the new Congress as part of the continuing budget resolution an effort to simply take away the California waiver to pursue our auto emission standards. And while it's not something that we can do much about from here, it's something that our representatives in Washington obviously and the Governor in talking to them are taking seriously and paying a great deal of attention to.

So lest you think this is going to be a quiet year, I just want you to know that there's more fun to come in the months ahead. And we welcome at this point or
as the year goes on Board members' comments, questions, concerns about how any of these issues are being approached.

I guess it would be also useful to just say at the moment how happy I am not only that I've been asked to stay as Chair of the Board, but that all of you are still here, too. And as far as I'm concerned, it's been a great transition. And so a vote of confidence, and we will carry on.

Any comments about the presentation from the staff at this point? Yes.

BOARD MEMBER SPERLING: I have just one. I think it's a simple question: Offset protocol. I keep hearing people talking about all these offsets and protocol development. What's the role of both -- who's going to be approving those and what's our role in? I mean, this could be a proliferation; right? There could be a lot of these.

EXECUTIVE OFFICER GOLDSTENE: Our focus is to work on protocols that meet all of the conditions that a protocol needs to meet in terms of additionality and enforceability.

Last December, when you adopted the cap and trade rule, you also adopt four sets of protocols. So only those protocols will qualify for compliance with the
program. We are working on developing a handful of other protocols that eventually when they're ready would come to the Board for consideration. But until then, there are no other protocols that we would accept under the program. But there are a lot of people talking about it that's true. And we're engaged in some of those discussions at some of the local, national, and even the international level.

BOARD MEMBER SPERLING: We want to encourage those; right?

EXECUTIVE OFFICER GOLDSTENE: We do.

BOARD MEMBER SPERLING: What's the approval process? Does it go to the Board?

EXECUTIVE OFFICER GOLDSTENE: Yes. Any new protocol in addition to the ones you've already considered and acted on would have to come to the Board for approval before it would be acceptable into the program.

BOARD MEMBER SPERLING: Do you anticipate any coming up this year?

EXECUTIVE OFFICER GOLDSTENE: It's possible that there might be one or two that we could bring to you later this year. But, again, these are, as you know, very complicated.

And we're working also with our Western Climate Initiative partners on a series of protocols that all of
the partners could adopt, which adds to the layer of
challenge. It's possible we might have one or two that we
could bring later this year.

BOARD MEMBER SPERLING: Thank you.

CHAIRPERSON NICHOLS: Other questions or comments at this point?

EXECUTIVE OFFICER GOLDSTENE: If it's all right, I think Mr. Kennedy -- Dr. Kennedy would like to say a few parting words.

CHAIRPERSON NICHOLS: I'm sorry. We can't possibly spare the time. Welcome.

BOARD MEMBER SPERLING: Or there might be some conditions.

CHAIRPERSON NICHOLS: How about an offset here?

EXECUTIVE OFFICER GOLDSTENE: Ask him about offsets.

BOARD MEMBER SPERLING: WRI is going to do all the work.

DR KENNEDY: Thank you, Chairman Nichols and Mr. Goldstene.

I just wanted to express my thanks to the Board for all of the amazing work that you all have done as the staff and management to the agency has been in the process of developing an overall comprehensive climate program in the last several years more or less from scratch.
The vehicle program, of course, was already moving ahead on climate issues before AB 32 passed. But a little less than four years ago, I joined ARB as part of the initial staffing up in order to be able to create the comprehensive program.

I'm really proud of the team that we've been able to put together here at ARB, the working relationships we've been able to establish with the other agencies, and with outside organizations, like the World Resources Institute.

But I think the seriousness and attention and time that you as Board members have been able to take as we have been very much on the leading edge developing a cutting edge program and demonstrating once again California's leadership, your work has been critical for this as well. So I've been very proud to be a part of this.

I'm looking forward in my new position at the World Resource Institute. Part of my job is going to be working to find opportunities to support what states and regions are doing around the country, including California, but also finding opportunities for others to be joining as California leads and working as well to try to make sure that we're laying a groundwork so that as we look forward to a future Congress, perhaps we can move
back from playing defense at the moment to trying to be able to get something comprehensive going at the federal level.

So I expect that I will continue interacting with many of you and with folks here at ARB. I'm really looking forward to the new opportunity, but I'm also very proud and very thankful for the opportunities that I've had to work in helping create the program that we have. So thank you.

CHAIRPERSON NICHOLS: Thank you, Kevin.

I think we can all agree you've done an extraordinary job with shepherding the program to the point where it is today. And actually I was only half kidding when I said that I consider WRI part of our staff. But WRI has, as a national organization, played a leading role in helping to shape the public awareness and to bring some very important analytical technical support to the programs that we are now in the process of implementing. So it has been a very productive relationship. And I can only imagine that it will increase and become more effective with you in D.C.

Of course, I do think that the Board should take personal pride and credit in the fact that your work is what's led you to be offered this great position in Washington. And we would be very happy to take a
percentage or fee as a result that you're going to work
for a well-funded organization. But in all seriousness,
it is a very prestigious position that Kevin is going to
and well deserved, and one from which I believe, in fact,
he will be in a position to help us communicate well with
other States and national organizations about what's going
on here. So we're trying to accept this in a positive
light and view it as something that's going to be
constructive for us. And it certainly will be. So we
wish you the very best. And thank you for all you've done
to make the climate program a success.

(Applause)

CHAIRPERSON NICHOLS: Okay. The Ombudsman report
from the Ombudsman. We've asked for a report, and this is
really a good opportunity I think to hear from La Ronda
Bowen. La Ronda has been here for a year and a half. It
seems like time has flown. And when she came, it was with
a vision of making the Air Resources Board Office of the
Ombudsman one of the most effective in the nation by
ensuring that the voices of California's small business
owners are heard and their perspective is thoroughly
integrated into ARB's decision making. And she took that
task on with great energy and enthusiasm.

The Ombudsman's office is not just a place where
the telephone that people can call. Under La Ronda's
leadership, it has been proactive and responsive. Really looking for opportunities to infuse small business thinking into our organization, across the organization, and into all of our programs and to identify areas where ARB already is engaged some small business assistance, listening and job creation to help build on and enhance and integrate those kinds of efforts.

Under Ms. Bowen's leadership, the Ombudsman office has reached out in a very effective way to environmental groups, local governments, and other public agencies to find common ground and new ideas for strengthening California's economy. So whenever I have had an opportunity or have had to cancel on an opportunity to go talk to organizations that represent small businesses, I've always known that I could count on La Ronda to go fill in. And the report back was generally where have you been hiding this person and great gratitude for the fact that we have her with us. So I'm very pleased to now turn this over to her and ask her to give us an update on what she's been doing. Do we want to have James -- do you want to say a few words first?

EXECUTIVE OFFICER GOLDSTENE: I was going to say the same thing that you said. La Ronda has done a great job of not only external outreach and communications, but
internally I think she's helping change our culture to be more sensitive to the needs of the groups that she works with.

CHAIRPERSON NICHOLS: Thanks.

(Thereupon an overhead presentation was presented as follows.)

OMBUDSMAN BOWEN: Thank you, Chairman Nichols and Mr. Goldstene. Good morning, members of the Board and also members of the public.

One year ago, I presented the first business plan for the California Air Resources Board's Ombudsman. I'm here today to report back to you on how we're doing with that implementation and what difference we're making. So I'm quickly review the mission and key functions of the Ombudsman and then share what has happened in the past year, including some of the results from our many collaborations. You heard a lot about collaboration and that's how we've been getting things done. I'll conclude with what we expect to accomplish over the next year and respond to any questions that you or others may have.

