MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

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

THURSDAY, SEPTEMBER 22, 2011
9:06 A.M.

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Mr. Ken Yeager

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Ms. Ellen Peter, Chief Counsel
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Mr. Bart Croes, Chief, RD
Ms. Terry Roberts, Local Government Strategies Section, Planning and Technical Support Division
Mr. Kirk Rosenkranz, Air Pollution Specialist, Control Strategies Section, Stationary Source Division
Dr. Susan Wilhelm, Climate Action and Research Planning Section, Research Division
APPEARANCES CONTINUED

ALSO PRESENT

Mr. Matthew Adams, San Diego Building Industry
Mr. Will Barrett, American Lung Association
Mr. Steven Clark, SSA Stevedoring Services of America
Honorable Glen Becerra, SCAG
Ms. Autumn Bernstein, Climate Plan
Dr. Rasto Brezny, MECA
Mr. Luis Cabrales, Coalition for Clean Air
Mr. Stuart Cohen, TransForm
Mr. Jack Dale, SANDAG Board Vice Chair
Mr. Steve Devencenzi, San Luis Obispo Council of Governments
Ms. Amanda Eaken, NRDC
Ms. Pamela Epstein, Sierra Club San Diego
Mr. Randal Friedman, US Navy
Mr. Gary Gallegos, SANDAG Executive Director
Mr. Vince Harris, Stanislaus Council of Governments
Mr. Craig Kappe, Metropolitan Stevedore Company
Mr. Steve Heminger, Metropolitan Transportation Commission
Ms. Bonnie Holmes-Gen, ALA
Mr. Henry Hogo, South Coast AQMD
Mr. Hasan Ikhrata, SCAG
Ms. Theresa Livingston, Sierra Pacific Industries
Ms. Elyse Lowe, Move San Diego
APPEARANCES CONTINUED

ALSO PRESENT

Mr. Richard Lyon, California Building Industry
Mr. Larry McCallon, President, Southern California Association of Governments
Mr. Mike McKeever, SACOG
Ms. Amy Mmagu, CalChamber
Mr. Steve Padilla, Sustainable San Diego
Mr. Bob Phipps, Bettendorf Trucking
Mr. Bruce Reznik, Planning and Conservation League
Mr. Gary Rynearson, Green Diamond Resources
Ms. Carmen Sandoval, San Diego Regional Chamber of Commerce
Mr. Craig Scott, Automobile Club of Southern California
Mr. Jerome Stocks, SANDAG Board Chairman
Mr. Tom Szwajkos, Yusen Terminals, Inc.
Ms. Amanda Wallner, Sierra Club
Mr. Darcy Wheeles, California Railroads
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CHAIRPERSON NICHOLS:  Good morning.  We will begin the September 22nd, 2011, public meeting of the Air Resources Board.  We will start, as usual, with the Pledge of Allegiance.

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

CHAIRPERSON NICHOLS:  Will the clerk please call the roll?

BOARD CLERK MORENCY:  Dr. Balmes?

BOARD MEMBER BALMES:  Here.

BOARD CLERK MORENCY:  Ms. Berg?

BOARD MEMBER BERG:  Here.

BOARD CLERK MORENCY:  Ms. D'Adamo?

BOARD MEMBER D'ADAMO:  Here.

BOARD CLERK MORENCY:  Ms. Kennard?

Mayor Loveridge?

Mrs. Riordan?

BOARD MEMBER RIORDAN:  Here.

BOARD CLERK MORENCY:  Supervisor Roberts?

BOARD MEMBER ROBERTS:  Here.

BOARD CLERK MORENCY:  Professor Sperling?

BOARD MEMBER SPERLING:  Here.

BOARD CLERK MORENCY:  Supervisor Yeager?

BOARD MEMBER YEAGER:  Here.
CHAIRPERSON NICHOLS: Thank you very much.

A couple of announcements before we begin. I see we have a few people here who are not regulars at these meetings, so I need to make sure that everyone knows that if you wish to testify and you did not sign up online that you need to fill out a request to speak card, which is available outside the auditorium, and give it to the Clerk. If you did sign up online, you don't have to fill out another card, but you do have to check in to put your name on the speakers' list.

We will be imposing our usual three-minute time limit for speakers, and we ask you to summarize any written testimony that you have.

I'm also supposed to tell you that if the fire alarm goes off -- and we did have a fire alarm recently, actually -- then we are all required to evacuate the building, go down the stairs, and out to the park across the street until we get the all-clear signal.

I think that's it for our announcements.

Before we begin our business this morning, we have a presentation. And so I will ask the gentleman at
the podium to go ahead and start. Thank you.

MR. MC CALLON: Thank you, Madam Chairwoman. I'm Larry McCallon, Past President of the Southern California Association of Governments.

Exactly one year ago today, during the SB 375 Sustainable Community Strategy target setting discussion, I stood before you as the President of SCAG and said that we in Southern California were committed to the goals of SB 375 and that the success of SB 375 required the commitment of all who are involved.

I said that SCAG and our local jurisdictions could not do it alone and that regardless of what the final targets turned out to be, however, SCAG would do its best to achieve them. But we needed the support from and partnership with ARB to successfully achieve the targets and make the goal of SB 375 a reality.

ARB did become a true partner with us by accepting the conditions that were needed to allow us to successfully meet the targets. And through the leadership of yourself, ARB provided 420,000 to SCAG to support our Campus Blueprint Program, allowing us to provide grants to our local jurisdictions who voluntarily wanted to look at options to achieve the goals of SB 375.

Throughout the SB 375 process, Chairwoman Mary Nichols' leadership has exemplified the collaborative
partnership that the people of California expect from
government agencies as we all work together to solve
California's problems.

As a result, I awarded at SCAG's Annual General
Assembly in May this year the President's Award for Public
Agency Partner of the Year to ARB's own Mary Nichols.

(Applause)

CHAIRPERSON NICHOLS: I'll come down.

MR. MC CALLON: Unfortunately, due to the
Governor's restriction on travel at the time, you could
not join us on that day. But we are here today to
personally deliver this award and thank you, Mary, and ARB
for your partnership. Thank you very much.

(Applause)

CHAIRPERSON NICHOLS: Thank you so much. That's
a nice way to start the day.

I'd like to ask our counsel to affirm that
receiving that lovely piece of glass doesn't disqualify me
from being involved in any SCAG-related issues that come
before the Air Resources Board.

CHIEF COUNSEL PETER: That's correct.

CHAIRPERSON NICHOLS: Thank you.

We have a couple of items here. To start with,
one quick one on the consent calendar. So I just need to
make sure that the Board is familiar with it and that
everyone has agreed that we could just take it on as a consent item without having to have discussion.

This is the approval of the proposed State Implementation Plan revision for the federal lead standard infrastructure requirements. And there's no one who had asked to speak on this item, and it appears to be very straight-forward.

So are there any Board members who want this item to be removed from the consent calendar. Seeing none, I would --

BOARD MEMBER RIORDAN: I would move the Resolution, Madam Chair.

CHAIRPERSON NICHOLS: Do I have a second?

BOARD MEMBER D'ADAMO: Second.

BOARD MEMBER BERG: Second.

CHAIRPERSON NICHOLS: All in favor, please say Aye.

(Ayes)

CHAIRPERSON NICHOLS: Great. Thank you.

We now will turn to our proposed 2011 Research Plan. It's little late in 2011 to be approving the 2011 Research Plan.

But we're considering a list of research concepts which later will be developed into full proposals. Each project is later brought back to the Board for funding
Today is the first step in that process and the opportunity for the Board to see all the concepts proposed for funding this year.

Is this correct that it is the 2011 Research Plan?

RESEARCH DIVISION CHIEF CROES: Yes. For this fiscal year, yes.

CHAIRPERSON NICHOLS: Oh, for the fiscal year that began this July. Okay. All right.

Well, with that, Mr. Goldstene, would you please present this item?

EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman Nichols.

Today, staff will present for Board consideration ARB's 2011-12 Research Plan. The annual plan was developed with input from academic researchers, the public, and other agencies.

The proposed research projects build on past studies and are focused on ARB program needs.

Twenty-three new research projects are being recommended for funding this year. The proposed research projects in this year's plan support ARB priorities in four key areas: Air quality and clean energy; sustainable communities; behavior change and technology; and
foundational science.

I'd now like to introduce Dr. Susan Wilhelm of the Research Division who will provide an overview of this year's proposed research studies. Susan.

(Thereupon an overhead presentation was presented as follows.)

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

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DR. WILHELM: Today, we'll be asking the Board to approve the proposed 2011 Research Plan which identifies 23 research projects that address gaps to support the Board's decision making.

If the plan is approved today, staff will work with our research partners over the next few months to develop projects into full proposals and secure co-funding or other leveraging where possible.

We will then take proposals to the Research Screening Committee for review before returning to the Board to request approval and funding for each research project.

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DR. WILHELM: I'll begin by presenting the 2011 planning process, followed by the proposed research portfolio and staff recommendations.
DR. WILHELM: ARB has taken advantage of several opportunities to enhance its Research Planning process. We held a joint meeting between the Board and the RSC last February to initiate a strategic planning discussion aimed at anticipating long-term research needs. The proposed plan reflects ongoing strategic planning dialogue with ARB divisions, Executive Office, and the Office of the Chair.

Staff considered responses to public solicitation for research ideas and prepared 30 research gap analyses to identify crucial research areas for ARB. Internally generated research concepts were created to link the research agenda with ARB’s most critical program needs.

We sought feedback from public and private agencies that fund similar research to avoid duplication and identify partners for moving forward together.

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DR. WILHELM: The Research Planning process recognizes the Board’s evolving mission and includes new research areas, such as integration of air quality and climate programs, to support California’s transition to clean energy systems.

The plan also recognizes that applied research is needed to support wholistic strategies that work with the
connections between air quality, energy, land use, and transportation.

As many of the challenges the Board faces are beyond the scope of its modest research budget, the plan is focused on nitch research gaps that are priority's for ARB programs and that offer potential for collaboration with our research partners, such as the California Energy Commission and U.S. EPA.

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DR. WILHELM: The 2011 Research Plan includes projects in foundational scientific fields in which ARB has extensive experience and a strong track record.

The proposed plan also includes projects that support Board priorities in three relatively new areas that are critical to meeting our long-term goals.

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DR. WILHELM: Now I'll present proposed projects in the 2011 Research Plan.

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DR. WILHELM: Foundational air pollution research --

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DR. WILHELM: -- includes projects that support protecting health, attaining air quality standards, and meeting climate change targets.
DR. WILHELM: I'll start with proposed studies aimed at helping the Board protect Californians public health.

DR. WILHELM: Recent highlights from ARB-funded health and exposure studies include animal studies that contribute to the body of evidence linking PM2.5 exposure and cardiovascular disease.

One project investigated a possible mechanism by which particulate matter exposure worsens cardiovascular disease. It showed that PM2.5 exposure could lead to the accelerated formation of arterial plaques, which is characteristic of arthrosclerosis.

We know that traffic emissions are a major source of urban air pollution. And epidemiological studies have found links between residential proximity to busy roads and adverse impacts.

ARB funded a children's study that found that even in an area with good regional air quality, proximity to traffic may be associated with risks to children's respiratory health, including current asthma symptoms. These results have bearing on environmental justice issues since there is evidence that those of lower socio-economic status have higher exposure to traffic.
A field study of the new California homes co-funded by the Energy Commission and ARB found high levels of formaldehyde in all the homes. ARB's air toxic control measure that limits formaldehyde emissions from composite wood products will help reduce formaldehyde levels in new construction.

In addition, based largely on the results of this study, the Energy Commission adopted a requirement for mechanical ventilation in future new California homes, to assure sufficient outdoor air exchange.

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DR. WILHELM: Since Californians spend more than 90 percent of their time indoors or in vehicles, research projects proposed as part of the 2011 plan will measure indoor exposures to pollutants and the effectiveness of high efficiency filtration systems and related mitigation approaches as a means of reducing exposures in high exposure environments.

High efficiency filtration has shown potential to significantly reduce Californian's exposures to both indoor and outdoor pollutants.

Regarding our health-based research program, this year's focus is on children and exposures with an emphasis on mitigation, particularly for asthma.

The three proposed projects will investigate the
total exposure of children with asthma and the benefits of filtration for reducing exposure and symptoms, identify the most effective, low-energy combinations of high efficiency filtration and ventilation systems for homes, and identify the best effective filtration and ventilation approaches in cars and school buses.

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DR. WILHELM: ARB's research program has a longstanding commitment to support planning and implementation to meet air quality standards.

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DR. WILHELM: ARB funded research has directly supported the process of developing state implementation plans by improving the models that search as the technical basis for ozone and PM2.5 attainment strategies.

Our research has identified air pollution that's being transported from Asia and contributes to California's air pollution problems.

To support control programs, the research funded by ARB has mapped shipping off the west coast.

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DR. WILHELM: Proposed research will help ARB meet anticipated and increasingly stringent federal air pollution standards.

The first three projects will help us understand
the extent to which long-range transport of pollution into California contributes to exceedances of air quality standards, delineate dairy feed management products, practices to reduce emissions, and evaluate real-world durability of two heavy-duty diesel control technologies, namely selective catalytic reduction and diesel particulate filters.

The fourth project heavily leverages CalNEX data to improve modeling and identification of secondary organic aerosols that contribute to PM2.5.

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DR. WILHELM: ARB's climate program is focused on meeting the 2020 target of reducing greenhouse gases to 1990 levels and recognition of the need for an 80 percent reduction by 2050.

Since climate change is a global issue, we rely on a world-wide body of research for fundamental climate science. Our research effort is designed to support ARB's programs to reduce greenhouse gas emissions.

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DR. WILHELM: ARB's research program has already made several crucial contributions to help us meet climate change targets.

For example, our research has helped California lead the way in controlling high global warming potential
gases, which account for approximately 15 percent of the state's carbon footprint.

ARB has also partnered with the California Energy Commission to improve our understanding of emissions from fertilizer application to agriculture soils.

A recent study shows that reduced emissions from diesel engines have reduced black carbon by 50 percent over the past 20 years.

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DR. WILHELM: Projects proposed in the 2011 Research Plan continue to look at ways to get substantial reductions of non-CO2 greenhouse gases.

This research includes: An evaluation of the fate of appliance and building waste foam disposal in landfills to determine whether high global warming potential gasses are emitted, biologically attenuated, or combusted; identification of best practices to reduce emissions from fertilizer application to agricultural soils; continued collaboration with the California Energy Commission to measure and track greenhouse gases, in particulate, methane and nitrous oxide; investigation of the impacts of black carbon reductions in California that have been realized as a co-benefit of diesel controls.

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DR. WILHELM: Among the three emerging research
areas identified by the 2011 plan is behavior change and
technology.

Current research indicates the potential to
substantially reduce greenhouse gas emissions,
particularly in the buildings and transportation sector,
through technology adoption and use patterns.

This nexus of transportation technologies and
behavior is an important topic as the advanced clean cars
regulations are implemented.

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DR. WILHELM: Proposed projects will leverage
ongoing work at the California Energy Commission,
Caltrans, and several U.C. campuses to: Develop a model
to improve our understanding of households with low
transportation footprints; investigate how people interact
with transportation technologies, such as real time fuel
economy displays; to determine potential for fuel
reduction benefits; and update our knowledge of consumer
attitudes to low-emission vehicles.

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DR. WILHELM: The proposed 2011 Research Plan
will enhance ARB's work to support growth of sustainable
communities in California.

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DR. WILHELM: One of the key drivers for research
in this area is Senate Bill 375, which was adopted in 2008. SB 375 directs California's metropolitan planning organizations to develop sustainable communities strategies through integrated land use, housing, and transportation planning.

The more compact, walkable communities encouraged by SB 375 will reduce vehicle miles traveled and greenhouse gas emissions, as well as providing healthier, more livable communities. Sustainable communities will provide a variety of co-benefits, including reduced criteria pollutant emissions.

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DR. WILHELM: Sustainable communities can also improve health and quality of life. For example, the American Journal of Preventative Medicine reports that people who live in neighborhoods with a mix of shops and businesses within easy walking distance have a 35 percent lower risk of obesity.

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DR. WILHELM: In developing proposed research concepts to address sustainable communities, ARB staff considered research priorities of U.C. Berkeley and other experts, including Virginia Tech, as well as research ongoing at other national, State, and local agencies.

The first project will identify financial impacts
of smart growth strategies on local governments, communities, and individuals.

The second project will consider several case studies to measure the benefits of converting to complete streets, which accommodate not only cars and buses, but pedestrians and cyclists.

The third project will comprehensively assess benefits of green building retrofits, including waste reduction measures, water conservation, and impacts on criteria pollutants.

The fourth project will conduct a pilot financing program to help address the fact that, according to a recent California Public Utility Commission study, building owners are slow to take advantage of available financing.

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DR. WILHELM: California's long-term goal of an 80 percent reduction in greenhouse gas emissions by 2050 requires a comprehensive transition to clean energy. Long lead times are needed to develop new technologies, infrastructure, and policy. Research to support an energy future that meets both climate change and air quality goals is essential.

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DR. WILHELM: Currently, the California Energy
Commission and the California Public Utilities Commission are working to define a transition to clean energy that involves net zero energy buildings, renewable electricity load balancing, electrification, and biomass energy. Our proposed research efforts in this area are designed to compliment efforts of our sister agencies and leverage ongoing and completed studies by focusing on the air quality co-benefits of clean energy and improved energy efficiency.

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DR. WILHELM: The first recommended project involves collaboration with the Peer Program to delineate the air quality co-benefits and the transition to low carbon energy technologies.

The second project complements work of the Energy Commission's California Biomass Collaborative to quantify biofuel resources and generation capacity with an emphasis on waste to energy.

The goal of the third project is to offer practical guidance for policy applications of life cycle analysis.

Lastly, we propose to develop and pilot a new method for truck classification, retrofit existing traffic detectors, and enable development of a second generation freight modeling system for California.
DR. WILHELM: To support the research projects that we've presented, we propose to divide funding between three areas of foundational science, as well as the three new research areas I've presented.

As the recommended concepts are developed, ARB will continue to coordinate with other agencies and pursue co-funding.

DR. WILHELM: ARB is careful to ensure that research funds are used cost effectively and for the maximum benefit to the state. Over the past decades, 75 percent of research funds have stayed in California. For every dollar of State funds spent, ARB has secured approximately $3 of external leveraging in the form of direct co-funding, in-kind resources, or access to facilities, equipment, and data sets.

ARB also continues to receive low overhead rates for research under taken in California's public universities.

DR. WILHELM: If the 2011 Research Plan is approved today, staff will work with our research partners to bring full proposals to the Research Screening
Committee. Then we will return to the Board to request approval and funding for each project.

We recommend that you approve the 2011 Research Plan.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Susan.
CHAIRPERSON NICHOLS: Okay. Thank you for that. Dr. Wilhelm, I have to get used to your new name. Good presentation. Appreciate it.

So let's just start out with any questions or observations, yes.

BOARD MEMBER YEAGER: A question on the protecting health projects. One of them is identify the most effective filtration and ventilation system for homes. Will you also be looking at multi unit housing, or might the same filtration for the home apply to multi-unit as we try to encourage more of that kind of housing?

RESEARCH DIVISION CHIEF CROES: Yes, the study will include multi-family housing.

BOARD MEMBER YEAGER: Thank you.
CHAIRPERSON NICHOLS: Any other comments?

Questions? Yes.

BOARD MEMBER SPERLING: I do want to applaud the staff for what I think is an excellent Research Plan in the sense of moving in the right direction. And I note that, you know, the research agenda and the regulatory
agenda of ARB has been changing quite a bit over the recent years to emphasize much more climate policies and regulations. And I think this is a Research Plan that does a good job of starting to identify what are the key areas that we need more help in.

Now, having said that -- and I would add to it that the real key -- one of the real important attributes of ARB that's made it successful is the technical competence in research expertise.

As we move though to climate change rulemaking and policies, we're moving from an area of air quality where California was the leader in the nature of the problem and the magnitude of the problem and where ARB had to do a lot of basic research really as a foundation for the rules.

As we move to climate change, I think there's less of a need or mission of ARB to be putting its climate change research into more foundational or fundamental research just because it is a global problem and there's lots of other people working on it. So I think the focus should be much more so on research that leads more directly to development of models that are needed for the rulemaking processes and more directly to the policy and activities of ARB.

So when I look at these projects, I think they're
basically -- almost all of them, you know, I would rate very highly as exactly what problem area that we need to work on.

But I would say also that we need to sharpen up exactly what outcomes and products we expect from these projects that -- more than in the past.

You know, I know this gets into the whole research mission of ARB where we have the Research Division has tended to do more foundational fundamental and then we have programs funding more applied projects. I think now we're going to be merging that much more so. So that the research, especially in the climate areas, needs to be more tied to the specific rulemaking needs of ARB.

So if we talk about life cycle analysis or if we talk about the kind of looking at biogas -- impacts of biogas from waste or we look at goods movement or we look at any number of these other projects, I think we need to be really careful about telling the researchers exactly how this research is going to be used in making sure that the products do feed directly into the kind of tools that we need or provide exactly the tools we need more than I think we've done in the past.

So my little speech ends with the thought that, you know, I think it's going in the right direction and I
think we just need to do it -- make it better. And I think that means more engagement by perhaps some of us on the Board, some outside people that understand this chasm we see between researchers and policy as someone that's tried to cross that chasm. And researchers don't get it, because they don't know exactly how it's going to be used. And we on this end often don't understand what we need to tell them to get it, because we don't know exactly what we need sometimes.

But I think we need to be much more conscious of that and much more engaged in that. And I would volunteer myself to help on that. I know there are others that would as well.

CHAIRPERSON NICHOLS: I'm thinking about what you said, and I think I may have a response. But I'd like to hear from anybody else first.

Yes, Dr. Balmes.

BOARD MEMBER BALMES: Well, I was going start off agreeing with much of what Professor Sperling said. But I think the current proposed Research Plan is a good one and is moving in new directions that I think we need. So there is agreement there.

But I get a little concerned about being too prescriptive on the part of what we ask researchers to deliver. I think there needs to be good dialogue between
the Board and its research partners so that successful projects are the outcome. And sometimes we need very specific products.

But I think the research that the ARB has supported with regard to air quality and technologies to control and improve -- control pollutants and improve air quality has led to a lot of innovation and cobenefits, if you will, beyond the specific intent. And so there is a balance between incentivizing and encouraging innovation with research, at the same time making sure that we get what we need to support our policy.

So I'm not disagreeing with you, but I don't want to swing too far the other way in being prescriptive.

