

JOINT MEETING
STATE OF CALIFORNIA
CALIFORNIA AIR RESOURCES BOARD
CALIFORNIA TRANSPORTATION COMMISSION
AND
CALIFORNIA DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

ZOOM PLATFORM

SHERATON GRAND SACRAMENTO
MAGNOLIA BALLROOM
1230 J STREET
SACRAMENTO, CALIFORNIA

THURSDAY, APRIL 6, 2022

10:03 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
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APPEARANCES

CARB BOARD MEMBERS:

Liane Randolph, Chair

Hector De La Torre

John Eisenhut

Eric Guerra

Davina Hurt

Gideon Kracov

Tania Pacheco-Werner, PhD

V. Manuel Perez

Bill Quirk, PhD

Susan Shaheen, PhD

Diane Takvorian

CTC COMMISSIONERS:

Lee Ann Eager, Chair

Carl Guardino, Vice Chair

Jay Bradshaw

Clarisa Reyes Falcon

Darnell Grisby

Adonia Lugo, PhD

Joseph K. Lyou, PhD

Michelle Martinez

Hilary Norton

Assemblymember Laura Friedman

APPEARANCES CONTINUED

CALIFORNIA STATE TRANSPORTATION AGENCY:

Toks Omishakin, Secretary

CARB STAFF:

Edie Chang, Deputy Executive Officer, Planning, Freight and Toxics

Chanell Fletcher, Deputy Executive Officer, Environmental Justice

Annette Hebert, Deputy Executive Officer, Southern California Headquarters & Mobile Source Compliance

Ellen Peter, Chief Counsel

Analisa Bevan, Assistant Division Chief, Mobile Source Control Division

Jennifer Gress, Division Chief, Sustainable Transportation and Communities Division

Josh Rosa, Staff Air Pollution Specialist, Climate Investments Benefits Section, Sustainable Transportation and Communities Division

CTC STAFF:

Tanisha Taylor, Interim Executive Director

Doug Remedios, Clerk of the Commission

Hannah Walter, Associate Deputy Director

APPEARANCES CONTINUED

CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
STAFF:

Gustavo Velasquez, Director

Megan Kirkeby, Deputy Director

Marisa Prasse, Senior Housing Specialist

ALSO PRESENT:

Will Barrett, American Lung Association

Dustin Foster, Sacramento Area Council of Governments

Danielle Kochman, San Diego Association of Governments

Kevin Hamilton, Central California Asthma Collaborative

Scott Littlehale, Northern California Carpenters Regional
Council

Kacey Lizon, Sacramento Area Council of Governments

Matt Maloney, Metropolitan Planning Commission

Michael Manville, PhD, University of California, Los
Angeles

Annie Nam, Southern California Association of Governments

Nailah Pope-Hardin, ClimatePlan

Anup Tapase, Metropolitan Transportation Commission

Ruhana Terada, Northern California Carpenters Regional
Council

Maura Twomey, Association of Monterey Bay Area Governments

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PROCEEDINGS

1
2 CTC CHAIR EAGER: Good morning, everyone.
3 Welcome to the April 6th joint CTC-CARB-HCD meeting.
4 Before we get started, I will ask Douglas to call roll.

5 CTC CLERK REMEDIOS: Thank you, Madam Chair.
6 Commissioner Bradshaw?

7 CTC COMMISSIONER BRADSHAW: Here.

8 CTC CLERK REMEDIOS: Commissioner Cruz?
9 Commissioner Falcon?

10 CTC COMMISSIONER REYES FALCON: Here.

11 CTC CLERK REMEDIOS: Commissioner Grisby.

12 CTC COMMISSIONER GRISBY: Present.

13 CTC CLERK REMEDIOS: Vice Chair Guardino?

14 CTC VICE CHAIR GUARDINO: Present.

15 CTC CLERK REMEDIOS: Commissioner Lugo?

16 CTC COMMISSIONER LUGO: Here.

17 CTC CLERK REMEDIOS: Commissioner Lyou?

18 CTC COMMISSIONER LYOU: Here.

19 CTC CLERK REMEDIOS: Commissioner Martinez?

20 CTC COMMISSIONER MARTINEZ: Present.

21 CTC CLERK REMEDIOS: Commissioner Norton?

22 CTC COMMISSIONER NORTON: I'm here. Where's my
23 seat?

24 (Laughter).

25 CTC CLERK REMEDIOS: All the way down at the end.

1 Commissioner Tavaglione?

2 CTC CLERK REMEDIOS: Chair Eager?

3 CTC CHAIR EAGER: Here.

4 CTC CLERK REMEDIOS: Senator Newman?

5 Assemblymember Friedman?

6 Madam Chair, we have a quorum.

7 CTC CHAIR EAGER: Thank you, Douglas. And will
8 you read the instructions for webinar, please?

9 CTC CLERK REMEDIOS: CARB needs to call roll.

10 CTC CHAIR EAGER: Oh, I'm sorry. CARB needs to
11 call roll. I got ahead of myself.

12 CARB BOARD CLERK GARCIA: Thank you.

13 Dr. Balmes?

14 Mr. De La Torre?

15 CARB BOARD MEMBER DE LA TORRE: Here.

16 CARB BOARD CLERK GARCIA: Mr. Eisenhut?

17 CARB BOARD MEMBER EISENHUT: Here.

18 CARB BOARD CLERK GARCIA: Senator Florez?

19 Assemblymember Garcia?

20 Mr. Guerra?

21 CARB BOARD MEMBER GUERRA: Here.

22 CARB BOARD CLERK GARCIA: Ms. Hurt?

23 CARB BOARD MEMBER HURT: Present.

24 CARB BOARD CLERK GARCIA: Mr. Kracov?

25 CARB BOARD MEMBER KRACOV: Here.

1 CARB BOARD CLERK GARCIA: Dr. Pacheco-Werner?

2 CARB BOARD MEMBER PACHECO-WERNER: Here.

3 CARB BOARD CLERK GARCIA: Mr. Perez?

4 Dr. Quirk?

5 CARB BOARD MEMBER QUIRK: Here.

6 CARB BOARD CLERK GARCIA: Dr. Quirk?

7 CARB BOARD MEMBER QUIRK: Here.

8 CARB BOARD CLERK GARCIA: Thank you.

9 Senator Stern?

10 Dr. Shaheen?

11 BOARD MEMBER SHAHEEN: Here.

12 CARB BOARD CLERK GARCIA: Ms. Takvorian?

13 Supervisor Vargas?

14 Chair Randolph?

15 CARB CHAIR RANDOLPH: Here.

16 CARB BOARD CLERK GARCIA: Madam Chair, we have a
17 quorum.

18 CARB CHAIR RANDOLPH: Thank you.

19 CTC CHAIR EAGER: Now, we'll have Douglas give us
20 instructions.

21 CTC CLERK REMEDIOS: Thank you, Madam Chair.

22 Welcome to the joint Transportation Commission, Air
23 Resources Board, and Department of Housing and Community
24 Development meeting. The purpose of these meetings is to
25 coordinate the implementation of policies that can jointly

1 affect transportation, housing, and air quality. The
2 meeting agenda is located on each of our websites. All
3 the presentations for today's meeting are also available
4 on the joint meetings page of the CTC website. Live
5 closed captioning is available on this meeting. Please
6 select the "Show Captions" tab at the bottom of your
7 screen. There are a number of language options available
8 there to choose from. Please use the Q&A tab if you have
9 questions about this. Any document on the CTC website can
10 be translated into any language you might need. Simply
11 email us at ctc@catc.ca.gov and we will have them return
12 to you as quickly as possible.

13 For our presenters, if you're on the agenda to
14 make a presentation, please do your best to be succinct.
15 Please remember to speak at a steady pace to allow the
16 captioning service adequate time for accurate translation.
17 If you're presenting remotely, we hope that you will turn
18 on your camera during your presentation, if you have one.

19 For the members of the public, we welcome
20 comments from the public as part of each item at this
21 meeting. For those attending in person, please submit a
22 speaker's slip to the clerk - that's me up front here --
23 to let us know that you want to make a comment on an item.

24 For those attending via zoom, you should see the
25 webinar control panel likely located at the bottom of your

1 screen. There you'll find the raise hand and the Q&A
2 tabs. We encourage you to use the raised hand feature as
3 soon as we reach each item to give the time -- the system
4 time to acknowledge you. Staff will let you know when
5 it's your turn to make a comment. Alternately, you may
6 use the Q&A tab to submit your comment. Staff will read
7 the comment on your behalf.

8 As a reminder, each registered attendee is
9 provided a unique link and access to the webinar. These
10 should not be shared with other participants as this can
11 create confusion for staff when making comments. Please
12 remember to speak at a steady pace to allow the captioning
13 service adequate time for accurate captioning. Please do
14 your best to be concise. Please make sure your comments
15 add new information. If you agree with a comment of a
16 previous speaker, simply make that statement.

17 We ask that you make your point in three minutes
18 or less. If, for some reason, we have many speakers on
19 any single topic, we reserve the right to limit comments
20 to one minute as needed.

21 Thank you for joining us today.

22 CTC CHAIR EAGER: Thank you, Douglas. And thank
23 you and the staff for putting this together for us. I
24 know this is never easy getting all the cats going in the
25 same direction, so we appreciate all the work that you do.

1 I also want to take this moment to welcome the CTC's
2 newest commissioner. That's Joe Cruz. And in case any of
3 you haven't noticed, if you want to be a commissioner,
4 your name has to be Joe now, any new people coming on.

5 (Laughter).

6 CTC CHAIR EAGER: We now have three Joes.

7 CTC COMMISSIONER LYOU: We have a caucus now.

8 (Laughter).

9 CTC CHAIR EAGER: And I don't think Commissioner
10 Tavaglione is on, our first Joe. And I just wanted to let
11 everyone know that Commissioner Tavaglione will be 100
12 this year. I think it's in July.

13 CTC VICE CHAIR GUARDINO: July 14th.

14 CTC CHAIR EAGER: July 14th.

15 CTC VICE CHAIR GUARDINO: Bastille Day.

16 CTC CHAIR EAGER: He turns 100. And the last
17 time I talked to him he said he was looking forward to
18 being reappointed for four more years, so we're all in.

19 I also want to congratulate the newest CARB Board
20 members for their appointments, Dr. Susan Shaheen,
21 Assemblymember Dr. Bill Quirk, Supervisor V. Manuel Perez.
22 Vice Mayor Eric Guerra, ex officio member Senator Henry
23 Stern, and Assemblymember Eduardo Garcia. So welcome,
24 welcome, welcome.

25 At this time, I also want to say a special --

1 unless you want to add anything there.

2 Did I get them all?

3 CARB CHAIR RANDOLPH: Yep.

4 CTC CHAIR EAGER: Oh, good. Good, good, good.

5 I also want to take a moment just to recognize
6 this special person to my left. This is Tanisha Taylor.
7 She is the CTC's new Interim Executive Director. We are
8 very excited to have that Tanisha join us. I know she has
9 been with us for many years now, but she's new to this
10 role. And she will continue the commitment that we all
11 have to ensure that we're looking forward to the future of
12 California's transportation, including all of our climate
13 objectives, our partnership engagements, and moving this
14 Commission and this group forward. So, I would really
15 like to thank you Tanisha for stepping into this role, and
16 we're looking forward to working with you in the future.

17 So if you'll all join me.

18 (Applause).

19 CTC CHAIR EAGER: And she just got back from
20 taking her sone to Disneyland, so she raced in here.

21 (Laughter).

22 CTC CHAIR EAGER: So we appreciate you racing in
23 here.

24 So I'll start with just talking about a few
25 things that the CTC has been doing since our last meeting.

1 We all -- many of us were at a meeting day before
2 yesterday that Secretary Omishakin put together to really
3 look at zero-emission vehicles, what we're all doing in
4 our separate entities, coming together saying what is it
5 that we need to do moving forward. So I want to say a
6 special thank you to Hannah. I know, you know, this is --
7 this is your lane. These ZEVs are your lane and taking
8 the lead from a CTC standpoint and moving us forward. And
9 I know for me at the end of that meeting, I felt much
10 better having so many partners looking at many of those
11 same issues of infrastructure, and climate, and where we
12 go from here. So we will continue fighting the good fight
13 there. Thank you.

14 And on the topic of transportation funding, as we
15 move forward, how do we fund all of those wonderful ideas
16 that we have. Our SB 1 program staff have been working
17 hard evaluating all the applications for the Trade
18 Corridor Enhancement Program, the competitive portion of
19 the Local Partnership Program, Solutions for Congested
20 Corridor Program with funding ask greater than two times
21 what we have available. We received 109 applications
22 requesting a total of \$3.9 billion. I know it's all
23 relative, but gosh I have to tell you, and I don't know if
24 you all feel the same way, every time we get those
25 requests and it goes billions, to billions, to billions,

1 who would have ever thought that actually in the state of
2 California, we do have the ability to be able to fund many
3 of those things, and with the help of the federal
4 government. So we always have to thank them too for
5 looking at California and helping us move those things
6 forward.

7 Right now, we have 1.7 billion in funding
8 available. The program cycle included notable evaluation
9 criteria, zero-emission charging for hydrogen refueling
10 infrastructure. And I know that was something that we
11 talked about day before yesterday is we have to look at
12 all those alternative fuels and what does that look like
13 and what was that infrastructure going to look like. How
14 do we -- how do we move that forward.

15 And we looked at our TCEP program. We're looking
16 at what we need to do with that going forward. Prohousing
17 criteria was evaluated in the LPP and SCCP programs. And
18 all SB 1 guidelines have been enhanced with equity
19 statement that calls on more robust engagement. So I know
20 with all of us, that's always number one. We put equity
21 first and then what do we do to move things forward under
22 that lens. And while still early in the evaluation
23 process, staff is encouraged by many of the applications
24 responsive to all those criteria. So release of the staff
25 recommendations is planned June 8th. So get ready for

1 that announcement.

2 Also, at our March Commission meeting, staff
3 presented the draft 2023 Local Transportation Climate
4 Adaptation Program guidelines. Projects funded through
5 this program will help transportation infrastructure adapt
6 to the changing climate totaling 400.5 million over a
7 five-year period. The program includes funding from the
8 federal Promoting Resilient Operations for Transformative,
9 Efficient, and Cost-Saving Transportation, or PROTECT,
10 program, as well as a one-time appropriation of State
11 funding. Commission staff anticipates presenting a final
12 2023 local Transportation Climate Adaptation Program
13 guidelines -- I -- we told them not to put the -- to say
14 the whole word, so that everybody knows exactly what it is
15 that we're talking about. And it should come out in May
16 2023 meeting for adoption.

17 On the top of -- topic of equity, which we did
18 talk about day before yesterday also, the Commission
19 continues to move forward in its goals to fulfill the
20 commitments made and in our Racial Equity Statement
21 adopted in 2021. On March 21st, when we were down in Los
22 Angeles, the Commission, CalSTA, and Caltrans hosted the
23 first ever executive meeting of the Interagency Equity
24 Advisory Committee. The meeting is a major milestone for
25 the Commission, Caltrans, and CalSTA and all of our

1 partners really in our efforts to improve equitable
2 outcomes in transportation. We're proud of the work that
3 went into convening this first meeting of the EAC and look
4 forward to the Committee's contribution to the future of
5 Californian's transportation system.

6 The Commission, in partnership with Caltrans, is
7 updating the California Transportation Plan guidelines and
8 The Regional Transportation Plan guidelines. Our kick-off
9 meeting was held prior to our last joint meeting and we've
10 made steady progress since then. The public draft of the
11 California Transportation Plan guidelines has been made
12 available for feedback and is in first draft discussions
13 of the Regional Transportation Plan guidelines and is
14 anticipated also in May.

15 We certainly appreciate CARB and HCD staff's
16 partnership in that process. It certainly takes all of us
17 to get these things done. Our team anticipates presenting
18 the final 2023 CTP guidelines to the Commission for
19 adoption in June of this year and the 2023 RTP guidelines
20 for adoption in late 2023.

21 Finally, we're looking forward to the discussion
22 today on the Regional Housing Needs Allocation and roadway
23 pricing, which was a requested topic from commissioners
24 and Board members during our previous joint meeting.
25 While our State workers -- excuse me. While our State

1 works towards mainstreaming zero-emission vehicles to help
2 meet climate goals achieving a sustainable future will
3 mean funding -- finding a long-term funding source for
4 transportation infrastructure not tied to gas tax
5 revenues.

6 Reducing vehicle miles traveled through land use
7 policies as well as regional roadway pricing strategies
8 will also be critical to achieving our state's climate
9 goal. We're certainly looking forward to the topics
10 today. And we know they'll be rich in information and of
11 great revel -- relevance to all of the work that we're
12 doing and will work -- help us work towards achieving the
13 State's goals in transportation, housing, climate, health,
14 and equity.

15 So, thank you to all of you who have joined us
16 today. We were looking over all the information that's
17 coming to us and I know many of my fellow commissioners
18 are excited about moving forward with road pricing and
19 we're excited to hear what everyone has to offer today.

20 So with that, I will turn it over to the other
21 Liane.

22 (Laughter).

23 CTC CHAIR EAGER: We had said never in my life, I
24 don't think, have I ever been in the room with another
25 Liane/Lee Ann up here. So, Chair Randolph, I'll turn it

1 over to you.

2 CARB CHAIR RANDOLPH: It's true and then we can
3 have a debate about the proper spelling.

4 (Laughter).

5 CARB CHAIR RANDOLPH: So thank you so much Chair
6 Eager and the Commission for hosting us at today's meeting
7 for all the staff who pulled this together. I know it's
8 not easy. And super excited to welcome our new Board
9 members and commissioner to their first joint meeting.
10 So, looking forward to the day.

11 As I think all of you know, CARB released its
12 2022 Scoping Plan update last December. It will set the
13 course for achieving carbon neutrality by 2045 as directed
14 by the Legislature and Governor in the landmark climate
15 package that was passed last year. And we know that the
16 transportation sector is the largest contributor in the --
17 of all of the sectors to our greenhouse gas emissions here
18 in California. So moving away from the extraction,
19 refining, and use of fossil fuels is going to be a
20 critical goal for the State of California. And we can
21 reduce the use of fossil fuels through zero-emission
22 vehicles, but we are also -- as Chair Eager mentioned, we
23 also need to think about how we are reducing driving in
24 the state of California, how we can build more sustainable
25 communities.

1 As CARB found in our draft SB 150 report, regions
2 in California continue to fall short in reducing GHG
3 emissions. And that's partly due to the lack of
4 affordable housing options near jobs and transit.
5 California's built environment continues to force
6 residents to drive long distances to their jobs and their
7 destinations. And so a key way of addressing this is to
8 accelerate infill housing development. Promoting infill
9 housing development in an affordable way is critical to
10 reducing transportation cost burdens and improving equity
11 in our communities.

12 So we're super excited to have today's discussion
13 about HCD's work to improve California's Regional Housing
14 Needs Allocation process. In addition to addressing
15 California's housing shortage, continued collaboration on
16 the RHNA progress is also necessary to achieve our climate
17 goals. And we're also very excited to hear today's
18 presentations on the Road Charge Program and regional
19 transportation pricing strategies. Accurately and
20 equitably pricing use of California's roads and highways,
21 and tapping new sources of revenue for multi-modal options
22 is critical to meeting these climate goals.

23 Unfortunately, our existing transportation
24 systems are mispriced, leading to excess travel demand,
25 traffic congestion, and air pollution. And these burdens

1 disproportionately impact lower income families and
2 communities of color. So for these reasons, the Scoping
3 Plan, the draft SB 150 report, and the Strategic Growth
4 Council's AB 285 report all call for pricing strategies
5 that better reflect the cost and benefits that each mode
6 of travel creates for California. As we hear from
7 regional agencies today about their pricing strategies, I
8 hope we can collectively identify overarching issues where
9 the State can play a role in making these strategies
10 successful.

11 I want to recognize that none of these ambitions
12 can be realized without our three agencies' continued
13 commitment to staff level, action-oriented collaboration.
14 I'm pleased to see that today's joint meeting continues
15 our new routine of identifying specific actions that can
16 be taken in response to joint meeting discussions and then
17 reporting those actions back out at the next joint
18 meeting.

19 And I want to acknowledge and thank my
20 counterparts at CTC and HCD for your respective agencies'
21 efforts to make this collaboration truly meaningful. By
22 turning discussions like today into thoughtful,
23 results-driven action, we can break new ground to advance
24 our climate, transportation, and housing goals together.

25 So with that, I'll pass it back to you, Chair

1 Eager.

2 CTC CHAIR EAGER: Thank you so much.

3 So next, we will have the Director of HCD,
4 Gustavo Velasquez. You can join us in your opening
5 remarks.

6 HCD DIRECTOR VELASQUEZ: Thank you. I'm very
7 excited to be here for the first time in person. Thank
8 you to the Commission and the Board. I feel so honored
9 that I'm sitting in the middle of both Chairwomen of such
10 an important, consequential Board and Commission for the
11 present and the future of the State.

12 CTC CHAIR EAGER: You don't mind if we call you
13 Lee Ann/Liane, do you?

14 (Laughter).

15 HCD DIRECTOR VELASQUEZ: I do.

16 (Laughter).

17 HCD DIRECTOR VELASQUEZ: But I want to thank the
18 staff also of the Commission, and the Board, and the team
19 here of HCD that is with me. I also see Secretary
20 Omishakin online. I heard that he wasn't feeling great.
21 I hope, Secretary, you feel better. We need you really
22 active and healthy up and down the state. And all of our
23 guests, welcome.

24 I just want to say we are, you know, joining
25 again in partnership with CARB and CTC on a number of

1 issues. I think our partnership has been working really,
2 really well. Today, HCD will provide a presentation on
3 what we're calling, "California's Housing Future 2040:
4 The next Regional Housing Needs Allocation", or RHNA. We
5 will be using that term time and time again. You probably
6 have seen that acronym many, many times. Sometimes you
7 see as a controversial. We're here to debunk some of the
8 myths. We want to everybody to feel very excited about
9 the acronym RHNA.

10 For those who are new, I know we have some new
11 members of CARB, RHNA is one of the critical functions
12 that HCD performs every four years. We work closely with
13 demographers and economic analysts from the Department of
14 Finance and other State agencies, and more importantly
15 with regional councils -- all regional councils of
16 government. RHNA is essentially the first few planning
17 steps that California governments must utilize to
18 determine and allocate housing needs. And by law, we are
19 required to engage with a broad range of stakeholders to
20 determine what is working in terms of, you know, the
21 process the leads to determining that RHNA, the
22 allocation.

23 And we are grateful, because in previous
24 conversations, which Chairwoman Randolph, we've talked
25 about making these meetings more actionable. So what

1 we're doing today is as part of that stakeholder
2 engagement, we want to bring a presentation of RHNA today
3 and really ask for feedback from each of the members. We
4 will be -- obviously, this won't be the first opportunity,
5 but we want to present some questions for you that helps
6 us, you know, begin analyzing again what is working and
7 what is not of the RHNA -- on the RHNA process.

8 As I have said in the past and will continue to
9 lift up, California has a significant housing gap. How
10 significant is it? It is 2.5 million homes, of which more
11 than a million should be set aside for people with low and
12 moderate incomes. That's how large the gap is. And make
13 no mistake about it, this is evidenced time and time again
14 by rigorous, credible, independent research.

15 The reason why homelessness is so acute in the
16 state of California is first and foremost because of the
17 shortage of affordable housing. That is the number one
18 reason that crisis is so acute in our state. We are short
19 2.5 million new homes. That's the housing that the State
20 of California ought to create roughly between now and year
21 2030 to stabilize the housing market. And when I say
22 stabilize, what does that mean? To bring down the
23 exorbitant cost of housing that is affecting everybody,
24 really even, you know, affluent households, but especially
25 crushing working families that have to earn \$40 an hour to

1 afford the median asking rent price average in the state
2 of California, roughly over \$2,000 a month.

3 So the RHNA is so important, because it's tied --
4 it's really tied to that 2.5 million goal of homes that
5 have to be created. We are making tremendous progress.
6 We're making tremendous progress primarily for two
7 reasons. One, we have unprecedented historic commitment
8 through the budget of State Legislature and Governor
9 Newsom in investments in affordable housing. And also the
10 State Legislature has passed model legislation that it
11 streamlines accelerates the production of housing. And
12 with that comes accountability at the local level to make
13 sure that local governments are reducing their fair share
14 of housing. Every local jurisdictions need to produce a
15 fair share of homes, homes across the income spectrum.

16 And we are making progress. Last year, the State
17 of California permitted approximately 130,000 new homes.
18 We haven't seen that level of permitting of new homes,
19 permitting approval, so that people come and occupy those
20 homes. We haven't seen that in roughly seven or eight
21 years. So the investments are working. Just State
22 subsidy, just housing that is created through State
23 allocated dollars with help of the federal government has
24 created roughly in the Newsom Administration about 60,000
25 new units of housing and 20,000 more are in the pipeline.

1 So progress is being made. We have to continue
2 the momentum. This year, just HCD alone, will put out
3 about \$3 billion in funding for more housing, but we need
4 to stay focused on that momentum. Of course, the revenue
5 forecast doesn't look as great, so obviously things could
6 change on the funding side in years to come, so we have to
7 use the momentum right now and continue to accelerate,
8 streamline the production of housing.

9 Now, why is RHNA so important in this context?
10 And I will end with this. Well, if there is one takeaway
11 that I would like everybody to hear from me, from this
12 meeting, just one takeaway is this, RHNA is very helpful
13 for the air that we breathe in the State of California.
14 It's extremely helpful. When we determine this allocation
15 up and down the State of California, we do so nowadays --
16 we do so nowadays in a way that is going to drastically
17 reduce car use. And we know how important that is for ARB
18 in their efforts to reduce GHGs and advance our very
19 ambitious climate goals that are, you know, the most
20 ambitious probably that we have seen ever.

21 And so we have deliberately, intentionally, we
22 will continue to just look at RHNA as a way to continue to
23 advance our transportation and climate goals. I think we
24 are all aligned in that goal, in that effort. And we want
25 to make sure that we get the input that is necessary from

1 the Commission, from the Board to see how we can
2 recalibrate things, but just rest assured that our
3 commitment is that we continue to see RHNA as an
4 opportunity where we build that housing, where we produce
5 the housing opportunities. We're going to use the
6 framework yes, but where in a way that we reduce vehicle
7 miles traveled and we improve the quality of air in the
8 state of California.

9 So with that, I thank you for the opportunity to
10 let me be heard.

11 CTC CHAIR EAGER: Yes. Thank you so much,
12 Director Velasquez and thank you for reiterating what
13 Chair Randolph and I also talked about is that this truly
14 is a partnership and it takes not just the three of our
15 organizations, but many others, but also that there's
16 action items at the end that -- we're not meeting just to
17 meet. We're meeting because there are goals that we need
18 to meet and adhere to. And so we have a commitment as we
19 move forward to act on those action items. So thank you
20 so much.

21 At this time, I would like to acknowledge - there
22 he is - Secretary Omishakin. Thank you for joining us
23 today.

24 TRANSPORTATION AGENCY SECRETARY OMISHAKIN: Thank
25 you, Chair, eager. Hopefully you can hear me loud and

1 clear. I was looking forward to joining everybody there
2 this morning. Really looking forward to this meeting, but
3 I woke up super early, probably still from a lot of
4 travel, jet lag, and feeling extremely under the weather.
5 So I think it's probably best that I spare people from
6 anything that I may possibly have obtained, so that's why
7 I'm here remote.

8 So a very good morning everybody. Again, thank
9 you Chair Eager, Chair Randolph, and Director Velasquez
10 for your very impactful and focused work on the people of
11 the State and the environment. I also want to thank some
12 of the local and regional partners that are present this
13 morning, thank you as well for all of your work. And to
14 the CTC staff that's present that's been working on
15 setting up this meeting, thank you as well. Also to new
16 Board members and commissioners, congratulations as you
17 step into these very important roles for our state.

18 So the ongoing collaboration between our agencies
19 is vital on the work on behalf of the people of the state.
20 With our goals in clear alignment, it's the coordination
21 and consistency within our multi-agency partnerships that
22 will help us attain the solutions we need. One example of
23 where many agents of our agencies and departments working
24 together is the Transportation and Housing Coordination
25 Working Group. The important nexus of housing,

1 transportation, and climate sits at the foundation of this
2 work group.

3 Many of the difficult policy questions at the
4 intersection of our work -- of the work within these
5 agencies is led by CalSTA, the Business Consumer Services
6 and Housing Agency, my dear colleague Secretary Ramirez.
7 And it provides a formal structure for the coordination of
8 transportation and housing programs and policy. It's
9 directed by a steering committee, which I and many of the
10 agency department heads here sit on. Our reliance on such
11 a strong partnership is necessary in meeting the climate
12 goals for our state.

13 Partnerships, and shifting to today's agenda,
14 we're going to hear from many local and regional partners
15 on the great work that they're doing to help implement
16 roadway pricing strategies, but they're not the only ones
17 working on these issues. The Governor has challenged
18 CalSTA and Caltrans to reduce congestion through
19 innovative strategies that encourage Californians to not
20 depend on cars and other modes of transportation, and
21 increase other modes of transportation to reduce VMT and
22 GHG emissions.

23 Also, you will hear today in this meeting about
24 roadway pricing. It's not just a strategy to do that.
25 We're supporting the development, and expansion, and

1 implementation of roadway pricing to support this
2 approach. Although roadway pricing is one of the most
3 effective strategies for reducing VMT and GHG emissions,
4 it can also raise serious questions and concerns about
5 equity, which Chair Randolph and Chair Eager have both
6 touched on this morning. We're tackling those concerns
7 about equity head on at CalSTA and Caltrans through the
8 Roadway Pricing Working Group.

9 CAPTI established this working in 2021 to make
10 equitable roadway pricing a statewide reality. This
11 working group enables us to identify and provide
12 recommendations for equitable roadway pricing pathways.
13 It also supports our efforts to achieve equitable and
14 sustainable transportation and climate goals. Pricing
15 encourages people to choose more sustainable travel
16 options like carpooling and transit, and generates revenue
17 to invest directly in those options.

18 As you heard from Chair Randolph, I want to echo
19 the language in CARB's 2022 Scoping Plan. We will not
20 meet our statewide climate goals without equitable roadway
21 pricing. A related but independent or separate effort is
22 also underway that you will hear about today, it's called
23 Road Charge, or RC. Additionally, as you know, the State
24 has been investigating the use of RC as an alternate to
25 the gas tax for funding roadway pricing -- for funding

1 roadway maintenance, excuse me, and repair.

2 Just last Thursday, we officially launched a
3 pilot study that would explore GPS technology and its
4 accuracy as distinguishing between public and private
5 roads. This is a very important issue for tribal
6 communities as well as the agricultural community in our
7 state. The Road Charge Program that the team at Caltrans
8 has been working with other relevant State entities as
9 expressed in SB 339. The team has completed research to
10 understand the relevant burden of gas taxes and mileage
11 based RC across various social demographics and geographic
12 dimensions, with the goal of applying those learnings to
13 create a proposed RC system that elevates equity.

14 Our hope is that one day together pricing tools,
15 and roadway pricing, and road user charge will serve
16 different but complementary purposes to help fund and
17 provide efficient transportation to all, while helping us
18 achieve our climate goals.

19 I can't overstate, we can only succeed in
20 achieving these goals through partnership; State,
21 regional, local agencies working together, including with
22 our federal partners to build these projects, which is why
23 I'm excited to hear from all of our partners present in
24 this meeting today. Together, we can make this vision of
25 a more equitable, sustainable transportation system a

1 reality for all Californians.

2 Again, thank you, CTC, CARB, and HCD for your
3 hard work today and going forward. The work you do in
4 improving our transportation system is invaluable. It's
5 truly a privilege to push forward and push hard with all
6 of you and your tireless teams as we fight the health --
7 fight for the health of our environment and the people of
8 our state.

9 Thank you very much. Back to you, Chair Eager.

10 CTC CHAIR EAGER: Thank you so much, Secretary
11 Omishakin. And, you know, we wanted to say a special
12 thank you to you too for your continued leadership, and
13 collaboration, and equity in moving the state forward. I
14 am -- I'm sorry you're not here with us, but we certainly
15 wish you well and go rest, because we need you out in this
16 state ensuring that we -- we're able to move all of these
17 projects forward. So thank you so much for being here
18 this morning.

19 TRANSPORTATION AGENCY SECRETARY OMISHAKIN: Thank
20 you, Chair Eager. Appreciate it.

21 CTC CHAIR EAGER: So before we move on with our
22 next agenda, do we have any public comment on our opening
23 statements?