--o0o--

OMBUDSMAN BOWEN: The Ombudsman fulfills an important part of CARB's mission and the office supports CARB in achieving federal and State clean air objectives by ensuring that the perspectives of California's small
businesses and all stakeholders are integrated into CARB's policies, our regulatory processes, and our procedures. We act as a liaison between the regulated businesses, and stakeholders, and CARB agency. In a nutshell, our mission is to ensure a place at the table for all interested stakeholders. We emphasize small business owners and operators, because they're directly affected by our regulations and often lack the resources to participate in the regulatory process. And sometimes they're actually just fearful of participating.

--o0o--

OMBUDSMAN BOWEN: The Ombudsman has several key functions. The first one is to meet legal mandates for outreach, education, stakeholder engagement and business compliance assistance. We also provide traditional Ombudsman functions of advocacy and problem investigation and, where possible, resolution. We participate in policy development and implementation.

--o0o--

OMBUDSMAN BOWEN: The outcomes that the Ombudsman seeks in return for investment of taxpayer resources are identified in these mandates. And we actively want to have more stakeholder engagement.

So our legal mandates, the Ombudsman functions are mandated by federal and State law. It's not just
something that we thought up one day. Section 507 of the 1990 Clean Air Act amendments required each State and the territories to reach out to small businesses with compliance and technical assistance, including information in plain language. So our office was initiated to meet part of the requirement. Other traditional partners in California and providing this kind of compliance assistance have been the local air districts. The businesses environmental resource group here in Sacramento is a long-standing business association that helps. Trade associations help. We work with suppliers.

In 2011, CARB will form a group of business advisors to help us better understand how to engage and serve our small business owners. This is a task that we have agreed to do, and we are going to follow up on that this year.

CARB Ombudsman is also linked into a nationwide network of small business assistance providers who collaborate on compliance issues. We share tools and work to ensure the maximum utilities of our limited resources. We share small business perspectives on regulatory implementation, as well as on EPA proposed regulations with U.S. and regional offices. And we encourage small business participation in regulatory development. And we do this just as the group of 507 programs. So we are
working that way.

--o0o--

OMBUDSMAN BOWEN: Other legal mandates. The California Government Code has a similar requirements for CARB's Ombudsman, such as to receive and respond to complaints and also various outreach and reporting functions. Most of California's environmental regulations have an economic and health consideration, as well as environmental element build into them.

So we're working with partners inside and out of government to find collaborative ways to achieve these objectives. You've heard a lot about collaboration.

We are actively engaged with other Cal/EPA Ombudsmen, with the California Workforce Investment Board. In fact, there is a business resources catalogue that will be up on our website. But it's a document that we helped fund for the -- so that business owners and operators could find resources statewide.

--o0o--

OMBUDSMAN BOWEN: We're taking steps to remove barriers to greater cooperation among ourselves. And one example is this resource guide. So I'm happy to say that California has also a procurement goal that asks agencies to spend 25 percent of their contracting dollars with small businesses and 3 percent with disabled veterans.
One of our small business contractors was spotlighted in the Sacramento Business Journal helping with CEQA. So there you have it. We actually helped them grow. We have three percent with Disabled Veteran Businesses Enterprises.

Our Administrative Services Division manages this procurement requirement. And for 2009 and 2010, CARB slightly exceeded the goal for small minority business enterprises. The goal is 25 percent. We did 25.19. So a little bit more. We were just under the goal for disabled veteran businesses enterprises. They're getting harder to find for everybody. But the goal is three percent and we achieved one-and-a-half. This on a approximately $14 million worth of contracts. So, last year, we exceeded the small business goal, and it was about the same for the disabled veterans.

--o0o--

OMBUDSMAN BOWEN: Another legal mandate that we have is found in the California Education Code. And we coordinate compliance with the California Education and Environmental Initiative.

Happily, in January of 2010, the State Board of Education approved the education K through 12 curriculum. So we'll have this. There is copies outside of these things I'm holding up for others. But they're all
available electronically.

So this program brings education about the environment to California's K through 12 students. And teachers receive free training on how to use this tool to teach science and history and social science standards to mastery. So again, a copy of this is available outside.

--o0o--

OMBUDSMAN BOWEN: In 2010, our focus was primarily on AB 32 policy. Fear and confusion over what the gradual shift to more sustainable energy sources and consumption might mean to California businesses reigned. To their credit, your Executive Officer James Goldstene and your Chair Mary Nichols directed the Ombudsman and the Communications Office to prioritize the development and implementation of an internal communications program. That was designed to improve the transparency and consistency and the factual way that we communicate.

Although it developed for AB 32, the procedures are now standard policy, including a checklist to help staff walk through the universe of potential stakeholders when they're thinking up any kind of outreach that needs to be done.

Kathleen, who's one of our staff who works a lot with Sandra Berg, she's in the truck outreach. She used this procedure and been very good at actually making sure
we consider all the stakeholders.

So the fear of AB 32 encouraged CARB to show as well as tell business owners and others about ways to reduce greenhouse gasses. So we thought that showing and telling mattered.

We jointed arms with other government agencies and private entities, including the Energy Commission, the PUC, and looked to create and provide new tools for businesses, residents, and local government.

Two legacy tools are the website http://coolcalifornia.org. I encourage people to just memorize it. You can use it. Local government, small business, everybody can use that. And the energy makeovers, for the very smallest businesses, CARB and Chair Nichols left the office, went directly to the field and to small businesses with the multi-agency effort called Energy Makeovers.

--o0o--

OMBUDSMAN BOWEN: They occurred from L.A. County, Sacramento, San Diego County, Fresno, et cetera. The Small Business Energy Makeovers demonstrate the benefits of AB 32 to local communities. They are collaborative and have successfully shown businesses that they can reduce energy, save money, and make their business more sustainable, even if they are as small as a local beauty
parlor.

The Communication Office and the Office of Climate Change have taken the lead on these. But going forward, we intend to share this template more with others. So we're just going to do a quick little visual of some of the makeovers.

--o0o--

OMBUDSMAN BOWEN: There was the L.A. makeover. You can see all the partners, which included Southern Cal Edison, the County Chamber, South Bay Environmental Services Group, and the city itself.

--o0o--

OMBUDSMAN BOWEN: There was one in Sacramento, Oak Park District and Stockton Boulevard SMUD, the City of Sacramento, the Mayor, and the Water Department, and there might be one more familiar face holding up that banner.

--o0o--

OMBUDSMAN BOWEN: In San Diego, you might see a familiar face here. The North Park Main Street, San Diego Gas and Electric, the Mayor, of course, our Board member, and the City Council. And it was sustainable North Park, a collaboration.

--o0o--

OMBUDSMAN BOWEN: In Fresno, Fresno Fulton Mall in downtown, Pacific Gas and Electric, Energy Watch, the
OMBUDSMAN BOWEN: In 2010, when I talked to you for the first time, I made some commitments to you. I committed that we would identify a pool of small business leaders to help enhance stakeholder engagement. I said that we would identify ways to include economic opportunities as well as emission reductions in our strategic thinking, and that we would work to ensure small business perspectives have a place at the policy table.

OMBUDSMAN BOWEN: In many of these areas we can report progress, but not victory. So we have definitely made progress. Are we all the way where we want to be? No.

We reached out to over 300 business associations during 2009 and 2010. And what happened as a result of that initial outreach is that in 2010 some of these people reached back to us, and they asked us to help them explain AB 32 and they asked for help with the on- and off-road rules that we would help them explain these thing to their constituents. That's a big part of why we're here.

CARB can't make a success of any policy on our own, no matter how beneficial it is to the public or to
the environment. Others that -- unless we have the muscle and the wisdom of the business owners, they have to actually get behind what we propose. So we stepped up to our commitment and strengthened our relationships with these stakeholders.

