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Mr. Steve Adams, Assistant Chief Counsel, Legal Office
Ms. Heather Arias, Branch Chief, Freight Transportation Branch, TTD
Mr. Matthew Botil, Manager, Climate Investments Implementation Section, TTD
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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
APPEARANCES CONTINUED

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
APPEARANCES CONTINUED

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

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

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

BOARD CLERK JENSEN: Dr. Balmes.

Mr. De La Torre?

Mr. Eisenhut?

BOARD MEMBER EISENHUT: Here.

BOARD CLERK JENSEN: Supervisor Gioia?

BOARD MEMBER GIOIA: Here.

BOARD CLERK JENSEN: Ms. Mitchell?

Mrs. Riordan?

BOARD MEMBER RIORDAN: Here.

BOARD CLERK JENSEN: Supervisor Roberts?

BOARD MEMBER ROBERTS: Here.

BOARD CLERK JENSEN: Supervisor Serna?

BOARD MEMBER SERNA: Here.
BOARD CLERK JENSEN: Dr. Sherriffs?
BOARD MEMBER SHERIFFS: Here.
BOARD CLERK JENSEN: Professor Sperling?
BOARD MEMBER SPERLING: Here.
BOARD CLERK JENSEN: Vice Chair Berg?
Chair Nichols?
CHAIR NICHOLS: Here.
BOARD CLERK JENSEN: Madam Chair, we have a quorum.
CHAIR NICHOLS: Great. Thank you.
A couple of announcements before we get underway. First a reminder for anyone who may be new to our process that if you wish to testify on any item, we ask you to fill out a form. They're available in the lobby or from the clerk who's down here in the front, and we would appreciate it if you would let us know prior to the item being called, so we can organize the speaker list.
We do have interpretation services available for the last item on the agenda, the cap-and-trade auction proceeds item. This is on the funding guidelines for agencies that administer California's climate investments. Headsets are available for that item at the attendance sign-up table. I'll probably make that announcement again before we call that item.
We will be, as usual, imposing a 3-minute time
limit on oral testimony, although we accept unlimited
amounts of written testimony. And if you have submitted
written testimony, we appreciate it very much if you'd
just jump into when you get up to the podium and summarize
your remarks without taking the time to actually read them
all, because that way we'll have a better opportunity to
get to the gist of what you really want to say.

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

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

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

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

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

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

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

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

Mr. Corey, would you please introduce this item?

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

As California's fuel market diversifies with the implementation of the Low Carbon Fuel Standard and federal Renewable Fuel Standard, Alternative Diesel Fuels are entering the market in increasing amounts. As we heard in February, the regulation on the commercialization of Alternative Diesel Fuels will support the transition to lower carbon emitting diesel fuels by providing a clear pathway for these fuels to be introduced in California, while maintaining environmental protections, particularly
with respect to emissions of oxides of nitrogen from biodiesel.

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

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

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

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

(Thereupon an overhead presentation was presented as follows.)

EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

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

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

--o0o--

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

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EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

There are various State and federal programs that are driving additional ADF demand, such as the federal Renewable Fuels Standard and the California Low Carbon
Fuel Standard. This regulation is a response to increased Alternative Diesel Fuel demand and ensures the ADFs get a proper review of potential environmental and health effects prior to full commercialization.

--o0o--

EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

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

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

The combination of comprehensive biodiesel testing and continual stakeholder feedback and involvement led to the ADF proposal presented today. Staff will be asking the Board to vote on adoption of the ADF regulation tomorrow.
EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: As a reminder, ADFs are essentially compression ignition fuels that are not liquid hydrocarbons, in other words, they are not conventional diesel. Additionally, they don't already have an ARB fuel specification prior to the adoption of this regulation. Essentially, this means the ADFs are any diesel fuels, other than conventional diesel, renewable diesel, and natural gas.

The two Alternative Diesel Fuels that are currently available or on the horizon are biodiesel and dimethyl either.

EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

The ADF proposal includes two main provisions the first is the overall framework, which is the 3-stage evaluation process for the environmental review of emerging ADFs. The second provision is specific to biodiesel and includes fuel specification and in-use requirements. As you'll recall from the February hearing, our testing showed that although biodiesel decreases emissions of most pollutants, it can increase NOx emissions under certain conditions. The in-use requirements of this proposal are designed to reduce NOx emissions from biodiesel.
EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

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

---o0o---

EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

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

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

The ADF proposal includes reporting provisions which begin in 2016 with in-use requirements beginning in 2018. This timeline allows for implementation of mitigation options or compliance pathways. The provisions also include a program review to be completed before 2020. The biodiesel in-use requirements will sunset when vehicle miles traveled by the on-road heavy-duty fleet is greater
than 90 percent new technology diesel engines. This is currently anticipated to occur by the end of 2022.

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

--o0o--

EMERGING TECHNOLOGY SECTION MANAGER MITCHELL:

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

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

A draft EA was made available for public comments during the 45-day comment period. Comments on the draft EA were addressed and responded to in a document provided for the Board's consideration.
EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: As discussed in February, the draft Environmental Analysis identified both beneficial and adverse impacts from the proposed regulations. The final conclusions of the EA have not changed since the draft EA was released last December. This slide lists a summary of conclusions reiterating statements made at the February hearing.

EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: In response to Resolution 15-5, which was approved at the February hearing, staff put out 15-day regulation changes, which we'll go over in the next slide. Staff also completed responses to all written comments received, as well as completing the multi-medial evaluation, which included an external scientific peer-review process conducted for both biodiesel and renewable diesel.

In June, the California Environmental Policy Council reviewed the biodiesel multimedia evaluation and determined that the use of biodiesel, consistent with the proposed ADF regulation, will not pose a significant impact on the human health or the environment. The Council made the same findings for the use of renewable diesel.

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

--o0o--

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

Two changes were more significant. We added a limited exemption and reworked the reporting and record keeping section of the regulation. As discussed at the February meeting, staff had been working with stakeholders to develop a limited exemption for small producers of biodiesel whose business model relies upon the sale of their fuel as B20. This exemption was included as a 15-day change to the ADF proposal and includes rigorous safeguards to ensure the air quality in the most heavily impacted areas is not adversely affected.
This exemption does not change our EA conclusions. In response to comments during the 45-day comment period, staff reorganized and clarified the reporting and record keeping provisions. It is now much more clear who is reporting or keeping records, how often, and what information is needed.

--o0o--

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

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

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

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

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

BOARD MEMBER SHERRIFFS: Can I ask one question?
CHAIR NICHOLS: Oh, yes. Sorry.
BOARD MEMBER SHERRIFFS: Just, I'm sorry, one question. What -- in terms of the light-duty diesel use versus the rest of diesel use, how is that percentage, 80/20 or 90/10.

EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: You're speaking specifically of biodiesel use in those?

BOARD MEMBER SHERRIFFS: Diesel use.
EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: Oh, okay. I know that it strongly favors the heavy-duty.

BOARD MEMBER SHERRIFFS: Right.
EMERGING TECHNOLOGY SECTION MANAGER MITCHELL: I think it's over 90 percent heavy-duty.

BOARD MEMBER SHERRIFFS: Okay. Thank you.
CHAIR NICHOLS: Any other very specific?
No. Okay. Then Mr. Hogo, welcome.

MR. HOGO: Good morning, Chair Nichols and members of the Board. Henry Hogo with the South Coast Air Quality Management District. On behalf of the South Coast
Air Quality Management District staff, I want to first thank Mr. Corey and staff for working very closely with us over the last year relative to our concerns on the NOx increase. And we believe the proposal that's in front of you today is a very workable proposal, and really helps mitigate the NOx issues that may come up with the potential biodiesel use in our region.

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

Thank you.

CHAIR NICHOLS: Thank you.

Mr. Teall.

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

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

Thank you.

CHAIR NICHOLS: Thank you. Short and sweet.

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

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

CHAIR NICHOLS: Thank you.

Mr. Magavern.

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

CHAIR NICHOLS: Sorry, Mr. Kinsey was next.

Excuse me. I apologize.

Sorry. I saw you there and called your name.

Hi.
MR. KINSEY: Good morning, John Kinsey, Wanger Jones Helsley appearing on behalf of Growth Energy. Growth Energy has been involved throughout the process for both the ADF, as well as the LCFS regulations. We've submitted written comments, and also participated in several of the workshops relating to both of the regulations. Because of that, I'm not going to repeat the comments that we've submitted in those workshops or in connection with those written letters. I would just urge that the Board not approve the ADF regulation at this time, until it complies with CEQA, its certified regulatory program, the Health and Safety Code, as well as the APA. Thank you.

CHAIR NICHOLS: Thank you.

Mr. Magavern, now.

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

And my comments are really of a very general nature. We support both of these regulations, think the staff has done very good work on them. They've been
through a very lengthy public process. And both of them will play an important role both in cleaning up the air and reducing greenhouse gas emissions in California.

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

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

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

    Thank you.

CHAIR NICHOLS: Thank you. Mr. Shears.

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

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

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

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

Mr. Mui.

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

We do believe that the regulation being proposed will address concerns around the use of the Alternative Diesel Fuels. And we also believe that the rule is actually surgical and strategic in the sense of actually addressing specific fuels as they come, and not putting out a blanket -- a blanket treatment across all Alternative Diesel Fuels.
And I just want to emphasize my observation of the due diligence and careful process ARB has had. Not only has it utilized the best available peer-reviewed science and technical analysis, but when there were questions and gaps in the literature, it worked diligently through a scientific peer reviewed process to actually fill in those blanks. And I don't think there's many agencies globally that can do that, and I'd like to thank you.

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

Thank you.

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

Welcome.

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

I just want to echo what Simon just said and really commend the staff for the very careful, thorough work that they did in reviewing this issue and coming up with really a great solution. I just want to add that in moving forward with this, I think there's a tremendous opportunity to add to California's economic growth.
We have a burgeoning biodiesel industry here in this State. And I think also a chance to encourage renewable diesel production as well. So I see tremendous economic opportunities moving -- resulting from this action here today, if you vote in support of the staff recommendation.

Thank you.

CHAIR NICHOLS: Thanks.

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

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

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

Seeing none, let's continue then with the Low Carbon Fuel Standard, which was also brought to us in February. This is a proposed readoption of the original
Low Carbon Fuel Standard, which has been part of our scoping plan and part of our regulatory toolkit now for a number of years. It's a key part of the portfolio of policies that we've adopted under AB 32 in order to achieve greenhouse gas reductions in the transportation sector in the most cost effective and balanced way that we can devise.

