A P P E A R A N C E S

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Mrs. Barbara Riordan
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Ms. Analisa Bevan, Assistant Chief, ECARS
Mr. Joshua Cunningham, Branch Chief, Sustainable Transportation Technology Branch, ECARS
Mr. Nesamani Kalandiyur, Manager, Transportation Analysis Section, AQPS
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Ms. Annette Hebert, Chief, ECARS
Ms. Christina Morkner Brown, Assistant Chief Counsel
Ms. Karen Magliano, Chief, Air Quality Planning and Science Division
Terry Roberts, Manager, Sustainable Communities Policy & Planning Section, AQPS
Mr. Webster Tasat, Manager, Central Valley Air Quality Planning Branch, AQPS
Mr. Jon Taylor, Chief, Transportation Planning Branch, AQPS
Ms. Sylvia Vanderspek, Chief, Air Quality Planning Branch, AQPS
Ms. Patricia Velasco, Staff Air Pollution Specialist
Mr. Daniel Whitney, Staff Counsel
Mr. Mark Williams, Air Pollution Specialist, ECARS

ALSO PRESENT:
Mr. Clinton Blair, Jaguar Land Rover
Mr. John Caldwell, Cal Electric Trans Coalition
Mr. Andy Chesley, San Joaquin Council of Governments
Mr. Jamie Hall, CalStart
Mr. Henry Hogo, South Coast Air Quality Management District
Carey Knecht, Climate Plan
ALSO PRESENT:
Mr. Bill Magavern, Coalition for Clean Air
Mr. Ken Morgan, Tesla Motors
Mr. Simon Mui, Natural Resources Defense Council
Ms. Elaine O'Grady, NESCAUM
Ms. Kathryn Phillips, Sierra Club
Mr. David Reichmuth, Union of Concerned Scientists
Ms. Katelyn Roedner Sutter, Catholic Charities Diocese of Stockton
Mr. Daniel Ryan, Mazda
Ms. Phoebe Seaton, Leadership Counsel
Ms. Anne Smart, Charge Point
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PROCEDINGS

ACTING CHAIRPERSON BERG: I'd like to call to order the May 21st public hearing of the Air Resources Board. Would you please stand with me for the pledge of allegiance

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

ACTING CHAIRPERSON BERG: Wonderful to see everybody here this morning. Chairman Nichols sends her regards and her regrets in missing today's meeting. She is meeting with the climate leaders in preparation for the upcoming 2015 Paris Climate Conference.

So today, we have a light, but important, agenda. We have four agenda items, and we -- as well as we will be taking a closed session at the end of the meeting. So we plan on finishing around 12:30, and we will plan for one short break and we'll look at our timing, but that probably will be around 11:00 o'clock.

So with that, I have a few housekeeping items. Anyone wishing to testify should fill out a request to speak card, which is available outside the lobby, and turn it into the Board Assistant or the Clerk of the Board prior to the commencement of the item, please.

Also, we will have a limit for speakers of three minutes. We would like you to please pay attention. The
speaker list will be listed behind me on the screen. And we have a new process that is kind of self-regulating. As you see your name, please come up to the podium and make sure that you state your first and last name. Please put your testimony into your own words to make it easier for the Board to follow. Any written submissions, we do have that for the record.

For safety, please note that the emergency exits are to the rear of the room. In the case that we do hear a fire alarm, we're required to leave this room immediately, go downstairs, and out of the building. When the all-clear signal is given, we will return to the hearing room and resume our hearing.

So before we get started, we need to have the clerk take roll.

BOARD CLERK JENSEN: Dr. Balmes?
BOARD MEMBER BALMES: Here.
BOARD CLERK JENSEN: Ms. Berg?
ACTING CHAIRPERSON BERG: Here.
BOARD CLERK JENSEN: Mr. De La Torre?
Mr. Eisenhut?
BOARD MEMBER EISENHUT: Here.
BOARD CLERK JENSEN: Supervisor Gioia?
Ms. Mitchell?
BOARD MEMBER MITCHELL: Here.
BOARD CLERK JENSEN: Mrs. Riordan?

BOARD MEMBER RIORDAN: Here.

BOARD CLERK JENSEN: Supervisor Roberts?

Supervisor Serna?

BOARD MEMBER SERNA: Here.

BOARD CLERK JENSEN: Dr. Sherriffs?

BOARD MEMBER SHERRIFFS: Here.

BOARD CLERK JENSEN: Professor Sperling?

BOARD MEMBER SPERLING: Here.

BOARD CLERK JENSEN: Madam Chairman, we have a quorum.

ACTING CHAIRPERSON BERG: Thank you very much.

I am going to switch up the order on the agenda, and we will be looking at the consent item later in the agenda.

So we're going to jump right into Agenda Item 15-4-2; and this is regarding our second hearing on the proposed modification to the ZEV regulation.

This modification will provide intermediate volume manufacturers with additional compliance flexibility without compromising Governor Brown's vision of 1.5 million ZEVs on California roads in 2025.

This item was first heard in October 2014; and at that time, the Board directed staff to return with a proposal that did not result in a decrease in the number
of ZEVs required of the intermediate volume manufacturers, yet considered appropriate flexibility for the IVMs to successfully transition into LVMs.

Mr. Corey, would you please introduce this item?

EXECUTIVE OFFICER COREY: Yes, Ms. Berg.

So in 2012 during the rulemaking process for the ZEV element of the Advanced Clean Cars Program, intermediate volume manufacturers expressed concerns about meeting ZEV Program requirements under the modified regulation. The Board directed staff to review how the modifications would affect these auto makers. In October 2014 staff presented the Board with proposed modifications to address these concerns. At the hearing, Board directed staff to revisit components of the proposal and bring a modified proposal back to the Board for further consideration. Staff revised the proposal to provide appropriate flexibility to ensure all manufacturers may successfully commercialize ZEV technologies without compromising ZEV volume requirements.

I'll now ask Mark Williams of the ECARS division begin the staff presentation.

Mark.

AIR POLLUTION SPECIALIST WILLIAMS: Thank you, Mr. Corey.

Good morning, Ms. Berg and members of the Board.
Last October staff came before the Board with proposed modifications to the Zero Emission Vehicle Regulation. The goal of the modifications was more fair treatment of intermediate volume manufacturers, or IVMs, relative to the large volume manufacturers, or LVMs. Based upon comments in your direction, staff has further revised the proposed modifications. We are bringing you back a balanced revision that deserves the integrity of the regulation requirements, while extending the IVMs some of the same valuable flexibilities granted by this Board to the IVMs.

(Thereupon an overhead presentation was Presented as follows.)

AIR POLLUTION SPECIALIST WILLIAMS: I will first revisit the key differences between intermediate volume and large volume manufacturers, followed by a look back at our actions to date; and then highlight what we are proposing today as presented in the Notice of Public Availability of Modified Text, dated April 20th, 2015.

Finally, I will present the environmental and cost analysis of the newly proposed amendments.

--o0o--

AIR POLLUTION SPECIALIST WILLIAMS: As you recall, in October we discussed the significant difference between IVMs and LVMs. This chart graphically displays
the differences in:

California sales, global sales, global revenue, and research and development budgets. Beyond sales, revenue and R&D budgets, IVMs additionally offer fewer car models. So a greater percentage of their vehicle offerings would have to be advanced technology models.

Finally, IVMs were not required to introduce ZEVs in the early years of the program and, thus, have not developed the extensive credit banks that LVMs enjoy. And while LVMs' sales are exceeding expectations of ZEVs currently, the IVMs are in the early stages of developing their ZEV products.

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AIR POLLUTION SPECIALIST WILLIAMS: In recognition of the fundamental differences between IVMs and LVMs, and in an attempt to provide IVMs more equitable treatment under the ZEV regulation, staff proposed amendments at the October 2014 Board hearing.

During the hearing, the Board directed staff to bring back a proposal that recognized the important differences between IVMs and LVMs while retaining ZEV Program stringency. The Board further directed that this stringency be evaluated as part of the mid-term review.

Staff has adjusted the proposal consistent with the Board's direction to provide additional flexibility
without softening production obligations. We believe the proposal will continue to promote market diversity by allowing these smaller IVMs to introduce their ZEV products through the use of the flexibilities.

I will now discuss the components of the new proposal.

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AIR POLLUTION SPECIALIST WILLIAMS: The first two components of this proposal are the addition of a revenue test to the IVM definition and the extension of the lead time requirement.

The ZEV regulation provides that once an IVM's annual average vehicle production, after factoring in lead time provisions, exceeds the 20,000 vehicle threshold, the IVM becomes subject to LVM requirements.

Staff is proposing that, in addition to the vehicle production threshold, a revenue test based on automotive-related global revenue also be met to determine if that model year counted toward the lead time provided before an IVM would transition to LVM status.

Staff is also proposing that the lead time be extended from three years to five years, as it offers IVMs additional needed flexibility in bringing pure ZEV products to market prior to becoming subject to the LVM requirements.
The "lead time" language will clarify that:

(1) in the 2018 through 2020 fiscal years, the lead time clock runs only when automotive-related global revenue exceeds $40 billion; and

(2) the first three-year production volume averages that can count toward transition to LVM requirements is the 2015 through 2017 model year period that corresponds with the 2018 reporting year.

--o0o--

AIR POLLUTION SPECIALIST WILLIAMS: The next component of this proposal is to extend the credit recovery period.

Beginning in 2018, the ZEV regulation requires automakers to make up a ZEV credit deficit by the next model year.

Staff is proposing a three-year credit recovery period for IVMs, contingent upon Executive Officer approval of a manufacturer's production plan, illustrating how the automaker will achieve compliance.

In the case where an IVM with a credit has not produced and delivered a ZEV for sale in California, the Executive Officer may only approve a credit recovery period of one year.

IVMs may make up credit deficits fully with TZEVs.
AIR POLLUTION SPECIALIST WILLIAMS: The final component of this proposal allows Section 177 State pooling.

In full agreement with our partners in the Section 177 states, staff is proposing to allow IVMs to pool credits beginning in the 2018 model year. But in return, the manufacturers must bring ZEVs to the states two years sooner than required.

In recognition of timing and the ability to place vehicles as a new LVM, the IVMs may take an additional two years to place these extra ZEVs.

ARB is also proposing language to establish a September 1st, 2016, opt-in deadline for IVMs that choose to elect this option. Deadline language already exists in the regulation covering the 2009 through 2017 model years, but it was inadvertently omitted for 2018 and subsequent model years.

Finally, in addition to the provisions I have outlined, staff is also proposing minor conforming and clarifying changes to include correcting references, spelling, and grammar.

AIR POLLUTION SPECIALIST WILLIAMS: That brings us to the ZEV credit requirement.
Per the Board's direction and public input, staff is proposing to leave this requirement unchanged from what was adopted in 2012.

Recall that the ZEV regulation establishes a minimum ZEV credit percentage requirement for 2018 and subsequent model years. Automakers must produce and deliver for sale in California a sufficient number of ZEVs to meet the credit requirement.

The Board provided clear direction at the October hearing that the goal of the ZEV Program is to get vehicles on the road. ARB needs to retain the stringency of the program to avoid sending the wrong signals to the market and weakening the regulation.

The Board also expressed that the other four provisions discussed at the October hearing and proposed today provide the IVMs flexibility similar to, and in some cases, greater than, what is afforded to LVMs.

Staff recommends that the Board commit it to revisit program stringency as part of the ZEV mid-term review process in 2016.

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AIR POLLUTION SPECIALIST WILLIAMS: As previously mentioned, staff is proposing no change to the existing percentage ZEV requirement. Thus, an IVM's ZEV credit obligation remains as adopted in 2012.
If an IVM complies using the likely compliance scenario employed in the 2012 rulemaking, both the number of ZEVs and TZEVs delivered, and the compliance costs, would remain unchanged.

To the extent that an IVM complies using a scenario other than that employed in the 2012 rulemaking - ranging from full compliance with fuel cell electric vehicles, or FCEVs, at one end of the spectrum to full compliance with TZEVs at the other - fewer or more cars may be delivered. However, the emission benefits of the Advanced Clean Cars Program remain intact since the original 2012 ZEV credit obligation and the fleet average requirements contained in the LEV III standards insure that there is no reduction in California emission benefits from the proposal.

Expected costs for a compliance path based on FCEVs could result in savings relative to the 2012 likely compliance scenario since fewer cars would be required. But the tradeoff is that the IVMs would have to invest to develop, bring to market, and ramp up deliveries of pure ZEVs several years earlier than under the likely compliance scenario.

Expected costs if IVMs choose to comply solely with TZEVs could be higher than with the 2012 likely compliance scenario. The tradeoff is that the IVMs could
take advantage of the lead time flexibility these amendments provide and delay the investments that would otherwise be necessary to develop and bring to market a pure ZEV.

