

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

CALEPA HEADQUARTERS
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Mr. David Hults, Senior Attorney, Legal Office
Mr. Douglas Ito, Assistant Division Chief, TTD
Ms. Deborah Kerns, Senior Attorney, Legal Office
Mr. Jack Kitowski, Assistant Division Chief, ISD
Ms. Shelby Livingston, Branch Chief, Climate Investments Branch, TTD
Ms. Cynthia Marvin, Division Chief, TTD
Mr. Lex Mitchell, Manager, Emerging Manager Technology Section, Industrial Strategies Division(ISD)
Mr. Anil Prabhu, Manager, Fuels Evaluation Section, ISD
Ms. Elizabeth Scheehle, Chief, Oil & Gas and GHG Mitigation Branch, ISD
Ms. Barbara Van Gee, Manager, Goods Movement Strategies, Transportation and Toxics Division (TTD)
Mr. Floyd Vergara, Division Chief, ISD
Ms. Samuel Wade, Branch Chief, Transportation Fuels Branch, ISD

ALSO PRESENT:

Mr. Jan Victor Andasan, East Yard Communities for Environmental Justice

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Anthony Andreoni, California Municipal Utilities Association

Mr. Rick Bettis, Volunteer, Sierra Club

Mr. Jason Barbose, Union of Concerned Scientists

Mr. John Boesel, CalStart

Mr. Tim Carmichael, California Natural Gas Vehicle Coalition

Ms. Leticia Corona, Leadership Counsel for Justice and Accountability

Mr. Dayne Delahoussaye, Neste

Ms. Dominga Duran, Community Resident of Fresno

Mr. Johannes Escudero, Coalition for Renewable Natural Gas

Ms. Josephine Fleming, California Green Business Network

Ms. Channell Fletcher, Safe Routes to School

Ms. Katie Valenzuela Garcia, Breathe California

Mr. Donald B. Gilbert, San Francisco International Airport

Mr. Gary Grimes, Alon USA

Ms. Kaylon Hammond, Leadership Counsel for Justice and Accountability

Mr. Christopher Hessler, AJW, Inc.

Ms. Melinda Hicks, Kern Oil & Refining Company

Mr. Henry Hogo, South Coast Air Quality Management District

Ms. Bonnie Holmes-Gen, American Lung Association in California

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Tom Jordan, San Joaquin Valley Control District

Mr. Ryan Kenny, Clean Energy

Mr. John Kinsey, Growth Energy

Mr. John Larrea, California League of Food Processors

Mr. F. Kent Leacock, Proterra

Ms. Yvette Lopez-Ledesma, Pacoima Beautiful

Mr. Mark Loutzenhiser, Sacramento Air Quality Management District

Mr. Bill Magavern, Coalition for Clean Air

Mr. Francisco Mendez, Community Resident of Fresno

Ms. Yesenia Morales, T.R.U.S.T South LA

Mr. Simon Mui, Natural Resources Defense Council

Mr. Colin Murphy, NexGen Climate America

Mr. Graham Noyes, Low Carbon Fuels Coalition

Ms. Marybelle Nzegwu, Public Advocates, 535 Coalition

Mr. John O'Donnell, Glass Point

Mr. Bruce D. Ray, Johns Manville

Mr. Matt Read, Breathe California

Ms. Erika Rincon, Policy Link

Ms. Tiffany Roberts, Western States Petroleum Association

Mr. John Shears, Center for Energy Efficiency and Renewable Technologies

Mr. Matt Skvarla, California Council for Environmental and Economic Balance

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Ms. Jennifer Solorzana, Pacoima Beautiful

Mr. Tim Taylor, Airlines 4 America

Mr. Russ Teall, BioDico, California Biodiesel Alliance,
National Biodiesel Board

Ms. Taylor Thomas, East Yard Communities for Environmental
Justice

Mr. George Torres, T.R.U.S.T South LA

Ms. Eileen Tutt, CalETC

Ms. Kathleen Van Osten, United Airlines

Ms. Diane Vasquez, Sierra Club California

Mr. Chuck White, Waste Management

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1 P R O C E E D I N G S

2 CHAIR NICHOLS: Good morning, the Board members
3 are in a cheerful mood today. We're ready to roll up our
4 sleeves and get to work. Good morning to all in
5 attendance. The September 24th, 2015 public meeting of
6 the Air Resources Board will come to order. And before we
7 take the roll and begin work, we will stand and say the
8 Pledge of Allegiance to the flag.

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

11 CHAIR NICHOLS: Madam Clerk, will you please call
12 the roll?

13 BOARD CLERK JENSEN: Dr. Balmes.

14 Mr. De La Torre?

15 Mr. Eisenhut?

16 BOARD MEMBER EISENHUT: Here.

17 BOARD CLERK JENSEN: Supervisor Gioia?

18 BOARD MEMBER GIOIA: Here.

19 BOARD CLERK JENSEN: Ms. Mitchell?

20 Mrs. Riordan?

21 BOARD MEMBER RIORDAN: Here.

22 BOARD CLERK JENSEN: Supervisor Roberts?

23 BOARD MEMBER ROBERTS: Here.

24 BOARD CLERK JENSEN: Supervisor Serna?

25 BOARD MEMBER SERNA: Here.

1 BOARD CLERK JENSEN: Dr. Sherriffs?

2 BOARD MEMBER SHERRIFFS: Here.

3 BOARD CLERK JENSEN: Professor Sperling?

4 BOARD MEMBER SPERLING: Here.

5 BOARD CLERK JENSEN: Vice Chair Berg?

6 Chair Nichols?

7 CHAIR NICHOLS: Here.

8 BOARD CLERK JENSEN: Madam Chair, we have a
9 quorum.

10 CHAIR NICHOLS: Great. Thank you.

11 A couple of announcements before we get underway.
12 First a reminder for anyone who may be new to our process
13 that if you wish to testify on any item, we ask you to
14 fill out a form. They're available in the lobby or from
15 the clerk who's down here in the front, and we would
16 appreciate it if you would let us know prior to the item
17 being called, so we can organize the speaker list.

18 We do have interpretation services available for
19 the last item on the agenda, the cap-and-trade auction
20 proceeds item. This is on the funding guidelines for
21 agencies that administer California's climate investments.
22 Headsets are available for that item at the attendance
23 sign-up table. I'll probably make that announcement again
24 before we call that item.

25 We will be, as usual, imposing a 3-minute time

1 limit on oral testimony, although we accept unlimited
2 amounts of written testimony. And if you have submitted
3 written testimony, we appreciate it very much if you'd
4 just jump into when you get up to the podium and summarize
5 your remarks without taking the time to actually read them
6 all, because that way we'll have a better opportunity to
7 get to the gist of what you really want to say.

8 For safety reasons, I need to a point out that
9 there are emergency exits at the rear of the room, and in
10 the event of a fire alarm, we are required to evacuate
11 this room and immediately and go downstairs and out of the
12 building until we hear the all-clear signal and then come
13 back to the room and resume the hearing.

14 Now, in our order of business for the day, our
15 first item is the proposed regulation on the
16 commercialization of Alternative Diesel Fuels. This is
17 the second hearing on this item. And for the Board
18 members and for the audience, I want to point out that
19 we're going to be following a slightly different procedure
20 today than we often do, in that when we finish the hearing
21 and close the record, we're going to take a brief break so
22 that the court reporter has an opportunity to prepare a
23 rough transcript, because the staff needs to have the time
24 to go through and make sure that they have addressed all
25 the comments before this item comes back to us tomorrow

1 for a final vote.

2 So we will hold the hearing, we'll close the
3 hearing, and then we'll take a brief break, probably about
4 15 minutes or so. And during that time, you know, Board
5 members can make phone calls or chat and so can people in
6 the audience. And then when that's done, we'll come back
7 and take up the second item.

8 Usually, we kind of plow straight through until
9 lunch. So that's a little bit different.

10 So with regard to this item, as part of our AB 32
11 commitments, California has led the way in transforming
12 transportation fuels, incorporating substantial volumes of
13 lower carbon fuels. Likewise, in a somewhat different
14 approach, the federal government is also incentivizing
15 renewable fuels. And because of the implementation of
16 these fuels-related policies, a variety of innovative
17 Alternative Diesel Fuels either are currently in the
18 marketplace or are in development in laboratories and
19 demonstration settings.

20 As we heard when this matter came up in February,
21 this regulation would consolidate and streamline the
22 requirements for emerging Alternative Diesel Fuels, while
23 ensuring that robust environmental assessments are done.
24 This will also help to ensure that these fuels are
25 available as we make the transition to a lower carbon

1 future, while maintaining our existing environmental
2 standards.

3 At the February Board hearing, staff presented
4 the proposed regulation and we directed staff to make
5 15-day changes consistent with the approved resolution.
6 Today's proposal reflects the comments that were received
7 during the public comment period, as well as the Board's
8 direction. The Board will not consider action on the
9 proposed regulation until tomorrow after staff has had an
10 opportunity to summarize and respond to the comments
11 received today.

12 So that just says what I've said before, but
13 again.

14 Mr. Corey, would you please introduce this item?

15 EXECUTIVE OFFICER COREY: Yes. Thank you, Chair
16 Nichols.

17 As California's fuel market diversifies with the
18 implementation of the Low Carbon Fuel Standard and federal
19 Renewable Fuel Standard, Alternative Diesel Fuels are
20 entering the market in increasing amounts. As we heard in
21 February, the regulation on the commercialization of
22 Alternative Diesel Fuels will support the transition to
23 lower carbon emitting diesel fuels by providing a clear
24 pathway for these fuels to be introduced in California,
25 while maintaining environmental protections, particularly

1 with respect to emissions of oxides of nitrogen from
2 biodiesel.

3 Staff presented its initial proposal back in
4 February, as you noted. The proposal was the result of
5 years of work with stakeholders across the nation to fully
6 understand the science of biodiesel and renewable diesel
7 emissions. And although, the proposal was generally well
8 received, the discussion at the February hearing
9 identified a few areas for modification reflected in the
10 final proposal staff will present.

11 One particularly noteworthy change was the
12 addition of a limited exemption for certain biodiesel
13 producers and importers. At the February hearing, the
14 Board directed staff to consider development of a
15 provision that would allow additional flexibility for
16 biodiesel producers and importers whose business would be
17 disproportionately affected by the proposed ADF regulation
18 due to their higher sales of diesel blends.

19 Staff worked with affected producers to craft a
20 limited exemption option for biodiesel producers and
21 importers that will allow additional flexibility without
22 compromising air quality protections offered by the
23 proposed reg.

24 I'll now ask Lex Mitchell of the Industrial
25 Strategies Division to begin the staff presentation.

1 Lex.

2 (Thereupon an overhead presentation was
3 presented as follows.)

4 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

5 Thanks, Rich. Good morning, Chair Nichols and
6 members of the Board.

7 Today, I will be presenting the proposal to
8 establish a regulation on the commercialization of
9 Alternative Diesel Fuels, also called ADFs. You already
10 heard the first part of this item back in February, so
11 we'll make this fairly brief and focus on what has changed
12 since then.

13 --o0o--

14 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: As
15 an overview, this presentation has two parts. The earlier
16 part of the presentation reiterates what was presented at
17 the February board hearing as a refresher. The later part
18 is focused on changes since then. We will close the
19 presentation by discussing the Board hearing process that
20 will take place today and tomorrow.

21 --o0o--

22 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

23 There are various State and federal programs that
24 are driving additional ADF demand, such as the federal
25 Renewable Fuels Standard and the California Low Carbon

1 Fuel Standard. This regulation is a response to increased
2 Alternative Diesel Fuel demand and ensures the ADFs get a
3 proper review of potential environmental and health
4 effects prior to full commercialization.

5 --o0o--

6 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

7 ARB has spent the last 8 years developing and
8 conducting studies on biodiesel emissions and analyzing
9 the results of these studies, including spending about \$3
10 million for testing to understand biodiesel's impact. In
11 addition to the original research conducted by ARB, staff
12 conducted a comprehensive literature review and initiated
13 an independent statistical analysis of the data. Staff
14 has had extensive interaction with stakeholders on our
15 biodiesel program, including 13 public meetings to discuss
16 testing, and 7 ADF regulation development workshops.

17 Resolution 15-5 was approved in February and as
18 approved -- as directed by the Board, staff completed the
19 multimedia evaluations of biodiesel and renewable diesel
20 and put out 15-day changes to the ADF proposal.

21 The combination of comprehensive biodiesel
22 testing and continual stakeholder feedback and involvement
23 led to the ADF proposal presented today. Staff will be
24 asking the Board to vote on adoption of the ADF regulation
25 tomorrow.

1 --o0o--

2 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: As
3 a reminder, ADFs are essentially compression ignition
4 fuels that are not liquid hydrocarbons, in other words,
5 they are not conventional diesel. Additionally, they
6 don't already have an ARB fuel specification prior to the
7 adoption of this regulation. Essentially, this means the
8 ADFs are any diesel fuels, other than conventional diesel,
9 renewable diesel, and natural gas.

10 The two Alternative Diesel Fuels that are
11 currently available or on the horizon are biodiesel and
12 dimethyl ether.

13 --o0o--

14 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

15 The ADF proposal includes two main provisions the
16 first is the overall framework, which is the 3-stage
17 evaluation process for the environmental review of
18 emerging ADFs. The second provision is specific to
19 biodiesel and includes fuel specification and in-use
20 requirements. As you'll recall from the February hearing,
21 our testing showed that although biodiesel decreases
22 emissions of most pollutants, it can increase NOx
23 emissions under certain conditions. The in-use
24 requirements of this proposal are designed to reduce NOx
25 emissions from biodiesel.

1 --o0o--

2 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

3 This graphic was presented in February and shows
4 a conceptual path for sales volumes of ADFs as they go
5 through the 3-stage environmental review process.

6 --o0o--

7 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

8 Biodiesel is the first ADF to be regulated under
9 this process. Biodiesel has undergone an extensive
10 evaluation to determine its environmental health and
11 performance effects, which form the basis for our 3-stage
12 environmental review process.

13 The ADF proposal would ensure that future
14 biodiesel use does not increase NOx emissions and actually
15 reduces NOx emissions from biodiesel over time, using
16 renewable diesel and additives, so that we can realize
17 biodiesel's important beneficial effects, such as PM and
18 GHG reductions, without the NOx dis-benefit.

19 The ADF proposal includes reporting provisions
20 which begin in 2016 with in-use requirements beginning in
21 2018. This timeline allows for implementation of
22 mitigation options or compliance pathways. The provisions
23 also include a program review to be completed before 2020.
24 The biodiesel in-use requirements will sunset when vehicle
25 miles traveled by the on-road heavy-duty fleet is greater

1 than 90 percent new technology diesel engines. This is
2 currently anticipated to occur by the end of 2022.

3 Practically speaking, we expect regulated
4 entities to comply with the regulation primarily by
5 selling biodiesel at or below a B5 blend level.
6 Additionally, the proposal has flexible provisions based
7 on feedstock, season, and engines.

8 --o0o--

9 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

10 Staff prepared one Environmental Analysis, or EA
11 that covered both the proposed LCFS and ADF regulations
12 because the two rules are linked. The draft EA was
13 prepared according to the requirements of ARB's certified
14 regulatory program under the California Environmental
15 Quality Act, or CEQA.

16 The analysis focused on changes in fuel
17 production, supply, and use. The existing regulatory and
18 environmental setting reflecting actual physical
19 environmental conditions in 2014 is used as the baseline
20 for determining the significance of the proposed
21 regulations' impacts on the environment.

22 A draft EA was made available for public comments
23 during the 45-day comment period. Comments on the draft
24 EA were addressed and responded to in a document provided
25 for the Board's consideration.

1 experts on various topics related to biodiesel and
2 renewable diesel effects. The scientific review panel
3 members reviewed the conclusions and recommendations of
4 the multimedia working group and determined that the
5 biodiesel and renewable diesel multimedia evaluations were
6 based on sound scientific knowledge, methods, and
7 practices.

8 --o0o--

9 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: As
10 directed by the Board in February, staff put together a
11 package of changes to the regulation, which were released
12 for 15-day comments in May. Most of the changes were
13 minor, editorial, or clarifying changes, many of which
14 were in response to comments submitted as part of 45-day
15 comment period.

16 Two changes were more significant. We added a
17 limited exemption and reworked the reporting and record
18 keeping section of the regulation. As discussed at the
19 February meeting, staff had been working with stakeholders
20 to develop a limited exemption for small producers of
21 biodiesel whose business model relies upon the sale of
22 their fuel as B20. This exemption was included as a
23 15-day change to the ADF proposal and includes rigorous
24 safeguards to ensure the air quality in the most heavily
25 impacted areas is not adversely affected.

1 This exemption does not change our EA
2 conclusions. In response to comments during the 45-day
3 comment period, staff reorganized and clarified the
4 reporting and record keeping provisions. It is now
5 more -- much more clear who is reporting or keeping
6 records, how often, and what information is needed.

7 --o0o--

8 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: As
9 a reminder, staff will review the written and oral
10 comments received today and present responses to those
11 during tomorrow's Board hearing. Thank you for your
12 attention. This concludes staff's presentation.

13 CHAIR NICHOLS: Thank you. If there are no
14 specific questions on the presentation, we can move, I
15 think, directly to the public testimony. But I do need to
16 correct myself, and I apologize, the break that I was
17 referring to won't happen until after we complete both
18 this item and the Low Carbon Fuel Standard, because the
19 two are so closely linked together that I think it doesn't
20 make sense to try to separate them. So I apologize, if
21 there was any confusion, but we will move directly from
22 this item to the Low Carbon Fuel Standard.

23 So you haven't posted the list I notice on the
24 wall, but I have it.

25 Oh, you have behind me. Sorry. I can't see

1 behind myself.

2 Okay. I have it in front of me. So let's start
3 with Henry Hogo from the South Coast.

4 BOARD MEMBER SHERRIFFS: Can I ask one question?

5 CHAIR NICHOLS: Oh, yes. Sorry.

6 BOARD MEMBER SHERRIFFS: Just, I'm sorry, one
7 question. What -- in terms of the light-duty diesel use
8 versus the rest of diesel use, how is that percentage,
9 80/20 or 90/10.

10 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

11 You're speaking specifically of biodiesel use in
12 those?

13 BOARD MEMBER SHERRIFFS: Diesel use.

14 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

15 Oh, okay. I know that it strongly favors the
16 heavy-duty.

17 BOARD MEMBER SHERRIFFS: Right.

18 EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: I
19 think it's over 90 percent heavy-duty.

20 BOARD MEMBER SHERRIFFS: Okay. Thank you.

21 CHAIR NICHOLS: Any other very specific?

22 No. Okay. Then Mr. Hogo, welcome.

23 MR. HOGO: Good morning, Chair Nichols and
24 members of the Board. Henry Hogo with the South Coast Air
25 Quality Management District. On behalf of the South Coast

1 Air Quality Management District staff, I want to first
2 thank Mr. Corey and staff for working very closely with us
3 over the last year relative to our concerns on the NOx
4 increase. And we believe the proposal that's in front of
5 you today is a very workable proposal, and really helps
6 mitigate the NOx issues that may come up with the
7 potential biodiesel use in our region.

8 So with that, I urge the -- your Board adoption
9 of the ADF and happy to answer any questions.

10 Thank you.

11 CHAIR NICHOLS: Thank you.

12 Mr. Teall.

13 MR. TEALL: Good morning. My name is Russell
14 Teall. I'm the president of the California Biodiesel
15 Alliance and former vice chairman of the National
16 Biodiesel Board. And I'm here to -- today to speak on
17 behalf of both organizations.

18 First of all, I would like to commend staff.
19 They've been available, responsive, and very professional
20 during a long and arduous course over the last 8 years.
21 Second of all, I would like to wholeheartedly support the
22 adoption of the ADF regulations.

23 Thank you.

24 CHAIR NICHOLS: Thank you. Short and sweet.

25 Mr. Delahoussaye.

1 MR. DELAHOUSSAYE: Good morning. My name is
2 Dayne Delahoussaye representing Neste Oil who is the
3 world's largest producer of renewable diesel and currently
4 the largest importer of that fuel into California.

5 Again, I would like to commend the work of the
6 staff in terms of the way that they've gone about this
7 process, engaged and made the modifications. I also would
8 like to appreciate the staff for coming in and identifying
9 the different levels of Alternative Diesel Fuels and
10 appreciating that they have different properties and
11 different characteristics, and not trying to make generic
12 blanket one, specifically in regards to biodiesel versus
13 renewable diesel versus other CARB diesel equivalent
14 substitutes. So I think this is a very positive effect
15 for that, and will have the positive effects on the air
16 quality specific that California and this regulation is
17 trying to do, and I would again urge its support.

18 CHAIR NICHOLS: Thank you.

19 Mr. Magavern.

20 MR. MAGAVERN: Good morning, Madam Chair and
21 members. Bill --

22 CHAIR NICHOLS: Sorry, Mr. Kinsey was next.
23 Excuse me. I apologize.

24 Sorry. I saw you there and called your name.
25 Hi.

1 MR. KINSEY: Good morning, John Kinsey, Wanger
2 Jones Helsley appearing on behalf of Growth Energy.

3 Growth Energy has been involved throughout the
4 process for both the ADF, as well as the LCFS regulations.
5 We've submitted written comments, and also participated in
6 several of the workshops relating to both of the
7 regulations. Because of that, I'm not going to repeat the
8 comments that we've submitted in those workshops or in
9 connection with those written letters. I would just urge
10 that the Board not approve the ADF regulation at this
11 time, until it complies with CEQA, its certified
12 regulatory program, the Health and Safety Code, as well as
13 the APA. Thank you.

14 CHAIR NICHOLS: Thank you.

15 Mr. Magavern, now.

16 MR. MAGAVERN: Yeah. Bill Magavern with
17 Coalition for Clean Air. And in hopes that you won't get
18 too sick of me over the next two days, I'm actually going
19 to give you one set of comments now on both of the first
20 two agenda items, the alternative diesel regulation, and
21 the Low Carbon Fuel Standard, because as the Chair has
22 noted, the two are very much linked.

23 And my comments are really of a very general
24 nature. We support both of these regulations, think the
25 staff has done very good work on them. They've been

1 through a very lengthy public process. And both of them
2 will play an important role both in cleaning up the air
3 and reducing greenhouse gas emissions in California.

4 And they also both will be very important in
5 reducing our reliance on petroleum, which, of course, has
6 been the subject of a lot of controversy lately in the
7 state. We have recently seen a particularly dishonest and
8 sleazy advertising campaign by the petroleum industry in
9 an effort to cling to the addiction that we currently have
10 to oil in our transportation fuels.

11 And that campaign directly targeted this Board in
12 very unfair and unfounded ways. I think as a result of
13 the fallout from the legislation, some people had the idea
14 that California is no longer on a policy course to reduce
15 the use of petroleum. And I think that the Governor has
16 made it clear that he fully intends to carry through on
17 his goal of a 50 percent reduction in oil used in cars and
18 trucks by 2030. And this Board, of course, has the
19 primary role, although not the sole role, in carrying that
20 out.

21 So I think it's very important that you're taking
22 these measures that I hope you will adopt tomorrow,
23 because on the merits they are fully worth adopting, and
24 also they send a signal that California is indeed
25 committed to reducing the use of petroleum in motor

1 vehicles.

2 Thank you.

3 CHAIR NICHOLS: Thank you. Mr. Shears.

4 MR. SHEARS: Good morning, Chair Nichols and
5 members of the Board. My name is John Shears. I'm with
6 the Center for Energy Efficiency and Renewable
7 Technologies. I'm here to support the adoption of the
8 alternative diesel regulation, with the caveat that I also
9 mentioned at the Environmental Policy Committee hearing
10 for the multimedia evaluation, which is that staff remain
11 vigilant on working on the diesel deposit issue, which was
12 work that was originally done through the Coordinating
13 Research Council and has now been passed along to a couple
14 of the national labs.

15 It's going to be important to keep track on
16 exactly how the engines are working with the fuels going
17 forward and making sure that fuels are not, you know,
18 creating a systemic problem with coking and lacquering and
19 affecting overall emissions' performance of the engines.

20 So with that, I'm here to speak in support of
21 adoption of this regulation. And with the goal of brevity
22 in mind, I'll just go along with Bill and also now to
23 express my support, CEERT's support as well, for the
24 adoption the Low Carbon Fuel Standard.

25 So thank you.

1 CHAIR NICHOLS: Thank you. I think I speak for
2 all of us when I say that the adoption of a regulation is
3 only the beginning, or perhaps a mid-point, in a process,
4 not the end of the process. It's only as good as its
5 implementation and the follow-through. So I have not
6 detected any sense on the part of the ARB staff that
7 they're going to now decide well we've solved all the
8 problems with diesel fuel and we can move on, but I
9 appreciate the reminder.

10 Mr. Mui.

11 MR. MUI: Good morning, Chairwoman Nichols and
12 members of the Board. Thank you for the opportunity to
13 speak on behalf NRDC. We also support the Alternative
14 Diesel Fuel regulation, the ADF. And I also want to
15 acknowledge ARB's commitment and long-standing process to
16 hearing all the public comments that were submitted, to
17 investigating the questions that came up on biodiesel, NOx
18 in particular.

19 We do believe that the regulation being proposed
20 will address concerns around the use of the Alternative
21 Diesel Fuels. And we also believe that the rule is
22 actually surgical and strategic in the sense of actually
23 addressing specific fuels as they come, and not putting
24 out a blanket -- a blanket treatment across all
25 Alternative Diesel Fuels.

1 And I just want to emphasize my observation of
2 the due diligence and careful process ARB has had. Not
3 only has it utilized the best available peer-reviewed
4 science and technical analysis, but when there were
5 questions and gaps in the literature, it worked diligently
6 through a scientific peer reviewed process to actually
7 fill in those blanks. And I don't think there's many
8 agencies globally that can do that, and I'd like to thank
9 you.

10 And undoubtedly, you'll continue to work to
11 improve the clean fuel regulations refined as we go along,
12 but this reflects really great work.