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

The proposed readoption before us today is in response to a State appeals court decision regarding procedural issues associated with the original adoption of the regulation. In addition to addressing the court's concerns, ARB staff has incorporated the latest science in order to update the tools that are used to calculate carbon intensity of fuels, added another cost containment
mechanism, streamlined the regulation, and integrated lessons that have been learned over the last five years.

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

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

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

EXECUTIVE OFFICER COREY: Yes. Thanks, Chair Nichols.

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

Adopting this improved Low Carbon Fuel Standard rule will re-establish a clear signal for investments in the cleanest fuels, offer additional flexibility and cost containment, update critical technical information, and provide for improved efficiency and enforcement of the regulation.
I'll now ask Hafizur Chowdhury to begin the staff presentation.

Hafizur.

(Thereupon an overhead presentation was presented as follows.)

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

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

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

We will present a proposed timeline for future action under the LCFS, and conclude with recommendations for the Board to consider at tomorrow's session after we
address the comments received today.

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

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

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

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

Staff notes that the recent quarter produced the
most credits of any quarter so far. Cumulatively, credits have exceeded deficits by about 5.4 million metric tons.

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

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

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

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

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

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

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

In addition to this, a panel of experts completed
an external scientific peer review of the staff methodology. Overall, their review found that the LCFS is based on the strongest scientific principles, and the most up-to-date tools for carbon accounting. Staff also released three 15-day rule change packages to incorporate Board direction and stakeholders feedback. These changes are covered on the following slide.

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

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

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

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

Additionally, staff proposed further clarification and streamlining of the CI pathway recertification process and the provisional crediting process. Similar to the changes to ADF item, none of these LCFS changes affected the conclusions of the environmental analysis.

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AIR RESOURCES ENGINEER CHOWDHURY: Moving forward, should the Board readopt the LCFS, the implementation of the improved program will begin on January 1st, 2016.

In the near-term, staff is planning additional coordination with interested stakeholders through an October workshop to discuss the recertification of legacy pathways. We're also interested in adding a third-party verification program, similar to the program in place for cap-and-trade data. Staff will consider how to advance this in the 2016 time frame.

By the summer of 2017, staff will return to the Board to present a progress report which will focus on credit price trends, and alternative fuel volumes. By the winter of 2018, and after the AB 32 scoping plan process concludes, staff will return to the Board to present a full program review focused on how the program should
AIR RESOURCES ENGINEER CHOWDHURY: As a reminder for our next steps, staff will review the written and oral comments received today and will present responses during tomorrow's Board hearing. The Board will then review and vote on the item.

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

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

All right. Then, do we have a list?

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

CHAIR NICHOLS: You're printing it right now. We're breathless with anticipation. Yeah, really. It will be. Okay.

The presentation was even more succinct than we were expecting.

(Laughter.)

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

(Laughter.)

CHAIR NICHOLS: Page one. There will be more.

So we're up to our first 21 people anyhow. And, once
again, Mr. Hogo gets the first shot. And then it will be John O'Donnell and Russ Teall.

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

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

Thank you.

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

MR. HOGO: Thanks.

CHAIR NICHOLS: Okay, Mr. O'Donnell.

MR. O'DONNELL: Good morning, Chair Nichols and members of the Board. I'm John O'Donnell with Glass Point Solar. Glass Point is a leader in providing solar energy to the oil industry. Over the last four years, we've been operating pilot facilities at oil feeds in California and the Middle East. And today, we are building one of the
largest solar projects in the world. Glass Point appreciates the work that staff has done to create a streamlined and workable structure for projects that reduce the carbon intensity of petroleum fuels by the use of wind and solar energy in producing the fuels.

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

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

Thank you.

CHAIR NICHOLS: Thank you.

BOARD MEMBER SPERLING: Chairman Nichol?

CHAIR NICHOLS: Yes, go ahead.

BOARD MEMBER SPERLING: Could I -- you know, I think this is a really important provision. And I've not been clear on what changes have been made to reward
in investments such as that. Could I just have from the
staff just a -- you know, the 30-second version of what we
changed to give companies like that that are upstream and
at refineries extra credit?

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

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

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

MARKET ALTERNATIVES FUELS SECTION MANAGER DUFFY: It
would be -- it would be the oil producer who would get the
credit, if they implement the solar steam project. If it
is a third-party that produces the solar steam and sells it to the oil producer, it's still the producer that will get the credit.

BOARD MEMBER SPERLING: Thank you.

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

(Laughter.)

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

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

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

Okay. Mr. Teall.

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

First of all, I would like to commend staff for their persistence in pursuing this path. It's very important to out industry. It sends a vote of certainty
that renewables and low carbon fuels have a future in California. And so I would urge you to adopt the Low Carbon Fuel Standard tomorrow morning.

Thank you.

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

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

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

So I would encourage staff and I would encourage the Board to take this message and the target and the education of what they're trying to accomplish two levels beyond just the State of California and its stakeholders to make sure that it, to the extent any education or
influence it has in broader both federal and global policies that can be realized, so that we don't have inadvertent gaps or hiccups that defeat the successes that this program can achieve.

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

Thank you.

CHAIR NICHOLS: Mr. Kinsey.

MR. KINSEY: Good morning. John Kinsey, Wanger Jones Helsley appearing on behalf of Growth Energy. Growth Energy again has submitted several comments in connection with the LCFS regulation. And again, I won't repeat those. But in addition to those comments, one of the things I did want to note for the record is that, you know, we believe that ARB still has not complied with the writ in the POET v. CARB litigation.
For example, the rule-making file remains incomplete and doesn't include the documents that the court of appeals specified should be included in the record. In addition, ARB still has not analyzed the impacts associated with the original LCFS regulation with respect to NOx emissions, nor has it analyzed mitigation for those unmitigated impacts.

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

Thank you.

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

Okay. Good. Mr. Gilbert.

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

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

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

Thank you.

CHAIR NICHOLS: Thank you.

Ms. Roberts.

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

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

WSPA continues to be concerned about the needless complexity of the regulation, such as not treating all crude the same way. We're concerned about the lack of a level playing field between electricity and other fuels as well, the structure of the credit clearance market, and
ARB's proposed cost containment mechanism. WSPA has worked with your staff and provided feedback and detailed comments. Unfortunately, these amendments won't really address the anticipated shortfalls in the long run and the program.

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

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

So I'll just close with one last note, and it's a quote from Dr. Robert Stavins, who I think many of you are familiar with, from Harvard University. And Dr. Stavins points out quote, "Complementary policies, such as the Low Carbon Fuel Standard, do not increase emission reductions, but rather shift emissions across sectors due to interactions with the Cap-and-Trade Program". In short,
what Dr. Stavins is saying is that the LCFS is
contradictory not complementary. And so we would just ask
that you keep that in mind as you deliberate today and
tomorrow.

Thank you.

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

Tim Taylor.

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

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

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

A4A members are part of a global aviation coalition that has adopted aggressive GHG reduction goals going forward. One key strategy to achieving these goals is the use of biojet. In California, for example, United
Airlines has executed an agreement with AltAir Fuels for the purchase of up to 15 million gallons of biojet over a 3-year period to begin in 2015, or in the middle of that. Unfortunately, the production of biojet is currently disincentivized in California because it is not eligible for LCFS credits. The LCFS unnecessarily we believe distorts the biofuels market by favoring the production of renewable diesel over biojet, even though both fuels deliver comparable lifecycle GHG reductions.

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

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

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

This is approach would result in equivalent
environmental benefit, lend more certainty to ARB's fuel availability projections, eliminate concerns that the LCFS inhibits biojet production, and create addition compliance flexibility and cost containment opportunities.

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

CHAIR NICHOLS: I think your time is up.

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

CHAIR NICHOLS: Finish up your last bit there.

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

CHAIR NICHOLS: Thank you.

BOARD MEMBER SPERLING: Chair Nichols?

CHAIR NICHOLS: Yes.

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

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

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

INDUSTRIAL STRATEGIES DIVISION ASSISTANT CHIEF

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

CHAIR NICHOLS: In the past, we've been approached by representatives of the airports, and I guess we heard that today also, about the idea of them being able to somehow opt into this program. And I think it's an interesting issue. If we were simply to allow them to earn credits, I think you could end up sort of flooding the system with credits in a way that wouldn't necessarily
lead to greater reduction. So we do have to figure out a 
way to get a cap somehow or a handle on the industry. But 
the basic idea of bringing them in, if we can figure out 
the best California policy hook, is a really good one. It 
could be a huge contribution.

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

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

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

CHAIR NICHOLS: Okay.

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

CHAIR NICHOLS: Thank you. And we really
appreciate your raising the issue and coming forward today.

Mr. Boesel, you're next up.

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

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

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

And then last two points is that notwithstanding the technological innovation demonstrated by a recent --
by German manufacturer recently, the auto industry has
shown incredible innovation over the last several years,
and by 2025 is looking to double the improvement of their
fuel economy.

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

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

Thank you.

CHAIR NICHOLS: Thank you.

Melinda Hicks.

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

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

Of course, Kern is very proud to talk about how
we have embraced the Low Carbon Fuel Standard over the
years, being the first in California to produce a
renewable diesel stream, and one of the very first to begin blending biodiesel early on.

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

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

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

Secondly, I just want to express our support for the incremental deficit option as it pertains to the crude oil carbon intensity. We recognize that this makes a provision for low energy, low complexity refineries that can be adversely impacted by the California baseline. It gives us the option to be recognized individually for our own baseline. As presented today, the option contains
edits that address certain concerns that Kern raised back in its February comments, and we just want to make recognition of that, that we do appreciate it.

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

Thank you.

CHAIR NICHOLS: Mr. Murphy.

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

We think this is an important foundational element to a sustainable transportation future for California. And I wanted to go back briefly to one of the things you said a few minutes ago, Chair Nichols, that a rule-making is not the end of a process, but one of the mid-points of a process. And we appreciate the commitment of the Board to continue to improve this rule as it goes forward to understand that the scientific landscape is
changing as is the economic landscape, and to make sure
that the rule keeps pace with that, and adopts as time
goes by.

So again, we support the readoption.

Thank you very much.

CHAIR NICHOLS: Thanks.

Good morning.

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

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

And while a number of our members' projects
produce gas that participates under the LCFS program to
date, regretfully most of the fuel that -- is coming from out of state. We believe a readoption of the LCFS program to the extent it continues to support renewable natural gas will send the much needed and strong market signal that our industry needs to develop projects and obtain the necessary financing to do so here in California to achieve the climate change and climate reduction goals.