CHAIRPERSON NICHOLS: I was going to say something sort of bridges I think the last two comments, which is that we have a long tradition of having a Research Plan for our extramural research in a very separate pot of funds, which are quite different from all of the other money that we spend on things that could be called research, because we do an lot awful of contracting with universities and other types of research organizations for specific information projects that we need. And those are really two very different categories. But they also should have dialogue between the two of them.
And so it seems as though the offer that Dr. Sperling is making to engage in a more active dialogue with the research community I would put that just beyond the group of people that normally apply for funding from our research programs and have a broader discussion about what the information needs are.

My experience with attempting to develop inter-disciplinary research projects within the university setting, which is exactly what we're talking about needing here, makes me somewhat less than optimistic that this is something that can be done quickly and easily to actually bring to bear the kinds of social science, legal, business, and other kinds of expertise that exists in our universities with the science and actually produce research products that help shape the kinds of proposals, the kinds of policy decisions that need to be made. It's a hard thing to do. But that doesn't excuse us from trying to do it.

I just think that maybe where this is all pointing is in the direction of sort of a revived and revised version of the old Haggen-Smit synPOSium where we might try to do some sort of a session where we could really invite people to come and help us think about new directions that we should be pushing in with our research program.
And I know the staff has been thinking for a while now about what to do with that synposium, because in its traditional format, it kind of appealed to just one -- essentially one constituency of our researchers and it had seemed as though maybe it was beginning to recycle a little bit some of the thinking that had gone on in the past. We tried doing some completely different when we got into a land use and, you know, sort of pre-SB 375 discussion. But maybe it's time to take another look at that format and see if there is something that we could do to build on our progress in this area.

Mr. Goldstene, you're nodding your head.

EXECUTIVE OFFICER GOLDSTENE: We agree. We think it would be nice to find a way to make this synposium for useful in a broader way. Maybe this is the right way to do it.

I'd like to hear from Bart and his staff what they think.

I think it might be helpful for Bart to provide very quickly the process that we currently go through so the Board members understand the level of input we do get as we go through this process.

CHAIRPERSON NICHOLS: You're speaking about the process of developing --

EXECUTIVE OFFICER GOLDSTENE: Developing the
CHAIRPERSON NICHOLS: Sure. If you want to just add a few words.

RESEARCH DIVISION CHIEF CROES: This is Bart Croes.

So for basically each project, especially the multi-disciplinary ones, we do form an external advisory team. So that includes basically the climate divisions within ARB and then agencies that have significant interest in the project. So especially as we move forward into these new areas on clean energy and sustainable communities, we have been working very closely with CEC staff especially and U.S. EPA who have similar missions as we do in trying to integrate these various areas.

So I do agree with Dr. Sperling that I think these teams would benefit maybe from some higher level involvement, and we'd be glad to take you up on the offer.

So these groups put together stronger statements of products and review proposals, review progress reports, review the final report to make sure that the research meets our needs.

BOARD MEMBER SPERLING: Could I just add one kind of an integrating comment in this is that this is kind of a new way of doing things. It's not very common -- not just for ARB. And I think in this era of limited
resources and increasingly complex problems, there is more
of an urgency to try to figure out how to get researchers
and government agencies understanding each other and
working together better. And, you know, your comments
about academia are well founded. And you could look at --
each side looks at the others and doesn't really
understand it well.

But people in universities, they want to have an
impact. They want to help. And on the agency side, we
want help. So I think all of the interests, desires,
goals are aligned. But it does take a lot of work to make
it successful.

And so these couple ideas we just talked about
are good and maybe we ought to be thinking about other
ways also of crossing that chasm and creating more
synergies and more efficient research.

And I appreciate Dr. Balmes' comments. It does
make many -- I might get kicked off the reservation at the
university, disowned. But I think on both sides there's
going to be discomfort to this. That's I think the path
we need to follow.

CHAIRPERSON NICHOLS: You've been pushing us in
this direction for a while. I think we're making a little
progress.

BOARD MEMBER BALMES: I just want to end with you
by agreeing with your last comments about trying to improve the communication across the chasm. And also I'm willing to voluntary to help with that as well.

CHAIRPERSON NICHOLS: I think we have a subcommittee here. And we will follow up on that. All right.

If there is no further discussion, I'd like to have a motion to approve the Research Plan.

BOARD MEMBER BALMES: I move to approve the Research Plan.

BOARD MEMBER SPERLING: Second.

CHAIRPERSON NICHOLS: All in favor please say aye.

(Ayes)

CHAIRPERSON NICHOLS: Any opposed?

Great. That was a significant accomplishment and we'll look forward to hearing more about the specific projects as they come forward.

While the staff is shifting seats here, let me just briefly introduce the next item. We are hearing an informational report today. Not taking action at this meeting. But it seemed like it was a good opportunity for the Board to be briefed on the sustainable communities strategy for San Diego as well as receive an update on implementation of SB 375 statewide.
San Diego is the first of the metropolitan planning organizations to develop a sustainable communities strategy. They started before SB 375 passed, but they've taken on the challenge of being the first. And their transportation plan is going to include a Sustainable Community Strategy.

So this is I think primarily just a result of the fact that they were at a point in their planning cycle where it made sense to try to integrate these two things. But it does present some challenges. And we appreciate the fact that San Diego has borne up under all the scrutiny they've gotten here in the early stages of this program.

Supervisor Roberts, who represents San Diego on this Board, has been very engaged in this process, and I'm going to ask him to say a few words in just a minute.

But before I do that, I just want to emphasize for those who are here and those who may be watching, that while SB 375 gives our Board some new responsibilities, the link between air quality, land use, and transportation is something that this Board has tried to highlight and talk about over a period of many years.

SB 375 provides us a new opportunity to address that linkage in the regional planning process with the added perspective of greenhouse gases. But making that
link, we need to have better transportation models that
can be used to estimate the impacts of new strategies on
the real world emissions and what people are exposed to.

We have had our staff, who have a lot of
experience using complex air quality models, do their work
to try to lift up the hoods, so to speak, of the
transportation models that are used by transportation
agencies and to try to assess how they operate. And it's
really a new world for us and for them I think to try to
quantify greenhouse gas emissions from vehicles and have
ARB review them with our own type of lens which is very
used to doing planning in the SIP world.

We need to do this in order to inform both our
different types of processes, and the people who are
making decisions at the local level, including the public
and elected officials, need that kind of information when
they're balancing the many different considerations that
go into making up a regional plan. So greenhouse gases
are just one more thing, but they happen to be something
that is capable of and needs to be measured and evaluated
and tested in various different ways.

So this is presenting us with some interesting
new challenges, building on the comments on the Research
Plan. It's also bringing us into contact with the whole
group of researchers and model developers and people out
there who have not necessarily been part of the Air
Resources Board's world in the past either. This is a
bold new adventure that we're embarked on.

So with that, I'd like to ask Supervisor Roberts
to say a few words and kick the discussion off.

BOARD MEMBER ROBERTS: Thank you, Madam Chairman.

First of all, your comments are well made. And I
think the staff and I think everybody that's been involved
with this process would acknowledge right up front this
is -- initially, there is a lot of learning that we all
have to do and we've got to improve these models. We've
got to do a number of things.

It's kind of ironic that we're here considering
this today, because some of the speakers you're going to
hear are just returning from Washington, D.C. where
several of us went. And we had a strong dialogue with the
federal government because we're ready and enthusiastic
about building an extension to our trolly line in San
Diego.

The good news is we have all the local money to
match what normally has been the federal requirements to
get something like that started. We were approved -- also
the good news is we were approved to go preliminary
engineering and start the environmental review process.

The bad news is they're almost saying let's go
slow though. And we're saying let's go fast. I mean, if
you want to create jobs and clean up the air, build it.
Not everybody is universally of that same opinion.

But part of the reason why I think, as you will see, that the San Diego community has done well in meeting the goals of SB 375 is that we've been working on a lot of these things for a long time. Anybody that thinks that this started with SB 375 is not understanding what's going on at the local level. And the times are dramatically changing.

Several years ago, we had the first ever meeting between our health policy experts and our planners. They had been in their own silos working on their own issues for a long time. And one of the local hospitals in my office, we convened a conference in San Diego to introduce not only them to one another, but to introduce some ideas that they might jointly be working on together.

And at that time, I remember some of our early discussions at SANDAG, even some of the elected officials thought why are we mixing this stuff? What does planning have to do with health?

Today, we've seen an incredible change even in elected officials who sometimes are hard to change, and they're seeing what the nexus is in enthusiastically embracing these things.
So we've gone from sort of a puzzled look to now aware that it is incorporated in fundamental ways in our planning.

The plan that is before you that staff has been reviewing is a very conservative look going forward. It's not speculative in any way, shape, or form. It's a rock solid conservative look at what does the snapshot look like today. And it doesn't include many new initiatives that we are already in the process of putting into play.

Last year, the San Diego region received the largest grant in the country for incorporating health and planning issues. It was a $16 million federal grant. I had hoped to be able to report to you today that we are once again receiving the largest, but the announcement can't be made until Monday. So we're keeping our fingers crossed. But it is money that is coming through the county and our health department, is being shared with SANDAG and other urban organizations to make and bring about projects to do basically projects that would be replicable elsewhere and that will drive hopefully some other changes. So these things are going on.

I just might mention one of the things we've launched is called 3450. And it's a recognition that we have three behaviors -- three bad behaviors, leading to four major diseases that in San Diego account for 50
percent of the deaths in our county. And among those
three behaviors, one in particular is poor exercise
programs. And that is so tied in with the environmental
issues and so many different ways. And you've mentioned
biking and other things. Biking and walking and getting
barriers out of the way. We know this. And we are
bringing these together. But the three behaviors are:
Bad eating, lack of exercise, and smoking. And we have a
major initiative. Now, to look at those and look what the
implications might be on the environmental sense.

We have also gone through some major changes in
our general plan. The county approved a new general plan
earlier this year just a few months ago. I would share
with you it was not without controversy. And it was aimed
to make a major shift in the plan densities from the most
rural areas into more urban communities. Thousands of
properties had to be -- zoning had to be changed. Not
hundreds. Thousands.

This was not necessarily greeted with open arms
as you might expect in a lot of areas. As a matter of
fact, if I could just share with you for a minute, this is
a newsletter from Citizens for Private Property Rights.
I'll just quote, "It seems that certain Supervisor Roberts
is clueless."

There's probably a lot of people that would agree
with that. I won't debate that.

"That by shifting riders to mass transit, if it could be done as he hopes, that the buses and trolleys he so admires, that they generate greater carbon emissions than autos. This according to the US Department of Energy." That's what this newsletter says. I'm sure it's right. He goes on further to say, "The down zonings have eliminated over $2.5 billion worth of wealth in numerous lost jobs in San Diego."

This is a sample that we are not all on the same page on these things. But in San Diego, our commitment to public transit and other things is long and steadfast.

Our goals are actually bigger than SB 375. Much bigger. Our goals are a healthier, accessible, sustainable San Diego with a thriving economy. Much bigger than 375. We're going to get there.

Today, you're going to see a snapshot in time of what we're doing today. But I will guarantee you that as we develop a new models and we do the other things, the models themselves don't create necessarily a better situation. They give us a better understanding maybe of what our -- how our efforts connect with our results. But I'm absolutely convinced that with a number of new initiatives and the attitude that we have going forward you'll see San Diego continue to be a model in meeting SB
CHAIRPERSON NICHOLS: Thank you.

Mr. Goldstene, do you want to introduce the staff presentation?

EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman Nichols and Supervisor Roberts.

Last September, the Board set regional greenhouse gas reduction targets for the San Diego areas and other regions in the state as required by SB 375. The San Diego Association of Governments, or SANDAG, has developed a Sustainable Community Strategy, or SCS, designed to meet these targets for 2020 and 2035. SANDAG is scheduled to consider adoption of the SCS and regional transportation plan at its upcoming October meeting.

Under SB 375, ARB has the responsibility to accept or reject the SANDAG determination that its SCS would, if implemented, achieve the ARB targets. Staff has reviewed the quantification of the greenhouse gas emissions included in the SCS and will brief the Board on the results of our technical review.

In preparation for the SCS review, staff held a public workshop in April of this year and released a report on the review methodology in July. These efforts were intended to keep the many interested stakeholders informed about ARB activities underway to implement SB
375.

Staff will walk through the results of the technical review and also make some recommendations for future planning efforts in the San Diego region. Throughout this process, SANDAG has been responsive to ARB staff questions and requests for supporting information. We appreciate the efforts by Gary Gallegos, the Executive Director of SANDAG, and his staff to keep us informed as they develop the SCS.

After our report on SANDAG's draft SCS, staff will provide a brief update on SB 375 progress statewide as well.

Ms. Terry Roberts in our Air Quality and Transportation and Planning Branch will now begin the staff presentation. Terry.

(Thereupon an overhead presentation was presented as follows.)

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

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MS. ROBERTS: This is an informational item to report on staff's review of the San Diego region's draft sustainable communities strategies, or SCS, and associated greenhouse gas emissions. This is the very first SCS we have reviewed under SB 375.
This is the very first SCS we have reviewed under SB 375, so I'll start with a quick overview of the SCS and the regional transportation plan of which it is a part.

I will then describe staff's evaluation methodology, the results of our evaluation of SANDAG's SCS, and our recommendations.

Finally, I will give a brief update on the development of SCSs in other regions of the state.

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MS. ROBERTS: First, a quick refresher of the Board's role in implementing the Sustainable Communities Act.

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MS. ROBERTS: ARB's role under the law includes setting regional greenhouse gas reduction targets for 2020 and 2035 and revising the targets periodically; reviewing the MPO technical methodologies for quantifying greenhouse gas emissions; and third, accepting or rejecting the MPO's determination that its SCS would, if implemented, achieve its targets.

The intent of the law is to encourage more integrated regional planning that should result in more sustainable communities. ARB sets the long-term goals in the form of greenhouse gas reduction targets for passenger vehicles that guide the development of a regional plan.
That's the SCS.

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MS. ROBERTS: Fundamental to ARB's responsibilities under SB 375, our goal in reviewing SANDAG's SCS is to help ensure that it is not just another planning document that sits on a shelf.

Our review puts a spotlight on SANDAG's efforts. We expect SANDAG will continue to engage their region in a process that explores alternative planning scenarios as well as the impacts of local decisions on land use and the transportation system. And so we took a critical look at SANDAG's SCS to evaluate whether greenhouse gas reductions from transportation and land use are real and lasting.

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MS. ROBERTS: SANDAG's draft regional transportation plan was released in April of this year and will go to the SANDAG Board for consideration in late October.

Development of this draft RTP was already well underway when the Board set greenhouse gas targets in September of last year, with significant model and policy development occurring over the past two years.

This involved updating the SANDAG model and growth forecast, incorporating assumptions about land use and the transportation network into the model, and
encouraging public participation.

The 2050 RTP builds on over 30 years of planning and incorporates foundational plan elements from other regional planning efforts.

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MS. ROBERTS: The 2050 regional transportation plan reflects land use policies that have evolved over several decades to protect sensitive habitat and focuses growth and development into existing urban areas consistent with the smart growth policies in SANDAG's regional comprehensive plan.

The RTP also includes funding from a regional sales tax that helps to finance regional transportation investments consistent with the regional growth pattern.

In this RTP, the extent of funding commitment for transit is significant. Roughly 45 percent of total RTP expenditures are for transit purposes, more than any previous RTP.

Some key foundational elements of the plan include:

Habitat conservation planning efforts that started in the 1980s will result in over half of the region's land area to be preserved for open space and habitat.

San Diego's region 2020 growth management
strategy was developed in 2000 and was a turning point for
the region away from sprawl and towards smart growth
policies.

The regional comprehensive plan, or RCP, adopted
in 2004 serves as the region's blueprint for smart growth.
And it established the land use policies that are embedded
in the draft RTP.

Two important RCP implementation measures were
the creation of the smart growth concept map, developed in
2006, which identifies preferred growth areas near urban
centers; and secondly, the smart growth incentive grant
program established in 2008 to provide funding for local
plans and projects that implement the regional smart
growth policies.

Transnet, a local tax measure passed in 1998 and
extended by voters in 2004 will generate a substantial
amount of funding for roads, transit, and non-motorized
modes over the 40-year planning horizon of this RTP. The
total expenditure for the draft RTP is about $196 billion
in year of expenditure, and Transnet would generate over
30 billion of that if you count the sales tax revenue plus
the bond generated revenue.

The RTP planning horizon year of 2050 enables the
region to take advantage of this funding stream which
expires in 2048.
Funding is already committed for many of the Transnet projects in accordance with local ordinance. The SANDAG Board has accelerated several key projects on the Transnet project list to relieve traffic congestion and expand transit services.

This funding source makes it possible for SANDAG to fully fund its non-motorized transportation program and dedicate a substantial portion of the plan expenditures for transit purposes.

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MS. ROBERTS: The SCS is the region's strategy for implementing the smart growth vision in SANDAG's regional comprehensive plan. It showcases two important components reflecting the smart growth policies contained in the RCP.

First is the urban in-fill depicted in the smart growth concept map. And second is the multi-model transportation system, which includes expanded transit opportunities, such as light rail, the trolley system, and increased bus service.

The SCS reflects local land use plans and commitments to more compact transit-oriented development. All 19 local jurisdictions in the region supported the regional comprehensive plan's smart growth principles, and many of them have acted to demonstrate their commitment.
Several local jurisdictions have or are currently updating their general plans.

The cities of Chula Vista and San Diego were among the first to bring their general plan policies into greater alignment with the regional vision.

Seven other cities are in the process of updating their general plans. Of these, four are in the north county area: Carlsbad, Escondido, San Marcos, and Vista. Among the other three cities to the south, El Cajon, La Mesa, and National City, where National City serves as a strong example of local commitment to more sustainable land use patterns.

Just recently, as mentioned, the County of San Diego adopted its general plan update with policies to encourage clustering of new development in the unincorporated part of the region. This decreases the development footprint and preserves open space.

Overall, future development in the region will be concentrated in the western third of the county, with about half of the county's land area preserved for open space.

New housing will be predominantly multi-family in close proximity to transit stations. By 2035, 80 percent of all housing will be within one-half mile of transit.
MS. ROBERTS: Implementation of the SCS will rely on land use decisions and transportation investments to support development in the smart growth areas identified in the plan.

The transportation component of the SCS reflects a transportation network that places greater emphasis on transit with investments being made in those areas where high concentrations of growth are planned.

Other transportation policies include system management, demand management, and pricing policies that make the network operate more efficiently.

Examples of transportation system management are ramp metering and signal synchronization. Examples of transportation demand management are carpooling, tele-commuting, and biking. Pricing policies are primarily toll lanes.

This draft SCS accommodates all of the region's population growth in 2020 and 2035. The previous RTP did not provide the capacity to house the region's population within its geographic boundaries. The current SCS provides adequate capacity to house all of the region's future population. This is partly due to the commitment of local governments to increase residential density in areas planned for development.
MS. ROBERTS: ARB set the regional targets as a percent reduction in per capita emissions from passenger vehicles from a 2005 base year. The quantification of greenhouse gas emissions from the draft San Diego SCS indicates that the ARB target of a seven percent per capita reduction in 2020 and a 13 percent per capita reduction by 2035 would be met with SCS implementation.

Staff's independent assessment of SANDAG's greenhouse gas emissions quantification resulted in our conclusion that, if implemented, the draft SCS would meet the targets. While staff concluded that the targets would be met, post 2020 trends in the SCS were unexpected. I'll talk more about this trend in a moment.

SANDAG quantified the greenhouse gas emissions based on the results of its travel demand model, using the technical methodology provided to ARB in May 2010. After SANDAG developed its SCS this year, ARB staff reviewed SANDAG's application of their methodology, including the data inputs and assumptions and found that the methodology was applied as expected.

We found that SANDAG used appropriate data inputs and assumptions, and that the model is sensitive enough to provide a reasonable estimate of greenhouse gas emissions. We also found that SANDAG's use of the current travel demand model system is appropriate. We recognize
it is region-specific and that there are ongoing
improvements. We found that SANDAG used supplemental
analyses consistent with ARB's methodology.

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MS. ROBERTS: As part of its modeling improvement
process, SANDAG is developing next generation travel
models. SANDAG staff is pursuing improved tools to
supplement travel model outputs and to integrate land use
and freight models with the region's travel model systems.
These improvements are essential for future SCS
development.

In addition, SANDAG will begin the process of
updating its regional comprehensive plan in 2012 once the
regional transportation plan is adopted. The RCP update
will involve another round of regional visioning about
future land use patterns and development.

This regional visioning involves developing
alternative land use scenarios, providing a way for the
region to explore options for growth that can achieve
greater greenhouse gas reductions.

The regional comprehensive plan update will also
set the stage for ARB's 2014 target update, which will
include the development of target-setting scenarios and
target recommendations from SANDAG. ARB staff anticipates
that more sophisticated modeling tools and information
will be available for the San Diego region to help inform
the Board's reconsideration of the current greenhouse gas
reduction target.

Staff noted some issues with the SANDAG's
quantification of emissions. However, staff recognizes
that many of them may be resolved through new modeling
tools and data. Additional improvements to SANDAG's
modeling system are well underway, with development of an
activity-based model and other tools that will do a better
job of quantifying travel behavior, evaluating different
land use scenarios, and addressing issues such as induced
demand.

In summary, San Diego's regional transportation
plan update process would benefit from additional land use
scenario planning coupled with a reassessment of the
transportation system to further support the region's
sustainability goals and further greenhouse gas
reductions.

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MS. ROBERTS: One part of the staff's evaluation
focused on regional performance indicators that are
indicative of SCS performance to see if they provide
supportive evidence of predicted greenhouse gas
reductions. We checked to see if the trends over time
matched the expected direction.
The key regional performance indicators we looked at include: Residential density, distance of housing and employment from transit stations, passenger vehicle miles traveled, VMT, commute trip mode share, and bike and walk trips.

Staff performed a qualitative analysis and determined that the key indicators are all directionally consistent with SANDAG's modeled greenhouse gas emission reductions. The general relationships among those key indicators and greenhouse gas emissions are consistent with the what we expected from the empirical in the literature. In other words, key performance indicators either increase or decrease as expected when there are changes in VMT or greenhouse gas emissions.

Examples of these consistent relationships are:

1. An increase in residential density results in lower greenhouse gas emissions;
2. An increase in housing and employment near transit stations results in lower greenhouse gas emissions;
3. The change in VMT per capita matches the greenhouse gas trend.
4. An increase in carpool, transit, and bike/walk mode shares results in lower greenhouse gas emissions.
These results indicate that the model is performing appropriately in response to greenhouse gas reduction strategies.