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AIR POLLUTION SPECIALIST WILLIAMS: In summary, staff's proposal today addresses the Board's direction to provide more flexibility for IVMs to comply with the regulation while retaining the integrity and goals of the ZEV Program. That flexibility includes providing:

(1) additional lead time to develop advanced vehicle technologies and deliver pure ZEV products prior to transitioning to LVM status;

(2) appropriate credit deficit recovery periods;

and

(3) other additional flexibilities.

As stated in a recent National Academy of Sciences' report, the ZEV mandate is one of the most important vehicle policies in the world. A balanced requirement for this smaller IVM-5 group will help ensure continued success.

--o0o--

AIR POLLUTION SPECIALIST WILLIAMS: Therefore, staff recommends that the Board adopt the proposed amendments to the ZEV regulation and direct staff to
release a second 15-day Notice of Public Availability of Modified Text to address reference and textual errors.

This concludes my presentation.

ACTING CHAIRPERSON BERG: Thank you very much, Mark.

Richard do you have any closing comments?

EXECUTIVE OFFICER COREY: Only that, as you heard, the proposal provides IVM the flexibility needed for successful development and production of ZEV technologies, and therefore asks the Board to adopt the recommendations.

ACTING CHAIRPERSON BERG: Great.

Board members, we have 11 people that have signed up to testify. If there's any questions of staff of the proposal, then we could take those now from the Board. But let's save our discussion until after we hear the witnesses.

Does anybody have any questions of staff?

Okay. Then our witnesses are listed up front, and we'll start out with Henry Hogo.

MR. HOGO: Good morning, Ms. Berg and members of the Board. Henry Hogo, Assistant Deputy Executive Officer at the South Coast Air Quality Management District.

First I want to thank Mr. Corey and staff for considering our concerns raised at the October 2014
meeting. And we are in full support of staff's proposal as it is today.

We really need to have more ZEV models out there. And it's critically important for us to attain the air quality standards. We look forward to working with you on this and we urge you to adopt the staff's proposal. And any revisions that are being proposed I think it should be considered as part of the mid-term review.

Thank you.

ACTING CHAIRPERSON BERG: Thank you.

(Thereupon an overhead presentation was Presented as follows.)

MR. MORGAN: Ken Morgan with Tesla Motors. Good morning

Members of the Air Resources Board, thank you for the opportunity to speak here today.

The current proposal provides an 11-year gap between today and when the IVMs would be required to deliver full zero emission vehicles in California. That's nearly a 20-year gap between when Tesla first started delivering EVs in California and when the first of the IVMs would be required to do so.

We believe this gap is too significant, particularly when you consider the financial capacity of these companies versus a company like Tesla.
MR. MORGAN: The IVMs have billions of dollars in operating profit and billions of dollars in cash on hand, as well as access to the same financial markets that enabled Tesla to raise all of the funding it needed to launch electric vehicles.

In addition to this, if the IVMs were considered large volume manufacturers, the absolute number of EVs they would be required to deliver in California is actually quite low; particularly when you consider the fact that Tesla delivered over 6,000 EVs in 2014 in the State and the average IVM would only be required to deliver less than 2,000 EVs ten years from now in 2025.

MR. MORGAN: The IVMs have also mentioned that they would be forced to deliver 31 percent of sales as plug-in hybrid electric vehicles in 2025 unless the ZEV percentage requirements are reduced.

We believe this figure is, and this chart is, misleading because the assumptions behind it assume that the IVMs would be required -- or would be delivering a 40-mile range plug-in hybrid car in 2018 and would achieve no improvement to that technology over the entire period, a seven-year period.

Because ZEV credits are linked to electric range,
the IVMs could greatly reduce this percentage requirement by delivering vehicles with simply more range. For example, a plug-in hybrid with a UDDS range of 65 miles would only require the IVMs to deliver 23 percent of sales. And they could move that percentage even lower with higher range cars.

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MR. MORGAN: The last point I'd like to mention is that more broadly, especially as we look towards the mid-term review, there is a large and increasing oversupply of California ZEV credits. Now, the problem with this is that unless the standards are adjusted and strengthened and this oversupply is reduced, it will only guide the industry to 600,000 cumulative ZEV deliveries by 2025, which represents only 40 percent of Governor Brown's goal.

We believe that the mid-term review provides an excellent opportunity for ARB to consider changes that could be made to the mandate to put the industry back on track to achieve the Governor's goal of one and a half million cumulative deliveries by 2025.

Thank you.

ACTING CHAIRPERSON BERG: Thank you.

MR. BLAIR: Good morning. I'm Clinton Blair, Vice President of Government Affairs for Jaguar / Land
Rover North America. If it's okay with the Board, I'm going to go first. And then Dan Ryan from Mazda is going to go next. But we're honored to be here today.

As the staff presentation shows, the IVM companies are unique. What we see in today's marketplace is that some of the larger companies are sometimes ten times larger than we are. We have unique vehicles, we have unique customers, and we're really proud to serve that part of the marketplace.

If you look at the collective research and development budgets of our five companies, you'll see that they are slightly less than the smallest large vehicle manufacturer in the ZEV regulation.

So we're catching up. We're moving fast. We are on the path to electrification. And we want to meet the regulation with cars, not credits.

And some of the changes that you're proposing here today will help us meet those goals. And that's why we support them.

The process that we've been on over the last couple of years is very, very important. When the staff reached out to us a couple years ago, we began to work together as a group. We had a really good technical collaboration. We weren't always happy. You guys weren't always happy. And I think the work product here today
shows that there's been a very good process in place. Many of you have complimented us about working together as five companies. It certainly wasn't easy for us, but I think it's streamlined the process and delivered a really good work product to you.

We're also very appreciative that there's been a willingness to engage and listen by the Section 177 states and the NGO community. That's been very helpful in getting here today.

Without going into too much detail, we've heard from staff about what the proposal before you does. There's -- It's very important and we support it. But there is a big missing piece that's not here today; and that is a continuation to relook at the underlying compliance requirement. We think that that merits further review. And leading up to the mid-term review we really want to keep working with the staff and the Board to continue to reassess that question.

And my colleague Dan Ryan is going to talk to you further about that.

Thank you.

MR. RYAN: Thanks, Clinton. As you said, I'm Dan Ryan. I'm the Director of Government Affairs for Mazda Motor Company. And I'm here speaking on behalf of all the IVM-5 companies.
The proposal before you reflects acknowledgement of our issues, and the four items before you today better clarify who is an IVM. They give us a bit more flexibility on lead time, a bit more flexibility as far as credit recovery if a deficit occurs, and they allow us to pool into 177 states as the LVMs are allowed to do.

It's important to note that the ZEV mandate is not going to success or fail based on the IVMs. We are a small part of the market. We're sort of the whipped cream on the pie. We're committed to adding our unique twists to the ZEV market. But we are a small part; we're about 7 percent of the market.

Our companies are unique and appeal to a subset of the mass market, and we look forward to sort of bringing our twists to that, to the ZEV marketplace.

All of our companies are already somewhere on the path to electrification, either with models on sale in the U.S. or somewhere in the world and under development.

The proposals here today are not an open checkbook for us. They don't allow us to do whatever we want for as long as we want. The global revenue threshold sunsets in 2020. The lead time is for five years. And all through this process we have had the expectation that we will be fully merged with the program by 2026.

As Clinton said, it is important to review the
compliance requirements as part of the mid-term review. It's important to note that as of today, our requirements remain the same as the LVMs; and that is not changing in the proposal before you today.

The four items in the staff proposal are very important, and we urge your support for them. But work needs to continue in the mid-term review, and we look forward to working with all the stakeholders as this process continues, and we look forward to doing our part to help California achieve its air quality goals.

Thank you.

ACTING CHAIRPERSON BERG: Thank you.

Good morning, Elaine. We'll have to have you move over here.

Thank you.

MS. O'GRADY: Good morning. My name's Elaine O'Grady. I'm a senior policy advisor for the Northeast States for Coordinated Air Use Management, or NESCAUM. I'm here today on behalf of the states of Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island, and Vermont to provide comments and support of the revised regulatory proposal regarding the compliance obligations for the intermediate volume manufacturers, or IVMs, under the Zero Emission Vehicle Regulation.

I'll refer to the states that I'm representing
today as the ZEV MOU Section 177 states because all these 
states have adopted California's ZEV Program under Section 
177 of the Clean Air Act, and have also -- are also a 
party to the Zero Emission Vehicle Memorandum of 
Understanding along with the State of California, which is 
intended to accelerate the adoption of zero emission 
vehicles in these states.

NESCAUM serves as a facilitator and technical 
advisor to the ZEV Task Force, which was established to 
help accomplish the goals under the ZEV MOU.

In the ZEV MOU states, the transportation sector 
is collectively the largest source of category of 
greenhouse gas emissions and ozone-forming pollutants. 
Electrification of the transportation sector is essential 
to meeting our air quality goals, climate goals, and 
renewable energy goals. It will not occur without a 
robust ZEV Program. Therefore maintaining overall 
stringency of the ZEV requirements is a high priority for 
our states.

We believe the revised proposal being presented 
today improves on the original proposal presented last 
fall, as it addresses the equity concerns raised by the 
IVMs without relaxing the ZEV percentage requirements. 
The current staff proposal continues to recognize that 
vehicle sales are not the sole indicator of a
manufacturer's ability to bring ZEVs to the market, and accordingly retains the 40 Billion Global Revenue test.

The proposal also retains important flexibilities for the IVMs, including extended lead time, original pooling option in the Section 177 states, and a three-year credit recovery subject to Board approval.

The ZEV MOU Section 177 states strongly support retaining the ZEV percentage requirements for IVMs as adopted in 2012, and we urge the Board to reject any future requests that would weaken the ZEV regulation's fundamental purpose.

Although the IVMs may represent a small part of the market, they are a critical part, and it's very important to have additional models brought for the ZEV Program to be successful.

Regulatory certainty going forward is essential to justify the level of investment needed to develop and bring new technology to the market. Similarly, the ZEV MOU Section 177 states require assurance that manufacturers will increase their efforts to promote and place ZEVs in our states in order to justify continued spending on charging infrastructure, consumer incentives, outreach, and other activities to accelerate the widespread adoption of ZEVs in our states.

As climate leadership states, we value our
partnership with California and look forward to continued collaboration in our joint effort to electrify the transportation sector.

Thank you.

ACTING CHAIRPERSON BERG: Thank you. Anne.

MS. SMART: Hi. My name is Anne Smart and I'm the Director of Regulatory Affairs in Government Relations at Charge Point. We're an electric vehicle charging station company based in Campbell, California. We're a U.S. company.

We're small, much smaller than the autos here in the room; but we are an important part of this ecosystem that's contributing to supporting electric vehicles that you're talking about today. And we're here to oppose changes to the regulation.

For us, we have invested our company to support the Governor's goal of 1.5 million vehicles. The regulatory certainty in this regulation is really important to us. We have investors backing us. We're the largest charging station company right now in the world. And changes that you make here will have ramifications beyond just the autos in the room. They will impact the charging station investments. They'll impact our ability to expand here and in other states.
And so we encourage you to remember that the ecosystem is large, not make changes now or in the VIN market review.

And in general, we think that it's important that the EV infrastructure investments are also included in this discussion. We are part of the infrastructure. We're part of the ecosystem. We support any vehicles that are on the road today, and so any changes you make here with both the IVMs and the larger autos will have implications for our investments moving forward.

Thanks.

ACTING CHAIRPERSON BERG: Thank you.

Morning, Kathryn.

MS. PHILLIPS: Kathryn Phillips with Sierra Club California. Thank you for the opportunity to speak on this.

Bill Magavern will be presenting for the whole Coalition, but I do want to underscore our appreciation for the staff work on this and the willingness to revisit the issue.

I also want to just mention that this has been an opportunity for us to think more about what we can expect and what we need in 2016 when we go through the review; and I think it suggests that that review will be an opportunity to strengthen the ZEV compliance requirement.
and provide some motivation for the IVMs and the LVMs to
be the best they can be and to improve their products and
especially improve their marketing.

We've had an opportunity to have a lot of
conversations over the last couple of months because of
the delay in this effort, and so it's actually given me a
lot of hope that we can come out of 2016 with a much
stronger ZEV Program.

And I just want to mention a few reasons - it's
already been mentioned - why we need a stronger ZEV
Program. I mean, the Governor has set some very important
goals. I think those goals are achievable. But it will
only be achievable if we all hang together and encourage
the autos to be the best they can be.

But air pollution is another obvious reason, and
climate change.

And then a fourth reason I want to bring to your
attention because it's been on the news so much. And I
talked to some members of Sierra Club in the Santa Barbara
area today, and I can't tell you how disturbing and
distressing it is to hear them tell about what it's like
on the ground to see the oil slick and the devastation
it's having to the beaches, to the wildlife, and
underscoring how important it is for us to reduce our
dependence on oil. And the ZEV mandate is one of the
strongest ways that we can do that.