So again, we stand in support today.

CHAIR NICHOLS: Great. Thanks.

Mr. White.

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

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

Waste Management has committed to over 50 -- or converted 50 percent of our diesel fleet in California to natural gas from diesel. We have the largest RNG facility in the State producing up to 13,000 gallons per day of renewable natural gas. We would like to build more of
those, but we found it to be extremely challenging economically.

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

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

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

Your readoption tomorrow, hopefully, of the Low Carbon Fuel Standard will be a major step in both stabilizing and strengthening the value of the Low Carbon Fuel Standard credits. And we're hoping that this will lead to a way that we can develop contracts and agreements with folks that need the credits, that need the fuel to
help come up with an economic situation that will allow us
to move forward with additional projects, similar to what
we've already done.

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

Thank you.

CHAIR NICHOLS: Thank you.

Simon Mui.

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

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

We know how important this program has been and
is to the Governor and to leaders in the legislature, to
the clean fuels industry, as well as innovators in the oil
sector that we're hearing from today. By voting to
readopt the program with the enhancements that staff is
proposing, you'll be sending a powerful signal in the
State, to other states, internationally that California is
moving forward.

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

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

The program is working. We've seen actually a 20
percent increase in lower carbon fuel use -- alternative
you'll use in California. We've seen those alternative
fuels being used decreasing carbon intensity by 16
percent. And we're even seeing the oil industry exceed
the standards by 40 percent as of today.

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

Thanks.

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

Tim.

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

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

(Laughter.)

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

(Laughter.)

MR. CARMICHAEL: It's really --

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

(Laughter.)

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

(Laughter.)

MR. CARMICHAEL: Indeed. Indeed.

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

There's already been a couple mentions of renewable natural gas. It's a fact, we would not have the volume of renewable natural gas being developed, sold, used in California today, if not for this program. And that's one example. It's one fuel that we know is very low carbon that has rapid growth with the assistance of
Encourage your support for this program, and its continuation. There's more work to be done in the future, but we're definitely moving in the right direction.

Thank you.

CHAIR NICHOLS: Thanks a lot. Graham Noyes.

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

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

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

A couple of key milestones and opportunities that remain, and some of these have been touched on already.
We're seeing a program that's already generated 11 million metric tons of reduction. We're now at 11 million metric tons a year pace in terms of credits, which is remarkable. That's about 90 percent of the reductions in the transportation sector in California.

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

The Low Carbon Fuels Coalition represents low carbon fuel companies across the spectrum, and so including renewable natural gas, biodiesel, ethanol, drop-in fuels. And so we also commend the flexibility of the LCFS program. It is to the biofuels industry, which I've been involved with for 15 years, the most important program, bar none. The Renewable Fuel Standard has wavered. California has not wavered, and so we urge a positive vote tomorrow.
And also, the engagement of the Board in terms of the Greenhouse Gas Reduction Fund opportunities somewhat delayed now obviously due to the lack of legislative resolution. Already within the concept paper, there's been a recognition of the opportunities presented on the economic side. And thus far, we have not seen that investment. And we'd recommend the Board to take a look at that as well.

Thank you.

CHAIR NICHOLS: Great.

Bonnie Holmes-Gen.

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

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

This rule is helping Californians to kick our addiction to petroleum fuels, transition to a cleaner
future, and it is bringing real and measurable health benefits along the way to the tune of over 8 billion in avoided health costs by 2025.

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

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

So this is a morning for quotes, it sounds like. I'd like to close with a brief quote. Dr. Marc Futernick an emergency room physician one of our Doctors for Climate Health. He's from Los Angeles. He's with Dignity Health. And he says, "As an emergency physician, I see the profound effect climate change will have on our lives. Mortality increases during heat waves from a variety of illnesses. Air quality negatively impacts asthma and
other pulmonary and cardiac diseases, particularly when related to wildfires, now common place in the western U.S. Unless we take bold action now, more frequent heat waves, wildfires, flooding, and other natural disasters will wreak havoc on our communities. We urge you once again to take bold action in readopting the LCFS and we look forward to working with you to extend this rule to meet our long-term climate goals".

Thank you for your time.

CHAIR NICHOLS: Thanks. Appreciate the letter too.

Anthony Andreoni.

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

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

And just as background, CMUA protects the interests of the California consumer-owned utilities and represents its members' interests in both not only the energy but the water on the waterside. Our members are committed really to local economic development. It's really important to the local communities that they serve.
They have an excellent track record in providing reliable electricity at low rates. Our members have also demonstrated leadership on environmental issues like climate change, and continue to develop vehicle charging infrastructure, which is really important.

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

Furthermore, our members support the provisions in the Low Carbon Fuel Standard funds to be reinvested in initiatives to support transportation electrification, which, of course, benefits all customers.

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

And I just want to highlight one of a -- one of the recent members, Burbank Water and Power, actually deployed one of their first curb-side charging stations,
which actually makes it much easier for their customers to
drive in and charge.

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

And thank you for your time.

CHAIR NICHOLS: Thank you.

Ms. Van Osten.

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

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

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

United has a very strong record of fuel
efficiency, improvements in greenhouse gas reduction emissions -- emission reductions. And we look forward to working further to reduce those emissions through the development and deployment of sustainable biofuels, but they need to be available in significant quantities. And in order to get the significant quantities, it needs to be incentivized. Obviously, renewable diesel is not an option for the airlines.

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

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

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

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

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

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

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

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

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

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

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

CHAIR NICHOLS: Okay. Mr. Hessler.

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

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

Also, your staff have been consummate professionals. It's hard -- others have complimented them, but I just -- it's important to point out that they have answered every question, taken every meeting, delved deeply, challenged all of us who have been trying to help you to make sure that we're thinking about things correctly. You know, Sam, Jack, Floyd, Edie, Richard, and all the people that have helped them get to where we are just deserve a tremendous amount of praise.
Two quick comments. One, I'd like to sort of directly rebut the comment that was made by WSPA. You've heard from a number of technology providers that what you're about to do will directly impact the ability of the market to respond and bring the fuels to market that are needed to meet this ambitious goal. So the concern that there might be some problem with compliance or some problem with a shortfall, that was an issue that had been raised, and that the staff directly approached through the creation of a -- the credit clearance market. I think that is well designed and will stabilize the market. And that's -- the evidence of that time will produce, but you've certainly heard that it's the collective opinion of the folks who are going to try and supply the market that that is the right tool, and it's well designed.

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

So there may be a moment in the future when there isn't enough fuel in a given year for all of the regulated parties to actually meet compliance. And in that
circumstance, the price of credits may rise to the cap. But the fact that the price is capped, and the fact that regulated parties can comply under that program, regardless of the amount of fuel in the system, means that there will be market stability, there will be no crisis. And the high -- temporarily high price of credits will be simply be a market signal to encourage producers to bring more fuel to the market.

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

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

Mr. Kenny, hi.

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

Just a quick note, also, we'd like to reiterate with others our appreciation for staff throughout the
process. They have always been willing to meet and consider our views, and have been very professional, and accommodating throughout the entire process, so we thank you very much.

Thank you.

CHAIR NICHOLS: Great.

Jason Barbose.

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

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

The second point is more contextual, because there's been a lot of attention among the media and political class this year to the issue of reducing oil use. And on the one hand that's fantastic, because cutting our oil use is so important to addressing global
warming and cleaning up our air. But then, of course, on
the other hand, you know, due to this -- really the
unprecedented lobbying and advertising blitz from the oil
industry, the conversation, you know, lacked a lot of
substance and didn't focus on very many real facts.

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

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

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

So really, I just want to thank you for your
tremendous work and dedication and leadership on this
issue. We look forward to the vote tomorrow to readopt
the program and are excited to continue to collaborate to
advance clean fuels and clean technologies to reduce
global warming pollution.

Thank you.

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

Mr. Leacock.

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

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

We want to commend CARB as well, because it's
with strong policies and programs, like the LCFS, that have led, particularly my company, to open their corporate headquarters here in California, and then also we will be opening a second facility as a manufacturing plant in Southern California in 2016.

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

Thank you.

CHAIR NICHOLS: Thank you very much.

Gary Grimes.

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

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

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

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

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

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

Have you got any questions?

CHAIR NICHOLS: I don't think so. We did receive your letter, but I feel I would be remiss if I didn't channel our Vice Chair and ask the question of what the status is, at this point, of the rule with respect to the
potential for some future reconsideration on this issue of
the small refiners?

TRANSPORTATION AND FUELS BRANCH CHIEF WADE:
Sure. So the provision, you know, is in place in
the rule. And as Gary stated, you know, within of their
facilities falls below the line, one of the facilities
goes above the line. You know, we spent a lot of time
drawing that line, and we feel like the line is put in the
appropriate place.

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

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

I'll leave it there.

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

TRANSPORTATION AND FUELS BRANCH CHIEF WADE: Yes.
I mean, we will continue to work with them as we do with
all facilities and try to understand, you know, their
individual situation and the best way to incentivize the
actions that will lead to the lowest carbon fuels.

CHAIR NICHOLS: Okay. Thank you very much.

Thanks for all your help.

MR. GRIMES: Thank you.

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

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

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

I want to start by saying the LCFS is absolutely a complementary measure to the Cap-and-Trade Program. But beyond that, it's an essential and complementary measure to your transportation electrification efforts. And that is why we're here today. We really appreciate the staff's
efforts to incorporate electricity into the LCFS in a way that's fair, in a way that accurately reflects its contribution to lowering the carbon content of transportation fuels. And we feel that the staff has done an inordinately expert and wonderful job in doing that. Working with us for years, we totally support the 15-day changes associated with the electricity sector, and appreciation staff's efforts.

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

So thank you.

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

That does represent the entire list of witnesses, and so I am going to close the record at this time, and call for the break that we had indicated we were going to take at this point. I think it's a little too early to make it a lunch break, so we'll just make it the 15-minute break that we -- or roughly 15 minutes. We'll be told by
the staff when it's actually time to reconvene, but we're assuming it's going to be roughly 15 minutes, and then we'll come back and deal with additional items.

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

Okay. Thanks, everybody.

(Off record: 10:54 AM)

(Thereupon a recess was taken.)

(On record: 11:13 AM)

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

This program continues to be a vital part of ARB's incentive programs -- suite of incentive programs that are designed to help equipment owners obtain the cleanest possible equipment. Since the program's inception in 2008, we have awarded more than $700 million
to assist equipment owners to upgrade and replace over
13,000 trucks, locomotives, harbor craft, and ships at
birth. And this is all thanks to a bond program,
Proposition 1B.