MS. ROBERTS: Now I'll describe more specifically the procedures that staff used to evaluate SANDAG's emissions from the SCS, plus some of the results and our recommendations.

MS. ROBERTS: The primary purpose of ARB's staff's review of the SCS is to evaluate the quantification of greenhouse gas emissions.

As we developed our approach, we realized that a technical evaluation of the regional travel model and results would be necessary.

To inform the Board and the public about ARB's staff's evaluation methodology, we released a report that describes it in detail. This report, dated July 2011, is entitled, "Methodology for ARB Staff Review fo Greenhouse Gas Reductions from Sustainable Communities Strategies."

The methodology provides the framework for a transparent evaluation of the greenhouse gas emissions from an SCS. It focuses on four technical aspects of transportation modeling that are central to quantifying passenger vehicle-related greenhouse gas emissions. They
are use of appropriate modeling tools, including off-model processes; use of appropriate data and assumption, demonstration of model sensitivity, and demonstration of consistency with related performance indicators.

This approach is analogous to the technical methods used in air quality modeling and performance assessments. To conduct its review, ARB requested supporting information from SANDAG specific to its SCS. The types of information we requested are set out in more detail in staff's July report, but generally includes the following:

Model documentation, model validation reports, peer review reports, and model sensitivity tests.

Data assumption and calculations used to develop the model inputs for the SCS.

Results of selected model runs to determine the sensitivity of the model to particular strategies in the SCS, and information on regional performance indicators, which I just talked about a minute ago.

Staff expects to adapt this basic approach for each MPO considering the complexity of the models they use, available resources, and unique characteristics of the region and the models used.

Using this basic approach, staff performed a review of SANDAG's model performance, the model inputs,
and the model outputs. Our review relied on a large number of data and information sources, including available empirical literature, recognized authoritative sources of information, and the procedures and guidelines for modeling established by federal and State transportation agencies.

As staff undertook this evaluation for SB 375, we recognized that this review process is likely to be the first of its type in California and the nation. We believe that because of SB 375 and the responsibility given to the Board to review SCSs, there is a greater expectation of transparency in the regional planning processes.

ARB's review of the greenhouse gas quantification, the modeling inputs and results, and other analyses, is providing more transparency and information to the public.

Next, I'll talk about the region's modeling approach and tools and the inputs and assumptions that went into the modeling system.

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MS. ROBERTS: SANDAG uses a travel demand model and off model tools to calculate greenhouse gas emissions from its SCS. SANDAG uses a common type of travel demand model, known as a four-step model, because of the way it
calculates trips and assigns them by origins and destinations to the transportation network. SANDAG's modeling approach meets current standards and accepted practice and is a fundamental tool for developing its RTP.

Their model depends on several processes to predict future regional economic and demographic characteristics, inter-regional commute patterns, and growth allocation by land uses.

The demographic information, commute patterns and growth predictions generated from these processes become inputs into the travel demand model, which then forecasts future travel activity.

Where the travel model did not respond sufficiently to changes in model outputs, an off model tool was used the adjust travel model results.

SANDAG then applied ARB's vehicle emissions model, or EMFAC, to estimate passenger vehicle carbon dioxide emissions from changes in VMT and speeds.

This is the first time that SANDAG has included a land use modeling component in the travel modeling system. It enables SANDAG to see how the distribution of land use changes in response to changes in the transportation network.

Overall, the travel model responds reasonably to time, cost, and other factors affecting travel choice.
The results of the staff analyses shows that the inputs and assumptions are reasonable and appropriate for regional analyses; the sensitivity analyses demonstrate adequate model sensitivity to transportation strategies; and the performance indicators support the predicted greenhouse gas reductions resulting from the draft SCS.

However, ARB staff also noted some areas where improvements could be made or additional information could have been provided to us.

Our recommendations for future SCS development include: Better integration of land use and travel models, additional sensitivity runs, such as for land use and HOV lanes, and better accounting of how congestion relief influences travel and development or induced demand.

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MS. ROBERTS: SANDAG's draft SCS is built on foundational inputs and assumptions that underlie SANDAG's modeling results. Inputs include population, jobs, and a variety of assumptions about travel activity and costs.

ARB staff evaluated the appropriateness of the data on which these assumptions and inputs are based and how well the model responds to changes in these inputs and assumption as demonstrated by SANDAG's sensitivity analysis.
Staff's analysis shows that the inputs and assumptions are reasonable for modeling of this SCS, but also noted some areas where improvements could be made or additional information could be provided the next time SANDAG updates its RTP and SCS.

Recommended improvements for future SANDAG SCS development include: Updating demographic and transportation surveys, increasing sensitivity to changes in auto ownership and household size, and updating emissions factors for VMT activity.

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MS. ROBERTS: While the greenhouse gas quantification was done using an appropriate technical methodology and staff agrees that the quantification is sound, the 2035 emission result was unexpected in light of the 2020 emission reduction estimate.

The San Diego SCS would achieve double the 2020 target and just meet the target in 2035. We expected greater benefits in 2035 as a result of SCS strategies. This expectation was discussed at length during the Regional Targets Advisory Committee, or RTAC, process and ARB set higher regional targets for 2035 than for 2020.

SANDAG has characterized the trend as largely the result of a slow economic recovery, combined with early investments in public transportation, including I-5 and
I-15 bus rapid transit and other transit projects. And yet, we aren't fully satisfied with this explanation. Therefore, we want to stress the importance of SANDAG improving its modeling, doing more scenario planning, and re-assessing this result in the next plan update.

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MS. ROBERTS: If SANDAG approves the draft SCS, staff recommends ARB acceptance of SANDAG's greenhouse gas quantification. If SANDAG modifies the draft SCS, ARB staff will review the changes to determine the impact on greenhouse gas emissions.

ARB staff will update the Board on the outcome of the SANDAG Board's final action, including any need to reconsider whether the final SCS would meet the target.

In addition, staff has developed recommendations for SANDAG's next SCS development process, which are shown in the next slide.

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MS. ROBERTS: For SANDAG's next SCS, staff is recommending that SANDAG make improvements to their travel modeling system to better reflect greenhouse gas reductions, make their future travel modeling systems available to the public, and use the upcoming regional comprehensive plan update process to develop alternative land use planning scenarios.
MS. ROBERTS: To a certain extent, SB 375 has already demonstrated some success by changing the public conversation that is taking place about regional planning. It has brought MPOs together to talk about how they plan, how to better coordinate their model improvements, engage the public, and develop similar performance measures.

SANDAG may be the first with an SCS, but the other MPOs are in various stages of SCS development.

Next, I'll give you a brief update on work that is being done in the other regions.

MS. ROBERTS: In the SCAG region, the public process has focused on a discussion about how to plan as a region for a sustainable future. The Compass Blueprint Program provides examples of on-the-ground projects that are building blocks for sustainable community strategies in the SCAG region. To support SCS development, SCAG has been updating and improving its models, culminating in a peer review process in June 2011.

Public engagement in scenario development has been a priority for the region. This past July and August, SCAG held over 20 workshops in all of its sub-regions to discuss four different alternative planning scenarios for their draft SCS.
In these workshops, they employed state-of-the-art visualization tools to demonstrate the different outcomes of each scenario, and they employed an interactive survey to identify unique policy preferences in the sub-regions.

SCAG has also met with virtually every city and county and transportation commission in the region to discuss policy options and to obtain the data necessary to build an SCS, such as socioeconomic data, land use policies and projections, and revenue forecasts.

SCAG is planning to include two new performance measures as part of its next RTP. These were added specifically in response to SB 375 and include location efficiency, a metric that looks at land use distribution in relation to transit and health.

The draft 2012 RTP and SCS will be published in early December of 2011. And after public review and discussion, the Regional Council will consider adoption of the final RTP/SCS in April 2012.

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MS. ROBERTS: This past April, the Sacramento region celebrated the fifth anniversary of its Blueprint Visioning Project. The blueprint, which was the inspiration for SB 375, has spurred sustainable development activities in each of the region's local
jurisdictions. These include updates to general plans, as well as new mixed use, and transit-oriented development projects.

Currently, SACOG is working on a rural urban connections strategy, which looks at the region's growth and sustainability objectives from a rural perspective in the same way that the blueprint is an economic development strategy for urban areas.

Today, SACOG is using SB 375 to further encourage blueprint implementation and greenhouse gas emission reductions through an update of their metropolitan transportation plan 2035. This update will include the creation of the Sacramento region's first SCS.

As part of this effort, SACOG and its partners are using a regional planning grant from the U.S. Department of Housing and Urban Development to accelerate transit-oriented development opportunities in the region. It will map the areas in the region expected to be transit priority areas by 2035 and help facilitate in fill development and investment in those areas. This is expected to further support the region in meeting its transportation, housing, and greenhouse gas reduction goals.

Also as part of the metropolitan transportation plan update, SACOG staff has developed three land use and
transportation scenarios. These scenarios, including their performance metrics, were shared with the public in nine public workshops held across the region in October of last year.

SACOG is currently in the process of developing their preferred draft scenario, which will be incorporated into their draft MTP and SCS. The draft is anticipated to be released at end of this year, with final adoption planned for spring of next year.

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MS. ROBERTS: In the San Francisco Bay Area, the Metropolitan Transportation Commission, or MTC, is working with the Association of Bay Area Governments to develop their SCS with a focus on transportation demand and priority focus areas.

The Bay Area is taking the lead on smart growth through its regional development and conservation strategy, known as Focus. It unites the efforts of the Bay Area's four regional agencies into a single program that focuses on smart growth for the region. Initiated as the region's blueprint, Focus promotes a more compact land use pattern for the Bay Area by strengthening existing city centers, locating more housing near existing and future rail stations, and encouraging more compact and walkable suburbs, and protecting regional open space.
It accomplishes this by directing existing and future incentives and technical assistance to priority development areas and priority conservation areas.

One example of the funding opportunities available to support priority development areas is MTC's transportation for livable communities, or TLC program. This program focuses on community-based transportation projects in downtown areas, commercial cores, neighborhoods and transit corridors. Since 1996, MTC has awarded over $160 million for TLC projects in the region.

Work is also well underway to develop the draft SCS. In March of 2011, MTC released its initial vision scenario to begin the public conversation about a preferred land use scenario. Work on alternatives is ongoing, and MTC will select and publish its preferred land use scenario later this fall.

The Bay Area's draft RTP and SCS is anticipated to be released at the end of next year, with consideration by the MTC Board in April of 2013.

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MS. ROBERTS: And now on to the Valley.

Since 2006, the eight-county San Joaquin Valley blueprint process has been underway to create a regional vision of land use and transportation that will guide growth in the Valley over the next 50 years. In June of
As a part of this effort, a web-based planner's toolkit was produced as a reference source for communities. Its intent is to help communities in the Valley translate the sustainable growth principles of the blueprint into action. This tool has been well received and has already been awarded the Outstanding Planning Award by the American Planning Association.

To recognize those projects in the Valley that have successfully reflected blueprint principles, the Valley has also started a Blueprint Awards Program. The next round of awards will be given next month.

During the target-setting process last year, the Board recognized that all eight of the valley MPOs had just completed development of their RTPs and all of them were in the process of updating travel models for use in developing their next plans in 2013 and 2014.

Anticipating that these results would provide new information on the potential for greenhouse gas reductions, the Board set placeholder targets for these MPOs. The placeholders are to be re-visited in 2012, at which time, the Valley MPOs would bring forward new target-setting recommendations based on improved modeling and scenarios, if appropriate.

The Valley MPOs are currently working on a number...
A Director's Committee has been formed to provide direction on SB 375 implementation in the Valley. The Committee includes all of the eight Valley MPO Executive Directors. Over the past few months, the directors have developed and reached consensus on a draft work plan. The work plan outlines an approach and schedule for developing updated target recommendations based on new modeling and scenario information.

This month and next, the directors will be seeking concurrence from each of their boards to continue working with each other on assessment of multi-MPO regional target options.

They will also seek concurrence from their Boards on coordinating parts of their SCS development efforts where there is potential for regional benefit. One example of this would be developing a common SCS quantification methodology for the valley MPOs.

At the same time, model improvement work for all eight MPO models is currently underway. This work, funded by Prop. 84 and the Air Resources Board, will make model improvements consistent with the 2010 California regional transportation planning guidelines and will address the need for model sensitivity to SB 375 related policies. Updates to the model should be complete by the end of
February next year.

The valley MPOs are also beginning preliminary scenario development efforts to inform the 2012 target update. Many have formed advisory committees to oversee the development of these scenarios, which are intended to become the foundation for their next RTPs.

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MS. ROBERTS: In the six smallest regions of the state, the next RTP updates are due between 2012 and 2015. Tahoe and Butte, for example, have RTPs with the new SCSs, due in late 2012, but Shasta's is not due until 2015.

Staffs of some of these MPOs participate in the bi-monthly MPO planning work group meetings and coordinate with each other on common issues related to preparing their SCSs.

Some of them, like Tahoe, Santa Barbara, and Butte, have been consulting with ARB staff to discuss methodologies for estimating greenhouse gas emissions from passenger vehicles and discussing schedules for delivery of information and data to ARB.

Clearly, these MPOs are engaging in the process of developing their SCSs in a timely manner as their RTP deadlines draw nearer.

ARB staff will continue to work with these MPOs as they request our assistance to provide guidance and
support on greenhouse gas emissions quantification and to prepare for the ARB evaluation process.

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MS. ROBERTS: We've heard this process is a marathon and not a sprint. And we agree. But steps must be taken now to make sure that the models, new analytical tools and updated information will be available to inform the planning process in the future.

We are developing our technical expertise to be able to scrutinize the models more closely. As we develop a track record on SCS reviews, we plan to take a more critical look at the way the models operate.

In future SCS reviews, we will be looking for stronger evidence from MPOs to demonstrate that they meet the targets. In future target setting, we will be asking MPOs to provide additional scenario analyses and additional sensitivity testing of their models.

We are expanding our in-house modeling capability and supplementing our existing resources to perform transportation modeling. We have secured resources to contract with academic institutions to look at the empirical literature, and we will work with our sister agencies to provide additional support to MPOs as they implement their model improvement plans and develop their SCSs.
That concludes my presentation.

Mr. Goldstene.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Terry. Chairman Nichols, do you have any questions?

CHAIRPERSON NICHOLS: I do not have any concluding remarks here. That was a very comprehensive presentation.

The bottom line here is that we obviously heard a lot about San Diego, and I think people are going to want to talk -- I think most of the people who are here, perhaps not all, are going to want to comment on that particular plan and how it relates to what they'd like to see us doing with SB 375 overall.

You know, I just think that we're going to hear some degree of criticism on various sides, and that's to be expected. We are in the early stages of the program here.

But I guess the only thing that I would take away initially is just that there is a heck of a lot of work going on here around the state and that SB 375 has already had an impact at least in terms of mobilizing resources and attention to the regional planning process and towards how to demonstrate sustainability in the context of greenhouse gases.

So in and of itself, I think that's a good start,
a good thing to say. Although certainly we have to recognize, as Ron said earlier, that you know people have many reasons for wanting to engage in planning. And probably greenhouse gas emission is not at the top of the list of most of the residents of and area. They're going to be more concerned about other aspects of it. But it is interesting that it is a pretty good metric for other thing it seems, at least if we can get all the inputs right.

So I'd just as soon take some testimony and then maybe we'll take a brief break.

EXECUTIVE OFFICER GOLDSTENE: We could take a break now.

CHAIRPERSON NICHOLS: Why don't we just take a ten minute break now.

BOARD MEMBER ROBERTS: Would you afford me one question?

CHAIRPERSON NICHOLS: Sure.

BOARD MEMBER ROBERTS: Just a clarification.

In preparing for this meeting, we had kind of a chicken and egg situation developing in that the SANDAG Board hadn't given final approval on the plan. And it was anticipated that this action was going to be taken first before they could approve it. And it was a question of who goes first.
And it was my understanding that we were going
to -- at least the staff was recommending a conditional
approval based on SANDAG following through on the final
approval. After that, is that still the --

EXECUTIVE OFFICER GOLDSTENE: That's still the
plan. So today was informational. And we will see what
happens at the SANDAG meeting. And if it is as we expect,
then I could just approve it or we could bring it back to
the Board. I think our plan because there's going to be
18 of these, I would just approve it and then inform the
Board.

BOARD MEMBER ROBERTS: You have that delegated
authority to do that?

EXECUTIVE OFFICER GOLDSTENE: I do.

CHAIRPERSON NICHOLS: Okay. We don't have to
take any action to allow it. That would be the norm,
unless we chose to bring it back to the Board.

BOARD MEMBER ROBERTS: Okay.

CHAIRPERSON NICHOLS: DeeDee.

BOARD MEMBER D'ADAMO: Well, just along those
lines, one of the things that kind of concerns me is
looking at this schedule and then the schedule with the
other regions.

And I understand staff is overwhelmed in each
region. This is new, so it's going to take a lot to move
forward with these plans.

But as I heard from some of the stakeholders and going through all that's been done and then maybe some suggestions for the future, I can't help but to think, gee, it would be nice if we got this a little sooner. Because I think our role ought to be gently nudging the regions along.

And so here we are, sort of at the eleventh hour, and part of me wants to make -- and I know we're going to take testimony and all that. But just as an example, part of me would want to encourage some changes. But then on the other hand, obviously you all have worked so hard. So I think that if we could get these reviews from the various regions a bit sooner so that we could sort of play that role of gently nudging along in the hopes that if there are stakeholders concerns and also any concerns by Board members, it could be integrated into the local process as opposed to us directing.

EXECUTIVE OFFICER GOLDSTENE: We're feeling that time pressure, too. And we have -- this is the first one in the timing has -- because of the way the law was set up and the timing of everything else, this one is particularly compressed. But we agree with you. And never the less, even with the time constraints, we have been nudging I think quite a bit
SANDAG and the others. But we do have to wait for them to complete their plans before we can review them.

I don't know if Lynn wants to add any more detail, or Terry.

I don't know how much -- we'll be nudging no matter what. And the sooner we get it, the better.

BOARD MEMBER D'ADAMO: I'm just thinking at our level, because this -- we'll hear from stakeholders. At this point, it's kind of difficult. If it were a couple of months ago, that might be a different situation.

CHAIRPERSON NICHOLS: Yes.

BOARD MEMBER ROBERTS: I think one thing as we're entering this whole new arena we shouldn't lose sight of is that each of these plans is going to be back four years from now under review for further tuning up and for not only models being perfected, but to then see what else is being done.

So while we're talking about 2050, it's not like we're signing off and all done until 2050. I think it will be ten times you'll see these plans between now and 2050, if my math is anywhere near correct.

EXECUTIVE OFFICER GOLDSTENE: Ms. D'Adamo, the directors of the major MPOs are in the audience now. I think they're hearing you.

CHAIRPERSON NICHOLS: I was smiling a little bit
at that earlier comment, because I guess I'm a little bit suspicious about whether it's possible when you have a large Board sitting up and a high dias and a lot of public input whether gentle nudging is really possible in that kind of a forum. I think if that is what we're aiming to do, and I agree with you, that that probably is our best role. We're probably going to do it better in a less formal format, and that should be really the staff's role with direction from us.

But I think the staff is pretty good at receiving input from the Board members, especially with specific issues and questions that we want to address. So you know, as long as that pipe line remains open, I think we should be in a position to do that.

All right. We talked about it, so let's just do it. Let break until 11:00 and come back and begin the testimony.

(Whereupon a recess was taken.)

CHAIRPERSON NICHOLS: Okay, everybody. We're going to try to get through all of the witnesses before we break for lunch. And we have a lengthy list of people. So let's get started.

And we'll begin, of course, with SANDAG. So if I can first call on Jerome Stocks, Chairman of the Board and then Jack Dale and Gary Gallegos. Good morning.
MR. STOCKS: Good morning. Thank you, Mr. Chair Nichols, Board. It's a pleasure. We needed the additional technician to help me.

Chair Nichols and Board, it's a real honor and a pleasure to be here today representing SANDAG. I'm Jerome Stocks, Chairman of the Board, as you indicated, and Deputy Mayor of the City of Encinitas, the friendly city in north San Diego County.

SANDAG did set out to do what the law required, to meet the greenhouse gas targets as established by CARB. And as you know, and has been reported, we are the first to prepare a regional transportation plan and Sustainable Community Strategy that complies with Senate Bill 375. Not only did we take on this challenge of being first, but we decided to plan for a 40 year horizon, which is something we had not done prior.

The Board spent many meetings and hours deliberating how best to meet the targets. And that effort resulted in a variety of strategies in the regional transportation plan SCS to achieve greenhouse gas reductions, both in the near term and in the long term.

We are confident we've done a great job with this plan and appreciate CARB's guidance throughout the target-setting process during the roughly two years we've been working on this. San Diego region is planning for a
sustainable future by integrating the transportation system to provide more choices. Nearly one out of three commutes in the future will be made using modes transportation other than driving alone.

Seven out of ten trips to work or colleges are expected to take 30 minutes or less, whether driving alone or carpooling, and about 14 percent of the public transit trips will last 30 minutes or less, compared to only eight percent without the RTP.

Preserving the natural resources and natural environment and promoting smart growth of the SCS land use patterns protects and preserves about 1.3 million acres of land, which as you heard previously in the presentations, about half of the region's acreage.

In the 2050 RTP, about 50 percent of the total expenditures are for transit projects, and about 24 percent for managed lanes that support the bus rapid transit services, carpooling, and vanpooling.

And so in closing, I would like to respectfully request that the Board consider a conditional approval of the SANDAG SCS. And I'm confident that our Board will be approving it in its present form at our October meeting.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Sorry. There is a question for you.
BOARD MEMBER D'ADAMO: How will you be improving it? What are the specific --

MR. STOCKS: I'm sorry?

BOARD MEMBER D'ADAMO: How will you be improving it?

MR. STOCKS: Approving it in its current form.

BOARD MEMBER D'ADAMO: Oh, sorry.

CHAIRPERSON NICHOLS: Okay. Mr. Dale.

MR. DALE: Good morning.

To pick up where our Chair left off, a comment was made about the results for 2020 and 2035. And I think many of us were surprised in how they came out. But I think we need to take heart to the fact that these are the numbers that your staff has determined to be real and it's the right process. And I think it's all important as we work on this common goal that we know exactly where we are and what the real numbers are and we can work from there.

And our staff does very much believe that a great deal of the reason the numbers came out the way they did is because of the recession and number of people on highways and what's going to be happening in the future where we'll have most of our improvements done in the future or in the recent years. And as we go further into the future, we'll have more people driving. But the most important thing is that we're achieving our goals.
I want to reiterate something that Ron had said is that we are asking the people -- I think the statement this morning was a gentle nudge to change how we do things in the future. And a gentle nudge at my level at a city council cannot be emphasized enough and talked about how significant that is in a couple lines.