24 CTC STAFF: Chair Eager, so no indication of
25 public comment at this time.

1 CTC CHAIR EAGER: Thank you.

2 Then at this time, we'll move on to agenda item
3 number 2, our progress report and Interim Executive
4 Director Tanisha Taylor.

5 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Thank
6 you, Chair Eager.

7 First, I want to say thank you to the Commission
8 for bestowing your support in me. It's an honor to be up
9 here with all of you. Second, I just want to commend all
10 of the teams for the work that we've done to get here,
11 especially my own CTC team. I know you all have been
12 working very hard. I've been at Disneyland and I can show
13 up, because our team is awesome, so thank you for all of
14 that work.

15 CTC CHAIR EAGER: So now, you're in the second
16 happiest place on earth.

17 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: I am.
18 (Laughter).

19 CTC VICE CHAIR GUARDINO: But it's not a Mickey
20 Mouse operation like Disney.

21 (Laughter).

22 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: So this
23 is a recurring item that we have at each joint meeting to
24 highlight the work that happens in between the joint
25 meetings by staff from our three agencies.

1 Next slide, please.

2 --o0o--

3 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: First,
4 I'd like to provide some updates on items that we heard at
5 our last joint meeting, which was held in Riverside on
6 November 3rd, 2022. At that meeting, our commissioners,
7 Board members, and HCD leadership heard presentations on
8 the Climate Action Plan for Transportation Infrastructure,
9 or CAPTI, implementation report, the excess State land for
10 Affordable Housing Program, and the Senate Bill 671 Clean
11 Freight Corridors Assessment.

12 Next slide, please.

13 --o0o--

14 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR:

15 Following the last joint meeting, where we had a
16 really great discussion, CalSTA finalized the first annual
17 CAPTI Implementation Report. CalSTA will bring forward an
18 update on CAPTI implementation annually to the joint
19 meeting with the next updated -- the next update
20 anticipated in November of 2023.

21 Next slide, please.

22 --o0o--

23 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Since the
24 November 2022 meeting, HCD has made substantive progress
25 with its work on excess sites. In February 2023, HCD

1 procured a statewide parcel database and is focused on
2 identifying State-owned parcels to create a comprehensive
3 inventory of the State's land holdings and building out a
4 prototype of the GIS model used to evaluate sites. HCD
5 introduced the Excess Sites Screening and Prioritization
6 Tool to CARB in December 2022 and identified possible
7 opportunities for alignment with the data inputs used in
8 CARB's housing scenario planning project. HCD and CARB
9 plan to reconvene in May 2023 to review the draft site
10 screening methodology and gather inputs on the preliminary
11 screening results.

12 Next slide, please.

13 --o0o--

14 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Since the
15 November meeting, the Commission has made progress toward
16 completing the SB 671 Clean Freight Corridors Assessment.
17 Commission Staff, in collaboration with the consultant,
18 the SB 671 Work Group, and State agencies, including the
19 California Air Resources Board, Caltrans, the California
20 Public Utilities Commission, the California Energy
21 Commission, and the Governor's Office of Business and
22 Economic Development identified the top six freight
23 corridors in the state, developed three scenarios of zero
24 emission freight stations' needs, and created a map
25 showing the minimum viable network needed to support

1 zero-emission trucks along the top six corridors.

2 As you can see, partnership is the key term of
3 the day and you'll see partnership throughout between the
4 State and the regional agencies as we move forward on the
5 items we'll discuss today.

6 Next slide, please.

7 --o0o--

8 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Next, I'd
9 like to provide a few updates on topics that we discussed
10 at previous meeting and other relevant efforts that our
11 agencies are working on in coordination.

12 Next slide.

13 --o0o--

14 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Since the
15 November 3rd joint meeting, HCD has now awarded 21
16 additional jurisdictions with the Prohousing designation.
17 Isn't that amazing? Congratulations, HCD.

18 (Applause).

19 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: As you
20 remember from presentations in previous meetings, the
21 Prohousing designation program is a critical tool to
22 meeting mutual transportation and housing goals. It
23 rewards cities and counties that adopt Prohousing policies
24 with additional points or other preference in the scoring
25 of competitive housing, community development, and

1 local Transportation Climate Adaptation Program guidelines
2 include language related to prohousing. Under the
3 transportation, land use, and housing goals evaluation
4 criterion, applicants are asked to explain how the product
5 will advance local transportation, land use, and housing
6 goals, including demonstrating either housing element
7 compliance or application to the prohousing designation
8 program.

9 Next slide, please.

10 --o0o--

11 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: This
12 slide highlights two efforts that are led by the
13 Commission but benefit from significant support from our
14 partners at CARB and HCD. As in previous cycles, CARB and
15 HCD staff are assisting with the review of applications
16 for Cycle 3 of the SB 1 competitive programs, which
17 includes the Solutions for Congested Corridors Program,
18 Trade Corridor Enhancement Program, and the Local
19 Partnership Competitive Program.

20 Staff recommendations for program awards will be
21 released this summer June 8th, as Chair Eager has already
22 indicated. CARB and HCD staff also participate in
23 technical workgroups for the Regional Transportation
24 Plan guidelines update to ensure regional transportation
25 plans are aligned with state housing and the climate

1 goals. The guidelines update is underway and is expected
2 to conclude in December of this year. I would like to
3 thank the team for their support once again, because
4 without them, I'm not as good as I am up here, so thanks
5 to the team.

6 And that concludes my report. And I'll hand it
7 back to you, Chair Eager.

8 CTC CHAIR EAGER: Thank you, Director Taylor.

9 I understand we have public comment on this item.
10 Will Barrett.

11 WILL BARRETT: Will Barrett with the American
12 Lung Association here with you all today. And, wow,
13 that's loud.

14 All right. So first off, I just want to say, you
15 know, how important these meetings are for collaboration.
16 I think in the opening comments and in Tanisha your
17 comments just now, the coordination is really critical.
18 And from a public health perspective, all of your agencies
19 have a really important role to play. California, you
20 know, we have the worst air pollution in the nation.
21 We've got 98 percent of us living in a county with
22 unhealthy air. The transportation sector, as Chair
23 Randolph mentioned, is the number one source of harmful
24 air pollution in California, a major source of disparities
25 that are impacting lower income communities and

1 communities of color throughout the state. And we know
2 that a lot of this stems from project siting and
3 permitting, combustion of fuels in the transportation
4 sector, lack of access to healthy travel, and then the
5 misalignment of public funding with our clean air goals
6 and our climate goals and our standards that, you know,
7 are set in law.

8 So we know that the coordination is happening.
9 It's wonderful to hear that. And we know that the Climate
10 Change Scoping Plan, SB 150 report, the AB 285 report, the
11 CAPTI process all of that points to we need better
12 alignment of transportation funding. Transportation
13 policies with health and equity. So again, I just briefly
14 want to say that, you know, as you're looking at policies
15 and investments going forward, we know that the State has
16 now embraced VMT reduction targets. We have clear climate
17 reduction targets, federal health protective air quality
18 standards, all of which run through, essentially, your
19 agencies.

20 So, you know, small order, right? But as a
21 public health agency -- or organization, we know that, you
22 know, more and more your work is impacting our ability to
23 meet our clean air standards in a good way. The
24 coordination is there, the policies are there, the
25 transportation investments are shifting in the right

1 direction, but we know we can't continue to spend any
2 public funding on projects that move us in the wrong
3 direction. It just -- you know, we're shooting ourselves
4 in the foot.

5 So we encourage you to review all legacy projects
6 for alignment with CAPTI, with the Scoping Plan, and
7 really take a close look at all of this within your own
8 purviews. And then within the coordinated effort, we
9 really want to continue to support and be a resource to
10 all of you and the great staff you have, but at its core,
11 your agencies have very much a public health mission.
12 CARB certainly does, but all of your agencies have a
13 massive role to play in improving health and reducing
14 disparities in California.

15 So with that, I just wanted to say thank you for
16 the updates on the coordination. It's great to hear, as
17 an advocate for clean air, that our agencies are working
18 the same direction, and that it's an all-of-government
19 approach to all of this. So really appreciate it and
20 thank you for the time.

21 CTC CHAIR EAGER: Thank you, Mr. Barrett.

22 Do we have any other public comment?

23 CTC STAFF: I see no virtual attendees indicating
24 they wish to comment on this item. Thank you.

25 CTC CHAIR EAGER: Thank you.

1 Do we have any commissioners or directors?

2 Vice Chair Guardino.

3 CTC VICE CHAIR GUARDINO: Thank you, Chair Eager.

4 I just wanted to thank Mr. Barrett not only for the work
5 that he does in his own organization and for recently
6 meeting with me and sharing some great written
7 information, but for the work you do in collaboration with
8 other organizations throughout our state. Having
9 individual voices is so important, but also having those
10 collective voices helps us to do our work even that much
11 more effectively.

12 CTC CHAIR EAGER: Thank you, Vice Chair.

13 Any other comments from commissioners or
14 directors?

15 Thank you.

16 Then we will move on to Agenda Item number 3,
17 California's Housing Future 2040: The Next Regional
18 Housing Needs Allocation.

19 Marisa Prasse. Prasse. Prasse.

20 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE:

21 Thank you.

22 Hello, everyone. It's good to be back with you
23 all this morning. My name is Marisa Prasse and I'm a
24 Senior Housing Policy Specialist at HCD in our Housing
25 Policy Development Division.

1 (Thereupon a slide presentation).

2 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: I'm
3 here this morning to introduce you to our California's
4 Housing Future 2040 initiative, which focuses on
5 recommendations for improving Regional Housing Needs
6 Allocation process, or RHNA, for the 7th cycle and beyond.

7 We know that many of our stakeholders may still
8 very much be knee deep in the 6th cycle of RHNA or housing
9 elements, but it's already time to start discussing the
10 7th cycle of RHNA. The California's Housing Future 2040
11 initiative will look to gather input from a variety of
12 stakeholders on ways that HCD and the Legislature may
13 consider updating the RHNA process for the 7th cycle. The
14 name, California's Housing Future 2040, reflects that all
15 of the regions in California will finish their 7th cycles
16 by approximately the beginning of 2040, and that we are
17 now turning our eyes towards planning for the homes that
18 will meet California's needs by 2040.

19 In today's presentation, I will first give an
20 overview of our current stakeholder engagement plan for
21 the California's Housing Future 2040 Initiative and will
22 then give a high level overview of the RHNA process
23 focusing on how RHNA helps achieve our State climate
24 goals. After that overview, I'm hoping we can open it up
25 to a discussion on ways our agencies can better align

1 efforts around regional transportation and housing
2 planning to address our shared goals around climate
3 change, housing, and equity.

4 Next slide, please.

5 --o0o--

6 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: I
7 will now spend some time giving an overview of the
8 different ways HCD plans to gather stakeholder input as a
9 part of our initiative. At HCD, we know we have a variety
10 of different types of stakeholders that will be important
11 to engage with as a part of this process. So we've
12 designed a stakeholder engagement plan that provides a
13 number of different ways for HCD to hear from
14 stakeholders.

15 Next slide, please.

16 --o0o--

17 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: I
18 want to start off by describing how we got here today,
19 where this initiative came from, and HCD's charge under
20 this work. Since 1969, California has required that all
21 local jurisdictions adequately plan to meet the housing
22 needs of everyone in the community. This requirement
23 emerged from the national recognition during the civil
24 rights movement that racial segregation was endemic to,
25 and greatly enabled by, zoning in communities that served

1 discriminatory interests.

2 Since 2017, there have been a number of impactful
3 statutory changes, as well as process changes at HCD that
4 have greatly increased the effectiveness of the RHNA
5 process in the 6th cycle. And as a result, HCD believes
6 the 6th cycle of RHNA has been successful in laying the
7 groundwork to unlock a variety of housing opportunities
8 across California.

9 In particular, some of the impactful changes in
10 the 6th cycle included seeing some regions undertake
11 processes that engaged a much more diverse set of
12 stakeholders. at the State, we were able to implement
13 changes that helped to address existing, pent up housing
14 demand for the first time rather than only projected
15 housing needs.

16 In addition, statute was changed to explicitly
17 add Affirmatively Furthering Fair Housing, or AFFH, as a
18 statutory objective of RHNA, resulting in more equitable
19 RHNA allocations that are helping to unlock additional
20 housing opportunities and foster inclusive communities.

21 We also saw allocation methodologies that shifted
22 future housing planning to infill areas close to jobs and
23 amenities. And the last success that I'll highlight is
24 that in the 6th cycle, we saw increased transparency in
25 the allocation methodology, as for the first time HCD was

1 engagement strategies, but are geared towards bringing
2 together key stakeholders to brainstorm ideas for
3 solutions to known priority areas, to assess interest in
4 certain strategies, and to solicit advice from technical
5 experts regarding data or technical methodological
6 changes.

7 These stakeholder engagement strategies include
8 a kick-off webinar we held in March, which described the
9 different ways members of the public can provide input.
10 In March, we also released a public survey as the primary
11 mode of gathering feedback from a broad audience. The
12 survey will be open for about eight weeks and closes on
13 Friday May 5th. In addition, HCD is convening a sounding
14 board of approximately 30 technical experts and RHNA
15 stakeholders to discuss a few specific technical questions
16 related to the RHNA determination and allocation
17 methodology.

18 Our first strategy is with the help of CALCOG.
19 We will be scheduling meeting with our Council of
20 Government partners to hear their ideas and input as it
21 relates to some of the more process-oriented aspects of
22 RHNA.

23 Then our fifth stakeholder engagement strategy
24 will involve HCD scheduling one-on-one listening sessions
25 with many of our State agency partners.

1 And then lastly, for any of the types of
2 stakeholder feedback that don't fall into those five
3 strategies, we've created a dedicated email inbox where
4 members of the public can send us any questions or
5 comments. We encourage stakeholders to submit public
6 comments to the inbox by the end of May to influence the
7 early drafts of our recommendation report. However,
8 stakeholders are welcome to continue to submit public
9 comments to the inbox for HCD's consideration through the
10 early fall of this year before we submit the final report.

11 After the stakeholder engagement period, in June,
12 our RHNA team will shift into report drafting mode. We
13 will provide a summary of our stakeholder engagement
14 initiative to the Legislature by July 1st with the final
15 report -- with our recommendations for an improved RHNA
16 process and methodology due to the Legislature by the end
17 of the year.

18 Next slide, please.

19 --o0o--

20 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: So
21 that provides an overview of the California's Housing
22 Future 2040 Initiative and a timeline of the work that
23 will be our focus through the end of the year. Before
24 jumping into a discussion of the opportunities this
25 presents for our agencies to explore ways to better align

1 regional housing and transportation planning, I thought it
2 might be helpful to give an overview of what RHNA is and
3 how it helps to achieve the state's climate goals.

4 Next slide, please.

5 --o0o--

6 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: So
7 as mentioned, RHNA stands for Regional Housing Needs
8 Allocation and is a component of California's broader
9 housing element law. So broadly speaking, RHNA is a
10 process by which HCD quantifies the housing need for
11 regions across the state. Regions represented by a
12 council of government, or COG, are provided a housing need
13 determination. And the COG allocates to local governments
14 their share of the regional housing need.

15 Local governments not represented by a COG
16 receive their share of the regional housing need from HCD
17 directly. So we were refer to the housing need determined
18 for each region as the determination and the housing need
19 issued to local governments as the allocation. So I think
20 it's sometimes helpful to clarify what RHNA is and what
21 it's not.

22 So RHNA is a quantification of housing needs for
23 a region based on population growth and other factors.
24 RHNA is also a planning requirement implemented by
25 updating the housing element. RHNA is not a prediction of

1 building permit construction or housing activity. It's
2 not a ceiling of potential housing market demand or
3 production, and it's not limited to -- due to existing
4 land use capacity or growth, as rezoning is often
5 necessary to accommodate the RHNA.

6 Next slide, please.

7 --o0o--

8 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: So
9 next I'll walk us through that process in a bit more
10 detail. Identifying and addressing the statewide housing
11 need is a multi-layered process that occurs over many
12 years. First, HCD calculates the housing need
13 determination, the number of new housing units a region is
14 projected to need over a period of years, with each period
15 referred to as a cycle. In the determination phase, HCD
16 in consultation with the Department of Finance's
17 Demographic Research Unit and the COG develops the
18 regional housing need determination for the region using a
19 variety of data factors at least two years before the
20 housing element due date.

21 Next, in the blue, is the allocation or how the
22 COG, or HCD for regions without a COG, distributes a
23 portion of the determination to each jurisdiction. Once
24 jurisdictions received their allocation, each jurisdiction
25 updates their local housing plan, called a housing

1 stakeholder engagement process and recommendation report,
2 we will solely be focusing on these first two stages, the
3 determination and allocation of the housing planning
4 process. Topics related to the housing element will not
5 be within the scope of this stakeholder engagement work or
6 report.

7 As a side note, at HCD, we know there is a lot of
8 stakeholder interest in housing elements. While it is not
9 statutorily required, HCD is preliminarily interested in
10 conducting a similar stakeholder engagement initiative to
11 hear ideas on ways to improve housing elements in the 7th
12 cycle. But if this does occur, It wouldn't happen for
13 another one to two years.

14 Next slide, please.

15 --o0o--

16 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: So
17 once the determination is issued, the COG must develop a
18 methodology to distribute the regional housing need. The
19 distribution must further the five statutory objectives
20 that are at the heart of RHNA. These five statutory
21 objectives are:

22 First increase housing supply and mix of housing
23 types, tenure, and affordability in an equitable manner;

24 Second, promote infill development and
25 socioeconomic equity, protect environmental and

1 agricultural resources, encourage efficient development
2 patterns, and achieve the region's greenhouse gas
3 reduction targets provided by the State Air Resources
4 Board;

5 The third objective is to promote improved
6 interregional jobs-housing relationship, including
7 jobs-housing fit;

8 The fourth objective is to balance
9 disproportionate household income distributions, so more
10 lower income RHNA to higher income areas. And lastly,
11 affirmatively further fair housing, or AFFH.

12 Next slide, please.

13 --o0o--

14 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: So
15 now a question for the group, which of the five RHNA
16 objectives address climate change goals?

17 Next slide, please.

18 --o0o--

19 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE:

20 A little spoiler.

21 Next slide, please.

22 --o0o--

23 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE:

24 Spoiler, they all address climate change.

25 (Laughter).

1 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: So
2 let's walk through each one together.

3 First, we know that density is key to supporting
4 transit and walkable communities. Greater density and a
5 mix of housing types and land uses can make transit viable
6 and better support mixed use communities.

7 For the second objective, I won't belabor it for
8 this group. It's right there in the text. But this
9 objective is all about promoting infill development,
10 encouraging efficient development patterns and reducing
11 greenhouse gases in line with the State planning
12 priorities.

13 The third objective, which focuses on access to
14 jobs, is directly related to commuting. By locating more
15 housing near job centers and local amenities, people tend
16 to drive less and reduce their vehicle miles traveled.

17 The fourth objective, which requires RHNA
18 allocation to balance disproportionate household income
19 distributions, is similar to the third objective. The
20 more that our communities are stratified by income, the
21 more you get disproportionate commuting lengths for low
22 income families and individuals. Think about gardeners or
23 child care providers, you still need service workers
24 everywhere. And so when low income workers can't afford
25 to live near their place of employment, driving increases.

1 By structuring RHNA allocation methodologies to balance
2 disproportionate household income distributions, we reduce
3 VMT.

4 Lastly, with AFFH, as all of our agencies know
5 from our equity work over the years, shaping regional
6 planning with an equity lens is a tide that raises all
7 boats and leads to better outcomes for everyone, but
8 particularly disadvantaged communities most impacted by
9 the effects of climate change, especially as it relates to
10 addressing the housing shortage and climate crises.

11 Next slide, please.

12 --o0o--

13 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: So
14 to sum up the previous slide, in the 6th cycle, aided by
15 some of those changes made in 2017, the RHNA statutory
16 objectives and allocation methodologies prioritize infill
17 development, transit-supported densities, building housing
18 closer to jobs and daily destinations, mixed-income
19 communities, and equitable access to opportunity.
20 Changing land use patterns to meet housing, economic, and
21 climate goals is at the heart of RHNA. These changes to
22 land-use patterns more holistically address climate change
23 by reducing vehicle miles traveled and allowing for
24 greater housing opportunities near jobs and opportunity.

25 If we don't focus on land use changes that

1 promote density in location-efficient areas, some
2 communities will never be dense enough to support transit
3 or meaningfully reduce VMT. So the RHNA and SCS are
4 supposed to be in alignment and in many ways are striving
5 towards similar goals. However, our staff believe there
6 are a few places where alignment could be improved and we
7 look forward to hearing ideas on how to improve alignment
8 during the discussion portion of our conversation as well
9 as during ongoing conversations were CARB and CTC staff.

10 Next slide, please.

11 --o0o--

12 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: So
13 that concludes my presentation. I'll now turn it over to
14 the Chair to open public comment, after which I have
15 prepared a few questions to help facilitate our
16 discussion.

17 Thank you.

18 CTC CHAIR EAGER: Thank you, Marisa. And I do
19 have to say I apologize for not pronouncing your name
20 correctly, because the CTC staff did write it in here
21 exactly as I was supposed to pronounce it, so I apologize
22 to all of you.

23 (Laughter).

24 CTC CHAIR EAGER: I guess I should read what I
25 have here in front of me.

1 But do we have any public comment on this
2 particular item?

3 CTC STAFF: Yes, I do see one attendee with their
4 hand raised at this time. We have Scott Littlehale.

5 Scott, you should be free to comment at this
6 time.

7 SCOTT LITTLEHALE: Thank you very much. My name
8 is Scott Littlehale. I'm an Executive Research Analyst
9 for the Nor Cal Carpenters Union. And I served on the
10 RHNA Methodology Committee for ABAG MTC for the 6th cycle,
11 which was a valuable experience getting a holistic picture
12 of the process.

13 One thing that arose for the nine-county Bay Area
14 was that in considering the obstacles or constraints for
15 receiving housing, Regional Housing Needs Assessment --
16 Allocations was the absence of a focus on the capacity of
17 the construction sector, particularly with regards to
18 residential construction workers produced the needed
19 numbers of units.

20 We introduced that concept early on, so that it
21 was ensure that when local government agencies were
22 surveyed about constraints that that would be included.
23 And it turned out to be the third top concern as a
24 constraint. I would recommend that the HCD and the
25 construction of RHNA guidelines recommends that agencies

1 similarly take that into account, not only at the outset,
2 but to come up with ongoing measurements, because it's
3 quite possible and likely that there will be efforts to
4 incorporate workforce development components for housing
5 development in housing themselves. Within individual
6 local jurisdictions. And we don't want those to run afoul
7 of or be interpreted as running afoul, but rather be
8 complementary with the statutory objectives of the
9 regional housing needs determinations and allocations.

10 So thank you very much and look forward to seeing
11 this work.

12 CTC CHAIR EAGER: Thank you, Scott.

13 Do we have any other public comment, Justin?

14 CTC CLERK REMEDIOS: Just got a question. We're
15 checking.

16 CTC STAFF: Yeah, sorry. Just -- one just came
17 in just that moment, so I just wanted to verify it. It's
18 from an anonymous attendee. They write, "Does RHNA
19 address how we develop housing in consideration for
20 climate-vulnerable areas, like the coast or fire hazard
21 areas, or is that left to cities to do in their housing
22 plan"? Thank you.

23 CTC CHAIR EAGER: Did you want to address that,
24 Marisa?

25 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: Let

1 me pull up my notes on this. So the short answer is there
2 are a number of factors that the councils of governments,
3 the COGs that develop the allocation methodology --
4 methodologies are also to consider in addition to the five
5 statutory objectives of RHNA. Some of those include, you
6 know, housing opportunities and constraints, so, you know,
7 availability of suitable land, considering alternative
8 zoning, as well as preserve protected land, emergency
9 evacuation route capacity, wildfire risk, sea level rise,
10 and other impacts caused by climate change. So those are
11 factors that councils of government can consider as they
12 are shaping their allocation methodologies.

13 But at the end of the day, the allocation
14 methodologies, you know, at the heart of it are those five
15 objectives of RHNA. And so through some of those, they'd
16 also address it.

17 CTC CHAIR EAGER: Thank you. Do we have any
18 other public comment?

19 CTC STAFF: I see no other virtual attendees
20 indicating they wished to comment on this item at this
21 time. Thank you.

22 CTC CHAIR EAGER: Thank you. Do we have any
23 Commissioner or Directors that would like to comment?

24 Yes, Commissioner Norton.

25 CTC COMMISSIONER NORTON: Thanks.

1 I want to thank you for a very thorough
2 presentation and I wanted to ask, given how you walked us
3 through this, how is it that cities are not meeting their
4 RHNA objectives? What -- in what ways do they fail? Is
5 it that they're predicting wrong? Are they identifying
6 sites incorrectly? Are they not thinking about all of the
7 ways in which RHNA is trying to help them? How -- because
8 what I am hearing is so many cities saying once again
9 we're getting dinged for our RHNA analysis. What -- can
10 you just tell how -- us how people aren't making the grade
11 and what you're doing about it?

12 HCD DEPUTY DIRECTOR KIRKEBY: You want to talk
13 about the housing element first?

14 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE:

15 Yeah. So I'll first say so my work is focusing
16 on the RHNA are -- how we're -- things we're considering
17 for the 7th cycle. I think your comment is more on line
18 with the housing element topics, which is out of the scope
19 of this current stakeholder engagement initiative.

20 HCD DEPUTY DIRECTOR KIRKEBY: But we can still
21 speak to that.

22 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: We
23 can still speak, yeah. Megan, will speak to it. I'm not
24 the person for that.

25 HCD DEPUTY DIRECTOR KIRKEBY: Why don't I switch

1 spots with you, just so the mic picks me up.

2 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE:

3 Yeah.

4 HCD DEPUTY DIRECTOR KIRKEBY: Thank you. Thank
5 you, Commissioner Norton. So we are -- oh, I should
6 introduce myself. Thank you. Like three people told me
7 and I still didn't do it. My name is Megan Kirkeby. I'm
8 our Deputy Director for Housing Policy and have met the
9 Commissioner before, so I forgot to introduce myself.

10 But on this, it is a really interesting part of
11 what's going on right now is because the way we do housing
12 planning in this state is over this eight-year long
13 period. And so we are still very much in the 6th cycle,
14 which is wonky term. But basically in this period of time
15 where a lot of the changes Marisa talked to you are really
16 coming to fruition for the first time. And so what you're
17 hearing about our -- we did this 2.5 million number. That
18 trickles down to the these regional governments, and then
19 trickles down to these local governments actually plan for
20 that housing.

21 And so again, it goes over a long period of time,
22 but San Diego is really at the front and then the San
23 Joaquin Valley is really at the end. And so we're kind of
24 in the Southern California, Bay Area region hot spot right
25 now of them trying to fulfill those planning objectives.

1 And it's not did they actually build the housing. And
2 that's something I need to say over and over again is this
3 is planning capacity. And then to some of the public
4 comment as well, every local government must identify the
5 constraints that are governmental constraints to that
6 housing actually happening, as well as non-governmental
7 constraints like the market, et cetera. And they need to
8 come up with programs that are going to encourage that
9 housing to happen, but again. What's within their
10 control, nothing outside of their control only. Do the
11 analysis. Figure out what it would take to sort of
12 encourage that housing to happen. And as long as that
13 plan is in place and they're doing what's in their
14 control, they're going to be okay.

15 And so that's to say it is absolutely with a
16 local government's control to meet this RHNA, but it -- we
17 also know it's a lot of change. And, you know, our
18 director has said this very well before, but we're coming
19 out of the cycles before this, you know, frankly not using
20 a very good methodology to estimate housing need. And
21 there was -- there were problems in the allocation, I
22 think, that caused statutory changes to happen. You know,
23 famously, some pretty wealthy jurisdictions got housing
24 goals of three -- three new homes. That's all we're
25 asking you for over an either-year period. And wealthy

1 jurisdictions tended to get goals of three. Less wealthy
2 jurisdictions were getting goals of 3,000.

3 That wasn't a really equitable distribution
4 methodology. And, you know, you say things in the press
5 enough, the Legislature is going to hear you say those
6 things and they're going to change the law. And so a lot
7 of the jurisdictions that are struggling right now are
8 encountering a lot of loopholes that got closed, a lot of
9 methodologies that got better, but that's going to be a --
10 if you had to plan for three homes last go round and this
11 time you have 1,500 to plan for, that's a rezone. That's
12 a lot of change to be going through. And so we also put
13 out \$600 million in planning grants to help people through
14 this change. That's never been done before in a cycle.
15 We provide huge amounts of TA to help them get there.

16 That said, there are people who are struggling.
17 And so to that effect, we know there are some
18 jurisdictions still kind of edging that way. And
19 unfortunately, you know, you can see the numbers on our
20 website of who's in and out of compliance. What sometimes
21 you don't see there is who hasn't tried at all versus
22 who's maybe on like the fourth-go round. And like, you
23 know, go-round number one, they put in some stuff we were
24 never going to be able to say yes to, right? But you're
25 kind of going through those, you know, stages of grief.

1 And maybe by now you're kind of toward the end of
2 like, okay, you know, truthfully we know we need to replan
3 for housing. If we want a community that makes sense, if
4 we want to maintain jobs, if we want to see homelessness
5 stop growing in our community, if we want to actually have
6 walkable communities, we've got to actually get onboard
7 with some of this. And so you can see we have like, you
8 know, nifty little charts on our website of who's where
9 they are. And then we do have all the letters there.

10 I think that's something that also gets lost
11 sometimes is by State law, we have to give you our
12 feedback on your housing plan within 90 days for your
13 first submission and 60 days for subsequent. And that has
14 to be a complete roadmap. We aren't allowed to come back
15 to you later and come up with, well, actually, like, you
16 know, we told you you only had to do this, but now we
17 don't like this part. We can't do that. We have to give
18 you our complete findings, so every letter. And you'll
19 kind of see this if you get nerdy and look -- start
20 looking at housing element review letters, as I do, but,
21 you know, they'll go from 14 pages, to six pages, two
22 pages, and then we're at compliance.

23 And so people are getting there. You know, we're
24 at the stage where consequences are beginning to kick in
25 as people have been more than a year past their due date,

1 right? And those consequences will escalate, if we really
2 see a jurisdiction stop trying. And that's where we
3 really draw the differentiation is are you working with us
4 in earnest to get compliant to make these changes or have
5 you kind of given up? And that's where our housing
6 accountability unit will be -- come into the picture if
7 this is really about not working together, not working in
8 partnership to do what's in their control to get a
9 compliant housing element.

10 So that's a long-winded answer to your really
11 great question.

12 (Laughter)

13 HCD DEPUTY DIRECTOR KIRKEBY: But to connect it
14 to Marisa's presentation, Marisa is beginning to think
15 about this next cycle. So, you know, as I said, San Diego
16 is at the front. We need to have these conversations now
17 in order to set that next housing goal for the next
18 go-round, because the last thing we want is to have San
19 Diego be under a different methodology than Southern
20 California. And then you all work with COGs, they
21 wouldn't like that very much if they're all held to
22 different standards.

23 So we need to have these conversations now in
24 advance of that next eight-year period that's about two --
25 that's about two years away right now from really being

1 there, yeah.

2 CTC COMMISSIONER NORTON: This is fascinating and
3 I want to thank you.

4 (Laughter).

5 CTC COMMISSIONER NORTON: No, seriously --

6 HCD DEPUTY DIRECTOR KIRKEBY: Okay.

7 CTC COMMISSIONER NORTON: -- because really input
8 and information, I mean, that's something that CTC is
9 really, you know, part of. We love having this constant
10 feedback loop. And sometimes without that constant
11 feedback loop, we don't know what's going on, so I really
12 admire what you're doing with HCD to get that feedback
13 loop and start really learning about what kind of housing
14 is needed, where, how. This is fascinating and obviously
15 we want to partner with you.

16 HCD DEPUTY DIRECTOR KIRKEBY: Yes.

17 CTC COMMISSIONER NORTON: But I think it's really
18 helpful to find out how certain cities are saying this
19 works and certain cities aren't, and so that we can go
20 back and say, okay, participate in these opportunities for
21 input, but also realize everybody has got to be working on
22 this. And we want to help, you know, align now the
23 transportation housing and some of our State laws, so that
24 we can actually help you make more, help it reduce VMT,
25 get those greenhouse gas emissions down, and air quality

1 up, but have the cities stop talking about like we're
2 having to do this, boohoo, versus this is how we grow.
3 Everybody needs to be doing their part. And so I really,
4 really appreciate the thorough answer and both of your
5 work. So thank you very much.

6 HCD DEPUTY DIRECTOR KIRKEBY: Thank you.

7 CTC CHAIR EAGER: Thank you. I wouldn't go
8 anywhere if I were you. I have a list here.

9 HCD DEPUTY DIRECTOR KIRKEBY: Oh, great.
10 Perfect.

11 (Laughter).