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

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

Indeed, that was the vision when we first began
this effort. So it's good to hear that we're -- it's not
good that we're coming to the end, but it's good that
we're able to wrap up this program with another round of
funding, and we have some pretty exciting projects to
So we will hear the staff's proposal, and then we will have an opportunity to act on the reallocation of the last $287 million in funding.

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

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

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

Additionally, they achieve the cumulative corridor funding targets approved by the Board for each region. I'll now ask Barbara Van Gee of the Toxics and
Transportation Division to begin the staff presentation.

   Barbara.

   (Thereupon an overhead presentation was presented as follows.)

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: Thank you, Mr. Corey. Good morning, Chair Nichols and members of the Board.

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

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

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GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: In 2006, California voters approved Proposition 1B authorizing over 1 billion to ARB for freight movement related air quality incentives. The program was established to cut diesel freight emissions and reduce the related health risks near freeways, ports, railyards, and distribution centers.

   ARB and our local partners accomplished this through financial incentives used by diesel equipment owners to upgrade their equipment to cleaner models that
achieve early or extra emission reductions.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
GEE: Looking at funding allocations to date, over 85 percent of the project funds have gone to cleaning up diesel trucks. However, all the investments are key to the air quality progress in impacted communities in the four trade corridors. These projects have reduced emissions of over 2,200 tons of particulate matter and 75,000 tones of nitrogen oxides.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
GEE: However, not all funds previously awarded by the Board made it to project completion. Forty-seven million from local agency and truck loan assistance projects are unspent, due primarily to project fallout.

There are two mechanisms for reallocating these funds. First, you have provided authorization to the Executive Officer to reallocate unspent funds prior to statutory deadlines. Second, for funds not spent prior to these deadlines, the current guidelines require the Board to reallocate those funds. Staff is seeking a minor guideline change that will allow the Executive Officer to reallocate these unspent funds, as well as any other remaining funds that may become available as we are
wrapping up the program. Staff will inform the Board members when this happens.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
GEE: Now, let's discuss the funds available for the program's final year, and staff's recommendations by trade corridor and source category.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
GEE: In total, there is about 287 million available for the remaining years of the program. Of this 287 million, staff is proposing to reserve up to 20 million for ARB's administration costs for the next decade. This amount is lower than what is allowed per statute, as well as other ARB incentive programs. Staff will be actively implementing the program for the next 3 to 4 years and then workload will begin to taper off. However, to meet State bond requirements, ARB has an obligation to track program funds until at least 2055. The next slides will discuss the project funds.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
GEE: For each funding cycle, the Board approves the priorities to guide how the funds should be spent. In June, the Board adopted priorities that focused on
advanced technologies to help transition to a zero and near zero emission freight system; provide funding for transitional technologies, such as natural gas, meeting the lowest optional NOx standards; support funding for small truck fleets and tier 4 locomotives.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: Moving on to the five year solicitation -- moving on to the year 5 solicitation, five local agencies submitted applications for 19 projects requesting over 469 million to upgrade more than 6,600 pieces of equipment in response to the Notice of Funding Availability released in July.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: After receiving the applications, we reviewed them to ensure they met the requirements as outlined in the program guidelines. First, we considered the corridor funding targets with the goal of restoring each trade corridor to its target levels. Next, we considered the Board's funding priorities for this round of funding. And last, we considered the local agency's request for funding and their priorities.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: After developing preliminary recommendations, we
held four regional workshops to receive public input. In
addition, local agencies held at least one community
meeting to solicit public comments on their proposed
projects prior to applications submittal.

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

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

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

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GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN
GEE: I will now discuss the funding recommendations by
each trade corridor. Staff recommends that the South
Coast Air Quality Management District receive approximately 138 million in program funding for the four categories as shown on this slide.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: Staff is recommending 62 million for the Central Valley trade corridor to be split between the two implementing agencies. The San Joaquin Valley Air Pollution Control District, and the Sacramento Metropolitan Air Quality Management District.

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

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: Staff is recommending that the Bay Area Air Quality Management District receive approximately 48 million in program funds for the categories shown on this slide.

GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: Staff is also recommending slightly over 17 million for the five categories shown on this slide to be awarded to the San Diego Air Pollution Control District. We'd like to note that in previous funding rounds, both the San Diego Air District and the Imperial County Air Pollution
Control District implemented the program. By mutual agreement between the two districts, the San Diego Air District will be the sole implementing local agency for the San Diego/border corridor for the final round of funding.

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GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: The recommended funding levels are summarized here and could reduce about 330 tons of PM and over 32,000 tons of NOx emissions over the life of the contract, for example, five years for trucks and 10 years for locomotives.

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

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GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: Lastly, staff is recommending additional funding for the truck filter substrate replacement program. This program was developed to address the unique situation in which truck owners installed a diesel particulate filter, which was later recalled due to safety concerns. As a result, the filter core, or substrate, was removed from the housing and today these trucks are operating without
the desired diesel particulate matter control.

The Board previously awarded 6.3 million of proposition 1B funding to replace the missing core for those trucks that meet program eligibility criteria. The Sacramento Metropolitan Air District and ESW-Cleantech are working with us to implement this program. And we are happy to report that there has been a strong interest from the impacted fleets. As a result, staff is recommending an additional 1 million.

Should there be funds that are not needed for this project, they will be reallocated to other eligible projects.

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GOODS MOVEMENT STRATEGIES SECTION MANAGER VAN GEE: Moving forward, local agencies have begun implementing the program, starting with public solicitations for truck project applications, which were opened in mid-September.

The local agencies are expected to open solicitations for the other source categories later this year. We expect local agencies will begin signing contracts with equipment owners in early 2016. Funds will be available for small fleets to upgrade their truck by December 31st, 2016 ahead of their next compliance deadline under the truck and bus regulation.
GOODS MOVEMENT STRATEGIES SECTION MANAGER VANGGEE: Finally, staff recommends that the Board adopt Resolution 15-43.

Thank you.

CHAIR NICHOLS: Okay. We have four witnesses who've signed up. Once again, lead off, Henry Hogo.

MR. HOGO: Good morning, again Chair Nichols, members of the Board. Henry Hogo with South Coast AQMD. And I want to express our appreciation working with staff on the allocation. And we fully support the recommended allocation. In fact, we already started the solicitation on the truck projects and want to move forward with that as quickly as possible.

I think since this is the last round of funding from Prop 1B, we need to work together and identify additional funding going into the future. So I think these are really successful programs, and they're very important to help with the financing of -- especially for small fleet operators.

So we look forward to working with your staff on the future efforts.

Thank you.

CHAIR NICHOLS: Thank you. Tom Jordan.

MR. JORDAN: Good morning, Chair Nichols, members...
of the Board. Tom Jordan with the San Joaquin Valley Air
District. I think all of you are aware of the significant
challenge that we face in the San Joaquin Valley, and that
heavy-duty trucks and equipment are the single largest
contributor to that problem.

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

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

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

We've done a lot to clean up this sector, but
there's still a long way to go, and additional funding would be useful. So we support the funding allocation and would encourage your approval.

CHAIR NICHOLS: Thank you. Mark Loutzenhiser.

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

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

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

The districts were able to provide a great deal of input in terms of -- based on the stakeholder discussion we've had locally with where the best use of those funds will be able to go. And we also appreciate the flexibility that was proposed back this summer that will allow Richard -- Director Corey in consultation with
the staff in the districts to make some shifts with the funding, if it's needed based upon either greater demand or lower demand in the different categories.

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

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

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

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

CHAIR NICHOLS: Thanks. Thanks for coming out.
Tim Carmichael.

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

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

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

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

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

Thank you.

CHAIR NICHOLS: Thank you.
Hi.

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

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

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

Thank you.

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

MR. KENNY: I did. They have it.

CHAIR NICHOLS: Oh, oh. Okay. Great. I saw somebody chasing after you there. Your comments will be
received and they were heard. So thanks.

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

Okay. Well, yes. Go ahead.

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

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

So I think it says a lot of good things about everybody involved. And staff is certainly an important part of that. Specifically, I want to thank staff for their work with the San Joaquin Valley Air Pollution Control District on this to improve the health benefits to the valley, because we all understand how important diesel pollution is to the health of the valley, and what tremendous impact the money that has come to the valley to work on this, and really the measurable lives that have been saved and the measurable impact on health care dollars spent.
The program is an important reminder how valuable incentives are for making regulations work, and getting earlier benefits to the public. It's been tremendously successful. Others have raised the question of future funding. I don't know that there's another bond on the horizon, but it certainly, at the very least, adds a lot of urgency to the work we're trying to do on sustainable freight, as well as a number of other items.

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

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

BOARD MEMBER SHERRIFFS: Oh, I'm sorry.
CHAIR NICHOLS: That's okay.
BOARD MEMBER SHERRIFFS: Out of turn as usual.
CHAIR NICHOLS: I forgot to do it. You just jumped right in there, but that's okay.

(Laughter.)

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

BOARD MEMBER SHERRIFFS: Please.
BOARD MEMBER RIORDAN: I'll second the motion.
CHAIR NICHOLS: Seconded by Mrs. Riordan.

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

FREIGHT TRANSPORTATION BRANCH CHIEF ARIAS: (Nods head.)

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

Supervisor Roberts --

BOARD MEMBER RIORDAN: I think that would be --

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

Go ahead.

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

CHAIR NICHOLS: Modest and retiring as always,
yes.

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

CHAIR NICHOLS: Very good.
(Laughter.)

CHAIR NICHOLS: Mrs. Riordan.

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

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

And I think people would be very amazed and grateful for their positive vote a number of years ago. I can't even think when we voted for this, but there -- it's been awhile. So I think they need to remember that, yeah, they made a big step in cleaning their own air in their
CHAIR NICHOLS: All right. We have a motion and a second, so I think we can call for a vote.

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

(Unanimous aye vote.)

CHAIR NICHOLS: Any opposed?

Any abstentions?

All right. That's great.

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

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

(Off record: 11:39 AM)

(Thereupon a lunch break was taken.)
AFTERNOON SESSION

(On record: 1:09 PM)

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

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

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

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

Governor Brown and the legislature created the budget and administrative framework for spending the State's portion of cap-and-trade auction proceeds, or Greenhouse Gas Reduction Fund. Remember, that most of the proceeds actually go back to utility customers in the form
of a climate dividend for people who purchase electricity.