The changes we are asking people to make to accomplish these goals are very significant. And to turn the dial just a little bit takes a great deal of work and effort.

There was some mention or conversation about the tools that we've been using in the modeling. We will, indeed, be changing our plans for transportation to an activity-based transportation model. And we'll have new land use, because we all want to make sure that while your staff can understand it and ours, most importantly, the people that we serve, the public, understand it as well.

I'd like to emphasize also that Ron has said this is nothing new to San Diego. Over half of the land in San Diego is open space. And that's not something that happens overnight. Most of the transportation features that we are going to be being built, half of them are financed by our local Transnet where we voted to increase our own sales tax. Forty-five percent is going to transit.
So with that, we feel we do have a really solid plan. And we very much thank you and your staff for your efforts. Thank you.

CHAIRPERSON NICHOLS: Mr. Gallegos.

MR. GALLEGOS: Thank you, Madam Chair and CARB Board members.

I would like to start by thanking you for your leadership and your staff in working. I think you've highlighted this is a new relationship. It's a new relationship for us.

But I also want to borrow the it's a marathon, not a sprint analogy here. Because as Supervisor Roberts and others have noted, we are going to be back. We'll be back here four years from now. And I think I would -- we're very optimistic that as we look forward, we always work at trying to continue and improve what we're doing. And we believe that the plan that's before you today meets the targets and on whole is a balanced program.

As our Chair and Vice Chair talked about, they've got a very tough job of balancing not only this issue, but many, many other issues in terms of how we do our business in San Diego. And they have a tough job of balancing many, many issues that we believe this plan does and will allow the San Diego region to continue to make progress, move forward, and most importantly, meet the goals that
you have given us.

So thank you for your support. And we hope that you will give us a green light if, indeed, the plan stays as it is so we can move forward and get on to the business of actually doing the work and monitoring the performance and demonstrating that this stuff works.

CHAIRPERSON NICHOLS: Thanks. I hope you'll be able to stick with us so we can -- if we have any questions or issues that come up during the course of the presentation, we can call upon you.

MR. GALLEGOS: Madam Chair, I am. And we've got our team here. We'd be pleased to entertain any question you may have.

CHAIRPERSON NICHOLS: Thank you.

Do you have a question?

BOARD MEMBER D'ADAMO: I can wait.

CHAIRPERSON NICHOLS: Okay. Good.

We'll hear from the Honorable Glen Becerra from SCAG and then Hasan Ikhrata.

HONORABLE BECERRA: Madam Chair, I'll keep this very brief.

I just again want to applaud SANDAG's approach to this and them being first out of the gate. Setting the tone on some of these projects both is brave and sometimes foolish. And so we hope it all turns out to be brave.
They are our partners and a valued part of our southern California community. And we will be looking to take into account some of the comments made here today by your staff who did an excellent job in presenting not just the San Diego version, but the other things that are going on with the other MPOs. And I know Hasan will be making those adjustments, if he hasn't already start texting his staff down in southern California to make the adjustments on the modeling and the other recommendations that are being made.

One of the things that I wanted to just briefly mention, and Supervisor, I think you brought this up, about the importance of planning on people's health. You know, and I think that that's an important component that we take into account here.

While at the same time, you know, planning we have now found has the impact on people's health, so does the economy. And it has been studied and proven that people jobs are also healthier than people who don't have jobs. Those people who have jobs sometimes have health care. Not always, but sometimes. And that accounts for some of this as well.

And what I would like to ask is that as we move this process forward, we also start to look at performance -- economic performance indicators. Are we
creating jobs or losing jobs? Are we growing the economy or shrinking the economy?

I think that will also help us fine tune this very important work that we're doing here today. Because what we've discovered is that the decisions that we make sometimes in a vacuum have far-reaching ramifications that sometimes we forget to notice because of the world we live in. And so, you know, your decisions up here are hugely impactful and have far-reaching -- again far-reaching impacts on people all across our state. And we set the tone for the nation here in California.

So I think that will be something I would ask you to look at, ask you to consider. Work with your partners, SCAG and the other MPOs to come up with a way to look at those important economic factors as we try to move our state forward. Because we have to move it forward both environmentally and economically, not just one or the other.

So thank you. And thank you for your partnership with our NPO particularly and the others as a whole.

CHAIRPERSON NICHOLS: Okay. Mr. Ikhrata.

MR. IKHRATA: Chairman Board members, good morning.

Let me start by thanking you and thanking James and Lynn and all the ARB staff, hard work, detailed work,
as you saw today. They've been true partners.

Let me also say I'm here speaking in support of SANDAG planning. It's an excellent plan. They are -- I told Gary that we're all behind him. He's first. And so he should get some points for being first.

But I felt they did an excellent plan. I thought it's real. I mean, we could come and put a fantasy plan out. I don't think that's good for the state.

I just want to say SB 375 -- and I was just telling Dr. Sperling -- started something that we should have started 30, 40 years ago in the state. Started a discussion that we should have had. That discussion about the future and sustainability for this great state we live in. This discussion has started in such a significant way that I can tell you that the MPOs has been working so well together and learning from each other.

And also it started something that people on the street are discussing the kind of issues that we want them to discuss of how to move forward in this state.

And let me just tell you in our region, the SCAG region, in 2008, in the worst economy, depression, the voters in Los Angeles County voted themselves $40 billion to put forth a new project that are sustainable. That is what SB 375 is about. And I believe with the help of your excellent staff we're going to chart the future for this
state that's much better than today.

Let me just say that I would hope we also little bit tone your expectation. This is the first time we do this. This is the first time we go through plans that include merger that we didn't deal with before. For sizes of our region, it's so difficult to do our more -- somebody said, well, do additional alternative. That's about two years of work because we really want to do a good job doing that.

So, yes, we might make some mistakes the first time around. But trust me, the next time will be better and the next time will be better. And by the time we get to 2025, this state will be much better for it.

Again, I want to emphasize I thank your staff. They're excellent and working well together with them. I thank you for your leadership. I think the state is much better for it. I think this is something that should have been started a long time ago but it's never late.

One last thing. And I told Dr. Sperling. What's missing in this equation is money. Let us make this plan real by bringing the money to fund them and then this becomes real. This becomes the future of southern California is much better.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you. We agree.
Steve Heminger and then Mike McKeever.

MR. HEMINGER: Good morning, Madam Chair, Board members. Good to see you again.

Steve Heminger from the Bay Area. And I, too, am here to express my solidarity with the folks in San Diego.

CHAIRPERSON NICHOLS: This is quite the support group here.

MR. HEMINGER: You take one of us on, you take us all on.

I think it is tough being first. Although I'll tell you, I'm not looking forward to being last. I think by the time you've seen all these good ideas from around the state, the bar is going to be very high when I come back here for real.

I also do want to express my support to your staff, because I think it's tough for them to be first in terms of what is the right posture. And I know it is tempting in looking at these big, fat, juicy infrastructure to plans to say couldn't you have moved this transit project over there and couldn't we do one more highway here? And I don't think that's your role, with all respect.

I think one of the beauties of SB 375 was setting up a performance-based approach where you set a target and then you give us the flexibility. You might say enough
rope to hang ourselves. You give us the flexibility to meet the target. And I think the focus on whether or not we meet the target is the focus that is properly before this Board.

Your staff gave you a brief update of where we are in the Bay Area, so I won't dwell on that. I'm afraid we've fallen a little bit behind the schedule the staff showed you. But we have a deadline just like everybody else and we will meet it.

I would like to mention two things. The first, the Transportation for Livable Communities Program that was mentioned in that report is a program we've had for a dozen years now. We are actually proposing to get rid of it. And by that I mean, make it better by consolidating it with a series of other programs, both discretionary and formula, to create a one Bay Area grant program, we are calling it, that is focused almost exclusively on fostering and encouraging a different growth pattern in the region to achieve these kinds of greenhouse gas and other goals.

That program would total about $200 million over three years, whereas what you saw was about 160 over a dozen. So it's significantly larger. And I'll just ask you to read your newspapers about that one as we go.

The last point is this document that I brought
for you, which I hope you all have, calling "Building on the Legacy of Leadership." We put this together and this is another product of what SB 375 has forced. I think I sold this idea from Gary, as a matter of fact. And it's intended I think to tell the residents of our region and I hope residents elsewhere in California, because we're all in a bit of a funk right now. And we've been in a funk for a while. That we can do this. And we have done great things as a state and a region. And there is no reason we can't accomplish this as well.

I ask you -- pardon me.

I'd ask you finally to look at the back of the brochure. And you see not just ABAG and MTC who are the statutory partners for this work, but our Air Quality District and the Bay Conservation and Development Commission. And that last agency is in bored here, because we not only have a mitigation challenge with greenhouse gas emissions, but we have a rising bay in San Francisco. And we have some adaptation to deal with as well. So we are trying to take a big picture look at the challenge. And look forward to continuing to work with you.

CHAIRPERSON NICHOLS: Thank you.

MR. MC KEEVER: Chair Nichols, members of the Board.
I, too, want to lend my thanks to your staff for the good work that they have done on this issue. I think that the technical methodology memo that they published several weeks ago we are in strong support of. And I appreciate getting that response letter recently basically saying that our models are good enough for this first round anyway. So that gives us the footing that we need to finish up our process.

And I do think that we will get there on time, and I'm confident that we will meet or possibly exceed the targets that you have set for us. So I hope to be back with good news.

And there's something appropriate and demonstrative of how much of a sweat all the MPOs are breaking on this effort. What I've been doing is I have one year on your proceedings is editing your draft SCS in the back of the room. Hopefully that is good karma. Right.

I do -- if you'll indulge me for a couple of global comments here I would like to make.

As you know, SACOG was instrumental in the birthing of this legislation. And I did have the honor to be appointed by you to Chair of the RTAC process. So I think there is some perspective that comes with that.

I think it's important to remember that one of
the things that came out of the RTAC process is what we
call the bottom-up process last summer of doing scenario
planning and recommending targets to you.

And when Gary Gallegos was clearly the leader on
RTAC of championing that process and saying if you let us
sort of take a leadership role, we will do good work for
you. And I think we all remember the political mood of
trying to figure out what those targets were going to be.
And I think it surprised a lot of people that the MPOs
were who came to you recommending what I think we all
still believe are ambitious targets. A lot of the
discussion early on was in sort of low the mid single
digit targets in 2035, and we all watched that process go
into the low to mid teens.

And I think everybody was -- well, not everybody.
There was some who were troubled by that, as you will
recall. But I think that was indicative of the leadership
that is coming out of your MPOs on this issue.

And I think as you hear the discussion today
related to the SANDAG plan, it's important to remember
that you're analyzing that in the context of those
ambitious targets. You're not analyzing this in terms of
sort of modest easy-to-achieve targets.

And there also is an odd technical effect that is
going on that we did not anticipate when we recommended
the targets to you, which is that in the 2020 year, we are all experiencing this sort of unfortunate benefit of the recession that is making it much easier -- may I have a couple more seconds?

CHAIRPERSON NICHOLS: All right. Finish that thought.

MR. MC KEEVER: That is making it easier for all of us to meet our 2020 targets. Some of it is because we're doing good planning, land use, and transportation. But some of it is the recession.

So part of what SANDAG is dealing with in terms of this trajectory issue is the fact their savings in 2020 have come way up, in part because of the recession and in part because of good planning.

Now, Gary, you're on your on in terms of 2050 issues. You can answer those questions.

But I think the trajectory for 2020 to 2035 is in part simply explainable because of the recession.

CHAIRPERSON NICHOLS: We're dealing with some of the same issues with respect to the Scoping Plan and other things we're working on. So yeah, I understand that we have to figure out how to both take advantage of and yet not rely on because we don't want to rely on the recession.

MR. MC KEEVER: We don't want to plan for
failure.

If I could have 20 more seconds, I think I can do this.

I also appreciate the sort of what I would call the strict constructionist approach that your staff has taken in your discussions so far about what the ARB's role is at this point in the process.

I do think -- and I'm speaking for myself here -- that the state of California has a legitimate interest in broader questions associated with our plans. And I just feel that those kinds of conversations on public health and housing and, et cetera, are better had in another venue of the state. I think the logical one is the Strategic Growth Council, which of course you through EPA have a role in. But those are fair issues. And I don't want you to think that our supporting you sort of following the letter of the statute here means that we think that's the end of the impacts of our plans. And we're certainly game for that broader partnership.

CHAIRPERSON NICHOLS: Fair point. Thank you.

Thanks for that.

Vince Harris.

MR. HARRIS: Madam Chair, and members of the Board, good morning.

I'm Vince Harris, the Deputy Director for the
Stanislaus Council of Governments located in Modesto, Central Valley.

Additionally, for this fiscal year, I'm also the Chairman of the eight county San Joaquin Valley COG Directors Group, which covers all eight counties. And it's really in that capacity I'm coming before you representing the San Joaquin Valley today.

First and foremost, we highly, in fact, do commend SANDAG for developing an SCS that meets the targets set by the ARB. We recognize their leadership in being the first NPO in the state to complete this critical task. We recognize that San Diego is a long way from Modesto, but we still do support their efforts.

We also applaud ARB staff for their recognition of the model as the most appropriate tool to estimate SCS impacts. This approach recognizes these models as a fundamental tool in the development of our regional transportation plans, of course, of which the SCSs are a component.

ARB staff is to be commended for their flexible approach in the review of SANDAG's SCS. We acknowledge the use of multiple sources of empirical literature, comparison studies in their review. And we encourage staff to continue to research this approach in MPO regions like the San Joaquin Valley that encompass small rural and
urban areas where empirical data may be insufficient for comparison.

We acknowledge ARB's staff flexibility in accepting SANDAG's use of multiple sources of comparison for NPO's projections of population, employment, and dwelling units. And we would encourage this as the standard operating model which SCS would use as we move forward.

We would remind the Board the San Joaquin Valley feels comparison of sources should be applicable to particularly NPO regions and reflective of the current trend of that region.

We note one example of a data source that is currently not reflective of current demographic trends is the Department of Finance population forecast for the San Joaquin Valley. This data is not reflective of the current economic downturn and historical patterns in the Valley.

Quickly as I close, I would like to leave with the Board, your staff has done a great jobs in terms of telling you where we are. But just very quickly in terms of highlights.

As your staff has shared with you, the Valley is leaning heavily on our five-year work effort to develop a valley-wide blueprint. And many of these principles are
being incorporated into our work product for our SCSs. The blueprint has spearheaded a continued level of collaboration in the Valley, which we will draw upon to complete our regional transportation plans and of course our SCSs.

The valley MPOs and our local jurisdiction in cooperation with the California Partnership with the San Joaquin Valley and the Air District -- just a couple more seconds, if I could -- are strategizing collectively to bring forth strategies that, in fact, will bring the Valley together. We certainly anticipate coming back before you. As a matter of fact, we look forward to coming before you by next spring when we will discuss the San Joaquin Valley's update to our provisional GHG reduction targets. This update will provide the Valley an opportunity to make recommendations on the target using updated information.

And of course, the capabilities that we will have in our new models. I know you know, but it's important to recognize the Valley is undertaking what we consider to be the largest activity in model upgrade transportation models ever seen in the state of California.

We welcome the opportunity to work with ARB as we attempt to balance the Valley's economic needs while improving, of course, our air quality.
Thank you for the opportunity to speak.

CHAIRPERSON NICHOLS: Thank you, Mr. Harris. We do agree with you that you have one of the more ambitious and difficult tasks, given the growth in the Valley and economic challenges and so on. So we're looking forward to seeing how to this all works out.

MR. HARRIS: Thank you, Chairman.

CHAIRPERSON NICHOLS: We have one more COG to hear from, Steve Devencenzi from San Luis Obispo.

MR. DEVENCENZI: Thank you, Chairman Nichols.

Steve Devencenzi, Planning Director for the San Luis Obispo Council of Governments.

We are here today to support San Diego's efforts and maybe tell a little bit of our story. I was hoping Terry was going to cover us when she did her presentation. I'm going to have to do a quick rundown of who we are and where we're at in this process.

A year ago, your staff was working with us in the formation of our preliminary Sustainable Community Strategy. Why did we do a preliminary Sustainable Community Strategy? Because we wanted to leverage the work in the regional blueprint process which we modeled our efforts on what San Diego did in the past, on what SACOG did in the past, and the Bay Area as well in their visions, not to forget SCAG.
We didn't want to lose that momentum and have to come back and re-visit all those issues again. So we rolled it right into a preliminary Sustainable Community Strategy, which gave me a license to do what we felt we needed to do and not be quite caught up in the stricture of all the debates that were going on about how you were going to do each of these little elements.

So we had to kind of fend our own way through that process. I was quite pleased, actually, when I saw the San Diego plan that has come out, because it parallels the things that we have in our plan just on a different scale.

We only represent about one percent of the population in the state. Those other five areas you heard from in advance, they represent 85 percent of the population. We're trying to figure out how do you tune this thing to a small area, in a small region, where we don't have a lot of money. We don't have a lot of people. And things are spread out. So we've been working on how do we calibrate this process to be responsive in our area.

I think we did a pretty good job of it. Your staff was great to work with last year. We went through the pace as they came in. We came in under the radar on this. But they were able to kind of do a dry run with how you evaluate these components. It's worked out quite
I guess I want to note that we have to recognize the differences between the small areas. I'm going to be going to the Valley's policy conference next month to talk about how do the small areas address this, because there is a lot of fear in some communities about how do you apply the smart growth principles at the scales that we operate. We don't have light rail systems. We have long distances. The single occupant vehicle is the primary mode, and it's likely to remain such. So we do have some challenges.

I don't want to take a lot more time, but I do want to note that we do support the efforts. And we do respect and admire our predecessors and I don't envy them in the least. I recognize we're very fortunate to be who we are.

And one other item. I would want to second the comments that Mike McKeever made recording working with the Strategic Growth Council. I think that is the forum. And I think we all have to up the game there to get that kind of integration as we're starting to look at the health issues and other things that come with it.

The economic development component is critical. And as others have said, you know, that's what we have to keep our eye on, along with these other goals and
objectives. Thank you.

CHAIRPERSON NICHOLS: Thank you. Thanks for honoring the red light. Okay.

We are at number nine and we have a list that now goes up to 24. And I think we're going to close the list. Just so you know, if you haven't signed up now, this is the end of the sign ups.

Craig Scott is next from the Auto Club, and then Autumn Bernstein and Richard Lyon.

MR. SCOTT: Thank you, Chairman Nichols and members of the Board.

Craig Scott with the Automobile Club of Southern California, with six million members throughout the southern California area.

We are here today as well to support SANDAG's regional transportation plan and the Sustainable Community Strategy that is contained in it, and to encourage you at the appropriate time -- still a little fuzzy on your decision-making schedule. But whenever the time is right, we encourage you to make your finding as well that the plan does, in fact, meet the greenhouse gas targets established for the region.

We support both the content of the plan and the process used to develop it. The Auto Club has participated over the last couple years or more in the
very elaborate process that SANDAG followed in putting the plan together. It was a very open process with numerous opportunities for public involvement. So it was very good in the way the plan was put together.

The plan itself we feel provides a realistic well-balanced approach to meeting the region's long range transportation needs, providing specific improvement to all transportation modes. If the plan is able to be implemented as it will -- fund all the projects that were recommended, we think it will really improve the overall transportation system and provide a new broader array of transportation choices for the region's residents and offer hope for the preservation of mobility in the future in the face of some substantial population growth that's expected in that area.

In some of the earlier comments today, there was some allusions to how the regional transportation plan process has become much more complicated and challenging as the years have gone on as new federal and State requirements have layered on additional requirements these plans are expected to meet.

What is really true, it's become a very challenging process. And with the whole Sustainable Community Strategy and greenhouse gas targets being the newest of these lists of requirements. Fortunately,
SANDAG has been involved in smart growth plan for many years, well before SB 375 came along. So the development of the SCS was perhaps a little easier for them. And it was a continuation of the work they've already been doing. I know they'll continue to make improvements in this process and the modeling and have better plans in the future.

So overall, we're very pleased to see this well-thought-out plan was able to meet the greenhouse gas targets that were set for the region, while at the same time honoring the commitments that are made to the voters in the passage of the local sales tax measure.

The plan also includes implementing and completing the entire package of projects that are in the expenditure plan that the voters approved in that 40 year extension that goes to 2048. I think that's a very important component as well.

So with that, we'd urge you at the appropriate time to make your finding that the plan does meet the greenhouse gas targets. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

MS. BERNSTEIN: Good morning, Madam Chair, members of the Board.

I want to thank you, first of all, for your
continuing leadership as you work to implement SB 375. And I want to commend your staff as well as the staff at SANDAG for the progress that's been made to date.

Yesterday, we submitted a letter on behalf of 20 of our partners, including eight organizations based in San Diego regarding some of the things we like about the plan that's before you today, as well as some of our outstanding concerns and some actions that we think could be taken to strengthen it.

We do recognize that we are very late in the game for this SCS. And San Diego has faced some particular challenges that have already been mentioned.

So the recommendations that we have are by no means a comprehensive list of our concerns with the plan, but do represent we think some commitments that could be made right now to make sure that as we go forward into the long term that we're really addressing some of these challenges.

Most notably the backsliding issue that has been talked about already. We're quite concerned about the fact that GHG reductions in the plan peak in 2020 and then erode over time. And this is doubly concerning because SANDAG is the only major NPO that has not been fully transparent with its model. We don't know exactly why this is happening and where those backsliding -- why the
backsliding is happening.

As was mentioned earlier, the economy is clearly a factor in this. You know, when we recognize this is undoubtedly true and an unfortunate situation that we are all facing, but we also know that's just not a sustainable strategy over the long term.

We do know that we can grow our economy and reduce our dependence on fossil fuels. It's a fundamental underpinning of this entire process.

So we think that SANDAG needs a long-term strategy that actually reverses this trend of backsliding. And so we're asking for a commitment for them to develop a new land use and transportation scenario for the next go-around that reverses this trend and makes sure we're on the right track for the long term.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Richard Lyon.


CBI is a 5,000 member organization whose members are involved in residential and light commercial construction in building communities throughout California in both the urban and suburban areas.

And we're here today to support SANDAG and urge
the Board, as appropriate, to accept or conditionally accept the SANDAG SCS.

It's been said that this is historic. There's been no question it is. And I think we're very lucky that San Diego is the first out of the box with the reputation and the credibility they have for doing good long-term regional planning.

We have a very, very good shot we think at a successful beginning on this. And that's critical. Having a beginning, moving forward with the framework that has a likelihood of success and one that is sensitive to the very substantial challenges that we have out there in the economy, both today and looking forward, is something that has to be balanced. And we think SANDAG has the best tools to be able to move forward initially with that.