12 HCD DEPUTY DIRECTOR KIRKEBY: Well, I will talk
13 to you some more, but -

14 CTC CHAIR EAGER: Sparked a lot of interest, so
15 thank you.

16 Chair Randolph.

17 CARB CHAIR RANDOLPH: I just had a quick question
18 about something Director Velasquez alluded to, which is
19 going back and looking at the pent-up demand. Can you
20 kind of talk a little bit about as -- because it sounds
21 like it was originally designed to consider sort of the
22 forward needs as population grows. So I'm curious how
23 you're incorporating kind of that pent-up need in the
24 process.

25 HCD DEPUTY DIRECTOR KIRKEBY: Do you want to do

1 this or I can, either way.

2 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: Why
3 don't you do it.

4 HCD DEPUTY DIRECTOR KIRKEBY: So this is
5 something that kind of had been in law for a long time,
6 but hadn't been -- had probably been underutilized. And
7 the way -- you know, again sort of a nerdy term, but we --
8 we're were in this 6th iteration of this. And so for
9 iterations 1 through 5, the way the methodology worked was
10 we pretended that there was no housing crisis. So we
11 pretended there was a house -- enough housing for every
12 single person, every household that existed. Let's just
13 think about the growth we expect to happen in California
14 and plan for that.

15 Well, plans have a way of working, such that if
16 we plan for 100 homes, we might get 70. And because of
17 some of the loopholes, maybe we were only getting 50 homes
18 for every 100 we were planning for. So each cycle we were
19 getting further and further behind of where our planning
20 actually needed to be. And actually in this -- exactly
21 what Marisa is doing happened about 10 years ago before we
22 did the 6th cycle. And a lot of demographers really laid
23 out the problem of we're just in this -- we're going to --
24 we've never going to have enough housing and we're having
25 actually really significant loss of population and loss of

1 households as a result in California.

2 And so the statute had some things that were
3 incorporated into the RHNA to think about this pent-up
4 demand. And so those items were the vacancy rate, really
5 looking at, you know, what is a healthy vacancy rate and
6 how far away are we from that healthy vacancy rate. And
7 so basically adding to our sort of plan for how much
8 housing we need, how much extra housing will we need to
9 get toward, you know, what the demographic and economic
10 community kind of think of more as a healthy vacancy rate.
11 And most of California is not in that situation.

12 You know, they're in very, very low vacancy rates
13 that don't kind of show a healthy housing market. The
14 other items are overcrowding. You know, there's no such
15 thing as healthy overcrowding. We know it exists and is
16 correlated in certain communities, but it's often a signal
17 of a lack of affordable housing when we see high rates of
18 overcrowding.

19 And so the methodology also looked at, you know,
20 what is the national rate of overcrowding compared to, you
21 know, what that's at in California, and that differential.
22 So not even taking it to zero overcrowding, but like just
23 saying what would it take to get us to the national
24 average of overcrowding. So that was sort of added to the
25 methodology as like a buffer for like that pent-up demand.

1 Along the way, so after San Diego a statutory
2 change was made that changed two things. One, it added
3 cost burden as one of these things that we needed to look
4 at in terms of pent-up demand? So what cost burden is
5 another sort of nerdy term, but really looks at how much
6 of a person is -- of a household income is going to
7 housing cost every month? And cost burden is really
8 important if you're in housing, because it's basically the
9 number one predictor of homelessness. When people are
10 spending way too much of their income on housing, they
11 cannot weather economic shocks. They are going to -- we
12 are going to see huge spikes in homelessness, because
13 you're one car breakdown away from losing your ability to
14 pay your rent.

15 But we also know it has -- cost burden has a big
16 impact on homeownership. When people don't have any
17 buffer, they can't put away money to pay for a down
18 payment and they can't move into homeownership. So cost
19 burden is the other sort of factor identifying pent-up
20 demand here. We looked at the national averages for
21 renter -- or we looked at the national averages for cost
22 burden and basically said what would it take us to be in
23 that space. But cost burden is actually such an impactful
24 factor, and because it came a little mid-cycle, we used a
25 fairly conservative way to add cost burden into the

1 methodology. That's something I think will probably come
2 up in the stakeholder discussions about 7th cycle is did
3 we maybe underplay the importance of cost burden in this
4 methodology?

5 So again a long-winded answer to her question.

6 (Laughter).

7 HCD DEPUTY DIRECTOR KIRKEBY: But I like talking
8 about this. I was Marisa 10 years ago, so I got to work
9 on our 6th cycle version and get to pass the torch to her,
10 but still something I like to talk about too much, so --

11 CARB CHAIR RANDOLPH: Thank you. I appreciate
12 it.

13 HCD DEPUTY DIRECTOR KIRKEBY: -- that's how we
14 look at pent-up demand currently. Marisa is going to have
15 a bunch of wonderful conversations with people over the
16 next six months, and maybe we're going to do it a
17 different way, but that's why we've got to have those
18 discussions.

19 CARB CHAIR RANDOLPH: Thank you.

20 CTC CHAIR EAGER: Commissioner Bradshaw

21 CTC COMMISSIONER BRADSHAW: Yes. Good morning.
22 Thank you very much for that presentation. It was very
23 thorough. I also want to thank all three of our chairs
24 today, Eager, Velasquez, and Randolph. For this
25 Commissioner, you -- a lot of what you said, hit it on the

1 head.

2 But I want to focus a bit on housing, and in
3 particular what Chair Velasquez said about that, if we
4 don't -- I'm not trying to quote you, I'm paraphrasing, I
5 think. You can correct me. No problem. You can't hurt
6 my feelings according to Commissioner Guardino. But that
7 if we don't -- if we don't get a handle, using a very
8 generic term, on the housing challenge crisis that's going
9 on, then the goals and the needs really on climate and
10 transportation, for this Commissioner, we won't reach
11 them.

12 But I wanted to drill in. And hopefully I'm not
13 working ahead, because I think you were going to prime
14 some conversation with some questions. So I may work
15 ahead. I apologize.

16 But one of the things -- so in my day job for the
17 Nor Cal Carpenters, we were heavily engaged in Round 6,
18 the 6th cycle. And one of the things that came out of
19 that from local jurisdictions and governments was that --
20 and some of this may be just a one-liner, but I believe
21 there was some real seriousness to it looking for more
22 clear guidance from the State, which I believe we have an
23 opportunity legislatively. I would like to see -- and I
24 also should say and I want to thank CTC staff in
25 particular for a lot of help every week on these very

1 important issues. But the CARB, CTC, and HCD to work in
2 alignment. And I appreciate this meeting and actually
3 talking about action items teed up from our last meeting.
4 So it's very -- for me, it brings a lot of optimism, but
5 to have an aligned effort to bring a better awareness to
6 local governments on legislative tools that are currently
7 available to go towards these goals.

8 A real example, so it's not just talk, is
9 Assembly Bill 2011 that was passed last year.

10 HCD DEPUTY DIRECTOR KIRKEBY: Yep.

11 CTC COMMISSIONER BRADSHAW: UrbanFootprint, that
12 organization did a study that talked certainly about how
13 do we start to address the 2.5 million housing shortage.
14 Somewhere around a million -- this is probably being too
15 conservative. I think it's bigger -- but towards
16 affordable and ultra affordable needed yesterday, needed a
17 year ago, five years ago. So tremendous challenge there.

18 But also looking at it, their study came back
19 with that it would use 40 percent less water, right, in
20 the commercial corridors where housing can happen under AB
21 2011, and also lower greenhouse gases by upwards of 45
22 percent in those areas along underused -- utilized
23 commercial doors.

24 So I believe it's a real opportunity for the
25 three agencies to work together towards that and

1 education. And frankly, a little campaigning here, maybe
2 by accident, but that for the local governments that --
3 you know, I lived in San Francisco for a long time, very
4 involved in San Francisco. I know it's not the only area,
5 but the process of developing housing there is not
6 nightmarish to move it to say it lightly. I almost said
7 something I wouldn't want to say in public.

8 But there's another element to it and I'll echo
9 certainly one of the public commenters about this.
10 There's another issue in housing that I believe we need to
11 take into consideration like we do often in
12 transportation, in that the work forces currently in most
13 housing of the type we're talking about urban infill, that
14 workforce is subject to an underground economy and a type
15 of exploitation that adds to exactly what we're trying to
16 address based on the opening remarks of our very qualified
17 chairs that -- you talk about equity, you talk about
18 pulling up underprivileged communities, you talk about
19 opportunity, and workforce, and work centers, et cetera.
20 That's another thing I want to put into the agenda, so to
21 speak, as we have this conversation.

22 Currently, that overall residential workforce
23 hovers around 290 or 300 hundred thousand workers that
24 again are in the -- most, 90 percent, easily are in the
25 underground economy. It's, if not a hundred percent,

1 almost a hundred percent minority workforce, folks of
2 color doing that work, so -- and also subjected to the
3 overcrowding, also subjected to the threat of
4 homelessness, and the quote "super commute", which I
5 actually find that as an offensive term, as a
6 representative of carpenters, because you look at those
7 long commutes in SoCal and NorCal, and the lineup of
8 construction workers coming in. Why are they in that
9 commute? Because of the lack of housing and not housing
10 policy. And I appreciate your honesty on that how it used
11 to be approached to address that issue, right?

12 HCD DEPUTY DIRECTOR KIRKEBY: Yep.

13 CTC COMMISSIONER BRADSHAW: Not everyone will
14 want to live in the urban core, and that's okay. We're a
15 very diverse state. I'm looking at Chair Eager, we had
16 this conversation some months back about you can go
17 experience quite the commute if you want to get from
18 living in Visalia to the jobs centers in Fresno. So we
19 need to approach this in many different ways.

20 But I've gone on long enough, but I just wanted
21 to raise a few -- a few issues there, so to speak, and
22 maybe some action items we could discuss --

23 HCD DEPUTY DIRECTOR KIRKEBY: Yes. Absolutely.

24 CTC COMMISSIONER BRADSHAW: -- on bringing some
25 support and education to the local governments. Thanks.

1 HCD DEPUTY DIRECTOR KIRKEBY: Yep.

2 CTC CHAIR EAGER: Thank you, Commissioner
3 Bradshaw. And I see Tanisha writing down notes for next
4 meeting that we're looking workforce, workforce,
5 workforce, could be one of our topics, right --

6 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Yes.

7 CTC CHAIR EAGER: -- how that ties in with
8 housing.

9 At this time, I would like to call on Board
10 Member Pacheco-Werner, my friend and colleague from the
11 Central Valley.

12 CARB BOARD MEMBER PACHECO-WERNER: Thank you.
13 Nice to be with you all virtually. So just thank you for
14 your presentation this (inaudible).

15 I have a couple of -- a couple of things. On the
16 one hand, I would (inaudible) for the (inaudible) joint
17 group and the Director's comments -- Director Velasquez
18 comments early on, I'd love to hear more about working
19 our -- together or if more formalized(inaudible)

20 CTC CHAIR EAGER: Board Member Pacheco-Werner,
21 you're going in and out. We're not hearing exactly your
22 comments or your question.

23 CARB BOARD MEMBER PACHECO-WERNER: Oh, hello.

24 CTC CHAIR EAGER: Can you type it into the chat
25 maybe?

1 CARB BOARD MEMBER PACHECO-WERNER: Can you hear
2 me?

3 CTC CHAIR EAGER: About every other word.

4 CARB BOARD MEMBER PACHECO-WERNER: Oh, no. I'm
5 sorry. Can I try to join back. And maybe I'll go after
6 Dr. Quirk?

7 CTC CHAIR EAGER: Absolutely.

8 CARB BOARD MEMBER PACHECO-WERNER: Thank you.

9 CTC CHAIR EAGER: So we did have Board Member
10 Kracov had his hand up previously. Does he still want to
11 make a comment?

12 CARB BOARD MEMBER KRACOV: Yes. How's my audio,
13 okay?

14 CTC CHAIR EAGER: We can hear you.

15 CARB BOARD MEMBER KRACOV: Thank you, Chair
16 Eager. I'm sorry I couldn't be with you today. I just
17 wanted to give a shout-out to Director Velasquez and
18 Marisa, and that terrific team of women up there before
19 you working on the RHNA. Just an anecdote here, you know,
20 I happen to teach land use law at Loyola Law School and
21 have brought in a bunch of guest lecturers, including one
22 of the land use attorneys that just filed 14 builders
23 remedy projects in Santa Monica. And I think some of the
24 folks there at the table know what I'm talking about. But
25 I just want to emphasize the energetic and active nature

1 of Director Velasquez and HCD right now. And I heard that
2 directly from the speakers who were hearing in all the
3 lectures.

4 You know, five, 10 years ago, I don't think folks
5 maybe knew what HCD was, but those days are completely
6 over. And I think it's in part because of legislation
7 like AB 828, and 1771, and 686 that have really beefed up
8 and made more equitable how we do the RHNA. And, of
9 course, at CARB, you know, we know that our work on
10 electrification and moving towards a greener
11 transportation sector is, you know, the most important
12 work in State government. But that's our parochial
13 nature.

14 You know what you folks are doing at HCD, there
15 probably is nothing more important in all of State
16 government. And the commitment that you're showing, all
17 the letters that you're writing, the increased budget, and
18 great staffing, and terrific staff that you have, I
19 believe are really moving the needle on this. And if
20 we're going to be able to solve our housing crisis in
21 California, it's definitely going to be because of the
22 work that you're doing at your agency on RHNA, you know,
23 backed up by the Attorney General as well. So I just
24 wanted to applaud these efforts.

25 In the field, as a practicing land use lawyer, I

1 can see it's making a huge difference. Obviously, there's
2 still a lot of work to do, but keep it up. And I just
3 wanted to give that shout-out, if I could, Chair Eager.

4 Thank you.

5 CTC CHAIR EAGER: Thank you, Director -- Board
6 Member Kracov.

7 Next, we have Board Member Quirk. Dr. Quirk, are
8 you --

9 CARB BOARD MEMBER QUIRK: Yes.

10 CTC CHAIR EAGER: There we go. We can hear you.

11 CARB BOARD MEMBER QUIRK: Oh, good. I just
12 wanted to say some good things about the voters of this
13 state, that by and large, we are electing to our
14 Legislature, to our city councils, prohousing people. I
15 don't think that was the case 20 years ago. It was some
16 how or another the environmental -- it was environmentally
17 the right thing to do to not approve new housing. But the
18 idea now that it is the environmentally correct thing to
19 approve new housing near transit.

20 And in the City of Hayward where I was on the
21 city council, we have a completely prohousing city
22 council. And city councils like this and most of the city
23 councils across the state I believe are prohousing. We do
24 have our bad examples. But I think that it is a good
25 thing electorally. It's a good thing for our cities that

1 we have the RHNA process. It is supported by the people
2 of this state by and large. And I just wanted to
3 congratulate the people of the state and the people
4 involved in the RHNA process.

5 So thank you all very much.

6 CTC CHAIR EAGER: Thank you, Dr. Quirk.

7 We'll go back and try Board Member
8 Pacheco-Werner.

9 CARB BOARD MEMBER PACHECO-WERNER: Yeah, thank
10 you. Can you hear me now?

11 CTC CHAIR EAGER: Yes.

12 CTC VICE CHAIR GUARDINO: Yes, much better.

13 CARB BOARD MEMBER PACHECO-WERNER: Okay. Great.
14 Yeah. Thank you. So I was saying that I'd love to hear
15 more about and maybe what Director Velasquez said in his
16 comments about how we're working together already, ask
17 staff to think about the intersection of CARB's work and
18 this process. And, in particular, when it comes to the
19 intersection or sometimes conflict between VMT and AFFH,
20 and thinking through some of those -- some of those issues
21 of affordability and opportunity at the same time as we're
22 thinking about lowering our VMTs. So that's the first
23 thing.

24 And then on RHNA, I really feel like, you know,
25 it's so refreshing to see this process. As I looked at

1 some of the things happening in different places
2 throughout the San Joaquin Valley in past times, what we
3 really were facing with, which is probably what many
4 others are facing was throughout the state, I can only
5 speak through the data that I saw year after year, was
6 really an affordability crisis rather than a stock crisis,
7 because year after year there was an overshooting of goals
8 in the above moderate income allocation while lower income
9 remained very close to zero in many of these places.

10 And so I -- so one of the -- one of the things in
11 talking anecdotally to affordable housing builders was
12 about the difficulty to be permitted to do that type of
13 affordable housing infill type units versus new suburban
14 above-market sprawl. And so I hope that this new
15 conversation will also bring that into its sphere of how
16 we help the local governments to do that better.

17 And the last thing I just wanted to say, which is
18 a comment, is just I know that we're doing this dramatic,
19 you know, world-changing zero-emission transition and yet,
20 you know, the people living near freeways, interchanges,
21 and major traffic passage ways do continue to be
22 disproportionately impacted poor communities of color.

23 And so I hope that, you know, we can work
24 together across all agencies to ensure that housing
25 allocations, as we see them come in from different

1 governments throughout the state that they're thoughtful
2 around the equity of place, and that transportation
3 doesn't further impact these communities for the sake of
4 the economic development. So thank you so much.

5 CTC CHAIR EAGER: Thank you.

6 And -- (clears throat) -- excuse me -- we have
7 Commissioner Falcon.

8 CTC COMMISSIONER REYES FALCON: Thank you, Chair
9 Eager. And appreciate very much this presentation. Thank
10 you to HCD staff and Director Velasquez for this very
11 robust conversation. It is really important in terms of,
12 you know, how all of our agencies do our work, because,
13 you know, this is -- you know, this is really fundamental
14 to, I think, our planning and future transportation
15 investment in the State.

16 And so I'm really interested, you know, kind of
17 honing in on -- and I actually appreciate Member
18 Pacheco-Werner's comments on affordability and housing and
19 how that affects quality of life, particularly to -- you
20 know, to folks that have been, you know,
21 disproportionately impacted by the price of housing in
22 California, but also, you know, the proximity of our work
23 sites to housing. I'm really interested in this objective
24 that was -- that was articulated in the presentation that
25 Marisa made on promoting improved jobs housing

1 relationship, because, you know, if we can in a thoughtful
2 way, and obviously not all, you know, job sites are
3 conducive, hopefully into the future if -- as -- you know,
4 as technologies and more clean jobs come on line, you
5 know, how do we -- how do we thoughtfully encourage more
6 jobs to be located near housing and vice versa, so that we
7 can reduce the amount of time getting from A to B and that
8 that also, by the way, you know, informs how we, at CTC
9 and the other transportation agencies, plan into the
10 future for transportation investing.

11 Thank you.

12 CTC CHAIR EAGER: Thank you, Commissioner Falcon.
13 Board Member Guerra.

14 CARB BOARD MEMBER GUERRA: Thank you, Chair and
15 thank you to all of the staff in every agency here. I
16 would like to, first off, also recognize the comments made
17 by Commissioner Bradshaw about wage theft and the true
18 exploitation. You know, the -- my family and I as
19 immigrants, you know, we've seen that personally, so I
20 want to elevate that and make sure that that doesn't fall
21 behind.

22 But my comments more -- are more specific to how
23 we can continue the good work of increasing the rigor and
24 enforcement of RHNA and the necessity for that for it to
25 encourage the changes in events that have happened on say

1 for example -- one thing I'm very proud of of our region
2 here is the commercial corridor revitalization efforts,
3 and specifically, the Green Means Go, which I believe is a
4 true intersectionality between transportation, housing,
5 and climate change. And I couldn't thank all the staff at
6 SACOG here without their effort that brought in even the
7 rural communities, not just suburban and urban, to find a
8 pathway forward. And also to thank the members of the
9 Legislature for funding, and the Governor's office for
10 funding the initial start of the Green Means Go Program.

11 But without a try or a way to enforce and have a
12 stronger RHNA process then, there's still -- the cost of
13 infill and the cost of commercial corridor revitalization
14 it still becomes a challenge if we don't have every
15 jurisdiction focused on doing their part. It is still too
16 easy to continue the greenfield expansion if we don't have
17 a true and rigorous RHNA process.

18 So I'd like to, one, for future conversation look
19 at how do we continue to expand and support this
20 commercial corridor revitalization where there is very
21 underutilized land, but more so on the -- specific to the
22 RHNA process, how do we maintain that rigor and how does
23 the State engage in that enforcement level to make sure
24 that every city as well not only just on helping their
25 staff - and I know smaller cities may not have the staff

1 that they have - but assisting those staffs, but then also
2 making sure that the enforcement is there.

3 And if there's any comments on where the HCD and
4 the State is moving on enforcement, I'd like to hear
5 those.

6 HCD DEPUTY DIRECTOR KIRKEBY: Absolutely. I
7 mean, I think, you know, something we're very grateful to
8 have the leadership of Director Velasquez on this, but
9 the -- I -- I'm in a space where my Division oversees the
10 Housing Accountability Unit. That's something, you know,
11 we hadn't -- we didn't have before a few years ago. And I
12 think -- I say this a lot. I go out to the local
13 communities all the time. I think it's really hard to be
14 on a city council today, because often you know that the
15 thing you need more than anything else is housing to keep
16 your community going. You need it so that people can hire
17 workers. You need people to go to coffee shops. You need
18 people to keep your businesses thriving. You need housing
19 to prevent homelessness. And I think most city council
20 members know that somewhere inside them, but have to face
21 a lot of resistance to change. And it's hard -- it's hard
22 to say yes to housing.

23 And a thing that I get to do that I -- is part of
24 what makes me happy to wake up every morning is have the
25 Housing Accountability Unit be the bad guy sometimes. A

1 lot of our technical assistance requests are from local
2 governments, you know, not just developers trying to build
3 housing, but local governments saying, hey, it would be
4 really nice if you guys sent us a letter that said this is
5 the law, so could you do that?

6 And I'm going to do that as long as people let
7 me, because I think it's an important part of the process.
8 And I think, you know, it's something else that was
9 embedded in your -- in our comments, Councilmember, is
10 greenfield housing right now happens partially because
11 there are less people there to oppose that housing from
12 happening. Something that we share a lot with our
13 colleagues at both the Air Resources Board, the CTC, but
14 also, you know, through broader groups with groups like
15 Department of Conservation, that I think if you're not in
16 housing sometimes get -- you don't see it as much, but
17 building infill housing is hard because people are trying
18 actively to stop it from happening.

19 Like, we have to hear all the time about, you
20 know, it's California, this is 2020s, but, you know,
21 integration of the schools is a thing that comes up often
22 at conversations about building new housing. And until
23 you -- until you really see how hard we make it to build
24 infill housing right now and how much that community
25 opposition stops that housing from happening, you wouldn't

1 understand why would a developer go build greenfield
2 housing instead of just infill housing?

3 Well it's -- there's a lot less in the way there.
4 And that combined with the way that we do CEQA, the way
5 that we do the fees around housing, et cetera, until we
6 start to sort of deal with all of those pieces -- and they
7 are all kind of piled up on top of each other. It's not
8 one single solution, but we have to make it easier to
9 build infill housing, not just prevent greenfield housing
10 from happening, otherwise we're still -- we're going to
11 still be in the same mess.

12 But I think if we all work in partnership, and I
13 mean this gets to Dr. Quirk's comments from earlier, is
14 really see infill housing as the environmental cause that
15 it is rather than something that's at odds with
16 environmentalism, we're going to start to change that tide
17 a little bit. And also take away some of the arguments
18 from folks who maybe disingenuinely claim environmentalism
19 is their reasons when it's things like school integration
20 that are at the heart of the -- what they're -- what
21 they're trying to stop.

22 CARB BOARD MEMBER GUERRA: I appreciate that and
23 thank you for that continued effort. I would also -- one
24 last thing to stay is I'd be remiss if my colleagues -- if
25 I didn't than my colleagues on the -- our city council for

1 being our first Prohousing --

2 HCD DEPUTY DIRECTOR KIRKEBY: Yes.

3 CARB BOARD MEMBER GUERRA: -- city --

4 HCD DEPUTY DIRECTOR KIRKEBY: First in the state.

5 CARB BOARD MEMBER GUERRA: -- in the state.

6 (Laughter).

7 CARB BOARD MEMBER GUERRA: And I want to thank
8 Dr. Velasquez and your team for that effort. Thank you,
9 Chair, and Chair, and Director.

10 CTC CHAIR EAGER: Thank you. Chair Guardino, did
11 you have a question, comment?

12 CTC VICE CHAIR GUARDINO: Just a quick comment.
13 In a past roll that I had, part of it was advocating for
14 not only affordable homes, but often homes to help people
15 who are experiencing homelessness to make that important
16 transition. And that included actively supporting more
17 than 300 different housing developments throughout the Bay
18 Area, many needing multiple hearings, being accosted at 1,
19 2, 3 in the morning out in parking lots, and death
20 threats, and having female members of my staff having
21 people follow them into restrooms to scream at them. This
22 is not for the faint of heart.

23 And as part of the great work that you're doing,
24 the work that the director Liane/Lee Ann Velasquez is
25 doing --

1 (Laughter).

2 CTC VICE CHAIR GUARDINO: We changed your name --
3 and your team, but also that we're all doing together, all
4 three are now Liane/Lee Ann. I saw some startled looks on
5 people's faces, but you're part of the Liane/Lee Ann
6 coalition.

7 We have to -- we have to reach out to private
8 sector and private citizens throughout our state, because
9 candidly, unless there are people coming up in hearings at
10 the mic that are saying yes to council members and mayors
11 in their communities, it is very, very hard for folks on
12 this side of the dais to press the green button rather
13 than the red one.

14 So there isn't a question. There is just an
15 encouragement to continue to engage the broader community
16 to be a counterbalance to well-meaning folks who are
17 saying no.

18 CTC CHAIR EAGER: Thank you, Vice Chair.

19 Commissioner Martinez, I believe that has a
20 comment.

21 CTC COMMISSIONER MARTINEZ: Yes. Thank you.
22 Yes. Thank you, Chairwoman.

23 In regards to the discussion question what are
24 some of the things we would like to see the State explore
25 going forward with RHNA? And one, I wanted to thank

1 Director Velasquez and his amazing staff for the thorough
2 presentation on RHNA and explaining what that is and the
3 difference between RHNA and a housing element in a general
4 plan. A lot of folks do get confused, even current
5 elected officials. I'm a former.

6 And so I wanted to -- and a lot of times we never
7 talk about this, but I think the -- one of the big issues
8 and why a lot of communities don't want to build housing
9 has to do with the fiscal functionality, right, of when
10 you build housing, how do cities actually generate revenue
11 to pay for services, right, for police, fire? I could go
12 on and on of what cities provide. And sometimes that is a
13 detriment, because if you look at the current fiscal
14 policies in the State here of California, regardless of
15 some of the regulations from 40 years ago, which I do
16 believe hindered local municipalities progress to building
17 more housing and the ending of redevelopment, is that the
18 amount of single-family homes that we have today and the
19 amount of property tax that's being generating is not
20 enough to sustain and/or future capacity.

21 And so I was wondering with the planning grants
22 that are out there and that you all have been providing in
23 this past cycle, which I commend you for, is there any
24 opportunity, and maybe it's already in there, is how do we
25 actually look at revenue modeling, and then also the cost

1 of service for local municipalities when they build that
2 housing, because I will tell you that when you actually
3 look at changing your housing model types, especially near
4 transit or near a downtown, your biggest bang for your
5 buck is to build up, right? Single-family homes are not
6 going to be able to do that for you today, but
7 unfortunately under the current systems that we are under,
8 create a lot of, one, confusion, but cities not wanting to
9 move forward, because they don't have the -- one, the
10 workforce, and number two, they don't have the funding to
11 provide a greater workforce that's needed when you're --
12 when you're building more housing.

13 I'm a big supporter of housing definitely to
14 address homelessness, but we also have to look at the
15 fiscal functionality component. And so I would ask you
16 all is that included currently in your planning grants
17 that are to be given -- that are through the regional
18 councils, or MPOs, or COGs or is that something that you
19 guys have looked at considering for future discussions in
20 the new RHNA cycle, which is 7?

21 HCD DEPUTY DIRECTOR KIRKEBY: It's a very good
22 question. And I think -- I think it probably is worthy of
23 more discussion. I don't think it will come up too much
24 in the regional housing needs assessment sort of goal
25 setting phase of all of this. But I will say in the --

1 the housing elements base it certainly is part of the
2 governmental constraints to housing that comes up a lot.
3 I think one of the more successful efforts in recent years
4 was really to just get to the idea of fee transparency
5 here. So, you know, understanding that locals are in a
6 place of, you know, they -- housing does generate costs
7 for their communities. Fees makes sense in that context.

8 But I think one of the things the development
9 community has tried to share is fees make sense, but they
10 also need to be transparent, and, you know, not a surprise
11 all the time, and so trying to get to a place. There's
12 been several pieces of legislation to really encourage
13 local governments to get more clear on how fees are
14 applied and fee structures. And, you know, that -- I
15 think that's where most of the move has been. You raise
16 other issues beyond that, so I don't want to act like that
17 solves everything, but I think that's where some of the
18 conversation has been in recent years, but it's a fair
19 point and I think something we'll continue to have
20 conversations about for a long time is getting that fee
21 structure right for new housing, because certainly the
22 solution is also not, you know, making the next new
23 housing unit pay for the last 10,000, you know, that we're
24 not going to get any housing that way either. So, yeah.

25 CTC COMMISSIONER MARTINEZ: Yep, exactly. I

1 thank you for your candor and for being honest about that,
2 because we haven't had that full on discussion. Even
3 though the locals will say that and that's why they don't
4 want to build housing, I do truly believe that, you
5 know -- and another comment that was made by Commissioner
6 Bradshaw in regards to the workforce, but when we're
7 looking at the housing element, which is very different
8 from RHNA, is that, you know, we can talk about the
9 financing component, and also which is making sure that we
10 have an inclusive workforce.

11 And so as we move things forward is how does HCD
12 work closer with the California Transportation Commission,
13 with Toks Omishakin and others in the -- in the
14 transportation world so that we can, you know, leverage
15 the opportunities because when I look at the federal
16 infrastructure bill, and you're looking at workforce, most
17 of the money and the flexibility to create a workforce and
18 capacity is going to be for transportation agencies. And
19 so how do we leverage that with housing. So something for
20 us to consider and think about, because I think it's about
21 70 percent that transportation agencies will be able to
22 leverage for workforce development.

23 HCD DEPUTY DIRECTOR KIRKEBY: Thank you.

24 CTC CHAIR EAGER: Thank you, Commissioner
25 Martinez.

1 Before we go to public comment, I know this
2 discussion has already happened. Yes, we'll look at
3 moving on to the next item. So, you know, I just wanted
4 to address something that Commissioner Bradshaw had
5 brought up that we can't forget about the people in rural
6 California.

7 HCD DEPUTY DIRECTOR KIRKEBY: Yes.

8 CTC CHAIR EAGER: And while we look at, yes, it's
9 really important to look at housing, you know, in the
10 urban core and, you know, how can we continue to support
11 that, there are a lot of communities that don't have an
12 urban core. You know, I come from Fresno country and we
13 have 6,000 square miles, and we have one urban center, and
14 then 13 other cities, where, as we're looking at housing
15 and transportation and how do we tie that to the jobs that
16 are available there, there have to be other kinds of
17 options. One of the things that a group of us are doing
18 on Monday is going to look at another rural area, where
19 they're building a commercial park, an industrial park,
20 and housing all around the outside and what mitigation
21 they're doing in order to do that.

22 So an agreement that they had done with the
23 companies that are coming into that park is the people who
24 they're building the housing for get first shot at the
25 jobs. They have a training center right next to that

1 particular area. And they also have the ability to be
2 able to have e-bikes and public transportation from that
3 housing into those parks, so that they have the ability to
4 be able to have housing and workforce right there next to,
5 you know, where the jobs are going to be. And they're
6 outside of a city. They're not anywhere near a major
7 urban area. So we have to keep in mind that there are a
8 lot of different players in this field.

9 And so I wanted to thank Commissioner Bradshaw
10 for making sure we remember that, that -- and that
11 workforce piece is certainly an important piece. And
12 having a training center right there next to it is vital
13 in order to include folks.

14 But I know we have a couple of other folks that
15 wanted to have -- to comment on this issue.

16 CTC STAFF: Yes. We'll first go to the public
17 comment that was submitted.

18 CARB CHAIR RANDOLPH: Could I -- sorry. Could I
19 interrupt just a second. Board Member Hurt also wanted to
20 make a comment before public comment.

21 CARB BOARD MEMBER HURT: Thank you very much.
22 I'll make it pretty quick. I wanted to follow up on Dr.
23 Pacheco-Werner's comments a little bit, especially as a
24 local city council member and thinking about some of our
25 troubles and traumas with trying to get affordable housing

1 on line.