13 Thank you.

14 CHAIR NICHOLS: Thanks much. We do one addition
15 a witness John Boesel.

16 Welcome.

17 MR. BOESEL: Thank you, Chairman Nichols, members
18 of the Board. I'm John Boesel, president and CEO of
19 CalStart.

20 I just want to echo what Simon just said and
21 really commend the staff for the very careful, thorough
22 work that they did in reviewing this issue and coming up
23 with really a great solution. I just want to add that in
24 moving forward with this, I think there's a tremendous
25 opportunity to add to California's economic growth.

1 We have a burgeoning biodiesel industry here in
2 this State. And I think also a chance to encourage
3 renewable diesel production as well. So I see tremendous
4 economic opportunities moving -- resulting from this
5 action here today, if you vote in support of the staff
6 recommendation.

7 Thank you.

8 CHAIR NICHOLS: Thanks.

9 With no further witnesses having signed up on
10 this item, we can close the record at this point, and
11 again, remind people that this is the second hearing
12 actually on this item, and that now, the staff will review
13 the comments and will present a summary of those comments
14 tomorrow.

15 So many of the Board members I know have already
16 had an opportunity to review much of what's already been
17 submitted in writing. But to the extent there's been new
18 material that came in just in connection with this
19 hearing, we will be hearing more about that tomorrow.

20 So I think without further ado, we can just move
21 on, unless any Board member has any specific question on
22 this piece at this time.

23 Seeing none, let's continue then with the Low
24 Carbon Fuel Standard, which was also brought to us in
25 February. This is a proposed readoption of the original

1 Low Carbon Fuel Standard, which has been part of our
2 scoping plan and part of our regulatory toolkit now for a
3 number of years. It's a key part of the portfolio of
4 policies that we've adopted under AB 32 in order to
5 achieve greenhouse gas reductions in the transportation
6 sector in the most cost effective and balanced way that we
7 can devise.

8 It's been about six years since the Board's
9 original action. And the core principles and policies of
10 the Low Carbon Fuel Standard remain valid. The basic
11 framework of the current LCFS, including the use of
12 lifecycle analysis, and the credit market, among other
13 aspects already have been seeming to be working well. And
14 despite the regulatory certainty that has been created, as
15 a result of various legal challenges to the program --
16 legal, political, PR, and other challenges to the program,
17 the fact is that people have continued to move forward on
18 a compliance track, which is quite gratifying.

19 The proposed readoption before us today is in
20 response to a State appeals court decision regarding
21 procedural issues associated with the original adoption of
22 the regulation. In addition to addressing the court's
23 concerns, ARB staff has incorporated the latest science in
24 order to update the tools that are used to calculate
25 carbon intensity of fuels, added another cost containment

1 mechanism, streamlined the regulation, and integrated
2 lessons that have been learned over the last five years.

3 So I have to say that the process of going back
4 and fully responding to the court's decision has also led
5 to some improvements in the rule as well.

6 As with the preceding item again, we'll take
7 testimony, and then close the hearing, and return to
8 revisit the item tomorrow.

9 So without further ado, Mr. Corey, would you make
10 your opening presentation?

11 EXECUTIVE OFFICER COREY: Yes. Thanks, Chair
12 Nichols.

13 And as you stated, staff is proposing that the
14 Board readopt the Low Carbon Fuel Standard with revisions.
15 During February Board hearing on this item, the Board gave
16 staff additional direction through Resolution 15-6. In
17 response to the Board direction and stakeholder feedback,
18 staff held an additional workshop on the GREET model, and
19 released three 15-day packages for public comments.

20 Adopting this improved Low Carbon Fuel Standard
21 rule will re-establish a clear signal for investments in
22 the cleanest fuels, offer additional flexibility and cost
23 containment, update critical technical information, and
24 provide for improved efficiency and enforcement of the
25 regulation.

1 I'll now ask Hafizur Chowdhury to begin the staff
2 presentation.

3 Hafizur.

4 (Thereupon an overhead presentation was
5 presented as follows.)

6 AIR RESOURCES ENGINEER CHOWDHURY: Thank you, Mr.
7 Corey. Good morning, Chair Nichols and members of the
8 Board. We're pleased to have this opportunity to present
9 staff's proposal on the readoption of the Low Carbon Fuel
10 Standard, or LCFS.

11 We want to remind the Board that like the ADF
12 item, this is the second of two Board hearings
13 representing the culmination of a long public process.
14 And tomorrow we'll be asking the Board to consider
15 adopting the proposed regulation.

16 --o0o--

17 AIR RESOURCES ENGINEER CHOWDHURY: In today's
18 presentation, we'll first provide a very brief background
19 on LCFS, review some of the material the Board heard in
20 the February meeting on this item, and then discuss the
21 proposed changes to the rule that have occurred since the
22 February Board hearing.

23 We will present a proposed timeline for future
24 action under the LCFS, and conclude with recommendations
25 for the Board to consider at tomorrow's session after we

1 address the comments received today.

2 --o0o--

3 AIR RESOURCES ENGINEER CHOWDHURY: In 2009, the
4 Board approved the LCFS regulation to reduce the carbon
5 intensity, or CI, of the transportation fuel used in
6 California by at least 10 percent by 2020 from a 2010
7 baseline.

8 The LCFS is one of the key AB 32 measures to
9 reduce greenhouse gas emissions in California, but the
10 LCFS also has other significant benefits. It transforms
11 and diversifies the fuel pool in California to reduce
12 petroleum dependency and achieves air quality benefits,
13 which are State priorities that preceded AB 32.

14 --o0o--

15 AIR RESOURCES ENGINEER CHOWDHURY: In the six
16 years since the regulation went into effect, low carbon
17 fuel use has increased. Staff have continually monitored
18 the program and found that regulated parties in the
19 aggregate have overcomplied with the LCFS standards in
20 every quarter since implementation.

21 This figure shows the total credits and deficits
22 reported by the regulated parties from 2011 up to second
23 quarter of 2015. For reference, one credit equals one
24 metric ton carbon dioxide equivalent.

25 Staff notes that the recent quarter produced the

1 most credits of any quarter so far. Cumulatively, credits
2 have exceeded deficits by about 5.4 million metric tons.

3 --o0o--

4 AIR RESOURCES ENGINEER CHOWDHURY: Other
5 jurisdictions are following California's footsteps, which
6 is evident in the Pacific Coast Collaborative, a regional
7 agreement between California, Oregon, Washington, and
8 British Columbia to strategically align policies to reduce
9 greenhouse gases and promote clean energy.

10 One of the provisions of this collaborative
11 explicitly addresses Low Carbon Fuel Standard programs.
12 British Columbia and California have existing LCFS
13 programs in place.

14 Oregon is currently undertaking a rulemaking to
15 adopt CI calculation tools similar to the -- those
16 proposed for adoption in California today. Washington was
17 also pursuing a clean fuel program this year, but was
18 hampered by a poison pill inserted into the transportation
19 funding package adopted by Washington's legislature.

20 Staff has been routinely working with these
21 jurisdictions providing assistance where we can. Over
22 time, these LCFS programs will build an integrated west
23 coast market for low carbon fuels that will create greater
24 market pool, increased confidence for investors of low
25 carbon alternative fuels, and synergistic implementation

1 and enforcement programs.

2 --o0o--

3 AIR RESOURCES ENGINEER CHOWDHURY: So let's move
4 on to the regulatory proposal.

5 This slide hasn't changed since February. It
6 provides a brief refresher of the key proposed changes
7 that were presented to the Board at the first hearing.
8 The core concepts remain unchanged. As we noted in
9 February, the readoption process identified key areas of
10 improvement, including updating the tools used to
11 calculate carbon intensity to reflect the latest science,
12 adjusting the 2016-2020 carbon intensity targets,
13 enhancing consumer protections by adding feature that
14 limits the credit price, and streamlining the LCFS
15 implementation.

16 --o0o--

17 AIR RESOURCES ENGINEER CHOWDHURY: At the
18 February Board hearing, the Board approved resolution
19 15-6, which directed staff to continue to work with
20 stakeholders to resolve the remaining issues. Staff held
21 an additional workshop to finalize the model used to
22 determine the carbon intensity for each pathway known as
23 CA-GREET 2.0. Staff also completed responses to over
24 2,600 pages of comments.

25 In addition to this, a panel of experts completed

1 an external scientific peer review of the staff
2 methodology. Overall, their review found that the LCFS is
3 based on the strongest scientific principles, and the most
4 up-to-date tools for carbon accounting. Staff also
5 released three 15-day rule change packages to incorporate
6 Board direction and stakeholders feedback. These changes
7 are covered on the following slide.

8 --o0o--

9 AIR RESOURCES ENGINEER CHOWDHURY: After the
10 February hearing, we had three sets of 15-day changes and
11 public comment periods. These changes are summarized
12 here.

13 First, staff released the final CA-GREET 2.0
14 model reflecting changes made after the April workshop.
15 The refinery crediting concepts were split into two
16 distinct provisions for clarity and to make those
17 provisions more usable.

18 Staff also simplified electric vehicle credit
19 calculations. One of the proposed changes is that ARB,
20 rather than utilities, will complete the calculation for
21 non-metered residential charging.

22 On the crude oil incremental deficit provision,
23 staff proposes to create a buffer that allows for normal
24 minor year-to-year variations. Work was completed to make
25 electric forklifts and hydrogen fuel cell forklifts

1 change post-2020.

2 --o0o--

3 AIR RESOURCES ENGINEER CHOWDHURY: As a reminder
4 for our next steps, staff will review the written and oral
5 comments received today and will present responses during
6 tomorrow's Board hearing. The Board will then review and
7 vote on the item.

8 This concludes my presentation. Thank you for
9 the opportunity to present staff proposal today.

10 CHAIR NICHOLS: Thank you. Any additional
11 questions or comments before we move to the public
12 comment?

13 All right. Then, do we have a list?

14 BOARD CLERK JENSEN: I'm printing it right now.

15 CHAIR NICHOLS: You're printing it right now.

16 We're breathless with anticipation. Yeah,
17 really. It will be. Okay.

18 The presentation was even more succinct than we
19 were expecting.

20 (Laughter.)

21 CHAIR NICHOLS: No, we're not complaining. Thank
22 you. It was a good job.

23 (Laughter.)

24 CHAIR NICHOLS: Page one. There will be more.
25 So we're up to our first 21 people anyhow. And, once

1 again, Mr. Hogo gets the first shot. And then it will be
2 John O'Donnell and Russ Teall.

3 MR. HOGO: Good morning again, Chair Nichols and
4 members of the Board. Henry Hogo with South Coast AQMD.

5 The staff is in full support of the LCFS proposal
6 that's in front of you today, and we strongly -- are
7 enthusiastic actually with the renewable fuels and
8 alternative fuels and the co-benefits, not only reducing
9 greenhouse gas emissions, but some of these fuel pathways
10 actually will reduce NOx emissions, and that's critically
11 important to us, so we urge readoption of the LCFS.

12 Thank you.

13 CHAIR NICHOLS: Thank you. Your district has
14 been particularly vigilant in keeping us focused on the
15 need to make sure that we're not doing anything that
16 jeopardizes our drive to reduce NOx with this program. I
17 want to thank you for that. It's been important.

18 MR. HOGO: Thanks.

19 CHAIR NICHOLS: Okay, Mr. O'Donnell.

20 MR. O'DONNELL: Good morning, Chair Nichols and
21 members of the Board. I'm John O'Donnell with Glass Point
22 Solar. Glass Point is a leader in providing solar energy
23 to the oil industry. Over the last four years, we've been
24 operating pilot facilities at oil feeds in California and
25 the Middle East. And today, we are building one of the

1 largest solar projects in the world. Glass Point
2 appreciates the work that staff has done to create a
3 streamlined and workable structure for projects that
4 reduce the carbon intensity of petroleum fuels by the use
5 of wind and solar energy in producing the fuels.

6 The new commercial structures and market
7 mechanisms in the updated LCFS allow our technology to
8 also reduce the cost of producing fuels in California.
9 Third-party studies have suggested that solar steam can
10 deliver millions of credits and thousands of jobs in
11 California, while improving local air quality.

12 I mentioned that we're now building the largest
13 solar project in the world. It's a gigawatt solar field
14 delivering steam for oil production at an oil feed in the
15 Middle East. We look forward to delivering many such
16 projects here in California, and believe that the current
17 proposed innovative crude structure in the regulation will
18 open the door for our doing so.

19 Thank you.

20 CHAIR NICHOLS: Thank you.

21 BOARD MEMBER SPERLING: Chairman Nichol?

22 CHAIR NICHOLS: Yes, go ahead.

23 BOARD MEMBER SPERLING: Could I -- you know, I
24 think this is a really important provision. And I've not
25 been clear on what changes have been made to reward

1 investments such as that. Could I just have from the
2 staff just a -- you know, the 30-second version of what we
3 changed to give companies like that that are upstream and
4 at refineries extra credit?

5 ALTERNATIVES FUELS SECTION MANAGER DUFFY: Yes.
6 The major changes to the provision are, number one, the
7 original provision gave the credit to the purchasing
8 refinery, so they're the refinery that the purchased the
9 innovative crude. Whereas, under the proposal, it will be
10 the upstream producer of crude that will have the
11 opportunity to achieve the credit. And we believe that
12 that will more directly incent those upstream producers to
13 produce crude innovatively.

14 There were also some additional innovative
15 methods, which included solar and wind electricity, as
16 well as solar based heat for oil fields. And the final
17 changes included like a streamlined process for credit
18 generation for both solar steam and solar and wind
19 electricity.

20 BOARD MEMBER SPERLING: So, in this case, Solar
21 Point gets the credit or the coil company that buys and
22 uses the Solar Point technology gets the credit?

23 ALTERNATIVES FUELS SECTION MANAGER DUFFY: It
24 would be -- it would be the oil producer who would get the
25 credit, if they implement the solar steam project. If it

1 is a third-party that produces the solar steam and sells
2 it to the oil producer, it's still the producer that will
3 get the credit.

4 BOARD MEMBER SPERLING: Thank you.

5 CHAIR NICHOLS: So we're not doing any double
6 counting here --

7 (Laughter.)

8 CHAIR NICHOLS: -- just in case you were
9 concerned.

10 BOARD MEMBER SPERLING: And we're providing
11 direct incentives for these kinds of innovative
12 investments, you know, especially solar, which I think is
13 great.

14 CHAIR NICHOLS: No. It's extremely important.
15 If we're going to produce oil, we need to do it as cleanly
16 as we possibly can. So thanks for clarifying that.

17 Okay. Mr. Teall.

18 MR. TEALL: Good morning. I hope to be equally
19 brief as my prior comments. My name is Russell Teall.
20 I'm the president of the California Biodiesel Alliance and
21 former Vice Chairman of the National Biodiesel Board. And
22 I'm here today to speak on behalf of both organizations.

23 First of all, I would like to commend staff for
24 their persistence in pursuing this path. It's very
25 important to our industry. It sends a vote of certainty

1 that renewables and low carbon fuels have a future in
2 California. And so I would urge you to adopt the Low
3 Carbon Fuel Standard tomorrow morning.

4 Thank you.

5 CHAIR NICHOLS: Thank you. And again, Mr.
6 Delahoussaye.

7 MR. DELAHOUSSAYE: Good morning again. Dayne
8 Delahoussaye with Neste. I wanted to again thank staff
9 for this proposal. And again I extend our support to it
10 but, I have two additional comments that I wanted to put
11 just for the Board and for staff particularly.

12 First off, I think it's important to realize that
13 California does not exist on an island in terms of its
14 global fuel economy -- or global fuel market. And while
15 the LCFS is a very important tool in making sure that it
16 increases the availability and production and consumption
17 of low carbon fuels here in the State of California, that
18 there are broader issues associated with both federal
19 policies, as well as global policies that sometimes get
20 dis-aligned in different things trying to do that stuff.

21 So I would encourage staff and I would encourage
22 the Board to take this message and the target and the
23 education of what they're trying to accomplish two levels
24 beyond just the State of California and its stakeholders
25 to make sure that it, to the extent any education or

1 influence it has in broader both federal and global
2 policies that can be realized, so that we don't have
3 inadvertent gaps or hiccups that defeat the successes that
4 this program can achieve.

5 The second thing I want to talk about is
6 obviously a lot of staff's resources have been dedicated
7 on getting this readopted and back implemented, and I
8 commend the staff for that effort in doing that. And I
9 hope that this particular readoption, once it's approved
10 tomorrow morning, will continue to let the -- to quote
11 former Transportation Brief -- Chief Mike Waugh,
12 "giddy-up", and let the staff continue to get back in the
13 effort in pushing this forward and continuing to achieve
14 the goals and the targets that this program is designed
15 for.

16 Thank you.

17 CHAIR NICHOLS: Mr. Kinsey.

18 MR. KINSEY: Good morning. John Kinsey, Wanger
19 Jones Helsley appearing on behalf of Growth Energy.

20 Growth Energy again has submitted several
21 comments in connection with the LCFS regulation. And
22 again, I won't repeat those. But in addition to those
23 comments, one of the things I did want to note for the
24 record is that, you know, we believe that ARB still has
25 not complied with the writ in the POET v. CARB litigation.

1 For example, the rule-making file remains
2 incomplete and doesn't include the documents that the
3 court of appeals specified should be included in the
4 record. In addition, ARB still has not analyzed the
5 impacts associated with the original LCFS regulation with
6 respect to NOx emissions, nor has it analyzed mitigation
7 for those unmitigated impacts.

8 And again, we urge that the ARB does not approve
9 the LCFS regulation, until it complies with the law.

10 Thank you.

11 CHAIR NICHOLS: Okay. I think that will be part
12 of what we'll be responding to tomorrow, at least
13 generically. I assume that will be part of the
14 discussion.

15 Okay. Good. Mr. Gilbert.

16 MR. GILBERT: Good morning, Chair Nichols and
17 members. I'm Don Gilbert. I represent San Francisco
18 International Airport.

19 I'm here to support what I think will be
20 testimony subsequent to mine from the airline industry
21 requesting credits for use of alternative fuels. SFO
22 strongly supports that request. We're among the leading
23 airports, if not the leading airport, in the country
24 trying hard to reduce our carbon footprint. And the
25 overwhelming contributor to greenhouse gas emissions at

1 airports are aircraft.

2 And so we want to see the airlines incentivized
3 to use alternative clean fuels in those aircraft that we
4 otherwise do not have jurisdiction over. So this would
5 very much contribute to our goal to reduce greenhouse gas
6 emissions from our airport, as much as we possibly can.

7 Thank you.

8 CHAIR NICHOLS: Thank you.

9 Ms. Roberts.

10 MS. ROBERTS: Good morning, Madam Chair and Board
11 members. I'm Tiffany Roberts from Western States
12 Petroleum Association. And on behalf of the Association,
13 than you for allowing us to comment today.

14 We continue to be concerned about many facets of
15 the LCFS program, and have serious doubts about its
16 feasibility. A fundamental flaw of the program is that it
17 regulates fuel suppliers who only have limited control
18 over all fuels, more importantly, have no control over
19 vehicle availability, infrastructure availability, or
20 consumer behavior.

21 WSPA continues to be concerned about the needless
22 complexity of the regulation, such as not treating all
23 crude the same way. We're concerned about the lack of a
24 level playing field between electricity and other fuels as
25 well, the structure of the credit clearance market, and

1 ARB's proposed cost containment mechanism. WSPA has
2 worked with your staff and provided feedback and detailed
3 comments. Unfortunately, these amendments won't really
4 address the anticipated shortfalls in the long run and the
5 program.

6 As this program is still largely unproven with 90
7 percent of the regulatory obligation now slated to occur
8 in the last 50 percent of the program, we ask the Board to
9 keep a careful eye on the health of the program. And WSPA
10 will also continue to keep an eye on the program as well.

11 And we'll do so in a way that's a little bit more
12 formalized. Right now, we're preparing for the release of
13 a tool called the LCFS Scorecard. And this scorecard will
14 basically track volumes and carbon intensities of
15 transportation fuels, as well as the matching vehicles
16 that are coming on line. We hope that that second set of
17 eyes will be useful for you as well. And we look forward
18 to sharing that LCFS Scorecard with you in the future.

19 So I'll just close with one last note, and it's a
20 quote from Dr. Robert Stavins, who I think many of you are
21 familiar with, from Harvard University. And Dr. Stavins
22 points out quote, "Complementary policies, such as the Low
23 Carbon Fuel Standard, do not increase emission reductions,
24 but rather shift emissions across sectors due to
25 interactions with the Cap-and-Trade Program". In short,

1 what Dr. Stavins is saying is that the LCFS is
2 contradictory not complementary. And so we would just ask
3 that you keep that in mind as you deliberate today and
4 tomorrow.

5 Thank you.

6 CHAIR NICHOLS: Thank you, Ms. Roberts. Nice to
7 see you in your new incarnation.

8 Tim Taylor.

9 MR. TAYLOR: Good morning. My name is Tim
10 Taylor. And I am testifying on behalf of Airlines 4
11 American, known as A4A, representing major U.S. airlines.

12 A4A is testifying to request that ARB include
13 alternative jet fuel, also known as biojet fuel, as
14 eligible credit generating fuel under the LCFS. A4A's
15 testimony builds upon its July 2014 letter to ARB, October
16 2014 comments on the LCFS program review and February 2015
17 comments on this rule-making.

18 A4A takes its role in controlling greenhouse gas
19 emissions very seriously. For example, our members have
20 improved their fuel efficiency by 120 percent since 1978,
21 saving 3.8 billion metric tons of CO₂ emissions.

22 A4A members are part of a global aviation
23 coalition that has adopted aggressive GHG reduction goals
24 going forward. One key strategy to achieving these goals
25 is the use of biojet. In California, for example, United

1 Airlines has executed an agreement with AltAir Fuels for
2 the purchase of up to 15 million gallons of biojet over a
3 3-year period to begin in 2015, or in the middle of that.

4 Unfortunately, the production of biojet is
5 currently disincentivized in California because it is not
6 eligible for LCFS credits. The LCFS unnecessarily we
7 believe distorts the biofuels market by favoring the
8 production of renewable diesel over biojet, even though
9 both fuels deliver comparable lifecycle GHG reductions.

10 Indeed, as a result of the LCFS not crediting
11 biojet fuel, AltAir is reducing the total available
12 production of renewable jet fuel for United and other
13 airlines to purchase.

14 Creating such disincentives for producers like
15 AltAir, and thereby suppressing demand from airlines like
16 United is contrary to the GHG reduction goals of the LCFS,
17 and is counterproductive, in light of the unique role the
18 airline industry can play in helping to obtain financing
19 for advanced biofuel facilities through dedicated off-take
20 agreements.

21 Rather than incentivizing facilities to produce
22 renewable diesel instead of biojet, ARB ought to allow for
23 credit for both renewable diesel and biojet, and allow the
24 market to determine where the fuel is allocated.

25 This is approach would result in equivalent

1 environmental benefit, lend more certainty to ARB's fuel
2 availability projections, eliminate concerns that the LCFS
3 inhibits biojet production, and create addition compliance
4 flexibility and cost containment opportunities.

5 Importantly, such an approach would be consistent
6 with ARB's stated support for deployment of biojet, in
7 comments on the EPA's proposed endangerment finding for
8 GHGs from aircraft, and in the ARB's own sustainable
9 freight strategy.

10 CHAIR NICHOLS: I think your time is up.

11 MR. TAYLOR: My time is up. Can I read one last
12 little sign.

13 CHAIR NICHOLS: Finish up your last bit there.

14 MR. TAYLOR: Thank you. A4A strongly urges ARB
15 to similarly credit biojet fuels under the LCFS. Thank
16 you very much.

17 CHAIR NICHOLS: Thank you.

18 BOARD MEMBER SPERLING: Chair Nichols?

19 CHAIR NICHOLS: Yes.

20 BOARD MEMBER SPERLING: Could I have a
21 clarification on that? I'm confused, because I thought we
22 did not have jurisdiction over interstate, as well as
23 international aviation. But he was implying that we do
24 give credit for renewable diesel in jets -- in jet plains?
25 That doesn't seem right.

1 INDUSTRIAL STRATEGIES DIVISION ASSISTANT CHIEF

2 KITOWSKI: I believe the comment -- this is Jack Kitowski.
3 I believe the comment was related that our -- the
4 structure of our regulation incentivizes renewable diesel
5 production. If we provided more flexibility for airlines
6 to get credits, then some of that renewable diesel that's
7 currently being used in transportation and heavy-duty
8 trucks could then go to -- they would make jet -- biojet
9 instead of renewable diesel for trucks.

10 CHAIR NICHOLS: Bud we'd have to cover the
11 aircraft or the aviation industry in some fashion, which
12 we don't, and --

13 INDUSTRIAL STRATEGIES DIVISION ASSISTANT CHIEF

14 KITOWSKI: Yeah. In general, I think we're very
15 supportive of trying to include airlines into the program
16 in a way that makes sense. It wasn't as part of this
17 program. We're excited to hear the comments here today,
18 and we would be excited to talk with them moving forward.

19 CHAIR NICHOLS: In the past, we've been
20 approached by representatives of the airports, and I guess
21 we heard that today also, about the idea of them being
22 able to somehow opt into this program. And I think it's
23 an interesting issue. If we were simply to allow them to
24 earn credits, I think you could end up sort of flooding
25 the system with credits in a way that wouldn't necessarily

1 lead to greater reduction. So we do have to figure out a
2 way to get a cap somehow or a handle on the industry. But
3 the basic idea of bringing them in, if we can figure out
4 the best California policy hook, is a really good one. It
5 could be a huge contribution.

6 BOARD MEMBER SPERLING: I endorse that and
7 suggest that when we do come back to this, I guess would
8 be for post-2020, that we'd definitely think about how to
9 include it, and that we'd be part of the discussion about
10 what the carbon intensity would be and so on.

11 CHAIR NICHOLS: Yeah. You want to make an
12 announcement about the first workshop on the scoping plan
13 right now? Because I think that's where this is going to
14 come up next for discussion.