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

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

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

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

All of the agencies that are receiving greenhouse gas funding will utilize the funding guidelines that we're
being asked to consider today. 2014 legislation directed
the ARB to develop funding guidelines for any agencies
that receive funds and implement programs using the
greenhouse gas reduction funds. These guidelines focus on
accountability and transparency and tracking of the
expenditures of funds that are to be used to benefit
disadvantaged communities.

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

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

As these programs evolve, we are encouraging
agencies to seek opportunities for leveraging and
collaboration to multiply the benefits of these
substantial investments. And as we continue to work on a
investment plan for the future, and to look ahead to the
next stages of implementation of the Cap-and-Trade
Program, ARB certainly has a contribution to make to the
tinking as to how these things are going to work. But at
the moment, what we're talking about is only a set of
guidelines that relate to accountability for the funds
that have been distributed so far, as I understand it.
And so we just want to be careful that we're not -- that
we're focused on what it is we actually get to do here.

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

EXECUTIVE OFFICER COREY: Yes, Chair. And your
understanding actually is quite correct. Not a surprise.
Staff has worked closely with agencies and
stakeholders to develop the funding guidelines for
California climate investment programs. These guidelines
address program design, guiding principles, disadvantaged
community benefits, reporting requirements, and the
process for quantifying greenhouse gas reductions.

These full guidelines build and improve upon the
interim disadvantaged community guidance the Board
approved last year and incorporate many of the lessons
learned during the recent program implementation. The
public process for developing these funding guidelines has
been extensive, extensive.
Staff held nine public workshops in seven different cities throughout the State. With any Board amendments to the proposal and your approval of the resolution today, staff can finalize the guidelines, so that agencies can utilize them as they move forward with their programs for this fiscal year.

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

Monique.

(Thereupon an overhead presentation was presented as follows.)

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

Today, we're presenting those proposed funding guidelines for agencies that administer California climate investments.
These guidelines include requirements and recommendations for all administering agencies to support consistent, transparent, and accountable program implementation.

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AIR POLLUTION SPECIALIST DAVIS: Here are the topics we'll be covering in today's presentation. But first, what are California climate investments? We referred to this program previously as Cap-and-Trade Auction Proceeds or Greenhouse Gas Reduction Fund appropriations, but we wanted a name that was more accessible and more easily understood, California Climate Investments. It covers all projects that are funded by auction proceeds in the Greenhouse Gas Reduction Fund.

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

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

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AIR POLLUTION SPECIALIST DAVIS: Under energy efficient and clean energy, weatherization and solar
installations for low-income households and disadvantaged communities; and projects that improve water efficiency and energy efficiency in agricultural operations, as well as residential, commercial, and municipal applications.

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

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

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

Ultimately, as you mentioned, each administering
agency is responsible for designing and implementing its own program consistent with the statutory requirements and the funding guidelines. Each agency is also responsible for selecting projects and ensuring that those projects comply with their grant conditions and the reporting requirements.

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

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

While developing the guidelines, we used this website to provide information on workshops, draft documents, and a link where the public could
electronically submit comments.

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

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

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

We also published a supplemental text document in July in response to initial comments on transparency and maximizing benefits to disadvantaged communities. After obtaining additional public input, we incorporated that text in the version you have before you today, and we made other revisions to address the issue shown here on the slide. We'll go into a little more detail in how we addressed these comments when we describe the funding guidelines.
AIR POLLUTION SPECIALIST DAVIS: The statute requires ARB to develop the funding guidelines which have to include a component for maximizing benefits to disadvantaged communities, along with guidance on reporting and quantification methods. The proposed funding guidelines have been -- consist of these three volumes shown here and they've been structured in a modular fashion, so that we can make updates easier as needed.

AIR POLLUTION SPECIALIST DAVIS: We designed the funding guidelines to provide direction on the items shown here so agencies will meet statutory requirements and support the broader investment goals. Last year, the Board made it clear that the guidelines need to include robust accountability, quantification, and reporting. And we've incorporated these elements.

AIR POLLUTION SPECIALIST DAVIS: Volume 1, General Guidance, to provide direction as agencies design their programs and develop their own specific guidelines and project solicitation materials. This volume includes an appendix on expenditure records and fiscal procedures.
And it supersedes the interim guidance issued last year.

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

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

It's important to note that the actual quantification methodologies are separate documents that are posted on ARB's website, rather than being included in these funding guidelines. We did this so we could maintain the flexibility to add new methodologies as agencies add new project types, and to revise methodologies as needed to incorporate the latest science and improve consistency across programs.
Looking forward, ARB is preparing a workplan describing the process for developing and updating quantification methodologies in coordination with agencies, academic experts, and other stakeholders. The draft workplan will be available for public comment, so we can get input on how we approach this next round of quantification methodologies.

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

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

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AIR POLLUTION SPECIALIST DAVIES: We also want to highlight how Volume 1 addresses public transparency. We received a lot of comments that requested more access to information on who applied for funding and who was awarded
funding. And they wanted it in a consistent manner across the various agencies and programs.

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

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

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

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

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

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

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

We recommend that agencies prioritize or add extra scoring points for projects that specifically address a community's need. We've also clarified how an agency could determine whether a project addresses a community's need. They can use letters of support from community organizations. They can host outreach events where community members provide input. They can refer to
CalEnviroScreen to see which environmental or economic factors impact a community and determine if a project would improve those factors, or agencies can see if a project would address one or more of the common needs identified by community advocates and summarized in a table on page 2-14 of your guidelines.

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

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

In this year's budget, ARB received additional resources to enhance outreach and access. We will hire a staff member and a contractor that will be devoted to conducting outreach in disadvantaged communities and raise awareness, as well as providing general assistance.

The contractor will likely be a university or a nonprofit that will serve as a point of contact to connect communities with funding opportunities at agencies. The goal is to figure out what types of projects the community wants and then connect them with the appropriate agencies and programs.

The Governor's proposed budget also requests funding for community liaisons at key agencies to provide advice and information on project proposals. If this gets funded, we do not expect these community liaisons at agencies would fill out applications or perform calculations for potential applicants. But the Strategic Growth Council has received money to fund a pilot project where they will provide more hands-on assistance and help a subset of disadvantaged community applicants fill out applications for the affordable housing and Sustainable Communities Program.

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AIR POLLUTION SPECIALIST DAVIS: Volume 3. It
contains detailed program and project reporting
requirements tailored to each agency and each project
type.

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

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

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

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AIR POLLUTION SPECIALIST DAVIS: Upcoming
activities. If the Board approves the proposed funding
guidelines today, we plan to release the final version
next month. We are also continuing to work on the next three-year investment plan, which is due to the Legislature in January 2016, and we'll cover investments beginning in the next fiscal year 2016 to '17.

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

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

Thank you. And that concludes my presentation.

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

Yes.

BOARD MEMBER GIOIA: I just want to acknowledge that the staff really -- the taking extra time to do the outreach, I think, allowed an improvement in the guidelines. I want to acknowledge that, and I think a lot
of -- we'll hear that from folks. I had some suggested
discussion points on some of the disadvantaged community
guidelines, but I'll wait till after the speakers.

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

(Laughter.)

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

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

CHAIR NICHOLS: We need the microphone on there.

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

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

Thank you.

CHAIR NICHOLS: Great. Thank you.

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

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

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

MS. GARCIA: Oh, thank you.

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

Sorry. Thanks.

MS. GARCIA: No problem. So I'm the health advocacy program manager with Breathe California here in Sacramento. I've been coordinating our local outreach to advantaged communities and so my comments are heavily informed by those efforts. And my colleague will speak more to the technical aspect of our comments, but for my
time, I'd actually like to briefly speak on the map that
determines which communities are eligible for funding
under SB 535.

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

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

These residents have been organizing for years to
bring healthy investments into their communities, and GGRF
presents and amazing opportunity for them to realize that
vision by making changes to improve the quality of their air.

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

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

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

Thank you.

CHAIR NICHOLS: Thank you. Could I just a question? I know you're speaking only about the areas
that are covered by the map, but have you found similar issues in other parts of the State as well?

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

CHAIR NICHOLS: Okay. Thank you.

MS. GARCIA: You're welcome.

CHAIR NICHOLS: Taylor Thomas.

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

But with that being said, we've still got some work to do. I'm here today to support the policy recommendations in the advantaging communities policy brief by Liberty Hill. More specifically, I'm here to speak to the importance of maximizing co-benefits and addressing the priority needs of DACs. Since I was fortunate enough to be able to make the trip up here from
Los Angeles, I just wanted to share with you the struggle of a few residents in the community that I live and work in.

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

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

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

However, right next door to that facility is a vacant lot. And when I see that, I think how nice it would be if that were a pocket park. It would help
alleviate the drought, and it would also provide a benefit to the community and the residents of that facility.

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

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

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

CHAIR NICHOLS: Thank you.

Jan Victor Andasan.

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

Our organization, as my co-worker has articulated, works with residents in the areas impacted by the air pollution coming from ports, railyards, freeways, and many other industries. I want to share a personal
I grew up in West Long Beach right next to a railyard, the ICTF, surrounded by multiple freeways, the port, and oil refineries. Growing up as an immigrant from the Philippines, it seemed like something normal to me, but it wasn't. My brother every night required to be put on a nebulizer because of his asthma, as did many other children on our block. Growing up, it seemed like something normal for me, but it wasn't.

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

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

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

True community engagement is not having a pre-set
menu for residents to vision what is best for them, but
starting from the experiences and knowledge residents,
community-based organizations working on the ground can
bring to the table.

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

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

Thank for your time.

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

John Larrea.

MR. LARREA: Good afternoon, Madam Chair, Board.

Thank you. I represent the California League of Food
Processors. We've been involved in this for a while, and so I just have a few things to go over.

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

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

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

These facilities need the time and the certainty to be able to plan for the type of changes that they're doing. And the types of changes are extremely expensive and time-consuming. And for food processors in
particular, because of their seasonal operations, they need to know when they can get this done. And they need to get it done within just a few months in order to be up and running by the next time the harvest is there. So we really need to focus it, if you're going to move in this direction.

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

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

Finally, I'd like to -- you know, because we're down in the valley, and again, I've addressed this issue before, there's a lot of small towns and cities down
there, that may or may not have the resources to be able
to enter into this process and get these funds for their
communities. And I'd like to have you consider a
centralized control.

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

CHAIR NICHOLS: Thank you.

Bruce Ray. Good afternoon

MR. RAY: Chair Nichols, members of the Board.

Good afternoon. My name is Bruce Ray, and I'm with Johns
Manville. We're a Berkshire Hathaway company making,
among other products, various forms of building
insulation. We have one of our flagship North American
manufacturing locations in Willows in Glenn County, just
about an hour north of here. You can actually see it from
I-5 as you drive north.