From a personal perspective, it's been interesting to watch this mature from a concept to now that we're on the threshold of a reality. We still have a lot to learn about this and a lot to understand. But the planning has been done. Talking has been done. And we think now is the time to get the show on the road.

So we are here to urge the Board to accept and support SANDAG.

Thank you.

CHAIRPERSON NICHOLS: Thank you.
Amanda Wallner and then Pamela Epstein and Steve Padilla.

MS. WALLNER: Good morning, Chairman Nichols and members of the Board. Thank you for having us here today. My name is Amanda Wallner. I'm the Reducing Vehicle Miles Traveled Organizer for Sierra Club California.

The plan before you today sets forth San Diego's vision for regional planning and design for the entire region for the next 40 years. However, the 2050 RTP has far-reaching consequences beyond San Diego. It has the potential to serve as a model for the State of California as each region sets out to implement SB 375. And how you treat this plan will set a precedent for all future plans that will come before you from the remaining 17 MPOs. For this reason, we urge you to treat this plan with heightened scrutiny today.

Sierra Club California and our members have grave concerns with the substance of San Diego's plan. First and foremost, as has been mentioned by staff and by some of the previous testimony, San Diego's SCS calculates a decline in per capita greenhouse gas emissions reductions levels over time according to their modeling going from a 14 percent reduction in 2020 to just 9 percent in 2050. This backsliding over time will make it difficult, if not
impossible, for San Diego to meet future greenhouse gas reduction goals that this Board may set.

Furthermore, if this trend of backsliding were to be applied to the whole state, California would not be able to meet its own long-term greenhouse gas emission reductions goals.

Backsliding in the SANDAG plan is particularly troubling, given the findings of the Regional Targets Advisory Committee, that greenhouse gas reductions should grow over time with the implementation of land use and transportation strategies.

I'd also like to point out that the greenhouse gas reduction numbers may not be reliable, given CARB staff's own concerns with the sensitivity of the model.

And our members are also particularly concerned with SANDAG's prioritization of highway expansion. These projects divert funding from emissions-reducing transportation projects and lead to problems in and of themselves, such as induced demand, which can have a negative impact on greenhouse gas emissions in the region.

San Diego has shown a preference for these projects by front-loading them in the plan, while confining 72 percent of the transit budget to the last two decades of the plan.

Just lastly, I would also like to note that I'm
troubled by the Board's decision to hand over
responsibility for approving or rejecting this SCS and
future plans to staff. We believe that keeping this
process in the open to the public is important and hope
that you do reconsider that decision.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Pamela Epstein.

MS. EPSTEIN: Madam Chair and members of the
Board, good morning.

My name is Pamela Epstein. I'm an attorney with
Sierra Club San Diego.

I would like to first thank staff for the report
and thank this Board for the opportunity to provide public
comment.

As we face the uncertain climate, decisions made
today will determine whether the region and the state
charts a course towards sustainability or further
degradation. Now is not the time for hasty complacent
action. Rather, what is needed is a proactive approach
calling for a clear movement away from transportation
planning of the past, which relied heavily on congestion
relief and roadway capacity through freeway and roadway
widening.

The analysis should be examined through a lens of
accessibility and how to most effectively moves goods and people. The same goes you get what you pay for. And the SCS in its current form fails at its robust plan for sustainable transportation development. Simply put, transit is sustainable and highways are not.

It is with this in mind that I stand before you and express grave concerns about the SANDAG's SCS. The concerns voiced at this hearing are merely a taste of the issues plaguing the process. The RTP SCS had been met locally with the CDF contention. SANDAG received over 4,000 comments from 1500 individuals criticizing the plan. The critical transit infrastructure is noticably absent. The existing transportation network is dominated by concrete. There are over 1,600 miles of highways and arterials and only 123 miles of regional transit service.

The plan confines an overwhelming 72 percent of the transit budget into the last 20 years of the project, not to commence before 2035. Translating into a clear, continued preference and prioritization for highway expansion.

This is a far cry from early active transit, given that only 28 percent of the transit budget is being used prior to 2035 and couches bus rapid transit in HOV lanes as transit which are inextricably tied to freeway expansions.
Predominantly investing in highways perpetuates land use patterns that are inherently unsuited to alternative modes of transportation. The land use patterns triggered by the plan is classical suburban development, the antithesis of smart growth, characterized by low density, high-speed arterials, and massive intersections, resulting in a scenario that disincentivizes the effective transit planning.

Another troubling and burdensome issue that has already been addressed is that of backsliding. The SCS establishes a dangerous precedent. Initially, the plan facially meets the modest targets for 2020 and 2035. However, those achievements erode over time and actually result in an overall nine percent increase in the greenhouse gas emissions and less than one percent decrease in overall vehicle miles traveled for the 40 year period.

This backsliding highlights the unsuitable nature of the plan. California Attorney General Kamala Harris dolled out strong criticism on the SCS RTP in her September 16th letter to the SANDAG Board. Attorney General Harris called specific attention to the already compromised air quality in the region and the perils of moving forward with a plan that fails to provide long-term reductions in air pollution.
The intent of SB 375 is to create a long-term downward trajectory for greenhouse gas emissions. And in the words of the Attorney General, the RTP SCS seems to be setting the region on a course that is inconsistent with the State's climate objective. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Steve Padilla.

MR. PADILLA: Thank you, Madam Chair, members of the Board.

I'm here on behalf of Sustainable San Diego, which is a collaboration of 30 organizations and non-profits with expertise in various disciplines, including transportation, land use, and housing policies that are integrating in support of policies and practices throughout the region that enhance regional sustainability.

First, I would like to acknowledge the work that the SANDAG staff has done and your own staff in an analysis. Certainly, there are elements of the SCS that are worthy of praise, which include a level of new commitment to transit funding and long-term active transportation funding, smart growth incentive funding, and others.

However, we believe strongly that not only should the SCS be internally consistent, as is set out in 375,
but moreover and more importantly, context is an important. This plan should be consistent more broadly with the overall -- as a matter of policy, with the overall statewide air quality improvement goals set forth in the legislative scheme, statutory scheme that exists. So it isn't important enough to talk about meeting set standards or internal consistencies, but rather look at the broader policy context, that incremental net improvement is the target here and should be the target and should be the product of the plan.

We remain concerned that this -- because of that reason as well that this is the initial SCS stepping off the block and has some precedent-setting elements to it.

We remain concerned, as has been mentioned, that the projections indicate the per capita GHG reductions peak and erode post 2020. And that, in fact, the 2035 targets are then barely met.

Not to mention one of the primary factors sited in support of those reduction achievements are extraneous economic factors beyond our control and not affirmative policy actions.

I think we also remain concerned that the projections indicate reductions in assumptions with specific GHG reductions. And the nexus between those reductions and specific funding commitments and policies
remain as yet not as clearly established as they could be
or articulated as clearly as they could be.

I would just echo some of the prior speakers' recommendations with respect to the use of integrated land use and transportation planning scenarios to provide flexibility and implementation policies that could serve to greatly enhance the overall likelihood that this plan will, in fact, meet the targets that have been asserted and articulated in the plan.

We recognize that any plan, the minute it's adopted, is ripe for amendment and sometimes becomes instantly irrelevant. But we think that with appropriate implementing guidelines and high enough standards with respect to methodologies and nexus, it will greatly enhance the probability that any SCS plan in the state will, in fact, have a higher chance of meeting their stated goals.

So thank you very much for the opportunity to address you.

CHAIRPERSON NICHOLS: Thank you. Sounds like there's been a lot of participation on the part of many organizations, which is a good sign.

Elyse Lowe, followed by Carmen Sandoval and Matthew Adams.

MS. LOWE: Good afternoon. Thank you for having
me here today.

My name is Elyse Low. I'm the Executive Director of Move San Diego. We're a nonprofit. We support sustainable transportation and smart growth.

Move San Diego is comprised of members of the business and environmental communities.

I would like to thank SANDAG and CARB staff for their hard work and dedication on this long and arduous, seemingly ending process, which may be coming to an end soon.

I want to thank Supervisor Roberts for his leadership in supporting transit on the SANDAG Board. My comments today echo those of climate plan and sustainable San Diego.

We're pleased to see a Sustainable Community Strategy that does meet the targets and provide substantial increases in active transportation and transit investments.

I would also like to outline a few concerns, many of which were raised by the ARB staff report. Mainly that the plan does not adequately reduce greenhouse gas emissions in the long term.

We agree with ARB that land use planning scenarios, coupled with the reassessment of the transportation network, must be performed to provide
long-term emissions reductions and to explore new options for planning future growth.

As the voice supporting transit in the San Diego region, we think improvements can be made to our phasing as 72 percent of the transit budget is in the last two decades of the 40-year plan.

Additionally, we share CARB's concerns with the lack of transparency and the model and agree transparency should be paramount in future RTPs and the regional comprehensive plan.

We also recommend that the sustainable communities strategy requires SANDAG to commit, not just consider, the development of funding a ten-year early action program -- funding implementation of active transportation, bicycling, and pedestrian investments.

Since a robust transit structure is critical to achieving transit ridership assumptions in the Sustainable Community Strategy, SANDAG should commit and prioritize to developing a detailed operations plan that funds the identified actions. Namely, we need to find funding for the seven billion dollars in new revenue needed to operate that robust transit strategy and make it a reality.

Lastly, we're pleased that SANDAG has committed to developing a map that overlays the transit network with the smart growth opportunity areas.
Thank you very much for allowing us to participate in this important statewide process. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Carmen Sandoval.

MS. SANDOVAL: Good afternoon.

The San Diego Regional Chamber of Commerce strongly supports the transportation projects outlined in the draft 2050 regional transportation plan. This balanced approach serves the economic interests of our region. The RTP will reduce community times, offer transportation choices for more workers, improved goods movement, and provide better mobility for the visitors to our region.

The CSC will encourage the development of housing near transit. And the Chamber supports SANDAG's a incentives for planning and infrastructure included in the draft RTP to promote development in higher density areas located in proximity to transit.

We have been involved with this process and closely monitored. We appreciate the collaboration and accessibility to SANDAG and their staff, their information. And we support this plan.

We believe the 2050 RTP accomplishes the state of California's goals to reduce greenhouse gas emissions
while advancing our mobility goals for the San Diego region. We urge you to support your staff recommendations and thank you for your time.

CHAIRPERSON NICHOLS: Thank you.

Matthew Adams and Amy Mmagu and Bonnie Holmes-Gen.

MR. ADAMS: Good morning. Matthew Adams representing the Building Industry Association of San Diego County.

We are a 75-year-old trade association representing 700 member companies and a workforce of over 65,000 men and women.

San Diego and SANDAG was chosen to craft the first Sustainable Community Strategy because of its history and experience with regional planning that integrates land use and transportation. Frankly, they've been doing it for it became the thing to do. There is a lot of history here.

SANDAG's ability to analyze and forecast is unmatched. Whether we're talking about housing, population, transportation, or economic activity. The successful implementation of the SCS will result in the region meeting and exceeding the reduction goals in 2030 or in 2020 and 2035.

But as with any program, its success is going to
be dependent upon the commitment and the leadership of the policy makers charged with this implementation.

SANDAG was created to bring those policy makers to the table. We have 18 jurisdictions, the County of San Diego, and transit officials routinely meeting at SANDAG for the sole purpose of discussing regional planning. If there is any government structure that can pull this off, SANDAG will pull it off.

This new territory for all of us, and there's going to be bound to be differences of opinion. And there certainly were during the years of discussions on this policy. And I'm sure there will be more in the future.

But the fact remains that their analysis is sound. Their methodology is clear. And their goals are achievable.

The regulated community, which BIA is part of, appreciates the open, frank, and professional relationship established with SANDAG. And we respectfully request that you support their proposal as presented today.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Amy -- I apologize if I'm butchering your last name.

MS. MMAGU: Good morning, Madam Chair and members of the Board.
Amy Mmagu on behalf of the California Chamber of Commerce, as well as representing California Business Properties Association.

We would like to applaud SANDAG for their expertise and transparency while developing their sustainable community strategy. We would like to urge the Board to support this report that they have made, with conditional approval for it, to ensure the certainty for communities as well as businesses in California.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Bonnie Holmes-Gen and then Bruce Reznik.

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

Bonnie Holmes-Gen with the American Lung Association of California.

And the American Lung Association believes that this SB 375 process is extremely important, not only to reduce greenhouse gas emissions and meet our 2020 to 2050 goals, but also to achieve critically needed air quality and public health benefits.

We view ourselves as a partner with you in this effort, and we're pleased with all the work that's gone into this plan and is going into future SCSs. We see many positive elements in this plan, including the increased
commitment of funding for transit in this plan. And we believe that improving air quality in the San Diego region and the rest of the state is extremely important. The San Diego region still suffers significant numbers of bad air days. More than one in ten of the three million people living in San Diego suffer from lung disease and are especially sensitive to pollution episodes.

And we agree with the ARB staff assessment that this Sustainable Community Strategy is a good start.

At the same time, we do have comments on areas that need some additional work as we move forward. I think many of these have been mentioned just very briefly as noted in the staff comments and previous testimony. The increase in the greenhouse gas emissions in that 2020 to 2035 time period is troubling.

And we would second the comment that the SANDAG staff should find some additional strategies and explore ways to further reduce VMT and increase active transportation to get that trajectory going down.

We also believe it's extremely important in this plan and future plans for the MPOs to clearly show -- more clearly show how these specific reductions in greenhouse gas and pollution emissions are tied to each transportation land use strategy. I think that's an area for additional work.
And of particular concern to us is the need for public health indicators and performance measures. We would like to see more effort to clearly outline the public health performance measures to be used and how they will be monitored and evaluated. And there are new tools that are being developed in this area, which we're very pleased about. And I think that will have more information on those tools as we go forward for you.

And our organization is working with health groups around the state. We've developed a general set of health and equity indicators that we would like to be considered, including tracking of reductions in premature deaths and respiratory illnesses that can be achieved through increased active transportation and reduced dependence on vehicle. We hope to continue working with you on this very important area.

In closing, we are very excited about this movement under SB 375 toward more sustainable communities and more communities that are more walkable, bikeable, and have increased quality of life and increased health. We know this movement will mean reductions in lung diseases like asthma and other chronic conditions and reductions in obesity. We're pleased to continue partnering with you. Thank you.

CHAIRPERSON NICHOLS: Thank you.
Bruce and then Matthew Hargrove.

MR. REZNIK: Good afternoon. My name is Bruce Reznik, Executive Director of Planning and Conservation League.

I'm going to keep my comments this afternoon fairly general. PCL has been hugely engaged in this SCS, although it's certainly one of our goals to be more involved. But I certainly have a personal interest, having spent 12 years before moving to PCL in San Diego where Supervisor Roberts was my Supervisor in North Park, the urban core of San Diego, where I worked briefly at Sustainable --

BOARD MEMBER ROBERTS: You were supposed to say your outstanding Supervisor.

MR. REZNIK: My outstanding supervisor.

CHAIRPERSON NICHOLS: I was going to say we weren't going to hold it against you.

MR. REZNIK: No comment.

Onto the San Diego SCS, we do have serious concerns about the direction it takes San Diego.

I think even the most critical -- you know, the strongest critics of the plan will recognize there is a lot good in the plan. The problem is it's still too little and, more importantly, it's too late. You've already heard that mentioned.
The reason it's so important though isn't just that we're anxious and impatient we really want these transit projects. It's if you're front loading your highway projects and you're back loading your transit, you're making those transit projects more speculative. If you run out of money or political will, they're less likely to happen. You're also undermining the value even if they do occur, because if you already build out the highways and you already sprawl out, then you try to superimpose transit, it's not going to work. It's going to fail. You're not going to have the ridership number. It's critically important we front load these projects.

And frankly, you know, being on the other side of the Auto Club and BIA and CBIA is not really surprising. If they're up standing for this project, for this plan, it probably indicates it's a little more car friendly and sprawl-inducing than a group like PCL would be comfortable with.

So then the question is what do we do from here. I recognize -- we all recognize there is a lot of political pleasure to get this thing moving. It's the first plan. You've heard from all the other COGs about how important it is to get out there. There's a lot of political pressure because of SB 375. We all recognize that.
I would pause it though, it's more critical to get it right than to get it done. And the reality is this plan is going to set the future planning in San Diego. It is going to set the model and the base line for other SCSs throughout the state of California. And I think it is going to be the referendum on whether SB 375 fulfills its promise as being a transformation along California or not.

So I would encourage that we take a deep breath. We work further on this plan. I recognize it's going to come back in four years. When you're front loading these highway projects, that's a long time to wait and potentially a lot of damage done.

With that said, I would urge ARB to look at this, to try to get an early look at all the plans as was suggested, to push gently for the right types of plans. I would actually argue to push not so gently and use every measure that you can to make sure these plans do promote early transit, early active transportation, focus on the urban core, and we look forward to working with you on that plan at PCL.

CHAIRPERSON NICHOLS: Thank you.

Matthew Hargrove and then Stuart Cohen and Amanda Eaken. Is Matthew here? No.

I guess Amy spoke for the business properties as well. Okay. Stuart Cohen and then Amanda Eaken.
MR. COHEN: Good afternoon.

Stuart Cohen, Executive Director of TransForm, a nonprofit that is based in Oakland, but also working now statewide with an office in Sacramento. And we've been working on regional transportation planning trying to improve plans since 1997, starting in the Bay Area and now in other regions.

We've been working with a number of the non-profits that you've heard of -- that you've been hearing from in San Diego over the last year-and-a-half to try to improve the SANDAG plan.

I'm going to start with a little bit of a story of the Bay Area and some of the constraints we had especially kind of '97 and earlier in coming up with a really good RTP and then make that parallel over to what SANDAG is facing right now.

When we first came, our very first advocacy effort was to get MTC, which was facing intensely difficult odds. They didn't have enough money to really improve the transportation system enough. The base line land use scenario is for lots of sprawl. So every plan they did showed terrible outcomes: Increasing congestion, worse air quality. And we use that to say, yeah, unless you're changing the base line land use assumptions and then in parallel changing the transportation system
proposed, we're never going to be able to get scenarios
that really look different, let alone can really improve
things. That actually kicked off California's first smart
growth visioning process. They agreed to do that.

Once we got through the different land uses, we
realize though they were stuck on the transportation side.
How come? We've got a huge existing system out there
already. And then they considered 93 percent of the
investments in their 25-year-plan -- they were already
planned or some engineering had happened. We can't
reconsider those. We're going to play with seven percent
of the plan. Very little amount of money. Guess what?
There was no difference, even if you did the land use
right.

So over the years, MTC has realized the problem
with this. And that number has gone in the four
successive plans from seven to ten to 15. And now this
time, nearly 30 percent is discretionary.

SANDAG, I implore you that your recommendations
were excellent, that they should be in their next RCP
scenarios and they should be looking at doing different
transportation scenarios.

Their biggest problem now is that they are
constrained by TransNet, their 40 year sales tax that just
begin. So they don't want to go against it so quickly
after it was recently approved.

But they only had three percent of their plan was really discretionary. And so the existing system plus 97 percent of transportation is essentially locked in, unless they can reconsider Transnet.

So we are going to really recommend that as they redo RCP scenarios that they are doing visioning on transportation that doesn't have Transnet as a constraint.

Without that, we're going continue to get more of the same and more backsliding in the out years. Thank you.

CHAIRPERSON NICHOLS: Thank.

Amanda, you are the last witness.

MS. EAKEN: Chairman Nichols, members of the Board, good afternoon.

I want to echo the comments of some of the other folks and just thank your staff for their excellent hard work. And thank you for your leadership.

Again, my name is Amanda Eaken with the Natural Resources Defense Council.

I was just thinking on the way up, it's almost exactly one year ago today that you took the historic action of setting the first in the nation greenhouse gas targets for land use and transportation planning. And I think your actions today and the next couple of months
reviewing the first in the nation plan to implement SB 375 are going to be similarly precedent setting, be assured that there are folks watching what we do here around the country.

It's always tough to go a first. We recognize that, and we want to commend San Diego on some of the great steps they've taken toward sustainability. I want to highlight the 2.6 billion set aside for active transportation, which is about three percent of their plan and, you know, encourage some of the other regions that we are working closely with to take a similarly ambitious approach when it comes to active transportation and their plans, which maybe at this point not quite so ambitious.

And I want to also notice the 80 percent of housing set aside as multi-family housing, which takes a giant step in San Diego towards meeting the market demand for compact development. These are truly ambitious assumptions.

I'm sure it will come as no surprise to you we have some concerns with the plan. And the most significant -- and I'm not going to rehash what many have said -- is the backsliding. And we need these plans to go in the opposite direction, particularly as you on the Air Resources Board implementing AB 32 and you also have an eye on the 2050 target, that we need to make sure that SB
375 can make a substantial contribution to those 2050 targets.

SANDAG claims to meet the 2020 target handily, thanks to the economic projections, but then just barely makes the 2035 target. I think this is important to keep in mind. We need to be thinking what if the economy recovers. What if we're slightly more optimistic about economic recovery. And if we are just barely making that 2035 target, we think there may be some additional policies that makes sense to put in place in order to kind of give ourselves a buffer.

I just want to highlight two. They're summarized in that climate plan letter that was submitted.

One we think makes a lot of sense. And again, we're trying to be quite reasonable with these recommendations -- is just to front load some of that 2.6 billion for bike/ped activities in earlier years of the plan. SANDAG relies on increased mode share for walking and biking to meet the target, and yet needs to make that commitment of funding to make sure those assumptions are realized. And we think this is something they could very much do, and we want to see them make a commitment to make an early commitment for bicycle and pedestrian activity.

The second piece I want to say is we want to support your staff's recommendation in the RCP and in the
next RTP SANDAG do a much more comprehensive job of looking at land use and transportation integrated scenarios to help achieve the target.

We look forward to working with you the next time around. And thank you so much for your leadership.

CHAIRPERSON NICHOLS: Thanks for your comments and for all the input you've given us along the way.

That concludes the list of witnesses. And now it's time for some discussion by the Board.

I'd like to start the discussion actually by addressing the issue of what it is we're doing here and how we might be moving forward with these SCSs that we expect to see coming forward.

But before I do that, I just want to say a couple things about how remarkable this occasion is. I was really struck by Steve Heminger's comment at the beginning about what a bad time we've been in and how low people have been about prospects for doing anything, you know, at the government level, especially in the planning arena.