So again, thank you for your efforts on this.

MR. MAGAVERN: Good morning, Board members. Bill Magavern with the Coalition for Clean Air. In support of the proposal, we think that it strikes an appropriate balance. It keeps us on course to meeting our ZEV targets. And as Kathryn said, we really need to speed up on ZEVs in order to meet the Governor's goals for greenhouse gas reduction for 2030 and 2050, as well as his petroleum reduction target for 2030; and most importantly from our perspective, in order to come into air quality attainment as required by federal and state law.

So we think that we actually need to hit the accelerator, the electric vehicle accelerator on ZEVs, rather than hitting the brakes.

At the same time, your proposal does give the intermediate volume manufacturers some of the flexibility that they've asked for. And I want to compliment those companies for supporting this proposal, because I know they didn't get everything that they asked for.

We have sent you a letter, along with our colleagues at the American Lung Association in California, the Center for Energy Efficiency and Renewable Technologies, the Natural Resources Defense Council, Sierra Club California, and the Union of Concerned...
Scientists. And I just want to give you the key points from that letter.

We support the proposal on the definition of IVMs as well as the pooling agreement with the 177 states.

We very much support the continuation -- the no decrease in the stringency of the credits for the -- of the credit requirements for the reasons that I mentioned.

And on the credit provisions, you've tightened the language so that the flexibility is now restricted to the IVMs; and we very much agree with that.

And we encourage you to have that process for credit-make-up periods if that is invoked a transparent process, that that all be done in public.

And finally, we urge you to continue to evaluate ZEV requirements; because, as I said, going forward, we think that we're going to need to look at the possibilities for making sure that we get more ZEVs on the road, that we're not just having a big overhang of credits and that we're actually getting the cars out there, as I know is your goal and also something that we're working with the 177 states on.

Thank you very much.

ACTING CHAIRPERSON BERG: Thank you, Bill.

Good morning, David.

MR. REICHMUTH: Thank you, members of the Board.
My name is David Reichmuth and I'm representing the Union of Concerned Scientists.

First I'd like to thank staff for working with us, then listening to our concerns. Thank you very much. It was a very constructive dialogue.

We support, as Bill mentioned, the proposed changes in this item, and we urge the Board to adopt staff's proposal.

One thing I'd like to bring up is during the process of developing and refining these changes, there was a lot of discussion and some disagreement around the number of ZEV vehicles that would be lost or gained during this change. It's critical to remember that any calculation of number of vehicles is dependent on the types and range of the electric vehicles being produced and delivered.

So, for example, an IVM that produces 10,000 vehicles per year, over the 2018-2025 period could produce less than 3,000 vehicles or have to produce more than 25,000 vehicles. There's a tenfold range there depending on what types of vehicles they produce. And that's with the same credit stringency. So I think a lot of the discussion was around this issue of how many credits per vehicle would actually be generated.

Now, UCS believes that the values used in
previous rulemakings probably underestimate the credits per vehicle that are and will be generated by both LVMs and IVMs. And this, combined with the credits already banked in the current travel provision in the ZEV regulation, means that the State may currently be on track to miss this goal of 1.5 million ZEVs and 3.3 million ZEVs in the multi-state IOU region.

Now, the goal of ZEV regulation is not to generate ZEV credits. The goal is to make sure the technology -- the ZEV technology is mature, that the vehicles are available for sale in the State and reach a self-sustaining market.

I mean, the overall goal is to make sure that we are on a path to transform the market from petroleum-based combustion engines to electric-drive vehicles with zero emissions.

So as part of the mid-term review the ARB should assess the likelihood of the State meeting ZEV deployment goals given the current credit balances and the range of vehicles for sale and announced. And the ZEV regulation needs to make sure that we -- ensure that we have both the number and types of vehicles that are needed to put us on the path to meet air quality, climate, and petroleum-reduction goals, both in 2025 and in the 2030 and 2050 time points.
Thank you.

ACTING CHAIRPERSON BERG: Thank you very much.

Good morning, John.

MR. CALDWELL: Good morning, Madam Chair and members of the Board. My name is John Caldwell representing the California Electric transportation Coalition.

We have submitted written comments and support of the staff proposal.

We would only add that, as others have commented, we believe it is appropriate that the compliance requirements for the intermediate volume manufacturers receive further review during the upcoming mid-term review.

Thank you.

ACTING CHAIRPERSON BERG: Thank you very much.

Jamie Hall.

MR. HALL: Good morning, everyone. I'm Jamie Hall, Policy Director for CalStart. I'm here today in support of the revised proposal. We believe it provides really generous flexibility for the IVMs but without reducing the compliance obligation. It's a good balance to strike and it's really important to maintain a strong signal.

As we look ahead to the mid-term review, it's
important to continue pushing to accelerate this market. And this regulation obviously is a very key element of that whole effort.

We do I think need to look at the credit oversupply issue that a few people have mentioned today; but I think that's better done as part of the mid-term review.

I want to note that this regulation, as important as it is, is just one piece of what needs to be a really comprehensive suite of policies. We also need to maintain strong signals through things like the CVRP and HOV lane access that really help get people into these vehicles. I know that's not what we're here to discuss today, but these things are hard to look at in a vacuum.

So thank you, and we look forward to continuing to work with you to meet the State ZEV goals.

ACTING CHAIRPERSON BERG: Thank you very much, Jamie.

And, Simon, you're doing clean-up today.

MR. MUI: Better late than never.

(Laughter.)

MR. MUI: Good morning, Chairwoman Berg and members of the Board. I'm Simon Mui with the Natural Resources Defense Council.

First off, I do want to congratulate you all,
State of California, the Governor's Office, for hosting --
and the other partner states for hosting the ZEV summit
this month. I thought that brought a lot of energy.

In addition, just this week the signing of Under
2 MOU by California with 11 international and domestic
partners to reach our 2030-2050 targets was quite a --
quite an announcement. And I wanted to just emphasize the
focus on electric drive as a key strategy for
decarbonizing the transportation sector.

Today's staff proposal for 15-day amendments
really help us ensure that the ZEV Program continues in a
strong manner and will remain a key foundational element
to hitting those targets towards cleaner mobility. So I
think, like others have said, NRDC supports the overall
15-day change in package. And we do thank staff,
management, and the Board for their time and effort on
this.

But I do want to take time and a moment to say we
also appreciated the efforts and the discussions
subsequent last October with the intermediate volume
manufacturers. I think we have a better understanding
through those discussions of the issues and concerns going
forward. And I think that that is a helpful beginning.

Overall, we think a more balanced proposal has
been reached that maintains the program stringency but
allows flexibilities to utilize plug-in hybrids in lieu of ZEVs. But going forward, all manufacturers will need to transition the ZEV market and expand their vehicle offerings. I think there's no questions about that.

There isn't a consensus on the best way to get there or how quickly. But as I said last October, we should consider any type of major amendments to the program in the context of the mid-term review that they're better housed there and looked at collectively rather than piecemeal.

As part of that, I wanted to identify some of the areas where I think the Board and ARB can work together with all stakeholders around to improve our understanding overall.

One is sales. Are the current compliance scenarios for the ZEV Program and TZEV programs consistent and sufficient to achieve our state's 2030 climate and petroleum-reduction goals? Our initial technical analyses are showing that all parties will need to work collectively to literally and figuratively go further and faster.

Uncertainty and variability in compliance. I just want to flag that the variability has I think created a lot of uncertainty for both parties on both sides.

So, for instance, the automakers may be worried
about the extreme side, which is 25 percent sales if you
do low-range BEVs and plug-in hybrids. If you do fuel
cells only on the flip side, it's 5 percent.

So I think having better certainty about the
actual vehicle numbers on the road will be important, in
addition to incorporating the ZEV credits.

ACTING CHAIRPERSON BERG: I need you to wrap up.
MR. MUI: Thank you very much.

ACTING CHAIRPERSON BERG: Thank you very much.

So before we go to Board discussion, I will now
close the record on this agenda item. However, the record
will be reopened when the 15-day notice of public
availability is issued.

Written or oral comments received after this
hearing date but before the 15-day notice is issued will
not be accepted as part of the official record on this
agenda item.

Once the record is reopened for a 15-day comment
period, the public may submit written comments on the
proposed changes, which will be considered and responded
to in the final statement of reason for the regulation.

So my fellow Board members, we have before us an
amendment. And I'd like to open it up for Board
discussion.

Dr. Balmes.
BOARD MEMBER BALMES: I'll talk the plunge.

(Laughter.)

BOARD MEMBER BALMES: So first off I want to thank the staff and both the IVMs and actually the environmental health advocacy groups who have been part of this process. I do think -- well, first of all I want to say that I missed the October fireworks because I was in South Korea, but I watched them on video. And I think though, while that provided a little bit of extra zest for the meeting, I think it led to a good outcome. And I think that what we've come up with here is a reasonable compromise.

I still have some concerns however. And the first concern is about the potential oversupply of credits in the system. And I've just really become aware of how much impact that will -- might have on our overall goal of trying to get 1.5 million cars -- ZEV cars on the road.

So as part of the mid-term review, I think it's very important for us to do a careful analysis of the credit, I think, oversupply that we have.

And I guess the other thing that I'd like to mention, and maybe other Board members may be in agreement, is -- the mid-term review is really important. And I realize a lot of information has to be reviewed prior to the mid-term review. But I think it's currently
scheduled for December of 2016, and that seems like a long
way away. So I'm interested in seeing if we can move that
up a bit.

BOARD MEMBER MITCHELL: Thank you. Thank you,
Chairman.
Can you hear me on this microphone? There's been
some problems.
Thank you, staff, for all the work that's been
done on this. And I think what we heard this morning from
a lot of our people who came to testify was a focus on the
mid-term review. And I think that is extremely important
at this stage. I think we need at that point to do a
thorough analysis of where we are on this path to reach
the goals that have been set: The Governor's goals for
reduction of petroleum, the Governor's goals for one and a
half million ZEV cars on the road by 2025. And we need to
look at where we are at this point in time and how we get
to the final goals or a target goal that has been set for
us.
This is important, because we're doing several
things. We're addressing climate change. We're also
addressing air pollution. And those goals are extremely
important across the state and in our -- in my district.
So I want to emphasize that.
One of our speakers - I believe it was Bill Magavern - mentioned that we need to have a very transparent process in the credit recovery program, and I believe that too. I think we really need to make sure that what we do is transparent and that others in the regulated community understand that.

And I share this concern about having a surplus of credits in the market. We are really not in the business of creating a robust credit market. What we want to see are cars on the road. And I think that is really important that we always keep that in mind. What we want to see is ZEV cars on the road. And so we need to be very careful about what is in the credit market, what makes up our credits, what types of vehicles. That ought to be reviewed as part of the mid-term review.

Where are we now in the sales? Are the sales sufficient to reach the goals that have been set? And kind of a -- I would say a -- through modeling or through projections, where are we going to be on that timeline through 2025 and 2026?

So thank you very much, staff, for the work you've done. And we look forward to more work on this.

Thank you.

ACTING CHAIRPERSON BERG: Thank you very much, Ms. Mitchell.
Dr. Sherriffs.

BOARD MEMBER SHERRIFFS: Yeah. And my comments are very much along the same lines.

You know, flexibility is important in terms of fairness, in terms of figuring out what's working and building on that; but it's certainly not laxity. The mid-term review, I agree, is really critical here. We have some important work to do then. We need to lock at the credits. We need to think about how the credits support infrastructure, because I think infrastructure is key to making all of this work.

Obviously the mid-term review, thinking of what's working to achieve our goals, mid-term review to better understand the relationship of ZEV, PZEV. What our real goal is is maximizing those zero emission miles, which are so important in terms of the greenhouse gas emissions and the criteria pollutants, which are so critical for South Coast, for Central Valley, for all of us.

I would -- this is all very doable. You know, when the Governor announced the 50 percent reduction in petroleum for transportation fuels in 2030, I thought this is just too aspirational, this is going nowhere. And then I thought what my family had done. And three years ago, we bought a zero emission vehicle. Three years ago, 28,000 pollution-free miles ago. And one year ago, we got
an internal combustion engine car, but it got 50 miles per
gallon. So today, we are using 20 to 30 percent of the
petroleum transportation miles that we were using three
years ago. I want some credits.

(Laughter.)

BOARD MEMBER SHERIFFS: Now, my family solution
is not everybody's solution, and that's part of why we
need to look carefully at this. But it is absolutely
doable. It is absolutely doable. I mean we need to stay
the course.

ACTING CHAIRPERSON BERG: Thank you very much.
Okay. Yes, please, Mr. Riordan.