2 Has the State ever considered just the viability
3 of requiring that all development have a percentage of
4 affordable housing options that's required at minimum.
5 You local jurisdictions don't build. Developers do. And
6 so I know some jurisdictions have committed to ensuring
7 that a percentage is in development, but others have not.

8 And I think from developers, I always hear it
9 often does not pencil out. The pencil out phrase is
10 sometimes really frustrating, because we know affordable
11 housing is needed. And then it takes so long to build.
12 So just wondering how we're trying to build in affordable
13 housing in every development, and what's the thinking from
14 the State level on how to ensure that happens?

15 Thank you.

16 HCD DEPUTY DIRECTOR KIRKEBY: Thank you. And a
17 point of reference as well, if we -- I think we've already
18 had a discussion. We didn't need any prompts for this
19 great community.

20 (Laughter).

21 HCD DEPUTY DIRECTOR KIRKEBY: But for those who
22 are online, if you want to add to the Padlet discussion
23 that's the -- something you can do. And it was in
24 Marisa's presentation, but cahousingteacher2040@hcd.ca.gov
25 is also a way to provide us comments outside of this,

1 so -- but to that point, one of the things in the Regional
2 Housing Needs Allocation is a lower income need as well as
3 a moderate and above moderate income need. And so that
4 does require every jurisdiction to plan again -- again not
5 that building, but to plan and show us they have the
6 planning capacity for housing that would support
7 affordability. And that can be through increased density,
8 it can be subsidies, it can be preservation strategies,
9 and other strategies, but they do need to show us their
10 plan of how that lower income housing is supported in
11 their community. And then locally, jurisdictions do have
12 the right to adopt inclusionary policies pretty much --
13 pretty much as they see fit up to a 15 percent
14 affordability requirement. And that was passed by State
15 law to allow that.

16 There haven't been a lot of discussions about a
17 statewide application of that though, you know, we --
18 where each development would be required to do so. The
19 academic community I'm sure would tell you this needs to
20 be analyzed on a sort of local-by-local basis. And the
21 State law does require, you know, a nexus study, or kind
22 of showing that you wouldn't be impeding development by
23 having that inclusionary requirement if you go above a
24 certain percentage. So I would just say at this time
25 there's no talk of like beyond us requiring every local to

1 show they're planning a supportive -- planning capacity
2 around low -- sorry, lost my words -- lower -- housing
3 affordable for lower income households. They have to do
4 that.

5 But those actual percentage inclusionary policies
6 are still local by local at this point. And most folks
7 would say you kind of need to do it that way, because
8 Alpine County and LA city are two different to have a
9 statewide program, but, yeah.

10 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE: I
11 can also add --

12 HCD DEPUTY DIRECTOR KIRKEBY: Yep.

13 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE:

14 -- in the housing elements, in addition to
15 showing the zone capacity for those lower income housing
16 units, in their programs, they need to include programs to
17 specifically kind of describe how they are going to help
18 facilitate specifically housing for, you know, essentially
19 disadvantaged communities or populations -- extremely low
20 income populations.

21 HCD DEPUTY DIRECTOR KIRKEBY: Um-hmm.

22 CTC CHAIR EAGER: Thank you.

23 Dr. Quirk had something to add.

24 CARB BOARD MEMBER QUIRK: But you have to be very
25 careful about this. One of the biggest problems we have,

1 and I can tell you this in experience from being on the
2 city council and following things now, it is very easy
3 when you put out your RHNA numbers to get all of the high
4 cost housing done. That's easy. The -- and to some
5 extent, if you have the money, at least in Hayward we were
6 always able to get approval for affordable housing. The
7 difficulty we have -- the greatest difficulty we have is
8 what's called the missing middle, which is middle class
9 housing.

10 If you were to have a blanket rule there must be
11 a certain amount of affordable housing, you could end up
12 with simply housing at that upper end period, because
13 that's the way it would quote pencil out unquote. To get
14 the middle -- missing middle, you have to give incentives
15 to people to build that way. And having an incentive to
16 afford -- to have additional affordable housing could get
17 in the way. But, in fact, the biggest difficult we have,
18 I can at least speak for the City of Hayward and probably
19 many other sort of suburban, urban is to get that missing
20 middle done. So you have to be very careful.

21 What the State does do is it does give you a
22 advantage in approvals of one type or another. If you
23 have affordable housing, I believe it's a 10 percent or
24 greater level. So there is an incentive to the builder
25 and the community to have that. But to have it as a

1 blanket policy, you could get unforeseen consequences.

2 CTC CHAIR EAGER: Thank you. I think now we have
3 public comment.

4 CTC STAFF: Yes. Thank you Chair Eager. We did
5 receive one written comment during this time from an
6 anonymous attendee who writes -- who asks what can be done
7 at CARB with the Housing Committee and electrification to
8 help with air quality?

9 HCD DEPUTY DIRECTOR KIRKEBY: We -- yeah, I'm
10 going to do highlights how about that for that. You know,
11 CARB and HCD have actually worked on that issue for
12 probably -- this may be one of our longest coordinated
13 projects. But obviously, we want to build near jobs and
14 transit. And sometimes that also intersects with other
15 things, like highway pollution, and, you know, there's
16 always a lot of conversation about those pushes and pulls,
17 but I think, you know, looking at the way we build housing
18 continues to be really important there, looking at kind of
19 the long game of how we reduce pollution as we reduce
20 driving, as we, you know, transition our fleet, we'll make
21 changes there.

22 The -- also thinking about, you know, I cited
23 this earlier, but how we allocated housing goals was not
24 equitable. And lower income communities got more than
25 their fair share of housing planning for a long time. And

1 we also know that lower income communities are
2 disproportionately impacted by not having a strong enough
3 voice in how, you know, polluting entities are zoned and
4 things like that.

5 So as we -- as we being to fix some of our issues
6 around equitable allocation of where housing goals go,
7 we're also going to be thinking more -- and we really
8 explicitly integrate Affirmatively Furthering Fair
9 Housing, we're going to be thinking about some of those
10 things of where housing goes, where -- vis-à-vis pollution
11 impacts. And I think those are things where our goals are
12 fully aligned in terms of reducing asthma, et cetera, and
13 all the benefits that will come as we plan additional
14 housing in areas that have more jobs, have lower
15 pollution.

16 But the other side of the coin on Affirmatively
17 Furthering Fair Housing, which obviously HCD is complying
18 with, but Air Resources Board must as well, is thinking
19 about how we acknowledge disparities that exist in
20 communities today, and so how do we reduce those
21 disparities. And so, you know, really looking at where --
22 which communities are disproportionately impacted, there
23 are many people that live there now. It's not just about
24 where we build new housing, but how do we improve
25 community outcomes within those communities. And there's

1 probably a lot of joint work to do in terms of pollution
2 clean-up and items such as that.

3 So that's my -- thank you, Chair, for
4 acknowledging. That was a very large question, but that's
5 my best attempt at sort of where -- some of our highlights
6 there.

7 CTC CHAIR EAGER: Yes.

8 HCD DIRECTOR VELASQUEZ: If I may just on the
9 topic of electrification, because this so important and
10 because of the role that that topic plays in this joint
11 committee. HCD plays a pivotal role in The Building
12 Standards Commission. It's involving CALGreen. And so we
13 know -- I've heard ones that the residential market in the
14 United States is the 6th emitter in the world of
15 greenhouse gases. That's how critical the carbon
16 neutrality goals are for the residential market. So in
17 California, we're making a lot of progress in moving the
18 goalposts on electrification of building.

19 Obviously, we started very aggressively with
20 electrification of parking aligned with all the other
21 climate goals on electrification, and EV chargers, and
22 electric vehicles that the State has, but we have to --
23 we're moving in the right direct -- on the right
24 direction. The will have to also move in the direction of
25 overall carbon neutrality in the -- in buildings and

1 multi-family, making a lot of progress in single-family,
2 but we have to move more aggressively on multi-family.
3 And so electrification is definitely a topic we're very
4 involved.

5 And just in closing, just thank you for all the
6 comments, great feedback, appreciate the patience
7 Chairwoman on this issue.

8 CTC CHAIR EAGER: Yeah. No, it was a --
9 obviously, we didn't need to be prompted for any of those
10 questions. They were on the ready.

11 Did we have any more public comment?

12 CTC STAFF: I see no one else looking to comment
13 on this item.

14 Thank you.

15 CTC CHAIR EAGER: Any other comments or question
16 from the dais?

17 Then, at this time, we will -- unless you had any
18 closing comments, Marisa?

19 HCD SENIOR HOUSING POLICY SPECIALIST PRASSE:

20 (Shakes head).

21 CTC CHAIR EAGER: We're good?

22 CTC VICE CHAIR GUARDINO: May I?

23 CTC CHAIR EAGER: Yes.

24 CTC VICE CHAIR GUARDINO: Thank you. This is
25 just shameful on my part. Because I know you all came to

1 talk about housing and affordable homes, and to talk about
2 road charge, but you also wondered would you get a free
3 high quality charity racing shirt by joining us today?

4 (Laughter).

5 CTC VICE CHAIR GUARDINO: The answer is yes. And
6 they make great gifts during the holiday season for your
7 loved ones. So I'll be putting these out here. This was
8 from on Santa run last December, where we raised money for
9 first time people going to colleges from underserved
10 communities in Silicon Valley. Male cut, female cut, and
11 kids. Your choice. Here's our goal. If I bring any of
12 these home, my wife is kicking me out of the house.

13 (Laughter).

14 CTC VICE CHAIR GUARDINO: So feel bad for me and
15 take several shirts.

16 CTC CHAIR EAGER: Take them all. Take them all.

17 CTC VICE CHAIR GUARDINO: Thank you, Chair Eager.

18 CTC CHAIR EAGER: Of course, yes.

19 With that, we'll be breaking for lunch and we
20 will reconvene again at 1:15.

21 Thank you.

22 (Off record: 12:15 p.m.)

23 (Thereupon a lunch break was taken.)

24

25

1 DR. MICHAEL MANVILLE: Okay. Great. Yeah.

2 So thanks for having me.

3 (Thereupon a slide presentation).

4 DR. MICHAEL MANVILLE: I apologize I couldn't be
5 around in person, but today is a busy day at UCLA of
6 teaching and welcoming new admits. So my understanding is
7 you guys have a lot of really great presentations
8 following mine that are kind of specific to what
9 particular -- agencies in particular areas are doing. And
10 so my charge is just to provide a little bit of an
11 overview of how academics tend to think about road
12 pricing, how we conceptualize it, how we think common
13 concerns that come up with it and so forth. I hope to not
14 take up too much time in doing this and have ample time
15 for whatever questions you might have.

16 So next slide, please.

17 --o0o--

18 DR. MICHAEL MANVILLE: So the gist of this is I'm
19 going to talk a little bit about road pricing as big sort
20 of umbrella concept. Then I'm going to talk about a
21 particular kind of road pricing that has gotten a lot of
22 attention both in California and elsewhere in recent
23 years, which is congestion charging. And then I'm going
24 to talk a little bit about probably the two biggest common
25 concerns that come up, which are issues of privacy, and

1 then issues of sort of fairness with respect to income if
2 you were to start pricing the roads in some fashion.

3 Next slide.

4 --o0o--

5 DR. MICHAEL MANVILLE: Okay. And next slide.

6 --o0o--

7 DR. MICHAEL MANVILLE: Okay. So the basic idea
8 behind road pricing sort of conceptually is that roads
9 and, you know, let me just say I'm not going to talk about
10 that in this -- in this presentation, but almost
11 everything I say about the roads is also true of the
12 curbs, right, which I think also a piece land that's of
13 interest to the Transportation Commission. But the road
14 networks are sort of unique in being unpriced network
15 infrastructure. And what I mean by that is that
16 oftentimes when you say to someone like, hey, we're
17 thinking of doing a road pricing scheme, the immediate
18 reaction you get from most people is like why on earth
19 would you do that? It sounds outlandish, like, you know,
20 we don't charge for roads.

21 And it's true, that we don't charge for roads.
22 But another way to look at it is that roads are part of a
23 family of infrastructure that are called sort of network
24 utilities, right? They're similar. They're sort of --
25 usually provide -- there's usually a single provider.

1 They're kind of a monopoly or near monopoly good, and they
2 are -- their function is derived from the fact that they
3 are a network, that they reach out to many different
4 origin and destination points. And so in that regard,
5 they're similar to transit systems. They're similar to
6 our electric infrastructure. They're similar to our water
7 infrastructure. And they are unique in that of all those
8 infrastructures, the roads are the only ones that we don't
9 charge direct prices to use, right? There's some indirect
10 cost to using the roads for sure, but you don't pay a
11 direct price to get on the road the same way that you
12 would pay the instant you flip on the water to take a
13 shower, or that you start getting metered as soon as you
14 start using electricity, and so forth.

15 And so for folks like me who study this issue,
16 this absence of pricing results -- it has two
17 consequences. One is that you don't -- you're sort of
18 foregoing some revenue, but the second and more important
19 one from our perspective is that the system itself
20 performs at a lower level. You lose capacity, because you
21 don't price, because you don't have an ability essentially
22 to manage demand, right, the way that electric and water
23 utilities do.

24 Next slide, please.

25 --o0o--

1 DR. MICHAEL MANVILLE: So with that in mind,
2 there's sort of two -- there's sort of two concepts of
3 road pricing that I'll talk about here. And I've just --
4 like sort of I mentioned this a few slides ago. There's
5 road pricing and then there's congestion pricing. And
6 road pricing is kind of the big umbrella concept. And
7 that's just what it sounds like. It's any program that
8 charges a direct fee to use a road. And so in California,
9 there's a lot of talk, and there's pilot programs and so
10 forth about road user charges or RUCs. This is a classic
11 road price, just a flat fee -- a flat per mile fee.

12 An important -- this -- sorry, I'm losing my
13 words here. An important sort of caveat here or
14 clarifying point, is that a gas tax, right, which is how
15 we finance a lot of our roads right now would not count as
16 road pricing, because -- and I can talk more about this in
17 the Q&A. But strictly speaking, the gas tax is a tax for
18 burning gasoline. It's not a tax for sort of directly
19 using the road.

20 But the thing to remember about road pricing,
21 right, is that any kind of charge you levy on the road,
22 really any kind charge at all, is going to have some
23 combination of two different results, right? It's going
24 to increase revenue or it's going to change behavior. And
25 the more you do of one, in general the little bit less

1 that you do of the other. In a sense that if you charged
2 a very low price for the road to use the road, you would
3 probably raise a lot of revenue, but you would raise a lot
4 of revenue precisely because a lot of people would still
5 drive. If you charge a very high price for the road,
6 you'd probably convince some people to drive less and say
7 you would change their behavior, but you wouldn't raise as
8 much revenue.

9 In general, road user charge, the RUCs, in
10 California and elsewhere are primarily considered to be
11 revenue instruments. When California thinks about a road
12 user charge, in general, you hear about it in the context
13 of the gas tax no longer raising enough money to support
14 the transportation system and this is a revenue
15 instrument.

16 Congestion pricing or a congestion charge is a
17 type of road price where the priority really falls the
18 other direction, the priority is on changing behavior,
19 right? A congestion charge will raise revenue. Every
20 congestion project that is in -- operational in the world
21 runs comfortably in the black and raises a lot of revenue,
22 but revenue is not the goal. The goal instead is to, as
23 the price suggest -- as the name suggests, reduce
24 congestion. And so what usually happens is that a
25 congestion charge is usually a very dynamic price and it's

1 sometimes called a performance price, that rather than
2 start with a rate, you start with a performance standard
3 and work backward to the rate. And so let me give you an
4 example of that, the -- that you might say something like
5 the purpose of this charge is to make sure that traffic on
6 this stretch of freeway always moves at 55 miles an hour,
7 and we will charge the lowest price that keeps traffic
8 moving at 55 miles an hour. And so that's going to raise
9 some revenue, but the outcome that you're really working
10 backward from is the performance of the road.

11 And because pollution and crash risk tend to rise
12 as congestion worsens, our experience both theoretically
13 and empirically is that when you have congestion charging,
14 those problems go down alongside congestion, right? So
15 you get less air pollution. You get lower risk of crashes
16 as well.

17 Next slide.

18 --o0o--

19 DR. MICHAEL MANVILLE: And just to draw a
20 distinction between these two types of pricing, what I'm
21 showing you here on the left side of the screen is the
22 toll schedule from the Massachusetts turnpike, which is
23 one of the oldest toll roads -- oldest post-war toll roads
24 in the United States. And what you can see, what I've
25 sort of put this red line around is that this is just --

1 they just charge a flat rate to drive. It doesn't matter
2 what time it is. It doesn't matter how many other people
3 are on the road. If you drive the entire length of the
4 Mass Pike on a two axle vehicle with an E-ZPass, you're
5 going to pay about 7.50. So that's a classic sort of road
6 user charge.

7 What you see on the right is the toll schedule
8 for the 91 Express Lanes in Orange County. This is a --
9 these are congestion charge lanes. And what you see here
10 is a much more finely granulated dynamic pricing schedule.
11 What I put the box around are the prices leading up to
12 rush hour and during rush hour on a Sunday, a Monday, and
13 a Tuesday. And what you see is that on Sundays, of
14 course, there isn't much of rush hour, so the price is
15 relatively low. On Monday and Tuesday between 6 a.m. and
16 8 a.m. when demand is high, the price of the road can be
17 as high as \$6. But then it will fall again, if you look
18 down below that red box, by 10 a.m. it's back down to a
19 little under \$3 and then it continues to fall back down to
20 its base rate of \$1.80.

21 So this really is a performance priced road.
22 These fares are determined because the toll authority at
23 the end of every month or two months reviews the
24 performance of the road, looks at it, sees if there -- if
25 the road is moving too slowly at certain times, they raise

1 the price. If it's moving too fast at certain times, they
2 lower the price, right? The goal is to sort of balance
3 the desire to move a lot of vehicles, but not have
4 congestion. So that's the difference between sort of a
5 plain old road price and a congestion charge.

6 Next slide, please.

7 --o0o--

8 DR. MICHAEL MANVILLE: Understanding what you
9 want the road charge to do, right, is very important,
10 because it helps you decide both the rate and the
11 structure of the charge. And what I mean by that is that
12 obviously the -- one of the most important things to
13 decide when you think about a road price is what the price
14 itself will be, right? And if your goal is to raise a
15 bunch of revenue, you might just start with a revenue
16 target and charge what you think will hit that. But if
17 your goal is to change behavior, you might start with a
18 behavioral target and charge to do that.

19 But the other thing that really factors in is how
20 salient the price is, like how noticeable it is? And I
21 think that if you -- if your goal is to raise a lot of
22 revenue, then your best approach is to charge every
23 vehicle a price that's so low they barely notice it,
24 right? And that will barely change any behavior at all,
25 but you'll raise a lot of money. Whereas, if your goal is

1 to change behavior, like you want to sort of minimize
2 driving and congestion or minimize driving by vehicles
3 that you worry pollute a lot, then you want to target the
4 particular vehicles who are going to do that and make the
5 price not just high, but also very noticeable.

6 And the illustrations here, one is from the
7 abstract of a well known paper in Urban Economics about
8 what happened when the easy tax was introduced on the
9 Massachusetts Turnpike. Prior to easy tax, of course --
10 sorry, E-ZPass. Sorry. Prior to E-ZPass, when you drove
11 on the Mass Turnpike, you had to drive up to a toll booth
12 an open up your wallet and hand over a bunch of money to
13 someone who accepted it, right? That is very noticeable
14 to you that you were paying a bunch of money to drive on
15 this road. With E-ZPass, you could just glide under a
16 gantry and the money was deducted from your bank account.
17 That's not salient at all and the Massachusetts Turnpike
18 Authority took advantage of this to quietly raise prices.
19 And for years nobody noticed that they were actually
20 paying more to drive on the road. That's sort of the
21 power of an invisible charge.

22 What you see on the right in contrast is a
23 sign that goes over the entry gantry of one of the
24 congestion charging stations in Singapore. Singapore is
25 a -- almost the entirety of Singapore's inner ring

1 freeways are congestion charge. But because the purpose
2 of this is to reduce congestion, the goal is to make it
3 very obvious to people that if they choose to make this
4 trip, they're going to pay. So the costs are flashing
5 both on the sign. And then what you see on the far right
6 is a typical transponder mounting in a car in Singapore.
7 And unlike a sort of quiet thing that can be in a glove
8 box in an American E-ZPass, this actually flashes at you
9 when you pass under the toll gantry the amount of money
10 you're paying, and again because the goal here is to
11 change behavior rather than just raise some money,
12 although it does raise money.

13 Next slide, please.

14 --o0o--

15 DR. MICHAEL MANVILLE: So just to talk a little
16 bit more about congestion charging, I think -- and I can
17 talk about this in the Q&A, most people in my business, if
18 you ask us if California should do a road user charge with
19 a flat rate or it should do congestion pricing, we all say
20 you should do congestion pricing. And the reason for that
21 is that we are much more concerned about the performance
22 of the road than financing it. There are -- California
23 does have challenges financing its roads absolutely and
24 its other transportation systems, but there are many
25 different avenues to raise money, right? Even in a

1 revenue constrained, you know, by Prop 13 State like
2 California, there really is only one way to reduce
3 congestion and that's congestion charging.

4 So next slide, please.

5 --o0o--

6 DR. MICHAEL MANVILLE: So the basic logic behind
7 a congestion charge is that roads are basically land. And
8 like any land, their value varies with what they provide
9 access to. And that value for any piece of land other
10 than roads is usually reflected in the price that you have
11 to pay to access it. And so what you see on the left is
12 an image of Manhattan, New York, one of the densest and
13 most dynamic urban agglomerations in the world. And on
14 the right is what you see is an image Manhattan, Kansas,
15 which is lovely place that is neither of those things.

16 And if you look at the various rents that I'm
17 showing -- rents and home prices that I'm showing below
18 that, you can see that the greater access and dynamism of
19 Manhattan, New York is reflected in most of its prices of
20 land. The median home price is \$1.4 million. It's
21 probably actually gone up since I -- since I made this
22 slide, whereas, in Manhattan, Kansas is barely \$200,000.
23 The same sort of disparity exists with commercial rents.

24 And then you see that the price to drive across
25 both these places is actually the same and the price to

1 park on a residential street is the same. And both those
2 prices are zero. And what that should suggest to us is
3 that the price of driving in Manhattan, New York has
4 become divorced from its value. It has been held down
5 artificially by a government decision to keep the price of
6 the road at zero. And that, in some ways, benefits
7 drivers, right, because they don't have to pay, but it
8 also creates problems as well.

9 Next slide, please.

10 --o0o--

11 DR. MICHAEL MANVILLE: So if you ever had to
12 suffer through an economics class, you've at least been
13 told that when the government holds down the price of a
14 good, you're going to have, in addition to a lower price,
15 four consequences. And the first one is that you get a
16 shortage. And traffic congestion is basically just a
17 recurring shortage of road, right, that too many people
18 want to use the road. There is nothing that stops them
19 from doing that. There's no price that stops them from
20 doing that and so you get a queue, which is basically just
21 a slow moving shortage.

22 The one way to think about this is that what
23 happens on California's freeways every morning is just the
24 same thing that happens every Black Friday when Best Buy
25 holds the price of a few TVs down to about \$10, right?

1 The price has been separated from the value. Lots of
2 people turn up and you get a line and a shortage.

3 The second thing that happens is you get high
4 search costs, right? Because there is a shortage, people
5 expend a lot of extra energy to get access to the good or
6 service that is now artificially cheap. This happens all
7 the time as well. The most direct route between popular
8 origins and destinations, where I am in Los Angeles, is
9 usually too congested to be appealing, right? That if I
10 wanted to go right now from my office to the airport, and
11 I just looked at a map and didn't know anything about LA,
12 the easiest thing for me to do would be to hop on the 405,
13 because there's a big exit for UCLA on the 405 and a big
14 exit for LAX on the 405, but actually that would take me
15 forever. And so what I do is I open up an app like Waze.
16 The only reason Waze exists is because the most obvious
17 way for me to get from point A to point B in too many
18 parts of urban California is actually impossible. It's
19 collapsed under the stress of the congestion and so I end
20 up using a program that helps me find an alternative
21 method. That's a high search cost.

22 The third thing that happens is the good is
23 misallocated. It ends up being consumed both by people
24 who value it a lot and people who don't value it much.
25 And time and again when we've look at travel diaries and

1 other travel surveys in California and elsewhere, we see
2 that a surprising share of people who are on the road at
3 peak hours, right, oftentimes more than 50 percent, are
4 taken trips that do not take them to work or school,
5 right? This is just the -- and so what you get is some
6 people who are taking trips that it's extremely important
7 for them to complete in a timely fashion and they're being
8 slowed down by people who thought this was the right time
9 to pick up their dry-cleaning or buy potato chips.

10 And then the final thing that happens is you get
11 what's called a shadow market, which is to say that you
12 can legislate a price away, but you can't legislate a cost
13 away, that the cost of driving still end up somewhere,
14 right? The fact that we don't face them, that we don't
15 make our drivers face the cost that they impose on the
16 road doesn't mean we don't face them.

17 What ends up obviously if they don't pay in --
18 people don't pay in money, so they do pay in time. But
19 also the fear of congestion and concern about it, leads us
20 to blocking housing developments. It leads us to push
21 land uses further apart. That, of course, undermines
22 public transportation and so forth, and so that the -- the
23 fact that the road is free doesn't mean driving doesn't
24 have costs. It just mean it takes those costs away from
25 the drivers who are the most appropriate people to pay for

1 them.

2 Next slide, please.

3 --o0o--

4 DR. MICHAEL MANVILLE: And I think sometimes we
5 think of this as being -- I sort of run through that
6 litany and people don't quite believe me. But I do think
7 it's important to remember that the only things we run out
8 of in general are things we don't price, right? Again, we
9 don't regularly run out of water or electricity, but twice
10 a day every day in big urban areas we run out of road
11 space. And even in the transportation system, the things
12 we pay for we don't run out of. Los Angeles frequently
13 has a shortage of road space. It never has a shortage of
14 cars. It never has a shortage of gas. If you want to
15 think about the last time we had serious shortages of gas,
16 it would be in the 1970s when we put price controls on
17 gasoline, right? Now, we have price controls on roads, we
18 run out of roads.

19 Next slide, please.

20 --o0o--

21 DR. MICHAEL MANVILLE: Okay. So nevertheless,
22 common concerns. If the -- someone like me says that's
23 the problem, that's the diagnosis, and the solution is to
24 charge people to use the road, I think there's two sort of
25 common concerns that come up. The first one is privacy.

1 People don't want the government to sort of know where
2 they're going. They don't want a transponder in their
3 car.

4 Next slide, please.

5 --o0o--

6 DR. MICHAEL MANVILLE: Look, I think you can't
7 completely diminish this. I have concerns about privacy
8 myself. What I would say is that our experience in most
9 areas of the economy is that people if you ask them say
10 they're very concerned about privacy. And if you watch
11 what they do, they don't seem to care about it at all.
12 Most people who tell you that they are deeply concerned
13 about privacy are walking around with a phone device made
14 by a large multi-national corporation that is literally
15 listening to them, taking their information, and reporting
16 it back so that it can manipulate Google searches in such
17 a way as to sell them things.

18 You might say that people just trust corporations
19 more than the government, but I'm sure we all remember
20 back in 2014 when multiple newspapers won Pulitzer prizes
21 for revealing that the U.S. government was spying on
22 people in social media, getting warrants -- secret
23 warrants to listen to people's phone calls, up to six
24 million Americans and so forth, and no one cared. That's
25 maybe a little of an exaggeration, but the short version

1 of this is there are things that can be done to mitigate
2 privacy, but -- and I don't want to overly dismiss it, but
3 that in practice, most Americans and most Californians do
4 not seem terribly concerned about privacy for better or
5 worse.

6 Next slide, please.

7 --o0o--

8 DR. MICHAEL MANVILLE: Okay. The bigger concern,
9 right, is that -- is whether this is fair to low-income
10 drivers, right? Road charges are regressive. A \$10
11 charge to drive on a road is going to be a bigger burden
12 for someone who makes \$10,000 than someone who makes
13 \$100,000. The main thing to keep in mind about this is
14 three points -- or two points. One, that lots of charges
15 are regressive and regressivity is not automatically a
16 sign of unfairness. It's a -- it's a sign that we should
17 be alert to the possibility of unfairness, but it does not
18 mean that things are unfair.

19 The other thing to remember is that free roads
20 also have unfairness of their own. And so the real
21 question is not whether pricing the road is fair or
22 unfair, it's whether pricing the road would be less unfair
23 than leaving it free.

24 Next slide, please

25 --o0o--

1 DR. MICHAEL MANVILLE: Right. And so the -- and
2 I think one thing to remember or to be aware of is that
3 the busiest roads at the busiest times are
4 disproportionately used by high income people. This is
5 from both the U.S. census data on commuting and the
6 National Household Travel Survey, and basically shows that
7 at peak hours -- and this is true in surveys. It's been
8 replicated a number of times, at peak hours, the highest
9 income households are overrepresented on the roads and the
10 lowest income households are underrepresented on the
11 roads. That basically keeping the roads free is not an
12 important subsidy for low-income people. It's a subsidy
13 whose benefits accrue primarily to high-income people.
14 And some low-income people happen to enjoy it. And that
15 makes sense, because driving itself is expensive, and the
16 more you drive, the more you spend, right?

17 Next slide, please.

18 --o0o--

19 DR. MICHAEL MANVILLE: The other thing to
20 remember about free roads is that a free road is much more
21 likely to become congested. A congested road is much more
22 likely to be a dense emitter of dangerous localized air
23 pollution. It also emits carbon. But for this -- for our
24 purposes what I want to talk about right now is that if
25 you live near a busy road like a freeway or a busy

1 arterial within about, you know, 800 to 1,000 feet, you
2 are disproportionately exposed to fine and ultrafine
3 particulate matter, to lead, to benzene, to carbon
4 monoxide. All of these are very dangerous in closed
5 concentration. And if you look at who does leer -- live
6 near these roads, lower income people are much more likely
7 to live near them.

8 In addition to that, lower income people near
9 freeways are much more likely not to have cars, right? So
10 you do have a situation when you leave the road free where
11 higher income people, because we don't charge them to use
12 the road, are emitting more pollution, which is going into
13 the lungs of lower income people nearby who don't even
14 drive and use the -- and get the benefits of that road.

15 Next slide, please.

16 --o0o--

17 DR. MICHAEL MANVILLE: And this, I'm not going to
18 dwell on it too much, but it's an illustration of that.
19 This is what happened after the E-ZPass was put in place
20 in the New York-New Jersey Turnpike. One thing E-ZPass
21 did was it cleared away a lot of congestion near the toll
22 booths, because you no longer had people backing up to
23 pay. They could just drive under it. And what you see
24 here is that after the E-ZPass as put in place, premature
25 birth declined sharply right afterwards and it declined

1 UCLA and trying to be sort of quite liberal in our
2 definitions of who would be affected. It determined that
3 in the freeways in the major California metropolitan areas
4 were priced, the 13 percent of households would count as
5 sort of being vulnerable, in a sense that they're low
6 income and exposed in the sense that they drive on the
7 freeways a lot.

8 So this is a non-trivial share of people for
9 sure. What I want to emphasize is that it's not an amount
10 that is crazy with -- if you compare it to other social
11 services, for instance, the share of households that get
12 assistance from electric utilities or the share of
13 households that get food stamps. And the other part --
14 point that's really important to emphasize is that this is
15 a problem that comes with its own solution, right? If you
16 have a portion of people under this program who would be
17 vulnerable because they would not be able to pay, you also
18 have a program that is raising a lot of money and you can
19 take some of that money and use it to help these people.

20 Next slide.

21 --o0o--

22 DR. MICHAEL MANVILLE: Right. So you can manage
23 this problem. And I think that one thing that happens
24 when you talk about this is people immediately say yes, we
25 can manage the problem. We can take the toll revenue and

1 we can invest it in transit, or pedestrian infrastructure,
2 or bike lanes. That's a perfectly good thing to do with
3 toll revenue. It is not a way to address the equity
4 problems that pricing creates. Remember, the potential
5 harm of pricing a road does not fall on the person who can
6 easily take a bus. It falls on the person who still needs
7 to drive, right? And so the best approach is to provide
8 direct assistance to those people usually financed by the
9 tolls themselves. Again, this is what we do with electric
10 and water utilities. If you have difficulty paying your
11 bills, we don't sort of like tell you to dig a well or
12 something, we just -- the money paid by other people is
13 used to help alleviate the burden on you.