And you know, here we are in the midst of horrible economic times when governments are strapped for money everywhere, and we're seeing the business community, the builders, the chamber, as well as local governments coming forward and not whining, but actually supporting plans to reduce VMT.
This is astonishing. This is a huge change that we really ought to take note of, especially when we build on the fact that in this state it has been an absolute iron law that as population grows, VMT grows at about one and a half times the rate of population. That has been the case for as long as I've been working in air quality. And here we are talking about decoupling in the most really radical way the growth in our state and the growth in the economy from growth in emissions from the transportation system.

So while we're talking about ways in which this could be improved, and I agree there are ways in which this could be improved, I just want to really acknowledge both San Diego's leadership and all of the folks who have been here working in the trenches so hard to make sustainable communities a reality and not just an idea that we used to have out there on the horizon. This is really -- it's just terrific. I'm proud of all of us. That's all I can say. And thankful that we have a structure that seems to have helped unleash a lot of this work.

As far as what the ARB's role is in all of this, I'm not -- I'm one to be usually known for finding ways to stretch our legal authority, not to restrict it. Let me just say that I do want to remind us that our role here is
a limited one when it comes to what we do with the
demonstrations of whether people are complying or not.
And obviously there was some issues, especially in
the beginning, about what kind of demonstrations people
are going to have to make, what demonstrations they can
make about whether their plans are really going to meet
those GHG targets or not. And that is an area that I
think we need to focus on a lot.

But I also want to endorse Mike McKeever's
comment that ARB is not the only game in town when it
comes to working with local governments on improving the
sustainability of their land use and transportation and
housing plans, the Strategic Growth Council and other
agencies that are part of it not only have a role, but in
fact are taking a much more activist role than I think
ever. Certainly, it's all just really achieving a
stronger position in the last year or so.

But I think there is going to be a lot more
action on that front than just what takes place here. So
not to say we don't have a role, and I certainly don't
want to discourage any of us from getting involved in
these plans. But as far as the Board is concerned, I
think we need to be mindful of the fact that we do have a
limited role in all of it.

Now what we're doing here today, as I understood
this -- and there's been a little bit of difference in
what people have suggested here. We were receiving
information, giving input and expressing our views, not
necessarily adopting or approving the plan, because it has
not been adopted yet by the local government. There was a
suggestion at the beginning that we might conditionally
approve it, and there are people who are concerned that if
the Board doesn't act as a Board at every stage of the
process that this -- somehow we will be neglecting our
responsibilities or getting short shrift to SB 375.

Whereas again, I think the staff had been working
on the assumption that the Executive Officer could approve
these plans, and that the Board would have input in more
of a generic policy setting way. But I'd just like to
push that point a little bit further if I could.

Lynn, do you want to --

DEPUTY EXECUTIVE OFFICER TERRY: Sure.

Well, as we've said, we'll all learning. This is
the first time we've done this process. So we focused on
our legal responsibility, which is the quantification and
whether we accept or reject the NPO's determination that
they properly quantified the greenhouse gas reductions.

We took our usual staff approach was to develop a
technical methodology for performing that responsibility.

We put it out in the public forum, and we used that as the
basis to do today's report.

With respect to the timing issue, we were experiencing so much interest in this program and we understood the process, the resources that go in at the local and regional level and plan adoption, that it seemed that having information about the results of our technical analysis with respect to the quantification would be important information for the local governing boards to have before they took an action. And the law does not require that.

We suggested that as part of the public process it would be helpful to know whether or not the quantification that the NPO staff had put forward met ARB's methodology.

So that was really the purpose of today's briefing.

And then as the Chairman mentioned, there's the separate issue of the delegation to the Executive Officer to make the final determination.

CHAIRPERSON NICHOLS: Okay. Just to remind us, technically, under our statutes, the Executive Officer has the authority to do anything that the Board can do, unless we specifically take it away from him. So we wouldn't have to make any delegation formally for James to have this authority. We would just -- if we wanted him not to
have the authority, we would have to pass a resolution here saying, no, we want these all to come back to the Board.

I'm open for comments on anybody's part at this point. Yes?

BOARD MEMBER SPERLING: The name of the act is the Sustainable Communities Act of 2008. And I think it was passed because we don't have sustainable communities. And this has been brought up several times, whether you look at it from a health perspective in terms of the amount of money going into infrastructure, the accessibility, livability, affordability.

And so, you know, the good news is we're starting a discussion here. And that's what's good about -- that's what's really important here about -- at least at this point about SB 375 and this meeting.

I think we need real change. Ron Robert's started out with discussion talking about these other reasons. And climate change is not the most important reason or metric to do this. There are these others that are more important, frankly.

But the good news is that, you know, greenhouse gas reduction strategies to achieve it are aligned very well, almost perfectly, with all these other goals. And I think that's why we have a lot of credibility here and
people are engaging. And that's why with MPOs have come around to support the process.

But as Hasan Ikhrata said from SACOG, real change is only going to come when we change incentives and provide rewards to cities. And Supervisor Roberts was nodding his head very vigorously when he heard that. And you know, that's really what's important here. And I would urge us, us, the community, as well as ARB to be thinking very hard about how to create those funding streams. Part of it is changing transportation funding incentives so that cities are rewarded for reducing VMT as opposed to just the opposite.

Now, you know, another is the cap and trade that we ask the staff to put a report together to recommend to the Legislature or to suggest to the Legislature how the money be spent.

I would say a top priority should be to go to cities that are achieving real progress in achieving these goals.

And so, you know, SANDAG I think effort is -- it's moving in the right direction. I have a lot of respect for Gary Gallegos and his staff.

But in the spirit of nudging, I'm troubled by a really fundamental metric trend in the SANDAG region. And that is the change or the lack of change in mode shares --
in the different modes that are being used.

So I'm looking at the numbers here. And I see that between 2008 and 2035, according to the SANDAG modeling data, there is almost no change in car use. Transit goes from 2.1 -- this is number of -- percentage of travel by transit. We keep talking about transit. Transit goes from 2.1 percent, barely noticeable, to 2.5 percent over 25 years.

We look at walking and biking, that goes up a little bit, from three percent of trips to four percent. Basically, we're talking about no change, almost no change in travel choices.

And so the question is: Why is that? I think really the key to this is land use. And I think that's the real -- I don't know if I want to use the word shortcoming or failing or the critical issue is somehow there has to be much more engagement in the San Diego region in dealing with land use.

One of the other statistics is that the VMT -- the VMT per vehicle goes up. Goes up -- per trip goes up from 6.5 to 6.7 miles. Goes up. And so, you know, that only suggests that the land use is continuing to sprawl. And I think that the whole -- you know, the SB 375 was passed. People didn't know exactly what they wanted -- what the solution was. But they knew the problem was
there is a sustainability issue here.

And so I think our job here is to bring -- you know, to help SANDAG, help highlight this, and it's a huge challenge. And SANDAG can't solve it itself. This is a -- it has to work with the cities and counties and its engagement and it needs money. But it's not clear we're actually making progress here.

So that's kind of a little more depressing version of what the Chairman was saying.

CHAIRPERSON NICHOLS: Well, it's a glass half empty versus half full, I suppose.

BOARD MEMBER SPERLING: We're making progress in the conversation, and that's good. But it's not clear we're making progress in terms of the fundamentals.

CHAIRPERSON NICHOLS: Right. This is probably worthy of a long conversation, but there was an interesting story in today's L.A. Times of about similar issues, about mode splits in the southern California area, which made a point which I should have known before but never really focused on, that the commute times for people who travel in a single passenger car are shorter by a substantial margin than for people who commute by transit. And unless you can address that issue -- I mean, it's going to get a lot worse. It's going to have to get a lot worse before that changes. And, thereof, it's not just a
matter of building more lines or buying more buses. If the buses are all crawling along in traffic and people have to transfer three times to get to where they want to go, they're not going to use it, unless they absolutely have to. And we'll still continue to have a system that only serves a very small portion of the public. These are big, tough issues.

   Yes. We'll start with you, DeeDee.

   BOARD MEMBER D'ADAMO: So one of the things that I've kind of gotten confused by is how is it that this plan can be so wonderful on the one hand and so aggressive? A lot of comments about increased density and even a lot of the environmental stakeholders were applauding the plan for multi-family dwellings and that sort of thing.

   At the same time, see these figures that Professor Sperling just noted. And I think it all gets down to we need more information. We need better modeling. We need greater transparency.

   One of the things that concerned me was in a couple of these letters by some of the environmental stakeholders that the process was not transparent enough. And I understand that -- I can't remember which letter, but I think it was the Sierra Club letter that indicated that -- here we go. Sierra Club letter saying that the
refusal to release script files, raw data, which embodied
the agency's fundamental modeling assumptions were not
provided.

And so I think as we move forward it's important
not just to further refine these models, but to be
transparent. And hopefully that information will provide
the information that's needed, not just for the MPOs, but
for all the stakeholders to come in and engage in a more
direct way.

I also want to point out that one of the comments
that -- I think it was Bonnie Holmes-Gen made, and that is
it would be nice to have information with each strategy
that's developed in terms of the greenhouse emission
reductions. We need to see that for each strategy on the
land use side and then also on the transit side.

And ideally, I guess this is what conformity
budgets are all about, and maybe I don't understand it all
that well. But it would be useful to have the information
about what the cost is to attain these goals, in
particular on the transit side and what the funding gap
is. It's amazing that San Diego has its local share.
That's unusual. And now, of course, you can't get the
federal match. But --

BOARD MEMBER ROBERTS: Nor any help from the
state.
BOARD MEMBER D'ADAMO: Right. But hopefully times will change. Maybe we'll see Congress coming around eventually. You know, things are not going to be static. So I think it's important for us to have that information for each region so that we can overlay that on a State plan about what the funding gap is so that we can lobby Congress. When the State turns back around, maybe we'll be able to get some additional dollars from the state over to the local regions.

And then who knows. What about AB 32 funding and any possibilities there as well? So it's just important that we have that information.

So I know I started off by saying we should gently nudge. I think there is a lot of really good ideas that have been presented. But mostly, I get down to that we need better information so that we can have a more informed process as we go forward.

And onto the last point, on gently nudging, on slides 15 and 16, the staff report in terms of recommendations as far as going forward for improvement for future SCS development, I don't know if SANDAG has looked at these -- slides 15 and 16 -- looked at these in much detail, but it would be great if we could hear back from you as to whether or not you could commit to this more refined sensitivity analysis in the future. I think
that that would -- if you listen to what the stakeholders are saying, they pretty much wanted that in this round. And I understand we're running out of time. But in the next round, it would be helpful if you could commit to those improvements.

CHAIRPERSON NICHOLS: We're going to call SANDAG back up I think before we finish. But let's just move down the line. Are there any other comments?

BOARD MEMBER BERG: I just thought you'd like to go last.

BOARD MEMBER ROBERTS: Go ahead.

BOARD MEMBER BERG: I want to echo all the congratulations and thanks to SANDAG and as well as all the stakeholders. This is a tremendous undertaking. I really am a little bit on the fence as to where to go from here, because I'm feeling so the lack of information. So I think I'm going to refine my comments that I agree with my fellow Board members and where we're going and what we're trying to accomplish here. It's really quite a yoman's job.

But I'd like to also focus on what our Board is going to do. And I think one of the greatest contributions we can provide is to continue the open discussion, like hearing the plans and hearing the public
comments and being that facilitator between stakeholders as well as lending our expertise, our modeling expertise, bringing best practices to the other MPOs. And I think that's one of the great contributions that are -- important contributions that we can make.

So to that, if we decide that the Executive Officer will approve the plans, I still would like to know that we were going to hear each plan at some point so that we will know what's going on. And I would like that -- certainly, that you would come back -- staff would come back every time an approval is made and give a report to the Board as to maybe what changed between the time that we heard the update and the approval was given and what agreements were made as to how we would go forward.

As we look at this process, doing this process every four years, that, in and of itself, kind of feels like we might be doing a lot of planning. I hope there's some implementation in between that so we have a lot of work in front of us.

And I would like just to see the process to remain as open and transparent as we can make it and also be a leader in that facilitation to help this process get further defined, because we're in brand-new territory. And the Chairman said that, and each one of the Board members so far has echoed that. And I think that our part
in that brand-new territory can help fill the gaps.

So thank you very much, everybody.

CHAIRPERSON NICHOLS: So if I may, just to Ms. Berg's comment there, it sounds as though what she's suggesting -- and I think this is feasible. But I just want to double-check -- is that staff would report to the Board probably sort of in groups on the status of the upcoming plans. And then after the fact so that we have an opportunity for comment and anybody who really feels the need to come in and push for suggested changes can do so. And then after the fact, there would be some sort of a report, perhaps not a public hearing, but just a written report to the Board as to what actually happened, what occurred. I see nodding. Does that make sense to you.

EXECUTIVE OFFICER GOLDSTENE: Yes. I think that makes sense.

One of the challenges is we have 18 of these plans coming through every four years. So we have to find a way to make sure that we maintain the transparency and the public process that I think ARB is well known for and we are committed as staff to continuing to maintain, while also making sure the plans get approved so they can get implemented.

CHAIRPERSON NICHOLS: Well, we may need to come up with some sort of a workshop approach where there would
be perhaps not the full Board, but you know, a sub-group of the Board who could sit and get into more depth on the plans.

BOARD MEMBER BERG: Yes. I would agree, Chairman. I'm not suggesting that we need 18 individual agenda items on the Board. Maybe the MPOs could even come up with some suggestions on how to group. It could be a type of thing where we have a public hearing on an update and how things are going and just get people's feedback as we're progressing.

But I do think that a format of public comment from time to time keeping us abreast as to what the challenges are, where the needs are, where the successes are, quite frankly.

And I have found today very enlightening. So I would encourage that we continue this type of format. I'm not suggesting 18 different agenda items. I want to make that clear.

Thank you.

CHAIRPERSON NICHOLS: All right. One more.

BOARD MEMBER BALMES: Yeah, because I think Supervisor Roberts probably wants to go last.

So I'll try to make my comments brief, because I agree with virtually everything that my fellow Board members have said.
But I want to emphasize how important I think some of these issues are.

First off, I want to again congratulate SANDAG for their efforts here. They are first out of the block and have sort of the toughest job.

And I think there are a lot of real positives about the plan, especially one thing I learned about recently was I think part of the reason that there is enough money on the local level for the extension of the trolley line is it may be some money that was going to be used for I-5 lane expansion has been reallocated. Supervisor Roberts, correct me if I'm wrong about that.

Because I think that's a good move.

But I have to say I agree with Professor Sperling about the big issue. And I don't blame SANDAG. I don't blame Board staff for this either. But because we're in new territory. But I really think this is not enough in the long term. So we have to figure out -- as we go along in this process, we have to figure out better ways to both achieve our greenhouse gas emission reduction targets, but also the co-benefits that I was very impressed Supervisor Roberts so eloquently articulated in his opening remarks.

The transparency issue, which I think Ms. D'Adamo and Ms. Berg highlighted, I would further like to highlight. Because it's about sustainable communities and
unless you have community buy-in, I don't think it's going to be sustainable, whatever plan that gets come up with. So just would say further that whatever mechanism that we come up with, I do think the Board has to stay on top of this. I would like it to be efficient, not with 18 specific items, as Ms. Berg pointed out. But I think if we don't do our job, we'll never achieve that big picture improvements that Professor Sperling wants us to get to.

With that, I turn it over to --

CHAIRPERSON NICHOLS: Okay. Here we go.
BOARD MEMBER ROBERTS: I never like to be last. I don't know where you got that idea.

First of all, the model issue is a significant issue. And I think you're all aware this is not something that's going to get done in the next couple months.

And I think if you were to call Mr. Gallegos up to the microphone, you would get a commitment. But it's also something that we all have in commonality. There may not be a model that will work over all 18 areas given, some of the uniqueness of especially some of the real rural areas, but I think certainly in the major larger areas, we're going to benefit from one another's efforts. And we're going to establish activity-based modeling that's going to work.
But it's not going to happen this year and it's not going to happen next year. But it will be on line before four years. And we've set aside and already developed a work plan for that. But if you need a commitment for that, you get the guy who's job is on the line to make those kind of commitments.

CHAIRPERSON NICHOLS: We're going to call him up here.

BOARD MEMBER ROBERTS: And ask him.

There are a couple things. We need your help. I think I would say this, everybody in local government.

You know, it's easy to be at the State level and roll down these magnificent laws and then at the same time start takking the money away to help us achieve these things.

We have known for a long time that public transit was the key. And as I stated earlier in my meetings in Washington, we're going to get the money. But we know we have the money locally right now. We could start immediately. But it's almost a billion dollars for each partner.

But San Diego has gone even further. Not only have we set aside the money for the capital improvements, we've set aside the money for the operating expenses and the maintenance on those lines for the next 40 years. So,
you know, we're thinking ahead. We're trying to do a really good job. But we've lost a couple partners along the way. In the state of California, to approve this kind of law and at the same time start reducing us significantly in our transit funds is inexcusable. Inexcusable. But I'm not going to get into that.

We need your help, because what we're trying to do is win over the hearts and minds of the public. And we're trying to advance those numbers. And we're trying to advance that 2.1 to well beyond 2.5. And I'm confident we're going to do that. But I can't from a model standpoint show you that.

Let me share an anecdotal story that I think will help put some of this in perspective, because it shows to some extent the limitations of our planning and what's really happening on the ground.

In the 80s when I was still practicing architecture, one of the last projects that I did was down in Mission Valley. And it was the first genuine mixed use project in San Diego. And it was done for a major development company -- travel company out of Dallas. And it was done as a partnership with the property owner, the Hazard family. Long time family in San Diego. And Mr. Hazard when I suggested let's put a trolley stop on this property, because looking ahead, this is really going to
be very important.

And Mr. Hazard looked at how many square feet
does all that track take up? "You want me to give that?
That's millions of dollars. This is crazy. I'm not going
to do that." And we debated this for months. And finally
I don't know what turned him around, but he said okay. He
wanted to do this.

It was supposed to be on the other side of the
river, and we were volunteering on this major piece of
property we'll take the trolley through and put a trolley
stop in.

We built this project out. You know what build
it out means. You put the parking in. You put the movie
theaters in. You put all the commercial in. You put the
office buildings in, and you put the hotel in. It was
built out.

And one of the things that I had always been
concerned about then, I thought we could have done the
density higher in the residential. It was residential on
the property also.

But it was like, okay. That's maybe a little too
forward looking. We're going to build this low-rise
stuff. It's high. It's multi-family connected. It's not
low rise. But it was relatively low rise.

Well, today, right now, a developer is going to
plunk down on top of that project two major condominium projects with several hundred more units in it. And what we found, we've got enough parking to do that. And we've got the trolley station there to do that.

That doesn't show up in the zoning anywhere. Doesn't show up in any future planning. It's going to make a huge difference.

I guess what I'm saying as we build this infrastructure, as we establish these stations, a couple things happen. We get into areas of people who haven't been using transit who become advocates for transit. These are just people who are out there who haven't really had a convenient way to access the system. So every time we can expand -- and that's why the line I was talking to you about earlier. That's why things like that I think are so important. It helps create more people who maybe see the world as some of us do and I think many of you here do and what we would like to see happening.

It also takes all of the students -- it's going to connect with UCSD -- who are advocates but can't really take advantage of it. They probably become life-long strong advocates, because then they can experience it firsthand.

It's what we've seen in San Diego State when we established a line there where we were like going up -- we
many fold over increased the ridership along that line. And this is why I'm confident and optimistic. When I started, I said we gave you a very conservative look. The one thing I would say unequivocally nobody is challenging, we are meeting the goals. When I hear about this backsliding and all this, you know, that's based on a view of the world that's kind of negative.

And I guess I'm more optimistic because I'm experiencing daily that we are becoming far more urban in San Diego. You've noticed the differences downtown. But the differences in Mission Valley and the differences in the university city area -- La Jolla with a very high density with huge job generation. We're trying to move people from the South Bay into those jobs. And transit is the key.

So if you would bear with us, and if you'd give our Executive Officer the discretion and allow him to -- don't take away his discretion. We're going to hear -- we're going to have some more meetings for each of those plans probably to get a basis.

But I really expect that you will see that the relationship between your staff and each of these groups is going to make it a success. But you can't just impose it blindly. And we do need to educate and bring people.

And we need to find the financialing tools.
Okay. Money is a key. I mean, we're sitting on a lot of money for public transit in anticipation when we started this whole and when we promised the voters what we were going to do, you know, we've got a constrained plan that we look at. And we've got an unconstrained plan. We can't tell you we're going to be able to do the unconstrained plan, because it says where does all this money come from? Here's what we would like to do, but we have to have the money for it. That's how we do our planning.

I will guarantee you that you will see not just in this current plan, but in four years from now, you're going to have something that I think will continue to lead the rest of the state.

In spite of the admonitions I heard about air quality, we have improved our air quality every single year. And it's the cleanest in my lifetime right now. Doesn't mean we don't have to keep going. It means we still have a lot of work to do. I know for every one of those little kids that's out there with asthma, there is a whole bunch of us that are committed to doing that.

CHAIRPERSON NICHOLS: Well, thank you.

BOARD MEMBER ROBERTS: I don't know if that's a long-winded message.

CHAIRPERSON NICHOLS: It's actually a very
passionate message. I think San Diego -- I really mean this sincerely -- is very fortunate to have so many people who are committed, you know, to engagement here at the civic level. And you have a COG, which is an MPO which is compact enough and able to bring together the community in so many ways and really move forward quickly, which is why we're here first dealing with San Diego. So I thank you for those comments.

Gary, I think let's just focus on the three things that seem to be the ones that people are the most concerned about. And I'll just tick them off. The model -- to get a model which is more capable of reflecting the greenhouse gas reductions from the SCS. I personally don't believe that models -- maybe I'm wrong. I'd be happy to be wrong. I think it's unlikely we're going to ever get a model that will show you that putting a traffic light at 5th and Main is going to get you any greenhouse gas changes one way or the other. I think we'll be lucky if we can get models that show us what whole groups of strategies working together will do.

But you are, I know, planning on making improvements in the model. We just want to make sure that's on track and that's what you're planning to do for the next round.

MR. GALLEGOS: Madam Chair, I would unequivocally
say that we do have an activity-based model that's under
development. These models are not something that you run
down to Microsoft and you buy one and plug it into your
computer. And I think these activity-based models have
the benefit that we were able to go down to the parcel
level rather than the zonal model we have today which
relies on zones. So I think we're going to see better
information.

We're on track to develop that model. I think
there's been a question of transparency. The new activity
based model that we're developing will be open source,
open code --

CHAIRPERSON NICHOLS: That is my second question.

MR. GALLEGOS: -- so that Everybody is going to
have a whack at it and see how it works. And our plan is
to have that model in place for the next update of the
RTP.