And did you know that small businesses with between one and 20 people historically create more than 90 percent of all the new jobs? So we have reached out more to the very smallest businesses. And we've helped -- we have to be sure that these companies as well as those employing larger numbers, 100 or 200 or more, take advantage of the economic opportunities by the expansion of the new and sustainable economy. So we're learning from new partners, like the Small Business Alliance in Southern California and the L.A. Industrial Council, the Forestry Association, and others. We worked with the California Black Chamber of Commerce. We've reached out just across the board to stakeholders that haven't traditionally participated with us in many ways. We reached out to broaden our and our stakeholders' views of the economic opportunity inherent in regulations.

Ombudsmen began monitoring and reporting on the California businesses who win small business innovation and research grants so that we know who's actually getting money to actually do the research and we can support them
and encourage them.

And as Mr. Goldstene said, most Air Resources Board staff now ask themselves the question: How will this impact California small business? Whatever we're doing, it goes across the board. I think this new consciousness or this enhanced consciousness is both timely and appropriate.

--o0o--

OMBUDSMAN BOWEN: So going forward, we want to --
in 2010, we worked with a number of collaborators. In 2011, we want to continue to strengthen the partnerships in our relationships across all sectors, including becoming more knowledgeable about the diverse geographic regions that comprise our state.

We also share many tools that were developed in partnership with others, and we believe these collaborations are an efficient way to leverage our investments and our resources. We're not trying to recreate anything. We're trying to leverage what already exists and strengthen what exists and fill in the gaps.

By closing some of the gaps that we found, stakeholders -- by closing some of the gaps that our stakeholders have identified, we have -- such as more adequate face-to-face interaction, we're looking at ways to use technology better. And multi-media compliance
assistance, we're working with all the Cal/EPA agencies. We also intend to increase the confidence of our customers that when they bring a problem to the CARB, it will be taken seriously and resolved as expeditiously as possible. We can't always resolve everything, but we'll do it as expeditiously as we can.

A final Ombudsman priority and really an agency-wide priority for 2011 is to monitor and reduce the number of third-party complaints by encouraging stakeholders to contact us first. We do listen. And, for example, our Board Member Sandra Berg learned through the TRAC Committee some school districts do not have confidence that the retrofits can work for them, for example. So she has challenged the school directs and the retrofit manufacturers to join her in the field to find out what is happening and to make sure that the problems are resolved: Clarified, identified, and resolved.

We invite all of our customers to share ideas on how we can engage them more proactively. And as your Ombudsman, I will continue to seek input from you and from all of our stakeholders in ways to achieve a healthy environment while maintaining and achieving a healthy economy.

This concludes my report.

CHAIRPERSON NICHOLS: That's a lot for a very
small office. I see you have your staff here.

OMBUDSMAN BOWEN: All four of them. We also have one individual and two students in El Monte. And they, working with the Communications two staff or so that are there, have redesigned the entrance to the El Monte office. So if you actually come there, there is now a reception to welcome you. The students are still doing the hotline, but they're physically in a nice reception area. You don't have to sign yourself in and hope that somebody answers the intercom.

CHAIRPERSON NICHOLS: Makes a huge difference.

Thank you.

Questions or comments?

OMBUDSMAN BOWEN: Can we introduce Brian?

MR. EHLERS: Good morning, Chairman Nichols and members of the Board. I'm Bryan Ehlers, Assistant Secretary for Education and Quality Programs with Cal/EPA.

In reference to one of the slides that La Ronda introduced a few minutes ago, the Education and the Environment Initiative, I wanted to come here this morning and to thank the Board for your support of the EEI. Just in the last year, in fact, as La Ronda mentioned, the curriculum, all 85 units of science and social science K-12, were approved by the State Board of Education and wouldn't have been possible without your support. We're
now engaged in implementation statewide where we reach 6.2 million children. This is unprecedented. It's one of its kind, both in the nation and we believe internationally. And again just wanted to come here and thank you for your support.

CHAIRPERSON NICHOLS: Well, thank you for coming and joining us. I have had a chance to look at the curriculum and a number of the products. And I really am impressed by the quality of this effort, and I know it's been well received. I gather there's an ongoing effort now through a private organization to help try to get the materials out there into classrooms. And if there are any Board members who either personally are involved or know of people who are involved in organizations that are working with schools to provide materials that are useful to teachers and students, this is a very worthwhile effort.

MR. EHLERS: Please direct them our way. We're engaged in a four year $22 million effort to raise public/private partnerships, because currently there isn't the budget to get the materials printed and in the hands of teachers. They're available for free on the web. But please through your staff contact us if you have anyone who would like to support.

CHAIRPERSON NICHOLS: Thanks.
EXECUTIVE OFFICER GOLDSTENE: I'd like to thank Brian and his team, because they've been working with my daughter's fourth grade teacher to try to get her the books and get into the school my daughter goes to. It's a really good curriculum.

CHAIRPERSON NICHOLS: Well, it's an incredibly arduous process to get materials approved for actual use in California schools. We are a very tough state to enter. And these are all products that meet California's very high standards for teaching to the basic skills that are required, and they're interesting and obviously very relevant. And from our perspective, although we, too, are -- we don't have any funds at this point that are left over to contribute to this kind of an effort, but I think all of us recognize that without an opportunity to get kids good information about the environment, they're going to be left in the dark as citizens in the future, regardless of whether they make their careers in this area.

There's such a high degree of interest and so much information coming at people through all of the media about what's going on and the environment. And the curriculum materials that were developed through this effort really will help people think about that information, organize it, and evaluate a lot of the noise...
that's out there in the world. So it's been a pleasure to
have even a small role in supporting this. Thank you.

MR. ALBERT: We very much appreciate it.

CHAIRPERSON NICHOLS: Okay.

BOARD MEMBER BERG: I have one comment that I
would like to thank La Ronda for her effort. I've worked
in a couple of stakeholder groups and small business
groups, and I really do appreciate the year that you have
spent. You have brought this department full speed. You
had a tremendous challenge. It is -- it was part of the
missing glue for us to be able to reach the stakeholders,
especially the small businesses. And I really appreciate
yours and want to thank your department. It's been a
great job. It's been a pleasure working with you. Thank
you very much.

CHAIRPERSON NICHOLS: When La Ronda agreed to
come and take this job, she promised that she wouldn't
believe until she cloned herself. So we intend to enforce
that agreement.

Any other questions or comments on this report?
Are there any public members who wanted to
comment on this item?

All right. Seeing none, we have one more
informational report this morning. This is one the Board
asked for. It's an update on the regional greenhouse gas
reduction target for the Southern California Association of Governments, affectionately known as SCAG. We will hear from our team that's been working on this item. This is another good news report I think.

So while they're making their way up here, last September, the Board kicked off an important regional planning process to encourage the development of sustainable community strategies as envisioned in SB 375. The focus of SB 375 is on integrating land use and transportation strategies which can be incorporated into regional transportation plans, which in turn leverage very important funds that are used for development at the local level.

The Board's role was to set the targets under this statute for the regional planning process and we completed that task. It was quite an interesting journey, but it involved both a Regional Technical Advisory Committee on how to set the targets and a very extensive communication with the State's metropolitan planning organizations. The staff report today is a follow-up on the testimony that we heard at that meeting from SCAG, which specifically requested that we continue the discussion between ARB and SCAG on the feasibility of the number that we had assigned to them.

I want to especially thank Mayor Loveridge for
his leadership as a member of our Board and the South Coast Air Board and the SCAG Board in all three roles. He met with himself several times. But he also facilitated a number of other very important interagency discussions over the past few months.

In all seriousness, this was a very important contribution that he made. So James, you want to introduce this item?

EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman Nichols.

When the Board megawatt last September on SB 375, we were directed to come back this month with a status report on our discussions with SCAG. That process is complete, and California is now in the implementation stage of SB 375.

SCAG's Executive Director has partnered with us on identifying specific funding and tools needed for successful implementation of SB 375 based on the recommendations of SCAG's Regional Counsel. Staff will discuss the progress made to date.