When it comes to providing direct, meaningful, and assured benefits, not only to, but in disadvantaged communities, it's hard to beat residential weatherization. You not only get the energy savings there, but you get important co-benefits, such as reductions of other pollutants or pollutants other than greenhouse gases. Health and comfort improvements, as well as the creation of local jobs within the disadvantaged communities.

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

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

Now, there is, of course, some overlap between disadvantaged communities and low income. However, there are many, many homeowners and homes out there where the
family, strictly speaking, does not qualify for low
income. Nevertheless, they have very, very poor
performing homes from an energy standpoint and they cannot
afford the upgrades.

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

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

CHAIR NICHOLS: I don't think this is a question,
but I think it's a comment. And I might get a reaction
from staff if I'm off-base here. But I believe that the
guidelines that we are talking about here can't really
cover the issue that you're raising here. Although, I
think it's a valid and worthwhile issue, but we're dealing
with accounting for funds that have already been allocated
for existing programs, not redoing those programs. So I
hear you, and I think your point makes a lot of sense about the desirability of expanding the weatherization, for example, to a whole community, and not only to people who qualify as low income. If the whole neighborhood within a zone in particular that's been designated as disadvantaged, that would seem to be fairly obvious, but I don't know if we can change their guidelines or the program operation with this type of a guidance document.

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

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

MR. RAY: Thank you.


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

Mid-career, as an environmental regulator, in the early 2000s, I was inspecting a string of businesses on auto repair row. I was literally chased off a property
when I politely told them they couldn't hose down all the oil, solvent, and coolant puddles from their service bays into the storm drain.

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

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

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

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

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

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

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

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

Thank you.

CHAIR NICHOLS: Thank you.

Marybelle Nzegwu.

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

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

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

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

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

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

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

Thank you

CHAIR NICHOLS: Thank you.

George Torres.

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

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

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

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

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

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

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

As it stands now, the guidelines do not
incentivize community-based strategies. And so, for
example, T.R.U.S.T South L.A. applied for a grant from the
Affordable Housing and Sustainable Communities Program
this past year, but was not funded in part because of the
15 million jurisdictional cap. But this housing project
that I'm speaking about it was near transit, it included a
robust transportation component that focused on behavioral
changes with diverse program activities geared to support
community members to safely and conveniently get out of
their cars, walk, use buses, trains, and bikes.

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

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

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

So I ask that --
CHAIR NICHOLS: Your time has expired.

MR. TORRES: Thank you.

CHAIR NICHOLS: Okay. Thanks.

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

Yesenia Morales.

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

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

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

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

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

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

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

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

Disadvantaged communities like south L.A. are not only a hot spot for -- to reduce greenhouse gases, but are a lot -- but there are a lot of health, economic, safety, and displacement issues that are going on here. So I traveled from L.A. to ask you all that the funding
guidelines for the California Climate Change Investment maximize co-benefits by structuring the criteria to include the mandate multiple co-benefits and require the SB 535 investment to match the co-benefits to critical needs in the community.

Thank you.

CHAIR NICHOLS: Thank you. Thanks for coming.

Yvette Lopez-Ledesma.

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

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

We recommend that the guidelines also prioritize projects and programs that support and encourage grassroots community engagement. Our environmental justice organizations would not exist if we were not addressing the needs of the communities in which we are
located, our programs and our projects, such as, you know, pocket parts, bike lines, urban greening projects, the Pacoima Wash Vision Plan. Lots of our projects, they -- and site remediation, these are multi-benefit projects that would not be successful if the community did not have a role in these projects along the way.

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

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

Thank you.

CHAIR NICHOLS: Thank you.

Jennifer Solorziano.

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

I'm really looking forward to seeing the implementation of these guidelines, as long as they
prioritize programs that encourage and support community -- grassroots community engagement.

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

Thank you.

CHAIR NICHOLS: Thank you.

Leticia Corona.

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

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

As we mentioned -- previously mentioned in our comment letters as well as participating in the hearings that were held in Fresno earlier this year, we also wanted to emphasize that we did appreciate CARB's efforts to
provide outreach to disadvantaged community. However, one, if not the biggest barrier that we currently face with even applying to these funds as a region is not having adequate technical assistance on staff, specifically for small cities, and more than anything for our small rural, disadvantaged, unincorporated communities who continue to fight and struggle without having access to safe clean water, lack of access to green spaces, as well as other amenities.

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

Once again, I also want to highlight on what some of our colleagues have already said and partners...
emphasizing the importance of the outreaching community component making sure that we're working collectively with the residents and the agencies in identifying the project and the needs for GGRF projects. So making sure, once again, we're leveraging the voice collectively of the community in identifying the projects.

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

Thank you very much.

CHAIR NICHOLS: Perfect. Thank you.

Kaylon Mammond.

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

CHAIR NICHOLS: I'm sorry.

MS. HAMMOND: That's okay. My handwriting must not be very good.
(Laughter.)

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

(Laughter.)

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

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

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

There is a waste diversion project in a community in the San Joaquin Valley that has only increased the burdens on the community. It contains a food rescue component, but there's no mention of the other impacts
that it will have on the community. The community is concerned about air quality and odor concerns. They're concerned about increased traffic. They're concerned about it tearing up the roads with the increased traffic.

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

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

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

CHAIR NICHOLS: All right. Thank you.

Erika Rincon.

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

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

And because providing jobs and training opportunities to disadvantaged communities is one of
our -- you know, is a way to bring about some of the largest economic benefits to localities, to regions, to states -- to the State as a whole, this should also constitute its own separate scoring criteria of all projects.

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

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

For example, walking a half mile to a transit stop or a station isn't feasible if community residents face multiple barriers to reach those destinations. And then I also want to second comments made by Public Advocates, that language on anti-displacement should be
strengthened, and that all SB 535 investments should be addressing high-priority disadvantaged community needs.

Thank you so much.

CHAIR NICHOLS: Thanks.

Dominga Duran.

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

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

Thank you.

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

There's a lot of air pollution at the moment because of all the fires. A lot of children they remain at home because they cannot go to school. Sometimes they
get asthma. They get nose congestion. They are always sick.

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

Thank you.

CHAIR NICHOLS: Thank you for taking the time.

Francisco Mendez.

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

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

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

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

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

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

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

Thank you.

CHAIR NICHOLS: Thank you very much.

Next, we have Rick Bettis from Sierra Club.

MR. BETTIS: Thank you, Chair Nichols, and Board
members. Rick Bettis. I'm a volunteer with the local chapters of the League of Women Voters and the Sierra Club, somewhat disparate groups, but on this issue they agree. I also participate in the outreach program that Breathe California put together here in Sacramento, and it was quite an impressive result.

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

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

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

So thank you so much.

CHAIR NICHOLS: Thank you.

Matt Read from Breathe California.

(Thereupon the court reporter read Back the record.)

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

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

We agree that transparency is critical to the agencies. And technical assistance opportunities are
critical for the accessibility and accountability of climate investments. To ensure that these dollars are best spent, we want to applaud staff for their focus on applications that produce multiple co-benefits, particularly those that result in new green jobs in disadvantaged communities.

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

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

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

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

CHAIR NICHOLS: Thank you.

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

I want to thank the staff for really listening to the input of the public interest groups, and first, in allowing for extra time and many, many workshops around
the State. That really gave communities an opportunity to weigh-in on these guidelines as well as the investment plan.

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

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

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

And secondly, you've heard other testimony about displacement. We want to make sure that the people who are actually living in these communities now have an
opportunity to benefit from the investments, rather than
being unintentionally displaced by the investments that
are being made.

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

Thank you.

CHAIR NICHOLS: Thank you.

Bonnie Holmes-Gen.

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

And we know very clearly, as has been expressed
today, that disadvantaged communities do have higher rates
of asthma and lung disease. We are very concerned about
how we can help improve this situation, and the
opportunities through the cap-and-trade funds.

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

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

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

We wanted to mention -- I wanted to mention briefly on the sustainable communities and clean transportation funding that there certainly needs to be a stronger connection between projects under that program
and supporting implementation of the adopted regional Sustainable Communities Strategies. And we're looking at the revised guidelines that just came out. That's been an issue that we've wanted to see addressed and hope that will be addressed with your help also in this next round.

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

Thank you.

CHAIR NICHOLS: Thank you.

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

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

CCEEB appreciates all the work staff has put into this effort and just have some short comments. As things move forward, we'd like to see that some of these -- that the investments maximize technological feasibility and
cost effectiveness. This in turn maximizes environmental benefits, while ensuring fiscal responsibility with these funds.

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

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

CHAIR NICHOLS: Thank you.
And Channell Fletcher.

MS. FLETCHER: Good afternoon. My name is Channell Fletcher and I'm with the Senior -- I'm with Safe Routes to School National Partnership, and I'm the senior California policy manager. And so we work to advance safe walking and bicycling to and from school, and in daily life to foster healthy sustainable communities. We worked with a number of partners here to provide input, and we're
really pleased to see a number of our suggestions incorporated into this draft.

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

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

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

Thank you so much.

CHAIR NICHOLS: Thank you. I should have guessed that Channell would be pronounced Channell.
Apologies. Two N's threw me off.

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

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

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

BOARD MEMBER SERNA: Great. Thank you, Chair.

First, let me start by thanking staff as we do customarily around here to begin our commentary for all
the hard work that's brought us to this point. I also want to take a moment and thank everyone that took time to be here, in some instances, from other parts of our state to express your thoughts about this extremely important document.

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

I share -- quite frankly, I share some of the concerns that have been expressed today and in the past about some of the unique aspects when you begin to explore kind of the regional parameters that feed into the mapping tool. When you start looking at the six-county Sacramento region as was explained versus some parts of Southern California, you get a very different picture of what constitutes a disadvantaged community. And when you try to reconcile that, especially as a local elected official, knowing your region and your county and your district the way you do, it's very difficult for me to do that, to reconcile what I see on the map versus what I've known as
native Sacramentan, for instance, about various
neighborhoods that aren't depicted in red on
CalEnviroScreen.

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

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

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

(Laughter.)

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

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

BOARD MEMBER SERNA: Very good.

TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:
As we address this, I would like to just note
that the monthly meetings that we had with the SB 535
Coalition and a number of the community advocates from the
Central Valley and the southern area near San Diego and
the border region have been invaluable in terms of our
understanding and our development of the guidelines. And
I just appreciate the amount of time and effort and travel
that they've put into just being a partner in this
process.