14 Something else that comes up, and I'm happy to
15 talk about it in the Q&A sometimes, is that we could just
16 give an exemption or a discount to low-income people. Our
17 experience with those in California and elsewhere is that
18 they're very hard to manage, they get prone to fraud and
19 abuse, and that it really works a lot better to just
20 provide people with money to help them pay -- much more
21 similar to a food stamp, which is, in general, a very
22 successful program.

23 Next slide.

24 --o0o--

25 DR. MICHAEL MANVILLE: The last thing I would say

1 in terms of equity concerns is that pricing is a little
2 different from -- road pricing is a little different from
3 other network infrastructure because you really can do it
4 one lane at a time, right? That if the concern is that
5 there really are some people who don't have options
6 available, don't have the money, you're not sure that the
7 redistribution will be enough to help them, you could just
8 start by saying, you know, here's a -- here's a five lane
9 freeway, two lanes of it will be priced, right? And
10 anyone who wants to take advantage of that can do so.
11 They can -- they can get around congestion. Anyone who
12 wants to continue driving on free lanes has three free
13 lanes to do it.

14 And then after a year or 18 months and a lot of
15 outreach, you can price the third lane. And then a year
16 after that, you can price the fourth lane. And you can
17 get to a world with priced roads, really giving people a
18 lot of time to adjust, getting a lot of institutions ready
19 to make that transition and so forth.

20 Next slide.

21 --o0o--

22 DR. MICHAEL MANVILLE: So I think one -- the
23 point I'll end on, because I think this is often a hard
24 sell is that -- is that the status quo really is a very
25 powerful force in the way we think about public policies,

1 right? Right now, we're all accustomed to the road being
2 free. And so when we hear about road pricing, we think
3 about all the things that could go wrong if we had it.
4 And so one way to sort of combat that is to think about
5 imagine if we had road pricing already, right, and then
6 someone proposed taking it away. And in that world, you
7 would think to yourself, well, the roads would be free and
8 so that would be a benefit to drivers, but you would get
9 more driving. You'd get mor congestion. You'd get more
10 pollution. And you'd have less revenue, and especially --
11 including less revenue to help people who are harmed by
12 that pollution, right?

13 So you can -- you can think of it this way,
14 right, you know, how would we react in California today to
15 a proposal to a abolish water or electric meters? Most
16 people would understand that that would be bad for
17 efficiency, it would be bad for equity, and it would be
18 bad for the environment. But the status quo right now on
19 the roads, right, is that we don't have any prices and
20 people have no reason to be judicious in how they use the
21 roads. And as a result, it's bad for equity, it's bad for
22 efficiency, and it's bad for the environment.

23 Okay. I'll stop there. Thanks for your
24 attention. And yeah, happy to take questions.

25 CTC CHAIR EAGER: Thank you so much. Do we have

1 any commissioners or members that have any questions?

2 Yes.

3 CARB CHAIR RANDOLPH: I have a question about
4 the -- what kind of data are you seeing on congestion in a
5 lot of the roads where toll lanes have been recently added
6 in like the, you know, 10-year time frame? You know, I
7 know we have -- there's several in Southern California.
8 There's some new lanes in Northern California. So I'm
9 just kind of curious sort of what the data is showing
10 about the effect of those lanes on congestion.

11 DR. MICHAEL MANVILLE: Yeah, I mean, I think --
12 and it may well be that some of the folks who talk
13 subsequent to me have more detailed information on that.
14 But I can speak very quickly to the like express lanes
15 down here in Southern California in Los Angeles County.
16 They generally work quite well. The -- but the key point
17 is they work quite well in those lanes, right? So if you
18 pay to use the express lanes out on the 10 or the 210 in
19 Los Angeles, you will more often, you know, reliably move
20 faster than if you were in the unpriced lane.

21 So these are these, you know, sort of high
22 occupancy toll lanes. They aren't pure congestion priced
23 lanes. And so what they don't do, right, is make the free
24 lanes move any faster. The free lanes are every bit as
25 slow as they once were. But they -- if you do pay, you do

1 move faster. That's also very true for the 91 express
2 lanes down in Orange County, for instance, which are
3 probably our longest running example.

4 The obstacles that we face right now, and I think
5 someone from LA Metro would probably be able to speak more
6 to this in these lanes, are basically matters of
7 enforcement. I mean, there's lots of tweaks you can make
8 to these programs, but I think that oftentimes people
9 just -- they just make incursions into these lanes,
10 because they aren't fully separated off, right, without
11 paying. And then in theory, you're supposed to -- you
12 know, you're exempt if you have a carpool from paying.
13 And what you're supposed to do if you have multiple people
14 in the cars, you flip a little switch and that registers
15 with the transponder. Metro's estimates, as of pre-COVID,
16 were that lots of people cheated, right? They just --
17 they were alone in the car, but they flipped the
18 transponder anyways.

19 And so -- but I do think from one perspective,
20 it's encouraging that even with a substantial amount of
21 non-compliance and cheating, they still offered a pretty
22 reliably faster travel than the free lanes.

23 CTC CHAIR EAGER: Thank you.

24 Dr. Quirk, I think you had a question or comment.

25 CARB BOARD MEMBER QUIRK: Yes. First of all, you

1 made the comment most people don't seem to care about
2 privacy. I think that's an oversimplification. Now, they
3 may not care about it as much as they say do, but both in
4 the European Union and here in California, because our
5 elected officials in the Assembly, and Senate, and other
6 places have felt pressure from constituents in privacy
7 concerns, we're limiting now a number of things that these
8 big companies can do. And I hope they can't listen to you
9 on your phone.

10 DR. MICHAEL MANVILLE: They can.

11 CARB BOARD MEMBER QUIRK: If they're doing that,
12 we need to stop it right away. But clearly, cookies and
13 all these other things, every time you go on a website
14 now, it asks you about a cookie policy and that's because
15 both the European Union, and California, and probably
16 other states as well have -- are doing regulations because
17 enough people care. So I'd like you to address that and
18 then I have a quest -- then I have another comment about
19 equity.

20 DR. MICHAEL MANVILLE: Sure. I mean, I think --
21 yeah, I mean, we can sort of go back and forth about how
22 much they -- they don't care, but, you know, I do think --
23 and I think that what you described is entirely consistent
24 with what I said, which is that if you ask someone, you
25 know, do you want a law that restricts the ability of a

1 company to collect your data, most people will say yes.
2 If you subsequently find out that the company is not
3 obeying that law or if you subsequently find out that your
4 data is being collected in some other way that skirts that
5 law, do you the typical Californian get really angry? No.

6 Right, again -- I mean, I think again the biggest
7 piece of evidence to this is just months and months of
8 wall-to-wall news in 2014 that the government was just
9 spying on ordinary Americans, listening to their phone
10 calls, following their Facebook feeds, and creating chains
11 of people and then diving into it. And it led to
12 virtually no public outcry. So, you know, again, like, do
13 I know this for certain? No, but I would say that the
14 stated -- the stated preferences for privacy that we hear
15 are far larger than the revealed preferences.

16 CARB BOARD MEMBER QUIRK: Well, let me just say
17 as a lawmaker -- as a retired lawmaker, there will be an
18 immense amount of pressure to make sure that the
19 Government doesn't know where you're driving if we go to
20 road charges.

21 DR. MICHAEL MANVILLE: That is not --

22 CARB BOARD MEMBER QUIRK: And --

23 DR. MICHAEL MANVILLE: That is not at all
24 inconsistent with what I said.

25 CARB BOARD MEMBER QUIRK: Fine. I'm just saying

1 that what you said could be interpreted in a different
2 way. So anyway fine, we'll pass on that topic. There's
3 going to be a lot of pressure to do that.

4 The second thing is the equity concerns, which
5 are very real. The concern I have is if you were to give
6 a discount for driving per se, then you would be taking
7 one group of poor people who have cars and a group that
8 doesn't have cars and treat them in different ways. I
9 would be very much in favor of giving anyone in poverty a
10 money, checks in the mail, which rather than giving them a
11 discount on tolls. And the reason for that is twofold.
12 One is give them a discount on tolls that, you know, that
13 tells them it's okay to drive. If you give them money,
14 then they have a choice. Do they spend it on tolls or do
15 they spend it on bread and butter and take the -- and take
16 the bus.

17 So I think how you distribute the money to people
18 in poverty is extremely important. And I think it's
19 important to give people a choice. Do they spend that
20 money on tolls or do they spend that money on groceries.
21 So that's -- that's my second comment.

22 DR. MICHAEL MANVILLE: I couldn't agree more.
23 And that's why in my slide, I said I don't particularly
24 like the idea of discounts. Yeah, in all the stuff we've
25 written for the state, we've basically said what you just

1 said, that what you really want to do is take the toll
2 revenue and use it to rebate to people below a certain
3 income, and then they can use it as they please. And that
4 way it's neutral with respect to mode. And I completely
5 agree.

6 CARB BOARD MEMBER QUIRK: Yeah, but it sound --
7 when you said rebate, it sounds as if you were talking
8 about a rebate on a and apparently, this is not the
9 case --

10 DR. MICHAEL MANVILLE: I apologize for my --

11 CARB BOARD MEMBER QUIRK: -- a rebate on the
12 amount of tolls --

13 DR. MICHAEL MANVILLE: I apologize for my
14 confusion that I created.

15 CARB BOARD MEMBER QUIRK: Right. What you want
16 to do is give that to people -- the rebate to people
17 whether they have cars or not.

18 DR. MICHAEL MANVILLE: Absolutely.

19 CARB BOARD MEMBER QUIRK: Whether they are
20 driving them or not.

21 Okay. Thank you. I just -- I'm glad that we
22 have together --

23 (Laughter).

24 CARB BOARD MEMBER QUIRK: -- made reports more
25 clear. Thank you.

1 DR. MICHAEL MANVILLE: I wouldn't be able to do
2 it without you.

3 (Laughter).

4 CTC CHAIR EAGER: Thank you, Dr. Quirk.

5 Next, we have Member Takvorian.

6 CARB BOARD MEMBER TAKVORIAN: Thank you,
7 Professor, for this great presentation. I appreciated it,
8 and particularly your attention to equity. Maybe I could
9 just follow up on something Dr. Quirk said. I think I,
10 too, agree that the discounts may be problematic. I would
11 be more interested in a transportation subsidy, that
12 allowed people to do what Dr. Quirk indicated, which is to
13 make choices, but it would be good if those choices were
14 within the transportation category. So I'd love to hear
15 your thoughts about that.

16 And then also, I was a little bit surprised to
17 not hear you talk -- to hear you talk about free roads,
18 when I think the general perception is we are paying for
19 roads through the gas tax. And that's something that
20 comes up a lot in our conversations with community members
21 who are concerned about being doubly charged. And so I'd
22 love to hear your thoughts about that and perhaps then
23 talk a little bit more about what some equity options are,
24 but those two -- those are my two questions for now.

25 DR. MICHAEL MANVILLE: Yeah. I mean, I think I

1 would -- I would lean away from restricting toll based aid
2 to low-income people to spending on transportation, mainly
3 because the least impactful, both in terms of safety and
4 the environment form of transportation there is, is
5 walking. And that really doesn't cost very much, right?
6 And so what I would prefer is that, you know, you get
7 let's just say, you know, set amount of money every month
8 if you're be -- if you household is below a certain income
9 threshold. If you do need -- you know, you have some
10 urgent matter and you want to use it on tolls, that's
11 great. But if you have figured out a way that you live
12 and -- live sort of in walking distance of where you work
13 and where you take your kids to school and so forth, I
14 would not want you to forfeit your money and your ability
15 to spend, because of that choice that is a choice that we
16 would otherwise sort of from our public policy
17 perspectives encourage.

18 So now I think that there -- we do have a paper
19 that we came out with last year that talks about these
20 sort of assistance programs. And our reality is that the
21 way California's government is currently set up, it can be
22 logistically difficult to do this sort of just flat rebate
23 of money to anyone below a certain income threshold. And
24 what becomes more common are things like, oh, you could
25 spend this on a transit pass, you could spend this on X

1 and Y. But as long as we're thinking about like what an
2 ideal program would look like, I would not be in favor of
3 something that restricted it to quote/unquote
4 transportation spending as we define it, because I just
5 fear it would leave out modes that a lot of people do use
6 to get around and that are modes that we kind of
7 encourage, again, you know, your bicycling, and your
8 walking, and so forth.

9 With respect to the gas tax, yeah, this is a
10 little bit of a tricky thing, about I mentioned this
11 earlier. When I say that roads are free, what I mean is
12 we don't pay any direct charges to use the road, right?
13 We pay a gas tax and we use the gas tax primarily to build
14 and fix roads. And so from one perspective, you can say,
15 yeah, we pay -- we pay for the roads and we pay the gas
16 tax, but we don't pay to use them, right?

17 Strictly speaking, again, the gas tax is not a
18 tax on using the road. It's a tax on burning gasoline,
19 right? If you want to pay the gas tax and not use the
20 roads, you can just get yourself a big SUV and run it in
21 your driveway for two hours. You'll pay a bunch of gas
22 tax money and you won't have used any roads.

23 If you want to use the roads and not pay the gas
24 tax, you can hop into a Tesla and drive up and down
25 California, right? The difference between a road price

1 and a gas tax is that the road price is a direct charge to
2 use that piece of land, and so it really isn't double
3 taxation. I know that seems like a small difference, but
4 when you think about how well the road works, it really
5 makes all the difference. There's nothing on the roads
6 that is analogous to a water meter or an electric meter
7 where your payment really is just directly and explicitly
8 tied to your use at that time of that resource.

9 CARB BOARD MEMBER TAKVORIAN: If I can say --
10 just respond --

11 DR. MICHAEL MANVILLE: Sure.

12 CARB BOARD MEMBER TAKVORIAN: -- to both of those
13 thoughts. One, on the last thought in terms of free
14 roads, it -- I would be interested in hearing about a
15 progressive charge that would start with those folks that
16 aren't paying anything for roads. I mean, I understand
17 that -- your distinction between what the gas taxes would
18 pay for and what you're contemplating in terms of a road
19 charge. But it seems like it would be fair, as a hybrid
20 driver, you know, I'm paying very little to drive on the
21 roads that I'm using. So it seems fair that I would need
22 to make up for that. And so could there be a program that
23 would actually fill in that gap where I would start to pay
24 my fair share and others would do that as well? So that's
25 part of what I'd be interested. And I know we're going to

1 have a longer conversation later. So that's one option.

2 The other on the transportation subsidy is that
3 I feel like the low-income folks are the backbone of our
4 transit system, and it's desperately in need of infusion.
5 So I would say I would lean towards a transportation
6 subsidy that helps those folks that are on transit, but
7 are feeling like they may have to get a car in order to
8 get a better job, improve their quality of life.

9 And those are the challenges that folks in our
10 communities face a lot. So I'd just like a fuller
11 discussion of that, because I think it really -- they
12 aren't the folks that are able necessarily to walk to work
13 especially when they've got a couple of kids, and
14 groceries, and all of that. So we need to make transit
15 something that they can utilize, because we're not going
16 to do that on a bike. I love bikes, but that's probably
17 not a reality. So anyway, those are just thoughts I have.
18 And perhaps we're going to talk about all of this a little
19 bit more in our --

20 DR. MICHAEL MANVILLE: Well, just very quickly.
21 There's nothing about just returning money to people that
22 stops them from spending it on transit, if they think
23 that's what's best, right? So --

24 CARB BOARD MEMBER TAKVORIAN: That's true, but it
25 also doesn't direct it into the transit system where I

1 think we need it.

2 DR. MICHAEL MANVILLE: Well, so that -- well,
3 that -- yeah, that's a different thing. So not even
4 giving money to transit as all, I mean, to -- so you're
5 talking about not even giving money to low-income people
6 at all, instead, just giving it to the transit system.

7 CARB BOARD MEMBER TAKVORIAN: No, I'm not. I'm
8 saying that we can encourage people to use transit by
9 providing a transportation subsidy, so that we're
10 supporting those folks who are utilizing it and allowing
11 them to use it more and not have to change to a car, so...

12 DR. MICHAEL MANVILLE: Yeah, I guess what I would
13 say is that giving the money does the same thing. If
14 they're preexisting desire, right, is to ride transit,
15 then getting a rebate from the State on -- from other
16 people's toll revenue makes that transit easier for them.

17 If the risk you're concerned about is that all
18 else equal, low-income people currently on transit would
19 rather be doing something else. And if you just give them
20 money, they might go and spend it on Ubers, or buy a car,
21 or things like that, I think that that's just -- that's
22 the -- you have to let the chips fall where they may,
23 because as important as public transportation is, and I am
24 a rider of public Transportation, low-income people do not
25 owe us a viable transit system. We owe low-income people

1 mobility.

2 And if we cannot deliver that mobility to them
3 with our transit system, we should not begrudge them
4 taking their resources and doing something else. And so I
5 think that constraining their choice so as to kind of
6 reinforce our ailing transit system is not the right
7 approach. I think that if we want to fix our transit
8 system, we have to make transit so that the majority of
9 Californians want to take it. We shouldn't constrain the
10 choices of low-income people so that they can keep it
11 afloat.

12 CARB BOARD MEMBER TAKVORIAN: Well, I wouldn't
13 argue with that, just for the record. So I think we may
14 be saying the same thing in a certain way. I'm just very
15 concerned about the fact that without more infusion into
16 transit, which could come this way or other ways, then we
17 aren't -- we aren't living up to that obligation.

18 CTC CHAIR EAGER: Thank you.

19 Now, we'll move on to Member Hurt.

20 CARB BOARD MEMBER HURT: Thank you, Chair. I
21 think I was in -- thinking in the same vein about the
22 interplay between transit investment and roadway pricing.
23 When I think of roadway pricing, I'm thinking a lot about
24 the change of access and mobility. And if there's not a
25 robust, seamless public transit system, and buses and

1 trains, just wondering how successful can roadway pricing
2 be, and do we not deepen the inequities that we're trying
3 to get away from, if we're not increasing ambition with
4 investments and pass -- and mass public transit.

5 And I think you spoke a little bit to it through
6 Board Member Takvorian's question, but I'm just wondering
7 in your mind like what is the outlook, since we know many
8 our transportation agencies are facing financial cliffs?
9 When you look at models like in London, they were -- that
10 have been successful, there were major increases in
11 transit with the number of buses, the number of trains.
12 And here in California, we're sitting in a different
13 position and place. And I'm just wondering what your
14 thoughts are around transit investment, and roadway
15 pricing, and just the outlook, based on the state of
16 things?

17 DR. MICHAEL MANVILLE: Yeah. So I would say is
18 that it is often better politically to pair roadway
19 pricing with increases in transit service. I would also
20 say that there is very good reason in California to make
21 our transit systems better. Even before the fiscal
22 problems that arise from COVID, transit in too many places
23 was badly inadequate.

24 What I was trying to convey in the talk I think
25 were two points. The first one is that seeing the --

1 well, here's the main one that I was trying to convey. If
2 you look at the possible fairness consequences of
3 congestion pricing or road pricing and say that to
4 ameliorate them we need to invest the revenue in transit,
5 I think that misses the mark. And it misses the mark
6 because again the immediate fairness burden is going to
7 fall on a category of people who are basically low income
8 enough that they can drive -- I mean, high income enough
9 that they can drive, but sufficiently low income that the
10 toll is a burden on them and who do not have another
11 choice, right, that they can't take transit, even if it's
12 good. Now, we're thinking about a landscaper or something
13 someone like that. Someone who really has to drive for
14 their job.

15 Addressing that equity burden by giving money
16 at -- for example, to better buses, it sort of -- it does
17 help some low-income people, but it doesn't help the
18 low-income people who the pricing itself harms, right? If
19 you were a landscaper and suddenly faced with a \$4 total,
20 you wouldn't feel much better as you were paying it if
21 someone said, hey, you know, we're getting better bus
22 service. So there's good arguments, right, for having
23 better transit system service in California. Like I said,
24 I'm a transit rider in Los Angeles. I'll never argue
25 against that.

1 But I think the real equity -- the potential
2 equity consequence of congestion pricing falls on low
3 income drivers. And the best way to help them in that
4 situation is as discussed through cash. The second point
5 that I think you brought up, if I heard you correctly, is
6 this question of well, can congestion pricing work if you
7 don't have good transit? And it can. I think that our
8 experience in different parts of the world suggests it
9 can, be but more importantly, the -- you know, it works
10 better the better transit you have.

11 But again, like thinking about all our other
12 utilities, right, like if I go home after this and turn
13 on -- you know, make -- pour a glass of water out of my
14 tap, that tap is the only choice I have for getting water,
15 right? And the electric company is my only way to get
16 electricity for my apartment. There's literally no
17 alternatives for these essential goods that we charge
18 regressive prices for, but that is not necessarily a
19 disaster, in part because there are supports to help
20 people pay who can't, and, in part, because the fact that
21 something is priced doesn't mean you just have to give it
22 up entirely, right? Our experience in most of the economy
23 is that when the price of something goes up, people just
24 use it a little bit less. And most of our experience
25 looking at congestion pricing is that's -- or road pricing

1 is that's what happens with driving too.

2 So yeah, I mean, I think it -- broadly speaking,
3 I agree, like it's better to have better transit when you
4 do this, but I don't think it's essential.

5 CARB BOARD MEMBER HURT: Thank you.

6 CTC CHAIR EAGER: Next, I have Commissioner
7 Bradshaw.

8 CTC COMMISSIONER BRADSHAW: Yes. Good afternoon.
9 Thank you for your thorough presentation. I appreciate
10 your time and bringing your knowledge and expertise to us
11 today.

12 I had a question just looking at whether you want
13 to call it a subsidy or toll assistance, anything based on
14 income level. When you look at California with such a
15 disparate income, depending on what part of the state and
16 what area, you know, I'm sure you're already aware what of
17 this, but the differences between Northern California, and
18 Southern California, the coast and the inland, I mean, it
19 varies 20, 30 percent even more depending. And when you
20 look at housing, it's usually based on AMI. And I just
21 wanted to ask the question what you think would be a
22 better threshold, a single like you're just only basing it
23 on FPL or if you looked at an AMI, which, like I said,
24 there's been some success with that as a threshold in
25 housing for subsidies, et cetera.

1 DR. MICHAEL MANVILLE: Yeah. I mean, I really
2 think this is an area where there's probably -- there's
3 probably more than one effective way to do it. Most
4 utilities, and I guess the roads are most similar again to
5 utilities, use something along the lines of some multiple
6 at the poverty level, like 200 percent of the federal
7 poverty level or something like that. I think that's a
8 good place to start. AMI becomes a strange indicator in
9 places where housing is extremely expensive. And I think
10 it's actually -- my take on AMI is that it started out
11 being a useful indicator for housing and then ended up
12 being a progressively more unusual one, right, to the
13 point where now in San Francisco you can qualify for
14 housing subsidies if you're actually, you know, over six
15 figures in household income.

16 And, you know, we could go back and forth about
17 whether that's appropriate since housing is such a large
18 part of people's budget, but I don't think tolls would be
19 anywhere near as large a proportion of people's budgets.
20 So my inclination, you know, basically not having given
21 this a ton of thought is that the way the utilities do it
22 would be the right way to start, but that, you know, you
23 could probably do something with AMI that would make
24 sense. It would just be a little more complicated.

25 CTC CHAIR EAGER: Thank you so much.

1 Commissioner Lyou.

2 CTC COMMISSIONER LYOU: Thank you -- thank you,
3 Madam Chair. I'm a little less con -- I'm concerned about
4 the why we want to do this. You've convinced me. And you
5 said what it should be like, and you've convinced me of
6 that too. I'm very concerned about how we actually get it
7 done. I don't see a viable pathway to get a two-thirds
8 vote of the Legislature and a Governor to sign what we're
9 talking about. And as part of that conversation, I'd love
10 to hear from our MPOs - I know we're going to get to
11 them - if they've thought this through on how we're
12 actually going to get this done.

13 And I also would like to have a conversation
14 about whether it should be revenue neutral, like we talked
15 about in terms of a road-user charge and mileage based fee
16 to replace the gas tax or whether, if we're going to do
17 this, we should do it all at once and all in and make it
18 bigger than just revenue neutral, and get the money we
19 need to invest in the things that we want to do, like
20 active transportation, complete streets, and public
21 transit, and so the how this is actually going to get
22 done, especially when it's, you know, proving out to be
23 political suicide is the question I'd look to see
24 addressed. And I know that's not why you're a professor
25 at UCLA --

1 (Laughter).

2 CTC COMMISSIONER LYOU: -- but that is the
3 question that worries me much more than the why and the
4 what.

5 DR. MICHAEL MANVILLE: Sure. Yeah. If I knew
6 all that, I'd be rich. The -- so some of it really is
7 just out of my -- you know, out of my bailiwick. You
8 know, I think that the ways that people have worked it
9 through in the past have been sort of from the locality
10 up, right, that the -- that some -- you know, and that
11 doesn't always work, right? But rather than having the
12 State say this is it, we're just charging for all the
13 roads, it starts with some metropolitan area or some MPO,
14 and I think we're starting to see this happen in
15 California, saying we'd like to experiment with it.

16 And I do think there is always value both
17 politically and from a policy perspective in doing pilot
18 projects, in doing experiments. Not only do they sort of
19 do some proof of concept for how you think you want to
20 approach it in any given area and that's valuable, but
21 they kind of come across as less risky to voters. You
22 know, the high occupancy toll lanes and express lanes that
23 are in California now, they were very controversial when
24 they were introduced and now people just kind of accept
25 them. And I think that that is a model, right, for just

1 sort it -- not to say that there's any pathway toward this
2 that's politically easy, but there are some pathways that
3 are politically easier. And I think this idea of gradual
4 introduction would go over better -- I don't want to say
5 go over well, but would go over better than just like, you
6 know, here's doomsday. Midnight we're flipping the switch
7 and you're going to have road pricing.

8 You know, I don't want to take up a ton of time,
9 but, you know, you mentioned a lot of different things.
10 The question of revenue neutrality, the question of
11 replacing the gas tax, these are very big questions that
12 all I will say is they really do have to be straightened
13 out before you move much further down the road of any of
14 this stuff. Like you really have to know what you are --
15 what you're -- why you want to have a road price before
16 you can move forward with any other aspect of it. And I'm
17 happy to talk offline. You know, we've done a lot of work
18 on what it really means to do a road price with a gas tax,
19 without a gas tax, and things like that, and so have my
20 colleagues at Irvine and Berkeley as well.

21 And then we are ready to sort of offer what
22 advice we have about that, but those are very important
23 questions, not just politically, but also just for what
24 the actual consequences of a price would be.

25 CTC CHAIR EAGER: Thank you.

1 Just to remind everyone, we do have a whole panel
2 here that have been waiting to speak to us, so if we could
3 make sure we keep our questions concise and answers. So
4 we'll have one more question from the Board members or
5 commissioners, which is Dr. Quirk, and then we'll go out
6 to public comment.

7 CARB BOARD MEMBER QUIRK: Yes. Just a comment.
8 Having been through SB 1, which is the increase in the --
9 in the gas tax, it is tough, but I think we can get to a
10 road charge. Members of the Legislature are paying
11 attention to this, realize we're going to have to go from
12 a gas tax to a road charge as we get more electric
13 vehicles, more hydrogen vehicles, et cetera. The idea of
14 congestion pricing, you're going to have to work on the
15 public. And I do agree having some -- giving the
16 authority to do it and having it done at a local level
17 first makes sense. Thank you.

18 CTC CHAIR EAGER: Thank you, Doctor.

19 Now, we will go out for public comment. I have
20 Ruhana Terada would like to make a comment.

21 RUHANA TERADA: I'm a researcher for Nor Cal
22 Carpenters Union. Many working class Californians,
23 including our members, have long commute times, because
24 they're priced out of the cities they work in.
25 Oftentimes, public transportation is unavailable or

1 infeasible due to early start times or the unavailability
2 of public transportation options. This presentation
3 mentioned that road charges can have the function of
4 changing behavior. So I was wondering professor, if you
5 have any insight into whether the introduction of road
6 charges has the potential to push essential workers who
7 have to commute long distances in personal vehicles to
8 change their occupations or daily behaviors and overall
9 what options exist for working people when because of
10 tolling commuting to work becomes more expensive given
11 where we are with our public transportation infrastructure
12 in California.

13 CTC VICE CHAIR GUARDINO: Before the professor
14 responds to that, if you could answer a quick question.

15 RUHANA TERADA: Yes.

16 CTC VICE CHAIR GUARDINO: We understand you have
17 a really terrific boss. Would you like to elaborate on
18 that?

19 (Laughter).

20 RUHANA TERADA: My boss is Commissioner Bradshaw.

21 (Laughter).

22 CTC VICE CHAIR GUARDINO: He'll take it offline.

23 (Laughter).

24 CTC CHAIR EAGER: Thank you.

25 DR. MICHAEL MANVILLE: Yeah. So the -- if you

1 had a road charge, driving would become more expensive.
2 And at the margin, you would expect some people to drive
3 less and some people to pay more. To the extent that
4 is -- again, right, to the extent that creates a problem
5 for working people who can't afford it, I think there are
6 ways to deal with it. One, of course, is to take some of
7 the toll revenue and use programs to help sort of make
8 people whole for whom the toll would be a burden. The
9 other would be to again introduce this gradually, right,
10 start with a couple lanes and then leave some lanes free,
11 or a combination of both.

12 If you -- if you had, you know, most of the
13 freeways in California, especially the urban freeways, and
14 that's where I think most of these charges would take
15 place, are at least three or four lanes wide, and that
16 gives you -- and many of them are five or six lanes wide,
17 and that gives you the opportunity to have some prices
18 lanes and a number of free lanes, so people for whom the
19 time savings are more important could pay when they wanted
20 to, and the people for whom the money savings are more
21 important could have the same free road they always had.

22 You know, the -- again, the same sorts of
23 reasoning could be bought up when we talk about metering
24 electricity, you know, charging for water -- metering
25 water. You could -- you could pose the exact same

1 question about what it would do to working people. But I
2 do think we have found, after metering electricity, and
3 metering water, and so forth, that there also is value to
4 having a system that work and that when it -- when you --
5 and again, just to go back to a point I made earlier,
6 you are -- it's -- you're always going to charge people
7 something, right? Right now we charge them in time and we
8 charge them in air quality. If you charge people in
9 money, that can create a problem for people who don't have
10 a lot of money. But the difference between money and time
11 is the time once you spent it, it disappears forever.
12 Money, once you spend it, can be reused.

13 And so if you charge people in money and you
14 worry that that harms some people, you can take some of
15 that money and give it back to them. When you charge
16 people in time, when you charge people in their health,
17 there is no giving back. It's just gone. You just impost
18 that cost. It's not as visible as when you charge people
19 and time, so it's politically easier to ignore, but that
20 harms is still real and it's much harder to remediate.

21 CTC CHAIR EAGER: Thank you.

22 Do we have any more public comment?

23 CTC STAFF: Yes, we do. Thank you, Chair Eager.

24 We did receive one written comment --

25 CTC CHAIR EAGER: Okay.

1 CTC STAFF: -- from our virtual attendees. This
2 one comes from Kevin Hamilton. They write, "How often are
3 these congestion charges passed on to employers as either
4 salary increases or direct payments? To be clear, I'm
5 talking about hourly and salaried employees who work a
6 standard eight-hour day at a more or less fixed location
7 and do not travel as part of their existing job. Thank
8 you".

9 DR. MICHAEL MANVILLE: I'm not aware of any
10 evidence that they're passed on as salary increases.

11 CTC CHAIR EAGER: Thank you.

12 Any other comments, questions online?

13 CTC STAFF: I see no other at this time.

14 CTC CHAIR EAGER: All right. Thank you so much
15 Professor Manville. This was obviously an interesting
16 conversation. We had a lot of people who will probably be
17 contacting you later to get some more information from
18 you. So thank you so much for sticking with us this long.

19 DR. MICHAEL MANVILLE: Sure. We're here to help.

20 CTC CHAIR EAGER: Thank you. So now we will move
21 on to Item number 5, which is Road Pricing: California
22 Road Usage Charge. This will be given by Hannah Walter.
23 She is the Road Charge Manager at -- Program Manager at
24 CTC.

25 (Thereupon a slide presentation).

1 CTC CHAIR EAGER: And we're going to talk about
2 road usage charge and our pilot project.

3 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Yeah.
4 Thank you. Okay. As we've already discussed road charge
5 is really more about changing the way we collect tax not
6 about changing behavior. And the Commission's role in
7 road charge is really to support a technical advisory
8 committee that's been around since 2017. They provide
9 expertise on work that the California State Transportation
10 Agency and Caltrans does for road charge. So CalSTA and
11 Caltrans are the leaders in the road charge planning
12 efforts. And the Commission's technical advisory
13 committee just provides expertise on that work.