Within the SCAG region, there are numerous ongoing efforts that demonstrate regional cooperation and positive steps toward sustainable community planning. In addition, SCAG is moving forward with improvements to its travel models, which the State has been able to support
with Prop. 84 modeling grants awarded by the Strategic Growth Council about a year ago.

We will also update you on the timing of SB 375 implementation in other regions. The first regional transportation plan to incorporate the sustainable communities strategy will be San Diego later this year. We're pleased to see the progress being made in several regions as they move forward to develop their sustainable communities strategies. This Board has completed its task of target setting, and the MPOs are doing the heavy lifting.

But ARB continues to encourage collaboration and lend our support as needed to the MPOs.

Ms. Terry Roberts from our Air Quality and Transportation Planning Branch will start the staff presentation. Terry.

(Thereupon an overhead presentation was presented as follows.)

MS. ROBERTS: Thank you, Mr. Goldstene. Good morning, Chairman Nichols and members of the Board.

This is an informational update requested by the Board last September on discussions that have occurred between ARB and the Southern California Association of Governments, or SCAG, regarding SCAG's 2035 regional greenhouse gas target. This update to the Board satisfies
the condition set forth in the Board Resolution Number 10-31 for a February update. No Board action is required.

--o0o--

MS. ROBERTS: This presentation will cover the following information.

I will begin with a recap of the Board's September 2010 direction to staff and report on the discussions that have taken place since.

Next, I will highlight SCAG's Compass Blueprint Projects, which are part of the region's sustainable communities efforts.

I will provide a summary of the status of funding for SB 375 planning activities in the SCAG region which will support SB 375 implementation.

Lastly, I will give a short update on the status of SB 375 planning in other major regions.

--o0o--

MS. ROBERTS: When the Board considered targets for the 18 MPOs last September, you placed a condition on SCAG's 2035 target of 13 percent per capita reduction in greenhouse gas emissions from 2005 levels.

The condition was placed on SCAG's 2035 target because of concerns expressed by the SCAG Regional Council that resource and other constraints could prevent the region from meeting the 13 percent target proposed by ARB
MS. ROBERTS: The Regional Counsel articulated its concern by identifying 11 recommendations that would enable the region to meet its 2035 target in a sustainable communities strategy. These recommendations generally address the resource constraints faced by the region and the need for increased collaboration and supportive action from all levels of government: Local, State, and regional and federal. The intent of the recommendations is to begin discussion on how to address funding and resource issues that will require collaborative solutions.

In September, the Board heard SCAG's concerns and directed ARB staff to continue discussions with SCAG and to report the results of those discussions in February 2011 at this meeting.

MS. ROBERTS: Since last September, ARB staff has had several discussions with SCAG leadership and staff regarding the 2035 target and the Regional Counsel's recommendations.

ARB staff continued to work with SCAG through the MPO working group which meets monthly and has also met separately with SCAG staff to further discuss their recommendations. Through these discussions, ARB and SCAG
have come to a common understanding that the availability of funding and resources for transportation planning, infrastructure, and operation is one of the critical issues that will remain relevant to this and future target-setting processes.

Both agencies agree that recent grant awards at the State and federal levels towards local and regional sustainable community planning are promising first steps towards addressing the fundamental resource issue highlighted by SCAG's recommendations.

We also agree that continued collaboration will be critical to ensure these and other resources continue to be made available for sustainable communities development.

--o0o--

MS. ROBERTS: At the February 3rd meeting of the SCAG Regional Counsel, the SCAG president, Mr. Larry McCallon, reported on the status of our interagency discussions. SCAG's primary concern is not with the targets themselves, which they do not expect will change and which they believe they can meet. Rather, SCAG is seeking assurance that ARB will again consider the Regional Counsel's recommendations when the Board reviews and updates the regional targets in four years.

The president also expressed SCAG's desire for
ARB to participate with SCAG in funding their Compass Blueprint Program. Based on this outcome of the discussions, the 2035 target conditionally approved by this Board was affirmed.

SCAG's request for consideration of its recommendations in future target-setting is consistent with the Board's intent as expressed in your September 2010 resolution. That resolution calls for an update every four years to review target implementation progress. This includes discussing the potential need to update targets to reflect the level of funding for transportation planning, infrastructure and operations, and other factors.

ARB staff will continue to work with local, regional, State, and federal agencies and MPOs to track available resources for implementation of sustainable communities strategies.

--o0o--

MS. ROBERTS: As I mentioned a moment ago, there has been progress on identifying and securing resources for sustainable communities planning.

Since September, additional resources have become available to the SCAG region. State and federal dollars were secured last winter by SCAG and many of its local jurisdictions for sustainable communities planning and...
transportation infrastructure that supports sustainable planning.

At the State level, planning funds were awarded by the Strategic Growth Council. At the federal level, the U.S. Department of Housing and Urban Development and the U.S. Department of Transportation provided funds through the federal partnership for sustainable communities. And prospectively, ARB staff is working on an interagency agreement with SCAG to provide funding for three local demonstration projects.

--o0o--

MS. ROBERTS: The interagency agreement that is under development would provide ARB funding to SCAG for several local demonstration projects, which have been identified through the Compass Blueprint Demonstration Program. These projects were selected because they demonstrate the kinds of planning actions needed to make SB 375 implementation a success.

The Compass Blueprint Demonstration Program is a SCAG program that, for the past several years, has funded a variety of sustainable development projects that are consistent with the region's vision for a sustainable future. These projects provide models for local governments to learn from and emulate. This year, the program will focus on projects that specifically reduce
greenhouse gas emissions from vehicular travel.

The response by local governments and other applicants to the Compass Blueprint Demonstration Program has been tremendous. In fact, this year's demand greatly exceeds SCAG's ability to fund. Sixty-three applications were submitted to SCAG last October, proof of significant interest on the part of the region's cities, counties, sub-regions, and transportation agencies to plan and build sustainably and to help the region meet its greenhouse gas emission goals. But this level of interest also demonstrates a tremendous need for the resources to do it.

The interagency agreement with SCAG would provide ARB contract funds for three of the 63 Compass Blueprint Demonstration Projects. These planning projects would be initiated this spring and be completed over the next eight to 18 months. Each project would provide a module for three distinct aspects of sustainable communities planning. These three aspects include:

First, to illustrate subregional sustainability planning, we would like to fund the Western Riverside Council of Governments Sustainability Framework Plan. The objective of this project is to develop a framework policy document that will be used to identify strategies for improved transportation systems, renewable energy generation and transmission, water and waste water
delivery, economic development, health care, and education. A specific goal of this project is to reduce vehicle miles traveled, in particular, from vehicle trips out of the region for employment, health services, and other purposes.

The second project demonstrates a reuse plan to transform existing development to transit-oriented, mixed commercial, and residential uses. This plan would include green building guidelines and enhanced metro link access. This project is the La Mirada specific plan which would establish a plan for reuse of existing industrial and commercial properties along the I-5 corridor. Specific goals of this project are to meet the city's regional housing needs with a mix of densities, reduce vehicle miles traveled, and contribute to regional greenhouse gas reduction.

And the third project we would like to fund is the L.A. Metro Orange Line Bus Rapid Transit, or BRT, Sustainable Corridor Implementation Plan, which illustrates the aspects of transportation corridor planning. The objective of this project is to develop a plan for the 18 stations along the 18-mile-long transit corridor that extends from Los Angeles to the San Fernando Valley. It would ensure the design of new transit stations is compatible with surrounding uses and will
maximize ridership through improved corridor design and connectivity to the stations through more walkable and bikable streets.

--o0o--

MS. ROBERTS: On December 3rd of last year, the Strategic Growth Council awarded grant funds to several MPOs, including SCAG, for sustainable communities implementation work. The funding is from the first cycle of the Proposition 84 planning grant program. SCAG was awarded one million to put towards their work on sustainable communities development. In addition, 14 individual cities, counties, and one sub-region were also awarded funds totaling just over $6 million for local sustainable land use planning. This amounts to a grand total of just over $7 million in local implementation dollars to the SCAG region as a whole.