15 DEPUTY EXECUTIVE OFFICER CHANG: So we have the
16 first workshop on the next round of the scoping plan
17 scheduled for next Thursday, a week from today. And we're
18 going to start talking about how we're going to be meeting
19 the Governor's 40 percent greenhouse gas reduction goals.
20 So I think this is, you know, something for us to be
21 thinking about in that context.

22 CHAIR NICHOLS: Okay.

23 MR. TAYLOR: Well, thank you. We look forward to
24 participating in those discussions. Thank you.

25 CHAIR NICHOLS: Thank you. And we really

1 appreciate your raising the issue and coming forward
2 today.

3 Mr. Boesel, you're next up.

4 MR. BOESEL: Chairman Nichols and members of the
5 Board. John Boesel, CEO of CalStart. We are a nonprofit
6 organization based here in California, 150-member
7 companies all working on clean transportation
8 technologies. We have offices in Richmond, Pasadena, now
9 very happy to say in Fresno and Parlier in the San Joaquin
10 Valley as well.

11 We have a couple of just very short points I want
12 to make. One is that we view the Low Carbon Fuel Standard
13 as a job creator in California. We do believe this policy
14 will encourage innovation, more investment in the
15 production of low carbon fuels in California.

16 Secondly, is a number of our fleet members
17 have -- are already meeting the effective goals of the
18 LCFS. We have companies -- member companies like UPS,
19 Frito-Lay, Waste Management. They're already going beyond
20 the 10 percent in their carbon intensity. So they are
21 showing that fleets can do this, that this is a viable
22 policy. Their efforts will further be supported by the
23 adoption or the readoption of the Low Carbon Fuel Standard

24 And then last two points is that notwithstanding
25 the technological innovation demonstrated by a recent --

1 by German manufacturer recently, the auto industry has
2 shown incredible innovation over the last several years,
3 and by 2025 is looking to double the improvement of their
4 fuel economy.

5 And they are -- there is a tremendous amount of
6 innovation and investment going on in that space. I
7 think, relatively speaking, what this policy does in terms
8 of asking the oil industry to innovate is relatively
9 modest and achievable. And I think the oil industry has
10 tremendous scientists and engineers that are capable of
11 innovative -- innovating and making this policy happen.

12 So I just want to urge an aye vote in support of
13 the staff recommendation tomorrow.

14 Thank you.

15 CHAIR NICHOLS: Thank you.

16 Melinda Hicks.

17 MS. HICKS: Good morning, Chairwoman, members of
18 the Board. Thank you again for the opportunity to come
19 before you and provide testimony. Kern loves to do this.

20 My name is Melinda Hicks, and I do represent Kern
21 Oil and Refining Company. I think most of you know us as
22 a small independent refinery in Bakersfield, California.

23 Of course, Kern is very proud to talk about how
24 we have embraced the Low Carbon Fuel Standard over the
25 years, being the first in California to produce a

1 renewable diesel stream, and one of the very first to
2 begin blending biodiesel early on.

3 Overall, Kern is supportive of the proposal. We
4 came before you in February and expressed that as well, so
5 we want to reiterate that today, and again, just point to
6 two very specifics that we are in support of.

7 The first of those, Kern strongly supports the
8 provisions for the low energy, low complexity refinery
9 provisions. We're grateful that the Board previously saw
10 fit to direct staff to consider such amendments.

11 This provision will correct what has been a
12 disproportionate negative impact on refineries like Kern
13 that don't fit the average. We also want to just express
14 our appreciation of the years of work that staff has done,
15 the analysis using actual refinery data and the
16 consideration of stakeholder input. We believe that they
17 provide a solid foundation, a scientific foundation for
18 the provision.

19 Secondly, I just want to express our support for
20 the incremental deficit option as it pertains to the crude
21 oil carbon intensity. We recognize that this makes a
22 provision for low energy, low complexity refineries that
23 can be adversely impacted by the California baseline. It
24 gives us the option to be recognized individually for our
25 own baseline. As presented today, the option contains

1 edits that address certain concerns that Kern raised back
2 in its February comments, and we just want to make
3 recognition of that, that we do appreciate it.

4 Kern extends our sincere thanks for all the work
5 that's gone into this, the staff dedication, and both to
6 staff and the Board for having the diligence to see it
7 through.

8 Thank you.

9 CHAIR NICHOLS: Mr. Murphy.

10 MR. MURPHY: Thank you, Chair Nichols, members of
11 the Board for the opportunity to speak. My name is Colin
12 Murphy. I'm with NextGen Climate America. And we stand
13 in support of the Low Carbon Fuel Standard readoption for
14 all the reasons we mentioned in our previous comments, as
15 well as for all the reasons mentioned by the expert
16 stakeholders that have come before you over the last
17 several years of this process.

18 We think this is an important foundational
19 element to a sustainable transportation future for
20 California. And I wanted to go back briefly to one of the
21 things you said a few minutes ago, Chair Nichols, that a
22 rule-making is not the end of a process, but one of the
23 mid-points of a process. And we appreciate the commitment
24 of the Board to continue to improve this rule as it goes
25 forward to understand that the scientific landscape is

1 changing as is the economic landscape, and to make sure
2 that the rule keeps pace with that, and adopts as time
3 goes by.

4 So again, we support the readoption.

5 Thank you very much.

6 CHAIR NICHOLS: Thanks.

7 Good morning.

8 MR. ESCUDERO: Good morning, Madam Chair and
9 members of the Board. Johannes Escudero, executive
10 director with the Coalition for Renewable Natural Gas. We
11 represent the renewable natural gas industry nationwide.
12 Our members also come from Canada and the UK. And we also
13 want to say thank you to the Board members who have
14 accommodated meetings, as well as staff, for continual
15 engagement with us, particularly as it relates to of some
16 of the administrative issues, expediting of the pathway
17 approval process, as well as retroactivity as it relates
18 to credits that are being generated by our members while
19 those approvals are pending.

20 Our members produce 90 percent of the
21 transportation fuel grade renewable natural gas in North
22 America. And as you know, renewable natural gas is the
23 lowest carbon intensity fuel available.

24 And while a number of our members' projects
25 produce gas that participates under the LCFS program to

1 date, regretfully most of the fuel that -- is coming from
2 out of state. We believe a readoption of the LCFS program
3 to the extent it continues to support renewable natural
4 gas will send the much needed and strong market signal
5 that our industry needs to develop projects and obtain the
6 necessary financing to do so here in California to achieve
7 the climate change and climate reduction goals.

8 So again, we stand in support today.

9 CHAIR NICHOLS: Great. Thanks.

10 Mr. White.

11 MR. WHITE: Thank you, Chair Nichols, members of
12 the Board. Chuck White representing Waste Management. I
13 have to join the chorus of others that really express the
14 appreciation that the staff and the Board members
15 yourselves have dedicated to keeping this program on the
16 tracks and moving forward.

17 I've spoken to you many times before and Waste
18 Management's support for the Low Carbon Fuel Standard and
19 our need for it to continue in a strong and robust
20 fashion.

21 Waste Management has committed to over 50 -- or
22 converted 50 percent of our diesel fleet in California to
23 natural gas from diesel. We have the largest RNG facility
24 in the State producing up to 13,000 gallons per day of
25 renewable natural gas. We would like to build more of

1 those, but we found it to be extremely challenging
2 economically.

3 Waste Management and others in the solid waste
4 industry can certainly help California meet its low carbon
5 fuel objectives. The Low Carbon Fuel Standard and the
6 federal Renewable Fuel Standard are absolutely essential
7 to that. We can produce renewable natural gas at a price
8 that is cheaper than diesel, but we can't produce it at a
9 price that's competitive with fossil natural gas.

10 We need the Low Carbon Fuel Standard and the
11 Renewable Fuel Standard to bridge the gap in order to make
12 this happen. Unfortunately, the price fluctuations in
13 both the Renewable Fuel Standard and the LCFS over the
14 past years has not given Waste Management the confidence
15 to go forward and build a second, third, and fourth, and
16 possibly fifth similar type of facility in California.

17 I think the company is prepared to find partners
18 to do that, if we can just find a way to make the economic
19 equation work for us.

20 Your readoption tomorrow, hopefully, of the Low
21 Carbon Fuel Standard will be a major step in both
22 stabilizing and strengthening the value of the Low Carbon
23 Fuel Standard credits. And we're hoping that this will
24 lead to a way that we can develop contracts and agreements
25 with folks that need the credits, that need the fuel to

1 help come up with an economic situation that will allow us
2 to move forward with additional projects, similar to what
3 we've already done.

4 It's been 6 years since we built the first plant.
5 We haven't built a second one. We would like to build
6 more, if we can just make the economics work. And like I
7 say, your readoption of this standard tomorrow will make a
8 huge difference in that direction.

9 Thank you.

10 CHAIR NICHOLS: Thank you.

11 Simon Mui.

12 MR. MUI: Good morning again. First, I just
13 wanted to acknowledge staff once again for really the
14 years of hard work and resolve to continue implementing
15 the Low Carbon Fuel Standard. We know there's been a lot
16 of speed bumps, road backs, sounds like a couple stop
17 signs are being put up potentially today by opponents over
18 the years, but we also know how critical this program has
19 and will be to California.

20 We know that nearly 40 percent of our emissions
21 are petroleum related, combustion, production. This
22 program is designed to help create a pathway to reducing
23 those emissions.

24 We know how important this program has been and
25 is to the Governor and to leaders in the legislature, to

1 the clean fuels industry, as well as innovators in the oil
2 sector that we're hearing from today. By voting to
3 readopt the program with the enhancements that staff is
4 proposing, you'll be sending a powerful signal in the
5 State, to other states, internationally that California is
6 moving forward.

7 I'd just like to share, being a former --
8 formally raised Catholic, this morning you might have
9 heard the address from the Pope to the United States
10 Congress. I was thinking about this standard as he went
11 over some of the speech in reference to the environment,
12 where the Pope said, "Now is a time for courageous action
13 and strategies. We have the freedom needed to limit and
14 direct technology to devise intelligent ways of developing
15 and limiting our power and to put technology at the
16 service of another type of progress, one which is
17 healthier, more human, more social, more integral. I
18 think all of you are doing that today, and it's not
19 surprising that California is the first to respond.

20 I would just like to close off and just say that,
21 you know, we've been at this for four or five years, in
22 terms of implementation. Today is an important day
23 because it clears a lot of those hurdles and road blocks
24 going forward. I hope for your yes vote tomorrow.

25 The program is working. We've seen actually a 20

1 percent increase in lower carbon fuel use -- alternative
2 you'll use in California. We've seen those alternative
3 fuels being used decreasing carbon intensity by 16
4 percent. And we're even seeing the oil industry exceed
5 the standards by 40 percent as of today.

6 So I think this is a good start. We're obviously
7 going to continue on, make further progress, but the vote
8 on this is critical to letting California move forward.
9 Thanks.

10 CHAIR NICHOLS: Thanks very much and thanks for
11 providing the context.

12 Tim.

13 MR. CARMICHAEL: Good morning, Chair Nichols,
14 members of the Board. Tim Carmichael with the California
15 Natural Gas Vehicle Coalition.

16 I was prepared for a lot today, but I wasn't
17 expecting to follow an emissary of the Pope.

18 (Laughter.)

19 MR. CARMICHAEL: I -- let me start with a thank
20 you to the staff. Same Wade, Jack Kitowski, Floyd
21 Vergara, who, over the last year, have talked to me and my
22 25-member companies more about this program than I could
23 ever have imagined was possible. I've learned, and
24 already forgotten, more about the GREET model than I ever
25 wanted to know. You actually have people on staff here

1 that are excited about the GREET model.

2 (Laughter.)

3 MR. CARMICHAEL: It's really --

4 CHAIR NICHOLS: Well, that's one of things about
5 ARB, we --

6 (Laughter.)

7 CHAIR NICHOLS: -- we have a lot of interesting
8 people.

9 (Laughter.)

10 MR. CARMICHAEL: Indeed. Indeed.

11 We made a lot of progress this year. We made a
12 lot of corrections and improvements to the program, and
13 I'm only looking at the piece that I was exposed to
14 relating to natural gas, renewable natural gas, and some
15 of the other biofuels. And I know how much better we've
16 made the program. It's a very good program, and it's
17 getting better, and our members are very excited about
18 that. They're already excited about participation and
19 they're excited about more participation in the future.

20 There's already been a couple mentions of
21 renewable natural gas. It's a fact, we would not have the
22 volume of renewable natural gas being developed, sold,
23 used in California today, if not for this program. And
24 that's one example. It's one fuel that we know is very
25 low carbon that has rapid growth with the assistance of

1 this program.

2 Encourage your support for this program, and its
3 continuation. There's more work to be done in the future,
4 but we're definitely moving in the right direction.

5 Thank you.

6 CHAIR NICHOLS: Thanks a lot. Graham Noyes.

7 MR. NOYES: Good morning, Chair Nichols, members
8 of the Board. My name is Graham Noyes. I'm an attorney
9 with the law firm of Keyes, Fox & Wiedman, and executive
10 director of the Low Carbon Fuels Coalition on a part-time
11 basis.

12 And I stand here -- my comments today have been
13 expressed in writing, so there's nothing that staff needs
14 to respond to that hasn't already been done. We stand in
15 strong support, recognize the diligent work the entire
16 team has done, including the legal team, on addressing the
17 issues that were raised.

18 What is being proposed for the Board today is a
19 stronger program than there was before. It has been
20 subject to rigorous review, and it has been improved and
21 expanded. I really commend everyone involved in taking
22 this opportunity not just to check the legal boxes, but to
23 work on the program.

24 A couple of key milestones and opportunities that
25 remain, and some of these have been touched on already.

1 We're seeing a program that's already generated 11 million
2 metric tons of reduction. We're now at 11 million metric
3 tons a year pace in terms of credits, which is remarkable.
4 That's about 90 percent of the reductions in the
5 transportation sector in California.

6 So what we have created in California is a
7 marvelous demand for low carbon fuels. As of yet, we have
8 not seen the supply within California rise to the
9 potential that it could. There's some very good work
10 being done, and even this past week, with CEC and ARB
11 involvement, looking at opportunities to grow the economic
12 development side and job growth in California reflecting
13 this demand, so that California fills in some of this
14 additional supply. It also uses its scientific and
15 technological muscle to create some of these very low
16 ultra carbon fuels.

17 The Low Carbon Fuels Coalition represents low
18 carbon fuel companies across the spectrum, and so
19 including renewable natural gas, biodiesel, ethanol,
20 drop-in fuels. And so we also commend the flexibility of
21 the LCFS program. It is to the biofuels industry, which
22 I've been involved with for 15 years, the most important
23 program, bar none. The Renewable Fuel Standard has
24 wavered. California has not wavered, and so we urge a
25 positive vote tomorrow.

1 And also, the engagement of the Board in terms of
2 the Greenhouse Gas Reduction Fund opportunities somewhat
3 delayed now obviously due to the lack of legislative
4 resolution. Already within the concept paper, there's
5 been a recognition of the opportunities presented on the
6 economic side. And thus far, we have not seen that
7 investment. And we'd recommend the Board to take a look
8 at that as well.

9 Thank you.

10 CHAIR NICHOLS: Great.

11 Bonnie Holmes-Gen.

12 MS. HOLMES-GEN: Good morning, Chairman Nichols
13 and members. Bonnie Holmes-Gen with the American Lung
14 Association in California. And on behalf of the American
15 Lung Association and health and medical organizations
16 throughout the state, I'm pleased to urge your re adoption
17 tomorrow of the Low Carbon Fuel Standard.

18 As long-standing supporters of the LCFS, we know
19 that this rule is a critical component of California's
20 visionary clean air and climate strategy. And we thank
21 you for the successful implementation to date and your
22 persistence in finalizing this updated and strengthened
23 version of the rule after many, many workshops.

24 This rule is helping Californians to kick our
25 addiction to petroleum fuels, transition to a cleaner

1 future, and it is bringing real and measurable health
2 benefits along the way to the tune of over 8 billion in
3 avoided health costs by 2025.

4 We know we will see hundreds of avoided deaths
5 and thousands of avoided asthma attacks annually just
6 because of these two regs. And this is really a
7 downpayment. All of these climate strategies will have
8 tremendous health benefits. And that's why there are over
9 two dozen health and medical organizations on the letter
10 that we've given you today that covers all of my comments.

11 And we have organizations including the American
12 Cancer Society, Cancer Action Network, the California
13 Medical Association, Blue Shield of California, California
14 Thoracic Society, Dignity Health, and others all standing
15 together behind you and behind this rule as a vital and
16 proven strategy, and a growing strategy in our western
17 states.

18 So this is a morning for quotes, it sounds like.
19 I'd like to close with a brief quote. Dr. Marc Futernick
20 an emergency room physician one of our Doctors for Climate
21 Health. He's from Los Angeles. He's with Dignity Health.
22 And he says, "As an emergency physician, I see the
23 profound effect climate change will have on our lives.
24 Mortality increases during heat waves from a variety of
25 illnesses. Air quality negatively impacts asthma and

1 other pulmonary and cardiac diseases, particularly when
2 related to wildfires, now common place in the western U.S.
3 Unless we take bold action now, more frequent heat waves,
4 wildfires, flooding, and other natural disasters will
5 wreak havoc on our communities. We urge you once again to
6 take bold action in readopting the LCFS and we look
7 forward to working with you to extend this rule to meet
8 our long-term climate goals".

9 Thank you for your time.

10 CHAIR NICHOLS: Thanks. Appreciate the letter
11 too.

12 Anthony Andreoni.

13 MR. ANDREONI: Thank you. Good morning, Chair
14 Nichols and Board members. I am Anthony Andreoni. I am
15 the director of regulatory affairs and represent the
16 California Municipal Utilities Association, or CMUA.

17 I'm happy today to let you all know that CMUA
18 supports the staff proposed changes and the readoption of
19 the Low Carbon Fuel Standard rule.

20 And just as background, CMUA protects the
21 interests of the California consumer-owned utilities and
22 represents its members' interests in both not only the
23 energy but the water on the waterside. Our members are
24 committed really to local economic development. It's
25 really important to the local communities that they serve.

1 They have an excellent track record in providing reliable
2 electricity at low rates. Our members have also
3 demonstrated leadership on environmental issues like
4 climate change, and continue to develop vehicle charging
5 infrastructure, which is really important.

6 CMUA supports increasing the number of plug-in
7 electric vehicles and charging stations helping to
8 diversify the State's transportation fuel supply. Further
9 more, we see the Low Carbon Fuel Standard rule properly
10 establishing the benefits of electricity as a low carbon
11 transportation fuel, which will further facilitate a
12 growing market for electric transportation technologies.

13 Further more, our members support the provisions
14 in the Low Carbon Fuel Standard funds to be reinvested in
15 initiatives to support transportation electrification,
16 which, of course, benefits all customers.

17 And I have to also mention others have already
18 today mentioned, we definitely appreciate staff and being
19 very proactive in working with our members, including some
20 of the smaller size utilities that don't always have a
21 voice. Our members continue to expand charging stations,
22 as I mentioned earlier.

23 And I just want to highlight one of a -- one of
24 the recent members, Burbank Water and Power, actually
25 deployed one of their first curbside charging stations,

1 which actually makes it much easier for their customers to
2 drive in and charge.

3 We certainly recognize there's more work to be
4 done and look forward to working with you all and staff in
5 the future.

6 And thank you for your time.

7 CHAIR NICHOLS: Thank you.

8 Ms. Van Osten.

9 MS. VAN OSTEN: Good morning. Kathleen Van Osten
10 representing the United Airlines. It's a pleasure to be
11 here this morning to talk with you. United is here today
12 to testify -- we'd like to encourage the Board to look at
13 the biofuels, as Tim Taylor mentioned earlier, to consider
14 generating LESH credit -- LCFS credits for biofuels.

15 Dr. Sperling, you had asked a question with
16 respect to what the State can do with respect to a federal
17 requirement or basically a federal ban on regulating the
18 industry?

19 I think if you look at this as not a mandate but
20 as an opportunity to incentivize the economics of biofuel,
21 you will see a greater participation and greater use of
22 biofuel. United expects to launch probably fourth quarter
23 of this year with their first biofuel flight. So we're
24 very excited about that.

25 United has a very strong record of fuel

1 efficiency, improvements in greenhouse gas reduction
2 emissions -- emission reductions. And we look forward to
3 working further to reduce those emissions through the
4 development and deployment of sustainable biofuels, but
5 they need to be available in significant quantities. And
6 in order to get the significant quantities, it needs to be
7 incentivized. Obviously, renewable diesel is not an
8 option for the airlines.

9 Allowing jet fuel producers to generate these
10 credits will improve their economic conditions to generate
11 credits from all transportation fuels produced, while also
12 creating compliance flexibility for the regulated parties.

13 AltAir -- as Tim mentioned earlier, United has
14 partnered with AltAir. They are -- have a facility down
15 in Paramount, California. And we expect that once they're
16 up to full production, they will be generating about 100
17 clean energy jobs. So, as you can see, as we can ramp
18 this up in California, create other facilities, and invest
19 in other facilities in California, I think you're going to
20 see a greater use of the biofuels.

21 I know that Southwest and I believe FedEx were
22 also looking at biofuels in the future. I don't have any
23 specifics on what they're planning, but, you know, the
24 industry is looking at this very seriously. And we're
25 excited about it. We're excited to be a part of that --

1 the solution here.

2 So I just want to encourage you and express our
3 desire to work with you, Board members, your staff to
4 explore this opportunity. I think it's a fabulous
5 opportunity for California to be a leader here on this
6 issue.

7 And it looks like my time is up. So I'm going to
8 go sit. If you have questions, I'm happy to answer.

9 CHAIR NICHOLS: That's it. Thank you. We
10 appreciate your comments. I think we got the gist of it.

11 So Diane Vasquez from the Sierra Club, and then
12 we have a page two with other few names on it.

13 MS. VASQUEZ: Good morning, Chair Nichols, and
14 Board members. My name is Diane Vasquez on behalf of
15 Sierra Club, California, who represents 380,000 members
16 and supporters.

17 We fully support the readoption of the Low Carbon
18 Fuel Standards, and look forward in actually working with
19 the Board and the staff in the coming years to actually
20 make sure that the regulations are fully adopted, and
21 ensuring our communities are going to benefit from the
22 benefits of these standards and regulations.

23 And I really appreciate the commitment of the
24 Board and the staff in the last six years of ensuring that
25 a lot of the stakeholders' comments are being addressed

1 accurately and properly.

2 So with that, thank you, and look forward to
3 working with you.

4 CHAIR NICHOLS: Okay. Mr. Hessler.

5 MR. HESSLER: Good morning, Madam Chair and
6 members of the Board. I'm Chris Hessler with AJW. We're
7 consulting firm that helps energy and environmental
8 innovative technology companies deal with their market and
9 their regulatory challenges. And I'm here to encourage
10 you to go ahead and readopt the program, also to
11 congratulate you for your perseverance seeing this through
12 all of the twists and turns that we've endured over the
13 last several years.

14 You really are leading the world. And that's
15 going to be more important probably than any of us can
16 really estimate right now.

17 Also, your staff have been consummate
18 professionals. It's hard -- others have complimented
19 them, but I just -- it's important to point out that they
20 have answered every question, taken every meeting, delved
21 deeply, challenged all of us who have been trying to help
22 you to make sure that we're thinking about things
23 correctly. You know, Sam, Jack, Floyd, Edie, Richard, and
24 all the people that have helped them get to where we are
25 just deserve a tremendous amount of praise.

1 Two quick comments. One, I'd like to sort of
2 directly rebut the comment that was made by WSPA. You've
3 heard from a number of technology providers that what
4 you're about to do will directly impact the ability of the
5 market to respond and bring the fuels to market that are
6 needed to meet this ambitious goal. So the concern that
7 there might be some problem with compliance or some
8 problem with a shortfall, that was an issue that had been
9 raised, and that the staff directly approached through the
10 creation of a -- the credit clearance market. I think
11 that is well designed and will stabilize the market. And
12 that's -- the evidence of that time will produce, but
13 you've certainly heard that it's the collective opinion of
14 the folks who are going to try and supply the market that
15 that is the right tool, and it's well designed.

16 Second comment is the predictability that comes
17 with the credit clearance market will be of far greater
18 value to the stability of the program if the Board does a
19 good job going forward. So you can file this under
20 unsolicited advice. After readoption, I think it's
21 important for the Board to let all of its key stakeholders
22 understand how this is going to work.

23 So there may be a moment in the future when there
24 isn't enough fuel in a given year for all of the regulated
25 parties to actually meet compliance. And in that

1 circumstance, the price of credits may rise to the cap.
2 But the fact that the price is capped, and the fact that
3 regulated parties can comply under that program,
4 regardless of the amount of fuel in the system, means that
5 there will be market stability, there will be no crisis.
6 And the high -- temporarily high price of credits will be
7 simply be a market signal to encourage producers to bring
8 more fuel to the market.

9 So letting everyone know that stability will be
10 there is an important job going forward.

11 CHAIR NICHOLS: Thanks very much. I think you're
12 not the first person who suggested that we need to do a
13 better job, if and when we do readopt the rule, of making
14 sure that everyone understands what compliance looks like.

15 Thanks.

16 Mr. Kenny, hi.

17 MR. KENNY: Madam Chair, members of the Board,
18 Good morning. My name is Ryan Kenny. I'm with Clean
19 Energy. We are the nation's largest provider of natural
20 gas and renewable natural gas transportation fuel. And we
21 are in full support of the LCFS, and we have been since
22 the beginning. So we are very pleased to be up here
23 today, and urge a support vote tomorrow.

24 Just a quick note, also, we'd like to reiterate
25 with others our appreciation for staff throughout the

1 process. They have always been willing to meet and
2 consider our views, and have been very professional, and
3 accommodating throughout the entire process, so we thank
4 you very much.

5 Thank you.

6 CHAIR NICHOLS: Great.

7 Jason Barbose.

8 MR. BARBOSE: Good morning, Chair and Board
9 members. I'm Jason Barbose with the Union of Concerned
10 Scientists. I think most of you know we are an
11 organization that works to advance science, to build a
12 healthier planet and a safer world. And appreciate the
13 opportunity to speak in support of the Low Carbon Fuel
14 Standard program today.