I think, as you heard, a lot of what they said is
reflected. We did take a look when -- I'm sorry,
Supervisor Gioia shared with us the specific written
comments from the SB 535 Coalition. Basically, you've
don't a lot of what we asked, but there's two things we
wish you would go further. So we took a look at those
specific items. I had the opportunity to touch base with
Supervisor Serna and Gioia before this meeting, and
there's a couple of things that we think we could
strengthen. So what I'd like to do is just give you a
summary of those.

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

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

The places that the SB 535 Coalition asked us to
strengthen that we believe we can reflect are to ensure
that basically everywhere we're talking about benefits that are direct, meaningful, and assured, we follow that phrase by saying that those benefits need to -- I'm sorry, that the projects, either the applicant or the agency, need to identify how the project addresses community needs.

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

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

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

What we have done though is include provisions in
the guidelines that require that projects, all projects, not just those counted towards SB 535, be designed to avoid substantial burdens, such as displacement and increased exposure to air toxics or other health risks.

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

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

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

BOARD MEMBER SERNA: Can I -- can I suggest -- I appreciate the fact that you've given this as much though as you obviously have. And I agree with the approach
you've taken on both -- with regard to both suggestions --
general suggestions.

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

TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:
Yes. Right now, we generally talk -- the phrase
is displacement of disadvantaged community residents and
businesses. We would be happy to amend that to be
specific to low-income housing units.

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

CHAIR NICHOLS: Yes. Supervisor Gioia.

BOARD MEMBER GIOIA: Yeah. No, I appreciate the
clarification or the -- and the additions that staff has
proposed. I want to make clear, I think one of them which
is really key here, is, as Cynthia you pointed out, the
particular policy agencies must seek to avoid physical and
economic displacement of low-income households, which is
currently under a section that is a recommendation to
agencies would then be included in the section which makes it a requirement to agencies, correct? So that's a significant difference from a recommendation to a requirement.

TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:
Yes. And we would be happy to make that change.

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

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

TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:
Yes, absolutely.

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

Supervisor Roberts.

BOARD MEMBER ROBERTS: Yeah. Let me -- I'm not
sure where to start, but I think you might remember when
we last visited this, I had concerns about the screening
that was used. And I think there's been some adjustment,
but I think I would agree with my colleague still. There
seems to be some dysfunction between our own personal
knowledge and experience and what's coming out of these
that gives me some continued heartburn.

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

There are a lot of things, you know, I hear about
the community support. There's a lot of communities that
want things that might not make life better for anybody
that's disadvantaged by air quality. That's what concerns
me. And I don't see an accountability for that overall.
I guess I know we've got some language that suggests
there's -- there should be things that in the evaluative
process that prioritizes, but I don't see an effective
prioritization of what we're looking for. And the projects are going to be all over the map. And in the end result, I think we will have some winners and I think we'll probably have a lot of losers, in the sense that they won't have -- there won't be a nexus between air quality and greenhouse gases and breathability, and other things that I think are critical. I don't see those automatically emerging from this process.

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

So I'm going to -- I was concerned about this before. There's nothing we're -- we may measure, but there's nothing to -- there's no comparison or measurements that, to me, are getting at the heart of this whole issue. And it's not the way we, over time, have operated. But we didn't come up with this ourselves, I understand. Okay, I appreciate that.
Maybe this is a political solution and not a science solution. But I guess I would be disappointed if somebody's life wasn't made better in direct relation to the kinds of problems that this Board is supposed to be solving. We're not a housing commission. We're not a social services agency. We're an Air Board, and these funds are coming about as a result of that. And it seems to me there needs to be a very strong nexus that I don't see.

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

CHAIR NICHOLS: Other comments.

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

(Laughter.)

BOARD MEMBER SPERLING: Let me follow up on this theme Supervisor Roberts and many others have actually
brought up, and that is how do you evaluate a lot of
different projects that are very -- of a very different
nature.

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

STAFF COUNSEL DAVIS: California Climate
Investments.

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

AIR POLLUTION SPECIALIST DAVIS: California
Climate Investments.

BOARD MEMBER SPERLING: California Climate
Investments.

CHAIR NICHOLS: The logo.

(Laughter.)

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

(Laughter.)

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

(Laughter.)

BOARD MEMBER SPERLING: And, you know, what the
law says, what the -- you know, the program says is that
these are funds to reduce greenhouse gases. And there's
this kind of -- you know, one of the things I'm struggling
with, I just see this key objective as developing quantification methodologies. I guess those haven't been developed yet, is that -- you know, kind of just a minor digression there. Is that true?

TRANSPORTATION AND TOXICS ASSISTANT DIVISION

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

BOARD MEMBER SPERLING: Are some posted already?

TRANSPORTATION AND TOXICS ASSISTANT DIVISION

CHIEF ITO: Yes.

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

TRANSPORTATION AND TOXICS ASSISTANT DIVISION

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

BOARD MEMBER SPERLING: I'll look harder.

TRANSPORTATION AND TOXICS ASSISTANT DIVISION

CHIEF ITO: We could send you a link.

(Laughter.)

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

(Laughter.)

BOARD MEMBER SPERLING: But I think that's at the
heart of this. I mean, if you're going to -- if -- I mean, this is -- I mean, it is true the culture, the success of ARB, what we've learned over the many years is you do have to quantify things. You've got to have some kind of formal prioritization process, performance based, market based, you know, something, some method of doing it, and we don't have that here. That worries me.

And as the quantification methodologies are develop, certainly that's providing context -- or providing a tool. And those -- those are hard to do. So I understand there's -- I mean, I understand there's a political element to it, and there's also the analytical component challenge in both cases.

But it seems like we should really be moving towards using a cost effectiveness methodology. I mean, that's what this should be all about. And I understand there can be -- you know, you can have a category for co-benefits, and you can -- for disadvantaged communities, you can either give, you know, bonus points or put in a separate category, but there's a long history of using -- developing these kinds of, you know, methods and applying them.

So I would hope -- so I understand a lot of the challenges here, but I would hope that we're moving in that direction. And that is the intent, and I know we
have to convince the legislature eventually, but that
should be that is the culture, that is the success that
we've learned here, and I hope that we can, you know, be
determined in moving in that direction.

CHAIR NICHOLS: Okay. Mr. De La Torre.

BOARD MEMBER DE LA TORRE: Thank you. I also
wanted to thank staff for all the work. Obviously, this
was carried over an extra month, so I know there was a lot
of work in that time period. I want to thank all the
people who've come to speak today. I very much appreciate
the, you know, repeated message about impacted
communities.

And as I've said here before, I live in one of
those impacted communities. I live right after the 710
freeway. I live in one of those red zones that many of
you highlighted, probably the reddest of the red, not in
Communist way.

(Laughter.)

BOARD MEMBER DE LA TORRE: And so I'm very
sensitive to all of these things. And when I speak to
different EJ groups going back to when we started with the
535 Coalition, I want to make sure that the priorities
that are coming from the EJ communities are reflected in
what we do absolutely, because I see it in the communities
that I live and -- in the communities I live in and the
ones that I've served in in various capacities.

    The issue of co-benefits to me is the nexus here for these communities. Yes, you're reducing greenhouse gases, but you are cleaning up criteria pollutants in these communities, and that is the impact, the benefit to the people who live there. That is the benefit to my kids when they go outside to play in -- or run or whatever they're doing, because they're getting older now. They don't just go out to play.

    (Laughter.)

    BOARD MEMBER DE LA TORRE: But when they're outside, when I go running, that impacts me. And so on a separate item, recently, I was briefed on something by staff and they showed a map of some high polluting facilities. And lo and behold about three blocks from my house is one of these facilities that I drive by every day, that I know is bad because you can smell it, but it's there.

    And so there has to be mitigation. That facility isn't going anywhere. They're going to have to improve their performance. They're going to have to clean up their act, but it still is what it is. And so there has to be other mitigation, other things have to be cleaned up to get that balance. If that place is going to continue to be there, then we need other places to be cleaner, and
other vehicles to be cleaner and people to be able to
breathe better being in those communities.

And so, to me, that's the nexus. That is --
that's the crux of what we're trying to do here. And
that's why co-benefits is so incredibly important, and --
for those communities, for the nexus that we need to
justify what we're doing with these funds. And that is
where we have to be focused.

Some of these other things are important as well,
but we cannot lose sight of that. The other comment that I
wanted to make is related to other agencies. Everybody
assumes because we collect the money that we're the ones
who are spending it all. We're not. We get to do the
plan, and then there are 12 other agencies who have a hand
in this. And they're our equals. We can't make them do
anything.

And so some of the folks from the coalition gave
me a list of some concerns they had about some of these
other agencies. So in a couple of cases, I went and met
with the leaders of those organizations in a friendly way
to ask that they fix these issues that staff had looked
over and made sure were legitimate issues.

But that's all we can do. We can't make them do
anything. Even in some cases, I don't think the Governor
could make them do anything.
Again, I can push them in that direction, tell them that this is something that needs to be done, but we're the clearinghouse. We're the hub of the wheel, but there are these other 12 spokes that sometimes do what they do. And so we want this plan to be, as it says, investments to benefit disadvantaged communities, reporting requirements. I mean we've got these components, general guidance. It's general guidance. It's right there.

We can't make them do anything. We can't enforce what they are or are not doing. We are going to watch it. We want you to watch it. Again, if there are things that other agencies are not doing correctly or you feel aren't serving these purposes, let us know. We can follow-up on it. But again, at the end of the day, it's their responsibility.

The issue of technical assistance, also one -- an item that I've mentioned to some of these other agencies. And they have mixed feelings about that, because they don't have the capacity. This is all brand new. No one has ever done this. And so to -- on top of creating a program and putting money out there to do the things that the program says, to have technical assistance to the community about how to do that process and apply, that's just not something they've ever done.
So I'm not making excuses for them. It's just -- it's a reality. This is all brand new. One of the ideas that we talked about was possibly having some of these agencies do standardized applications or sample applications with some of the stuff already filled out of -- to assist, in a general way, you know, if you're doing a -- for example, I'm not pointing them out -- an urban forestry program. That just popped into my head. It wasn't -- I'm not saying anything bad about them.

But if there was an urban forestry program that they could have a sample kind of plug-in application with step-by-step guides on how to fill it out, and what they're looking for, because the numbers are going to justify -- as Supervisor Roberts just mentioned, the numbers are going to justify what they pick, right? One is going to be better than another based on the benefit that it provides.