BOARD MEMBER RIORDAN: First let me just express
my support for the discussion that has gone on between all
the affected parties. I think this is a marvelous
opportunity to have everyone hear all sides and become
part of the process, and certainly those who have spoken
today are key players in that process beyond our staff and
of course the Board itself.

I would agree with what has been said about the
importance of the mid-term review, and the timing of the
mid-term reviews is also important. We do need to
understand this supply of the credits, how the market
might be functioning in the future. And also, as my
colleague has just said, I really would want to see how
our infrastructure process is being accomplished. My concern is, to have a robust sale, you've got to have the infrastructure there for many of the people who are going to hopefully buy these products that are going to be manufactured. So I think infrastructure is critically important.

May I suggest also my wish that the mid-term review be held earlier than perhaps staff was thinking. I think you thought very late in 2016. I would hope we'd be early fall of 2016. I think that would help everybody to understand what's happening, what needs to be adjusted, and how successful we are. I think the whole range of issues need to be before us. And knowing this Board, we're going to want to discuss it, perhaps send it back to staff for further review; but at least we'll have started in early fall.

So if that could be accomplished, I would be very appreciative.

Thank you.

ACTING CHAIRPERSON BERG: Thank you, Ms. Riordan.

Professor Sperling.

BOARD MEMBER SPERLING: So I support most of what's being said here on the Board.

I do want to give a little context; and, that is, I want to highlight that there has been a lot of attention
to this IVM issue since 2012. The reason there's been so much attention is because we gave it so little attention in 2012. And that's -- you know, that was, in a sense, an oversight by both the Board and the staff and not understanding and appreciating what we were doing with respect to the IVMs. So it is appropriate, you know, that we're coming back and fixing it.

And I would note also that the IVMs, you know, these companies, have been more engaged with more integrity than just about any group we've dealt with. They've gotten together, which did take quite a bit of effort for them to actually do that. Companies are not naturally inclined to work together so closely on these kinds of issues and talk to each other; and they have and they worked with us. And so that should be appreciated.

And it should also be appreciated, as one of the company's said, that these are companies that do have in many cases specialized products, market niches. You know, you just think of Subaru, you know, their market is, you know, more the outdoors-type, adventurer-type people; and these are not vehicles so aligned with being a pure battery EV. And so I think there should be some appreciation of that, which I support.

Now, having said that, we've learned a lot about technol -- ZEV technologies and markets in the last few
years, and just in a very brief sense. One, we've come to see the costs of the batteries coming down faster than most of us expected it to happen, which is great news. But we've also come to see that the market seems to be much easier to expand with PHEVs than with the pure battery EVs. And we're seeing the car companies coming out with a lot more PHEV models than battery EV models. We're starting to see fuel cell vehicles just starting to appear. And so we've really learned a lot, we're learning a lot, and I think we need to be more flexible and incorporating that knowledge going forward, you know, in making possible modifications to the ZEV Program.

And so this next review -- this -- you know, the mid-term review really is important event. It really will be the first time we look at it closely since 2012, which is quite awhile. And so as we do that though, I want to support what a few of the other Board members, Dr. Balmes and others, have said here that the goal should be to strengthen the ZEV Program. That I also agree that we can get more vehicles out there, but they might not be the vehicles we thought they were going to be a few years ago. But the goal should be expanding the program, I believe. You know, we'll look at the data more carefully and, you know, we'll study it; but that's my sense of the future going forward.
And so two things that I want to -- first, I want to support the idea of making the mid-term review a little sooner. Because what I did not realize, and therefore expect most others didn't, is that when we talk about the mid-term review, it really is just a review. Any regulatory actions will take place as an outcome from that. In other words, we will then designate the staff to follow up on certain items. So when we're talking about actual regulatory action, we're actually talking about at least probably a year later than that, which is really far in the future. So for that reason I do support the proposal to make it sooner.

And the last thought is that I'd like to suggest a small change in the resolutions, that there be a firm commitment that we are going to look at some of these issues. And I guess in this case we're only looking at IVM. So in this case it would be a firm commitment that we are going to look at the obligations of the companies and the credits in the mid-term review. And the resolutions is kind of fuzzy about it. So I just wanted to make that more explicit, but with the understanding that that is the time when we're also explicitly going to be looking at the 177 states, we're going to explicitly be looking at PHEVs and battery EVs and the mix and how we handle that, we'll explicitly be looking at the idea of
eVMTs, and we'll explicitly be looking at the issue of credits.

So I guess for this resolution, you know, just really IVMs; but that's the larger context about it. And, you know, I would like to hear affirmation from the staff that, you know, that is the plan or not.

(Laughter.)

BOARD MEMBER SPERLING: I don't want to hear the "or not," but I appreciate that that's one possible response.

ACTING CHAIRPERSON BERG: But I would like to turn it over to staff to address, before I get the last two comments, on the idea of what the intention of for the mid-term review and the need to specifically call out IVM stringency in the resolution.

BOARD MEMBER SHERRIFFS: Can I then also clarify. I agree wholeheartedly early, not late. I'd love to do this -- we're talking early fall. I'd love to do this in September.

ACTING CHAIRPERSON BERG: Okay. So before we start pinning staff down to a specific day, let's --

BOARD MEMBER SHERRIFFS: Let's bring in the oxygen --

ACTING CHAIRPERSON BERG: -- let's stick with one thing at a time if it'd be all right.
EXECUTIVE OFFICER COREY: I -- the response to Professor Sperling in terms of scope - and I think it's a really important question because several of you, in fact, all, are noting the importance of the mid-term review - so I want to be clear in terms of what it is and what we're capturing in terms of scope. So it is a collaborative document. It's a technical assessment document worked on in collaboration with EPA and NHTSA for the Clean Vehicle Program. The ZEV component is comprehensive; it does cover the elements Dr. Sperling talked about, including technology and costs, consumer behavior and uptake of the range of technologies, infrastructure status and projected needs from an infrastructure standpoint, and also the collaboration with 177 states, the uptake and behavior with respect to the secondary market, and the credit position point that you've made to me.

All those elements are a key aspect that needs to be reflected in the mid-term review and are a range of studies that are underway, as well as real experience that we're seeing in terms of the rollout of the program. In fact, next month we'll be reporting to you in terms under the AQIP Program that we'll be looking at the CVRP Program for the next fiscal year and talking about what we've seen. So there will be periodic reports as terms of what do we see from an uptake standpoint.
But to my point, mid-term review: Comprehensive from the ZEV standpoint to really inform the very point that Dr. Sperling and others have raised to really inform a touchpoint, how is the program unfolding, are there any issues, and seeking Board direction moving forward.

ACTING CHAIRPERSON BERG: Mr. Corey, did you have an addition?

DEPUTY EXECUTIVE OFFICER AYALA: I was just going to provide a couple extra comments, because one of the points that keeps coming up is the issue of oversupply of credits. And just to try to put things in a little bit of context for you, let us remember that the reason that there is credits in the market is because the OEMs are actually bringing cars to the market. And if you consider that we are at this point fast approaching 150,000 cars on the roads in California, that's about 10 percent of what we need to be in 2025 to meet our target. So the credits are an important indicator of the fact that there is market demand, the people want the cars, and the OEMs are responding bringing those products to the market. So I just want to put that in context.

The other thing is again the point about are we going to be where we need to be in 2025? As Mr. Corey pointed out, next month we're going to come back to you with our investment plan and we're going to include a
report on CVRP. And I often like to use a very simplified approach in terms of trying to help understand where we're going to be in 2025. And obviously the most difficult thing about forecasting is that it's about the future. But if you do a very simple exercise and you look at the CVRP demand, the rate of increase, and you just extrapolate that to 2025, that tells you we're going to get there. So again, that's just one indicator. But I want to mention that to you, because I do want to give you some context for that.

Obviously, everything you said, and as Mr. Corey alluded to, we need to track this very closely. We have remaining barriers like infrastructure. But at the same time, let us acknowledge that the market is growing, we see very healthy signs that the cars are getting better, there's more models coming to the market, the introduction of fuel cells is a great development. So things are happening and moving the needle in the right direction.

ACTING CHAIRPERSON BERG: And thank you for that. So getting back to Mr. Corey, Professor Sperling's specific request. On slide 8 of the staff report, it says commit to revisit program stringency in late 2016 as part of the mid-term review. Do you feel that the resolution supports this commitment as it's written?
EXECUTIVE OFFICER COREY: Chair Berg, I do. But I wanted to add in terms of scope of factors that are considered as part of the assessment. But I want to get to the timing question that is reflected here as well, just to provide a little more clarity.

ACTING CHAIRPERSON BERG: Before you do that, could we just hear from the last two Board members --

EXECUTIVE OFFICER COREY: Absolutely.

ACTING CHAIRPERSON BERG: -- so we could address in case there's another aspect of that that comes up.

EXECUTIVE OFFICER COREY: You bet.

ACTING CHAIRPERSON BERG: Thank you.

Supervisor Serna, do you have a comment for me?

BOARD MEMBER SERNA: Only briefly, Madam Chair. I would certainly agree with all of what's been said already by my colleagues on the Board. And I'll just note that in the last week or so I think many of us have heard from the IVMs leading up to the hearing. But it's kind of a pleasant surprise to hear a slight change of a position in terms of what I thought was a remaining or was an outstanding concern that they have. So I was pleased to hear from the representatives of the IVMs today that they're really focused on the mid-term review. I think it's clear that this Board is very focused on the import of that, and I would agree that moving it up in terms of
scheduling is something prudent.

ACTING CHAIRPERSON BERG: Thank you.

Mr. De La Tore?

BOARD MEMBER DE LA TORRE: (Shakes head.)

ACTING CHAIRPERSON BERG: Okay. So, Mr. Corey, you were going to address the timing issue as well as wrap up the giving certainly Professor Sperling some comfort as to being able to be assured that we're going to address the IVM stringency program within the mid-term review. Otherwise I'll ask fellow Board members how they feel.

EXECUTIVE OFFICER COREY: Correct. So in terms of stringency, that clearly is an element that the range of studies and analysis needs to inform. And our plan is, as part of returning to the Board having completely the mid-term review, is to really characterize the scope of findings as part of that review, staff recommendations, and to seek Board input in terms of the next steps. So then the question is one of timing.

The mid-term review, which I characterize as a very comprehensive assessment - I think it's understood the scope of work that will inform it - is to be completed in the June time frame, June 2016.

And your correct, Dr. Balmes, in terms of timing, after the completion of that draft report, the plan was to release it for public review. And it is -- clearly it's a
very comprehensive document. We're going to have to provide some time to get input, synthesize that input, and really return to the Board with the scope of recommendations, findings, assessment that stakeholders have provided as well. We want to make sure there's time to do that.

But I'm hearing loud and clear the interest in returning to the Board prior to December. And what my plan is is to start with the team here and see if there's some opportunity to, one, do everything I just described: Get that draft report out, provide sufficient time for public comment, synthesize that input, and return back to the Board for a, you know, a very substan -- what will be a very substantive conversation and Board hearing. And I will look to see if we can move that forward somewhat.

ACTING CHAIRPERSON BERG: And maybe another aspect of this that you might be able to comment on is that whatever direction that the Board might give during the mid-term review, what's it look like for 2016, in a high level way of timing for coming back for any changes.

EXECUTIVE OFFICER COREY: Right. What we would lay out is -- if the direction from the Board on the discussion of the mid-term review was one of regulatory amendments, we'd lay out here's the overall time frame that would take to go through that process for any
amendments, for instance, to strengthen or adjust, either way, the regulation.

But Professor Sperling's characterization is approximately correct. If we initiated a rulemaking upon direction of the Board when we had the mid-term review discussion, it would be about a year process, which would mean we would return to the Board the latter part of 2017 with proposed amendments to the regulation. That's about correct.

ACTING CHAIRPERSON BERG: And there's no question. I'm hearing very strongly for a strong -- continually strong ZEV mandate, and so I appreciate that comment.

Does that -- are you comfortable with that --

BOARD MEMBER BALSME: Chair Berg, may I just make one comment?

ACTING CHAIRPERSON BERG: Yeah, just one second.

BOARD MEMBER SPERLING: Yes, I'm happy.

(Laughter.)

ACTING CHAIRPERSON BERG: Thank you.

Dr. Balmes.

BOARD MEMBER BALSME: I just want to say that I appreciate that we're asking the staff to work harder and faster and they're already working hard and fast. But I think this is really important and I think you've heard
from the Board how important we feel about that. But I
just want to say that it's -- we appreciate the work
you've done and what you're going to have to do to bring
this a little sooner.

EXECUTIVE OFFICER COREY: Thank you, Doctor. In
fact, the message came through very clearly from the
Board.

(Laughter.)

ACTING CHAIRPERSON BERG: Well, we have before us
resolution 15-7. Can I get a motion?

BOARD MEMBER SPERLING: So moved

BOARD MEMBER BALMES: I second.