15 Two short points. The first is just that it's
16 abundantly clear to us that this program is working as
17 designed to create a steadily growing market for cleaner
18 fuels. And once the program is reapproved tomorrow, we're
19 excited to see it continue to spur investment and
20 innovation in this section. So thank you for that.

21 The second point is more contextual, because
22 there's been a lot of attention among the media and
23 political class this year to the issue of reducing oil
24 use. And on the one hand that's fantastic, because
25 cutting our oil use is so important to addressing global

1 warming and cleaning up our air. But then, of course, on
2 the other hand, you know, due to this -- really the
3 unprecedented lobbying and advertising blitz from the oil
4 industry, the conversation, you know, lacked a lot of
5 substance and didn't focus on very many real facts.

6 And I think one of the things that was lost amid
7 all the deceptive claims about rationing gas and
8 restricting driving was the fact that California is
9 already reducing our oil use. And it's doing so thanks to
10 sound science based policies adopted by the Air Resources
11 Board.

12 And, of course, the Low Carbon Fuel Standard is a
13 cornerstone of that progress. And combined with the
14 tailpipe emission standards for light- and heavy-duty
15 vehicles, the zero emission vehicle program, SB 375
16 program, this agency, under your leadership, is putting us
17 on the road to halving our oil use. Exactly when we get
18 there and how we get there remains to be seen, but my
19 organization is convinced we will get there.

20 And when we do, the air will be cleaner,
21 consumers will be saving money. We'll have more choices
22 for the fuels and technologies that we use to get around.

23 So really, I just want to thank you for your
24 tremendous work and dedication and leadership on this
25 issue. We look forward to the vote tomorrow to readopt

1 the program and are excited to continue to collaborate to
2 advance clean fuels and clean technologies to reduce
3 global warming pollution.

4 Thank you.

5 CHAIR NICHOLS: Thank you, and thanks for all the
6 work that the Union of Concerned Scientists has put in on
7 this issue over the years also.

8 Mr. Leacock.

9 MR. LEACOCK: Good morning, Chair Nichols and
10 members of the Board. My name is Kent Leacock. I'm the
11 director of government relations for Proterra, the maker
12 of zero emission all-battery electric transit bus. Many
13 of you have seen me before.

14 I just want to congratulate the staff and show
15 our appreciation for their hard work to update and readopt
16 the LCFS regulation. We, Proterra, strongly supports the
17 LCFS and wants to commend them for the inclusion of
18 electricity in as a fuel -- as a fuel. We feel that over
19 time with the stability that will come on these credits
20 that will help spur the transition from diesel buses to
21 electric buses where the transit agencies know that they
22 will have a way to generate actual income that can help
23 them in their goal of reducing costs and make the electric
24 transit bus even more affordable than it already is.

25 We want to commend CARB as well, because it's

1 with strong policies and programs, like the LCFS, that
2 have led, particularly my company, to open their corporate
3 headquarters here in California, and then also we will be
4 opening a second facility as a manufacturing plant in
5 Southern California in 2016.

6 Once again, we strongly urge a yea vote for this
7 adopted regulation, and would like to commend staff for
8 their diligence and hard work.

9 Thank you.

10 CHAIR NICHOLS: Thank you very much.

11 Gary Grimes.

12 MR. GRIMES: Good morning, Chairman Nichols and
13 honored Board members. My name is Gary Grimes, and I'm
14 with Alon USA. We're a small refinery company in Southern
15 California with two refineries, one in Paramount,
16 California. And we're working at repurposing that
17 refinery to make renewable diesel fuel. In fact, we will
18 be the supply for United Airlines in L.A.

19 So we've been striving -- and investing -- I want
20 to make that point, we're investing heavily to make this
21 happen. What that plant is operational by the end of this
22 year, we will effectively double the capacity of biobased
23 diesel fuels in the State of California, the entire
24 capacity for the state.

25 I also want to mention though that our

1 Bakersfield refinery -- we're pursuing -- trying to update
2 that as well to make low carbon intensity diesel fuels
3 there and gasoline through the use of light crude oils.
4 As we talked before, I think I've shown you guys the
5 bubble charts that indicate that small refiners use
6 different processes than major oil companies, and we
7 actually make a lower carbon intensity fuel. And for that
8 reason, we are strongly supportive of your low carbon
9 intensity -- low LCLE provisions of the LCFS.

10 We think that's a great idea and we'd like to
11 promote that. Unfortunately, our two plants are on
12 opposite sides of that line and we'd like to have you
13 suggest to your staff to maybe reconsider that and
14 continue to look at that Bakersfield plant in the future.

15 It supports a community that could really use the
16 jobs. It would be a better replacement fuel for the
17 State, in terms of lower carbon intensity.

18 And I want to thank you very much for the
19 opportunity to speak. We've written some comments to you
20 as well. And that's all I have to say.

21 Have you got any questions?

22 CHAIR NICHOLS: I don't think so. We did receive
23 your letter, but I feel I would be remiss if I didn't
24 channel our Vice Chair and ask the question of what the
25 status is, at this point, of the rule with respect to the

1 potential for some future reconsideration on this issue of
2 the small refiners?

3 TRANSPORTATION AND FUELS BRANCH CHIEF WADE:

4 Sure. So the provision, you know, is in place in
5 the rule. And as Gary stated, you know, within of their
6 facilities falls below the line, one of the facilities
7 falls above the line. You know, we spent a lot of time
8 drawing that line, and we feel like the line is put in the
9 appropriate place.

10 We feel like the Bakersfield facility potentially
11 could get below the line, and could also, you know,
12 co-process renewable feed stocks which would be treated
13 under our normal pathway process and receive credit for
14 that.

15 So while we're not saying we would never move the
16 line. At this point in time, we're very confident with
17 how we've structured the provision.

18 I'll leave it there.

19 CHAIR NICHOLS: Their conversation is underway or
20 could be reactivated in terms of how they could gain some
21 additional flexibility.

22 TRANSPORTATION AND FUELS BRANCH CHIEF WADE: Yes.
23 I mean, we will continue to work with them as we do with
24 all facilities and try to understand, you know, their
25 individual situation and the best way to incentivize the

1 actions that will lead to the lowest carbon fuels.

2 CHAIR NICHOLS: Okay. Thank you very much.
3 Thanks for all your help.

4 MR. GRIMES: Thank you.

5 CHAIR NICHOLS: And that batting clean-up, Eileen
6 Tutt.

7 MS. TUTT: Thank you, Chairman Nichols, members
8 of the Air Resources Board. My name is Eileen Tutt. I'm
9 with the California Electric Transportation Coalition here
10 on behalf of our members today. I just want to make it
11 real clear, all five of the largest utilities, as well as
12 small utilities, as well as automakers, bus manufacturers,
13 and others committed to transportation electrification
14 stand here in support of readoption tomorrow. And we hope
15 that you will continue your historic leadership and
16 readopt this very, very important regulation.

17 I want to spend the last minute of my time kind
18 of responding to some of the things I heard today, and in
19 doing so, thanking the staff, which we've heard numerous
20 times throughout today.

21 I want to start by saying the LCFS is absolutely
22 a complementary measure to the Cap-and-Trade Program. But
23 beyond that, it's an essential and complementary measure
24 to your transportation electrification efforts. And that
25 is why we're here today. We really appreciate the staff's

1 efforts to incorporate electricity into the LCFS in a way
2 that's fair, in a way that accurately reflects its
3 contribution to lowering the carbon content of
4 transportation fuels. And we feel that the staff has done
5 an inordinately expert and wonderful job in doing that.
6 Working with us for years, we totally support the 15-day
7 changes associated with the electricity sector, and
8 appreciation staff's efforts.

9 We think that the staff has done nothing but make
10 this regulation better, and we hope very much that you
11 will readopt tomorrow. And we again appreciate the
12 recognition of electricity, because it is going to be key
13 to reducing the carbon content of our fuels and to
14 recognizing all of the benefits that are needed in the
15 State to meet our greenhouse gas and our criteria and
16 toxic pollutant goals.

17 So thank you.

18 CHAIR NICHOLS: Thanks very much. Thanks for
19 your ongoing support and help.

20 That does represent the entire list of witnesses,
21 and so I am going to close the record at this time, and
22 call for the break that we had indicated we were going to
23 take at this point. I think it's a little too early to
24 make it a lunch break, so we'll just make it the 15-minute
25 break that we -- or roughly 15 minutes. We'll be told by

1 the staff when it's actually time to reconvene, but we're
2 assuming it's going to be roughly 15 minutes, and then
3 we'll come back and deal with additional items.

4 I know many Board members, including myself, have
5 general comments that we want to make about the Low Carbon
6 Fuel Standard and its importance and value, but I think
7 we're going to hold those until tomorrow after we actually
8 have a final record and comments and responses and take
9 our vote.

10 Okay. Thanks, everybody.

11 (Off record: 10:54 AM)

12 (Thereupon a recess was taken.)

13 (On record: 11:13 AM)

14 CHAIR NICHOLS: Hello. There we go. Okay.
15 Well, we stayed pretty close to our 15-minute break. That
16 was excellent, and are now back in session, and we're
17 going to move on to the next item, which is the
18 consideration of a Proposition 1B program funding award --
19 set of awards to local agencies for projects to reduce
20 diesel emissions from freight transport equipment.

21 This program continues to be a vital part of
22 ARB's incentive programs -- suite of incentive programs
23 that are designed to help equipment owners obtain the
24 cleanest possible equipment. Since the program's
25 inception in 2008, we have awarded more than \$700 million

1 to assist equipment owners to upgrade and replace over
2 13,000 trucks, locomotives, harbor craft, and ships at
3 birth. And this is all thanks to a bond program,
4 Proposition 1B.

5 These funds provide emissions benefits beyond our
6 regulations and help advance needed transformative
7 technology. These freight transport incentives bring both
8 public health benefits and economic stimulus benefits by
9 helping thousands of business owners to clean up their
10 diesel equipment.

11 This financial assistance also helps to create
12 and retain jobs in California while supporting businesses
13 that design, sell, and install green products here. This
14 is the final round of funding under this bond program.
15 They do come to an end eventually, but we're happy to be
16 able to use it to address directives from Governor Brown's
17 recent freight executive order to improve the efficiency
18 and competitiveness of California's freight transportation
19 system while transitioning to zero and near zero emission
20 technology.

21 Indeed, that was the vision when we first began
22 this effort. So it's good to hear that we're -- it's not
23 good that we're coming to the end, but it's good that
24 we're able to wrap up this program with another round of
25 funding, and we have some pretty exciting projects to

1 support.

2 So we will hear the staff's proposal, and then we
3 will have an opportunity to act on the reallocation of the
4 last \$287 million in funding.

5 And, Mr. Corey, I will now turn to you to
6 introduce this item.

7 EXECUTIVE OFFICER COREY: All right. Thanks
8 Chair Nichols. So the Board adopted guidelines for this
9 last round of funds in June, which focused on
10 opportunities for advanced technologies in supporting
11 infrastructure. This last allocation of Proposition 1B
12 funding, as you noted, is approximately 287 million and
13 represents a significant opportunity for freight transport
14 equipment owners to upgrade to the cleanest technology
15 available.

16 After the Board approved the funding guidelines,
17 staff solicited applications from local agencies and
18 received almost 470 million in requests. The staff's
19 funding recommendations before you today are consistent
20 with the program guidelines, priorities, and regional
21 funding targets that the Board has previously adopted, and
22 the local agency priorities within each trade corridor.

23 Additionally, they achieve the cumulative
24 corridor funding targets approved by the Board for each
25 region. I'll now ask Barbara Van Gee of the Toxics and

1 Transportation Division to begin the staff presentation.

2 Barbara.

3 (Thereupon an overhead presentation was
4 presented as follows.)

5 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

6 GEE: Thank you, Mr. Corey. Good morning, Chair Nichols
7 and members of the Board.

8 In June, the Board adopted updated Proposition 1B
9 program guidelines and set priorities for project funding.
10 Today, we are here to provide our recommendation for the
11 final round of Proposition 1B funding.

12 After a brief background on the program, I'll
13 summarize staff's proposal for grants to implement the
14 program.

15 --o0o--

16 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

17 GEE: In 2006, California voters approved Proposition 1B
18 authorizing over 1 billion to ARB for freight movement
19 related air quality incentives. The program was
20 established to cut diesel freight emissions and reduce the
21 related health risks near freeways, ports, railyards, and
22 distribution centers.

23 ARB and our local partners accomplished this
24 through financial incentives used by diesel equipment
25 owners to upgrade their equipment to cleaner models that

1 achieve early or extra emission reductions.

2 --o0o--

3 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

4 GEE: Looking at funding allocations to date, over 85
5 Percent of the project funds have gone to cleaning up
6 diesel trucks. However, all the investments are key to
7 the air quality progress in impacted communities in the
8 four trade corridors. These projects have reduced
9 emissions of over 2,200 tons of particulate matter and
10 75,000 tones of nitrogen oxides.

11 --o0o--

12 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

13 GEE: However, not all funds previous awarded by the Board
14 made it to project completion. Forty-seven million from
15 local agency and truck loan assistance projects are
16 unspent, due primarily to project fallout.

17 There are two mechanisms for reallocating these
18 funds. First, you have provided authorization to the
19 Executive Officer to reallocate unspent funds prior to
20 statutory deadlines. Second, for funds not spent prior to
21 these deadlines, the current guidelines require the Board
22 to reallocate those funds. Staff is seeking a minor
23 guideline change that will allow the Executive Officer to
24 reallocate these unspent funds, as well as any other
25 remaining funds that may become available as we are

1 wrapping up the program. Staff will inform the Board
2 members when this happens

3 --o0o--

4 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

5 GEE: Now, let's discuss the funds available for the
6 program's final year, and staff's recommendations by trade
7 corridor and source category.

8 --o0o--

9 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

10 GEE: In total, there is about 287 million available for
11 the remaining years of the program. Of this 287 million,
12 staff is proposing to reserve up to 20 million for ARB's
13 administration costs for the next decade. This amount is
14 lower than what is allowed per statute, as well as other
15 ARB incentive programs.

16 Staff will be actively implementing the program
17 for the next 3 to 4 years and then workload will begin to
18 taper off. However, to meet State bond requirements, ARB
19 has an obligation to track program funds until at least
20 2055. The next slides will discuss the project funds.

21 --o0o--

22 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

23 GEE: For each funding cycle, the Board approves the
24 priorities to guide how the funds should be spent. In
25 June, the Board adopted priorities that focused on

1 advanced technologies to help transition to a zero and
2 near zero emission freight system; provide funding for
3 transitional technologies, such as natural gas, meeting
4 the lowest optional NOx standards; support funding for
5 small truck fleets and tier 4 locomotives.

6 --o0o--

7 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

8 GEE: Moving on to the five year solicitation -- moving on
9 to the year 5 solicitation, five local agencies submitted
10 applications for 19 projects requesting over 469 million
11 to upgrade more than 6,600 pieces of equipment in response
12 to the Notice of Funding Availability released in July.

13 --o0o--

14 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

15 GEE: After receiving the applications, we reviewed them
16 to ensure they met the requirements as outlined in the
17 program guidelines. First, we considered the corridor
18 funding targets with the goal of restoring each trade
19 corridor to its target levels. Next, we considered the
20 Board's funding priorities for this round of funding. And
21 last, we considered the local agency's request for funding
22 and their priorities.

23 --o0o--

24 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

25 GEE: After developing preliminary recommendations, we

1 held four regional workshops to receive public input. In
2 addition, local agencies held at least one community
3 meeting to solicit public comments on their proposed
4 projects prior to applications submittal.

5 --o0o--

6 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
7 GEE: The preliminary recommendations presented at the
8 workshops included a discussion of the trade corridor
9 funding targets. These were originally adopted by the
10 Board in 2008, and established a target percent
11 distribution for the program overall.

12 Today's recommended funding awards and
13 reallocations would restore each trade corridor to the
14 target percentages originally approved by the Board.

15 --o0o--

16 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
17 GEE: After staff developed the recommendations by trade
18 corridor, we then took into consideration the funding
19 categories shown here. Staff is recommending that the
20 majority of the funding, 166 million, be made available
21 for truck related projects.

22 --o0o--

23 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
24 GEE: I will now discuss the funding recommendations by
25 each trade corridor. Staff recommends that the South

1 Coast Air Quality Management District receive
2 approximately 138 million in program funding for the four
3 categories as shown on this slide.

4 --o0o--

5 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

6 GEE: Staff is recommending 62 million for the Central
7 Valley trade corridor to be split between the two
8 implementing agencies. The San Joaquin Valley Air
9 Pollution Control District, and the Sacramento
10 Metropolitan Air Quality Management District.

11 Both local agencies will solicit applications and
12 use a competitive ranking process to award funds to the
13 equipment owners.

14 --o0o--

15 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

16 GEE: Staff is recommending that the Bay Area Air Quality
17 Management District receive approximately 48 million in
18 program funds for the categories shown on this slide.

19 --o0o--

20 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

21 GEE: Staff is also recommending slightly over 17 million
22 for the five categories shown on this slide to be awarded
23 to the San Diego Air Pollution Control District. We'd
24 like to note that in previous funding rounds, both the San
25 Diego Air District and the Imperial County Air Pollution

1 Control District implemented the program.

2 By mutual agreement between the two districts,
3 the San Diego Air District will be the sole implementing
4 local agency for the San Diego/border corridor for the
5 final round of funding.

6 --o0o--

7 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

8 GEE: The recommended funding levels are summarized here
9 and could reduce about 330 tons of PM and over 32,000 tons
10 of NOx emissions over the life of the contract, for
11 example, five years for trucks and 10 years for
12 locomotives.

13 Since the program requires each piece of
14 equipment to compete for the available funding based on
15 emission reductions and cost effectiveness, the actual
16 reductions achieved may vary.

17 --o0o--

18 GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN

19 GEE: Lastly, staff is recommending additional funding for
20 the truck filter substrate replacement program. This
21 program was developed to address the unique situation in
22 which truck owners installed a diesel particulate filter,
23 which was later recalled due to safety concerns. As a
24 result, the filter core, or substrate, was removed from
25 the housing and today these trucks are operating without

1 of the Board. Tom Jordan with the San Joaquin Valley Air
2 District. I think all of you are aware of the significant
3 challenge that we face in the San Joaquin Valley, and that
4 heavy-duty trucks and equipment are the single largest
5 contributor to that problem.

6 Also, the corridor up the San Joaquin Valley has
7 the largest share of VMT of any of the corridors in the
8 State, and it's a corridor that's lined with disadvantaged
9 communities that are impacted by that goods movement.

10 Proposition 1B has been an incredible tool to
11 move the needle on reducing emission from heavy-duty
12 trucks. And we want to thank your staff for working with
13 us on this last round of solicitation to make some changes
14 that we'd requested and we think make it an even better
15 program. So we'd like to thank your executive officer,
16 Richard Corey and all the staff that worked on this to
17 make it a great program.

18 Proposition 1B has been a true partnership with
19 the State regional air districts and the industry. And
20 it's been -- it's really made quite a difference in air
21 quality throughout the State. We look forward to
22 delivering the projects that we proposed under this
23 solicitation, and as Henry Hogo mentioned, to working with
24 the State and others to find a follow-on funding source.

25 We've done a lot to clean up this sector, but

1 there's still a long way to go, and additional funding
2 would be useful. So we support the funding allocation and
3 would encourage your approval.

4 CHAIR NICHOLS: Thank you. Mark Loutzenhiser.

5 MR. LOUTZENHISER: Good morning, Chair Nichols,
6 members of the Board. I am Mark Loutzenhiser representing
7 the Sacramento Air Quality Management District here today.

8 Chair Nichols, it's interesting you mentioned the
9 length of time that we've been working. We're actually
10 coming to the conclusion of this program, because it was
11 now back from 2008 when I stood before this Board talking
12 about the first year's worth of awards on the goods
13 movement program.

14 Like the speakers before myself though, I do want
15 to just thank both Richard Corey and all of the goods
16 movement staff at ARB for working with the districts and
17 other interested stakeholders in looking at both the
18 guideline changes that happened earlier this summer, and
19 also then the funding plans that we're looking for today.

20 The districts were able to provide a great deal
21 of input in terms of -- based on the stakeholder
22 discussion we've had locally with where the best use of
23 those funds will be able to go. And we also appreciate
24 the flexibility that was proposed back this summer that
25 will allow Richard -- Director Corey in consultation with

1 the staff in the districts to make some shifts with the
2 funding, if it's needed based upon either greater demand
3 or lower demand in the different categories.

4 And so we definitely continue to support and
5 really appreciate those changes. We think they will allow
6 the program to be very successful here as we go through
7 the final round of funding.

8 And then just to further reinforce, we definitely
9 think that the program has been very successful, and we
10 look forward to hopefully being able to identify
11 additional funds as we are looking at still cleaner
12 technology with the zero and near zero that's coming out.

13 We've done some great changes, but the fleets
14 that have already made these changes have done a
15 tremendous investment that they're going to want to be
16 able to keep for a while. So we're going to need to look
17 to see what does it take to be able to encourage them to
18 go above and beyond what we've been looking at in terms of
19 regulations, above and beyond the current things.

20 And with the tremendous investment they've
21 already made, we'll be looking too see how we can better
22 assist them as we go forward in the future. With that, I
23 thank staff and recommend that we pass the levels as
24 agreed.

25 CHAIR NICHOLS: Thanks. Thanks for coming out.

1 Tim Carmichael.

2 MR. CARMICHAEL: Good morning again, Chair
3 Nichols, Members of the Board. Tim Carmichael with the
4 California Natural Gas Vehicle Coalition in strong support
5 of the staff proposal and this round of funding.

6 As a reminder, we had a positive experience
7 working with the staff in the spring in improving the
8 eligibility for natural gas trucks and low -- near zero
9 emission natural gas trucks as well.

10 We believe this program does make a significant
11 impact, will make a significant impact, especially in the
12 area of trucks. On the point that's been raised by the
13 air districts about the need for additional funding, we
14 look forward to working with them and with this agency to
15 secure that additional funding.

16 You know, call me frugal, but I still think a
17 billion dollars is a lot of money. But it is amazing in
18 the context of transitioning the California truck fleet,
19 not the national truck fleet, but the California truck
20 fleet alone how quickly a billion dollars goes. And
21 there's so much more to be done.

22 So I am here in support and look forward to
23 working with the agency going forward on this as well.

24 Thank you.

25 CHAIR NICHOLS: Thank you.

1 Hi.

2 MR. KENNY: Hi. Good morning. Ryan Kenny again
3 the Clean Energy. We also would like to offer our support
4 for the recommended allocation and for the program.

5 Just a quick note as well, in regards to
6 additional future funding, it is noteworthy that just a
7 week or so ago, ARB did certify the Cummins Westport 0.02
8 NOx heavy-duty engine in 9 liter. And it's actually
9 certified at 0.01.

10 So we're very excited about this game-changer for
11 freight transportation and what it's going to mean to
12 California. It is expected to begin deployment in early
13 2016, and it will reduce NOx by 95 percent when compared
14 to the cleanest diesel engine. And it will have an
15 enhanced methane control, as it's designed with a closed
16 crank case system. So we are excited for the future and
17 we do look forward to consideration for further
18 allocations.

19 Thank you.

20 CHAIR NICHOLS: Okay. I think we know who you
21 are, but you didn't sign up, so we probably need a speaker
22 card.

23 MR. KENNY: I did. They have it.

24 CHAIR NICHOLS: Oh, oh. Okay. Great. I saw
25 somebody chasing after you there. Your comments will be

1 received and they were heard. So thanks.

2 Is there anybody else who wanted to speak on this
3 item?

4 Okay. Well, yes. Go ahead.

5 BOARD MEMBER SHERRIFFS: Thank you. Thanks to
6 the staff. Thanks to the testimony.

7 You know, a billion dollars, that is a lot of
8 money. And the fighting over a billion dollars could have
9 been very messy. And instead, I think we see an
10 incredible model of public outreach, stakeholder
11 engagement, and an extraordinary model for collaboration
12 between the ARB, between the districts, the trucking
13 industry, among the districts actually cooperating in how
14 the pie gets divided up. And that is remarkable.

15 So I think it says a lot of good things about
16 everybody involved. And staff is certainly an important
17 part of that. Specifically, I want to thank staff for
18 their work with the San Joaquin Valley Air Pollution
19 Control District on this to improve the health benefits to
20 the valley, because we all understand how important diesel
21 pollution is to the health of the valley, and what
22 tremendous impact the money that has come to the valley to
23 work on this, and really the measurable lives that have
24 been saved and the measurable impact on health care
25 dollars spent.

1 The program is an important reminder how valuable
2 incentives are for making regulations work, and getting
3 earlier benefits to the public. It's been tremendously
4 successful. Others have raised the question of future
5 funding. I don't know that there's another bond on the
6 horizon, but it certainly, at the very least, adds a lot
7 of urgency to the work we're trying to do on sustainable
8 freight, as well as a number of other items.

9 So anyway, I certainly urge the Board to -- I
10 guess I'd make a motion.

11 CHAIR NICHOLS: Well, you could. I need to
12 officially close the record.

13 BOARD MEMBER SHERRIFFS: Oh, I'm sorry.

14 CHAIR NICHOLS: That's okay.

15 BOARD MEMBER SHERRIFFS: Out of turn as usual.

16 CHAIR NICHOLS: I forgot to do it. You just
17 jumped right in there, but that's okay.

18 (Laughter.)

19 CHAIR NICHOLS: We do have a resolution that was
20 presented to support the recommendation -- the recommended
21 allocations, Resolution 15-43. So do I have a motion?

22 BOARD MEMBER SHERRIFFS: Please.

23 BOARD MEMBER RIORDAN: I'll second the motion.

24 CHAIR NICHOLS: Seconded by Mrs. Riordan.

25 Are there any other comments that any Board

1 members would like to make on this item before we move
2 forward? It is very nice to have this kind of support for
3 the decision. It's sad that the program is going to
4 becoming to an end, and it is really remarkable, and
5 probably -- I don't know if there's a look-back provision
6 or a report that will ultimately be filed on this. Is
7 that required?