MPOs a group were specifically targeted for SGC funding to help them with SB 375 implementation. The total grant award to eleven MPOs was slightly over $7 million. That is one million for SCAG as an MPO and six million to the other ten MPOs that applied for the funds.

It doesn't stop there. The SGC is responsible for administering the competitive grant process for the distribution of over $60 million in regional and local sustainable planning grants.
The awards last December represent the first cycle of funding from this pot of Prop. 84 funds. Two additional cycles of funding are anticipated, with the expectation that additional funding will be provided to MPOs and local governments over the course of the next few years.

--o0o--

MS. ROBERTS: In addition, this past October, the Federal Partnership for Sustainable Communities began releasing local grants to support more livable and sustainable communities across the country. The partnership, which consists of the U.S. Department of Transportation, US DOT, U.S. Department of Housing and Urban Development, HUD, and the U.S. Environmental Protection Agency, EPA, awarded a combined sum of over $400 million nationwide. California communities received over 11 million of these funds. Communities in the Southern California region received nearly $3 million for sustainable communities planning.

The US DOT awarded $20 million in Tiger II grant funds to the Los Angeles County Metropolitan Transportation Authority for the Crenshaw to LAX light rail project.

These State and federal funds are promising signs
of progress on the resources front, but we know that much more is needed.

Now we'd like to bring you other news about what's going on in two key areas of the state, San Diego County, where SANDAG is currently drafting its sustainable communities strategy, and the San Joaquin Valley, with its eight MPOs.

---o0o---

MS. ROBERTS: In the San Diego region, SANDAG is making rapid progress on the development of its RTP, which when adopted later this year, will be the first RTP in California to include an adopted sustainable communities strategy and one that is anticipated to exceed its regional targets.

SANDAG's 2050 RTP is intended to set the region's agenda for future highway expansion, transit, trains, trollies, bike paths, and border crossings. It does this by considering a number of planning scenarios that project how fast and where the county population will be growing over the next 40 years.

A number of public meetings have been held over the past several months, during which various planning scenarios have been discussed and considered by the public and the SANDAG Board. The preferred transportation planning scenario was selected by the SANDAG Board in
December for incorporation into the RTP.

SANDAG staff estimates that the preferred alternative will exceed the greenhouse gas reduction targets set by this Board last September. Specifically, SANDAG estimates that their SCS will result in an 18 percent per capita reduction by 2035 as compared to the 13 percent reduction target set by the Board.

Work on the RTP is proceeding on a parallel track with the draft environmental impact report, or EIR. SANDAG is planning to publish the draft SCS/RTP in April, with the draft EIR being released shortly thereafter.

Once public comments have been considered and incorporated into a final plan, it will be presented to the SANDAG Board for consideration this fall. Adoption of the RTP is anticipated no later than October 2011.

In the mean time, ARB staff is staying involved in the technical aspects of the SCS development process so that we can better understand the foundation for the greenhouse gas emission reduction estimates that SANDAG has developed.

--o0o--

MS. ROBERTS: Last September, the Board set placeholder targets for the San Joaquin Valley in anticipation of the availability of improved data and planning tools by 2012. The Board recognized the need to
work closely with the eight MPOs in the San Joaquin Valley toward this end.

ARB Board Member D'Adamo and ARB senior staff met with the San Joaquin Valley Policy Council on December 15th, 2010, to discuss the ongoing work in the valley related to SB 375. Both Board Member D'Adamo and ARB staff committed to working more closely with the valley MPOs as they begin their policy and technical work which will be presented to the Board at a 2012 target update. ARB continues to meet and discuss these ongoing efforts both one-on-one with the valley MPOs and at monthly meetings of the MPO working group.

ARB continues to play an active role in the development of the new modeling tools for the San Joaquin Valley. ARB staff is part of the team made up of the MPOs, Caltrans, and modeling consultants that meets monthly as part of the valley's model improvement plan effort. Several consulting groups are working on different modeling tools to help improve the valley's technical capabilities, particularly to better quantify the greenhouse gas emission implications of local policies. This work includes improvements to the valley MPO's existing models for travel demand, as well as new activity-based travel, land use, and inter-regional travel demand models.
Through this collaboration and technical assistance, ARB staff expects that the valley MPOs will have the benefit of improved modeling tools that will enable better quantification of greenhouse gas reduction by the time these MPOs adopt their next RTPs in 2014.

--o0o--

MS. ROBERTS: Now that ARB's work on target setting is done, the regions are taking the lead in developing sustainable communities strategies and engaging the public in discussions about the future of their respective regions.

SANDAG will be the first MPO to adopt an SCS, but planning is also underway in the SCAG and SACOG regions which will adopt their RTPs in 2012. MTC will be the next in line to have a new RTP with expected adoption in 2013. By 2014, the San Joaquin Valley MPOs will be ready to adopt their RTPs.

We see very promising signs throughout the state that at both the regional and local levels there is a willingness and desire to move in the direction of more sustainable planning and development. This Board has already expressed its commitment to support those efforts through technical assistance and identification of funding resources.

ARB staff looks forward to working with the MPO
staffs as they proceed with the important work of
developing their sustainable communities strategies,
important not only for addressing the State's climate
derchange goals, but also to achieve the broader goal of
livable, healthy communities.

This concludes my presentation. Thank you.

CHAIRPERSON NICHOLS: Thank you, Terry.

Do the Board members have any questions about the
report? If not, we'll turn to the witnesses who have
signed up. We have four people who asked to speak on this
matter. The first is Robert Naylor from the Los Angeles
County Metropolitan Transportation Authority. Mr. Naylor.

MR. NAYLOR: Chair Nichols, Board members, I'm
here for the Los Angeles County Metropolitan
Transportation Authority. We are committed to meeting
these goals, as witness being the first major transit
agency in the country to eliminate the last diesel bus, as
witness the adoption of an additional half-cent sales tax
in 2008 to support transit and transportation in Los
Angeles County. So we're now one-and-a-half cents of
sales taxes for at least 30 years, and some of those are
in perpetuity.

But I do notwithstanding all that want to
underscore the part of the report which focused on the
financial constraints that we face for meeting these
goals. We're very pleased that the Governor is continuing transit funding in his budget that was restored to about $350 million a year last year as part of sort of the grand bargain. But we are now in the process, notwithstanding that and the sales tax, of cutting $100 million out of transit services to meet that much of an operating deficit shortfall. And so we are looking forward to State and federal help. We've pretty much put up as much local help as we can to expanding transit service in the future. We're not going to be able to do it with current resources. And we're glad the staff report kind of passively recognized that.

Thank you.

CHAIRPERSON NICHOLS: Thanks for that reminder. It's timely, that's for sure.

Unfortunately, the same bad economy that's hurt our budget has had one positive impact, I suppose, which is there's been some reduction in overall greenhouse gas emissions due to reduced travel. So that's about the only comfort that we can take.

Autumn Bernstein on behalf of Climate Plan.

MS. BERNSTEIN: Good morning, Madam Chair, members of the Board. Autumn Bernstein speaking on behalf of Climate Plan and also on behalf of the Natural Resources Defense Council today.
We just want to thank ARB staff and Board members as well as SCAG staff and Board members for their leadership on resolving these issues. We think that the discussions that have occurred over the last several months have been incredibly valuable in identifying what kinds of programs, investments, priorities are going to be needed for on behalf of the both the State agencies as well as MPOs to successfully implement SB 375 and harness the benefits of more sustainable communities. And we look forward to working with you, both you and SCAG, in the future as we move to implementation.

CHAIRPERSON NICHOLS: Thank you.

Bonnie Holmes-Gen from the American Lung Association.