ACTING CHAIRPERSON BERG: All in favor?

(Unanimous aye vote.)

ACTING CHAIRPERSON BERG: Any opposed?

Any abstentions?

The motion passes.

BOARD MEMBER SPERLING: Chairman Berg, could I
take the opportunity for a minor teaching moment?

(Laughter.)

ACTING CHAIRPERSON BERG: As long as it's minor
and short.

(Laughter.)

BOARD MEMBER SPERLING: I want to just clarify a
little bit this PHEV and BEV issue, because I know it's
very contentious, and it's at the base of a lot of the
collision and discussion. And just very quickly I want to
say that what we've been learning is that with battery
costs coming down, the car companies are more comfortable
building, what we'll call, big battery PHEVs, PHEV 30s,
40s, PHEV 50s. And what that means is that these are
cars, once there's even a moderate infrastructure out
there -- charging infrastructure. What this means is
these are cars that would operate essentially pure as true
zero emission vehicles in urban areas, and only in some
long trips, inner-city would there be the use of a
combustion fuel.

And so what we're talking about is, even though
we talk about PHEVs, and people say, well, it's not the
gold standard, it's not what we really set out to do, with
these vehicles, we can think about getting 80 to 90
percent of the miles being electric miles and being zero
pollution in the urban areas where we're concerned about
the exposure.

And if -- and this is the big if, but if we can
get a lot more people willing to buy a PHEV than are
willing to buy a battery EV, then I think we're way ahead,
and we don't know the answer yet. There's research going
on. Car companies themselves are trying to figure out,
but all signs seem to be pointing in that direction. And
so that really is an underlying issue in all of our

discussions about the ZEV mandate going forward, that we

will be addressing and thinking about.

ACTING CHAIRPERSON BERG: Thank you.

BOARD MEMBER SPERLING: Was that short enough?

ACTING CHAIRPERSON BERG: Yes.

(Laughter.)

ACTING CHAIRPERSON BERG: Thank you very much.

I'd like to go ahead and return the Board to the

consent item. We do have a consent item on our agenda.

And I'd like to ask Board Clerk if anybody has asked to

testify?

BOARD CLERK JENSEN: (Shakes head.)

ACTING CHAIRPERSON BERG: Is there anybody on the

Board that would like to bring one or more items of the

research proposal off of the consent item?

BOARD MEMBER RIORDAN: Madam Chair, then seeing

none, then I would like to move all of those items, that

the staff has recommended on the consent calendar in the

affirmative.

BOARD MEMBER SHERIFFS: Second.

ACTING CHAIRPERSON BERG: All in favor?

(Unanimous aye vote.)

(Board Members Berg and Sperling abstained.)

ACTING CHAIRPERSON BERG: We have two
abstentions. I am abstaining.

BOARD MEMBER SPERLING: And I'm also abstaining because some of my colleagues are involved with some of the research proposals.

ACTING CHAIRPERSON BERG: So the motion does pass on quorum. Thank you very much.

Moving on to our next item. It's a presentation on staff's evaluation of the greenhouse gas determination from the San Joaquin Council of Governments Sustainable Communities Strategy, or SCS. The San Joaquin Council of Governments is a metropolitan planning organization for the San Joaquin County, and our neighbor just to the south. Today, we will see the results of staff's technical evaluation of the modeling and the performance indicators that underling the COG's greenhouse gas quantification.

I'm pleased to see that we have representatives from the San Joaquin Valley -- San Joaquin Council of Governments here today, and we want to welcome you and thank you for attending.

Mr. Corey, would you please introduce this item?

EXECUTIVE OFFICER COREY: Yes, Berg chair.

So the -- in 2010, the Board adopted per capita Greenhouse Gas emission reduction targets for the 18 metropolitan planning organizations, or MPOs, in
California pursuant to Senate Bill 375.

For the eight MPOs in the San Joaquin Valley, those targets are five percent per capita reduction by 2020, and 10 percent per capita reduction by 2035. In addition to setting greenhouse gas reduction targets, ARB's role in implementing SB 375 includes evaluating the greenhouse gas determinations prepared by the MPOs, and either accepting or rejecting each MPO's determination that its Sustainable Communities Strategy, or SCS, would meet the targets.

Staff's evaluations are based on a general technical methodology that was developed in 2011 and that has been used to evaluate nine other SCSs. The first round of regional transportation plans, or SCSs for the San Joaquin Valley were completed last summer. In January of this year, you considered the SCSs from the Fresno region.

Today, you'll consider another SCS from the valley, that of the San Joaquin Council of Governments, also known as San Joaquin COG.

ARB staff has been working with the San Joaquin COG staff over the past several months to obtain and analyze the necessary information to complete our evaluation. And the COG has provided us with a copy of its travel model, which covers the three northernmost
counties in the valley, San Joaquin, Stanislaus, and Merced. Our evaluation of the greenhouse gas quantification has been facilitated by our ability to run this model.

Staff has prepared a staff report describing its technical evaluation, and today's presentation will review the results of that evaluation, which concludes that the SCS, if implemented, would achieve the targets of five and 10 percent.

And as Ms. Berg mentioned, we have representatives of the San Joaquin COG here today, including Andy Chesley, the executive director.

I'll now ask Terry Roberts from our Sustainable Communities Policy and Planning Section to begin this staff presentation.

Terry.

SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION MANAGER ROBERTS: Thank you, Mr. Corey, Ms. Berg, members of the Board.

(Thereupon an overhead presentation was presented as follows.)

SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION MANAGER ROBERTS: In this presentation, I will briefly describe the current land use and transit characteristics of San Joaquin County, highlight the key elements of San
Joaquin Council of Governments, or SJ COG's, Sustainable Communities Strategy, and summarize the results of staff's technical evaluation of SJ COG's greenhouse gas quantification.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION

MANAGER ROBERTS: Under SB 375, the Air Resources Board has the responsibility to set regional greenhouse gas reduction targets for the 18 metropolitan planning organizations in California.

In September 2010, the Board set targets for each of the eight counties in the San Joaquin Valley, including San Joaquin County, at five percent per capita reduction by 2020, and 10 percent per capita reduction by 2035.

SJ COG's 2014 regional transportation plan, or RTP, and Sustainable Communities Strategy, or SCS, represents a shift away from the county's historic growth pattern of development on the fringes of the region's cities, and instead encourages compact growth in existing urban areas, especially in downtown areas near transit.

The SCS pairs an increase in density, more mixed use and infill development with increased investments in alternative modes of transportation, such as public transit and active transportation. The land-use strategies in the 2014 RTP SCS would enable the region to
reduce its development footprint by 2035, compared to the
previous RTP adopted in 2011.

The SCS reflects sustainable development policies included in the recently updated general plans, climate action plans, and sustainability plans of several cities in the region, including Tracy, Lodi, Manteca, and Stockton. Adoption of these local plans and policies demonstrate a willingness to implement the types of sustainable development and transportation strategies found in the 2014 RTP SCS.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION

MANAGER ROBERTS: San Joaquin County is the valley's northernmost county, sharing borders with both the Sacramento and the San Francisco Bay area regions. About three-fourths of the land in San Joaquin County is agriculture, with well over half of the region's total acreage under Williamson Act protection.

The region is largely rural, except along Interstate 5 and Highway 99, which are major routes for freight transportation and for commuters. With relatively affordable housing prices in the valley, many who work in the Bay Area, and to a lesser extent in Sacramento, choose to live in San Joaquin County. This contributes to a significant amount of commute traffic to these neighboring
regions. Nearly half of San Joaquin County's employed residents commute outside the region for work.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION

MANAGER ROBERTS: The growth pattern of the past 30 years has resulted in primarily single-family homes, many on large lots, along with suburban style commercial development and dispersed job centers.

The population of San Joaquin County is a little over 700,000, and the count is expected to grow to over a million people by 2040. In this map, the population of the seven incorporated cities is represented by the size of the gray circles. The largest city, Stockton, has almost 300,000 residents, or about 40 percent of the region's total. The other cities range from nearly 85,000 in Tracy to a little more than 7,000 in Escalon. About 20 percent of the population lives in the more rural unincorporated areas of the county.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION

MANAGER ROBERTS: With implementation of the SCS, the region would see more mixed-use development in infill areas focused especially in downtown areas, and along transit corridors within existing cities. A much greater share of new housing would be multi-family and small lot
single-family units than would be expected with the
historical growth pattern.

One focus of the 2014 RTP SCS is to coordinate
land-use development policies with supported improvements
in transit and active transportation. This would be
accomplished with the region's transit oriented
development policy that encourages siting of new
development along transit corridors.

Six new bus rapid transit routes are planned for
Stockton through the 2040 horizon year of the plan, adding
to the three existing BRT lines. In addition to
connecting land use with transit, the 2014 SCS also
increases funding for active transportation, leading to
more transportation options for residents.

For example, implementation of the plan would add
over 800 miles of bikeways, as well as amenities to
increase walkability in the region, such as new sidewalks,
lighting, and street beautification projects. This will
increase options for people to use active transportation
as an alternative to driving.

Another strategy is the use of transportation
demand measures, such as carpooling and vanpooling to
reduce the amount of travel, especially by commuters. SJ
COG's budget includes funding for a commute connection
program that provides subsidies for vanpools and other
incentives for residents to carpool and use transit and active transportation.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION
MANAGER ROBERTS: These two maps illustrate a market difference in the location and density of development under a business-as-usual scenario on the left, compared to the SCS on the right by 2035. The yellow on the business-as-usual map indicates mostly low density residential development on the outer edges of cities and in several unincorporated areas.

In contrast, the map on the right shows that the plan, if implemented, would result in a significant increase in higher density development, indicated by more orange and red, and more mixed-use development, indicated in dark pink, closer to existing city centers.

Overall, the development pattern is more compact and less land is occupied by urban development.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION
MANAGER ROBERTS: Local support for more compact sustainable development has led to the construction of projects, such as the ones depicted here. These projects offer examples of the type of infill, mixed-use, transit-oriented development projects we can expect in the
future given the strategies included in the SCS.

Grandview Village is a 100-unit affordable housing and retail mixed-use project in downtown Stockton about four blocks away from the downtown transit center, and about two blocks from a future BRT corridor.

Anchor Village is an infill project with 51 affordable apartments for veterans and people living with mental illness, along with community and social services on the ground floor. This project, located near Stockton's downtown transit center, a future BRT line, and several other amenities will be designed to LEED silver standards.

CalWeber 40 is a mixed-use renovation project of two buildings in downtown Stockton less than a block away from the transit center. The ground floor of these buildings will retain their current commercial uses. And the upper floors, which are currently vacant, will be converted to 40 affordable energy-efficient apartments for families.

SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION MANAGER ROBERTS: Bus rapid transit systems are a lower cost alternative to street cars or light rail systems. And Stockton's experience with BRT has been very positive. Stockton's three existing BRT lines, shown in red on the
map, provide access to important destinations including the University of the Pacific and Delta College, medical offices, shopping centers, and the Stockton airport. The buses run every 10 minutes during peak periods with a limited number of stops, and receive priority at traffic lights, making it a popular system for Stockton's residents.

In its first six months of service in 2007, the system's first route had over 200,000 boardings, and ridership grew to nearly two million trips in 2013, as the system expanded to three routes.

The success of this system and its cost effectiveness are behind the COG's decision to add six more BRT lines in Stockton by 2040, as shown in the blue-gray lines on the map.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION MANAGER ROBERTS: The next half of this presentation addresses ARB staff's technical evaluation of SJ COG's greenhouse gas quantification. The performance indicators, on the next five slides, show how the region would change as a result of implementing the SCS. These indicators represent forecasted change in land use and travel activity.

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MANAGER ROBERTS: In this graph, the two bars on the left represent single-family housing, and the on right multi-family house units. The blue bars are what would be expected under the business-as-usual scenario by 2035 and the green bars show what the SCS would yield.

The percentage of multi-family housing would increase from about 11 percent to about 40 percent of the total new housing units under the plan, while single-family housing would decrease from nearly 90 percent to about 60 percent of all new housing units. This is a notable departure from the trend of single-family home construction.

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MANAGER ROBERTS: With its focus on transit-oriented development, the SCS also encourages more growth in housing, depicted on the left in this slide and jobs, depicted on the right, near existing and future transit services.

Increasing residents' and employees' accessibility to transit by 2035, the SCS would result in significant increases in housing and jobs within a half mile of a transit station or stop as compared to the business-as-usual scenario.
With a smaller development footprint from future growth, fewer acres of farmland would be consumed by 2035. This graph shows the amount of farmland acres outside of city spheres of influence that would be converted by development under the business-as-usual scenario on the left, and the SCS on the right. The SCS would reduce farmland conversion by about two-thirds.