8 FREIGHT TRANSPORTATION BRANCH CHIEF ARIAS: (Nods
9 head.)

10 CHAIR NICHOLS: Good. Because, you know, the
11 people of the State of California are the ones who had to
12 vote for this, and it's the money that the people put
13 forward, in addition to a lot of private sector money,
14 that has brought us some pretty remarkable achievements.
15 So I think it is important that we note that.

16 Supervisor Roberts --

17 BOARD MEMBER RIORDAN: I think that would be --

18 CHAIR NICHOLS: Oh, I'm sorry. Excuse me.

19 Go ahead.

20 BOARD MEMBER ROBERTS: Just a minor footnote. I
21 didn't want any of you to think that San Diego County
22 pushed Imperial County out of this effort. We are working
23 cooperatively, and I double checked with everybody to make
24 sure we were not being aggressive in this matter.

25 CHAIR NICHOLS: Modest and retiring as always,

1 yes.

2 BOARD MEMBER ROBERTS: Yes. We're just public
3 servants.

4 CHAIR NICHOLS: Very good.

5 (Laughter.)

6 CHAIR NICHOLS: Mrs. Riordan.

7 BOARD MEMBER RIORDAN: Yes. Madam Chair, I want
8 to echo the -- one, congratulations to staff for working
9 this out. I know that sometimes it's very, very difficult
10 when money is being disbursed, and obviously you've done a
11 good job. But I do think it would be the follow-up, and
12 that's what I want to underscore.

13 A follow-up to the public, the voters, who voted
14 for this to share with them, not only the number of things
15 that we have done and in each and every area, but how that
16 translates into improving the air. So if we put so many
17 new trucks on the road with, you know, obviously cleaner
18 engines, what does that mean to, for instance, somebody
19 who might be living in the Central Valley or the South
20 Coast or wherever we're, you know, making that investment?

21 And I think people would be very amazed and
22 grateful for their positive vote a number of years ago. I
23 can't even think when we voted for this, but there -- it's
24 been awhile. So I think they need to remember that, yeah,
25 they made a big step in cleaning their own air in their

1 districts.

2 CHAIR NICHOLS: All right. We have a motion and
3 a second, so I think we can call for a vote.

4 Would all in favor of the motion to pass
5 Resolution Number 15-43, please say aye?

6 (Unanimous aye vote.)

7 CHAIR NICHOLS: Any opposed?

8 Any abstentions?

9 All right. That's great.

10 I think we are now at the point where we need to
11 probably take a lunch break and come back and do the final
12 item. I did not announce this morning, but I will now,
13 that the Board will take the lunch -- we will take an
14 executive session during lunch for a briefing on pending
15 litigation, and we'll discuss it or be briefed on it by
16 our staff, but we're not expecting to take any action.
17 However, I will report when we come back on anything that
18 transpired during the session.

19 And I think that we can adjourn until 1:00
20 o'clock then. Okay. Thanks, everybody.

21 (Off record: 11:39 AM)

22 (Thereupon a lunch break was taken.)

23

24

25

1 A F T E R N O O N S E S S I O N

2 (On record: 1:09 PM)

3 CHAIR NICHOLS: All right. Yes, we're on.

4 So we are now back in open session. Our last --
5 I have to report that over lunch the Board also conducted
6 an executive session and received a briefing from our
7 counsel on the status of pending litigation, but not
8 action or direction was given by the Board.

9 So we're now back in open session. And our last
10 item on today's agenda is ARB's guidance to agencies
11 administering California climate investments, also known
12 as cap-and-trade auction proceeds.

13 Investment of auction proceeds is providing an
14 exciting opportunity to reduce greenhouse gas emissions
15 while setting the course for projects that pay long-term
16 dividends and have multiple benefits. These projects can
17 deliver and are already delivering environmental, public
18 health, and economic benefits to the people of California,
19 and, in particular, are focusing on impacts in some of our
20 most impacted communities.

21 Governor Brown and the legislature created the
22 budget and administrative framework for spending the
23 State's portion of cap-and-trade auction proceeds, or
24 Greenhouse Gas Reduction Fund. Remember, that most of the
25 proceeds actually go back to utility customers in the form

1 of a climate dividend for people who purchase electricity.

2 The Governor's proposed budget for this year
3 identified \$2.2 billion that were available for
4 appropriation with more than 1 billion of that already
5 committed through continuous appropriations for affordable
6 housing and sustainable communities, transit, and rail
7 projects.

8 Earlier this month, the legislature appropriated
9 226 million to some of the existing discretionary programs
10 as a bridge, so that those programs can proceed or
11 continue while the budget discussions continue into
12 January on the remainder of the funds. So in other words,
13 the budget is actually still pending.

14 The bridge funding provided \$90 million for ARB's
15 Low Carbon Transportation Program, as well as funding for
16 the low income weatherization program, and two drought
17 related water energy efficiency programs.

18 ARB staff will be returning to the Board next
19 month for direction on a proposal to use this \$90 million
20 that came to our programs to support ongoing rebate and
21 voucher programs pending appropriation of additional
22 monies to implement the \$350 million investment plan that
23 the Board approved in June.

24 All of the agencies that are receiving greenhouse
25 gas funding will utilize the funding guidelines that we're

1 being asked to consider today. 2014 legislation directed
2 the ARB to develop funding guidelines for any agencies
3 that receive funds and implement programs using the
4 greenhouse gas reduction funds. These guidelines focus on
5 accountability and transparency and tracking of the
6 expenditures of funds that are to be used to benefit
7 disadvantaged communities.

8 It's important to recognize that each agency
9 receiving auction proceeds for investment is responsible
10 for administering its own programs. So ARB does not act
11 as a super agency running all of the programs using
12 greenhouse gas reduction funds, but they -- we do have a
13 role, which is to make sure that we -- that agencies are
14 following the statutory direction, and the funding
15 guidelines which are before us today.

16 Specific decisions about how to select projects
17 for funding and to implement the projects rest with each
18 agency. So the agencies that have been given funding are
19 designing their own programs for allocating or awarding
20 grants or using funds for loans, and we do not participate
21 in that -- in that part of the process.

22 As these programs evolve, we are encouraging
23 agencies to seek opportunities for leveraging and
24 collaboration to multiply the benefits of these
25 substantial investments. And as we continue to work on a

1 investment plan for the future, and to look ahead to the
2 next stages of implementation of the Cap-and-Trade
3 Program, ARB certainly has a contribution to make to the
4 thinking as to how these things are going to work. But at
5 the moment, what we're talking about is only a set of
6 guidelines that relate to accountability for the funds
7 that have been distributed so far, as I understand it.
8 And so we just want to be careful that we're not -- that
9 we're focused on what it is we actually get to do here.

10 Before we proceed any further, however, I will
11 turn it over to Richard Corey to explain further.

12 EXECUTIVE OFFICER COREY: Yes, Chair. And your
13 understanding actually is quite correct. Not a surprise.

14 Staff has worked closely with agencies and
15 stakeholders to develop the funding guidelines for
16 California climate investment programs. These guidelines
17 address program design, guiding principles, disadvantaged
18 community benefits, reporting requirements, and the
19 process for quantifying greenhouse gas reductions.

20 These full guidelines build and improve upon the
21 interim disadvantaged community guidance the Board
22 approved last year and incorporate many of the lessons
23 learned during the recent program implementation. The
24 public process for developing these funding guidelines has
25 been extensive, extensive.

1 Staff held nine public workshops in seven
2 different cities throughout the State. With any Board
3 amendments to the proposal and your approval of the
4 resolution today, staff can finalize the guidelines, so
5 that agencies can utilize them as they move forward with
6 their programs for this fiscal year.

7 I'll now ask know Monique Davis from the
8 Transportation and Toxics Division to begin the staff
9 presentation.

10 Monique.

11 (Thereupon an overhead presentation was
12 presented as follows.)

13 AIR POLLUTION SPECIALIST DAVIS: Good afternoon,
14 Chair Nichols and Board members. Cap-and-trade auctions
15 have raised billions of dollars that are being invested in
16 projects to reduce greenhouse gases, further the purposes
17 of AB 32, benefit disadvantaged communities, and achieve
18 many other co-benefits. Last September this Board
19 approved interim guidance for investments that benefit
20 disadvantaged communities. And the Board directed staff
21 to develop comprehensive funding guidelines in close
22 coordination with agencies and stakeholders.

23 Today, we're presenting those proposed funding
24 guidelines for agencies that administer California climate
25 investments.

1 These guidelines include requirements and
2 recommendations for all administering agencies to support
3 consistent, transparent, and accountable program
4 implementation.

5 --o0o--

6 AIR POLLUTION SPECIALIST DAVIS: Here are the
7 topics we'll be covering in today's presentation. But
8 first, what are California climate investments?

9 We referred to this program previously as
10 Cap-and-Trade Auction Proceeds or Greenhouse Gas Reduction
11 Fund appropriations, but we wanted a name that was more
12 accessible and more easily understood, California Climate
13 Investments. It covers all projects that are funded by
14 auction proceeds in the Greenhouse Gas Reduction Fund.

15 Next, we'll have a few slides that shows some
16 examples of projects currently being funded by California
17 Climate Investments.

18 --o0o--

19 AIR POLLUTION SPECIALIST DAVIS: Sustainable
20 communities and clean transportation, we have affordable
21 housing near transit, expanded rail and bus transit
22 service, farm worker vanpools, and cleaner vehicles.

23 --o0o--

24 AIR POLLUTION SPECIALIST DAVIS: Under energy
25 efficient and clean energy, weatherization and solar

1 installations for low-income households and disadvantaged
2 communities; and projects that improve water efficiency
3 and energy efficiency in agricultural operations, as well
4 as residential, commercial, and municipal applications.

5 --o0o--

6 AIR POLLUTION SPECIALIST DAVIS: Under natural
7 resources and waste diversion, we have wetlands
8 restorations, waste diversion activities, such as
9 composting, dairy digesters, and the increased use of
10 recycled products in manufacturing facilities. Also,
11 we're funding urban forestry and the protection of
12 agricultural land that's threatened by development.

13 --o0o--

14 AIR POLLUTION SPECIALIST DAVIS: For the
15 investments we just mentioned, there are many agencies
16 implementing dozens of programs to fund projects
17 throughout California. All of these agencies will use the
18 funding guidelines being presented today, and we worked
19 closely with these agencies to develop the guidelines.

20 Shown here are the agencies that currently have
21 appropriations, but the guidelines also apply to any
22 agencies that get appropriations in the future. ARB will
23 update the guidelines as needed to accommodate future
24 agencies and programs.

25 Ultimately, as you mentioned, each administering

1 agency is responsible for designing and implementing its
2 own program consistent with the statutory requirements and
3 the funding guidelines. Each agency is also responsible
4 for selecting projects and ensuring that those projects
5 comply with their grant conditions and the reporting
6 requirements.

7 --o0o--

8 AIR POLLUTION SPECIALIST DAVIS: For California
9 climate investments, the legislature has established
10 several requirements and goals including requirements for
11 public input before finalizing these guidelines. Now,
12 we'd like to cover the public engagement that contributed
13 to the development of the funding guidelines.

14 --o0o--

15 AIR POLLUTION SPECIALIST DAVIS: To facilitate
16 the public engagement on the entire program and provide
17 access to data, ARB has a website that serves as a central
18 portal for all California climate investment programs. We
19 are also designing an on-line tracking system that all
20 agencies will use to provide the public with details on
21 what's been funded, where projects are located, and the
22 benefits being achieved.

23 While developing the guidelines, we used this
24 website to provide information on workshops, draft
25 documents, and a link where the public could

1 electronically submit comments.

2 --o0o--

3 AIR POLLUTION SPECIALIST DAVIS: At a total of
4 nine workshops, two of which were focused exclusively on
5 the funding guidelines, and seven joint workshops, where
6 we got input on both the funding guidelines and the
7 upcoming investment plan. In addition to the public input
8 we heard at these workshops, we received more than 80
9 letters with comments covering a wide variety of topics.

10 --o0o--

11 AIR POLLUTION SPECIALIST DAVIS: Here we
12 summarize some of the changes we've made in response to
13 the main comments that we've received:

14 Initial comments requested more workshops, more
15 time to review the draft document, so we added several
16 workshops and moved our schedule back.

17 We also published a supplemental text document in
18 July in response to initial comments on transparency and
19 maximizing benefits to disadvantaged communities. After
20 obtaining additional public input, we incorporated that
21 text in the version you have before you today, and we made
22 other revisions to address the issue shown here on the
23 slide. We'll go into a little more detail in how we
24 addressed these comments when we describe the funding
25 guidelines.

1 --o0o--

2 AIR POLLUTION SPECIALIST DAVIS: The statute
3 requires ARB to develop the funding guidelines which have
4 to include a component for maximizing benefits to
5 disadvantaged communities, along with guidance on
6 reporting and quantification methods. The proposed
7 funding guidelines have been -- consist of these three
8 volumes shown here and they've been structured in a
9 modular fashion, so that we can make updates easier as
10 needed.

11 --o0o--

12 AIR POLLUTION SPECIALIST DAVIS: We designed the
13 funding guidelines to provide direction on the items shown
14 here so agencies will meet statutory requirements and
15 support the broader investment goals.

16 Last year, the Board made it clear that the
17 guidelines need to include robust accountability,
18 quantification, and reporting. And we've incorporated
19 these elements.

20 --o0o--

21 AIR POLLUTION SPECIALIST DAVIS: Volume 1,
22 General Guidance, to provide direction as agencies design
23 their programs and develop their own specific guidelines
24 and project solicitation materials. This volume includes
25 an appendix on expenditure records and fiscal procedures.

1 And it supersedes the interim guidance issued last year.

2 --o0o--

3 AIR POLLUTION SPECIALIST DAVIS: Here are the key
4 objectives for Volume 1. We want to provide direction for
5 administering agencies to accomplish all of the things
6 shown here, specifically greenhouse gas reductions have to
7 be both a requirement and a top priority.

8 Also, agencies must use ARB's quantification
9 methodologies to determine greenhouse gas reductions and
10 other co-benefits. The funding guidelines describe a
11 general approach for developing these methods, including
12 the opportunity for public comment on draft methodologies.
13 This would typically happen in parallel with public review
14 of the draft guidelines for each of the agency's programs.
15 We are also contracting with the UC system for
16 assistance in developing methodologies to estimate project
17 co-benefits, including jobs.

18 It's important to note that the actual
19 quantification methodologies are separate documents that
20 are posted on ARB's website, rather than being included in
21 these funding guidelines. We did this so we could
22 maintain the flexibility to add new methodologies as
23 agencies add new project types, and to revise
24 methodologies as needed to incorporate the latest science
25 and improve consistency across programs.

1 Looking forward, ARB is preparing a workplan
2 describing the process for developing and updating
3 quantification methodologies in coordination with
4 agencies, academic experts, and other stakeholders. The
5 draft workplan will be available for public comment, so we
6 can get input on how we approach this next round of
7 quantification methodologies.

8 Volume 1 also addresses accountability and public
9 transparency. Accountability is critical starting with
10 the expenditure record. This record is where agencies
11 describe the programs and the projects they are planning
12 to fund before they expend money on the projects.

13 Compared to last year's interim guidance, the
14 funding guidelines require agencies to provide more
15 information and to submit their draft expenditure records
16 earlier. We want to ensure the programs will fund
17 projects that achieve quantifiable greenhouse gas
18 reductions. And we've learned it's better to have that
19 discussion early in the process before agencies release
20 their solicitation materials.

21 --o0o--

22 AIR POLLUTION SPECIALIST DAVIS: We also want to
23 highlight how Volume 1 addresses public transparency. We
24 received a lot of comments that requested more access to
25 information on who applied for funding and who was awarded

1 funding. And they wanted it in a consistent manner across
2 the various agencies and programs.

3 In response to these comments, the funding
4 guidelines state that all agencies who are conducting
5 competitive solicitations must post a summary of all
6 submitted applications with the basic information shown
7 here. Agencies must post this information before they
8 select projects for funding, then update it after they
9 decide which projects will be funded.

10 This requirement does not apply to the
11 first-come, first-served rebates or vouchers or other
12 noncompetitive programs.

13 --o0o--

14 AIR POLLUTION SPECIALIST DAVIS: Volume 2. It
15 has guidance on maximizing benefits to disadvantaged
16 communities. It addresses the requirement in Senate Bill
17 535 that total State investments must meet or exceed 25
18 percent benefiting disadvantaged communities with 10
19 percent located within those communities. Volume 2
20 incorporates the interim guidance that the Board approved
21 last year with modifications to address the comments we
22 received this year.

23 Last year, when we presented the interim
24 guidance, we were still waiting to see where CalEPA would
25 draw the line to define disadvantaged community census

1 tracts. CalEPA decided to use the top 25 percent of
2 census tracts ranked by CalEnviroScreen to define
3 disadvantaged communities, and the funding guidelines
4 reflect this.

5 The version before you maintains those tables
6 from the interim guidance with the objective criteria that
7 agencies must use to determine whether a project is
8 counted towards the SB 535 investment targets.

9 --o0o--

10 AIR POLLUTION SPECIALIST DAVIS: In response to
11 the comments we received, we made several changes though
12 in Volume 2 to clarify and strengthen the guidance on
13 maximizing benefits to disadvantaged communities.
14 Community advocates want investments in a disadvantaged
15 community to fund projects that address the specific needs
16 of that community. So we clarified how to identify and
17 address community needs when applicants request funding or
18 when agencies make decisions on which projects to fund.

19 We recommend that agencies prioritize or add
20 extra scoring points for projects that specifically
21 address a community's need. We've also clarified how an
22 agency could determine whether a project addresses a
23 community's need. They can use letters of support from
24 community organizations. They can host outreach events
25 where community members provide input. They can refer to

1 CalEnviroScreen to see which environmental or economic
2 factors impact a community and determine if a project
3 would improve those factors, or agencies can see if a
4 project would address one or more of the common needs
5 identified by community advocates and summarized in a
6 table on page 2-14 of your guidelines.

7 We've expanded this common needs table beyond
8 what we had in the interim guidance based on input we
9 received from the community organizations. We've also
10 modified the expenditure record guidance to require
11 agencies to provide more information on how they expect
12 their investments to benefit disadvantaged communities,
13 and the amount of funding they plan to allocate that --
14 for the projects that benefit those communities. All of
15 the elements shown on this slide here are included in the
16 proposed guidelines being presented today.

17 --o0o--

18 AIR POLLUTION SPECIALIST DAVIS: Volume 2 also
19 addresses outreach. Community representatives and several
20 legislators want to enhance the ability of disadvantaged
21 communities to access funding for projects. There are
22 many challenges in accomplishing this, such as we need to
23 expand community outreach, people need better access to
24 information and advice, and potential applicants want
25 hands-on technical assistance to help them fill out

1 contains detailed program and project reporting
2 requirements tailored to each agency and each project
3 type.

4 --o0o--

5 AIR POLLUTION SPECIALIST DAVIS: The funding
6 guidelines require agencies to submit data annually and
7 document the benefits of their investments. This starts
8 with a project that includes estimated benefits and the
9 other items shown here. Agencies must also submit annual
10 status updates until project closeout. And for a subset
11 of projects, we'll have follow-up reporting to document a
12 achieved benefits.

13 After agencies submit data to ARB we weill
14 compile it for the Department of Finance's annual report
15 to the legislature, which we make available on our
16 website. And as I mentioned before, we're also developing
17 that on-line tracking system. The goal is to put a system
18 in place that supports accountability and transparency for
19 all of the California Climate Investments.

20 That's the end of my summary for the funding
21 guidelines.

22 --o0o--

23 AIR POLLUTION SPECIALIST DAVIS: Upcoming
24 activities. If the Board approves the proposed funding
25 guidelines today, we plan to release the final version

1 next month. We are also continuing to work on the next
2 three-year investment plan, which is due to the
3 Legislature in January 2016, and we'll cover investments
4 beginning in the next fiscal year 2016 to '17.

5 In coordination with that next investment plan,
6 CalEPA plans to update the data inputs to CalEnviroScreen,
7 which may result in some minor changes to the census tract
8 defined as disadvantaged communities.

9 --o0o--

10 AIR POLLUTION SPECIALIST DAVIS: Staff recommends
11 Board approval of Resolution 15-37 and the proposed
12 funding guidelines. This would include delegating
13 responsibility to the Executive Officer to make updates,
14 if needed, to incorporate the changes shown here.

15 Thank you. And that concludes my presentation.

16 CHAIR NICHOLS: Okay. Thank you very much. That
17 is very comprehensive. We have a lot of witnesses who
18 have signed up to speak on this item. But before we go
19 there, do we have any additional questions or comments
20 about what's -- what we're doing here?

21 Yes.

22 BOARD MEMBER GIOIA: I just want to acknowledge
23 that the staff really -- the taking extra time to do the
24 outreach, I think, allowed an improvement in the
25 guidelines. I want to acknowledge that, and I think a lot

1 of -- we'll hear that from folks. I had some suggested
2 discussion points on some of the disadvantaged community
3 guidelines, but I'll wait till after the speakers.

4 CHAIR NICHOLS: I'm sorry. That was a request by
5 somebody who wishes to be moved up on the agenda. I don't
6 usually entertain these because everybody wants to be
7 first or at least everybody, except for those who want to
8 be last. There's always somebody who wants to be last.

9 (Laughter.)

10 CHAIR NICHOLS: But apparently, Graham Noyes has
11 asked to speak first, and we're going to let him do that,
12 as he put in his time earlier.

13 MR. NOYES: Thank you very much for the
14 accommodation, Chair Nichols.

15 CHAIR NICHOLS: Wee need the microphone on there.

16 MR. NOYES: Thank you very much for the
17 Accommodation Chair Nichols. I'll make my remarks very
18 brief. Graham Noyes from Keyes, Fox & Wiedman speaking in
19 support of the guidelines.

20 I think they provide an excellent foundation for
21 the very complex programs and solutions that are going to
22 be out there. I just wanted to emphasize the long-term
23 importance of the greenhouse gas methodologies, and
24 hopefully the transparency and some level of consistency
25 to track the -- essentially the cost-benefit analysis long

1 term of these various investments.

2 Thank you.

3 CHAIR NICHOLS: Great. Thank you.

4 Okay. I think we're going to proceed now to the
5 agendas starting with Katie Valenzuela Garcia from Breathe
6 California. And please the list is up on the Board, so if
7 you're -- if you know you're coming up in the next one or
8 two, make your way down to the podium. It will save us
9 all time.

10 MS. GARCIA. Good afternoon. My name is Katie
11 Valenzuela Garcia --

12 CHAIR NICHOLS: And I'm sorry, this does not come
13 out of your time.

14 MS. GARCIA: Oh, thank you.

15 CHAIR NICHOLS: I meant to announce again what I
16 announced this morning, but if there is anybody who wants
17 to have translation Spanish -- English to Spanish, Spanish
18 to English, there are headsets outside the auditorium.

19 Sorry. Thanks.

20 MS. GARCIA: No problem. So I'm the health
21 advocacy program manager with Breathe California here in
22 Sacramento. I've been coordinating our local outreach to
23 advantaged communities and so my comments are heavily
24 informed by those efforts. And my colleague will speak
25 more to the technical aspect of our comments, but for my

1 time, I'd actually like to briefly speak on the map that
2 determines which communities are eligible for funding
3 under SB 535.

4 And as an environmental justice advocate who's
5 lived and work in these communities for my entire career,
6 I understand how important the mission is of the
7 CalEnviroScreen tool. I also though understand that
8 practicality dictates that one map for all of California
9 is bound not to serve all environmental justice
10 communities equally.

11 So for Sacramento, the current map, which you've
12 just received sort of rudimentary JPEG of in your
13 handouts, actually excludes many census tracts that we
14 know through data and anecdotal experience our
15 environmental justice communities. In fact, the map
16 breaks up well established neighborhoods that we've
17 considered environmental justice areas, and completely
18 excludes some communities of color that have faced decades
19 of disinvestment, poor educational outcome, safety
20 concerns and the literal and metaphorical dumping of
21 unwanted items and activities from other more affluent
22 parts of our county.

23 These residents have been organizing for years to
24 bring healthy investments into their communities, and GGRF
25 presents and amazing opportunity for them to realize that

1 vision by making changes to improve the quality of their
2 air.

3 So you'll look at the second page of the handout
4 you just received, that's a map with the exact same
5 CalEnviroScreen scores that are normal just to the
6 six-county Sacramento region, which we feel fills in a lot
7 of the gaps that we've otherwise noticed in the eligible
8 communities. So we'd respectfully act -- ask that you
9 consider allowing the Sacramento region applicants to use
10 that map for the purpose of fulfilling SB 535, so that we
11 can better serve our local environmental justice areas.

12 If that's not something under your purview, we'd
13 like to request that that map be used to give preference
14 to people who are seeking non-targeted funds, and be used
15 as guidance for folks who get the formula allocations to
16 guide those investments here in Sacramento.

17 In conclusion, I mean, a major tenet of
18 environmental justice is that communities get to be at the
19 table about decisions that impact them. And we've heard
20 here in Sacramento very loud and clear that this map
21 doesn't serve the communities that we're trying to serve
22 in our region. So we'd appreciate your consideration.

23 Thank you.

24 CHAIR NICHOLS: Thank you. Could I just a
25 question? I know you're speaking only about the areas

1 that are covered by the map, but have you found similar
2 issues in other parts of the State as well?

3 MS. GARCIA: Not necessarily. I'm originally
4 from Kern County. And in a lot of the areas that I grew
5 up in -- well they all -- some of these other communities
6 are really well targeted, but this seems to be something
7 that we've noticed unique to Sacramento.

8 CHAIR NICHOLS: Okay. Thank you.

9 MS. GARCIA: You're welcome.

10 CHAIR NICHOLS: Taylor Thomas.

11 MS. THOMAS: Good afternoon, Board chair, members
12 and staff. My name is Taylor Thomas. I'm with East Yard
13 Communities for Environmental Justice in Long Beach and
14 Commerce. And I first want to thank you all for the
15 tremendous amount of work that you put into this effort.
16 It hasn't been easy and without its challenges, I'm sure,
17 but you should be very proud of yourselves and excited
18 about where we're at.