I do believe, though, that it's probably
important to manage expectations. Just because you go get
a better model, that's not going to get necessarily a
better answer. I think we're going to need more tools to
see where we're at. We're totally committed to doing
that.

I would also share with the Board we're pretty
responsible in that a lot of the model is also being
developed. We want to make sure it works before we turn off the old one and not just come and say, hey, look at my new model. And we're ready to go, and find out it didn't work. We're on schedule, on task. The Board has adopted a budget that has the funds and the time schedule to have that done before we update our next model.

CHAIRPERSON NICHOLS: Thank you.

Well, the ability for the public or interested groups who are capable of doing it to look inside the model itself I think is really key.

And then the last one, which is not just about modeling, but it was also a point that I think was made by Stuart Cohen and others is the need to also engage in looking at some alternative land use scenarios here. Because it's not just about the mode split. It's also about what you're doing with your land use. And you will be doing a plan update.

Are you going to be able to also at that point try to take a look at some different scenarios?

MR. GALLEGOS: We expect to do that as part of the update of your regional comprehensive plan, which is a broader plan. But you know, the San Diego way, if I can characterize it that way, is we engage all our 18 cities and the county and the land use piece. I think Supervisor Roberts just highlighted -- and the County of San Diego is...
an example. In the update of their general plan, they down-zoned 30,000 parcels. We will continue to do some of that scenario planning.

But I think one of the challenges that we face in urban California, we've got three million residents living in San Diego County today. We're forecasting that's going to -- by 2050 it's going to grow by a million-three. We're going to have an ability to change what happens in that extra million-three that comes. But, you know, we're not going to erase Escondido and move them someplace else. Those some of the challenges we have, and we are committed to doing that as part of the RCP.

I would share with the Board that that's something that is a course of action and a practice that San Diego has followed is to look at those scenarios. And we did that at the risk of maybe trying to sort out some of the confusion in terms of Board members asking where are the scenarios at today. We did that even with this Board at the point where we were doing target setting. That's where we looked at a bunch of scenarios for us to be able to advise you as to what targets we might be able to meet.

And a lot of that scenario stuff that's happening has happened and it's happened back home with our Board of Directors and in public meetings and in a public setting,
which is why we're in to almost full employment act of the planners. We finish one plan and we start update of the second plan, because a lot of that does happen. But it happens at the local level. And what we're bringing you today is our plan as a result of that. And we believe that plan meets the targets.

    CHAIRPERSON NICHOLS: Thank you.

    I think, Mr. Goldstene, you've received quite a bit of direction from the Board at this point.

    Do you feel --

    MR. GALLEGOS: Madam Chair, could I have one quick second? I thought the mode charts that were highlighted, I think they prepared -- and this is right out of the plan. So I'm taking work trips during the peak period, which is where the demand is highest. Transit share. If you look at 2008, existing 6.1 percent. We do nothing, it goes down to 5.2 percent. Under our revenue constrained planned at 2020, we grow that to 8.6 percent. 2035, we grow it to 10.7 percent. And at 2015, we grow it to 11.1 percent, almost a doubling of the mode share on transit during the peak of the peak when the demand is the highest.

    So I just thought it was important we clarify that, because I'm not sure where the other numbers came from, but this comes right out of the plan.
BOARD MEMBER SPERLING: Just for the record, I was using all trips. Not commute trips. The statistics that I was --

MR. GALLEGOS: And I think we got to be careful about how we use the numbers, because I mean, it's pretty easy to get anywhere in San Diego in the middle of the night. But it's a lot tougher to get where you want to go during the peak of the peak.

CHAIRPERSON NICHOLS: All right. We'll take you guys take this one outside.

(Laughter)

CHAIRPERSON NICHOLS: Mr. Goldstene, are you prepared to wrap this up?

EXECUTIVE OFFICER GOLDSTENE: Yes. Thank you. That was a very helpful discussion. We, as staff, feel like we have Board direction on how best to move forward. I think the Board, as usual, and staff here at ARB are committed to it, as open a process as possible. We'll continue to work with all the MPOs at the staff level and nudge them gently and actually sometimes not so gently to keep things moving in the right direction. And we'll keep the Board informed.

And as the Board wishes, we can decide how to proceed in terms of how we bring each plan to the Board to make sure that the Board is informed regularly on what's
going on. And then we can discuss further the idea of
even holding workshops that we have done successfully in
the past. That might be a way of also getting information
to the Board and to the public so we can have a
discussion.

The SCAG item is going to be extremely
complicated, and that might be one that would be ripe for
a workshop style forum if we want to do that.

CHAIRPERSON NICHOLS: I think that's a good
suggestion.

All right. We have two regulatory items left on
our agenda, but I think we should take a lunch break
before we do them. So we will try to be back at 2:00.

(Whereupon a lunch recess was taken.)
AFTERNOON SESSION

1:57 p.m.

CHAIRPERSON NICHOLS: We still have a few Board members finishing up lunch in the back, but they can still hear us. So I think we should get started on the next item, which is the proposed amendments to the enhanced vapor recovery certification and test procedures.

This is a program that has been on the books since 1975 -- is that really right -- which we have amended a number of times over the years trying to get as many additional emissions reductions as we can through adopting new performance standards, as well as to constantly work to improve and clarify the certification and test procedures. So this is the latest round of updated amendments here.

And I will ask Mr. Goldstene to introduce the item.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman Nichols.

In 2000, the Board approved enhanced vapor recovery, or EVR, regulations which established new performance standards and specifications for vapor recovery systems installed at gasoline dispensing facilities or service stations.

Today's proposed amendments to the EVR
regulations serve to address an industry concern regarding
the effective date of new performance standards adopted by
the Board. The new effective date would be key to the
certification date of the new equipment, instead of being
established at the time of regulatory adoption.

In addition, you'll hear staff's proposal to
reduce emissions by limiting permeation from dispensing
hoses.

Staff is also proposing a number of amendments to
the certification and test procedures that will improve
clarity and flexibility.

I'll ask Scott Bacon from our Monitoring and
Laboratory Division to present the item. Scoot.

(Athereupon an overhead presentation was
presented as follows.)

AIR POLLUTION SPECIALIST BACON: Thank you, Mr.
Goldstene. And good afternoon, Chairman Nichols and
members of the Board.

My name is Scott Bacon. I'm an Air Pollution
Specialist with the Monitoring and Laboratory Division
Vapor Recovery Certification Section.

I'm here to present proposed regulatory changes
to the enhanced vapor recovery program for gasoline
dispensing facilities.

Joining me is Jason McPhee, who is the lead staff
person for the low permeation hose portion of today's proposal.

I'll start the presentation with a brief overview of the vapor recovery program. Then I will discuss the specific changes being proposed today.

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AIR POLLUTION SPECIALIST BACON: California's first regulations to control vapor emissions at gasoline dispensing facility, or GDF, were adopted in 1975. Those regulations have been amended many times over the past 36 years.

Significantly, a set of standards and specifications, known as enhanced vapor recovery, or EVR, was adopted by the Board in 2001. ERV includes stricter performance standards, which reduced emissions as compared to the technologies in use at the time.

EVR also includes improvements to ARB's certification and test procedures as well as in-station diagnostics to provide real-time monitoring of vapor recovery equipment performance in the field.

EVR requirements for fueling facilities with underground tanks were phased in from 2001 to 2010. EVR for fueling facilities with above-ground thanks was approved by the Board in 2008 and is currently being phased in.
AIR POLLUTION SPECIALIST BACON: The EVR program has a large impact on statewide emissions. Overall, statewide reductions from the vapor recovery program are estimate at 372 tons per day of reactive organic gas. Of that, 25 tons per day reduction results from the improvements for enhanced vapor recovery.

AIR POLLUTION SPECIALIST BACON: The statewide emissions reduction is equivalent to saving about 120,000 gallons of a day of liquid gasoline, which is roughly equivalent to the amount of gasoline carried by 15 delivery tanks. This reduction is accomplished by controlling emissions during the transfer of fuel from the delivery truck to the dispensing facility's storage tank, which is referred to as Phase I vapor recovery and by controlling emissions during the transfer of fuel from the storage tank to the vehicle, which is referred to as Phase 2 vapor recovery.

AIR POLLUTION SPECIALIST BACON: This chart provides some perspective on the size of reactive organic gas emissions reductions associated with vapor recovery when compared to other ARB control measures for the south coast air basin. Vapor recovery is one of the largest
reactive organic gas control measures.

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AIR POLLUTION SPECIALIST BACON: Based on the brief background I've provided, you can see the EVR program has a long history and makes a significant contribution toward reducing emissions of reactive organic gas. Now, I'm going to detail the regulatory changes that are currently being proposed.

First, in response to requests from industry representatives, we are proposing a clarification to statutory language that allows existing gasoline dispensing facilities four years to upgrade their equipment to meet newly approved standards.

Second, we are proposing a new permeation standard for hoses used for fuel dispensing.

And finally, since the rulemaking process is being undertaken for those two substantive changes, we are also taking the opportunity to include several minor administrative changes to our EVR certification and test procedures.

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AIR POLLUTION SPECIALIST BACON: I will now provide some detail on the proposed changes to help clarify the four-year time frame for upgrading equipment at existing gasoline dispensing facilities.
This change was specifically requested by industry to help them better plan for any upgrades to vapor recovery equipment that may be required in the future.

Currently, whenever a new performance standard is adopted, it is assigned an effective date by ARB. California statute allows four years from that effective date for all existing facilities the upgrade to the new standard. The effective date is forward looking, requiring ARB to estimate when new equipment might be commercially available and certified for use.

This approach has been problematic in cases where it took longer than expected to develop and certify ERV systems. Delays and changes to the effective date make it difficult for facilities owners to accurately plan for upgrades.

The California Independent Oil Marketers Association, or CIOMA, communicated to us that addressing this issue for any future changes to ERV was a high priority for their members. We've responded to their request with today's proposal, which would define the effective date as the date when the first system is certified to meet a new standard or certification. This will eliminate the possibility that the effective date could occur before any system is certified. It will also
ensure that all existing facilities will have a full four years from the first equipment certification date to upgrade their existing equipment.

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AIR POLLUTION SPECIALIST BACON: This proposal will apply only to standards and specifications with an effective date after January 1st, 2012. ARB will maintain a list of the effective dates based on when equipment is certified. In order to clearly communicate to the regulated community, that list will be posted to ARB's vapor recovery website and distributed electronically to our interested parties each time it is updated.

This proposal also includes a mechanism to deal with cases where the certified system is not compatible with a specific type or category of GDF. If ARB determines that the certified system is incompatible with a certain type of GDF, the effective date for upgrading that type of GDF will be delayed until a compatible system is certified. Again, this change is being proposed in response to input from industry.

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AIR POLLUTION SPECIALIST BACON: Now that we've covered the four-year clock proposal, I will move on to discussing the next part of the proposed regulation, a permeation standard for hoses at gasoline dispensing
facilities.

Currently, ARB certifies hoses at GDFs to meet a variety of performance standards such as pressure drop and liquid removal. Hoses are tested and certified for their ability to recover vapors during vehicle fueling. There is currently no standard for permeation.

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AIR POLLUTION SPECIALIST BACON: GDF vapor recovery hoses have a coaxial design for two separate pathways: One for carrying liquid fuel to the vehicle, and the other for returning displaced vapor from the vehicle to the GDF tank. Some of the gasoline in contact with the outer wall can permeate through the wall, resulting in hydrocarbon emissions to the atmosphere.

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AIR POLLUTION SPECIALIST BACON: We are proposing to adopt a permeation limit of ten grams per square meter per day as determined by underwriter's laboratory test standard UL 330. UL 330 is a consensus standard developed by a panel of experts representing manufacturers and regulators. The panel included significant participation from ARB staff. Today's proposed permeation limit would be applied only to GDF hoses that carry liquid against the outer hose wall, like the vapor recovery hose shown in the previous slide or conventional fueling hoses with only a
liquid pathway.

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AIR POLLUTION SPECIALIST BACON: CARB staff has
performed several GDF hose permeation tests over the
course of developing today's proposed standard. In these
tests, the permeation rate was determined by filling the
hose with gasoline and weighing the hose over a period of
time to determine weight loss.

This slide shows the method used for storage and
weighing of the hose. Similar tests were conducted by UL
while developing their standard.

Results from tests of existing hoses provide the
basis for our uncontrolled emissions estimates. Testing
was also conducted with low permeation sample hoses
provided by various manufacturers. These hoses include an
additional barrier layer that serves to inhibit fuel
permeation. The results of tests on low permeation sample
hoses provided the basis for the new UL permeation
standard, which is identical to our proposal.

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AIR POLLUTION SPECIALIST BACON: In addition to
the positive results of our in-house testing, we are
confident that the feasibility of low permeation hose
technology, because it is already being applied in other
product categories that CARB regulates, such as small
off-road engines and low emission vehicles. We expect that hose manufacturers will be able to transfer the existing low permeation barrier technologies used in those applications to fuel dispensing hoses.

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AIR POLLUTION SPECIALIST BACON: Staff estimates that the proposed low permeation hose standard will effect 66,000 hoses statewide, which is approximately 68 percent of all gasoline dispensing hoses used in California. Upgrading those 66,000 hoses to meet the new permeation standard will result in an emissions reduction of approximately one ton per day.

   Based on input from hose manufacturers, the cost of affected hoses is expected to increase by one dollar per foot, or ten dollars for a typical ten-foot hose used for fuel dispensing.

   The value of gasoline saved due to lower permeation over the anticipated two-year life of the hose would more than offset the increased cost, resulting in an overall savings of nine cents per pound of emissions reduced.

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AIR POLLUTION SPECIALIST BACON: In addition to the proposals on the four-year clock and gasoline dispensing hose permeation, we are also proposing several
minor administrative changes to the current EVR certification and test procedures.

Because the EVR regulations are open for amendment, we are taking the opportunity to improve the language within our certification and test procedures. The proposed administrative amendments and regulatory cleanup will affect existing procedures that are primarily used by ARB staff during evaluation and certification of new EVR equipment. There are no significant policy implications and no significant effects on stakeholders or the regulated community, so these amendments will not be presented in detail in this presentation.

However, each proposed cleanup and administrative change has been fully explained within the staff report and is open for public comment.

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AIR POLLUTION SPECIALIST BACON: Having covered today's proposed amendments, I would like to take a moment to mention some additional vapor recovery changes that we'll be bringing you in the future.

First, we've identified occurrences of some unwarranted alarms in in-station diagnostic system, which result in unnecessary service calls to dispensing facilities. We have already taken administrative steps to reduce the impact of these items. We are now evaluating
the cause and frequency of these alarms, and we will return to you with solutions next year.

We will also look for opportunities to refine existing field test procedures which are used for compliance testing. Our goal is to make these procedures simply and easier to use.

Staff also recognizes the need to reconcile our current EVR program with the increased presence of vehicles equipped with on-board re-fueling vapor recovery, or ORVR, since these ORVR systems are designed to control the same vehicle refueling emissions as Phase 2 vapor recovery systems.

As you can see, there will be a number of future changes to the vapor recovery program for the Board to consider. We will continue to work with industry and the local air districts to improve the program.

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CHAIRPERSON NICHOLS: Thank you. Any further comments, Mr. Goldstene?

EXECUTIVE OFFICER GOLDSTENE: No. We don't have of any further comments.

CHAIRPERSON NICHOLS: Seems pretty straight forward.

I see there is only one witness, but we will hear from Will Barrett.
MR. BARRETT:  Good afternoon.  Will Barrett with the American Lung Association California.

We do appreciate staff's work to clarify the regulations and your willingness to continue to look for new avenues for cost-effective emission reductions.

We also appreciate your work with the diverse underwriters laboratory panel that helped to inform the development of this new proposal.

And just briefly, we do support the proposed amendments specifically support the permeation limit for hoses -- fuel dispensing hoses.  We feel this proposal provides a significant level of emission reductions at a low cost.

It's an important new tool for our ongoing efforts for cleaner air and better public health in California.

We do support the new limit for fuel hoses and urge the Board to adopt this cost-effective proposal that will clean the air and save consumers money.

Thank you very much.

CHAIRPERSON NICHOLS:  Thank you.

If there is no further comment, I want to congratulate you on having succeeded in getting this thing to the point where we don't have anybody who is complaining about it.  I'm not sure what that means.  It
may be a historic first.

BOARD MEMBER RIORDAN: Madam Chairman, I would certainly support and would move the approval of the motion. And maybe what it is is, you know, when you can make an improvement and you have cost savings that will pay for it --

CHAIRPERSON NICHOLS: That would seem like a no-brainer.

BOARD MEMBER RIORDAN: Just a wonderful opportunity.

I would move Resolution 11-29.

CHAIRPERSON NICHOLS: Thank you. Do we have a second?

BOARD MEMBER YEAGER: Second.

CHAIRPERSON NICHOLS: All in favor, please say aye.

(Ayes)

CHAIRPERSON NICHOLS: Done. Thank you.

While the team for this rule are coming forward, this is another set of amendments to an existing rule. This is the one relating the mobile cargo handling equipment at ports and intermodal rail yards.

And part of -- I didn't ask if anybody had any ex partes on the last rule. I trust nobody did. Okay. I think there may be some on this one. I have one.
This is on the mobile cargo handling equipment and it relates ports and rail yards. So there is always interesting issues when we get to ports and rail yards. And we are continuing our efforts to try to reduce emissions at these facilities.

But at the same time, this set of amendments is before us, because we also are trying to give flexibility to those who have to comply.

So with that, I'm ready to turn it over to the staff.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman Nichols.

Today, we're proposing amendments to the regulation for mobile cargo handling equipment at ports and intermodal rail yards. These amendments will help ensure that the regulation continues to achieve significant cost effective emission reductions.

As you know, these facilities are often located in densely populated areas, exposing residents to unhealthy levels of pollution.

The primary purpose of the proposed amendments is to provide additional flexibility to cargo handling equipment owners and operators, while continuing to reduce emissions of diesel PM and NOx to maintain the anticipated emissions reduction benefits of the regulation and to make
clarifying changes.

I'll ask Kirk Rosenkranz of our Stationary Source Division to make the staff presentation.

(Thereupon an overhead presentation was presented as follows.)

AIR POLLUTION SPECIALIST ROSENKRANZ: Thank you, Mr. Goldstene.

Good afternoon, Madam Chairman and members of the Board.

Today, I will be presenting staff's proposed amendment to the regulations for mobile cargo handling equipment at ports and intermodal rail yards.

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AIR POLLUTION SPECIALIST ROSENKRANZ: Shown here are the topics I will be discussing today. I will begin by providing a brief overview of the current regulation for mobile cargo handling equipment at ports and intermodal rail yards for the regulation.

I will then discuss the proposed amendments of the regulation and the impacts of those amendments.

I will discuss staff's proposed 15-day changes to the proposed amendments, and I will then discuss the future activities related to the regulation and conclude with a summary and staff's recommendations.

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AIR POLLUTION SPECIALIST ROSENKRANZ: First, I will give a brief overview of the current regulation.

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AIR POLLUTION SPECIALIST ROSENKRANZ: The regulation for mobile cargo handling equipment at ports and intermodal rail yards was approved by the Board in December 2005, and implementation began in January 2007.

The regulation establishes best available control technology for new and in-use cargo handling equipment, or CHE, operating at California's ports and intermodal rail yards. The regulation also includes recordkeeping and reporting requirements for CHE owners and operators.

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AIR POLLUTION SPECIALIST ROSENKRANZ: This slide provides an overview of requirements for new and in-use CHE.

CHE can be divided into two categories: Yard trucks and non-yard truck equipment. Over half of all cargo handling equipment are yard trucks. Yard trucks are tractors that move cargo containers within the terminal or intermodal rail yard boundaries. There is a picture of a yard truck on a later slide. These vehicles produce over half of the emissions from CHE. The new and in-use requirements for yard trucks are more stringent than for non-yard trucks and require either on-road engines or
off-road engines meeting Tier 4 final standards when they become available in 2014 or 2015.

Non-yard truck equipment include both container handling and bulk handling equipment, such as rubber tire gantry cranes, loaders, and dosers. Pictures of these equipment can be found throughout the presentation.

New non-yard truck equipment must be equipped with an engine meeting the current on-road or off-road standards. And if not Tier 4, must be retrofitted with the highest level verified diesel emission control strategy, or VDECS, within one year of purchase, lease, or rental.

Additionally, there is a phase-in schedule for in-use yard trucks to be replaced with new and for in-use non-yard truck equipment to be either retrofitted with the highest level VDECS or replaced with new engines that meet new, cleaner engine standards.

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AIR POLLUTION SPECIALIST ROSENKRANZ: The cargo handling equipment regulation is anticipated to reduce cargo handling equipment PM emissions by 85 percent and NOx by 75 percent by 2020. The proposed amendments to the regulation will maintain these goals.

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AIR POLLUTION SPECIALIST ROSENKRANZ:
Implementation of the CHE regulation has resulted in significant benefits over the last five years as in-use equipment has been brought into compliance with the regulation and the new cleaner technologies have been introduced, as shown in this slide.

These cleaner technologies include hybrid equipment, as well as electric yard trucks, which are currently in the development and demonstration phases.

ARB has requested authorization from the U.S. EPA to enforce the in-use and retrofit provisions of the regulation. Despite lacking U.S. EPA authority, compliance with the regulation has been high and has resulted in significant emissions reductions at California's ports and intermodal rail yards.

As a result of this regulation, CHE are required to meet very stringent requirements, at least five years earlier than similar off-road equipment that are subject to the in-use off-road equipment regulation.

During regulation implementation, staff has recognized opportunities to improve the regulation.

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AIR POLLUTION SPECIALIST ROSENKRANZ: There is a picture of a yard truck light there. I would like now to discuss staff's proposed amendments to the CHE regulation.

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AIR POLLUTION SPECIALIST ROSENKRANZ: During the first years of implementation, staff has recognized opportunities to provide some additional compliance flexibility for CHE owners/operators while maintaining the anticipated emissions reductions. Additionally, there was opportunity to clarify the regulatory language.

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AIR POLLUTION SPECIALIST ROSENKRANZ: The implementation issues we are addressing with the amendments are summarized on the slide. I will discuss these in the following slides.

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AIR POLLUTION SPECIALIST ROSENKRANZ: We are proposing to add flexibility for low-use specialty equipment that operate less than 200 hours annually and equipment for which VDECS are not yet available.

Equipment that operate less than 200 hours annually would be eligible for two one-year compliance extensions, and equipment for which there are no VDECS available would be eligible for an additional two one-year compliance extensions. These are time limited extensions and not exemptions.