The 2014 RTP budget of approximately $11 billion through 2040 shows a shift in the region's funding priorities. Compared to the 2011 RTP, the 2014 plan allocates more funding for transit, bike and pedestrian infrastructure, and roadway operations and maintenance. There is less focus on funding for roadway capacity expansion.

In addition to the proposed bike lane and sidewalk improvement projects in the RTP, the budget for roadway expansion includes funding for bicycle and pedestrian amenities that would be constructed as roadways are rehabilitated into complete streets.
As a result of the strategies in the SCS, this graph shows what the decrease in the daily vehicle miles traveled, or VMT, per capita in 2020 and 2035 would look like based on the COG's data.

Although the recession contributes to the sharp decrease between 2005 and 2020, the trend is what we would expect with a continued decline of per capita VMT after 2020. However, the magnitude of the per capita VMT is sensitive to assumptions about interregional travel, which I'll discuss in a few minutes.

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In its technical review of the SCS, staff followed the evaluation process described in our July 2011 technical methodology paper, which we used in reviews of nine other SCSs so far. Staff looked at four key components of an MPO's travel demand modeling system. These components include the modeling tools, data inputs and assumptions, the model's sensitivity to the strategies in the SCS, and the performance indicators, which I just discussed.

Each component is critical to understanding how the MPO quantified greenhouse gas reductions in their SCS.
SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION

MANAGER ROBERTS: San Joaquin COG worked with the MPOs in Stanislaus and Merced counties to develop a single travel demand model known as the Three-County Model, for these three regions.

The model, completed in 2012 with funding from the Strategic Growth Council, is similar in structure and function to the travel models of the other valley MPOs.

In addition to its travel model, SJ COG used Envision Tomorrow, a land-use scenario planning tool commonly used by other small MPOs to evaluate alternative land-use assumptions.

As part of its technical evaluation, staff reviewed key inputs and assumptions in the travel demand model and the land-use tool. We reviewed assumptions about demographics and growth forecasts, the region's current and future land use and transportation network, and auto operating costs. We found these assumptions to be reasonable and similar to those of other MPOs.

Staff's technical analysis was enhanced by being able to run SJ COG's travel model, which was provided by the MPOs. As I'll describe in a moment, ARB staff used that three-county model to run a sensitivity test for interregional travel.

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MANAGER ROBERTS: To determine if the model was adequately sensitive to SCS strategies, staff collaborated with SJ COG staff to design and run five sensitivity tests, auto operating costs, transit frequency, residential density, proximity to transit, and household and income.

In all of these sensitivity tests, the modeled changes moved in the right direction that we expected. Although, in some cases, the change in magnitude was subtle compared to that reported in the empirical literature.

Now, the literature focuses on more urban areas and we would not expect a rural county's response to land uses and transportation changes to be identical to those of large metro areas. ARB staff considers SJ COG's travel models response to land-use and transportation changes to be comparable to the empirical data.

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MANAGER ROBERTS: Both SJ COG and ARB staff recognize that SJ COG's estimated per capita greenhouse gas emission reductions of 24 percent in 2020 and 2035 are large, compared to the results of other MPOs. This large forecasted reduction is influenced by the amount of interregional travel in the region and how it is accounted.
San Joaquin County has the largest amount of interregional travel of all the valley counties. Interstate 5 and Highway 99 carry large volumes of traffic from outside San Joaquin County to other regions without stopping in the counties. These pass-through trips are not included in the SB 375 target methodology, in recognition of the fact that MPOs do not have the ability to influence those trips through regional land use and transportation strategies. Commute trips to the Bay Area and Sacramento regions that begin in San Joaquin County are included in the quantification methodology. SJ COG includes the portion of the VMT from these trips that occurs within the county in its SB 375 quantification.

 Appropriately accounting for each type of interregional travel is important for GHG quantification. Travel demand models forecast how much travel is occurring within a region, but these models have limited capability to characterize the full trip distance, once a trip leaves the region.

 Many of the SCSs that ARB staff has reviewed so far have been for multi-county regions, in which interregional travel was a relatively small portion of the region's total travel.
However, for single county MPOs like SJ COG, the proportion of interregional trips to trips that start and end within the county is much greater. This affects both the total VMT and the greenhouse gas emissions calculations.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION

MANAGER ROBERTS: ARB staff reviewed the assumptions about current and forecasted amounts of interregional travel that SJ COG used when it quantified greenhouse gas emission reductions. SJ COG used data from the 2003 California statewide travel model, which was the latest available information when the COG began developing the Three-County Model. This data source forecasted significant growth in interregional travel for San Joaquin County.

To estimate the magnitude of the impact that interregional travel assumptions may have had on SJ COG's results, ARB staff conducted an independent model run using the Three-County Model and more recent data from the 2012 California Household Travel Survey and the American Communities Survey.

Our test showed that the reduction between 2005 and 2035 in per capita VMT would be significantly lower than SJ COG's estimate, and more in line with the
estimated reductions from other MPOs, including Fresno COG's.

We have included a recommendations in our staff report that SJ COG should work with neighboring regions to develop and use more current data for interregional travel in their next round of model improvements. Our staff report includes a number of recommendations to improve the data used in their model and their modeling approach to better estimate trips and VMT in the region.

Based on this analysis, staff has concluded that SJ COG's greenhouse gas emission reduction estimates are indeed high. However, based on the weight of evidence, including the mix of land use and transportation strategies, performance indicators, and model sensitivity tests, ARB staff have also concluded that the SCS would achieve the targets of five and 10 percent, if implemented.

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SUSTAINABLE COMMUNITIES POLICY & PLANNING SECTION
MANAGER ROBERTS: So based on staff's technical evaluation, staff recommends that the Board accept San Joaquin COG's determination that its 2014 RTP SCS, if implemented, would meet the region's per capita greenhouse gas emission reduction targets for 2020 and 2035.
And that concludes staff's presentation.
Now, I would like to -- I would like to invite Andy Chelsey, the executive director of the San Joaquin Council of Governments, to address the Board, as he is here with us today.

Hello, Andy.

MR. CHESLEY: Thank you very much. Thank you, Chair, members of the Commission. Appreciate it.

We come here in support of your staff's recommendation regarding our regional transportation plan and our ability to meet the targets set by ARB for greenhouse gas emissions.

I would like to state a couple things just to add to what Terry has said. We have moved forward with the Metropolitan Transportation Commission and the Association of Bay Area Governments in order to try and develop a better consensus about what the interregional trip numbers will be between our two regions.

You might wonder how come we didn't have a better set of numbers that coordinated with each other, and that's a good question. And I think Steve and I both agree that we need to do a better job in the course of this region transportation plan, so we're looking forward to doing that.

Also, we have joined with MTC and with SACOG in terms of working on a regional planning initiative on a
policy level among our three regions. As a matter of fact, Supervisor Serna was actually an integral part of that very first initial meeting to put this together, and we will be continuing this effort over the course of the next year. That will also work into our regional transportation plan.

We are working on better data with Stanislaus and Merced county to produce a more sophisticated and more robust modeling exercise here, and I do appreciate the work that ARB staff -- it's always a pleasure to work with ARB staff, and the work that they did in terms of our modeling. I like to look at the modeling work that they did and what we did previously as a good sensitivity analysis on this.

There still appears to be an issue with interregional trips. For instance, how can it be that when you increase the number of trips that are the longest distance, you somehow get a larger greenhouse gas emission reduction. It seems counterintuitive. And I think we need to continue working on that.

And to that extent, we are working with Merced and Stanislaus to try and come forward to you with a proposal where you would set a target on the combined three counties, as opposed to three individual counties. We have a modeling tool that measures the trip making and
the greenhouse gas emission reductions, VMT reductions that occur over the course of the three counties. And that tool is very robust if we use it correctly.

So if we set a target that combines all three, and then allow the three regions to determine what the responsibility is, in terms of greenhouse gas emission reductions to meet those targets in our SCS, I think that's a better approach. Because if you look at the Bay Area, for instance, -- the nine county Bay Area has a transportation model that covers the entire nine-county Bay Area, you don't bother to look to see what the interregional trips are between Alameda and Santa Clara, or between San Mateo and San Francisco. If you looked at that, there would be wide variation across the Bay Area.

But when you look at it as a nine-county region, it starts to make more intuitive sense. And I think that's the same thing that would occur if we were able to combine the target setting for Merced, Stanislaus, and San Joaquin. It would make a more rational target and a more rational process than forward coming to you with a regional transportation plan.

We want to thank your staff again, and yourselves as well. The process has been very interesting. It's been actually very invigorating for all of us, in terms of transportation planning, and we -- I'm happy to answer any
questions you might have. Thank you very much for the
recommendation from your staff and for your action on
this.

ACTING CHAIRPERSON BERG: Thank you very much.
We only have three people testifying. Shall we go to
testimony and then Board discussion.
So we'll start -- it's listed above.
Katelyn.

MS. ROEDNER-SUTTER: Good morning. My name is
Katelyn Roedner-Sutter. I'm the environmental justice
program director for Catholic Charities in the Diocese of
Stockton. I'd like to thank you for the opportunity to
address you today. And we've appreciated the work that's
been done by the ARB staff on this plan.

When the Sustainable Communities Strategy process
began in San Joaquin and Stanislaus counties, Catholic
Charities environmental justice program convened community
coalitions in these regions to advocate for equitable,
helpful, and sustainable plans.

Our partners have included San Joaquin Public
Health Services, local asthma coalitions, the American
Farmland Trust, Climate Plan, small business incubators,
local infill developers, our Stockton NAACP chapter, the
Lao Family Community Empowerment, urban farmers, bike
coalitions and environmental groups. Today, I also bring
special support for my comments from the American Lung Association in California, and Valley LEAP.

    We would like to congratulate the San Joaquin Council of Governments for meeting the greenhouse gas reduction targets and for crafting and adopting an SCS that will truly be beneficial to our community, including the most vulnerable members of our community.

    The investments in transit, active transportation and the dramatic preservation of our farmland are achievements to be commended. This is, of course, in addition to what we expect will be necessary improvements in our air quality.

    Additionally, I have to thank the SJ COG staff for being a true pleasure to work with. They have taken our interests in affordable housing, public health, community equity, and more truly and seriously to heart.

    Moving forward, we are encouraged that the SJ COG has already taken real and concrete steps toward implementing the SCS. They have convened a multi-disciplinary implementation working group that is already begun discussing how to attract jobs, better measure public health outcomes, and how we can support affordable housing projects.

    There is a lot of momentum in San Joaquin County right now, and especially in Stockton, with our BRT lines...
and several transformative downtown projects. The staff
has played a significant role in this progress.

As we continue with implementing this SCS and
even begin to consider the next round, we'd like to see an
even greater emphasis on measuring and forecasting the
potential health benefits for our community. Our
coalition and San Joaquin Public Health Services would
welcome input on how to create robust health measures that
would best fit our county. And perhaps, ARB can provide
the support in the next round.

We would also like to see a greater exploration
of the environmental justice impacts of this plan.
Perhaps as a side effect of TOD or people living closer to
where they work, both of which we appreciate, is that more
people are predicted to live close to major transportation
corridors. These populations are often low income,
communities of color, or non-English speaking communities,
and we want to ensure that they do not bear an undue
portion of our ongoing air quality and environmental
challenges.

So again, thank you to the ARB staff. Thank you
to this Board, and especially thank you to SJ COG staff.

ACTING CHAIRPERSON BERG: Thank you.

Good morning, Carey.

MS. KNECHT: Good morning, everyone. My name is
Carey Knecht with Climate Plan. And like Katelyn, I wanted to start off by thanking and congratulating San Joaquin COG staff for all of their great efforts to put forward a Sustainable Communities Strategy that today has been found to meet the targets. I also wanted to thank ARB staff for the very in-depth review that provided lots of interesting information in this report.

The Sustainable Communities Strategy takes a great step forward, as you've heard today, by developing with more compact and walkable growth approximately doubling housing density if implemented. It would cut the loss of farmland by two-thirds outside of city limits. It would also shift significant funds away from roadway expansion and towards more sustainable and healthy modes of transportation, including transit, bus rapid transit, road maintenance, walking, and biking. And as a result of these active policy improvements, it achieves an impressive reduction in vehicle miles traveled and greenhouse gas reductions. This work is already paying off with significant new construction already breaking ground in Stockton with other projects under development.

I wanted to make two points that are relevant to the discussions that have been happening at this Board related to the implementation of SB 375. First, the importance of continuing to improve the estimates around
interregional travel. The staff's analysis showed that this made a difference not, you know, around the margins, but a difference of almost 50 percent in the estimated reduction of vehicle miles traveled.

So it's at a very significant level. So I look forward to the continued work underway through the roundtable here and also thank San Joaquin COG for the efforts that they've already undertaken to begin to address this critical issue.