14 Next slide.

15 --o0o--

16 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: So a road
17 charge is important because if we meet our goal of
18 transitioning to 100 percent zero-emission vehicles,
19 people won't be buying gas any more and we'll still need a
20 way to collect tax, because as was also previously
21 discussed, we do use some money from when we buy gas to
22 pay for maintaining our roads. So if we're not able to
23 collect that through people buying gas any more, we will
24 need to figure out an alternative taxing mechanism. So I
25 would -- I would -- I think of road charge as the basic

1 building block that we really need to message well to the
2 public.

3 Next slide.

4 --o0o--

5 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Next.

6 --o0o--

7 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Thank you.

8 So there's an opportunity for the Road Charge
9 Technical Advisory Committee to weigh in on some work that
10 CalSTA and Caltrans is doing. There's a new pilot coming
11 up. It will test road charge revenue collection and test
12 two different rates -- the impact of two different rates
13 on the public. The TAC, the technical advisory committee,
14 is tasked with making pilot design recommendations and
15 determining one of the fees used in the pilot, the per
16 mile fee, the traditional gas tax replacement rate. So
17 that's what the TAC is coming up with.

18 Next slide, please.

19 --o0o--

20 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: And this
21 slide just gives you a look at how a road charge program
22 functions operationally. So the driver pays -- well, the
23 driver reports their miles to an account manager, which
24 could be the state or a private third-party. There's lots of
25 different ways of reporting miles. You can do that

1 through like taking a picture of your odometer, if you
2 want, or through telematics in your vehicle, or a plug-in
3 device. And you submit that information to an account
4 manager. The account manager has the rates. They bill
5 you usually monthly and then you pay your invoice. And
6 the account manager sends that money to the state who also
7 provides oversight of the account managers and high level
8 oversight of the program. That's how it works
9 operationally usually in pilots that California and other
10 states have done and in programs that are currently
11 implemented.

12 Next slide, please.

13 --o0o--

14 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: That --
15 yeah, thank you.

16 One of the things that the TAC is recommending is
17 that for each rate group, we look at people based on their
18 geography, income level, and vehicle type. I'm not sure
19 why that last row is not showing up. I probably messed up
20 this slide. But basically -- oh, there it goes.

21 Thanks. Yeah.

22 So we want to get a sample of people with
23 different incomes levels in each rate group type and
24 different kinds of cars, so we can see how it's impacting
25 them.

1 Next slide.

2 --o0o--

3 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: And then
4 there's two rates in the bill. That is in the statutory
5 language. One is basically just based on average annual
6 vehicle miles traveled and the existing gas tax. That's
7 the traditional replacement. And then there's another
8 rate that's based on the fuel efficiency of your vehicle.
9 So if you have a more fuel efficient vehicle, you pay less
10 and a less fuel efficient vehicle, you pay more.

11 Next slide.

12 --o0o--

13 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: And that
14 concludes my presentation on road charge. Appreciate your
15 time and looking forward to hearing from our partners.

16 CTC CHAIR EAGER: Thank you for being concise.
17 We appreciate it.

18 Do we have any of our Commissioners or Board
19 members have any comments or questions?

20 Yes.

21 CARB BOARD MEMBER SHAHEEN: My apologies. I had
22 to lecture. So my name is Susan Shaheen. I'm a member of
23 the California Air Resources Board. And I -- can you hear
24 me?

25 Okay. Great. Excellent.

1 So I've had the pleasure of actually doing some
2 pretty deep research on this question with Lauren Prehoda
3 and her team. I see them out there. And I'm really a big
4 fan of pilot testing. I do think it's a way to test
5 technology and to get an understanding of whether or not
6 we are sending the right pricing signals and how people
7 are affected by them.

8 We did a fairly extensive survey during the
9 pandemic, and we really tried to focus on understanding
10 equity effects, which I know is something that we're
11 really wanting to talk about here. And what we found is
12 maybe not surprising or maybe surprising, depending on how
13 much you know about this topic, is that drivers of worse
14 fuel economy vehicles are the most car dependent and the
15 least sensitive to driving costs. And from an equity
16 standpoint, they typically fair better under a road
17 charge, because they are driving less fuel efficient
18 vehicles.

19 But when we look at how people respond to these
20 types of signals, our survey and modeling results suggest
21 that there's a fair amount of insensitivity, lack of
22 elasticity to changes in pricing demand, because people
23 don't tend to change their behavior very easily. What we
24 found statistically was that people who have a strong
25 preference for personal auto use, they're going to stick

1 with that. And people overall in the sample across the
2 state of California have unfortunately a low preference
3 for public transit use.

4 So in terms of a mechanism to alter demand, I
5 think that's something we should consider. But one of the
6 things that I worry about, as someone who's done
7 technology testing for about 30 years, is, you know, how
8 are all of the citizens of the state of California, if we
9 shift them over to this in one huge shift, right, going to
10 respond to this? Is the technology going to be something
11 that every car can handle? I don't think so. Is it going
12 to be something that everybody can address with smart
13 phone technology, et cetera, right? You see where I'm
14 going with this.

15 So one of my concerns in terms of piloting is
16 making sure that we're not trying to boil the ocean here,
17 but test out technologically that this can be done. And
18 based on these two pretty deep studies I've done, I
19 suggest we make sure that we're actually getting the
20 signals right, because the signals don't necessarily do
21 exactly what we want them to do until we can do some --
22 some degree of testing. So I'm pretty familiar with the
23 policy that's on the table, which definitely requires that
24 we do this technological testing and then look at these
25 two population groups.

1 One thing that I worry about is are we trying to
2 do too much with the initial pilot and would it
3 potentially make sense to focus more on electric vehicle
4 drivers and users, because they aren't paying at the pump,
5 to start, and work with a group of people who are more
6 technologically used to things either working or not
7 working? And also, they will have cars -- by and large,
8 most of them are pretty tricked out in terms of electronic
9 wireless communication systems. So that's something I
10 wanted to just put on the table is just kind of thinking
11 the pilot through as a group.

12 And the other things that I wanted to share just
13 from a policy standpoint coming from this Caltrans study
14 that I completed with Lauren and her team is educating
15 communities on the benefits of road charge compared to gas
16 tax is I think going to be absolutely fundamental. Pilots
17 can be part of that education. We also need to engage
18 communities to understand and address the unique barriers
19 to each of these different types of communities, if
20 they're rural or suburban. And I do see the land use
21 differences in terms of the pilot.

22 We definitely need to consider options for
23 accounting and payment to meet people where they're at.
24 So I'm bringing a lot of equity policy recommendations to
25 you. And I definitely think we need to consider

1 differential rate structures, particularly for people that
2 are car dependent. We heard a comment about that. People
3 who rely on their cars for their employment and really
4 look at rebates as well to target car-dependent drivers
5 and populations.

6 And then finally, you know, ultimately, I think
7 this all comes back to we're really car dependent in this
8 state and how could we be targeting investments in
9 car-dependent populations to actually give people
10 alternatives to driving a car and trying to reduce their
11 transportation costs, if that's through public transit or
12 some form of shared mobility.

13 But I really wanted to share those comments. I
14 think this is the most appropriate place to share them.
15 Happy to make myself available to CARB staff and other
16 staff as appropriate to think about the pilot. I think
17 it's a really great opportunity.

18 Thank you.

19 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Thanks for
20 those comments. And I'll just say two quick things in
21 response. This pilot builds on quite a number of pilots
22 that Caltrans has already done in the past, including in
23 2017 when there were about six or seven different data
24 collection methods tested. So we're not trying to
25 recreate the wheel. We're just trying to go with a focus

1 on the intent of the bill, which was to test actual
2 collection of revenue and to test those two different
3 rates. So we're trying to focus on that and make the data
4 collection methods in the pilot as easy as possible.

5 Our -- we've made a number of recommendations
6 that are related to payment methods, and data reporting,
7 and all that kind of thing. They're not actually due to
8 CalSTA until July 1st, so we're still -- we're going to
9 present them one more time to the Commission in May, but
10 we have been thinking that through with Caltrans and --
11 yeah, and I'll just leave it there.

12 CTC CHAIR EAGER: Thank you.

13 Member Quirk.

14 CARB BOARD MEMBER QUIRK: I didn't have my hand
15 up.

16 CTC CHAIR EAGER: That's from the last time.

17 CARB CHAIR RANDOLPH: Board Member Hurt has her
18 hand up.

19 CTC CHAIR EAGER: Okay. Board Member Hurt.

20 CARB BOARD MEMBER HURT: Thank you, Chair. I'll
21 make it quick. My question is with the RUC legislation
22 and the pilot. Could you speak a little bit about how
23 you're thinking about the ability for MPOs to layer on
24 additional pricing to meet whatever regional goals and
25 managed demand as they see fit for their areas? I can

1 imagine different parts of the state have different needs.
2 And could you talk a little bit about that?

3 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Actually,
4 I'm not the best person to answer that. I feel like our
5 next panel may be more equipped to answer that question.

6 CARB BOARD MEMBER HURT: So in the RUC
7 legislation, I guess, there -- or the pilot that you're
8 thinking about, this idea of layering isn't something
9 you're considering at all as being a part of the
10 legislation?

11 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: No. And
12 the one thing I will say is just that we need to be
13 really, really careful how we message it, because as some
14 people have noted, it's very difficult to get the public
15 to buy in to a concept of just a road charge, a gas tax
16 replacement. That is very difficult. So combining that
17 with the concept of congestion pricing is difficult. So
18 we're mainly focused on road charge.

19 CARB BOARD MEMBER HURT: Okay. Thank you.
20 That's really helpful. Just a question from one of my
21 constituents and concerns. And I think you're right that
22 the way we message this needs to be very careful and
23 thought out. And nobody wants to add additional pricing
24 to what's already going to be a very tricky change. So I
25 appreciate that. Thank you.

1 CTC CHAIR EAGER: Did you want to add something,
2 Director Taylor?

3 No.

4 Okay. Commissioner Bradshaw.

5 CTC COMMISSIONER BRADSHAW: Hannah, as always,
6 great job. Thank you. And I believe you've illuminated
7 me to this before, but I maybe have lost it in the volume.
8 But when we're looking at the two different methodologies
9 for rate setting, right, how is that -- how are those two
10 going to be tested, as we roll them out? Because
11 obviously, just to -- maybe to add a little to it. You
12 know we've had a lot of engagement and I appreciate it
13 about looking at what the charges are going to be and how
14 they're applied. The feeling of this Commissioner is when
15 you look at gas tax, when you look at bridge tolls, and
16 this and that, often it amounts, at least in my view, to a
17 poor tax, because it's one size fits all. And so we've
18 talked a lot about how folks that I have experience with
19 that I represent, that's a lot of the quote super
20 commuter, right? And, you know, just -- so just I was
21 thinking about on when you look at the methodologies how
22 they'll be tested out, if you can kind of describe that.

23 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Yeah.

24 Well, I'm going to say how I think it will work, but --

25 CTC COMMISSIONER BRADSHAW: Yeah.

1 CTC ASSOCIATE DEPUTY DIRECTOR WALTER:

2 -- ultimately, it's not the tax call. They can
3 either accept or reject our recommendations. But I think
4 the way that it will play out is that say that we test
5 around a thousand vehicles for six months, right, and
6 you've got people with fuel efficient and inefficient
7 vehicles in both rate groups, and with varying income
8 levels. Then what hopefully will -- the data that we'll
9 be able to collect is for the flat rate, you'll be able to
10 see if they really paid much more than what they would
11 have done under the gas tax. And I assume they will not
12 probably be -- pay that much more. If anything, the
13 difference would be maybe in a different admin rate that's
14 a little different than what's collected under the
15 traditional tax.

16 But for the -- for the EPA, as we call it, rate,
17 the one based on fuel efficiency, I think you'll see that
18 it really, really varies. And so some people who are
19 driving vehicles that are not fuel efficient are going to
20 be paying quite a bit more, whereas if you are in that
21 rate group and you have a Tesla, you're not going to be
22 paying anything. In fact, you could end up with a net
23 benefit, because we're required to refund drivers based on
24 what they would have paid, including the \$100 a year fee
25 that's prorated. So if you have a really fuel efficient

1 vehicle, you could end up getting money back. Whereas, if
2 you don't, you could end up paying quite a bit more. And
3 if you carry that logic forward, and think about the
4 shrinking size of our fuel inefficient vehicles, then they
5 could end up paying for quite a big percent of our
6 existing revenue in the future if we carry that
7 methodology forward. I think you're going to be able to
8 see that through the pilot.

9 CTC COMMISSIONER BRADSHAW: Thank you Hannah.
10 Again, abusing the mic maybe, but that's a lot of the
11 concern looking at the working class in California, right?
12 I mean, that would be a nightmare honestly. So how we
13 roll this out is going to be crucial and equity has
14 already been brought up a number of times, but how do we
15 uplift folks and not tip them over in this process?

16 Appreciate your work.

17 CTC CHAIR EAGER: Thank you, Commissioner
18 Bradshaw.

19 Do we have any public comment?

20 CTC STAFF: We have no requests from the public
21 to comment on this item.

22 CTC CHAIR EAGER: Okay. Thank you.

23 Now, it's your turn.

24 (Laughter).

25 CTC CHAIR EAGER: You've been waiting so

1 patiently. So we will now move on to agenda Item 6. It
2 will be given by Kacey Lizon, Deputy Executive Director of
3 Planning and Programs with the Sacramento Area Council of
4 Governments; Dustin Foster, Transportation Planner with
5 the Sacramento Area Council of Governments; Annie Nam,
6 Deputy Director at the Southern California Association of
7 Governments; Danielle Kochman, Mobility Plan -- Planning
8 Manager for the San Diego Association of Governments; Matt
9 Maloney, Section Director of the Regional Planning Program
10 at Metropolitan Transportation Commission, and Anup
11 Tapase, Principal Planner at the Metropolitan
12 Transportation Commission.

13 I hoped I got all of that right. But thank you
14 all so much for hanging in here with us. So I will turn
15 it over to you.

16 KACEY LIZON: All right. Thank you.

17 Can you hear me with my mic this close?

18 CTC CHAIR EAGER: Yeah, great.

19 (Thereupon a slide presentation).

20 KACEY LIZON: Thank you, Commissioner Eager,
21 commissioners, members of this joint meeting. I am Kacey
22 Lizon. I will be kicking off the series of presentations
23 you're hearing from all -- from all of the MPOs here. And
24 we hope that that based on the conversations with the
25 prior presenters, that the information that we share moves

1 your conversation forward. So, in brief, with my great
2 project manager here for one of the pilots, we want to
3 highlight for you, I am really here to explain high level
4 what roadway pricing strategies in the SACOG region that
5 we're pursuing and just a little bit of why here.

6 So next slide, please.

7 --oOo--

8 KACEY LIZON: So this will be brief, because this
9 is a very new thing for the SACOG region. The
10 Metropolitan Transportation Plan and Sustainable
11 Communities Strategy that SACOG adopted in 2020 is the
12 first long-range plan we have that considers roadway
13 pricing strategies. And the reason for that is in
14 developing that regional plan, we saw three overarching
15 needs that the strategies from our prior plans could not
16 fully meet. One of them was an ever-growing gap between
17 system maintenance needs and the available revenues to
18 fund those needs.

19 The second was the need to manage the performance
20 of the system for all users in what we have as a fast
21 growing region.

22 And then third, obviously, the need to reduce
23 passenger vehicle greenhouse gas emissions. So what we
24 ultimately proposed in that plan and was adopted by our
25 board to meet those needs is two general strategies. One

1 of those is tolling on specific freeways within the
2 region, where those freeways pose significant bottlenecks.
3 We have no tolling right now in the Sacramento region.
4 And also, a mileage-based user fee that could vary based
5 on time of day or congestion level. So this would be
6 something separate to and complementary to the road user
7 charge that was just discussed in the prior item. So our
8 goal with these is to put the revenues from those back
9 into the maintenance needs and alternative travel options
10 that are needed within the region.

11 So today our region is actively working on the
12 early pieces of the system of toll lanes. And we've
13 launched the projects to design a mileage based user fee
14 pilot. For both strategies, we need and want to do these
15 in partnership with your State agencies, with federal
16 agencies, and with our local agencies. And we are also
17 looking at -- I appreciate the comments all throughout
18 about equity. We're also trying to, as we do this, look
19 at how we can avoid or minimize negatively impacting
20 BIPOC, lower income, and rural households. I want to make
21 sure to say that, because in the Sacramento region as much
22 as we have 2.6 million people, we are also really
23 largely -- geographically we are very rural. And so how
24 do we design these programs, so that they are equitable
25 across geography as well.

1 Next slide, please.

2 --o0o--

3 KACEY LIZON: So this is it briefly to show you,
4 as we talk a lot about the need to raise revenues and
5 manage demand. This is also a strategy to help us achieve
6 or green -- our shared greenhouse gas goals. We do have a
7 target of 19 percent per capita reduction from 2005 levels
8 by the year 2035. The vast majority of getting to that
9 target in our plan will come from land use and
10 transportation strategies. And up at the top, that orange
11 bar you see right there is an important two percent that
12 helps us to get to that target. And that is coming from
13 the pricing strategies that I mentioned.

14 Next slide, please.

15 --o0o--

16 KACEY LIZON: So briefly, I wanted to just share
17 with you that since tolling is not the main focus of our
18 presentation today, I want to make sure you're aware of
19 the good work that's happening in our region related to
20 the first toll lane that was likely to be the first toll
21 lane that comes on line. And this is the Yolo 80 managed
22 lanes project. It's a 17-mile segment on Interstate 80
23 from really just west of the City of Davis all the way to
24 the Sacramento County Line at I-5 and Business 80. It's
25 one of 12 priority projects for the Northern California

1 Megaregion Partnership. And it was awarded to Yolo
2 Transportation District who's the lead on this, U.S. DOT
3 INFRA grant to help build this project out. So we are
4 very excited about that.

5 Presently, the project team is conducting an
6 analysis to determine the best managed lane approach, and
7 a tolled managed lane is a baseline assumption at that.
8 With that brief introduction, I want to turn it over to
9 Dustin Foster who's going to talk about on the other
10 strategy mileage based user fees and incentives.

11 --o0o--

12 DUSTIN FOSTER: Great. Thank you, Kacey.
13 Next slide, please.

14 --o0o--

15 DUSTIN FOSTER: Can you all hear me okay?
16 Wonderful.

17 Again, I'm Dustin Foster, Transportation Planner
18 here at SACOG. The PM for this project, I want to thank
19 our Deputy Project Manager, Maricela Salazar. Been a
20 great help here. So I just wanted to thank her.

21 So really, you know, the way we're wanting to
22 frame this project is kind of, as we're showing here on
23 the screen, it's we're in the current stage of a two-stage
24 pilot process, where, you know, in step one we're
25 designing a research framework to understand these mileage

1 based user fees with incentives, that could lead to
2 behavior change, but really it's -- you know, listening to
3 your conversation earlier, it's about understanding
4 behavior, understanding how folks will react to all these
5 new -- these new options.

6 Next slide, please.

7 --o0o--

8 DUSTIN FOSTER: So this project was funded from a
9 Caltrans strategic partnerships grant. So the three MPOs,
10 SACOG, SCAG, and SANDAG were partnering with Caltrans to
11 develop this framework. We're specifically looking at
12 what types of incentives coupled with mileage based user
13 fees might influence mode shift, encourage VMT reduction,
14 and result in GHG reduction. We're also looking at this
15 from an equity lens to inform how incentives could be used
16 to reduce any negative impacts that mileage based --
17 mileage based user fee might have on low income, BIPOC,
18 and rural communities.

19 And I think a good point here is to understand,
20 you know, if people live in an area where transit, biking,
21 and walking are not really realistic options to them, or
22 at least that's the way they perceive that's -- you know,
23 that option, how do we structure pricing and incentives
24 programs in a way that we're not penalizing --

25 (Sneeze).

1 DUSTIN FOSTER: Bless you -- people who don't
2 have options beyond driving, right? So our goal is to
3 develop this research framework. It will be customizable
4 by each region. And really we're at the early stages. We
5 just executed a consultant contract in March that will
6 help us develop the framework and the project will be
7 unfolding over the next 12 to 14 months.

8 Next slide, please.

9 --o0o--

10 DUSTIN FOSTER: So again, you know, really just
11 like everybody really wanting to define what we're looking
12 at here. So on the user fee side, you know, separate, but
13 hope -- you know, complementary to the effort on the
14 revenue neutral, you know, road user charge. You know,
15 we're trying to understand the impacts of variable mileage
16 based fees on travel. Kacey had said a bit earlier on,
17 you know, such methods as time of day, location,
18 congestion levels, and other factors. I mean, you know,
19 this whole project is so, you know, early on. There's a
20 lot of factors authors that we -- you know, the consultant
21 team will recommend, you know, certain option.

22 The eventual pilots, the incentives for the
23 pilots could take the form of subsidies, reduced transit
24 fares for using non-drive alone modes of travel. We're
25 still again exploring what types incentives we'll want to

1 test. But, for example, the eventual pilots might
2 function like a mobility wallet where people will see all
3 their travel options and the various costs and subsidies
4 associated with them in one platform, right? So that
5 information will, you know, in a sense provide folks a
6 view of what those other options there are for them for
7 that travel that they're -- that they're going for.

8 Next slide, please.

9 --o0o--

10 DUSTIN FOSTER: So, you know, like any good
11 research study, we have to have a hypothesis, right? So
12 really it's -- if people see that they can save on
13 transportation costs by not driving and they'll receive a
14 subsidy or incentive for another travel option, they'll be
15 more likely to use it. You know, and this research it's
16 really going to help us again understand behavior, but ask
17 questions about, you know, these three really key areas,
18 you know, what types of incentives that will influence
19 mode shift, VMT, and GHG reduction? How those
20 incentives - there's a combination of pricing incentives -
21 affect BIPOC, rural, and low-income communities. And
22 finally, are there messaging strategies that would support
23 that behavior change?

24 Next slide, please.

25 --o0o--

1 DUSTIN FOSTER: So as we think about these key
2 questions and equity impacts, we're also thinking about
3 the kinds of tools that will help us implement these
4 pilots. Our consultants will help us explore different
5 technologies that would inform how we can design the
6 pilots, and then use the technology to get the information
7 that helps us determine which incentives might be
8 effective and where -- and where the potential equity
9 impacts we would need to mitigate through these programs.

10 Next slide.

11 --o0o--

12 DUSTIN FOSTER: So, you know, like every good
13 presentation has a great Gantt chart, here's a look at the
14 project schedule for the next six or seven months. The
15 top three tasks are all kicking off in the near term. And
16 they'll all kind of impact each other. The process is
17 going to be a little iterative. So as we move through
18 we'll get feedback and we'll add to the list of important
19 factors. Actually, you know, again, they'll look at each
20 of these top three tasks at a later stage just to make
21 sure that they're all kind of informing each other.

22 From the project guidance and stakeholder
23 collaboration, we're coordinating with our project
24 partners, we're working closely actually Lauren Prehoda at
25 Caltrans. She's -- she was attending our kick-off meeting

1 a few weeks ago. Still developing and advisory group,
2 holding focus groups over the summer, and interviews, and
3 meetings with key stakeholders. You know, at each -- or
4 in each region, right, we're all going to have many
5 different key stakeholders.

6 Pilot research design, you know, developing a
7 study methodology, including sample requirements,
8 developing control and treatment groups, which, you know,
9 we might discuss a bit later. But, yes, survey and data
10 gathering, and then, you know, the pilot technology design
11 is around recommending, you know, platform design, and
12 then looking at, you know, the current state of technology
13 and what's out there.

14 After about six months, we'll kick off pilot
15 participant information, the interface design,
16 recommendations, you know, looking at, you know,
17 participant recruitment and retention, you know,
18 specifically looking at underserved communities, ensuring
19 that that's, you know, a part of the project. And then,
20 you know, the user experience on the platform itself, you
21 know, that's a very important piece to this.

22 So, yeah, once all the tasks are completed,
23 consultants will develop draft and final reports as is the
24 case in any good project.

25 All right. Next slide, please.

1 --o0o--

2 DUSTIN FOSTER: So we're just getting started on
3 the design of the pilot framework, you know, to really
4 meet the needs of each of the MPOs. Ideally, this is the
5 kind of template, you know, the framework that we're
6 developing in phase one that any region can adopt, you
7 know, and launch similar pilots. So, you know, that's
8 really phase one.

9 Phase two, you know, is pilot will be further
10 refined and implemented in a future phase two pilot
11 implementation launch.

12 So phase one is funded, but the key step for all
13 of the participating MPOs is to identify funding to run
14 those phase two pilots and to further understanding of how
15 pricing and incentives can promote behavior change for
16 mode shift and GHG goals.

17 So we really see the State as key partners in
18 this, not both -- both the design work, but also being
19 partners and supporting us, and identifying the funding to
20 really launch these pilots and begin to understand or, you
21 know, more better understand these impacts.

22 That concludes SACOG's presentation, so thank you
23 all for your -- for your attention. Back to you.

24 CTC CHAIR EAGER: All right. So if it's all
25 right with everyone, we'll have you all continue and we

1 can ask questions at the end. Okay. Thank you.

2 (Thereupon a slide presentation).

3 ANNIE NAM: Assuming this is on.

4 Great. Thank you.

5 I need to get closer to the slides to be able to
6 do the presentation. So good afternoon. Thank you. My
7 name is Annie Nam. I'm the Deputy Director for Planning
8 at Southern California Association of Governments. I have
9 a brief presentation today highlighting some of SCAG's
10 work on roadway pricing, what strategies we've actually
11 incorporated into our Regional Transportation Plan and
12 Sustainable Communities Strategies, and some opportunities
13 for collaboration with the State in advancing pricing
14 strategies.

15 Next slide.

16 --o0o--

17 ANNIE NAM: Next slide.

18 --o0o--

19 ANNIE NAM: Okay. I'm going to just start with
20 some context here as to why pricing in the SCAG region?

21 To the top left there, this is showing our base
22 year data from our adopted 2020 plan. We made over 71
23 million trips in a typical week, not too surprising that
24 most of our trips were actually made by personal vehicle
25 and predominantly by solo drivers, especially for work.

1 Obviously, a lot has changed over the course of
2 the last couple of years, three years. We're still trying
3 to assess what may be some of the long-term impacts as a
4 result of the pandemic, but this at least gives you some
5 historical context. And to the top right there, SB 375,
6 GHG reduction targets are also a key reason for focus on
7 pricing. And let me just be clear that we as a region
8 cannot meet our 19 percent GHG reduction targets without
9 pricing in our plan.

10 Bottom pie chart there reflecting our 2020
11 financial plan. We have a \$640 billion plan with a
12 funding gap of nearly \$140 billion. And the lion's share
13 of how we close that gap was really through pricing
14 strategies. And so again, without pricing, we simply do
15 not have a plan in the SCAG region, not only to meet SB
16 375 targets, but also federal air quality conformity
17 requirements for criteria pollutants and federal fiscal
18 constraint requirements.

19 Next slide.

20 --o0o--

21 ANNIE NAM: So some additional historical context
22 here. The work that we've conducted at SCAG on pricing,
23 this goes back over 30 years, early pre-91 express lane
24 studies. I just wanted to highlight that our first
25 Sustainable Communities Strategies in 2012, as noted here,

1 actually included two core pricing strategies, including
2 our initial vision for a buildout of express lanes
3 network. And this was also where we started to explore
4 and include distance based road user charges or mileage
5 based user fees.

6 And so as a follow-on to our first SCS, we
7 conducted a comprehensive pricing study back in 2014 and
8 really looked at a combination of strategies, most
9 definitely taking a closer look at road user charges,
10 cordon pricing, pricing at all lanes of the highway system
11 in addition to our express lanes network, and just to
12 understand really the potential synergies of all these
13 different pricing concepts together.

14 We also conducted an outreach campaign called the
15 100 hours campaign back in 2017. And in 2019, we released
16 a detailed assessment of cordon pricing strategy and how
17 it could work in a place like Los Angeles as pricing
18 concept -- as a pilot concept. Sorry.

19 And this ultimately culminated into our adopted
20 RTP SCS, our latest adopted plan called Connect SoCal
21 2020, which actually incorporates both distance space red
22 charges, both at the state and regional levels and express
23 lane network as well as some assumptions about cordon and
24 parking pricing.

25 And so the point here, we've done extensive

1 planning with some initial pricing actually implemented in
2 the form of express lanes, but it's been essentially a
3 long road. And we certainly recognize there's a long road
4 ahead as well.

5 Next slide.

6 --o0o--

7 ANNIE NAM: And just to give you more context,
8 this is our growing regional express lane network in our
9 latest adopted Connect SoCal 2020 plan. It's a full
10 buildout of a network assumed in financially constrained
11 plan. And as you'll notice it cuts across four of our six
12 counties. So many of these segments are under
13 development. Some have also recently opened. And as they
14 start to connect, the seamless policies and
15 interoperability -- other interoperability considerations
16 really of critical importance to us. And so integrating
17 individual express lane projects into a fully regional
18 system is really the basis for SCAG's involvement and
19 development of a regional CopOps.

20 And let me just -- while I'm here, I'd be remiss
21 if I did not highlight the decade of success that LA Metro
22 has had with the 110 and 10 express lanes. In particular,
23 November marked of the 10-year anniversary since the
24 opening. And they've contributed over \$100 million in
25 revenues being put back into the corridors where these

1 revenues were generated in the form of funding for clean
2 fuel buses, hundreds of vanpools, updated and expanded
3 transit facilities, express bus services, active
4 transportation and much more.

5 Next slide.

6 --o0o--

7 ANNIE NAM: So beyond express lanes, this slide
8 highlights our assumptions in our adopted plan. We
9 assumed a replacement of the gas tax with just based road
10 charges both at the State and federal levels. We were
11 ambitious with a date of 2030. We are currently in the
12 process of updating that for our 2024 plan. We assumed a
13 regional road charge as well, essentially a distance-based
14 road charge that builds off of the state system. We
15 assumed parking pricing at key jobs centers throughout the
16 region, and we also assumed cordon pricing at major
17 activity centers, namely -- for analytical purposes, we
18 look at downtown Los Angeles as well as West Los Angeles.

19 And I should mention, we conducted what we called
20 our mobility go zone and pricing feasibility study, which
21 was predominantly focusing on the -- assessing the
22 feasibility of cordon pricing strategy. And, you know, it
23 was an interesting study, because when you think of cordon
24 pricing, you don't think of Los Angeles. Well, our
25 analysis - granted this is modeling exercise - found that

1 fees around three to four dollars can actually have pretty
2 significant impacts in terms of both vehicle miles
3 traveled as well as vehicle hours traveled, roughly about
4 21 percent to 22 percent peak period reductions, and about
5 8 to 10 percent daily reductions respectively, as well as
6 some mode shift. Two transit and active transportation,
7 roughly about 9 to 7 percent. Keep in mind, this is a
8 four square mile area. So I'm talking about within that
9 area.

10 So a very promising strategy, like I said, even
11 in places like Los Angeles, but certainly has to be
12 integrated with really an ecosystem of mobility options.
13 And just to reiterate, pricing just cannot be introduced
14 alone.

15 Next slide.

16 --o0o--

17 ANNIE NAM: So this slide shows our scenario
18 results from our Express Travel Choices Study that was
19 conducted back in 2014 and it reflects why we included
20 actually a number of different pricing strategies in our
21 subsequent SCSs. And although some strategies, as you'll
22 notice here in isolation, are quite effective, we started
23 to evaluate really how some of these approaches can
24 generally work together. And we anticipate that it's
25 really going to be a layered approach to accomplish the

1 strategies are really a compilation of smaller strategies,
2 around 12 or so, added together. And so -- and this is
3 the relatively contribution of these strategies in meeting
4 per capita GHG reduction targets. And I should be clear
5 that this actually excludes what we call exogenous or
6 baseline factors. And this strictly focused -- focuses on
7 our plan strategies.

8 Next slide.

9 --o0o--

10 ANNIE NAM: Certainly, we're very mindful of the
11 equity concerns that are often raised when discussing any
12 kind of pricing strategy. And, you know, I think it was
13 said earlier by Professor Manville about the regressivity
14 of all of our taxing systems, with the exception of an
15 income tax, right? When we took -- take a look at how
16 we're currently funding the transportation system, we
17 certainly understand the challenges as well. Very
18 regressive. This slide is simply showing that there's a
19 greater tax burden by those in the lower income quintiles
20 for both the existing gas tax as well as the
21 transportation sales tax, which are primarily the
22 mechanism for how we fund transportation today.

23 So pricing strategies can certainly be regressive
24 as well, but there's also greater ties to the usage of the
25 system, which allows for actually managing demand, so

1 reducing traffic delays, reducing fuel consumption, and
2 reducing vehicle emissions.