MS. HOLMES-GEN: Good morning still, Chairman Nichols and Board members.

I'm Bonnie Holmes-Gens with the American Lung Association of California. Thank you for resolving these issues, but thank you for resolving your leadership in setting these targets last fall. It was a challenging process, and we all worked very hard on that. And we appreciate the good work that was done and look forward to the implementation efforts.

I just want to underscore again that the public health community is very focused on this SB 375
implementation process as a key public health priority because of the tremendous ability to make a difference in reducing pollution, increasing physical activity, and reducing chronic illness. And we want to work together with you as we go through this process to use the modeling tools we have and other resources to better quantify and communicate these public health benefits to local government leaders and the MPOs as we go through the SCS development process that you laid out. And we'd like to brainstorm further with you how we can better collaborate with you on that.

We look forward to -- of course, there's going to be a lot of emphasis on the SCAG region over this next year and SCAG success is critical to the overall success of 375. And we fully support the efforts that you've laid out to help direct funding to the SCAG region and support pilot projects in that area as well as, of course, to other regions. And we look forward to working with you again to emphasize healthy growth strategies and promoting active transportation, walking, biking transit and the transit-oriented development that you've laid out in the pilot project.

So we look to forward to any suggestions that you have about how we can better work together. We think it's extremely important to use all the modeling tools and the
resources we have available to really clarify to the public the health benefits and other co-benefits that we're going to get with the strong implementation process.

CHAIRPERSON NICHOLS: Thank you.

Connie Gallippi from California Infill Builders.

MS. GALLIPPI: Good morning, Madam Chair and members.

Connie Gallippi here on behalf of the California Infill Builders Association. Obviously, the California Infill Builders Association represents business and the development community. And they're very supportive of strong targets and feel they're good business and make good business sense for California's economy.

We're already sort of obviously as builders looking at the market and watching very closely market demand. And market demand has been looking for more options, more walkable and healthy communities, and sustainable communities. And recent press has shown that multiple unit housing counts are up and higher than single-family homes as well. So that sort of represents the market demand.

Many of the members of the association are already building projects that would help meet these targets. One example in the SCAG region is by Creative Housing Association is the Meridian Village Project, which
was sold out immediately in 2010. So in the current economic downturn, sold out immediately and also reflected sales prices that were 26 percent above the average. So I think that right there says an awful lot.

So I just wanted to reiterate that as a business and development association made up of many developers in California, supportive of high targets, we think it's very good business sense while also be helping California meet its climate change goals, as well as other environmental goals and sustainability goals for the state.

Thank you.

CHAIRPERSON NICHOLS: Well, thank you. Thanks for taking the time to come. And thanks to everybody for all the hard work that you're doing to make SB 375 a success. I think its secret is that it works with so many other goals that people have. It's not a new attempt to impose some new policy but to work with existing policy.

Mayor Loveridge.

BOARD MEMBER LOVERIDGE: Thank you, Mary. Just very, very quick things.

First, thank you to the Board for this opportunity to have a conversation between SCAG and CARB. I think this opportunity is well taken. SCAG is 19 million people, 180 cities, six counties. We're a big place. It's much better to have SCAG as a participant and
partner than it is to have as an adversary or opponent.

I think I want to particularly acknowledge that CARB staff. I think SCAG found the conversations not simply helpful, but respectful and engaging and important. So I thank you very much for the CARB staff who participated and reported back to me. They gave high marks to those conversations and obviously applaud the demonstration plans that have been funded.

There are a variety of ways that I think regions are going to engage SB 375 and a variety of tools. But as you move from plans to practice, one major difficulty that regions will have and cities will have depends on the fate of the redevelopment tool. Without redevelopment funding and resources, I think it dramatically reduced -- complicate the objectives of 375.

The other kind of comment is the one that Ron always makes, too, is that this is 375 it's not something we wake up tomorrow and there will be a different day. This is a long, long process of changing urban to urban form.

CHAIRPERSON NICHOLS: Well, thank you. Yes, we're coming in on top of a lot of other discussions that are going on.

I participated yesterday -- day before yesterday in a forum at Cal Poly Pomona that had been called on SB
375 and its role and related issues about regional economic development. And I got an earfull about the redevelopment concerns of local governments. And frankly some comments that sort of opened my eyes, because I'm a Los Angeles resident and I'm used to redevelopment as it has been practiced in that city, and I'm familiar with what I would consider to be some of the abuses, frankly, of the system. And so I -- and that very morning, there was a story in the L.A. Times which attempted to portray the harm that would occur if there was a change in redevelopment agencies. And their only illustration they had was a minor league stadium I believe or a baseball stadium. I can't remember. I think it was in San Diego. I apologize. It was a stadium.

BOARD MEMBER ROBERTS: It was a proposed minor league baseball stadium in the city of Escondido. Even whether or not that redevelopment happens continues.

CHAIRPERSON NICHOLS: But that was -- it wasn't the kind of example that I think would cause most people to get excited and realize that there was something really at stake. So I'm hoping that local officials such as yourselves who have the experience and those I spoke to at that meeting who had some really compelling examples are going to be able to bring those forward.

BOARD MEMBER LOVERIDGE: Redevelopment is more
than mermaid bars and stadiums.

I think for many cities now it's over time you want good cities. It's hard to figure how to get there without redevelopment tools.

CHAIRPERSON NICHOLS: Yes, Dr. Sperling.

BOARD MEMBER SPERLING: On the right wing here, following up on the money issues, fiscal issue. First, I have a question; an observation. It's great that relationships with SCAG and SCAG's willingness to participate in this process. And having followed the RTAC process that led to this, it was really remarkable how most of the MPOs range from perhaps ambivalent to hostile to this whole idea of SB 375 planning. And over time as they became more aware of it and knowledgeable, there really was a dramatic change in the attitudes. And I think we're seeing that with SCAG as well.

Now, having said that, I think the SCAG concerns about funding and resources is absolutely right on. And if this is all going to work, there has to be funding.

So I have a little question and a big observation. The little question is this Compass Blueprint Project, I mean, is this an -- what is this? I didn't understand at all. I mean, there is a process. I understand it's SCAG. And then we're participating financially in some way. Is that it?
MS. ROBERTS: May I respond to that?

The SCAG has a Compass Blueprint. This is a regional vision document that was prepared probably a decade or more ago. But to implement the vision on a voluntary basis, they provide incentive grants to cities and counties and transportation agencies within the six county region. So for the past approximately six, seven years, SCAG has initiated a competitive grant process whereby they solicit applications, proposals for different plans. It can be a new zoning ordinance, a general plan update. It can be a specific plan or a redevelopment plan, big or small. SCAG considers those applications for grant funding. And if those projects are good examples that demonstrate the vision of sustainable planning in the SCAG region as identified in the blueprint, then those projects go forward.

And ARB was invited to attend last year's -- I believe Lynn Terry and I were both there for one of SCAG's presentations on the award winners. We saw those as very compelling examples of how our region can incentivize local governments to actually move ahead with plans and policy changes at the local level that would help further our regional goals.

BOARD MEMBER SPERLING: How much money are they giving and how much are we giving?
MS. ROBERTS: The SCAG I believe has -- I don't know if I should really say this, because I'm not certain of the number. But on the -- around $3 million I believe is what they think they can have available for this year's round of funding.

When I asked one of the SCAG managers, what is the total amount that's being requested, what is the total need here, as represented by the 63 application, I think it was on the order of about $20 million.

CHAIRPERSON NICHOLS: And our contribution to this?

MS. ROBERTS: And our contribution would be somewhere around 400- to $450,000.

CHAIRPERSON NICHOLS: It's less than half a million dollars out of that. It's a drop in the bucket compared to an enormous need.

BOARD MEMBER SPERLING: Thank you for that.