Second, I believe that this analysis shows that the placeholder targets that were set for the San Joaquin Valley were conservative. They were set before we had a great deal of information about the strategies and the results that they could achieve in the valley. And here, we found that they are on par with that of other regions, which I think can inform efforts as this Board moves forward with setting targets for the Round 2 SCSs in the valley.

Thank you again for all of your work. Have a good day.

ACTING CHAIRPERSON BERG: Thank you.

Phoebe Seaton.

MS. SEATON: Hi. Phoebe Seaton, Leadership Counsel for Justice and Accountability. Again, echoing my colleagues. I also really wanted to take the opportunity
that I, as some of you know, work more in the south --
southern portion of San Joaquin Valley from Merced points
south, and would -- just had the pleasure of working with
Catholic Charities and their coalition in watching their
really strong collaboration with the COG, and look to them
as an example. And I just want to make sure that the
Board appreciates the efforts that Catholic Charities and
other stakeholders played in this process.

And the only other point I want to make is I want
to reiterate the point that Carey Knecht just made with
Climate Plan that I think that this analysis demonstrates
that the placeholders were placeholders for a reason, and
that we can do better in the next round.

Thanks so much.

ACTING CHAIRPERSON BERG: Thank you very much.
Well, we have before us Resolution 15-10. And could we
have Board comments before we move to the resolution?

Any comments?

Dr. Balmes.

BOARD MEMBER BALMES: I guess I'll lead off
again. So the last time we were dealing with Sustainable
Communities Strategies from the Central Valley. I'm not
talk about Fresno. But the previous time, I think I, and
along with Professor Sperling, gave a hard time to the
proposed plans, but I really appreciate the collaboration
between the COGs and the CARB staff, and the review of the
models, which because I was concerned that they were kind
of black boxy. And the fact that basically it showed that
they were -- the benefits gained by the recession were,
you know, mainly what we were going forward with.

So I think the high density approach to housing
along transportation corridors with the bus rapid transit
lines is -- you know, it's a good move. I like the bike
lanes. I think -- or the bike pathways. We've got to
make sure people use those bike pathways, including people
with less economic advantage who might actually really
benefit economically by using the bikes, as opposed to
just recreational use, which I'm not against, but we want
more than recreational use. We want active commuter use.

But overall, I think this is a real -- it's a
positive step forward. I appreciate the concerns of the
last couple speakers about impacts on populations living
near high transportation corridors, but, you know, there
are ways to deal with that, like putting in HEPA filters
in those snazzy new multi-unit housing projects that we
saw photos of to protect the health of the occupants with
regard to particulate pollution.

So anyway. Overall, I applaud this effort, and I
appreciate the staff's careful review and the COG's
willingness to share their models for that review.
And I guess I only end with saying that slide 14, which shows great improvement in vehicle miles traveled through 2020, and then levels off, we clearly have to figure out a way, so that doesn't level off.

Thanks

ACTING CHAIRPERSON BERG: Thank you.

Dr. Sherriffs.

BOARD MEMBER SHERRIFFS: Since you're looking this way, economy of motion.

(Laughter.)

BOARD MEMBER SHERRIFFS: Echo, echo, echo the comments a couple of other -- it's great to see coming from within, if it will, the regional planning looking and recognizing that that's so important, because this is an area where that interregional transit is key. And it needs to be looked at from an interregional perspective. And so it's great that there is recognition of that and coming from within to figure out how to deal with that.

And I also would echo the, I think recognizing the health measures, although that may not be what is driving this, it is very helpful to recognize the health benefits, and, in fact, to be able to measure them, because it is important to develop the sustainability to carry this forward, which we need to do. So those health measures are important.
Good planning and, you know, inviting the people involved, how can we help that planning become reality, because there are obviously going to be a lot of bumps on the way to making it a -- continue to go forward. But thank you all for your work in working together on this.

ACTING CHAIRPERSON BERG: Thank you.

And, Dr. Sperling.

BOARD MEMBER SPERLING: Yes. I'd like to add, you know, my appreciation and support of the efforts to address this question about the sustainability of the Stockton area, of the county and the MPO.

Of course, you can heat the but coming.

(Laughter.)

BOARD MEMBER SPERLING: You know, I'm -- you know, the numbers are -- it's hard to believe them in terms of the VMT reduction. I mean, Stockton -- or Stockton and the region would be anointed. If they really had 25 percent reduction, they would be anointed as the -- you know, the world leaders models for that.

So clearly, there's issues. And everyone has acknowledged that there's challenges here, and -- but, you though, my concern is that, you know, we don't want them to be spending a lot of money on models. I mean, that's not going the point of this exercise, and I'm speaking as an academic that likes models.
But that's not the point here. The point here is to make improvements, make improvements in livability, reducing costs, of travel, costs of infrastructure. And so the question becomes what does that mean and how can that happen better? And I look at the these -- you know, promoting mixed use and infill development. That's great. Although, you know, it would be good to see some, you know, what actions are really being taken to support it.

But more crucially, you know, I look at things like adding BRT lines. I have to say, I'm really skeptical about adding BRT lines. You know, there's now about, just looking at numbers, about sixty or seventy thousand total transit riders per day in the whole region. You know, a BRT -- a good BRT line should, by itself, should be getting 25,000 pong errs. So, you know, maybe we're not talking about, you know, BRT kind of premium scale BRT, but another -- so another way of looking at it -- and I wouldn't have said this long ago when we didn't have any option other than buses for transit, but nowadays we do. There's a lot of new kinds of services and opportunities. And the reality is that buses are not very good at reducing greenhouse gases. On average, nationally and in California, they're a little -- they're -- they look to be a little worse than cars on a passenger mile basis.
And if you look at a place like Stockton, where it's really low density, and there's already some bus lines in there, it's really hard to believe this is going to reduce greenhouse gases. Now, I say that with some trepidation, because I know that create -- can create havoc. But I say it, because there's lots of opportunities to come up with more innovative ways to reduce the VMT, and to do it in a low-cost way.

When I hear half the commuters are taking long trips from -- you know, to the Bay Area and Sacramento, that's just prime for using some kind of collective transport options. And it doesn't have to be formal. It can -- I mean, vanpools could be an idea, but it can be done more informally, you know, because people do have irregular schedules and so on, and have -- use some of these new types of companies and software that allow people to carpool -- organize carpooling in a real-time basis more easily. There are -- and that can be done essentially at no cost. There's kinds of micro transit companies that are coming in to existence now that use information based apps and smartphones. And I know, you know, we'd have to look at how widely available smartphones are.

But there's lots and lots of -- I mean it might be worth it to give them smartphone, you know, when it
comes right down to it. You know, when you're spending
$20, $30 a passenger for some of these bus services,
there's got to be a lot better ways to do it. I know no
one has said that. But my understanding is just knowing
how these kind of services operate, those are the costs
for these low density services.

So what I'd like -- so I know there were
discussions between my university colleagues and all of
the San Joaquin COGs and MPOs. And I -- and out of that
came a project where they are looking at some of these
ideas. And so what I'm actually saying is let's really,
really accelerate -- those efforts, try to help the MPOs,
not just San Joaquin -- you know, the whole set of MPOs in
the San Joaquin region, and have our staff thinking about
it, less in a kind of monitoring compliance way and more
in a how do we help make this work?

And that's -- you know, we can't -- ARB can't do
this by itself. This is really a partnership with lots of
others, including NGOs. But if we can shift the
conversation a little bit and the partnership a little
bit, I think that would be a good thing to do. And with
my university hat on, I'm committed to helping even more
try to help -- try to figure out how to do this in a way
that's better. You've got a lot of low income people
taking a lot of long trips in a low density area. This is
tough. It's tough, but there's lots of -- but there are more and more opportunities to do it -- to do it better.

So that doesn't -- so I have no comment on the resolution, but just as -- you know, comments in terms of how we move forward.

ACTING CHAIRPERSON BERG: Great. Thank you very much. Well, congratulations, Andy and your team. It has been a yeoman's effort, and I really appreciate your transparency, and from what we heard from the witnesses, how engaged your communities seemed to be. And I think my only question for staff was really your request to bring the three regions together as a combined one. Is that something we can think about what would be the process of that.

DEPUTY EXECUTIVE OFFICER KARPEROS: Under SB 375, the MPOs have the choice -- it's their choice if they want to develop a combined SCS. If they indicate to staff that that's what they're looking for in the future, then we can work with them to develop a single target that would apply to, in this case, the three regions.

So hearing Mr. Chesley's testimony today, we'll certainly reach out to him and the other three -- other two MPOs and start a conversation about how we can -- how we can go about doing that.

ACTING CHAIRPERSON BERG: I think it does sound
worth a hearty discussion, and we would encourage that, and again congratulations.

Before us is Resolution 15-10. Can I have motion to move it forward?

BOARD MEMBER SHERRIFFS: Motion to approve.

ACTING CHAIRPERSON BERG: Can I have a second?

BOARD MEMBER Balmes: Second.

ACTING CHAIRPERSON BERG: All in favor?

(Unanimous aye vote.)

ACTING CHAIRPERSON BERG: Any opposed?

Any abstentions?

Motion passes.

We have just one more item. Shall we work through it or would we like to take a break?

From our court reporter, we can work through it?

THE COURT REPORTER: Yes.

ACTING CHAIRPERSON BERG: Okay. Why don't we tackle our last item.

That's me. I've got to get on the right page.

Sorry.

Our last item is 15-4-4. And it's consideration of the San Joaquin Valley PM2.5 State Implementation Plan. Attaining federal quality standards in this San Joaquin Valley is a significant challenge, and absolutely has been exacerbated by the impact of the California drought.
The plan being presented today identifies the actions necessary to keep the valley on the path towards attainment, even if these adverse weather conditions continue.

Mr. Corey, would you please introduce this Board item.

EXECUTIVE OFFICER COREY: Yes. Thank you, Chair Berg.

In 2008, the Board approved the San Joaquin Valley's PM2.5 State Implementation Plan for the PM2.5 standards that the U.S. EPA established in 1997. Through implementation of control strategies specified in the plan, the valley obtained the daily standard and was nearing attainment of the annual standard.

However, weather conditions associated with the drought increased PM2.5 levels to an extent that the valley can no longer meet these standards by the 2015 attainment date.

Today, staff will present the San Joaquin Valley's 2015 State Implementation Plan revision, which was developed in response to the impact of the drought to demonstrate attainment of both standards over the next five years.

Ongoing implementation of ARB's mobile source strategy, coupled with the district's recently
strengthened residential wood burning rule, and increased efforts to address commercial cooking provide the reductions needed to meet the standard by 2020.

In light of the request for an attainment date extension, the plan also identifies a number of efforts to achieve further near-term reductions. These include district incentives targeting the replacement of older trucks and wood stoves and ARB actions focusing on cleaner technologies for trucks.

These efforts to achieve further near-term reductions, also provide a foundation for the development of upcoming attainment plans for the more stringent PM 2.5 standard that are due to EPA next year.

Patricia Velasco will now provide an overview of the plan.

Patricia.

(Thereupon an overhead presentation was presented as follows.)

AIR POLLUTION SPECIALIST VELASCO: Thank you, Mr. Corey. Good morning Ms. Berg and members of the Board.

Today's presentation will provide an overview of the San Joaquin Valley's 2015 PM2.5 State Implementation Plan.

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AIR POLLUTION SPECIALIST VELASCO: Because there
is not just one standard, and for that matter, not just one PM2.5 plan, let me put this plan in context. Based on assessment of the adverse health effects associated with exposure to PM2.5, U.S. EPA has set a series of increasingly health protective air quality standards.

Based -- Federal PM2.5 standards were first established in 1997 with a 24-hour standard of 65 micrograms per cubic meter and an annual standard of 15 micrograms per cubic meter. The 24-hour standard was first -- further strengthened to 35 micrograms per cubic meter in 2006, and the annual standard to 2012 in -- to 12 micrograms per cubic meter in 2012.

To meet Clean Air Act requirements, the San Joaquin Valley adopted a SIP addressing the original 1997 standards in 2008. Today's SIP revision updates the plan to a account for the effects of California's drought. At the same time, planning efforts are underway to address the revised 24-hour an annual standards as part of the SIPs that will be due in 2016.

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AIR POLLUTION SPECIALIST VELASCO: The SIP adopted in 2008 set forth a control strategy to meet both the 24-hour and annual standards by 2015. U.S. EPA approved this SIP in 2011. The strategy focused on reducing directly emitted PM2.5 nitrogen oxides, or NOx,
and sulfur oxides, or SOx.

Ongoing implementation of ARB's mobile source control program provided significant NOx reductions, especially from the truck and bus and off-road equipment regulations. Key district measures included rules reducing PM2.5 from residential wood returning and agricultural burning, along with SOx reductions from glass manufacturing.