3 Pricing, of course, we've talked about it
4 earlier, actually generates some revenues, and so it
5 allows for establishing some sort of income-based credits,
6 or discounts, as well as reinvestment opportunities

7 So next slide.

8 --o0o--

9 ANNIE NAM: So at the outset, we think it's
10 critical to really embed equity into the program with some
11 kind of a mitigation -- mitigation policies and program
12 design features, which may be in the form of, as discussed
13 earlier, some sort of credit system or potentially
14 subsidies. And it could include something like universal
15 based mobility, which has been talked about a lot across
16 the state, most definitely in Southern California. And
17 this becomes even more feasible when we think about using
18 digital mobility while it's to provide some of these
19 services. Using contactless payment systems that's
20 available for transit access, for example, can also be
21 leveraged. So there's lots of synergies as we think more
22 broadly about pricing and the entirety of the
23 transportation system.

24 I also want to, while I'm here, highlight some
25 work that we completed just last year called Mobility

1 Innovations and Pricing Study, or MIP Study. And it was
2 really focused on integrating equity into our pricing
3 work. And I think SCAG, much like many other public
4 agencies, have done a generally good job of trying to
5 understand sort of larger macro travel patterns and system
6 needs. But we haven't really done a good job of really
7 zooming in -- zoning in on low-income travel needs. And
8 this is where the MIP project was really helpful in
9 guiding us.

10 Next slide.

11 Next slide.

12 --o0o--

13 ANNIE NAM: Okay. So in the MIP study we
14 developed this concept of Transportation Equity Zones to
15 supplement our existing SCAG equity geographies. So TEZs
16 additionally emphasize access to opportunity and
17 transportation related pollution. And more importantly,
18 they were actually developed by our Community Advisory
19 Committee comprising of our community-based organization
20 partners to help us really better understanding their
21 specific challenges and needs of these communities. And
22 what we anticipate on doing is utilizing these TEZ to
23 really help us in updating our next Regional
24 Transportation Plan.

25 Next slide.

1 --o0o--

2 ANNIE NAM: Actually, we can skip this.

3 Next slide.

4 --o0o--

5 ANNIE NAM: So our analysis actually using the
6 key TEZ assessment looked at commute destinations
7 throughout the region. TEZ commute destinations
8 throughout the region. And one finding is that
9 production, distribution, and repair districts,
10 essentially industrial districts, are significant
11 destinations for TEZ commutes throughout the region. And
12 again, the point here being fundamentally this is really
13 important for us to better understand the travel needs for
14 these communities to ensure that we embed equity in the
15 design and evaluation processes of potential pilots with
16 metrics that actually serve these communities.

17 Next slide.

18 --o0o--

19 ANNIE NAM: So this slide highlights some visuals
20 from SCAG's 100 hours campaign. This was conducted back
21 in 2017 to raise awareness of strategies like congestion
22 pricing. As you can see here, we took to the streets,
23 billboards, media, community events, et cetera, to engage
24 residents and actually had some fun with some of the
25 messaging of it, but we think there's tremendous

1 opportunity here to do some sort of a statewide campaign
2 collaboratively between the State and the regions.

3 I think that perhaps the most challenging part of
4 pricing is not so much the technical details, but more so
5 on the education and outreach. And that's where we really
6 need some help.

7 Next slide.

8 --o0o--

9 ANNIE NAM: So another ask that we have is
10 funding to help us develop metrics and deploy pilots,
11 including resources for meaningful equity engagement.
12 There's some interesting demonstration and synergies with
13 testing mobility as a service concept, mobility hubs and
14 pricing together. There's an opportunity to look at
15 universal basic mobility and mobility wallets with
16 pricing.

17 And internationally, I should say many existing
18 Congestion Pricing Zones were initially deployed as
19 low-emission zones. And as we look to accelerate clean
20 technologies, there's perhaps tremendous potential here
21 with low-emission zones and pricing.

22 There's also a need for State-enabling
23 legislation for many of these pilot zones over the near
24 term and along with that expedited streamlining
25 environmental processes for pilots. And we also need to

1 foster I'd say both local and State leadership to help the
2 regions advance many of these concepts as they're
3 certainly not easy lifts, and they're not something we can
4 do alone, and that concludes my presentation.

5 Thank you.

6 CTC CHAIR EAGER: Thank you.

7 (Thereupon a slide presentation).

8 DANIELLE KOCHMAN: Here we go. Awesome.

9 Thank you all for having me. I'm Danielle
10 Kochman, the manager of strategic partnerships from
11 SANDAG. I'm glad I get to talk now, because we're all
12 having that post-lunch blood sugar slump. So I get to
13 talk, so I'll stay awake. I can't promise you will
14 through.

15 So I'm going to focus on SANDAG's most recent
16 Regional Transportation Plan and Sustainable Communities
17 Strategy, which we call our 2021 regional plan, because
18 during the development of this plan, the possibility of
19 future roadway pricing strategies really became a hot
20 topic in our region.

21 So I'm going to give a brief overview of how we
22 develop this plan and where we're at today.

23 Next slide.

24 --o0o--

25 DANIELLE KOCHMAN: For this plan, SANDAG decided

1 to do a complete overhaul and start from scratch when
2 developing the plan's transportation networks, the
3 policies and programs to support it, and also the revenue
4 assumptions that would fund it. We used a robust public
5 engagement process, and industry advisory panel, and a
6 human-centered design approach to guide the development.

7 Next slide.

8 --o0o--

9 DANIELLE KOCHMAN: So we started with the three
10 primary goals. Most importantly, we needed to meet our
11 State and federal mandates, the most difficult of which
12 was our SB 375 requirement to reduce greenhouse gas
13 emissions by 19 percent per capita by 2035. But again, as
14 other people have mentioned, the other federal air quality
15 conforming requirements.

16 Secondly, we are looking to reduce congestion.
17 And then finally, looking to address environmental and
18 social justice issues and provide equitable access for all
19 communities and all people.

20 Next slide.

21 --o0o--

22 DANIELLE KOCHMAN: So we started with a vision.
23 We had five key strategies that we identified right away
24 during the plan development and we called these the five
25 big moves. Together, they worked to create a complete

1 transportation network that really provides -- would
2 provide our residents two travel choices. You know, right
3 now, within our region, we're pretty auto dependent as
4 with the rest of the state of California.

5 So just quickly touching on them. Complete
6 corridors are multi-modal roadways that use technology to
7 actively manage how they're being used based on real-time
8 conditions and have the appropriate infrastructure to
9 support all modes safely. Transit Leap is high-speed,
10 reliable, high-capacity transit service that also benefits
11 from technology to improve reliability and provide a high
12 quality service for the customers. Flexible fleets are
13 those on-demand shared mobility services, including
14 Transportation Network Companies, shared bikes and
15 scooters, and last mile delivery we included in that as
16 well.

17 And then mobility hubs are the places where they
18 all connect and come together. Those connected
19 communities where the -- all the different modes of
20 transportation come together seamlessly and it's safe and
21 easy to get around without a car. And then at the heart,
22 we have Next OS that really brings it all together. It's
23 the data and the software application that's needed to
24 coordinate the services and manage the infrastructure.

25 Next slide.

1 --o0o--

2 DANIELLE KOCHMAN: So like any good planning
3 effort, we started with the data. We looked at where
4 people lived and where they worked, along with the
5 discretionary trip patterns as well, since a commute is
6 only a portion of trip making.

7 In San Diego, we have many employment centers
8 scattered throughout the region, so it makes it
9 challenging to have those, you know, consistent trip
10 patters that are easy to serve with transit, but you can
11 really see some, you know, heavy lines and some good
12 opportunities where high quality transit could provide
13 great travel options and reduce vehicle miles traveled.

14 It also, with these distributed employment
15 centers, makes cordon pricing not the best solution,
16 although Annie is making me second guess that now and
17 we'll go back to the drawing board.

18 (Laughter.)

19 DANIELLE KOCHMAN: So this is the data that we
20 used to inform where we would make the investments,
21 particularly with transit and then the other
22 infrastructure that would be needed to support it.

23 Next slide.

24 --o0o--

25 DANIELLE KOCHMAN: So in addition to the data

1 DANIELLE KOCHMAN: So this was our second
2 sensitivity testing around housing production. We focused
3 new housing in our employment areas thinking, you know,
4 people walk to work or alternative methods to get to work.
5 And so when we ran this one, we say a 2.9 percent
6 reduction in VMT and a two percent increase in transit
7 ridership. So still moving the needle, but we picked the
8 previous low VMT option as our scenario for the regional
9 plan, and that's how we really kind of built the plan
10 around how we saw the future of investing in our
11 infrastructure.

12 All right. Next slide.

13 --o0o--

14 DANIELLE KOCHMAN: So looking at how we are going
15 to fund the plan, we knew that we were introducing more
16 projects. Our transit network was going to be more
17 expensive substantially than in previous plans. We did
18 see our managed lane network costs reduced, because we are
19 looking at our existing right of way. Expanding our
20 freeways is no longer on the table. And so the cost of
21 adding managed lanes when we're converting from a general
22 purpose or converting from a shoulder saved us a
23 substantial amount of money. But with the investment in
24 transit, we knew we were going to bring new funding to the
25 table in order to make it pencil out.

1 So these were the -- as we evaluated different
2 revenue sources for the plan, these were really the
3 criteria that we were evaluating those sources on. We
4 wanted something that was sustainable, something that
5 wasn't going to decline in the future like what we're
6 seeing with the gas tax. We wanted something that was
7 equitable, it had the potential to be less regressive than
8 the other funding sources that we currently use to fund
9 our transportation system, and then we wanted something
10 that was fair, you know, that people are paying for what
11 they use and that we aren't having, you know, certain
12 population groups subsidizing others that are actually
13 using the transportation system, and then also flexible.
14 You know, it's important that there's some local control
15 over how dollars are spent, but we're able to use them how
16 we need them. For example, we have more and more, as we
17 shift towards managing our infrastructure better, a
18 greater need for operating dollars and less operating
19 dollars available than what we need, and, you know, it's
20 more shifted towards capital as far as what's available.
21 So having that flexibility to spend the dollars where we
22 need them.

23 All right. Next slide.

24 --o0o--

25 DANIELLE KOCHMAN: So now that I've discussed the

1 plan development, I'm going to touch on what actually
2 ended up in the plan.

3 Next slide.

4 --o0o--

5 DANIELLE KOCHMAN: So this slide shows the
6 proposed transportation network all layered on each other,
7 so that you can get very overwhelmed by everything that's
8 proposed.

9 (Laughter).

10 DANIELLE KOCHMAN: We're doing a lot. So at the
11 bottom, you can see the mobility hubs, and then the blue
12 around that, those are the areas where we would expect
13 shared mobility services to be available above that. And
14 that yellowish-green color is the proposed managed lane
15 networks and you see some rural corridors out on the right
16 side of the screen. Above that, you can see our rapid
17 buses. They are turquoise. We call it Next Generation
18 Rapid Bus. And then above that light rail and finally
19 commuter rail is purple on the top. So that's everything
20 we have proposed.

21 And next slide.

22 --o0o--

23 DANIELLE KOCHMAN: Too much talking.

24 All right. So our plan came up with a price tag
25 of 163 billion, primarily more than half is capital, and

1 that's -- traditionally, you know, we're a very capital
2 heavy plan, but seeing more and more operating dollars,
3 becoming parts of our plan as we progress.

4 Next slide.

5 --o0o--

6 DANIELLE KOCHMAN: So the revenue assumptions
7 came out to 172 billion. So that's -- give us a \$10
8 billion cushion with our revenue constrained plan. As is
9 typical, this plan included diverse funding sources, so a
10 combination of State, local, and federal funds. You can
11 see an assumed regional road usage charge accounts for
12 10.8 percent of the plan, so that's pretty significant.
13 Revenues from the managed lane network came in at 11.6
14 percent. So between the two, we're over 20 percent of the
15 total funding of the Plan. And then we also have the
16 State road charge program, that revenue neutral one, and
17 that's included in the State funding, which is that green
18 over on the right.

19 All right, next slide.

20 --o0o--

21 DANIELLE KOCHMAN: So we had a robust pricing
22 strategy included in the plan. You can see on the
23 left-hand side the policy goals that we were trying to
24 achieve through the different pricing strategies that we
25 were including in our plan. Most importantly was the

1 opportunity to reduce greenhouse gas emissions, VMT, and
2 to meet our climate goals. And, also, you know, when
3 looking at these pricing strategies, that creates the
4 opportunity for reinvestment, which we've talked about a
5 lot into, you know, alternatives, transit, and other
6 programs as well.

7 I'll run through the different elements that we
8 included. We had the pictures all represent a different
9 pricing strategy. So top left, we had managed lanes.
10 These are kind of the easiest we -- because we already
11 have these, so people know, you know, what managed lanes
12 look like. We have managed lanes on I-15 that have been
13 there since the '90s, but we're really looking, as part of
14 this plan, to expand them throughout the region, leverage
15 new technology to make them flexible and to operate
16 better, and then also to use these managed lanes to
17 prioritize transit, that Next Generation Bus Rapid Network
18 that I showed you earlier will take advantage of these
19 lanes, so they would have better travel times, higher
20 speeds, and be more reliable.

21 The second middle one is representing reduced
22 fares for transit riders. So we included reduced fares
23 for certain populations in the early years of the plan and
24 then reduced fares across the board in the later half of
25 the plan. And since the plan was adopted, there's been

1 discussions about even increasing the amount of fare
2 reduction or potential fare elimination as we look to
3 update our plan in the future.

4 Top right represent TNC fees. We are looking at
5 fees similar to Chicago, San Francisco, and countless
6 other areas where, you know, often people pay more for a
7 solo trip versus a pooled trip to try to encourage that
8 pooling and also to encourage just some better -- some
9 better travel behavior around the use of TNCs and Ubers
10 and Lyfts.

11 And then bottom left, we included pricing and
12 curb price -- curb parking assumptions. As far as the
13 parking pricing, we had new parking zones, increased
14 parking pricing. These really we find moves the needle
15 with reducing VMT. We assumed that the revenues for these
16 go back to the jurisdictions as we do now, but we did
17 incorporate into our modeling, you know, those increased
18 zones and increased prices.

19 And the bottom right was a road usage charge. In
20 our plan, we assumed a flat per mile fee, but you know,
21 this is a high level planning document and we hadn't done
22 a lot of work. While the assumptions include a flat fee,
23 we always assumed that there would be, you know, a future
24 engagement process, working with political leaders in the
25 communities to figure out what your priorities were, and

1 that eventually a fee like this could vary. It could vary
2 by weight of the vehicle to address, you know, the surface
3 roadway conditions. It could vary by time of day to
4 address peak period condition. It could be means based.

5 And so the idea here is just, you know, like
6 Michael Manville was talking about, we had a limited
7 resource and we can really manage that by put pricing at
8 the same way other utilities do.

9 Next slide.

10 --o0o--

11 DANIELLE KOCHMAN: All right. So getting to our
12 GHG reduction target of 19 percent, if you could click
13 again. Since 2005, we have had 9.1 percent, so this is
14 attributed to, you know, changes in land use patterns, to
15 new transportation projects, to changes in travel pattern.
16 So doing pretty good I think.

17 And then next click.

18 --o0o--

19 DANIELLE KOCHMAN: And then for the rest of the
20 regional plan to get us to our 19 percent, we actually got
21 a little bit past. We got to 20.4 percent. You can see
22 pricing policies had the singular biggest impact. So all
23 those policies that I was talking about on the previous
24 slide got us an additional 3.6 percent reduction in GHG.
25 The next is the electric vehicle infrastructure and

1 incentive programs got us to 1.9 percent. The capital
2 projects that we're building, the transit projects they
3 get us another 1.6 percent. Land use is at 1.2 percent,
4 which I mentioned earlier, we got up to four percent by
5 2050. Telework, transportation demand management,
6 technology, toll policies, it all adds up to get us there,
7 but pricing, as Annie mentioned, is a huge component of
8 it.

9 Next slide.

10 --o0o--

11 DANIELLE KOCHMAN: All right. So the plan was
12 adopted in December of 2021 and immediately our board
13 directed staff to begin an amendment to the plan to remove
14 the regional road usage charge.

15 Next slide.

16 --o0o--

17 DANIELLE KOCHMAN: All right. So why did that
18 happen? I think we've all touched on today that the
19 public perception of pricing needs careful navigation. In
20 general, we find that the public opinions of pricing
21 projects are really poor prior to implementation, whether
22 it's an express lane project or cordon zone, like in
23 London. The majority of people who are impacted those
24 policies dislike them before they're implemented and then
25 like them after they're implemented. So we have a huge

1 hill to climb.

2 The article on the left came out, I believe, in
3 late October - it might say in the small print at the top,
4 but I'm not sure - but it came out close to the end of our
5 adoption of the plan, and it was really a big deal. It
6 really came to a head when it highlighted how influential
7 pricing strategies could be in influencing elections. It
8 pointed specifically to a city council race in one of our
9 jurisdictions where an unlikely candidate won after basing
10 her campaign on the singular issue of opposing the road
11 usage charge that was in the regional plan.

12 So this resulted in a firestorm of media,
13 discussions by local politicians, media outlets. There
14 was a lot of misinformation out there. There was some
15 correct information out there. All the concerns that have
16 been mentioned to date around privacy, all that stuff was
17 brought up. And pretty soon after, the people on our
18 board that supported the road usage charge and pricing
19 strategies, you know, began to fall off and we got to a
20 point where our entire board voted to remove the regional
21 road use charge from our plan. So we are under -- going
22 through work right now to do that amendment. And they
23 also have given us direction to immediately stop any work
24 being done specifically on a regional road usage charge.

25 Next slide.

1 --o0o--

2 DANIELLE KOCHMAN: So at this time, efforts to
3 pursue regional road usage charge strategies are on hold
4 indefinitely. We are supporting the statewide efforts,
5 including our involvement with the SACOG and SCAG study,
6 which we are happy to be a part of. There's going to be
7 huge value to our participation in that. And I'm really
8 excited to see what we can learn about people's travel
9 behaviors, and incentives, and pricing, and how people can
10 change their travel patterns. And we're really focusing
11 on expanding our managed lane region in the short term.
12 It's something that we've been successful at in the past
13 and so going to build on that. And that's really our
14 focus. And who knows what the future will hold. I know
15 one of the commissioners mentioned it earlier that maybe
16 we would have the answer to how, but I'm going to toss
17 that potato back to you all --

18 (Laughter).

19 DANIELLE KOCHMAN: -- because we need to see
20 leadership in the State in this sphere. We need
21 leadership among messaging, public education around this
22 policy issue, and transitioning the Road Charge Program
23 from a pilot to deployment as quickly as possible.
24 Getting something implemented will be able to be less
25 scary. Yeah, and it can be the next Slow for the Cone

1 Zone pricing. We need a snazzy tag line.

2 Thank you.

3 CTC CHAIR EAGER: Thank you very much.

4 Before we move on, I did want to welcome Assembly
5 Member Friedman. Welcome, Assembly Member.

6 ASSEMBLY MEMBER FRIEDMAN: Hello.

7 CTC CHAIR EAGER: Yes.

8 ASSEMBLY MEMBER FRIEDMAN: Great to see all of
9 you. Thank you for having me. I'm sorry I can't be with
10 you in person, even though you're right here I think in
11 Los Angeles.

12 Can you all hear me okay?

13 CTC CHAIR EAGER: Yes. Yes, we can.

14 ASSEMBLY MEMBER FRIEDMAN: Great. Well, thanks.
15 I've been very interested in hearing your conversation for
16 the past couple of presenters. Really wonderful to have
17 more of a chance to take a look at what you're all working
18 on. And I, first of all, want to thank all of you for
19 your incredibly hard work on the Commission. And with all
20 of the different areas that you work on. There's very
21 little that I can tell you here that you don't know
22 already. There's very little that I can tell you that you
23 don't know a lot more about than I do. So I do want to
24 just take a minute to express my appreciation for digging
25 into these really difficult policy areas, you know, policy

1 areas especially that impact people's lives so much that
2 people become elected or unelected because of them.
3 That's really tough stuff to be talking about and trying
4 to impact.

5 But I do think that this group more than anybody
6 else understands the importance of the work that you're
7 doing. You know, we know that we're not going to be able
8 to make our climate goals without a serious reduction to
9 vehicle miles traveled in the state. We know that we're
10 going in the wrong direction in many cases, particularly
11 post-COVID. We know that the vehicles themselves, even
12 though we're moving to EVs, there's also -- I was just
13 listening to NPR on the way home a little while ago, and
14 they were talking about how the majority of vehicles being
15 sold are SUVs and pickup trucks. And that has it's own
16 impacts, you know, not just to the road conditions, but to
17 public safety, to public health, to livability in our
18 cities.

19 And certainly, you all understand the huge impact
20 that our dependence on single-occupancy cars has on our
21 ability to build the housing we need, particularly in our
22 urban areas. And then in our rural -- suburban areas and
23 our growing areas, the impact that creating sprawl
24 communities has on our ability to reduce vehicle miles
25 traveled and on our ability to preserve open space and

1 farmland.

2 So the stuff that you're working on I think is
3 some of the most important environmental areas in the
4 state, the one area where California's environmental
5 policies have gone the wrong direction. It's super
6 important for equity, particularly as we have an aging
7 population who we don't want to be driving around
8 everywhere, and won't be able to drive, for the equity of
9 the fact that -- the other thing that this NPR story was
10 talking about was how much more expensive cars are
11 getting, that they -- that a lot of the auto industry is
12 dropping the lower priced models out of their lineup
13 completely and only selling luxury vehicles and more
14 expensive vehicles, and what that means to our service
15 workers, you know, our disadvantaged community members and
16 their ability to -- for mobile -- you know, to get around,
17 their ability to just get around their communities.

18 And I hear a lot in Los Angeles about public
19 safety, and the amount of traffic violence we're seeing,
20 and the impact that congestion has on people's ability to
21 just walk and bike around their communities safely. So
22 this is really important and all of that has a nexus to
23 road pricing and congestion pricing or whatever you want
24 to call it, but our ability to pay for our roads and then
25 to disincentivize car trips. And you also understand, of

1 course, that we can't do this in a way that's punitive.
2 And I think the reason that we see such a huge public
3 backlash every time we try to do congestion pricing is
4 that the alternatives in many cases are just so much worse
5 than driving.

6 Whenever I'm going to drive anywhere in LA, I
7 always open Google Maps and see what public transportation
8 would take me, would cost me in terms of time lost. And
9 it's very common that in LA, which, you know, is an urban
10 area that taking public transportation is two to four
11 times longer than if I were to drive. And so, of course,
12 when you tell someone, like, well, we're going to force
13 you into that or we're going to charge you to drive,
14 they're going to get really mad at us.

15 And the only way that we can get out of that is
16 to make our public transportation system so robust that
17 once people try it and they say, well, I don't want to pay
18 to drive to Santa Monica or to LAX, and then they take the
19 transit option, they find out that it's actually faster,
20 more convenient, and safer, and more pleasant, that's the
21 only way that this is going to work. You know, it's the
22 only way that we're going to go to people with a straight
23 face and say that we're going to change the way that
24 they're paying using the roads.

25 And we have to do that before we have our

1 transition to EVs. We can't wait until then. You know
2 once people have something for nothing, it's really hard
3 to get them to pay for it. But if you kind of do it at
4 the same time, and they realize that, yeah, they're saving
5 all the money on gas, but they -- you know, they've got to
6 pay another way, they're a lot more accepting of it.

7 So I want to again thank you for all of your work
8 and I want to also thank the regions that have started to
9 include pricing in their RTPs and SCSs as a strategy
10 towards their sustainable community goal -- goals. I
11 think you're all way ahead of the curve. And I want to
12 thank the administration for all of their engagement and
13 their work on this.

14 I wish I could come on this Zoom and give you all
15 of the answers. I can't. I know that you're all way
16 ahead of me. I would say that as much as I can help
17 support your work and help support moving these projects
18 to meaningful pilots sooner rather than later, that's
19 certainly -- you know, we stand ready to help with that as
20 best we can. And, you know, with all of the work that
21 I've been doing with our ability -- our desire to try to
22 move funding into meaningful transit investments, any of
23 you that want a seat at that table and want to help us and
24 be part of that conversation, we would love to have you.

25 Darrell Steinberg and I have been holding large

1 stakeholder meetings with the metropolitan planning
2 groups, with SANDAG, with so many of you, with labor, and
3 seeing how we can foster this transition. I think now is
4 the time. We've got to act as quickly as we can. We've
5 done a lot of studies, but we need to start putting those
6 studies into action on the ground.

7 So again, I thank you. Thanks for having me for
8 a few minutes today. I hope to be able to join you more
9 in the future and to, you know, be here to support
10 whatever efforts you're putting forward.

11 CTC CHAIR EAGER: Thank you so much,
12 Assemblymember Friedman. And we look forward to seeing
13 you in person in the future and we also wanted to thank
14 you for your leadership in transportation in the state of
15 California. You know, we do this as a team all of us.
16 And having you in the Assembly leading that team has
17 always been helpful and we appreciate everything that
18 you've done.

19 ASSEMBLY MEMBER FRIEDMAN: Well, thank you.
20 You're a really wonderful, powerful group that I learn
21 from, you know, every single time. So thanks you so much
22 for having me again.

23 CTC CHAIR EAGER: Thank you.

24 All right. Now, we're in the homestretch.

25 (Thereupon a slide presentation).

1 MATT MALONEY: Good afternoon. We are in the
2 homestretch. So this is the final presentation of the
3 day. So this is a tag team. We're in the Bay Area now.
4 So Matt Maloney is my name, Director of Regional Planning
5 with MTC representing the nine-county Bay Area, my
6 colleague next to me here, Anup Tapase, who's managing
7 this study.

8 And we're halfway through a really important, but
9 a really tough study. And it's a tough study because we
10 are being very proactive in listening to the public and to
11 our partners about these very issues, and -- you know, but
12 it's an important one. What we're doing is we're
13 exploring the next generation for our Bay Area's freeways.
14 And central to that next generation is the role that road
15 pricing can play.

16 Next slide.

17 --o0o--

18 MATT MALONEY: Why are we studying the role of
19 pricing in our future? First, we have transportation
20 problems to solve. And, you know, during the pandemic --
21 we kind of started this work during the pandemic, which
22 struck people as a bit unusual, because everybody was at
23 home. But, of course, what we all saw in on major metro
24 areas is that within a year of the onset of COVID, traffic
25 had roared back to life in a big way. And it has stayed

1 (Laughter).

2 MATT MALONEY: So you -- so you better have that
3 chart.

4 So just real quick, I mean, I want to like leave
5 you and kind of center your attention really just on the
6 green, the light blue, and I guess what looks like purple
7 on this screen, on the bottom. In terms of reaching our
8 goals, land use and these environmental strategies make a
9 huge impact. They are just huge for us in terms of
10 housing production, jobs-housing balance, and where we
11 place housing and jobs. It's the biggest thing that we do
12 in our plan. We simulate that, that has as an impact on
13 GHG.

14 Now, on the bottom two numbers the four percent
15 number in the light blue, what that represents is all of
16 the transportation strategies in our plan. And we've got
17 \$578 billion worth of investments. That in totality gets
18 you four percent. It's pretty good. But on the bottom,
19 you get about the same bang for the buck as -- as all
20 those multi-million investments, 578 million in
21 transportation, from an all lane, toll lane strategy.
22 Single strategy. Not easy. Quite controversial. But,
23 you know, this is similar to what all my colleagues here
24 have said today. It's a necessary piece for us to achieve
25 these goals.

1 Next slide.

2 --o0o--

3 MATT MALONEY: Okay. So the little pyramid here.
4 And I think the previous speakers did a good job today of
5 kind of setting all of this up, so we kind of know what
6 we're talking about when we throw out different
7 nomenclature. So what exactly do we mean by road pricing
8 in the context of today's presentation?

9 So obviously the foundation is the gas tax and we
10 are potentially moving towards a replacement for that gas
11 tax, a road user charge, and all of us are contemplating
12 some kind of replacement in our plans. Of course, you
13 ensure stable revenues to operate and maintain
14 transportation system.

15 You know, above that, in the Bay Area, you know,
16 we've got a rich tolling infrastructure today. If you're
17 a user of the bridges, honestly we are tolling the
18 bridges. We are using those proceeds to fund improvements
19 to the bridges and do seismic retrofits. Over time, we
20 have raised those tolls and asked the voters to approve
21 those increases in tolls. And through those proceeds,
22 we've been able to fund other investments in mobility
23 including a lot of investments in public transportation.

24 We also have a pretty robust express lane system
25 in the Bay Area. Against, these are usually a single lane

1 at a time usually starting with a high occupancy vehicle
2 piece, but then evolving to an HOT lane. So we also have
3 a robust system of express lanes. But at the top of the
4 pyramid and really what the focus is today is kind of what
5 are we doing with the rest of the system, the general
6 purpose lanes that are part of the system? And in our
7 planning, you know, we simulated pricing all of those
8 lanes on roadways that had good transit adjacent to them.
9 So Anup is going to -- I'm going to hand it over to Anup
10 and he's going to run through, you know, kind of what
11 we're doing in this study.

12 ANUP TAPASE: Thanks, Matt.

13 Next slide, please.

14 --o0o--

15 ANUP TAPASE: Good afternoon. Anup Tapase,
16 project manager for the study. So as Matt has mentioned,
17 we are studying whether pricing to manage demand has a
18 role to play in the future of the Bay Area. And as has
19 been acknowledged several times already today, pricing
20 strategies have significant equity concerns. So in this
21 study, we are exploring whether pricing strategies can be
22 combined with a meaningful suite of complementary
23 strategies to create win-win outcomes and use pricing as a
24 tool to advance equity.

25 So complementary strategies are not just to

1 mitigate the adverse impacts of pricing, but to improve
2 our transit network, invest in safety, and advance
3 equitable outcomes. And these strategies would be funded
4 by tolling revenues or alignment of existing or future
5 plan resources. And many of those improvements of
6 complementary strategies need to be in place prior to
7 tolling.

8 So together, this combination of pricing and
9 complementary strategies is what we're calling pathways
10 towards next generation freeways and we are seeking to
11 analyze a few different pathways for the region over the
12 next year in this study.

13 Next slide, please.

14 --o0o--

15 ANUP TAPASE: The first stop though before we
16 analyze those pathways was to identify common goals that
17 we all need to work towards. Pricing to drive would be a
18 really major policy shift, perhaps the most significant
19 shift since the inception of freeways. And so this gives
20 us a chance to reimagine the future of freeways and the
21 transportation system at large. So here's the vision we
22 came up with for this study in working with our
23 communities and advisory group.

24 Affordable, one where everyone has affordable,
25 not necessarily free, but affordable and cost effective

1 travel options. Efficient, where we maximize capacity of
2 our existing infrastructure by improving multi-modal
3 alternatives to driving, so more people have
4 time-competitive alternatives to driving. Not everyone is
5 going to have time competitive alternatives to driving.
6 But if more people did, then at least there would be some
7 users that shift off driving into more sustainable modes.
8 Reliable, to reduce traffic congestion and improve
9 reliability for people and goods. Reparative freeways
10 that support communities. Free-way adjacent communities
11 that have been and are impacted adversely by 20th century
12 policy decisions. And finally safe, promote safer travel
13 by all modes and on all facilities whether that's freeways
14 or off freeways, while also improving environmental
15 health.

16 And so across all these goals, the overarching
17 objective is to advance equitable outcomes for equi --
18 that support equity-priority communities. So that could
19 be things like residents of equity priority communities
20 have more frequent feeder buses to get to regional transit
21 or lower income people who cannot afford to live in the
22 urban core and have been pushed out can realize some
23 travel time savings on freeways that outweigh any cost
24 increases that they might see as a result of these tolling
25 or have some means-based discounts in place that offset

1 that cost burden or low-income communities with freeway
2 barriers in their neighborhoods receive some sustainable
3 funding source to implement recommendations from all the
4 community-developed -- community-based transportation
5 plans this they develop over time and frequently have no
6 source of funding to implement those recommendations.

7 Next slide, please.

8 --o0o--

9 ANUP TAPASE: So we are considering three
10 strategies at least in our first round of analysis and
11 this may evolve over time. The first is all highway
12 tolling in transit-rich corridors. So this would toll all
13 lanes of highways in corridors with existing or planned
14 regional rail or frequent express bus service. So that
15 covers a good number of freeways in our region. Tolls
16 would vary by place and time of day and would be zero if
17 there were no congestion. It shouldn't cost to drive, if
18 there is no congestion. This is not about raising
19 revenues. This is about improving our experience on
20 freeways and transportation.

21 The second is a variation, admittedly perplexing
22 to imagine. But we're looking to understand whether
23 tolling on major parallel arterials, in addition to
24 highways, could help contain diversion off of highways,
25 which is a primary concern when we are talking about

1 tolling on freeways.