19 But with that being said, we've still got some
20 work to do. I'm here today to support the policy
21 recommendations in the advantaging communities policy
22 brief by Liberty Hill. More specifically, I'm here to
23 speak to the importance of maximizing co-benefits and
24 addressing the priority needs of DACs. Since I was
25 fortunate enough to be able to make the trip up here from

1 Los Angeles, I just wanted to share with you the struggle
2 of a few residents in the community that I live and work
3 in.

4 In West Long Beach, there's a small residential
5 facility that houses adults with special needs. And if
6 you're not familiar with West Long Beach, it's a community
7 of roughly 87,000 people, and its rimmed by two freeways,
8 the 710 and the 405, Pacific Coast Highway, industrial
9 facilities and refineries.

10 Now, where this specific facility is situated,
11 it's on a main drag. Trucks are going to and from the
12 Ports of Long Beach and Los Angeles, they're going to the
13 ICTF railyard, and they're going on and off the 710
14 freeway. And it's completely framed by industrial
15 manufacturing facilities.

16 So as you can imagine, it is a very, very sad
17 site to see. Some folks from the facility - excuse me -
18 will sit outside on the sidewalk for hours just watching
19 traffic go by, because they don't have anything to do.
20 There are no recreational facilities in the area, and they
21 don't have access to public transportation or any other
22 type of transportation.

23 However, right next door to that facility is a
24 vacant lot. And when I see that, I think how nice it
25 would be if that were a pocket park. It would help

1 alleviate the drought, and it would also provide a benefit
2 to the community and the residents of that facility.

3 So West Long Beach is not only severely impacted
4 by diesel pollution, but it's also park poor and lacking
5 green space. And these are not issues that are unique to
6 us but are mirrored in many communities across the state.

7 So I'm here today to ask that the Board mandate a
8 minimum of 25 out of 100 points for co-benefits, community
9 engagement, and anti-displacement. The points awarded for
10 these areas now are minimal and our communities deserve
11 more than the bare minimum. They need more than the bare
12 minimum.

13 Please send the message to the residents that
14 their quality of life is worth more investment. Thank
15 you.

16 CHAIR NICHOLS: Thank you.

17 Jan Victor Andasan.

18 MR. ANDASAN: Hello. Good afternoon, Chair,
19 Board members and staff. My name is Jan Victor Andasan.
20 And I'm a community organizer with East Yard Communities
21 for Environmental Justice in West Long Beach.

22 Our organization, as my co-worker has
23 articulated, works with residents in the areas impacted by
24 the air pollution coming from ports, railyards, freeways,
25 and many other industries. I want to share a personal

1 story.

2 I grew up in West Long Beach right next to a
3 railyard, the ICTF, surrounded by multiple freeways, the
4 port, and oil refineries. Growing up as an immigrant from
5 the Philippines, it seemed like something normal to me,
6 but it wasn't. My brother every night required to be put
7 on a nebulizer because of his asthma, as did many other
8 children on our block. Growing up, it seemed like
9 something normal for me, but it wasn't.

10 During my tenure organizing in Long Beach with
11 East Yard, agencies and Port staff would host community
12 meetings that sought input from residents living in zones
13 impacted by high levels of pollution to vision and create
14 plans for what a livable community would look like.

15 One such example this past year was when the
16 city, along with the Port of Long Beach, hosted a series
17 of workshops to create a west-side livability plan.

18 Unfortunately, this process was far from learning
19 from residents, but having these residents pick
20 pre-packaged plans presented to them. I mobilized many
21 residents, members of our organizations to attend these
22 meetings. And they all felt that it lacked the most
23 important aspect that it publicized, true community
24 engagement, and community input.

25 True community engagement is not having a pre-set

1 menu for residents to vision what is best for them, but
2 starting from the experiences and knowledge residents,
3 community-based organizations working on the ground can
4 bring to the table.

5 With these funding guidelines, we urge the Board
6 to hold those that obtain SB 535 funding to come to the
7 table, learn, vision, and work alongside the residents
8 impacted by the pollution and the community-based
9 organizations trying to address and reduce greenhouse
10 gases, and the impacts of pollution in many communities.

11 I am not here only representing my organization,
12 but as a resident of the impacted communities from various
13 industries. We urge the Board to set guidelines that
14 should require local agencies, such as port and transit,
15 receiving SB 535 funding to share decision making with
16 people and the organizations representing the interests of
17 health and welfare of low-income residents. The projects
18 should be developed in collaboration with disadvantaged
19 communities.

20 Thank for your time.

21 CHAIR NICHOLS: Thank you, and thanks for staying
22 within the time limit too. That was great.

23 John Larrea.

24 MR. LARREA: Good afternoon, Madam Chair, Board.
25 Thank you. I represent the California League of Food

1 Processors. We've been involved in this for a while, and
2 so I just have a few things to go over.

3 We are still reviewing the proposed decision
4 associated with the disbursement of the funds, but we do
5 have a couple recommendation if it's not too late. And
6 we're kind of disappointed to see that there still seems
7 to be no mechanism for getting funds back to obligated
8 facilities who are paying into the cap and trade itself.

9 So one of the things we'd suggest is that maybe
10 the obligated facilities be given priority consideration
11 and have an expedited process across all agencies, because
12 they're the ones who are essentially subject to the cap
13 and trade, paying the money in, getting that money back to
14 them in a reasonable manner and a reasonable time would
15 really help.

16 The other is that being food processors, as you
17 know, we are located in a lot of the areas that have been
18 identified as disadvantaged. So I'd suggest that we have
19 obligated facilities located within those identified areas
20 also being able to receive priority consideration
21 associated with those funds.

22 These facilities need the time and the certainty
23 to be able to plan for the type of changes that they're
24 doing. And the types of changes are extremely expensive
25 and time-consuming. And for food processors in

1 particular, because of their seasonal operations, they
2 need to know when they can get this done. And they need
3 to get it done within just a few months in order to be up
4 and running by the next time the harvest is there. So we
5 really need to focus it, if you're going to move in this
6 direction.

7 Finally, we -- well, not finally, but we've also
8 noticed that, you know, 535 dedicates 25 percent of the
9 funds towards disadvantaged communities. But I'm kind of
10 surprised that we don't have a percentage of funds
11 dedicated to, again, the investment and exclusive use for
12 the obligated entities. You know, whatever that is, it
13 would at least guarantee that that money is going to be
14 there and used by entities that are obligated under the
15 cap and trade.

16 Right now, it seems to be that they're looking at
17 maybe a first-come first-served, but across all agencies,
18 you know, it may depend. And I think it's kind of unfair
19 to place facilities who are paying into this system on the
20 same footing as others who are not paying into the system,
21 but only receiving funds in order to be able to move
22 forward.

23 Finally, I'd like to -- you know, because we're
24 down in the valley, and again, I've addressed this issue
25 before, there's a lot of small towns and cities down

1 there, that may or may not have the resources to be able
2 to enter into this process and get these funds for their
3 communities. And I'd like to have you consider a
4 centralized control.

5 One of the things I was thinking about is for the
6 San Joaquin Valley Air Pollution Control District, we're
7 working with them to try to make them the central
8 repository for all the plans. Everybody comes there to
9 talk about that. And possibly, if you provide them with
10 any -- let's say, the plans and projects that they receive
11 are endorsed by the air district, and then they would be
12 given a special priority associated with it, because the
13 air district has so many different things that they need
14 to be able to control, that if they're working into a
15 major plan, an overall plan, it benefits us all in the
16 valley.

17 CHAIR NICHOLS: Thank you.

18 Bruce Ray. Good afternoon

19 MR. RAY: Chair Nichols, members of the Board.
20 Good afternoon. My name is Bruce Ray, and I'm with Johns
21 Manville. We're a Berkshire Hathaway company making,
22 among other products, various forms of building
23 insulation. We have one of our flagship North American
24 manufacturing locations in Willows in Glenn County, just
25 about an hour north of here. You can actually see it from

1 I-5 as you drive north.

2 When it comes to providing direct, meaningful,
3 and assured benefits, not only to, but in disadvantaged
4 communities, it's hard to beat residential weatherization.

5 You not only get the energy savings there, but
6 you get important co-benefits, such as reductions of other
7 pollutants or pollutants other than greenhouse gases.
8 Health and comfort improvements, as well as the creation
9 of local jobs within the disadvantaged communities.

10 But still, more action is necessary to maximize
11 those benefits in disadvantaged communities, specifically
12 limiting residential weatherization to existing low-income
13 programs. As good as those programs are will not maximize
14 the benefits and will not avail of the whole opportunity
15 in the weatherization.

16 Rather, the Board should encourage service
17 agencies to either modify their existing programs or
18 potentially establish new programs that would provide
19 benefits to entire disadvantaged communities, and not just
20 those within those disadvantaged communities that qualify
21 per DOE and State guidelines for low-income
22 weatherization.

23 Now, there is, of course, some overlap between
24 disadvantaged communities and low income. However, there
25 are many, many homeowners and homes out there where the

1 family, strictly speaking, does not qualify for low
2 income. Nevertheless, they have very, very poor
3 performing homes from an energy standpoint and they cannot
4 afford the upgrades.

5 So I would encourage you to have the funded
6 agencies maximize those opportunities, maximize the
7 emission reductions, and maximize the benefits to
8 disadvantaged communities. And I think if we do get some
9 newer modified programs that really take advantage of all
10 these opportunities, I think then -- that way we can
11 really have -- really show that energy efficiency can play
12 the really, really significant role in helping the State
13 achieve its greenhouse gas emission reduction goals and AB
14 32, as set forth in the scoping plan and in some of the
15 other activities that ARB has.

16 And I would be happy to answer any questions you
17 might have.

18 CHAIR NICHOLS: I don't think this is a question,
19 but I think it's a comment. And I might get a reaction
20 from staff if I'm off-base here. But I believe that the
21 guidelines that we are talking about here can't really
22 cover the issue that you're raising here. Although, I
23 think it's a valid and worthwhile issue, but we're dealing
24 with accounting for funds that have already been allocated
25 for existing programs, not redoing those programs. So I

1 hear you, and I think your point makes a lot of sense
2 about the desirability of expanding the weatherization,
3 for example, to a whole community, and not only to people
4 who qualify as low income. If the whole neighborhood
5 within a zone in particular that's been designated as
6 disadvantaged, that would seem to be fairly obvious, but I
7 don't know if we can change their guidelines or the
8 program operation with this type of a guidance document.

9 MR. RAY: Certainly nothing the Board does here
10 today could change their statutory authority. However, I
11 think providing encouragement and education on the greater
12 opportunity is something that you could do.

13 CHAIR NICHOLS: Sure. Okay. Just to be clear.
14 I don't know if anybody else has any thoughts, but thank
15 you.

16 MR. RAY: Thank you.

17 CHAIR NICHOLS: Okay. Josephine Fleming.

18 MS. FLEMING: Good afternoon, Chair Nichols,
19 Board Members. Thank you. My name is Josephine Fleming.
20 I'm the executive director of the California Green
21 Business Network. I'm an environmental scientist from
22 Santa Cruz.

23 Mid-career, as an environmental regulator, in the
24 early 2000s, I was inspecting a string of businesses on
25 auto repair row. I was literally chased off a property

1 when I politely told them they couldn't hose down all the
2 oil, solvent, and coolant puddles from their service bays
3 into the storm drain.

4 That's about the time I started to think there
5 must be a better way to work with businesses. A
6 neighboring business to the one I just told you about that
7 wasn't quite as bad, but they had a long way to go, said
8 show us, show us what you want to do, show us, teach us,
9 teach our mechanics what you want us to do. If you make
10 it easy, help me train my mechanics, we'll do it.

11 That shop owner also happened to be the president
12 of the local automotive services council. After he and I
13 both realized that it was pretty easy, together we put on
14 a workshop for other shops and discovered a mechanism to
15 reward businesses. A program called the Bay Area Green
16 Business Program.

17 We held the workshop. And within a year, we had
18 certified our first seven auto repair shops in Santa Cruz.
19 I fell completely in love with the green business process.

20 Flash forward to now, 2015, there are almost
21 3,000 certified green businesses in the State of
22 California, 24 green business programs up and down the
23 State run by counties and cities united in the form of a
24 nonprofit organization.

25 Green business coordinators broker all the rebate

1 programs available to these businesses, talk them through
2 all the measures that are difficult, even show them how to
3 make the changes. Most of these businesses save money in
4 the process. Over two-thirds of the 10,000 people
5 visiting our website every month are there to find a green
6 business. Nothing can be more rewarding than to see such
7 a mutually positive way of working together, businesses
8 volunteering to do the right thing, the Government
9 assisting them, and the public just eating it all up.

10 When you put all the measured results together
11 from small green businesses, you get some huge
12 environmental outcomes. Over 800,000 metric tons of green
13 house gas emissions reduced, enough kilowatt hours saved
14 to power 25,000 houses for an entire year, over 400,000
15 metric tons of waste diverted from the landfill, 124
16 million gallons of water saved, over 28,000 gallons of
17 hazardous waste eliminated.

18 So you see that the California Green Business
19 Network accomplishes all of the AB 32 goals. We breakdown
20 silos for small businesses. We do all this with a small,
21 cobbled together budget, and a heck of a lot of passionate
22 people on the ground. We have a vision to serve 20,000
23 businesses by 2040, and 40,000 by 2050, but we'll need
24 funding to do it.

25 It would be an administrative burden, and a

1 potential pitfall for unsiloed multimedia groups like
2 ourselves to seek funding competitively from more than one
3 State agency serving only one media, one AB 32 goal. To
4 the extent that the process allows, we strongly suggest
5 funding to support small business greening efforts be made
6 available through on State agency, so that programs like
7 the California Green Business Network can successfully
8 reduce greenhouse gas emissions and make AB 32 a success.

9 Thank you.

10 CHAIR NICHOLS: Thank you.

11 Marybelle Nzegwu.

12 MS. NZEGWU: Good afternoon. My name is
13 Marybelle Nzegwu, and I'm a staff attorney with Public
14 Advocates, and I also lead the 535 Coalition along with
15 some of my partners, Coalition for Clean Air, who is also
16 here today, and some members of our coalition are also
17 here to provide testimony.

18 So I just want to start by saying that we have
19 been involved in this process since the beginning, and
20 seen the guidelines come a very long way. In fact, we are
21 very pleased to see some of the strong principles that
22 have been incorporated into the guidelines. To name a
23 few, more requirements around transparency, more
24 exhortations to maximize benefits to disadvantaged
25 communities, and examples of strategies that agencies can

1 utilize, all positive inclusions in the guidelines.

2 However, there are two sort of key sticking
3 issues that remain for us. We've come so far, we really
4 want to see these guidelines really stay close to the true
5 meaning of what it means to maximize benefits to
6 disadvantaged communities. And there's two components of
7 that, that I'll raise.

8 One is the need for robust net benefits, so that
9 when we take the benefits of a project into consideration,
10 we're also looking at the positive -- the possible
11 negative impacts, and we are controlling for those and
12 mitigating those, and avoiding those as much as possible.

13 And one that I'll raise is displacement. What we
14 see in the guidelines are very strong provisions exhorting
15 agencies to look at displacement measures as a way to meet
16 community needs. But this only occurs in the SB 535
17 portion of the guidance. And we think it is more
18 applicable to all agencies everywhere, because anywhere
19 that there's risk for displacement, we need to be taking
20 that into consideration.

21 And finally, I will just talk about this need to
22 maximize benefits to disadvantaged communities by
23 requiring that each project applicant that will qualify
24 for SB 535 funds actually demonstrate that there's a nexus
25 between the benefits that they're providing and what the

1 community needs.

2 We have the CalEnvironScreen, we have community
3 outreach, we have these means for the project proponents
4 and the agencies to just make a very strong connection
5 between the benefit they're providing and the needs of the
6 community in order to demonstrate that they're maximizing
7 the benefits to disadvantaged communities. So we would
8 suggest that to qualify, you identify the criteria in
9 Appendix A and demonstrate how it meets an important
10 community need.

11 Thank you

12 CHAIR NICHOLS: Thank you.

13 George Torres.

14 MR. TORRES: Hi. Good afternoon, Board. My name
15 is -- well, thank you for holding the workshops throughout
16 the State to review the revised GGRF guidelines.

17 I also want to thank you for making the recent
18 revisions to the draft. However, I think there's still
19 some improvement on the guidelines we can make.

20 So my name is George Torres. I'm a community
21 leader from the south L.A. I was born and raised in south
22 central Los Angeles, and I continue to live and work
23 there. I'm also the president of my neighborhood council.
24 I represent 60,000 people in my community. And all of --
25 you know, I look at the CalEnviroScreen and all of my

1 community is flaming red. And so I you know we are a
2 disadvantaged community.

3 And I'm here to talk to you guys as a volunteer
4 and a member of T.R.U.S.T South L.A., which is a community
5 based land trust that works to build community control
6 over land to address displacement in this investment in
7 south L.A.

8 So not only is south L.A. overburdened by
9 environmental hazards, but there are multiple displacement
10 pressures causing land values to rise in displacement of
11 long-time residents.

12 So I think that right now the Board, you all have
13 a unique opportunity to leverage the wealth of local
14 knowledge of community-based organizations in the
15 greenhouse gas reduction investments that would impact
16 disadvantaged communities.

17 What I believe is that CVOs like T.R.U.S.T South
18 L.A. are better suited to implement projects since they're
19 already doing community engagement and are already
20 addressing community needs such as displacement.

21 As it stands now, the guidelines do not
22 incentivize community-based strategies. And so, for
23 example, T.R.U.S.T South L.A. applied for a grant from the
24 Affordable Housing and Sustainable Communities Program
25 this past year, but was not funded in part because of the

1 15 million jurisdictional cap. But this housing project
2 that I'm speaking about it was near transit, it included a
3 robust transportation component that focused on behavioral
4 changes with diverse program activities geared to support
5 community members to safely and conveniently get out of
6 their cars, walk, use buses, trains, and bikes.

7 So it's important to mention also that my
8 community has a history of displacement and therefore it's
9 important to say that this project came out of a
10 displacement struggle where tenants -- and organized
11 themselves after a speculator purchased the building and
12 wanted to evict them to rent to USC students.

13 So additionally, T.R.U.S.T South L.A. the land
14 trust ownership model allows for the land to be taken out
15 of the speculative market and owned by the community, so
16 that we could guarantee permanent affordability.

17 So what I'm saying is that CVOs know the issues
18 of our community. They have access to people with local
19 knowledge, like myself. I'm a member of my community.
20 And Cap-and-trade money investments are significant. And
21 if they're not invested carefully, they will trigger
22 displacement. And this is why we need to into
23 consideration anti-displacement policies to ensure that
24 disadvantaged communities are really benefiting them.

25 So I ask that --

1 CHAIR NICHOLS: Your time has expired.

2 MR. TORRES: Thank you.

3 CHAIR NICHOLS: Okay. Thanks.

4 Normally, this thing beeps loudly. I'm not quite
5 sure why, but anyway, I appreciate that. I think you'd
6 finished -- essentially finished your comments.

7 Yesenia Morales.

8 MS. MORALES: Before I begin, I want to thank the
9 ARB for having such an open process.

10 Hello. My name is Yesenia Morales, and I'm 17.
11 I was born and raised in south L.A. I live with both my
12 parents, younger siblings, and bunny.

13 I have recently graduated high school. I have
14 been active in my community since the age of nine through
15 T.R.U.S.T South L.A., which is a community-based
16 organization made up of low and moderate income folks in
17 south L.A. who are advocating for a community control of
18 land to provide affordable housing and safe streets.

19 I want to tell you what it is living in a
20 disadvantaged community. My whole life I have attended
21 schools that were all close to freeways and factories.
22 Pollution has affected my everyday life, because it
23 limited me in so many ways. As a marathon runner, my
24 coach would have to find a method of travel for his
25 students, because he thought it was a huge concern for his

1 students to run near factories and smog shops.

2 As well, when I was in middle school growing up
3 here, it was a huge dread for all us students, because we
4 would have trouble breathing because of the pollution the
5 factories were releasing out into the air.

6 All this not only limited me from doing the
7 activities I loved, but send me right to the emergency
8 room because my lungs had become swollen. The doctor said
9 it was from my constant -- it was a result of my constant
10 exposure to dirty air.

11 I know I was not the first or last person to be
12 sent to the emergency room because of trouble breathing.
13 I have had many of my friends end up in the hospital
14 because of constant asthma attacks because of poor --
15 because of the poor air quality in south L.A.

16 I am excited to learn about this \$2.2 billion
17 investment available in the next year to address climate
18 change. But I believe there is a potential and a need to
19 reduce pollution-related hospital visits. With cleaner
20 air, I can continue to run marathons and others as well.

21 Disadvantaged communities like south L.A. are not
22 only a hot spot for -- to reduce greenhouse gases, but are
23 a lot -- but there are a lot of health, economic, safety,
24 and displacement issues that are going on here. So I
25 traveled from L.A. to ask you all that the funding

1 guidelines for the California Climate Change Investment
2 maximize co-benefits by structuring the criteria to
3 include the mandate multiple co-benefits and require the
4 SB 535 investment to match the co-benefits to critical
5 needs in the community.

6 Thank you.

7 CHAIR NICHOLS: Thank you. Thanks for coming.

8 Yvette Lopez-Ledesma.

9 MS. LOPEZ-LEDESMA: Good afternoon Board members
10 and staff. I am Yvette Lopez-Ledesma and I'm the deputy
11 director of Pacoima Beautiful, an environmental justice
12 organization in the northeast San Fernando Valley.

13 I'm here to urge that the greenhouse gas
14 reduction fund guidelines prioritize programs and projects
15 that maximize benefits in communities of environmental
16 justice. Through this fund, ARB and organizations working
17 to create more livable communities have the opportunity to
18 address public health issues, such as asthma, high blood
19 pressure, diabetes, which are impacting our people at some
20 of the highest rates in the State.

21 We recommend that the guidelines also prioritize
22 projects and programs that support and encourage
23 grassroots community engagement. Our environmental
24 justice organizations would not exist if we were not
25 addressing the needs of the communities in which we are

1 located, our programs and our projects, such as, you know,
2 pocket parts, bike lines, urban greening projects, the
3 Pacoima Wash Vision Plan. Lots of our projects, they --
4 and site remediation, these are multi-benefit projects
5 that would not be successful if the community did not have
6 a role in these projects along the way.

7 And so I just -- I want to urge you to really
8 consider those things, and just to remind you that, you
9 know, communities of color do have a place in reducing
10 greenhouse gases. And we want to be at the table and
11 throughout the whole process. And, you know, we really
12 hope that you take all these into consideration.

13 In closing, we ask that the guidelines promote
14 and maximize co-benefits to meet community needs, promote
15 social and economic resilience and build on the strength
16 of grassroots organizations and social capital.

17 Thank you.

18 CHAIR NICHOLS: Thank you.

19 Jennifer Solorzano.

20 MR. SOLORZANO: Hello. Good afternoon. My name
21 is Jennifer Solorzano also with Pacoima Beautiful. I'm
22 also here as a community member from my community, these
23 disadvantaged communities that we're talking about.

24 I'm really looking forward to seeing the
25 implementation of these guidelines, as long as they

1 prioritize programs that encourage and support
2 community -- grassroots community engagement.

3 Involving disadvantaged communities is necessary
4 throughout all parts of the decision-making process,
5 program planning, and execution. And it's crucial that
6 these funds put an emphasis on community involvement or
7 else these communities -- these people, ones of the
8 highest needs like me, like Yesenia, like George, like our
9 family, our friends, like everyone we know in our
10 communities will continue to suffer.

11 Thank you.

12 CHAIR NICHOLS: Thank you.

13 Leticia Corona.

14 MS. CORONA: Good afternoon. Thank you, Board,
15 Madam Chair for this great opportunity, also for the great
16 outreach and open process for allowing most of the
17 residents that we work with to participate who are often
18 left out of the decision making.

19 Leticia Corona with Leadership Counsel for
20 Justice and Accountability based in Fresno and throughout
21 the San Joaquin Valley.

22 As we mentioned -- previously mentioned in our
23 comment letters as well as participating in the hearings
24 that were held in Fresno earlier this year, we also wanted
25 to emphasize that we did appreciate CARB's efforts to

1 provide outreach to disadvantaged community. However,
2 one, if not the biggest barrier that we currently face
3 with even applying to these funds as a region is not
4 having adequate technical assistance on staff,
5 specifically for small cities, and more than anything for
6 our small rural, disadvantaged, unincorporated communities
7 who continue to fight and struggle without having access
8 to safe clean water, lack of access to green spaces, as
9 well as other amenities.

10 We definitely appreciate once again the efforts,
11 but we definitely want to highlight once again,
12 particularly for disadvantaged communities with
13 insufficient resources to access these funds, technical
14 assistance in such areas as grant writing would be great.
15 Maximizing benefits to disadvantaged communities and lower
16 income residents is necessary, especially in communities
17 and regions with limited planning and development
18 resources. Most of the communities that we do work on
19 rural communities do not have on-housing staff to be
20 working on, let alone to put together, the grants. So
21 that's been one of our biggest barriers in even applying
22 and competing with larger MPOs at a statewide level. So
23 we definitely want to overemphasize that point.

24 Once again, I also want to highlight on what some
25 of our colleagues have already said and partners

1 emphasizing the importance of the outreaching community
2 component making sure that we're working collectively with
3 the residents and the agencies in identifying the project
4 and the needs for GGRF projects. So making sure, once
5 again, we're leveraging the voice collectively of the
6 community in identifying the projects.

7 Lastly, on the comment that I'm here to speak on
8 is making sure that -- whether housing and transit
9 opportunities, making sure that for transportation
10 projects they're well within walking distance for
11 residents, so making sure that there's a proper planning
12 and lining for transit routes that are accessible to
13 communities. Once again, walking distance is very
14 important. We've seen that a lot of projects are not
15 within a walking distance for some of the elder
16 communities that we do work with, and some of the rural
17 communities that are a ways within the jurisdiction of the
18 city limits.