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AIR POLLUTION SPECIALIST VELASCO: Through implementation of this control strategy, PM2.5 air quality in the valley had been improving with annual PM2.5 levels decreasing over 30 percent between 2001 and 2012. The valley met the 24-hour standard in 2010, and by 2012, only a few locations remained above the annual standard. However, the weather conditions associated with the drought substantially increased PM2.5 levels in 2013 affecting both 24-hour and annual average concentrations. These drought conditions have increased the challenge of meeting PM2.5 in the valley, compounding the valley's geography and inversion prone meteorology that provide conditions that favor the formation and accumulation of PM2.5, especially during the winter.

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AIR POLLUTION SPECIALIST VELASCO: Both the
drought and the valley's high PM2.5 levels are related to common weather conditions. Extended periods without storm systems prevent the dispersion and removal of PM2.5 that would typically occur with more frequent rainfall. The stagnant conditions associated with persistent dry periods also allow PM2.5 buildup over multiple weeks.

During December 2013 and January 2014, nearly two months without rain, more than doubled the number of exceedance days compared to the prior winter. This episode results in increased levels of the major constituents of PM2.5, including ammonium nitrate and organic carbon. In addition, the drier conditions have increased PM2.5 dust concentrations.

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AIR POLLUTION SPECIALIST VELASCO: The high PM2.5 levels associated with these weather conditions increased 2013 annual design values up to 2 micrograms in 2012. While designed values at locations in the northern valley remained below the standard, design values at most locations in the central and southern valley rose above the standard, increasing the severity and scope of nonattainment.

The graph on the right illustrates the impact with 2012 annual design values in green and 2013 design values in orange at three monitoring sites representing
the northern, central, and southern valley regions. 24-hour design values were also affected with concentrations increasing to at or near the level of the standard. As a result, the valley can no longer attain the 2015 attainment deadline.

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AIR POLLUTION SPECIALIST VELASCO: To address these impacts, the district has prepared an updated plan and attainment demonstration that accounts for the potential that drought conditions may continue to occur in the future.

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AIR POLLUTION SPECIALIST VELASCO: The attainment demonstration uses modeling approved as part of the 2008 SIP, coupled with air quality reflecting 2013 drought impacts. Following provisions in the Clean Air Act, the SIP contains a request for an attainment date extension to 2018 for the 24-hour standard and 2020 for the annual standard.

The attainment demonstration includes the benefits of ARB and district control programs that provide further emission reductions. In addition, in light of the attainment date extension request, the SIP identifies further ARB and district actions to achieve additional near-term emission reductions.
AIR POLLUTION SPECIALIST VELASCO: Continued

Implementation of ARB and district control programs provide ongoing emission reductions each year. By 2020, implementation of new standards for passenger cars and heavy-duty vehicles as well as regulations accelerating turnover of diesel fleets results in 120 tons of NOx -- tons per day of NOx reductions. Implementation of the district's recently strengthened wood-burning rule, along with enhancements to the commercial charbroiling rule slated for adoption in 2016 provides a further two tons per day reduction in PM2.5 emissions.

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AIR POLLUTION SPECIALIST VELASCO: The 2015 SIP also identifies a number of district actions to achieve further near-term emission reductions, beyond those from existing programs. These efforts include a district commitment to provide targeted incentive funding for the purchase of clean air heavy-duty trucks and replacement of residential wood-burning devices with cleaner burning technologies. District funding of $10 million for cleaner heavy-duty trucks and $7.5 million for clean wood burning devices will provide reductions in both NOx and PM2.5.

In addition, the district has committed to evaluate the potential for further emission reductions
from rules that address flares and conservation management practices, as well as promoting the use of warm mix asphalt.

Actions identified as part of this process and corresponding implementation schedules will be included in the SIPs for the revised PM2.5 standards due next year that I mentioned at the beginning of the presentation.

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AIR POLLUTION SPECIALIST VELASCO: Heavy-duty trucks represent the largest source of both NOx and diesel PM emissions in the valley. Recognizing the need to continue to clean up the heavy-duty diesel fleet, ARB has identified a number of additional actions to further reduce emissions.

These near-term efforts outlined in the recently released sustainable freight report include development of strategies to ensure truck durability and in-use performance. These include a focus on enhanced truck inspection and maintenance programs, in new certification and warranty requirements.

Strategies will also be developed to increase the flexibility for manufacturers to certify advanced systems to provide for accelerated introduction of cleaner technologies into the market.

Incentive funding will also continue to play an
important role in promoting the transition to cleaner combustion technologies, and to support the development and commercialization of advanced technologies.

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AIR POLLUTION SPECIALIST VELASCO: In addition to the attainment demonstration and control strategy, the 2015 SIP also addresses the necessary Clean Air Act requirements. As part of the attainment date extension request, the SIP demonstrates that ARB and the District have adopted the most stringent measures that have been include in other SIPs that can be feasibly implemented in the valley. The SIP also documents that ARB and the District have met all of the other requirements and commitments contained in the original 2008 SIP.

In addition to the elements, the plan addresses PM2.5 precursor requirements, as well as those for emission inventories, progress milestones, and contingency measures. Finally, transportation conformity budgets ensure that transportation plans and projects are consistent with SIP emission levels.

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AIR POLLUTION SPECIALIST VELASCO: In closing, the 2015 PM2.5 SIP establishes the pathway to attainment for the 24-hour PM2.5 standard by 2018, and the annual standard by 2020 in light of the impacts of the ongoing
drought. The additional actions identified as part of the 2015 plan will also serve as a foundation for development of the PM2.5 SIPs for more stringent standards due next year.

ARB staff has determined that the SIP meets the air quality -- the requirements of the Act and recommends that the Board approve the plan, along with ARB's staff report as a revision to the California State Implementation Plan. As part of our standard practice, ARB will work closely with U.S. EPA staff in their review of the plan and will provide any additional information or transmit any rules necessary to facilitate U.S. EPA's approval process.

This concludes staff presentation, and we would be happy to answer any questions you might have.

ACTING CHAIRPERSON BERG: Thank you very much, Patricia. We do not have anybody who has signed up for -- to testify, so I'm going to go ahead and close the record on this agenda item, and open up comments from the Board.

Dr. Balmes.

BOARD MEMBER BALMES: Once again, I'll start off.

(Laughter.)

BOARD MEMBER BALMES: Thank you.

BOARD MEMBER SHERIFFS: I'm taking your coffee away from you.
(Laughter.)

BOARD MEMBER BALMES: Thanks, Dr. Sherriffs for worrying about my health.

You know, again, I appreciate that it's tough for the valley to have to deal with the new more stringent PM2.5 air quality standards that federal EPA is mandating. And, you know, I applaud the efforts of the district to come up with ways to meet that.

I guess I would just point out on slide 9, the additional district actions, when we're talking about getting down to the level of flares and warm mix asphalt, I don't have expertise in either one of those, in terms of it. But above, heavy-duty truck replacement seems like where we should be putting our money and our efforts. And I'm sure that the district is doing that.

But I just feel like when we look at evaluate potential for further emission reductions from these other things, it's really heavy-duty trucks and high polluting wood burning devices. I just want to -- I know everybody knows that, but I think -- it just strikes me when you see flares that, you know, there are higher value --

BOARD MEMBER SHERIFFS: Oil and gas flare.

BOARD MEMBER BALMES: Oh, it's oil and gas flare.

Now, I get it. Thank you, Dr. Sherriffs. All right. Warm mix asphalt --
(Laughter.)

BOARD MEMBER BALMES: -- I don't know how important that is.

ACTING CHAIRPERSON BERG: Dr. Sherriffs, do you have a comment for us?

BOARD MEMBER SHERRIFFS: Sure. Thank you.

As a resident of the Central Valley, as we are so challenged by this, I've fallen into the language of -- that we live in this beaker. And -- although actually we don't create very much pollution relative to many other parts of the State, we get to keep it.

(Laughter.)

BOARD MEMBER SHERRIFFS: But I'd like to reframe that thinking, because actually we don't live in a beaker, we live in a cradle. And we wouldn't live there unless it was a cradle. People who live in the valley, love the valley. They love the mountains. They love the agriculture. And it's our activities that convert that cradle to a beaker.

But indeed, we live in a cradle. It is a fabulous place, but we are so challenged because of that geography and meteorology. And the valley was so thrilled to believe that it achieved standard, and then the new normal arrived, which people could see coming, but yes, it actually came, and having to rethink.
And yes, how important it is the big stuff and the role that we play in the big stuff, particularly transportation and freight, and how important it is the work that we do on that for the health of people in the valley, ten percent of our State.

But the little things do count. They do make a big difference. We do have to focus on them. I just want to mention in terms of the wood burning stoves, sort of a reminder. On the face of it, it seems small, but actually direct PM2.5, it's a big number. It's a very important number. And a lot of important work on the part of the district to develop collaboration, as we've seen with stakeholders with industry to move this forward, to develop public acceptance, and to craft a plan that had some flexibility, so that people had some choice.

And I think the district was very pleasantly -- I know we were very pleasantly surprised in the wood stove change out, where you could take your fireplace, your non-certified stove, put in a cleaner burning device, get incentive funding from the air district.

In fact, most -- 80 percent of people are choosing not to put a cleaner wood burning device in, but a natural gas device, which, from a greenhouse gas perspective, may not be what we want, but from a air quality standpoint is huge. The benefits of that are
huge, much, much bigger than the district expected to get.

But again, we have to be flexible. We don't necessarily know how the public is going to respond to things. And then needing to think and adapt and how do we take advantage of what we learn with that.

Anyway, thank you for your work. And I hope we will approve.

ACTING CHAIRPERSON BERG: Thank you very much.

Mr. Eisenhut.

BOARD MEMBER EISENHUT: Yeah. I want to in my comments acknowledge Dr. Sherriffs and the district. This has been -- they've worked on behalf of the valley. This has been hard work and we need to support it. The comment that I would add that reflects our activity, and I'm heartened by the inclusion of additional funding for truck replacement, I recall back to our last meeting, and reflect on what we can do to support that in addition to adopting this. And we sat in, I think, uniformly last month, and I'll say it again, enforcement. So that would be my addition as well as the word of support for the motion.

ACTING CHAIRPERSON BERG: Thank you.

Mrs. Riordan.

BOARD MEMBER RIORDAN: Yes. A compliment for the district. Of course, staff has done a wonderful job. But
just so staff knows this, and I had forgotten to share it with others, the Mojave Air Quality District happened to have some additional Carl Moyer money that we could not use. We didn't have a project ready to go to use that last little increment, so we were able to send that to the San Joaquin Valley because their staff and Board had projects ready to go. And, you know, all we had to do was provide the funding.

And I'm so pleased that obviously your staff is doing such a good job to have a project ready to take that, albeit not a lot of money, but it will help. Every little bit helps, I know, the San Joaquin Valley.

BOARD MEMBER SHERRIFFS: Thank you again for that money.

(Laughter.)

BOARD MEMBER SHERRIFFS: And I will let the staff know your appreciation again.

ACTING CHAIRPERSON BERG: Thank you very much. We have before us Resolution 15-9. Can I have a motion to move it forward.

BOARD MEMBER BALMES: So moved.

BOARD MEMBER EISENHUT: Second.

ACTING CHAIRPERSON BERG: With a first and a second.

All in favor?
(Unanimous aye vote.)
(Supervisor Serna not present for vote.)

ACTING CHAIRPERSON BERG: Any opposed?
Any abstain?
Motion passes.

BOARD MEMBER SHERIFFS: And may I also suggest, don't expect to got a charbroiled burger in the valley in a year or two.

(Laughter.)

ACTING CHAIRPERSON BERG: You can go on health conscious.

(Laughter.)

BOARD MEMBER SPERLING: Should we change our vote?

(Laughter.)

ACTING CHAIRPERSON BERG: We do not have anybody signed up for the public comment. So at this point, we will go ahead and break for closed session. The Board will be done. I will come back and close the meeting after Ellen Peter's report on the closed session.

So we're taking a break, closing, and going into closed session.

Thanks for waiting.

(Off record: 11:30 AM)

(Thereupon the meeting recessed)
into closed session.)

(On record: 12:04 PM)

ACTING CHAIRPERSON BERG: We'll please come back to order. The meeting the California Air Resources Board is now back into session. I'd like to ask our Chief Counsel, Ellen Peter, to summarize the closed session.

CHIEF COUNSEL PETER: Yes, Ms. Berg. Today, we had a closed session on possible litigation. No action was taken, and there's nothing else to report in this public session.

ACTING CHAIRPERSON BERG: Thank you.

Having no other issues before us, I close the meeting and look forward to seeing you next month.

(Thereupon the meeting adjourned at 12:04 PM)
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Air Resources Board meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

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

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of June, 2015.

JAMES F. PETERS, CSR
Certified Shorthand Reporter
License No. 10063