2 The third is tolling vehicles entering the
3 downtowns of the three largest cities, Oakland, San
4 Francisco, and San Jose. So alongside these three pricing
5 strategies, we also want to understand how far we can get
6 towards our goals with no new pricing initiatives. So
7 that's, of course, an alternative that we will be studying
8 as well.

9 Now to go -- next slide, please.

10 --o0o--

11 ANUP TAPASE: To go along with the pricing
12 strategies, we are looking at a range of complementary
13 strategies to design equitable and politically acceptable
14 pathways. And that's really the key question we are
15 getting at with this study, are there equitable and
16 politically acceptable pathways that are centered on
17 pricing to help reimagine our freeways.

18 And so we've been prioritizing engagement -- deep
19 stakeholder engagement with a variety of folks on our
20 advisory group, including business, labor, freight, equity
21 advocates, citizen representatives, and also doing a good
22 amount of community engagement. And so we're considering
23 a range of complementary strategies, and there are many
24 options, but we cannot talk about investing in all of
25 them. There are trade-offs. So can we make significant

1 improvements to buses, especially feeder buses by having
2 10-minute headway so people see transit as a reliable
3 option, or should we invest in transit safety to convert
4 those choice riders who avoid transit because of safety
5 issues.

6 Now, there are large parts of the populations
7 that might never have good public transit options, either
8 because they've been pushed away from the urban core unit
9 housing costs or because they need to drive tools, drive
10 cleaning products in their car. So what share of the
11 funding should be put to work transportation costs offsets
12 towards discounts, or rebates, towards certain groups of
13 the population, for those groups that absolutely need to
14 drive and depend on their vehicle for the work they do.

15 In the case of local roads, should we invest in
16 improving local street safety, so people feel safer
17 accessing transit, or should we put additional funding
18 towards road maintenance, so drivers feel that they're
19 getting -- that their tolls are worth it.

20 And then finally, we all acknowledge here that
21 freeways have caused harm and disinvestment in
22 freeway-adjacent communities. So can tolling revenues be
23 used to redress past harms and improve pedestrian
24 crossings or urban greening of freeway-adjacent
25 communities or other such measures that are more community

1 scale initiatives. So I know our ideal answer is all of
2 the above, all these complementary strategies. But what
3 we are trying to do in our engagement in this study, both
4 the stakeholders and communities, is identify a set of
5 investments that could go along with the pricing
6 strategies and be funded by those tolling revenues to
7 create win-win outcomes across different stakeholders.

8 Next slide, please.

9 --o0o--

10 ANUP TAPASE: And so there are several questions
11 we are trying to tackle in this study. What does this
12 mean for HOV and express lanes? Will the toll be worth it
13 relative to the time savings people are seeing? How could
14 transit improvements be in place prior to the start of
15 tolling? What is the burden of essential workers who must
16 drive to work? How will transportation costs change for
17 low-income drivers? What is the impact on local streets
18 parallel to freeways? Is all the VMT shifting to local
19 streets? Will exemptions and discounts reduce the
20 effectiveness of pricing? What technology should we be
21 considering and they integrate with the FasTrak and
22 Clipper? And what's the cost of all this? What would be
23 the cost to implement all lane tolling? And so many more
24 questions.

25 I'm sure there's many more questions in your

1 minds. And while we may not answer all those questions in
2 our study, we want to take a meaningful step forward in
3 this two-year effort and help narrow down future efforts.

4 And so this study is an early implementation
5 action of what we included in our plan, in our RTP, but we
6 do foresee a number of future efforts after this study
7 that could be like corridor scale initiatives or public
8 engagement studies or design of pricing systems, and
9 thinking about pilot frameworks.

10 With that, I'll hand it back to Matt to wrap it
11 up.

12 MATT MALONEY: Okay. Next slide.

13 --o0o--

14 MATT MALONEY: So to move forward on this,
15 without a doubt, we need partnership. I mean, hopefully
16 one of the themes you're getting out of this is, you know,
17 I think the MPOs have taken a step here, sometimes a very
18 controversial step that makes the news headlines in terms
19 of putting these strategies front and center in their RTP
20 SCSs. But obviously, you know, we can't implement these
21 types of strategies on our own. It's a partnership among
22 us, but also with the state and with the federal
23 government. So there's, you know, the bunch here about
24 sort of the importance of partnership, the importance of
25 just authorization, and streamlining and how we implement.

1 But one thing I want to touch on here is the
2 bottom bullet points on just the paramount importance of
3 solving the transit funding crisis as part of this. And
4 it relates directly to road pricing, because really it's a
5 corridor approach. And again, when we talk to our
6 partners in the public, those transit investments we make
7 in the those corridors are hugely important.

8 We need fast, frequent service. We need to
9 operate and maintain the systems that we have. And in the
10 Bay Area, our transit system is in deep trouble. It has
11 not returned to the levels to the pre-COVID levels, so we
12 have a fiscal cliff. We are working with the State
13 Legislature on this. But if we cannot solve this transit
14 crisis, we are in trouble with this strategy too. And I
15 think that's one of the things I want to leave you with
16 today, is that they kind of go together.

17 Next slide and then I'm done.

18 --o0o--

19 MATT MALONEY: We're about half way through the
20 study, so, you know, you can reach out to me or Anup at
21 any time. You know, we're doing stuff very publicly with
22 our committees and with our Commission, and we're going to
23 be working on this through the spring of 2024.

24 Thank you very much.

25 CTC CHAIR EAGER: Thank you so much. Great

1 information. I have to say I really appreciate the slides
2 when they're really large. I'm one of those over 65 that
3 you all are telling me I can't drive soon. So making sure
4 that this information is being read by everyone is
5 wonderful and I know we'll have questions from our dais up
6 here. So does anyone have any immediate questions? I
7 know I had one and I think it was for SCAG. Could you
8 expand a little bit on the job center parking strategy?

9 ANNIE NAM: Okay. Here we go. Yeah, we
10 basically took employment density -- employment dense
11 areas - I believe it was essentially the top 16 - and
12 looked at essentially base rates in terms of parking, and
13 most were considerably low. And we leveled it up from
14 there looking at the various risk restrictions. So that
15 was what was incorporated into our plan. I believe
16 Danielle indicated as well, as part of the SANDAG's plan,
17 they incorporated some more sort of local pricing --
18 parking pricing strategies. We did not assume that most
19 of that revenue came to regional projects, that they would
20 essentially go back to the local jurisdictions, but they
21 were most definitely important as a part of the modeling
22 exercise to understand what happens in terms of behavior
23 shift.

24 CTC CHAIR EAGER: Okay. Thank you.

25 Yes

1 CTC COMMISSIONER NORTON: So I enjoyed all of
2 your presentations. And every single one of you talked
3 about streamlining the ability to deliver express lanes or
4 other pricing strategies. And we've included that in
5 CTC's annual report. We think it's very, very important
6 that we can go from a general purpose lane to a toll lane
7 and to implement these quickly. What has been your
8 experience as you've been talking to your legislative
9 representatives in terms of make -- since we are all
10 pointing to the fact that these have an equity benefit and
11 a GHG benefit, what's the willingness to have the same
12 kind of CEQA streamlining that we would have for a
13 basketball arena or something else, so that we can
14 actually address the fiscal cliff we're on for transit?

15 MATT MALONEY: I can -- I can start off. I would
16 say, frankly, we're not there yet, but -- in terms of
17 dealing with the State Legislature on this issue.

18 In terms of authorization, we are very much
19 focused on pilot opportunities, especially those that are
20 coming at the federal level. There's been some that have
21 been in place for quite sometime, the value pricing -- the
22 VPP projects, and there's some new pilot opportunities in
23 the new federal law. So I think that's going to be very
24 important in terms of authorization.

25 We obviously would believe that we don't want

1 projects like this once we get to them and they are
2 corridor level projects that include transit investments,
3 community revitalization projects, and potentially pricing
4 projects. We would, you know, love though the approval
5 process for these projects to be expedited for sure. We
6 don't want them to get hung up. I know there are some,
7 you know, related bills in the legislature on things like
8 this, but I would just say for our agency, we haven't
9 engaged in any direct conversation on this exact topic,
10 yet.

11 CTC CHAIR EAGER: Thank you.

12 Yes.

13 CARB CHAIR RANDOLPH: First of all, I just want
14 to thank you all for this really kind of impressive amount
15 of thought, and analysis, and innovation, and
16 forward-thinking that you -- your organizations are all
17 doing. And I guess kind of keying off, you know, you were
18 talking about, you know, it would be great to have the
19 approval process expedited for some of these pilots. And
20 so I'm going to broaden that question a little bit and
21 say, you know, here we -- you know, you've got CTC, you've
22 got CARB, you -- I think CalSTA is still listening. What
23 do you need from us in State government collectively to
24 really support the efforts that you are doing?

25 DANIELLE KOCHMAN: I think I'll start. In

1 relation to managed lanes, because as I mentioned this is
2 kind of our low-hanging fruit right now and doing some of
3 the conversions. There's various legal opinions about
4 what we can and can't do, what we have authority to do,
5 both around conversions and also around delivery, what
6 types of delivery, whether, you know, we need to go design
7 big build or we could look at something alternative. And
8 I don't know exactly how we get there, but, you know, with
9 different amounts of risk tolerance around the state, you
10 know, we have kind of the precedent of we need to get
11 legislation for every project. And if we could have more
12 kind of blanket authority to do different types of
13 delivery, different types of conversions and not be taking
14 these as one-by-one projects, that we need to bill for
15 each one.

16 ANNIE NAM: If I can just add to that. I think
17 there was a question earlier about ultimately how do we
18 get there? And I think it was Professor Manville who
19 talked about the importance of piloting. I think most --
20 well, all of us 100 percent agree that ultimately we do
21 need to pilot many of these concepts. When we're asking
22 for authorization, we're asking for authorization for
23 piloting mainly because we need to understand and learn
24 from some of these experiments.

25 And frankly, on the outreach front as well, I

1 think, you know, we've learned this through the State's
2 own pilot program. Ultimately, when you have participants
3 really experiencing something, they better understand what
4 it is all of us are really talking about. And so I think
5 the piloting concept is really critical and that's where
6 we have an opportunity to tweak things, right? I think
7 most of us are coming to conclusions here based upon
8 simulation exercises, modeling exercises. Granted,
9 there's been experiments internationally, actual demon --
10 well, beyond demonstrations, actual implementations.

11 Having said that, I think just given our own
12 context, ultimately we've been relying on simulation
13 exercises. And it would be incredibly valuable to be able
14 to do some pilots.

15 DANIELLE KOCHMAN: I'll add one more thing too,
16 not really related, but there's a city institute, and I
17 can't think of the name right now, but they did a pilot of
18 a cordon congestion zone. And then at the end of the
19 pilot, they had a referendum to, you know, transition it
20 to full-time, and it failed, so it did not get a majority
21 vote. And the city offi -- the officials decided to keep
22 it anyways. And then like a year later, it was favorable.
23 They had like a 55 percent public opinion that they liked
24 the project. So I think also understanding the -- you
25 know, it takes some time for the public to get there.

1 CARB BOARD MEMBER GUERRA: Oh, good. Thank you,
2 Chair. First, thank you, Chair Randolph. You, I think,
3 asked the big question is how can we help? And I
4 appreciate the answer there. And so I'll just make a
5 statement then in -- one, I'd like to see our agencies
6 support your efforts. And I was very impressed by MPOs
7 and the -- on the ground and the risk level that's
8 happening at the local level when there's uncertainty, and
9 particularly right now when, you know, I've talked to many
10 constituents where they see inflation as a real impact to
11 their daily life. And even as, you know, we were here, I
12 was getting emails about the conditions of our roadway
13 from my own constituents. So time -- how timing is
14 important.

15 So then, you know, sort of one, I do think our
16 agencies need to support your efforts. And if there are
17 other things, as I'm asking my second question, that you
18 think that we can help in that, I'd like to -- I'd like to
19 hear those.

20 But the other question that I have is how is the
21 CTC planning on sharing the learnings, you know, and not
22 only to the public, but more importantly as this is moving
23 forward between the MPOs and how are -- what's the
24 feedback loop between the pilot program from the road user
25 charge and that of the MPOs. So maybe if there's a

1 question from our -- from our CTC staff or as well as our
2 MPOs on the data, how do we make sure that we're -- that
3 the left hand is talking to the right hand here?

4 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: So maybe
5 I'll start. One of the good things is that all of our
6 panelists are on a first-name basis with our team, because
7 these are consistent dialogues that we have very
8 frequently. This is not a new topic for us as we're
9 talking about road user charge and Hannah Walter of our
10 team has talked. They participate in our road user charge
11 work group as well as just having one-on-one
12 conversations, group conversations. One of the things
13 I'll talk about in my wrap-ups today is the CalSTA letter
14 for a working group that also has these conversations. So
15 there's a lot of back-and-forth conversations here, and
16 there's also conversations with our leg. team - Justin is
17 in the back there - about how we team with MTC, for
18 example, on some of the pricing work they're doing, where
19 Danielle talks about legislation, we're in the know of
20 what that legislation is. We actually have a tolling
21 hearing coordinated with MTC for SR 37 coming up.

22 So there's a lot of coordination and dialogue
23 going on between all of the MPO regions, including on
24 their SCS development as these things are coming forward,
25 because in some cases when we talk about tolling

1 facilities, the first step in -- outside of legislation is
2 to come to the Commission to request that authority as
3 well.

4 CARB BOARD MEMBER GUERRA: Thank you, Director
5 Taylor. And I would say, you know, I think that level of
6 feedback and communication -- real-time communication is
7 going to be critical. And particularly, I'm very
8 interested in the SCAG and the SACOG pilot project here,
9 because we have to -- we have to be able to adjust quickly
10 as the public begins to become aware of these projects.

11 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR:
12 Absolutely.

13 CARB BOARD MEMBER GUERRA: Oh, I think -- yeah.

14 KACEY LIZON: If I may, Direct Guerra, to one of
15 your -- his first question. So in addition to everything
16 that you've heard is what we are looking for for help from
17 the State, from your agencies, and from you also as
18 commissioners and Board members.

19 I think what you have seen is that we -- the MPOs
20 are aligned in trying to achieve the same goals that State
21 led efforts are trying to achieve. And so knowing that
22 if, as we hopefully very regularly communicate and share
23 information back and forth on what is happening with the
24 road user charge pilot, as well as our pilots, but also
25 all of the other adjacent State efforts, right, Cal-ITP,

1 et cetera, et cetera, that when it comes time to review
2 plans for projects that come from us, when you are in a
3 position of -- a regulatory position over us, where you
4 are in approving position over us, I think I would ask
5 that you remember that we are trying to reach the same
6 goals. And so when you look at us struggling, that you,
7 from top to bottom, are trying to help us problem solve
8 through that struggle, rather than -- I'm not saying you
9 do this, right, but I would hope that it's helping us
10 problem solve rather than saying, well, you didn't make
11 it. Try again. So I would ask that.

12 Thank you.

13 CTC CHAIR EAGER: Fair enough.

14 Member Shaheen, yes.

15 CARB BOARD MEMBER SHAHEEN: Thank you, Chair.

16 And thank you so much to the panel. I really enjoyed all
17 the presentations. And I was really struck by how
18 holistically you are all thinking about these issues,
19 right? It's not -- it's not one solution of a rock. It's
20 an integrated strategy solution and I saw that across all
21 the presentations, so I really welcomed that. And I also
22 welcomed the idea around focusing on pilots, but also
23 putting a lot of emphasis on education and outreach. And
24 I think that's one thing that the Value Pricing Pilot
25 Program did exceptionally well is understanding everything

1 when you do a pilot about how the public responds to it,
2 documenting it along with lessons learned and impact
3 analysis.

4 So one of the questions I had for the group,
5 because I didn't hear this come up was around the issue of
6 privacy concerns. And I was curious if that's something
7 that you're thinking about as you're talking about
8 essentially digitizing our curb space, our parking space,
9 our road space.

10 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Maybe, if
11 I could, Board Member Shaheen, maybe I'll ask Hannah
12 Walter from our team to talk about the SB 339 privacy
13 considerations that we're working on as part of a pilot
14 program that we have and the TAC has recommended to us.

15 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: So
16 Tanisha, can you --

17 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Talk
18 about the privacy considerations.

19 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Oh, in the
20 pilot?

21 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Um-hmm.

22 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Yeah,
23 there's actually three different things that we're
24 recommending that CalSTA consider in the pilot design. So
25 the first is that we adopt a similar privacy policy to

1 what was laid out in our original 2017 pilot. There's
2 been pilots since then, but that was a really big pilot
3 with 5,000 vehicles. And so the privacy policy laid out
4 just a framework for how to make sure that we were doing
5 things like collecting the minimum via -- the minimum
6 information necessary and making sure that participants
7 were aware of their choices when they signed up for the
8 pilot and things like that.

9 So one of the things we're recommending is that
10 we use that same policy and we make some updates to it.
11 One of our consultants worked on that policy and is an
12 attorney, and has been working in this space since then,
13 so he suggested some wording changes to that. So we're
14 recommending that. There's a couple privacy experts on
15 the TAC, one is a lawyer and the other one is more into
16 the IT space. And so they actually in 2022 had made a
17 whole list of privacy recommendations for a road charge
18 pilot in general -- or for a road charge program in
19 general statewide. And so we recommended that this pilot
20 incorporate some of those suggestions. And like some of
21 those examples of those suggestions are things like
22 involve legal early in the design of the pilot, make a
23 requirement that information needs to be destroyed within
24 30 days. There was a list of things like that that we're
25 asking them to consider.

1 And then the final thing was that Caltrans had a
2 data security report that -- and I don't know if it ever
3 got published publicly, but it was a really good in-depth
4 look at how to keep information systems secure. And so
5 we're also recommending that they take the findings from
6 that study and consider them when they're designing the
7 pilot. So those are the things that we're recommending
8 for security in the pilot.

9 CARB BOARD MEMBER SHAHEEN: Great. Thank you for
10 that. It's just a -- I think a very important topic as we
11 think about not just road charge, but, you know, how
12 everybody's data are being collected and whether or not
13 they're on board for that. And there's a lot of
14 conversation around that being abstracted for particularly
15 underserved populations, or populations that are immigrant
16 populations that, you know, are very concerned about being
17 tracked. So that's just something that I think we should
18 be considering as we're talking about, you know, a pretty
19 big departure from how roads and infrastructure have been
20 used in the past.

21 ANNIE NAM: If I can just add to that. You know,
22 it's a conversation we have consistently internally about
23 these types of projects. I think, you know, certainly
24 there's going to be huge lessons learned from the State
25 effort, but I think for us at the regional level it gets

1 incredibly more complicated because we're interested in
2 travel behavior, right? So we want to actually extract
3 that data, but there's going to be incredible challenges
4 in allowing that kind of information exchange, and so
5 we're certainly mindful of that.

6 MATT MALONEY: Through the Chair, just one more
7 comment, because I was -- I was pausing a bit in how to
8 answer your question. I think just simply put in -- I
9 mean in the Bay Area, there's just been an evolution of
10 tolling infrastructure. And so, you know, it's -- we're
11 now at open road tolling. Everybody has got a trans --
12 not everybody, but numerous -- the majority of drivers
13 have transponders in their cars. So, you know, we've
14 evolved with the toll bridges and express lanes system.
15 And so I think the -- we haven't -- we haven't heard much
16 about the privacy issue and I think that's just one reason
17 why is that people are kind of used to that infrastructure
18 already.

19 CTC CHAIR EAGER: Thank you.

20 Commissioner Lyou.

21 CTC COMMISSIONER LYOU: It's a little less
22 relevant now, but this conversation about privacy is going
23 on and on. The two members of our technical advisory
24 group who specialize in privacy have been very, very
25 helpful. And one of the things that they brought up was

1 that there are third-party contractors who want to do this
2 work and might be able to do it more efficiently and less
3 costly than if we as a government try to do it ourselves,
4 but that if that's going to happen, that they should and
5 must not be able to collect the data and then use it for
6 commercial purposes. And so that was a big item we got a
7 lot of discussion at our advisory group on. So those
8 recommendations that they've made, I think, you know, if
9 people are interested in this issue, they should take a
10 look at them. Maybe Hannah could share them with you.

11 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: Sure.
12 Maybe we can work on getting them to this group after
13 we -- once we post them for the May meeting.

14 CARB BOARD MEMBER DE LA TORRE: Thank you. I had
15 a question about the pilot project under SB 339. Look,
16 we've spent a whole lot of time talking about the money
17 part of this, and that is obviously a big deal, and we
18 know that it's problematic.

19 But in terms of the pilot itself, and coming from
20 CARB, there are clearly equity, climate, and mobility
21 components to this as well. So I think we should, every
22 chance we get, incorporate those other three components.
23 So for equity, how will it protect vulnerable households
24 from the regressive effects of this funding? For climate,
25 how does it reduce VMT? For mobility, how does it reduce

1 congestion, et cetera, et cetera? So I would like to see
2 those components also built into the -- specifically to
3 the pilot proposal to call them out, and hopefully when we
4 meet together in the fall to have those three things laid
5 out or called out in terms of your recommendations.

6 CTC ASSOCIATE DEPUTY DIRECTOR WALTER: I can
7 speak to the equity piece. The way that we're planning to
8 recommend it be incorporated now is, one, that we provide
9 a -- that Caltrans provide up-front incentives to
10 low-income participants to make it easier for them to
11 participate, because even though they would be reimbursed
12 for the gas tax, we wouldn't want them to have to pay both
13 the gas tax and the road charge before they got
14 reimbursed. So that's one way we're trying to ensure
15 participation.

16 And then we did look at like the possibility of
17 scaling a road charge based on household income for --
18 when we were developing the rate for the pilot. But the
19 reason that we didn't do that was because we couldn't
20 figure out a way to really avoid an extreme impact on the
21 moderate and high income users, because we tried the math
22 a lot of ways. But every time that we tried to make even
23 a small percent discount for the low-income households, we
24 ended up with like an exponentially larger impact on
25 moderate and high income households. And we were trying

1 to keep the rates similar so that someone who pays around
2 \$250 a year say for their gas tax doesn't end up paying a
3 substantially higher amount, like three or four -- or,
4 well, more like 350 or 400 dollars a year, because we
5 thought that would really hurt the messaging. So we
6 decided not to implement that kind of a scaling process at
7 this time.

8 But I think that some of the -- so that's where
9 we landed with equity, but I think some of the questions
10 that Caltrans wrote into their RFP asking the vendor to
11 collect data on will kind of help show us a better picture
12 of equity. And that would be the same with the congestion
13 and the air quality as well.

14 CTC CHAIR EAGER: Thank you, Hannah.

15 I know we have two public comments.

16 Nailah Pope-Hardin.

17 NAILAH POPE-HARDIN: Sorry about that. Yeah,
18 right?

19 Hello, everyone. Nailah Pope-Hardin, Executive
20 Director of ClimatePlan and welcome Councilmember Guerra,
21 my council member, so look forward to your leadership on
22 this -- on CARB's Board.

23 So ClimatePlan has been convening climate
24 transportation and equity voices across the state for the
25 last few months around pricing and then creating equitable

1 considerations for road pricing. And we plan on releasing
2 those recommendations ahead of the CTC TAC meeting, but I
3 will share some high level takeaways from those
4 recommendations today.

5 And one is in this conversation it's been a
6 really robust and really helpful conversation around
7 pricing that we've had today. But there is this sense of
8 inevitability that's been missing. The fact that we are
9 moving -- we have the mandate to -- for electric vehicles
10 by 2035 that's coming. We have our Scoping Plan bills.
11 There is an inevitability around this conversation, where
12 we're going to have to make decisions very quickly about
13 what's happening.

14 And what I will throw out is equity being used as
15 a reason to not have these conversations is actually
16 wildly inequitable. What we don't want is have to force
17 changes on communities at the last minute. What we want
18 is to be able to move thoughtful and methodically into
19 these decisions to make sure that all communities have
20 say, have input, and have some type of impact in the
21 decisions that are made.

22 And in that vein, I just want to point out a
23 recent study that says that all -- right now, the cost of
24 a car, a new car is about \$700. So we are talking about
25 people that are not -- that are priced out of being able

1 to buy a new electric vehicle. Used cars are \$500. And
2 we're talking about people who can't buy new vehicles to
3 be able to save the incentivized money for not having to
4 be able to -- not paying into the gas tax. And we're
5 going to be losing users in the gas tax, right? So folks
6 that are gas guzzling diesel cars are going to be paying
7 more while we have electric folks that can buy out of the
8 system, buy electric vehicles, that are going to be
9 incentivized and potentially paying less, wild equity
10 considerations.

11 There's a need for strong leadership. My family
12 lives in Visalia and I have this vision of having nine
13 clickers or key cards just to drive from Sacramento to
14 Visalia. We need strong leadership and we need to start
15 communicating what that vision looks like to folks now.
16 And this is from someone who's very deep entrenched in
17 this work, I don't see this future. And so everyday
18 folks, what are we communicating, what does that messaging
19 look like? We have each region that's doing amazing work,
20 but imagine if we were able to streamline that and we had
21 better leadership. Every presentation started off with
22 the same base setting, right? That should be the State
23 that's leading in that base setting and taking some of
24 that work off of regions.

25 And also this idea that we are moving, that

1 that's and idea what the everyday user sees. The idea
2 that there's the gas tax replacement and there's a
3 behavior change makes sense on paper, makes sense in
4 academia. But if we're talking about building trust in
5 communities, to say that we're going to tackle the gas tax
6 replacement first and then come back and do something
7 around behavior change is not around -- it's not going to
8 build trust with the communities that we need to be
9 building trust with the most.

10 And then the last point -- the last two points
11 I'll throw out is just, one, any investments need to go to
12 multi-modal options. We cannot be using this conversation
13 around pricing to just perpetuate car culture. Especially
14 if we're looking at our Scoping Plan goals, we're looking
15 at our VMT reduction goals, our GHG reduction goals, if
16 we're looking at all of our state goals around climate, we
17 can't be using pricing to just perpetuate car culture.
18 And so it can't just go towards highway widening. We need
19 to have a more robust conversation, around what pricing
20 can fund.

21 And I already touched on it, but back to that
22 point around just making sure that this conversation is in
23 alignment with us meeting our climate goals is wildly
24 important. It's beautiful that we're having this
25 conversation at CARB, because that keeps it top of mind.

1 I think someone pointed out it's the reason why everyone
2 had the GHG slide, but in other conversations around
3 pricing, it really is more around gas tax replacement and
4 we have to get around -- away from that.

5 The last thing I'll leave with is I close all my
6 ClimatePlan meetings with some type of quote, lyric, or
7 just fun thought. And so I'm going to quote Ice Cube
8 here, which he says in one of his songs hustle means hard
9 work, and if you're scared go to church. And that just
10 means that like you guys have to make tough decisions
11 here. If you're scared, find some other place to do that.
12 But in here, we need you guys to be brave. We need you to
13 be bold, and we need you to be equitable.

14 So thank you.

15 CTC CHAIR EAGER: Thank you, Nailah.

16 Next, we have Maura Twomey.

17 MAURA TWOMEY: Good afternoon. Maura Twomey, the
18 Executive Director of the Association of Monterey Bay Area
19 Governments. And we are the MPO for Santa Cruz, Monterey,
20 and San Benito counties. AMBAG adopted its most recent
21 RTP SCS in June of 2022. And although the adopted plan
22 does not include any regional pricing strategy, it does
23 acknowledge that a replacement for gas tax, such as a road
24 user charge or VMT fee, is needed. While the urban areas
25 have been evaluating congestion or lane pricing, these

1 options may not be feasible for the smaller or rural
2 regions of the state where congestion does not occur for
3 long commute periods and where a robust transit network is
4 not available.

5 Typically, small and rural regions have
6 relatively less congestion during peak periods compared to
7 the urban areas, but often have higher levels of
8 congestion in the off peak and weekends due to tourism and
9 freight traffic.

10 AMBAG plans to undertake a pricing study to
11 evaluate how regional pricing strategies could be deployed
12 equitably in our region to potentially reduce VMT and GHG
13 and potentially provide funding for alternative
14 transportation options.

15 Thank you.

16 CTC CHAIR EAGER: Do we have any other public
17 comment?

18 CTC STAFF: I see no other public comment at this
19 time. Thank you.

20 CTC CHAIR EAGER: Well, thank you all so much
21 and, you know, I -- before Nailah came up, I was going to
22 thank you all for your bravery, but she and Ice Cube said
23 it much more beautifully than --

24 (Laughter).

25 CTC CHAIR EAGER: -- I was going to.

1 But we do want to thank all of you. And we know
2 how hard this work is and we understand all that you have
3 to go through even to get to this place. And so we do
4 promise you that we will support you and that when you
5 need help, this is the place that you need to come,
6 because we can't do this without each other. And so it's
7 conversely, when we need your help, hopefully you'll be
8 there too for us. So thank you all so much. We
9 appreciate it.

10 You did a great job.

11 (Applause).

12 CTC CHAIR EAGER: With that, I will turn it over
13 to Director Taylor to summarize this meeting for us.

14 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: Thank
15 you, Chair Eager.

16 CTC CHAIR EAGER: Take us home.

17 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: I'm going
18 to take us home --

19 CTC CHAIR EAGER: Okay.

20 CTC INTERIM EXECUTIVE DIRECTOR TAYLOR: --
21 hopefully in five minutes or less, because I'm the last
22 thing standing between everybody and the door.

23 I'd like to summarize some key action items that
24 our staff has agreed to work on prior to the next joint
25 meeting in November. Our goal is carry forward the

1 momentum on the topics we discussed today. And
2 partnership, partnership, partnership is the theme we've
3 seen today.

4 First, HCD staff will review the feedback
5 provided on the RHNA process by commissioners, Board
6 members, and members of the public and incorporate that
7 feedback as appropriate into the final findings and
8 recommendations to be submitted to the Legislature at the
9 end of the year, including working with the teams at CTC
10 and CARB and further aligning RHNA, SCS, and RTT processes
11 going forward.

12 Next, our teams will brainstorm ways to further
13 support cities and counties in housing planning,
14 production and affordability, including the importance of
15 workforce considerations.

16 Next, something we heard in the discussion around
17 road pricing is the importance of State agencies and
18 regional agencies working together on pricing strategies.
19 Towards that end, I'd like to ask the team from our three
20 joint meeting agencies to participate regularly in the
21 State's Roadway Pricing Work group led by CalSTA and
22 Caltrans, which convenes State and regional subject matter
23 experts. It was clear today that there is a lot of
24 interest in the topic of roadway pricing, and there's a
25 lot happening at the State, regional, and local levels.

1 In particular, it was fascinating to learn more about the
2 inclusion of various pricing strategies within regional
3 transportation plans, and how those strategies support
4 achievement of Sustainable Communities Strategies to Board
5 Member De La Torre's comment about including climate in
6 that discussion.

7 I've heard the importance of partnerships that
8 support all of us getting it right with a focus on equity
9 and messaging. I also heard some specific needs for how
10 the State can better support regional pricing strategies.
11 And our teams will be exploring what we can do to help.
12 It's important to continue this conversation and we will
13 provide updates as appropriate over time. With that, I
14 will turn it back to you, Chair Eager. Thank you.

15 CTC CHAIR EAGER: Thank you so much.

16 And we want to thank all of you for coming.
17 Obviously, we're -- we went over, because this was such an
18 important topic and we want to continue this dialogue with
19 all of us. I want to thank you, Chair Randolph, for your
20 team's participation, and joining us, and being a great
21 partner. As we have said all along, it takes all of us to
22 be able to do this work. And so we are looking forward to
23 continuing the partnership.

24 I don't know if there's anything you'd like to
25 say.

1 CARB CHAIR RANDOLPH: No, I will just reiterate
2 the basic point, you know, we are all in this together.
3 We can really be supportive of agencies at all levels of
4 government to really try to solve these problems. And so
5 I really appreciate this dialogue and looking forward to
6 hosting the next joint meeting at CARB.

7 CTC CHAIR EAGER: Great. Thank you all.

8 Do we have any public comment?

9 CTC STAFF: I see no additional public comment at
10 this time. Thank you.

11 (Laughter).

12 CTC CHAIR EAGER: Okay. With that, we are
13 adjourned.

14 (Thereupon the California Air Resources Board,
15 California Transportation Commission, and
16 California Department of Housing and Community
17 Development meeting adjourned at 4:29 p.m.)
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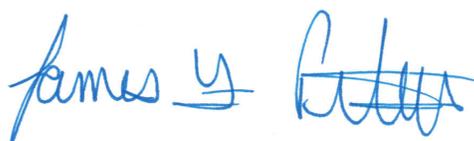
CERTIFICATE OF REPORTER

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 CARB, CTC, and HCD 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 18th day of April, 2022.



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