19 Thank you very much.

20 CHAIR NICHOLS: Perfect. Thank you.

21 Kaylon Mammond.

22 MS. HAMMOND: Hi. It's actually Hammond.

23 CHAIR NICHOLS: I'm sorry.

24 MS. HAMMOND: That's okay. My handwriting must
25 not be very good.

1 (Laughter.)

2 CHAIR NICHOLS: All right. We'll blame it on the
3 handwriting.

4 (Laughter.)

5 MS. HAMMOND: Okay. Thank you so much for having
6 me -- or having us all here. And we really appreciate all
7 of the work that's been done on the funding guidelines,
8 especially this summer. We've submitted several comment
9 letters, and a lot of our comments have been incorporated
10 into this new draft and we really appreciate that.

11 I think what -- I'm with Leadership Counsel, like
12 Leticia before me. Another one of our major concerns is
13 still the definition of benefiting a disadvantaged
14 community. Right now, several of the projects are
15 considered to benefit a disadvantaged community if they
16 were in the same zip code, or within a half mile of a
17 disadvantaged community.

18 And we think that language is somewhat
19 insufficient. For example, many of the projects that are
20 within this area do not actually benefit those
21 communities.

22 There is a waste diversion project in a community
23 in the San Joaquin Valley that has only increased the
24 burdens on the community. It contains a food rescue
25 component, but there's no mention of the other impacts

1 that it will have on the community. The community is
2 concerned about air quality and odor concerns. They're
3 concerned about increased traffic. They're concerned
4 about it tearing up the roads with the increased traffic.

5 And the project failed to -- you know, failed to
6 analyze the air and water quality impacts on the community
7 which is ranked in the top 10 percent of the most impacted
8 communities, according to CalEnviroScreen.

9 On the other side of that coin, some projects
10 just simply do not benefit disadvantaged communities. For
11 example, having a zero emission vehicle in a disadvantaged
12 community, I mean, that doesn't really provide a lot of
13 benefits for the residents in that community who --
14 they're not the ones being able to drive these around.

15 And also in Fresno County, high-speed rail has
16 already begun to displace homes, businesses, and the like.
17 And there's language in the current guidelines that
18 priority should go to jurisdictions that have
19 anti-displacement measures in place and some jurisdictions
20 do not have those. And I think that should be encouraged
21 to further encourage anti-displacement measures and not
22 simply go towards communities that already have it,
23 because some places like Fresno are -- haven't seen a lot
24 of displacement in the past and so they're just now
25 developing that.

1 Thank you much.

2 CHAIR NICHOLS: All right. Thank you.

3 Erika Rincon.

4 MS. RINCON: Hi. Good afternoon. Erika Rincon
5 with Policy Link. I want to extend a huge appreciation to
6 the Chair, the members, and the staff on the development
7 of the guidelines and for multiple opportunities to
8 participate in this process and for the inclusion of
9 several of our recommendations. We do offer the following
10 considerations as this -- as this program continues to go
11 forward to strengthen the Greenhouse Gas Reduction Fund in
12 order to maximize benefits to disadvantaged communities.

13 So we very much appreciate the principle that all
14 agencies are required to maximize benefits to
15 disadvantaged communities. We do believe though that in
16 order to effectively achieve this, all agencies should
17 have to be required to prioritize projects in their
18 scoring criteria that provide multiple co-benefits to our
19 most vulnerable communities in multiple areas, such as
20 health, economic, environmental, and that this constitutes
21 separate scoring sections for these different areas,
22 regardless of whether the projects are seeking SB 535
23 credit.

24 And because providing jobs and training
25 opportunities to disadvantaged communities is one of

1 our -- you know, is a way to bring about some of the
2 largest economic benefits to localities, to regions, to
3 states -- to the State as a whole, this should also
4 constitute its own separate scoring criteria of all
5 projects.

6 I want to second the comments previously made by
7 Leadership Counsel for Justice and Accountability that all
8 agencies should be required to prioritize strong public
9 participation processes to ensure that commune -- that
10 with every -- with all projects communities actually have
11 the opportunity to weigh-in in order to really ensure that
12 the projects are meeting the needs as identified by the
13 community and to ensure community-wide access and use.

14 We also second comments made on that technical
15 assistance should include grant writing. And then we also
16 want to reiterate that location should not be used as
17 proxy for benefit to disadvantaged communities. So
18 applicants must -- it should -- applicants should be
19 required to address how any access barriers have been
20 overcome.

21 For example, walking a half mile to a transit
22 stop or a station isn't feasible if community residents
23 face multiple barriers to reach those destinations. And
24 then I also want to second comments made by Public
25 Advocates, that language on anti-displacement should be

1 strengthened, and that all SB 535 investments should be
2 addressing high-priority disadvantaged community needs.

3 Thank you so much.

4 CHAIR NICHOLS: Thanks.

5 Dominga Duran.

6 MS. DURAN(through translator): My name is
7 Dominga Duran. I am here from Fresno. We need
8 transportation. We need the bus stops to be closer to our
9 area. We need to walk 3 to 4 blocks to where the bus stop
10 is located. I don't think that's good, but we would like
11 support. We don't want promises. We want --

12 CHAIR NICHOLS: I'm sorry, Madam translator,
13 please could you ask the witness if she could pause after
14 every sentence or two, so we can hear your translation,
15 those of us who don't follow it in Spanish?

16 Thank you.

17 MS. DURAN: We would like a better service. We
18 would like the bus stops to be closer to us. There are
19 several people with wheelchairs and walkers, and they have
20 to walk 3 to 4 blocks. I don't think that's right. We
21 don't want promises. We want compliance as to what we're
22 requesting.

23 There's a lot of air pollution at the moment
24 because of all the fires. A lot of children they remain
25 at home because they cannot go to school. Sometimes they

1 get asthma. They get nose congestion. They are always
2 sick.

3 Thank you very much. You were very kind, and
4 hopefully we see something effective coming out of this.

5 Thank you.

6 CHAIR NICHOLS: Thank you for taking the time.
7 Francisco Mendez.

8 THE INTERPRETER: Mr. Francisco Mendez requests
9 to do this by himself. The interpreter will stand on
10 standby.

11 MR. MENDEZ: Thank you. Okay. My name is
12 Francisco Mendez. And I coming from southwest in Fresno.
13 I am one of the communities in need for this share of
14 money for my community because we don't have parks or
15 kids or no have any playgrounds for them to play after
16 school after classes. And my neighbors have disabilities
17 also.

18 We don't have a city bus close to our house. We
19 have to walk three blocks. The nearest stop Jensen and
20 Walnut. And we don't have good service for Handy Ride
21 either. I am on Handy Ride. Like the other day, I have
22 an appointment the next day. I call at 2:30 PM. They
23 don't have any appointment for me till 1:00 PM. So
24 nothing in the morning.

25 We need better service in the city buses, and a

1 lot of good service for Handy Ride people. We have to
2 wait one or two days ahead of time to make a reservation.
3 So when we call, they don't have buses are broken. We
4 don't have cars. The transmission or the engine is
5 broken.

6 And part of this \$2.2 billion is a lot of money,
7 but 25 percent for us or green buses or the ARB are not
8 enough. We need more money for transportation. Even the
9 drivers in Handy Ride they don't like to work there. I
10 told them we need them. You guys are good, but the
11 service is bad.

12 And we new roads for new buses. The city is
13 growing. We are getting behind. There is good service in
14 a lot of cities Fresno, Sacramento. I travel to Reno. I
15 travel to San Diego. They have the green bus. We don't
16 have green bus, but old duty old buses. We need new
17 buses, please.

18 And I hope this to see very soon, but first of
19 all, we are suffering for asthma, my son, my myself. Even
20 I had to where -- I ashamed to say this. I have to wear a
21 CPAP machine to breathe. And that's all.

22 Thank you.

23 CHAIR NICHOLS: Thank you very much.

24 Next, we have Rick Bettis from Sierra Club.

25 MR. BETTIS: Thank you, Chair Nichols, and Board

1 members. Rick Bettis. I'm a volunteer with the local
2 chapters of the League of Women Voters and the Sierra
3 Club, somewhat disparate groups, but on this issue they
4 agree. I also participate in the outreach program that
5 Breathe California put together here in Sacramento, and it
6 was quite an impressive result.

7 I think we got a lot of input from the
8 communities, and I believe that has been passed on to you
9 and then reflected largely in your guidelines, which I
10 appreciate. The communities do really want their input
11 into this process.

12 I might mention that there's a lot of
13 opportunities out there in the disadvantaged communities.
14 We have brownfield areas that are ripe for development,
15 either is parks, community gardens, local solar
16 installations. And also, I think there's just a
17 tremendous opportunity and it should be needed should be
18 really beneficial to the -- not only to the greenhouse gas
19 effort, but to the communities themselves.

20 And I also might mention that as a native of
21 rural California, that you should not let that slip by.
22 And they will need tremendous technical assistance, as you
23 heard from other speakers. And so I think hopefully the
24 agencies who are administering these funds will be able to
25 provide that assistance to the rural area as well as to

1 the disadvantaged urban areas.

2 So thank you so much.

3 CHAIR NICHOLS: Thank you.

4 Matt Read from Breathe California.

5 (Thereupon the court reporter read
6 Back the record.)

7 MR. READ: Chair Nichols and members of the
8 Committee, thank you very much for having me. My name is
9 Matt Read. I'm the statewide government relations
10 director with Breathe California.

11 I wanted to first start off by saying thank you.
12 I think we had come here a while ago and asked for a
13 longer process and a little bit more opportunities for
14 involvement. We got it. And I think that the funding
15 guidelines have been really improved as a result, and I
16 want to thank the staff for all the time that they put
17 into that. We're happy to see a lot of additions. And
18 with particular emphasis on the measure in co-benefits. I
19 understand that it's a complex process and we look forward
20 to working with staff to -- on the public process to
21 figure out metrics to make those co-benefit measurements,
22 you know, as good as they can be, and looking forward to
23 that and welcome the opportunity.

24 We agree that transparency is critical to the
25 agencies. And technical assistance opportunities are

1 critical for the accessibility and accountability of
2 climate investments. To ensure that these dollars are
3 best spent, we want to applaud staff for their focus on
4 applications that produce multiple co-benefits,
5 particularly those that result in new green jobs in
6 disadvantaged communities.

7 One accountability piece that we're kind of
8 looking for in the new funding guidelines was kind of a
9 centralized location for agencies. As they're coming up
10 with their other co-benefit metrics, their applications,
11 all of the applications information that, you know,
12 rightfully you've identified as being very important for,
13 you know, other communities to see who's applying, what
14 kind of money that they're getting could, I think, be
15 really well centralized to make it a lot more accessible
16 for everybody, either on the ARB's site, and not kind of
17 disparate throughout the different agencies. That's
18 something maybe to work toward.

19 As far as community engagement guidelines go, I
20 wanted to draw attention to the recent guideline that were
21 put out by AHSC. They're excellent, and they do a really
22 good job, and we want to applaud them and kind of
23 highlight what they've done as an opportunity to say, you
24 know, go above and beyond what these guidelines require.
25 So take a look at those, and if we can direct other

1 agencies to embrace that kind of change, it's really
2 pretty transformative stuff.

3 Whenever possible, I think it would be great to
4 be able to work with local contractors for individual
5 program development and application and communities
6 implementation. Local contractors often have connections
7 to the green jobs, which is one of the identified
8 co-benefits that we want to really drive. For example, a
9 low-weather -- a low-income weatherization program might
10 be well suited to work with someone who is already doing
11 that in a community as opposed to bringing a statewide
12 organization in. I just want to throw that out there.

13 And I really appreciate the opportunity to
14 address you today and thank you for all your attention.

15 CHAIR NICHOLS: Thank you.

16 Bill Magavern.

17 MR. MAGAVERN: Hi. Bill Magavern with Coalition
18 for Clean Air. We sponsored SB 535. And along with our
19 colleagues, we're among the leaders of the SB 535
20 Coalition working on the implementation of that. And I
21 endorse all the comments that were made by Marybelle
22 Nzegwu from Public Advocates.

23 I want to thank the staff for really listening to
24 the input of the public interest groups, and first, in
25 allowing for extra time and many, many workshops around

1 the State. That really gave communities an opportunity to
2 weigh-in on these guidelines as well as the investment
3 plan.

4 And also we really appreciate some important
5 additions that were made to the guidelines. We support
6 the increased transparency, the outreach, and technical
7 assistance that was provided - maybe it could go further
8 in the future, but it's a good start - the prioritization
9 given to maximizing benefits. And also you announced
10 today that there will be a CalEPA review of the data
11 inputs on the disadvantaged community mapping which I
12 think is also an important step to take.

13 We fully support CalEnviroScreen, but I think we
14 also all recognize that it's not perfect, and we need to
15 bet get the best data that's available.

16 So, at this point, we just have some
17 recommendations for closing what we think are a couple of
18 the gaps in the guidelines that we want to make sure that
19 all of the investments in disadvantaged communities go to
20 address priority disadvantaged community needs, so that
21 there should be a demonstrated nexus between the community
22 need and the benefit that will be derived.

23 And secondly, you've heard other testimony about
24 displacement. We want to make sure that the people who
25 are actually living in these communities now have an

1 opportunity to benefit from the investments, rather than
2 being unintentionally displaced by the investments that
3 are being made.

4 So we do think that for all of the Greenhouse Gas
5 Reduction Fund investments, there should be a requirement
6 for some anti-displacement protections. And we have
7 submitted our suggestions for the exact language changes
8 we'd like to see in the guidelines. They're not huge, but
9 we think could make some important improvements.

10 Thank you.

11 CHAIR NICHOLS: Thank you.

12 Bonnie Holmes-Gen.

13 MS. HOLMES-GEN: Thank you. I'm Bonnie
14 Holmes-Gen with American Lung Association in California.
15 And I wanted to express our excitement about the climate
16 investment program moving forward, and the important
17 opportunities for these funds to go to improving the
18 lives, improving the health, improving the air quality of
19 disadvantaged communities and to helping in this
20 transition accelerating this transition to clean energy,
21 clean healthy communities.

22 And we know very clearly, as has been expressed
23 today, that disadvantaged communities do have higher rates
24 of asthma and lung disease. We are very concerned about
25 how we can help improve this situation, and the

1 opportunities through the cap-and-trade funds.

2 So I basically wanted to make four quick points.
3 One, that we -- and we did participate in the community
4 meetings with staff and volunteers that these investments
5 should maximize health benefits and benefits of
6 disadvantaged communities. And in that vein, we support
7 the SB 535 Coalition comments. They put a lot of work
8 into them, and support both their accolades for the
9 progress that's been made and their seeking a stronger
10 nexus in demonstrating the benefits of the projects for
11 each community.

12 We're also very supportive of the outreach and
13 assistance components, and believe this is extremely
14 important. Having a strong outreach component is so
15 important to getting the right projects and ensuring that
16 we are maximizing health benefits.

17 We also, as a second point, support increased
18 emphasis on a co-benefits piece, including health benefits
19 of projects. And I know there's a lot of work going on to
20 look at how to better quantify those co-benefits. And we
21 support those efforts moving forward.

22 We wanted to mention -- I wanted to mention
23 briefly on the sustainable communities and clean
24 transportation funding that there certainly needs to be a
25 stronger connection between projects under that program

1 and supporting implementation of the adopted regional
2 Sustainable Communities Strategies. And we're looking at
3 the revised guidelines that just came out. That's been an
4 issue that we've wanted to see addressed and hope that
5 will be addressed with your help also in this next round.

6 And I guess the last point is that I appreciated
7 you raising -- your staff raising the importance of
8 collaboration -- agency collaboration to multiply the
9 benefits and look forward to more discussion about how the
10 ARB -- what role the ARB can play in helping to maximize
11 benefits through collaboration, looking at how projects of
12 different agencies can benefit both specific communities
13 and how projects can be leveraged to provide broader
14 benefits across the state.

15 Thank you.

16 CHAIR NICHOLS: Thank you.

17 Mikhael Skvarla and then Channell Fletcher who
18 signed up at the end.

19 MR. SKVARLA: Hi. Mikhael Skvarla with the
20 Gualco Group here on behalf of the California Council for
21 Environmental and Economic Balance.

22 CCEEB appreciates all the work staff has put into
23 this effort and just have some short comments. As things
24 move forward, we'd like to see that some of these -- that
25 the investments maximize technological feasibility and

1 cost effectiveness. This in turn maximizes environmental
2 benefits, while ensuring fiscal responsibility with these
3 funds.

4 Additionally, we'd like to see a process to
5 ensure the most appropriate use of funds in terms of
6 making sure that project dollars are being delivered to
7 actually emission reductions. In that scope, we think
8 that there's an audit and review process that's going to
9 be necessary moving forward in order to ensure that the
10 public's dollars in these funds are getting to the sources
11 and actually achieving the emission reductions.

12 Additionally, we think that a uniform set of
13 metrics should be developed across agencies, so that it's
14 easily quantifiable as we look at all the different
15 project types. And with that, we appreciate all the work
16 and thanks.

17 CHAIR NICHOLS: Thank you.

18 And Channell Fletcher.

19 MS. FLETCHER: Good afternoon. My name is
20 Channell Fletcher and I'm with the Senior -- I'm with Safe
21 Routes to School National Partnership, and I'm the senior
22 California policy manager. And so we work to advance safe
23 walking and bicycling to and from school, and in daily
24 life to foster healthy sustainable communities. We worked
25 with a number of partners here to provide input, and we're

1 really pleased to see a number of our suggestions
2 incorporated into this draft.

3 For safe routes to school, and I'm also speaking
4 on half of our partners at the California Bicycle
5 Coalition, we really believe that the GGRF has the
6 potential to provide resources to address housing, active
7 transportation, and transit needs within and beyond
8 disadvantaged communities.

9 So we ask that the guidelines require
10 administering agencies to target GGRF funds to support
11 housing, active transportation, and transit opportunities
12 for low-income residents throughout the State. So one
13 example of this is really in the AHSC funds, those that
14 are not invested in or for the benefit of disadvantaged
15 communities must be restricted to providing affordable
16 housing in communities where such opportunities are
17 limited.

18 I think we believe in including something similar
19 in these guidelines, but really support a comprehensive
20 strategy to address California's affordable housing crisis
21 and I think support active transportation and transit
22 needs for all people.

23 Thank you so much.

24 CHAIR NICHOLS: Thank you. I should have guessed
25 that Channell would be pronounced Channell.

1 Apologies. Two N's threw me off.

2 That is the end of our list of witnesses. Unless
3 there's anybody else who wants to testify on this item, we
4 will close the record at this time, and bring the
5 discussion back to the Board.

6 I'm glad that the tenor of the comments overall
7 was positive in terms of the process that we followed and
8 the improvements that were made in the guidelines. I
9 see -- whenever I look at a list and see a large number of
10 X's under the column that says neutral as opposed to
11 either support or oppose, it always makes me think about
12 what it is that we can do to try to move this situation
13 along in a way that would make it more positive, because,
14 you know, it's good not to be opposed, but it's important,
15 I think, for the process and for the success overall of
16 this program that the groups that were here today
17 generally really feel that it's a positive.

18 So I'm hoping that we can make some progress
19 along those lines. Although I'm not sure exactly how that
20 will happen with respect to the particular document. So
21 I'm going to seek wisdom from my fellow Board members
22 starting on the far end with Supervisor Serna.

23 BOARD MEMBER SERNA: Great. Thank you, Chair.

24 First, let me start by thanking staff as we do
25 customarily around here to begin our commentary for all

1 the hard work that's brought us to this point. I also
2 want to take a moment and thank everyone that took time to
3 be here, in some instances, from other parts of our state
4 to express your thoughts about this extremely important
5 document.

6 I guess I have a comment and a question. The
7 first comment relates to a subject that Ms. Valenzuela
8 Garcia brought to our attention this afternoon, and others
9 have as well in writing and orally in the past, and it has
10 to do with something that is, at least to my knowledge,
11 largely out of our purview, more in the purview of CalEPA,
12 and that has to do with the mapping tool, CalEnviroScreen
13 2.1 now is the version I think we're currently on.

14 I share -- quite frankly, I share some of the
15 concerns that have been expressed today and in the past
16 about some of the unique aspects when you begin to explore
17 kind of the regional parameters that feed into the mapping
18 tool. When you start looking at the six-county Sacramento
19 region as was explained versus some parts of Southern
20 California, you get a very different picture of what
21 constitutes a disadvantaged community. And when you try
22 to reconcile that, especially as a local elected official,
23 knowing your region and your county and your district the
24 way you do, it's very difficult for me to do that, to
25 reconcile what I see on the map versus what I've known as

1 native Sacramentan, for instance, about various
2 neighborhoods that aren't depicted in red on
3 CalEnviroScreen.

4 So I just want to publicly state that I share
5 that concern, so much so that I've expressed it to our
6 secretary. So he's certainly very well aware of that and
7 I know I'm not the only one in the State or this region
8 that has the same concerns.

9 I think the idea of a regional normalization, if
10 that's the right phrase, is something that if there is
11 going to be a CalEnviroScreen 3.0, is something that
12 should be explored and taken seriously.

13 The other question I have is for staff. And I'm
14 looking to Mr. Corey. He might look behind him eventually
15 to Ms. Marvin.

16 (Laughter.)

17 BOARD MEMBER SERNA: And that has to do with the
18 suggestions that have been made by the SB 535 Coalition,
19 specifically referenced by Mr. Magavern this afternoon,
20 relative to some specific language changes. And I think,
21 as he mentioned, it kind of falls into two areas. One has
22 to do with whether or not there's room to be a little more
23 specific in the guidelines about demonstrating project
24 benefits and how those -- there's a nexus or a connection
25 to a community's unique needs. And then the other concern

1 that was expressed and that had to do with displacement or
2 gentrification.

3 EXECUTIVE OFFICER COREY: Yes, Supervisor. I'm
4 going to have Cynthia Marvin, who's -- her and her team
5 has worked very closely. But I am going to say that
6 the -- some elements of the response do fall within the
7 funding guidelines and I think Cynthia can make that
8 distinction versus the follow-on quantification guidelines
9 and a clear distinction in terms of what the funding
10 guidelines, in terms of the guidance to agencies captures
11 versus the actual quantification related to the projects.

12 BOARD MEMBER SERNA: Very good.

13 TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:

14 As we address this, I would like to just note
15 that the monthly meetings that we had with the SB 535
16 Coalition and a number of the community advocates from the
17 Central Valley and the southern area near San Diego and
18 the border region have been invaluable in terms of our
19 understanding and our development of the guidelines. And
20 I just appreciate the amount of time and effort and travel
21 that they've put into just being a partner in this
22 process.

23 I think, as you heard, a lot of what they said is
24 reflected. We did take a look when -- I'm sorry,
25 Supervisor Gioia shared with us the specific written

1 comments from the SB 535 Coalition. Basically, you've
2 don't a lot of what we asked, but there's two things we
3 wish you would go further. So we took a look at those
4 specific items. I had the opportunity to touch base with
5 Supervisor Serna and Gioia before this meeting, and
6 there's a couple of things that we think we could
7 strengthen. So what I'd like to do is just give you a
8 summary of those.

9 So in terms of the community needs, there are
10 multiple provisions in the guidelines right now that say
11 that either the project applicant or the administering
12 agency needs to link a particular project to a commonly
13 identified community need. And Monique described this as
14 either something that has letters of support for the
15 community, something that checks some of the boxes in the
16 community needs table, or conditions that resulted in the
17 community being identified as disadvantaged in the first
18 place.

19 In other words, if the community has poor air
20 quality, and that was part of the reason it scored in the
21 top 25 percent, then projects that have co-benefits that
22 help reduce air pollution would be particularly valuable.
23 So those elements are in the guidelines right now.

24 The places that the SB 535 Coalition asked us to
25 strengthen that we believe we can reflect are to ensure

1 that basically everywhere we're talking about benefits
2 that are direct, meaningful, and assured, we follow that
3 phrase by saying that those benefits need to -- I'm sorry,
4 that the projects, either the applicant or the agency,
5 need to identify how the project addresses community
6 needs.

7 So it's just routinely carrying through in the
8 same way we did the direct, meaningful, and assured the
9 additional phrase that says to be credible and to be
10 counted towards SB 535, it needs to carry that direct
11 connection to community needs.

12 So we as staff would propose to include those
13 revisions in three or four different places in the
14 guidelines. They've suggested some. We'd like to use a
15 little bit of a slightly different approach in a few
16 places, but we believe we can reflect what they're asking
17 for here on that component.

18 In terms of anti-displacement, there's a number
19 of specific suggestions. The first suggestions ask us to
20 essentially elevate displacement to a higher level. And
21 there's a few places in the guidelines where we are citing
22 statute that it would be inappropriate to do that, because
23 right now the statute -- what's in the guidelines
24 essentially just parrot the statute.

25 What we have done though is include provisions in

1 the guidelines that require that projects, all projects,
2 not just those counted towards SB 535, be designed to
3 avoid substantial burdens, such as displacement and
4 increased exposure to air toxics or other health risks.

5 And we think that that phrasing is appropriate.
6 There's also a requirement that agencies prioritize
7 projects in locations that have anti-displacement
8 ordinances.

9 The reason that I am not suggesting that we go
10 beyond this is that a lot of those anti-displacement
11 ordinances right now are in larger urban communities. We
12 would not want to inadvertently penalize rural areas, the
13 Central Valley, other places that might not have had a
14 need for anti-displacement ordinances or simply
15 politically have not done them. And so we wouldn't be
16 comfortable suggesting to you that an across-the-board,
17 one-size-fits-all is the appropriate solution here.

18 What we've got in the guidelines is a
19 recommendation that the projects be designed to avoid it
20 and that the agencies look at that and consider that in
21 their process. The Strategic Growth Council we believe
22 has done a good job in its specific recommendations.