So let me follow up on that point. So it is a drop in the bucket. And for the kinds of things we're talking about, we're talking many billions of dollars. And so both a question and an observation is in the new DOT budget that the President put out, they had set aside tens of billions of dollars for awards, competitively in the -- I'll put them in the category of sustainability, liveability, and to be rewarded to communities and regions
based upon certain criteria. And the idea is to be more performance-based.

So the federal government is trying to move forward -- many people are trying to move them to more of a performance-based approach to transportation funding. And the administration is clearly in line with that and they haven't quite gotten that far. But they've set aside large amounts of the transportation funding to be awarded competitively beyond the formulas to support these kinds of initiatives.

And so the question is I don't know -- no one knows what Congress is going to do with those budgets. But there is clearly a movement in that direction, which is perfectly aligned with SB 375. And it means a perfect opportunity for California and the MPOs and the cities to get huge amounts of funding. We're not talking millions. We're talking many billions here.

So the question is how are we supporting or participating in this whole process? And what might we do if we're not to -- at both ends, both in Washington and as well as in the California side -- on the California side working the cities and MPOs on the federal side, working with Congress and DOT.

CHAIRPERSON NICHOLS: Doug, do you want to weigh in?
BOARD MEMBER SPERLING: And this is key to SB 375 being successful.

AIR QUALITY AND TRANSPORTATION PLANNING BRANCH CHIEF ITO: I think as we began the process for getting to the target setting point over the last couple of years, this concept of leveraging the work on 375 at the federal level was on the minds of most people throughout the conversation. Re-authorization of safety lieu has been going on for a couple of years now. So as we begin to see some of the concrete potential happening at the federal level, our work at the local and the MPO level just to get them in a position to be thinking about how their sustainable communities strategies are developed in meeting 375 components, it will feed directly into their positioning to be able to be competitive with those funds, if and when they become available.

CHAIRPERSON NICHOLS: I can just add that this is an area that Brian Turner is very familiar with and he is working on our behalf. Senator Boxer has actually succeeded in getting a bipartisan House/Senate Committee to come out to California to talk about this issue sometime in the fairly near future. And they were looking for testimony to be submitted. She will be a champion for us on this. But we do need to coordinate our efforts here and get everybody involved if we possibly can to make a
really impressive showing on the need and how well the
money can be spent.

BOARD MEMBER SPERLING: Just to reiterate. This
is the number one thing that can be done. I'm not even
sure what the number two is that's so far behind.

CHAIRPERSON NICHOLS: Yes, Ken.

BOARD MEMBER YEAGER: Just briefly, I'm having a
hard time understanding exactly what we're doing and what
we're funding with these three plans. Is it the pay for
planners to do the work so that these transportation
corridors can be set to go? Or is it research? Is what
we're funding here going to be applicable to the other
MPOs so they can use this information?

Maybe at some point I could get more information
off line from you on what exactly we're funding. But I'm
still just a little confused by it.

BOARD MEMBER LOVERIDGE: Could I just say, in my
judgment, these are projects that are internal to the
jurisdictions that have been identified there and complete
them. But this is more than simply funding three
projects. It is an investment in good will, a statement
of CARB. I think this is going to be heard very loudly.
It is a very, very important statement that we're making
today as we approve this.

BOARD MEMBER YEAGER: That's great. I just don't
quite understand what it is we're approving.

CHAIRPERSON NICHOLS: The intent was that these would be actually models. That was why these three specific projects were chosen. It was believed that they could be applicable elsewhere. You might just add a word or two about why it is.

DEPUTY EXECUTIVE OFFICER TERRY: I think there is a real parallel here. And we've long had these programs to fund technology advancement demonstration projects, the ICAP program. Now we're moving into a whole new realm of funding demonstrations that are not pure technology. They're demonstrations of the kinds of strategies that it will take to meet the targets. And so we've developed some criteria, staff, to say among the projects and the Compass list which ones will be most broadly applicable statewide.

One of them was specific to the concept of sub-regional plans, which is a little unique to SCAG region because it is so large. And SB 375 specifically talks about sub-regions as a planning process. But the others supporting development around transit station, that is meant to demonstrate a broad concept.

And sort of to get at Professor Sperling's point, this has allowed California to be a head of the game. So we can take things like these demonstration projects. In
the Bay Area, Steve Hemminger has been sharing with us some work on accelerating introduction of cleaner vehicles into the fleet sooner than expected. Those are other kinds of demonstration projects that could potentially be included in this package.

And then the idea of the planning process itself that San Diego is first out the gate to develop a sustainable communities strategy embedded in their transportation plan. It will be the first in the nation, I believe.

So I think that's the opportunity we have in each of the major MPOs in the state of California over the next few months to pull together this package, what we're doing as a State and than the unique opportunities within each of those regions. So this conversation is stimulating some ideas about how we can move forward to pull together our advocacy.

CHAIRPERSON NICHOLS: Okay. Thanks.

I'm going to draw to this to a conclusion. I think what we should do is look for an opportunity actually to update the Board about progress.

I would say I appreciated the generally positive comments about progress in terms of providing modeling tools for the MPOs in the San Joaquin Valley, but 2012 is a ways off and 2014 is a lot further off. If there as one
place in the state where we have some hope of getting some planning done in advance of having to retrofit, it would be in that region.

So I'd also like to hear a little bit more about how things are going in that part of the world as well. We have not set the targets there. We say we've done our job. We came up with a rational for why we couldn't do it. But never the less, I'm concerned that we're leaving out an important region if we don't keep an eye on it. And so if there's work we can all do to be helpful, that would be important, too.

So maybe we can just ask for a report in six months or whenever to just get an update on how we're doing on implementation.

EXECUTIVE OFFICER GOLDSTENE: We could bring that maybe in September.

CHAIRPERSON NICHOLS: That sounds reasonable.

We do have three people who signed up for the public comment period. My feeling is we should do that now, and then we'll be done, except for the executive session. And we can come back and formally close the meeting and announce any actions which might have been taken in executive session after the lunch break.

So we'll turn to the public witnesses then. They are Michael Friedman, Patrick Berger, and Miguel Silva, in
that order. And we have three minutes for each of you.

MR. FRIEDMAN: Hello, Chairman Nichols, Executive Officer Goldstene, and La Ronda Bowen, and members of the Board.

My name is Michael Friedman, and I'm coming before the Board today to discuss a Stage II vapor recovery issue. Thank you for the opportunity to speak before you today.

I'm representing a company EZ Flow Nozzle. We are a California small business, and we are California's only Stage II vapor recovery nozzle recovery manufacturer. As a small business, we offer products to other small businesses who are gas station owners.

The issue at hand is on August 15th, the fire marshal ordered the removal of the hold-open latches for the VST nozzles, suspending the Health and Safety Code because the nozzle was seen as a dangerous health and safety and fire hazard.

I'm just taking this opportunity today to inform the Ombudsman's office and Mr. Goldstene that we actually have a very simple fix to this problem. It's a very simple part. I don't know if you want to see it. It's very simple. And it has to do with the springs here. And we would just like to inform the Board that this is a very simple and cost effective solution and that stations that
don't have these hold open latches are being forced by VST to purchase a new nozzle for $200 to $250. And this side cap actually has been approved on our pre-EVR nozzle that actually is the only pre-EVR that is certified under the new standards of CP 201 requiring nozzles to hang for six months, do a 100-car matrix, and require a 97 percent vapor recovery efficiency.

And so we wrote a letter to the fire marshal informing him that our nozzle could replace the VST nozzle. But when our comments were forwarded to the Engineering and Certification Branch, we were requested to send up some nozzles for an engineering evaluation. That was six months ago. And we've heard nothing back from the Engineering and Certification Branch.