So getting that in a standardized form that someone from a lower income community could fill out would be a great help. And so that's something that I think some of these agencies would be willing to do, because it's a one-time thing. They put it up on their website with the step-by-step guide, and then people would have to walk through it on their own.

I think some -- maybe that's something -- I don't
know about what we can do in that regard for 12 different agencies and multiple different programs. That's something we need to talk about going forward here. But again, it's a lot of work to have technical assistance across the board, 12 agencies, multiple programs, et cetera.

And then finally, I'll close with something I've alluded to. This is year one. Most of the money that was spent was spent in the 4th quarter of the last fiscal year, which was June, a couple months ago. We won't know the results of last year's spending for a little while yet, and we're already into this year's spending on the money we have, because there's budget stuff going on. But on the money that we have, we are moving ahead on that. But in the meantime these other places are looking at what they spent last year, making sure that the money goes out the door, that the stuff is being done the way it was supposed to be done. We probably won't have good results until early next year, I assume.

So this is all a moving target is what I'm saying. Here we are doing a plan and guidance going forward. At the same time, we're -- we don't know the results yet of what Supervisor Roberts and Professor Sperling have just brought up. So that's where we're going. That's our plan, but this is very, very early in
the process. And I think as long as we're doing -- as
long as we are focused on those co-benefits, we're going
to do right by the people of California and by all of you.

    Thank you.

CHAIR NICHOLS: Thank you. Any other comments at
this point?

    I think we need to sort of bring this to a -- to
actually the ability to take some action. I have one
question, Supervisor Serna, when you asked for the change
in language. You asked for some specificity about housing
or residences, but you -- it seemed as though you were
dropping low-income businesses from that section of the
guidance. And I don't think that's what you meant. So I
just wanted to raise that question.

BOARD MEMBER SERNA: No, I was -- I was referring
to what I had thought I had heard fairly clearly from the
Coalition. If I missed the businesses part of what they
were suggesting, that was an error on my part.

CHAIR NICHOLS: Is that clear enough for you?

TRANSPORTATION AND TOXICS DIVISION CHIEF MARVIN:

Yeah. What I would suggest right now we refer to
residents and businesses, and we simply insert low income
in front of that.

CHAIR NICHOLS: Okay. That's fine. That solves
that problem. Sorry. A small point, but I just wanted to
make sure, because we are sort of still -- this document is still a living document at this point.

Yes. Go ahead.

BOARD MEMBER SHERRIFFS: Thank you. I like very much the way you framed, gee, all these neutrals. How do you make them positives? I think why are they neutrals?

Well, I think we've enunciated a number of reasons why people would be supportive, but wondering, because there is a lot of uncertainty, and it is a moving target. And this is -- we've heard a lot of forceful voices today. But compared to many of the voices we hear, these are small voices. These are not statewide organizations. These are not big coalitions, and -- but this is big money. And it is a new experience for people to see how they can use this to help their communities use the health of their communities, improve the health of their communities.

The -- you know, I think the comments about what staff has tried to do to increase the transparency is critical. We've talked about the importance of trying to continuously get a better handle on quantification, being able to understand the results we've gotten, and improve on that.

So I guess my big question is the -- when do we come back to look at this again, because the water moves
very quickly under the bridge. And we will never -- it will be a moving target, because we're dealing with 12 agencies, the way -- different deadlines. But we do need to, nonetheless, really I think as quickly as we can, reassess what's happening to the flow of the river.

CHAIR NICHOLS: Staff, would you just comment on the reporting process on the 535? I mean -- sorry, on all of the GGRF funding? Cynthia, do you want to do that one or Richard?

EXECUTIVE OFFICER COREY: I'll touch on a few things and see if there are some other elements to fill, but I think they go at the heart of the question that was posed. And one is how do you track what -- in terms of where we move forward? Mr. De La Torre touched on this too. There's an annual legislative report that's required in terms of recipients of GGRF monies in March. That's an annual legislative report that will be transmitted. That's a publicly posted document.

But the point that Mr. De La Torre made is correct, that will still be early in the process, but that is the range of agencies. And he was also correct on the counting, you're talking 13 agencies and about 70 different project categories. It will speak to those that receive funding, the amount of funding, what the status is.
We're a lot --

CHAIR NICHOLS: So there will be an auditable trail. I mean, this is not just a hand waving here.

EXECUTIVE OFFICER COREY: There's not.

There's --

CHAIR NICHOLS: We're talking about we're expecting auditing, and we're preparing for it.

EXECUTIVE OFFICER COREY: The best thing we have going to me is -- and it's a point that several of the folks made, and it additional reporting, additional transparency. The March report, that's an annual report in addition to that. And it was the comment that several from the 535 Coalition made, and that is, and we firmly believe this, by laying out in the funding guidelines -- these funding guidelines additional steps. And just to be completely clear, the agencies, the 12 this time or 13 that received appropriations, the reporting in terms of the project selection criteria, including co-benefits and the scoring criteria, the process solicitation they go through, the recipients of the projects having that information posted, accessible, and documented, that's basically part of this process.

We're trying to add clarity to that, clarity and consistency for those agencies. And I don't want to simplify this. I mean, several of you got the point and
made it very clearly. You're talking about multiple agencies. We're trying to work very effectively with them. We have a ways to go, but one vehicle, are these guidelines trying to promote consistency and clarity and documentation?

CHAIR NICHOLS: Well, yeah, if I may, I'm going to say a couple things before I recognize Supervisor Roberts for the purpose of making a motion.

And that is that I think while there is much to be improved upon, both in the program and in the document, this is a really amazing piece of work for a State agency to have produced and be in a position to disseminate, if for no other reason than it's written in plain English. It's understandable.

(Laughter.)

CHAIR NICHOLS: There is very little in the way of jargon here. And I know how hard that is sometimes, especially when you're working across multiple programs, multiple statutes, different ways of looking at the world. People, not just the groups that are following it within California and are potential applicants or recipients of funding, but people around the world literally are going to be looking at this and at what we're doing, because we are unique in California. And we owe a great deal to -- in this respect, to the legislature for having created SB
535 in the first place, and the Governor signing it, for the fact that we're the only place that has looked at the revenue coming in from a Cap-and-Trade Program in a serious way as apart of solving the climate problem, in addition to other problems.

So I don't want to, you know, go too far in patting ourselves on the back, but this really is cutting edge work that we're doing here. And the fact that it has mobilized so much energy and such really thoughtful communications, and collaborations on the part of the groups that are here today and others who are not, is, I think, an important symbol and a sign of what we could do.

We could do it better without a doubt, but we can do a lot by, really for the first time, taking advantage of the ability of State-generated funds to work directly with communities. This is not something that has been done before. And so I just -- I want to reinforce the comments that many people have made here about what an important effort it is.

And so I'm glad that we're getting to this stage, but we do have a lot more -- a lot more work to do. And I -- without being, you know, too critical of our sister agencies, because we can be critical of ourselves as well, this isn't something that the State traditionally does well. You know, we sit in Sacramento and we work on
regulations. We do not go out into communities and work
directly with real people. And so this is all new, but
it's good.

BOARD MEMBER GIOIA: Well, a few of your Board
members here do that. I mean, that's our job.

CHAIR NICHOLS: Those of you -- no, those of you
who are local elected officials have experience in your
day jobs in sitting on applications for specific land-use
projects. But when we're talking about the regulatory
work of the agencies, I'm just -- I'm exaggerating, but
thank you for collection.

BOARD MEMBER GIOIA: Yes, we know. Yes.

(Laughter.)

CHAIR NICHOLS: Thank you for the correction.
And that's why you're here, by the way.

BOARD MEMBER GIOIA: See, it's us elected folks
that give cover to the unelected bureaucrats.

(Laughter.)

CHAIR NICHOLS: Those of us who are unelected
bureaucrats need the help of colleagues.

BOARD MEMBER GIOIA: But he should talk about the
six P's, right? So professor, physician, policy folks,
private sector, public, and politicians. Did I get them
all? Am I missing one? And philanthropy. We've got all
the Ps on this Board, and that's pretty good.
CHAIR NICHOLS:  Thank you.
(Laughter.)
CHAIR NICHOLS:  As I was saying, I think it's time -- we're at that point now, where we probably need to move along.
(Laughter.)
CHAIR NICHOLS:  And we've gotten some -- we've made some, I think, specific suggestions, which the staff has written down and agreed to.
And with those underway, I think we're prepared to move on the resolution.
So Supervisor Roberts.
BOARD MEMBER ROBERTS:  Thank you. As one of the elected bureaucrats --
(Laughter.)
BOARD MEMBER ROBERTS:  -- I'd -- first of all --
BOARD MEMBER GIOIA:  No, no. You're elected.
CHAIR NICHOLS:  He's an elected bureaucrat.
BOARD MEMBER ROBERTS:  I said elected bureaucrats.
BOARD MEMBER GIOIA:  But you're not a bureaucrat then. If you're elected, you're not a bureaucrat.
CHAIR NICHOLS:  Can you take this outside?
(Laughter.)
BOARD MEMBER ROBERTS:  You can tell it's late in
the day and we've been here far too long.

(Laughter.)

BOARD MEMBER ROBERTS: First of all, I want to acknowledge, my comments weren't in any way, shape, or form mean the staff hasn't done a great job here. You guys are struggling with something that's extremely difficult. And we've improved from the last time we visited this.

There is something here that gives me optimism. I think there's a nugget in here in one of these paragraphs that says that the Board directs the staff to continue developing quantification methodologies consistent with Health and Safety codes, and works with -- really to make the changes and has a continuing dialogue with the other agencies, and disadvantaged communities, and prospective project -- there's some things that are looking prospectively that anticipates that -- I think acknowledges that this is still a work-in-progress, that we're not there yet, but we have to -- we have to move -- like the water, somebody said, is under the bridge. Let's get moving.

I want to make a motion that we approve Resolution 15-37.

CHAIR NICHOLS: Thank you.

BOARD MEMBER SERNA: Second.
CHAIR NICHOLS: And there's a second from Supervisor Serna.

All right. Without objection then, let's move to a vote.

All in favor, please say aye?

(Unanimous aye vote.)

CHAIR NICHOLS: Opposed?

Hearing none?

Any abstentions?

No.

Okay. Then it is approved. Thank you all.

Thanks very much. Good work.

We are almost to the end, but we do have a requirement, which we honor to remain available for any general public comment that's not on any topic.

We have none today. Then I think we can adjourn.

So see you all tomorrow.

(Thereupon the Air Resources Board meeting adjourned at 3:19 PM)
CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of September, 2015.

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