23 BOARD MEMBER SERNA: Can I -- can I suggest -- I
24 appreciate the fact that you've given this as much though
25 as you obviously have. And I agree with the approach

1 you've taken on both -- with regard to both suggestions --
2 general suggestions.

3 The one minor tweak, and you may have implied
4 this and just not verbalized it, is if you're going to use
5 the word displacement, it's displacing low-income housing
6 in particular. So is that something that you would
7 consider adding to the amended language, just that when
8 you say displacement generally, some might -- you know,
9 unless there's some context in a paragraph before or
10 after, it might not make much sense.

11 TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:

12 Yes. Right now, we generally talk -- the phrase
13 is displacement of disadvantaged community residents and
14 businesses. We would be happy to amend that to be
15 specific to low-income housing units.

16 BOARD MEMBER SERNA: Households, yeah. All
17 right. Thank you.

18 CHAIR NICHOLS: Yes. Supervisor Gioia.

19 BOARD MEMBER GIOIA: Yeah. No, I appreciate the
20 clarification or the -- and the additions that staff has
21 proposed. I want to make clear, I think one of them which
22 is really key here, is, as Cynthia you pointed out, the
23 particular policy agencies must seek to avoid physical and
24 economic displacement of low-income households, which is
25 currently under a section that is a recommendation to

1 agencies would then be included in the section which makes
2 it a requirement to agencies, correct? So that's a
3 significant difference from a recommendation to a
4 requirement.

5 TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:

6 Yes. And we would be happy to make that change.

7 BOARD MEMBER GIOIA: Right. And that -- and I
8 appreciate -- I know these are issues that Supervisor
9 Serna deals with as well, and I know is very involved
10 with, that the principles about projects demonstrating --
11 or project proponents demonstrating how the benefits
12 address important disadvantaged community needs will be,
13 just to highlight, discussed in the section on 2-6, which
14 has a higher level of sort of principle discussion.

15 It is -- you did include this in the guidelines
16 under was it 2-13. So this was in addition, and I think
17 the extra time really was great allowing this kind of
18 expansion to occur, but you're raising it up even to a
19 higher level. So I want to be clear about that.

20 TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:

21 Yes, absolutely.

22 CHAIR NICHOLS: Okay. I should look in the other
23 direction. Are there additional comments, questions here?

24 Supervisor Roberts.

25 BOARD MEMBER ROBERTS: Yeah. Let me -- I'm not

1 sure where to start, but I think you might remember when
2 we last visited this, I had concerns about the screening
3 that was used. And I think there's been some adjustment,
4 but I think I would agree with my colleague still. There
5 seems to be some dysfunction between our own personal
6 knowledge and experience and what's coming out of these
7 that gives me some continued heartburn.

8 But there's something being missed here, and I'm
9 not sure why or what. There just seem to be so many
10 examples that don't show up screening method, that it --
11 it still has me concerned. My biggest concern is over the
12 fact that the guidelines are guidelines, not -- I mean,
13 I'm real concerned that over time there's no real
14 standards or metrics or anything else here that judges
15 whether the right thing is being done, whether something
16 that's been accomplished really is helping somebody
17 breathe easier.

18 There are a lot of things, you know, I hear about
19 the community support. There's a lot of communities that
20 want things that might not make life better for anybody
21 that's disadvantaged by air quality. That's what concerns
22 me. And I don't see an accountability for that overall.
23 I guess I know we've got some language that suggests
24 there's -- there should be things that in the evaluative
25 process that prioritizes, but I don't see an effective

1 prioritization of what we're looking for.

2 And the projects are going to be all over the
3 map. And in the end result, I think we will have some
4 winners and I think we'll probably have a lot of losers,
5 in the sense that they won't have -- there won't be a
6 nexus between air quality and greenhouse gases and
7 breathability, and other things that I think are critical.
8 I don't see those automatically emerging from this
9 process.

10 And what I guess my long-term concern is that
11 something is going to happen that's going to be a poster
12 child for the way we shouldn't have done it, because I
13 think we're just -- you know, I completely agree we want
14 the community involved. But I know I work with a lot of
15 communities and I know their leads list wouldn't
16 necessarily have anything to do with -- their priority
17 list would look a lot different than somebody looking at
18 it from an air quality perspective.

19 So I'm going to -- I was concerned about this
20 before. There's nothing we're -- we may measure, but
21 there's nothing to -- there's no comparison or
22 measurements that, to me, are getting at the heart of this
23 whole issue. And it's not the way we, over time, have
24 operated. But we didn't come up with this ourselves, I
25 understand. Okay, I appreciate that.

1 Maybe this is a political solution and not a
2 science solution. But I guess I would be disappointed if
3 somebody's life wasn't made better in direct relation to
4 the kinds of problems that this Board is supposed to be
5 solving. We're not a housing commission. We're not a
6 social services agency. We're an Air Board, and these
7 funds are coming about as a result of that. And it seems
8 to me there needs to be a very strong nexus that I don't
9 see.

10 So I will remain concerned about that. I'm
11 looking forward for CalEnviroScreen 3.0, is that what it's
12 called, the next one. And maybe we'll get it. I remain
13 concerned about any measurement of cost effectiveness or
14 what we're doing measured against actual accomplishments.
15 And I just -- I guess, I'm a skeptic in what I'm seeing
16 and the tremendous amount of money that could be spent
17 here and get some real benefits out of it, and whether
18 we'll get the significant benefits that I think we have
19 the potential to get.

20 CHAIR NICHOLS: Other comments.

21 Yes, Hector. Oh, sorry, Daniel. Did you have
22 your hand up? Just not very far up.

23 (Laughter.)

24 BOARD MEMBER SPERLING: Let me follow up on this
25 theme Supervisor Roberts and many others have actually

1 brought up, and that is how do you evaluate a lot of
2 different projects that are very -- of a very different
3 nature.

4 And it -- you know, again, what is -- this is
5 called the -- what did we call it, the Climate Change
6 Investment?

7 STAFF COUNSEL DAVIS: California Climate
8 Investments.

9 BOARD MEMBER SPERLING: Climate Investment --
10 what is it?

11 AIR POLLUTION SPECIALIST DAVIS: California
12 Climate Investments.

13 BOARD MEMBER SPERLING: California Climate
14 Investments.

15 CHAIR NICHOLS: The logo.

16 (Laughter.)

17 BOARD MEMBER SPERLING: I'll get it next time.

18 (Laughter.)

19 BOARD MEMBER SPERLING: There it is. I've got
20 it.

21 (Laughter.)

22 BOARD MEMBER SPERLING: And, you know, what the
23 law says, what the -- you know, the program says is that
24 these are funds to reduce greenhouse gases. And there's
25 this kind of -- you know, one of the things I'm struggling

1 with, I just see this key objective as developing
2 quantification methodologies. I guess those haven't been
3 developed yet, is that -- you know, kind of just a minor
4 digression there. Is that true?

5 TRANSPORTATION AND TOXICS ASSISTANT DIVISION

6 CHIEF ITO: Not entirely. They are being developed. We
7 are posting them on the website as they're accomplished.
8 And as each fiscal year approaches, and we look at the new
9 project and project types, we're continuing updating and
10 developing new ones.

11 BOARD MEMBER SPERLING: Are some posted already?

12 TRANSPORTATION AND TOXICS ASSISTANT DIVISION

13 CHIEF ITO: Yes.

14 BOARD MEMBER SPERLING: Because I looked at the
15 website, I couldn't find them.

16 TRANSPORTATION AND TOXICS ASSISTANT DIVISION

17 CHIEF ITO: Yes, they're on our website.

18 BOARD MEMBER SPERLING: I'll look harder.

19 TRANSPORTATION AND TOXICS ASSISTANT DIVISION

20 CHIEF ITO: We could send you a link.

21 (Laughter.)

22 BOARD MEMBER SPERLING: They're down -- they're
23 hidden there somewhere, right?

24 (Laughter.)

25 BOARD MEMBER SPERLING: But I think that's at the

1 heart of this. I mean, if you're going to -- if -- I
2 mean, this is -- I mean, it is true the culture, the
3 success of ARB, what we've learned over the many years is
4 you do have to quantify things. You've got to have some
5 kind of formal prioritization process, performance based,
6 market based, you know, something, some method of doing
7 it, and we don't have that here. That worries me.

8 And as the quantification methodologies are
9 develop, certainly that's providing context -- or
10 providing a tool. And those -- those are hard to do. So
11 I understand there's -- I mean, I understand there's a
12 political element to it, and there's also the analytical
13 component challenge in both cases.

14 But it seems like we should really be moving
15 towards using a cost effectiveness methodology. I mean,
16 that's what this should be all about. And I understand
17 there can be -- you know, you can have a category for
18 co-benefits, and you can -- for disadvantaged communities,
19 you can either give, you know, bonus points or put in a
20 separate category, but there's a long history of
21 using -- developing these kinds of, you know, methods and
22 applying them.

23 So I would hope -- so I understand a lot of the
24 challenges here, but I would hope that we're moving in
25 that direction. And that is the intent, and I know we

1 have to convince the legislature eventually, but that
2 should be that is the culture, that is the success that
3 we've learned here, and I hope that we can, you know, be
4 determined in moving in that direction.

5 CHAIR NICHOLS: Okay. Mr. De La Torre.

6 BOARD MEMBER DE LA TORRE: Thank you. I also
7 wanted to thank staff for all the work. Obviously, this
8 was carried over an extra month, so I know there was a lot
9 of work in that time period. I want to thank all the
10 people who've come to speak today. I very much appreciate
11 the, you know, repeated message about impacted
12 communities.

13 And as I've said here before, I live in one of
14 those impacted communities. I live right after the 710
15 freeway. I live in one of those red zones that many of
16 you highlighted, probably the reddest of the red, not in
17 Communist way.

18 (Laughter.)

19 BOARD MEMBER DE LA TORRE: And so I'm very
20 sensitive to all of these things. And when I speak to
21 different EJ groups going back to when we started with the
22 535 Coalition, I want to make sure that the priorities
23 that are coming from the EJ communities are reflected in
24 what we do absolutely, because I see it in the communities
25 that I live and -- in the communities I live in and the

1 ones that I've served in in various capacities.

2 The issue of co-benefits to me is the nexus here
3 for these communities. Yes, you're reducing greenhouse
4 gases, but you are cleaning up criteria pollutants in
5 these communities, and that is the impact, the benefit to
6 the people who live there. That is the benefit to my kids
7 when they go outside to play in -- or run or whatever
8 they're doing, because they're getting older now. They
9 don't just go out to play.

10 (Laughter.)

11 BOARD MEMBER DE LA TORRE: But when they're
12 outside, when I go running, that impacts me. And so on a
13 separate item, recently, I was briefed on something by
14 staff and they showed a map of some high polluting
15 facilities. And lo and behold about three blocks from my
16 house is one of these facilities that I drive by every
17 day, that I know is bad because you can smell it, but it's
18 there.

19 And so there has to be mitigation. That facility
20 isn't going anywhere. They're going to have to improve
21 their performance. They're going to have to clean up
22 their act, but it still is what it is. And so there has
23 to be other mitigation, other things have to be cleaned up
24 to get that balance. If that place is going to continue
25 to be there, then we need other places to be cleaner, and

1 other vehicles to be cleaner and people to be able to
2 breathe better being in those communities.

3 And so, to me, that's the nexus. That is --
4 that's the crux of what we're trying to do here. And
5 that's why co-benefits is so incredibly important, and --
6 for those communities, for the nexus that we need to
7 justify what we're doing with these funds. And that is
8 where we have to be focused.

9 Some of these other things are important as well,
10 but we cannot lose site of that. The other comment that I
11 wanted to make is related to other agencies. Everybody
12 assumes because we collect the money that we're the ones
13 who are spending it all. We're not. We get to do the
14 plan, and then there are 12 other agencies who have a hand
15 in this. And they're our equals. We can't make them do
16 anything.

17 And so some of the folks from the coalition gave
18 me a list of some concerns they had about some of these
19 other agencies. So in a couple of cases, I went and met
20 with the leaders of those organizations in a friendly way
21 to ask that they fix these issues that staff had looked
22 over and made sure were legitimate issues.

23 But that's all we can do. We can't make them do
24 anything. Even in some cases, I don't think the Governor
25 could make them do anything.

1 Again, I can push them in that direction, tell
2 them that this is something that needs to be done, but
3 we're the clearinghouse. We're the hub of the wheel, but
4 there are these other 12 spokes that sometimes do what
5 they do. And so we want this plan to be, as it says,
6 investments to benefit disadvantaged communities,
7 reporting requirements. I mean we've got these
8 components, general guidance. It's general guidance.
9 It's right there.

10 We can't make them do anything. We can't enforce
11 what they are or are not doing. We are going to watch it.
12 We want you to watch it. Again, if there are things that
13 other agencies are not doing correctly or you feel aren't
14 serving these purposes, let us know. We can follow-up on
15 it. But again, at the end of the day, it's their
16 responsibility.

17 The issue of technical assistance, also one -- an
18 item that I've mentioned to some of these other agencies.
19 And they have mixed feelings about that, because they
20 don't have the capacity. This is all brand new. No one
21 has ever done this. And so to -- on top of creating a
22 program and putting money out there to do the things that
23 the program says, to have technical assistance to the
24 community about how to do that process and apply, that's
25 just not something they've ever done.

1 So I'm not making excuses for them. It's just --
2 it's a reality. This is all brand new. One of the ideas
3 that we talked about was possibly having some of these
4 agencies do standardized applications or sample
5 applications with some of the stuff already filled out
6 of -- to assist, in a general way, you know, if you're
7 doing a -- for example, I'm not pointing them out -- an
8 urban forestry program. That just popped into my head.
9 It wasn't -- I'm not saying anything bad about them.

10 But if there was an urban forestry program that
11 they could have a sample kind of plug-in application with
12 step-by-step guides on how to fill it out, and what
13 they're looking for, because the numbers are going to
14 justify -- as Supervisor Roberts just mentioned, the
15 numbers are going to justify what they pick, right? One
16 is going to be better than another based on the benefit
17 that it provides.

18 So getting that in a standardized form that
19 someone from a lower income community could fill out would
20 be a great help. And so that's something that I think
21 some of these agencies would be willing to do, because
22 it's a one-time thing. They put it up on their website
23 with the step-by-step guide, and then people would have to
24 walk through it on their own.

25 I think some -- maybe that's something -- I don't

1 know about what we can do in that regard for 12 different
2 agencies and multiple different programs. That's
3 something we need to talk about going forward here. But
4 again, it's a lot of work to have technical assistance
5 across the board, 12 agencies, multiple programs, et
6 cetera.

7 And then finally, I'll close with something I've
8 alluded to. This is year one. Most of the money that was
9 spent was spent in the 4th quarter of the last fiscal
10 year, which was June, a couple months ago. We won't know
11 the results of last year's spending for a little while
12 yet, and we're already into this year's spending on the
13 money we have, because there's budget stuff going on. But
14 on the money that we have, we are moving ahead on that.
15 But in the meantime these other places are looking at what
16 they spent last year, making sure that the money goes out
17 the door, that the stuff is being done the way it was
18 supposed to be done. We probably won't have good results
19 until early next year, I assume.

20 So this is all a moving target is what I'm
21 saying. Here we are doing a plan and guidance going
22 forward. At the same time, we're -- we don't know the
23 results yet of what Supervisor Roberts and Professor
24 Sperling have just brought up. So that's where we're
25 going. That's our plan, but this is very, very early in

1 the process. And I think as long as we're doing -- as
2 long as we are focused on those co-benefits, we're going
3 to do right by the people of California and by all of you.

4 Thank you.

5 CHAIR NICHOLS: Thank you. Any other comments at
6 this point?

7 I think we need to sort of bring this to a -- to
8 actually the ability to take some action. I have one
9 question, Supervisor Serna, when you asked for the change
10 in language. You asked for some specificity about housing
11 or residences, but you -- it seemed as though you were
12 dropping low-income businesses from that section of the
13 guidance. And I don't think that's what you meant. So I
14 just wanted to raise that question.

15 BOARD MEMBER SERNA: No, I was -- I was referring
16 to what I had thought I had heard fairly clearly from the
17 Coalition. If I missed the businesses part of what they
18 were suggesting, that was an error on my part.

19 CHAIR NICHOLS: Is that clear enough for you?

20 TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:

21 Yeah. What I would suggest right now we refer to
22 residents and businesses, and we simply insert low income
23 in front of that.

24 CHAIR NICHOLS: Okay. That's fine. That solves
25 that problem. Sorry. A small point, but I just wanted to

1 make sure, because we are sort of still -- this document
2 is still a living document at this point.

3 Yes. Go ahead.

4 BOARD MEMBER SHERRIFFS: Thank you. I like very
5 much the way you framed, gee, all these neutrals. How do
6 you make them positives? I think why are they neutrals?

7 Well, I think we've enunciated a number of
8 reasons why people would be supportive, but wondering,
9 because there is a lot of uncertainty, and it is a moving
10 target. And this is -- we've heard a lot of forceful
11 voices today. But compared to many of the voices we hear,
12 these are small voices. These are not statewide
13 organizations. These are not big coalitions, and -- but
14 this is big money. And it is a new experience for people
15 to see how they can use this to help their communities use
16 the health of their communities, improve the health of
17 their communities.

18 The -- you know, I think the comments about what
19 staff has tried to do to increase the transparency is
20 critical. We've talked about the importance of trying to
21 continuously get a better handle on quantification, being
22 able to understand the results we've gotten, and improve
23 on that.

24 So I guess my big question is the -- when do we
25 come back to look at this again, because the water moves

1 very quickly under the bridge. And we will never -- it
2 will be a moving target, because we're dealing with 12
3 agencies, the way -- different deadlines. But we do need
4 to, nonetheless, really I think as quickly as we can,
5 reassess what's happening to the flow of the river.

6 CHAIR NICHOLS: Staff, would you just comment on
7 the reporting process on the 535? I mean -- sorry, on all
8 of the GGRF funding? Cynthia, do you want to do that one
9 or Richard?

10 EXECUTIVE OFFICER COREY: I'll touch on a few
11 things and see if there are some other elements to fill,
12 but I think they go at the heart of the question that was
13 posed. And one is how do you track what -- in terms of
14 where we move forward? Mr. De La Torre touched on this
15 too. There's an annual legislative report that's required
16 in terms of recipients of GGRF monies in March. That's an
17 annual legislative report that will be transmitted.
18 That's a publicly posted document.

19 But the point that Mr. De La Torre made is
20 correct, that will still be early in the process, but that
21 is the range of agencies. And he was also correct on the
22 counting, you're talking 13 agencies and about 70
23 different project categories. It will speak to those that
24 receive funding, the amount of funding, what the status
25 is.

1 We're a lot --

2 CHAIR NICHOLS: So there will be an auditable
3 trail. I mean, this is not just a hand waving here.

4 EXECUTIVE OFFICER COREY: There's not.
5 There's --

6 CHAIR NICHOLS: We're talking about we're
7 expecting auditing, and we're preparing for it.

8 EXECUTIVE OFFICER COREY: The best thing we have
9 going to me is -- and it's a point that several of the
10 folks made, and it additional reporting, additional
11 transparency. The March report, that's an annual report
12 in addition to that. And it was the comment that several
13 from the 535 Coalition made, and that is, and we firmly
14 believe this, by laying out in the funding guidelines --
15 these funding guidelines additional steps. And just to be
16 completely clear, the agencies, the 12 this time or 13
17 that received appropriations, the reporting in terms of
18 the project selection criteria, including co-benefits and
19 the scoring criteria, the process solicitation they go
20 through, the recipients of the projects having that
21 information posted, accessible, and documented,
22 that's basically part of this process.

23 We're trying to add clarity to that, clarity and
24 consistency for those agencies. And I don't want to
25 simplify this. I mean, several of you got the point and

1 made it very clearly. You're talking about multiple
2 agencies. We're trying to work very effectively with
3 them. We have a ways to go, but one vehicle, are these
4 guidelines trying to promote consistency and clarity and
5 documentation?

6 CHAIR NICHOLS: Well, yeah, if I may, I'm going
7 to say a couple things before I recognize Supervisor
8 Roberts for the purpose of making a motion.

9 And that is that I think while there is much to
10 be improved upon, both in the program and in the document,
11 this is a really amazing piece of work for a State agency
12 to have produced and be in a position to disseminate, if
13 for no other reason than it's written in plain English.
14 It's understandable.

15 (Laughter.)

16 CHAIR NICHOLS: There is very little in the way
17 of jargon here. And I know how hard that is sometimes,
18 especially when you're working across multiple programs,
19 multiple statutes, different ways of looking at the world.
20 People, not just the groups that are following it within
21 California and are potential applicants or recipients of
22 funding, but people around the world literally are going
23 to be looking at this and at what we're doing, because we
24 are unique in California. And we owe a great deal to --
25 in this respect, to the legislature for having created SB

1 535 in the first place, and the Governor signing it, for
2 the fact that we're the only place that has looked at the
3 revenue coming in from a Cap-and-Trade Program in a
4 serious way as apart of solving the climate problem, in
5 addition to other problems.

6 So I don't want to, you know, go too far in
7 patting ourselves on the back, but this really is cutting
8 edge work that we're doing here. And the fact that it has
9 mobilized so much energy and such really thoughtful
10 communications, and collaborations on the part of the
11 groups that are here today and others who are not, is, I
12 think, an important symbol and a sign of what we could do.

13 We could do it better without a doubt, but we can
14 do a lot by, really for the first time, taking advantage
15 of the ability of State-generated funds to work directly
16 with communities. This is not something that has been
17 done before. And so I just -- I want to reinforce the
18 comments that many people have made here about what an
19 important effort it is.

20 And so I'm glad that we're getting to this stage,
21 but we do have a lot more -- a lot more work to do. And
22 I -- without being, you know, too critical of our sister
23 agencies, because we can be critical of ourselves as well,
24 this isn't something that the State traditionally does
25 well. You know, we sit in Sacramento and we work on

1 regulations. We do not go out into communities and work
2 directly with real people. And so this is all new, but
3 it's good.

4 BOARD MEMBER GIOIA: Well, a few of your Board
5 members here do that. I mean, that's our job.

6 CHAIR NICHOLS: Those of you -- no, those of you
7 who are local elected officials have experience in your
8 day jobs in sitting on applications for specific land-use
9 projects. But when we're talking about the regulatory
10 work of the agencies, I'm just -- I'm exaggerating, but
11 thank you for collection.

12 BOARD MEMBER GIOIA: Yes, we know. Yes.

13 (Laughter.)

14 CHAIR NICHOLS: Thank you for the correction.
15 And that's why you're here, by the way.

16 BOARD MEMBER GIOIA: See, it's us elected folks
17 that give cover to the unelected bureaucrats.

18 (Laughter.)

19 CHAIR NICHOLS: Those of us who are unelected
20 bureaucrats need the help of colleagues.

21 BOARD MEMBER GIOIA: But he should talk about the
22 six P's, right? So professor, physician, policy folks,
23 private sector, public, and politicians. Did I get them
24 all? Am I missing one? And philanthropy. We've got all
25 the Ps on this Board, and that's pretty good.

1 CHAIR NICHOLS: Thank you.

2 (Laughter.)

3 CHAIR NICHOLS: As I was saying, I think it's
4 time -- we're at that point now, where we probably need to
5 move along.

6 (Laughter.)

7 CHAIR NICHOLS: And we've gotten some -- we've
8 made some, I think, specific suggestions, which the staff
9 has written down and agreed to.

10 And with those underway, I think we're prepared
11 to move on the resolution.

12 So Supervisor Roberts.

13 BOARD MEMBER ROBERTS: Thank you. As one of the
14 elected bureaucrats --

15 (Laughter.)

16 BOARD MEMBER ROBERTS: -- I'd -- first of all --

17 BOARD MEMBER GIOIA: No, no. You're elected.

18 CHAIR NICHOLS: He's an elected bureaucrat.

19 BOARD MEMBER ROBERTS: I said elected
20 bureaucrats.

21 BOARD MEMBER GIOIA: But you're not a bureaucrat
22 then. If you're elected, you're not a bureaucrat.

23 CHAIR NICHOLS: Can you take this outside?

24 (Laughter.)

25 BOARD MEMBER ROBERTS: You can tell it's late in

1 the day and we've been here far too long.

2 (Laughter.)

3 BOARD MEMBER ROBERTS: First of all, I want to
4 acknowledge, my comments weren't in any way, shape, or
5 form mean the staff hasn't done a great job here. You
6 guys are struggling with something that's extremely
7 difficult. And we've improved from the last time we
8 visited this.

9 There is something here that gives me optimism.
10 I think there's a nugget in here in one of these
11 paragraphs that says that the Board directs the staff to
12 continue developing quantification methodologies
13 consistent with Health and Safety codes, and works with --
14 really to make the changes and has a continuing dialogue
15 with the other agencies, and disadvantaged communities,
16 and prospective project -- there's some things that are
17 looking prospectively that anticipates that -- I think
18 acknowledges that this is still a work-in-progress, that
19 we're not there yet, but we have to -- we have to move --
20 like the water, somebody said, is under the bridge. Let's
21 get moving.

22 I want to make a motion that we approve
23 Resolution 15-37.

24 CHAIR NICHOLS: Thank you.

25 BOARD MEMBER SERNA: Second.

1 CHAIR NICHOLS: And there's a second from
2 Supervisor Serna.

3 All right. Without objection then, let's move to
4 a vote.

5 All in favor, please say aye?

6 (Unanimous aye vote.)

7 CHAIR NICHOLS: Opposed?

8 Hearing none?

9 Any abstentions?

10 No.

11 Okay. Then it is approved. Thank you all.
12 Thanks very much. Good work.

13 We are almost to the end, but we do have a
14 requirement, which we honor to remain available for any
15 general public comment that's not on any topic.

16 We have none today. Then I think we can adjourn.
17 So see you all tomorrow.

18 (Thereupon the Air Resources Board meeting
19 adjourned at 3:19 PM)

1 C E R T I F I C A T E O F R E P O R T E R

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

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

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

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 30th day of September, 2015.

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JAMES F. PETERS, CSR
Certified Shorthand Reporter
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