So we would just like to figure out the most cost-effective solution for station owners, because if it's something that's as simple as this little spring mechanism that can get hold-open latches put back on, not only do the station owners have a right to have nozzles with hold-open latches as the California Health and Safety Code mandates, but the customer pumping the gas has the right to not have to stand next to the nozzle in case there is some kind of a hazard that exists with that nozzle.

But also like to note that after inspecting the
springs on the new VST nozzle at our factory, we noticed there have been some modifications to those springs, which leads us to believe that VST is pretty aware -- that VST is aware of this problem and that we would just like to get our request certified in the same expeditious fashion that all the other gasoline nozzle manufacturers have been allowed to make modifications to.

CHAIRPERSON NICHOLS: Okay. Thank you for that statement.

I'm going to ask Deputy Executive Officer Cackette to follow up or to have somebody with you, and we'll see what we can do to respond to your comments. We appreciate it. This is an issue we have been involved with, as you indicated. The fire marshal took the lead on the solution, but obviously we're very interested in the success of the program. So we will get back with you. If you left your information with the Clerk, someone will follow up with you.

MR. FRIEDMAN: Thank you very much.

CHAIRPERSON NICHOLS: Thanks.

Patrick Berger from the California Public Interest Research Group.

MR. BERGER: Members of the Board and Chairman Nichols, thank you very much.

I'm a Berkeley student who is representing the
Berkeley Chapter of the California Public Interest Research Group. I'm also in a class taught by former Chair of this Board, Robert Sawyer, on California air politics.

And so what I'd like to comment on today is the great necessity that it's in this year that we should significantly expand the zero emission vehicle program. And I'm very grateful that the Board has scheduled October to be the month in which we determine how this should be done and to what extent.

But I would like to comment on something that Professor Sperling brought up a little bit earlier when he said that what's important is not just to consider our priorities now, but our priorities over the next five or ten years and how things will change.

And so I'm going to discuss a couple of political developments over the last two years that have led this zero emissions vehicle program to become much more necessary than ever before.

So first of all, is Governor Schwarzenegger's Executive Order S-1408, which is the renewable portfolio standard, that instead of the 18 percent of renewable energy that energy companies producing in California currently produce at, by 2020, this will be increased to 33 percent, an expansion of the 20 percent mandate by
2010. The implications for this is that every single
electric vehicle that we have on the road plugging into
our grid, by 2020, will essentially save twice as much
energy because of the fact that the grid will be almost
twice as clean. This means that any zero emissions
vehicle program we start now, which will hopefully be to a
significant expansion by this 2020 era, will have great
positive effects, even more than before.

The second thing I'd like to talk about is the
high speed rail program. So the high speed rail bill that
was passed is slowly gaining steam as actually getting
into the development phases. In fact, the Deputy
Executive Director of the California High Speed Rail
Authority said that by 2020 what would happen is we would
have the first line of this high speed train built going
between Anaheim, Los Angeles, Bakersfield, Merced, Fresno,
and my home town, the Bay Area.

What this means is essentially that critics of
the zero emission vehicle have often stated that the
consumer demand does not exist based on the fact the range
is often one- or 200 miles or sometimes much less. This
would remove much of the need for consumers to travel
greater than that distance, since it would allow anyone
traveling in this north-to-south direction, whether it's
commute, vacation or anything else to be able to use this
bullet train to get there in a matter of hours, instead of taking a six- or even seven-hour trip from northern to southern California.

It's with that that I ask the Board to greatly consider expanding the zero emission vehicles program in October.

Thank you.

CHAIRPERSON NICHOLS: Thank you for coming and for your comment.

I think it's particularly noteworthy that your professor is sitting behind you in the audience. I don't know if he's grading your performance today, but I would encourage him to give you a good mark on that. Thank you.

Last, Miguel Silva, the Oakland Truckers.

MR. SILVA: Chairman Nichols, members of the Board, thank you for the opportunity to address you personally.

After your decision on December not to extend -- not to modify the drayage truck rule, we sent a couple letters and I have not received a response. So this is a great opportunity for me to be able to address some of the issues that were brought up at the time and to let you know how this is going to affect us in Oakland and the drayage truck business.

I would like to address actually some factual
inaccuracies brought up in the December meeting that lead you to your decision. As I sat here, I heard Ms. D'Adamo inquire about the number of trucks that will be affected and the locations where they would be affected. And the response from staff was that -- to this question is that only 1700 trucks in the Port of Oakland will be affected by the non-extension or modifications of this rule, referring of course to those 2003 and older trucks that were retrofitted.

In reality, out of the 5700 trucks that serve in the Port of Oakland, 4400 trucks will need replacement by January 2014, not 1700.

Your discussion neglected to consider all the 2004, '05, and '06 model engine trucks, all which were led to initially believe there would be a NOx filter available to upgrade the trucks and bring into compliance to the second phase of the truck regulation.

Now, we find out that the filters do not exist and the trucks will need to be replaced. This will start at the end of this year with 700 trucks and 2,000 more next year. And, of course, at the end of 1700 trucks that were alluded before. This will most likely put initially 2700 truckers out of business.

Second statement or second question brought up was a reference that Ms. Nichols made regarding the
potential health benefits of not adopting this modification, to which staff responded that the NOx benefits will be roughly seven tons per day statewide.

My question is: What does the Board think these trucks -- where these trucks are going to go? Because unless there is a program where these trucks will be completely taken out of business, those trucks will be sold for on-road work, out of state, or even out of the country. So if NOx is a greenhouse gas, how is there a health benefit by selling these trucks to be continued to operate in other areas? Not only that, but if this is enacted as it is today, the 2004, '05, and '06 engines --

I'm sorry. Can I continue?

CHAIRPERSON NICHOLS: Your time is up. Can you finish up in just a couple seconds, please?

MR. SILVA: There's several other issues I wanted to bring up, but I would ask you to reconsider your decision. There's 4400 trucks that need to be replaced by 2014. It is a monumental task financially for anybody in this business to be able to afford to replace these trucks. Staff believes, and I quote, that there are overriding economic and social considerations driving these proposed changes. The recession has significantly impacted the economic health of the regulated industry and consequently greatly affected its ability to comply with
the current regulation. Additionally, the recession has significant social implications, causing a number of businesses to reduce their activities or go out of business.

CHAIRPERSON NICHOLS: Okay. Mr. Silva, this is what I'm going to do. We can't address your issue here today. It's not on the agenda.

I'm going to ask the Executive Officer to write a response and to send it to all the Board members specifically addressing the issues that you have raised. You're entitled to a response to your request. So I want to ask that we get that and that the Board members receive it prior to the next Board meeting.

EXECUTIVE OFFICER GOLDSTENE: We'd be happy to do that.

CHAIRPERSON NICHOLS: Thank you very much. Appreciate your coming.

That concludes the list of people who have asked to testify, unless there is anyone else in the audience who failed to sign up.

BOARD MEMBER D'ADAMO: Can I just -- Mr. Silva, do you have written comments? Because I know you had a few more things to say. Maybe you could provide that to staff.

MR. SILVA: I can leave this, yes.
CHAIRPERSON NICHOLS: The Clerk will take a copy. I assume we have your earlier correspondence as well.

Okay. Thank you.

With that, we are going to adjourn for lunch. And when we're finished, but before 2:00, we will come out and announce, as I said, any decisions that might have been made by the Board in the executive session. Thanks everybody. 12:29 PM

(Thereupon a lunch recess and executive session was held from 12:29 p.m. to 1:30 p.m.)

CHAIRPERSON NICHOLS: It's 1:30, and we are resuming after the lunch break and reporting back from the executive session.

The Board members were briefed on two litigation items and gave input to our general counsel. There were no decisions, however, that were taken at the meeting. It was about ongoing litigation matters.

And with that, we are finished with the rest of our business. So without objection, the meeting is adjourned. Thank you.

(Thereupon the California Air Resources Board meeting adjourned at 1:30 p.m.)
CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 2011.

______________________________
TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
License No. 12277