The proposed amendments also provide additional flexibility to promote the development and use of cleaner technologies.
AIR POLLUTION SPECIALIST ROSENKRANZ: Staff is proposing two amendments to ensure that the anticipated emissions reductions with the regulation occur. These include an amendment to require transitional Tier 4 engines certified to less stringent standards to be retrofitted with highest level VDECS available within one year of purchase, lease, or rental and initiating a CHE opacity-based monitoring program which I will describe in the next slide.

AIR POLLUTION SPECIALIST ROSENKRANZ: The proposed opacity-based monitoring program would require cargo handling equipment to be monitored for exhaust opacity on an annual basis. This program would be similar to ARB's heavy-duty diesel vehicle smoke inspection program for heavy-duty diesel trucks and buses. The amendment includes a phased-in schedule and would require that equipment that exceeds established limits be repaired prior to being put back into use. The limits established are based on a correlation developed by ARB staff.

Limits for retrofitted engines would be those established by the VDECS manufacturers for the product installed on the engine.
Retrofitted equipment could be tested when a VDECS was removed for cleaning or inspection. All other equipment, including certified engines with an engine integral diesel particulate filter, would be tested as normally operated. There would be no need to remove any original exhaust after-treatment control equipment prior to opacity testing.

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AIR POLLUTION SPECIALIST ROSENKRANZ: The rural small port exemption addresses a request from the North Coast Unified Air Quality Management District to exempt equipment operating at the port of Humboldt Bay from the CHE regulation.

The Port of Humboldt Bay primarily serves the local lumber industry. As a result, the port only receives one or two wood chip and log barges per month.

The exemption would apply to ports located at least 75 miles from the nearest urban area with an annual average throughput of less than a million tons. The Port of Humboldt Bay would be the only California port eligible for this exemption.

The exempted equipment would be subject to the in-use off-road equipment regulation. In addition, there is a provision to trigger the CHE regulation requirements if the port's throughput exceeds the specified limit.
AIR POLLUTION SPECIALIST ROSENKRANZ: Staff is also proposing amendments that would modify existing definitions and add definitions to clarify intent.

AIR POLLUTION SPECIALIST ROSENKRANZ: I will now like the provide information on the predicted impacts of the proposed amendments.

AIR POLLUTION SPECIALIST ROSENKRANZ: The current CHE regulation is estimated to result in approximately 600 tons of PM reduction and 8,000 tons of NOx in the 2012 through 2020 time period. When compared to these reductions, the net environmental impact of the amendments is an additional five percent reduction in diesel PM emissions and a slight, about two percent, reduction in NOx benefits.

However, staff is proposing 15-day changes that provide opportunities to achieve additional NOx benefits. I will discuss the proposed 15-day changes shortly.

ARB staff will monitor the reductions achieved by the regulation through the regulation's reporting and recordkeeping requirements and updates to the off-road model.
AIR POLLUTION SPECIALIST ROSENKRANZ: Staff has determined that there are both costs and cost savings associated with the proposed amendments with an overall net savings of one to $2 million over the next ten years. The basic cost effectiveness of the CHE regulation remains the same as originally estimated.

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AIR POLLUTION SPECIALIST ROSENKRANZ: Staff is proposing modifications to the amendments in response to comments during the 45-day public comment period. If approved in concept by the Board today, these modifications summarized on this slide would be further developed and released for a 15-day public comment period.

Some comments encourage ARB to strengthen its support of the introduction of zero and near zero technologies in CHE fleets. In an effort to encourage the introduction of ultra clean technologies at ports and intermodal rail yards, staff is proposing to following changes:

Allowing yard trucks to be included in alternative compliance plans. This provision would provide opportunity for operators to benefit by stepping out and acquiring these emerging technologies.

Also, owners or operators who apply for an additional years of the no VDECS available compliance
extension would be required to install, where feasible, electric or hybrid equipment.

In support of this, ARB will be conducting a CHE technology assessment of zero and near zero emission technologies as part of ARB's broad strategy to develop a more efficient freight transportation system. This assessment will include an evaluation of cost effectiveness as well as feasibility and is planned to occur next year.

Equipment seeking the third extension year prior to the technological assessment would be able to obtain a one-year extension. However, once the assessment is concluded, future extensions would be structured to encourage and incentivize ultra clean technology in conjunction with the extension.

Other changes proposed by staff as shown on this slide include restricting the dirtiest engines from receiving the third or fourth no VDECS available extension year and exempting equipment four years old and newer from the opacity monitoring requirement.

Also, based on a recent informal comment, we suggest adding a regulatory provision requiring engine sellers to disclose to purchasers of CHE engines certified to the Tier 4 family emissions limit alternative PM standards that the engine is subject to retrofit.
requirements.

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AIR POLLUTION SPECIALIST ROSENKRANZ: In closing, staff will continue to monitor the development and use of cleaner technologies on CHE and has committed to hold periodic technical meetings with the different stakeholders to discuss progress and ongoing CHE technical issues.

And as mentioned earlier, ARB staff will conduct an assessment of ultra clean technologies in 2012 as part of developing our sustainable freight transport system strategy.

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AIR POLLUTION SPECIALIST ROSENKRANZ: In summary, the proposed amendments provide CHE owners/operators with additional compliance flexibility, while maintaining and potentially enhancing the emissions benefits associated with the current regulation and result in a small net cost savings for CHE owners and operators.

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AIR POLLUTION SPECIALIST ROSENKRANZ: In conclusion, staff recommends that the Board adopt the proposed amendments to the current regulation with the proposed 15-day changes.

That concludes my presentation. At this time, we
would like to respond to any questions the Board may have about our proposal.

CHAIRPERSON NICHOLS: Any questions before we hear from the witnesses?

We do have 11 people that have signed up to speak on their item. Okay. If not, let's get started with Bob Phipps from Bettendorf Trucking and then Gary Rynearson from Green Diamond Resources.

MR. PHIPPS: Good afternoon, Madam Chair and ladies and gentlemen of the Board.

My name is Bob Phipps. I work with Bettendorf Trucking in Arcada, California along Humboldt Bay, and I have a few brief comments regarding rural low throughput port of Humboldt Bay as it fits into these proposed amendments.

First, on behalf of Humboldt Bay stakeholders, I wish to extend our recognition and appreciation of the dedication and hard work of your mobile cargo equipment staff.

Regarding the economic and air quality realities of Humboldt Bay, we have all been impressed by staff's efforts to hear all the facts and verify conditions of on-site investigation, weigh the options, and come to a fair proposal for our compliance.

In their report discussing these proposed


amendments, staff notes several important points regarding
Port of Humboldt Bay and how our conditions are so
different from Los Angeles, Long Beach, Oakland, and other
ports this law was designed to address. Allow me to
briefly touch on a few points that staff recognizes.

Point: Humboldt Bay is an isolated small port in
the northwest corner of the state. We are a captive air
basin with minimal PM challenges and full compliance with
NOx standards. Our local North Coast Air Quality District
has been an advocate for us and a strong supporter of
staff's proposed changes from an air quality standpoint.

Point: We are a small population community
separated from the rest of California by mountain roads
and substantial distance. We lost our railroad connection
in 1998. It's not coming back. We cannot economically
compete with other California ports, even if we wanted to.

Point: Our economy remains primarily forest
products. And this historically drove local port activity
with shipments of pulp, shipments the wood chips and logs.
The recession saw a collapse in the economy, particularly
due to the west coast housing market. And we've seen the
permanent closure of our pulp mill that took 200 jobs with
it, the closure of several area saw mills and the
down-sizing of remaining mills.

We are now seeing some small scale recovery, but
port activity will likely never again regain 2005 levels. Staff notes that our shipping tonnage dropped from 800,000 tons in 2005 to 90,000 tons in 2009.

As a comparative land base measure, in 2006, Bettendorf Trucking hauled 120 chip loads per day into the port area. By 2010, this had dropped to 15.

Staff notes that our forest products industry is seasonal, with activity occurring between May and October and also an industry with year-to-year production fluctuation. As a result, the approximately 20 pieces of port equipment work part-time only and total emissions are noted to be less than one percent of either Los Angeles or Long Beach.

As the following speakers will note, our port operators have worked to comply with the law and restart at least some port activity. Our tonnage and our emissions will remain well below past levels for some time and economic success is not guaranteed.

Recognizing this -- I was trying to beat the clock.

Recognizing this, staff has proposed amendments that provide economic relief and yet still achieve desired emission improvements for our community in a realistic time frame. This process has been a result of win-win approach to these objectives, and the staff is to be
recognized for their efforts.

We urge the Board to adopt the rural load throughput port revision the staff is proposing.

Thank you for your attention.

CHAIRPERSON NICHOLS: Thank you.

Gary Rynearson. Nice to see you, sir.

MR. RYNEARSON: Nice to see you, Madam Chair.

Madam Chair, members of the Board, my name is Gary Rynearson. I'm here representing Green Diamond Resource Company and California Redwood Company, our sister company. We have operations in Humboldt County and timber lands in Humboldt, Del Norte, and Trinity County.

Humboldt Bay is the only -- I'm here to support the small port exemption that's proposed in this regulation.

We're the only -- Humboldt Bay is the only port north of San Francisco -- deep water port. The next port is Coos Bay. This port is critical infrastructure to the integrated forest products community that's in Humboldt Bay.

When we lost the pulp mill several -- few years ago, that was a critical piece of infrastructure that went away, because that was the only facility that took the high quality chips that come either from our woods operations or a byproduct from saw mills. Right now, the
only option for those high quality chips, which go into to
make either fiber such as rayon or paper products, is to
transport over water. That's why this port is very
critical.

The other thing that the port allows is the
transportation of material that otherwise would be left in
the woods. These are logs that don't have any merchant
ability for lumber or kettle logs that no other value
other than to be made into chips that are then made into
paper or other products. So this port allows that to
occur.

Also, the port provides landowners more options
for the marketing of their forest product. This is
especially true of the small landowners.

We're currently still suffering and have been for
a few years now, along with the rest of the nation, severe
economic times. We are oftentimes the first ones out and
the last ones back in, because we rely on the housing
market.

And you all know, there is a huge, huge supply of
houses that are out there from the foreclosure. People
aren't building houses right now. So the opportunity for
additional marketing opportunities for landowners,
50 percent of whom are small industrial landowners is
significant issue. This port allows that.
A few years ago, a certain tree species, a species that aren't typically utilized locally, such as spruce and hemlock had absolutely zero economic value. Landowners could not remove these trees. And even some of the douglas fur that had to hire transportation harvesting costs could not remove these trees or harvest these trees and receive any positive cash flow whatsoever.

So the port helps create additional marketing opportunities and also additional competition. So the port this year has been a bright spot. Without the port and without the machinery that handle logs and delivers them alongside ship, things would be very difficult.

The other issue associated with the ports, especially with the log handling, is it's very episodic. I won't say sickly because there really isn't a predictable cycle. Those markets come and go quickly. We're in a period where there is a positive market. That market could go away very quickly.

Asking operators of these port facilities that have the log handling machinery to put a lot of money forward to upgrade that machinery without any guaranteed future would be very difficult.

Thank you for your time. Again, thank the staff. The staff took the time to come and visit our area, visit the ports, met the people and talked to them. And we
greatly appreciate that. This is a great example of how
rule making really ought to be done. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Theresa Livingston and then Henry Hogo.

MS. LIVINGSTON: Good afternoon, Board members.

Thank you very much for allowing me to come and comment.

My name is Theresa Livingston. I'm with Sierra
Pacific Industry in Eureka, California. We operate a
small log and chip handling facility there on the port of
Humboldt. We've been complying with the mobile cargo
handling regulation since 2007. We've installed VDECS and
removed nearly half of our equipment in order to comply.
We've requested and obtained all the extensions available
to us under the regulation.

The current and economic conditions will not
allow us to replace the machinery, and there are no VDEC
available for our machinery. Unless the proposed
amendments are accepted, we will be required to eliminate
key equipment to operate by the end of this year and the
rest of the equipment by the end of 2012 if the EPA waiver
is granted.

I have to say we really appreciate CARB's
efforts. And the staff, as previous speakers have said,
have come up and spent time with us and looked at our
situation and really worked diligently to try to come up
with something that would accommodate our struggling industry. And we know it hasn't been an easy task, and we commend them, and we urge you to support their proposals. Thank you.

CHAIRPERSON NICHOLS: Thank you.

I have to say, having been to that part of the state myself a few times, it's not that much of a hardship to go up and visit. But I'm glad they did it.

Okay. Mr. Hogo followed by Tom Szwajkos.

MR. HOGO: Good afternoon, Madam Chair, members of the Board.

I'm Henry Hogo, Assistant Deputy Executive Officer at the South Coast AQMD.

We have submitted a letter in support of the amendments being proposed by staff, and we do want to highlight a couple points from our letter.

We do agree with the need for compliance flexibility relative to the use of these equipment. We want be careful on the low-use compliance option that want to limit to the degree feasible the number of equipment that's defined as low use, carefully monitor how these equipment are used, and phase out these older equipment as early as possible.

We don't support increasing the number of hours that are being proposed from the 200 hours to anything
higher, because we believe that we still have exposure of these diesel -- exposure of these equipment in the rail yard complex or the port complex and the surrounding communities. And we do have concern with increasing hours in that definition.

We do support the opacity-based monitoring program. We believe that's the necessary program to ensure that these equipment are operating at their specified emissions levels. And we do support that.

We also support the technology assessment program that's being proposed by staff. They strongly believe that zero emission equipment are available in certain locations for cargo handling equipment. And we see more and more of them coming on line.

We do see opportunities to increase or accelerate the deployment of these zero emission equipment, and we have been talking with staff about other approaches similar to your off-road regulation and your truck and bus regulation that provides additional credits to early adopters of zero emission equipment. And we believe that can provide more flexibility to the program.

And lastly, we did want to point out that relative to the rail yard commitment process that we believe that ARB should be working on a backstop provision, should the rail yard commitment process fail
through or if the railroads do not meet their commitments. These provisions can be developed today and would only be triggered if either those two situations occur. We believe that we should have that in place and not wait until something falls through.

So thank you for the opportunity to comment.

CHAIRPERSON NICHOLS: Thank you.

Tom Szwajkos.

MR. SZWAJKOS: Good afternoon. My name is Tom Szwajkos. I'm the purchasing, facilities, and maintenance manager for Yusen Terminals. I currently supervise 50 ILWU mechanics.

Yusen is a division of NYK shipping lines, which is totally committed to supporting and protecting the environment. Our costs, though, to support this effort is increasingly dramatically, while industry profits are decreasing due to excess capacity, price for shipping products and container are at an all-time low, and the Panama Canal expansion will also hinder growth in the coastal ports.

Due to emissions requirements, the yard tractors cost $35,000 more than they did three years ago. For me to purchase 30 trucks, which are required in 2012, it's going to cost an additional million-fifty thousand dollars. A top handler cost has gone up $61,000 in
two years. Again, all due to emissions requirements, which will cost me an additional $244,000 in 2012. As a purchasing person, this kills me.

DPF maintenance, I want to refer to my attachment. A current cost to clean the DPF is $450. The DPF manufacturers are telling us 1,000 hours for this deep cleaning. We're currently doing it at 600 hours. If you look at a typical machine running 300,000 hours a year, I'm cleaning it five times with my cost of labor and everything included is $2800 per piece of equipment. And when you have 64 of them, it's $179,000 per year.

Now CARB wants to add opacity testing. The opacity testing equipment is 5600 to $10,000. Labor costs to complete this test is approximately three hours. The cost to complete the testing is going to be approximately $330 a unit. If I look at all my equipment, it's over $60,000 a year.

Our concern is that the port operations are taking the brunt of the regulations. All off-road equipment in the L.A. Basin should be under the same regulations.

Further, ARB needs to require additional duty cycle testing in the field before approval of an emissions device. Cummins, with all their engineering resources, had issues with the EPA 2007 engine. Any point in time, I
had 16 to 22 pieces of equipment out of service when we went over to the on-road engine. I'm expecting the same issues with the 2011 EPA engine.

ARB is expecting a small DPF manufacturer with limited engineering resources to design and build a piece of equipment, a DPF, and it works fine in the laboratory environment, but when you put it in our environment, it fails miserably. All we're asking is a consistent level playing field in the regulations. Thank you.

CHAIRPERSON NICHOLS: Thank you. I may have missed it, but which ports do you operate at?

MR. SZWAJKOS: Los Angeles. U.C. terminals.

CHAIRPERSON NICHOLS: Okay. Thank you.

Craig Kappe and Luis Cabrales.

MR. KAPPE: Thank you, Madam Chairman and members of the Board.

I'm Greg Kappe. I'm the environmental compliance manager for Metropolitan Stevedore Company. We are a small Stevedore company, but we operate in ports up and down the coast and in Stockton.

I have costs on three items in the proposed regulations, two of which I've already submitted comments on, and a third one is based on a recent proposal last Thursday on the revision.

First of all, in the rental of non-compliant
equipment portion of the regulations, it allows us only to rent equipment one tier level lower than current engine standards. Cargo handling equipment is primarily off-road if it were not located on the marine terminals. We can only rent from off-road rental equipment companies whose rent the similar equipment. But they are not required to have only equipment that is one tier level lower than current standards. Our inability to rent this equipment will compromise our business ability.

Second item is the proposed amendment to require annual opacity testing on all cargo handling equipment. It will hold our industry to higher standards than the comparable off-road industry where the same equipment is located across the street and off the port.

In Mr. Rosencranz's presentation, he did identify that our regulations are five years ahead of the off-road regulation. This is for the exact same equipment. Take a top handler, take it off the street, and it's in the handling empty equipment and off the dock location, it doesn't have the same requirements. If you handle a lot of bulk cargo, take it off in construction, it doesn't meet the same requirements. We're five years ahead.

The off-road regulations do not require any opacity testing other than what is necessary for the initial filter selection. This proposed regulation not
only requires annual testing on every piece of equipment
it also requires the testing ahead of the installed DPF.
No other regulations require opacity testing ahead of the
DPF. Why is our industry being held to a higher standard?
The same off-road equipment located outside of the port
does not need to meet any opacity testing at all.

There is a percentage of yard hustlers or yard
trucks located in the port that do have on-road engines.
The on-road truck and bus regulations do require annual
opacity testing, but again it is after the filter. Why
are we required to do it ahead of the particulate filter?
This is costly and time consuming and has a high potential
of reducing productivity due to increased down time.

And thirdly, last week, there was a change to the
proposed third and fourth year extension that would
require cleaner engines or similar to allow us to use that
equipment. We just started a new business, brought in
almost a million tons of proposed cargo per year through
Stockton, and three of our pieces of equipment are phasing
out. This gave us a window of opportunity and now it's
taking it away from us.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Luis Cabrales and then Randal Friedman.

MR. CABRALES: Good afternoon, Madam Chairman and
Board members and staff. Thank you very much for the opportunity to address this institution today.

I'm representing Coalition for Clean Air and today speaking on behalf of Natural Defense Council, American Lung Association, Communities for Clean Ports and Communities for Environmental Justice, who are all co-signers of comments we sent to staff.

We are very thankful for the time staff and some of the Board members spent talking to us about some of our concerns and how to best strengthen the amendments to these regulations. We think this is a very important measure to clean up pollution from ports and rail yards. And as such, we felt the need to meet with staff and think through some of the issues of concern and try to amend those issues.

Coalition for Clean Air and our supporters are in support of the amendments staff is proposing to this Board, including the recent amendments to these -- inclusion of language to these amendments that were presented to you.

We feel that those amendments will be a step towards modernizing cargo handling equipment, a much needed modernization of an industry that has been polluting the air for way too long. Specifically, affecting low income communities, communities adjacent to
these ports and these rail yards.

There is no need for me to remind you that diesel emissions is recognized by the State of California as a carcinogenic. And we also have concerns about global warming impacts.

With that said, the Coalition for Clean Air and the many organizations I mentioned have been working in the state of California to speed up the process to modernize this industry. Zero emissions container movement system is a process of national importance, not just to California again, given that we have the largest port complex in the nation. We are a laboratory for technologies and policies to reduce air pollution and to set a standard that oftentimes is used as a measuring stick in other ports of the world as well. That is why these measures -- these regulations specifically is of great importance.

And speeding up the process to achieve zero emissions technology is also of great economic benefit in the state of California as we continue to grow a green economy.

Thank you very much for your help and your interest. Thank you.

CHAIRPERSON NICHOLS: Randal Friedman and Rasto Brezny.
MR. FRIEDMAN: Madam Chairman, Randal Friedman on behalf of the US Navy.

In the spirit of the Passover Haggadah, why is this regulation different than all your other regulations? I understand the retrofit requirements. We certainly understand some opacity testing. But why is -- again, in the spirit of the youngest one at the seder table, why on this regulation do we have to do this intrusive and expensive opacity testing?

You've heard plenty of other people speak to it. I won't repeat what they've covered.

Our estimate, it's going to cost our Port Hueneme facility an additional $25,000, a year beyond what's already been spent. Now, maybe that is or isn't a big thing. But in going back to what you spend the morning on, that can buy a lot of monthly transit subsidy passes. That can buy van pools. It's all a pot of money that can be used for the larger goal of clean air and a cleaner environment.

We've done the retrofits. Supposedly, they're designed. There's other less inconclusive option for opacity and we urge you to consider if opacity is the goal to be consistent with the other regulations.

Again, I guess my final question would be is this something you envision only limited to this regulation, or
is this going to be the future of the additional
amendments that other -- like the off-road diesel and the
others? And if so, I would truly urge you to consider the
economic -- if this is a precedent for all those other
regulations with the size of the off-road fleet and some
of the other fleets, you're looking at some major
expenditures of money beyond -- for us, we are looking at
$100 million over the next ten years for diesel compliance
just for the equipment. Obviously, this type of ongoing
has been factored in.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

DR. BREZNY: Thank you, Chairman Nichols and
members of the Board for the opportunity.

I'm Rasto Brezny with the Manufacturers of
Emissions Controls Association.

I want to start out by thanking your staff for
the hard work and dedication in bringing you this
proposal. And MECA fully supports what they're proposing.

MECA is a nonprofit association representing the
leading manufacturers of emission control technologies for
motor vehicles. Our members have worked with your staff
to verify most of the retrofit devices that are on ARB's
list. In fact, our members continue to develop and verify
new technologies to meet the demands of future regulations
and requirements.

The current list includes eight passive and active Level 3 devices for off-road vehicles and equipment. Retrofit devices are certainly nothing new. In fact, there is over 250,000 retrofits on off-road equipment around the world. That includes over 50,000 Level 3 technologies.

Our members certainly understand that cargo handling equipment has specific engineering challenges and requirements. However, the use of retrofit technology in this application is not new. Equipment at ports and rail yards sees very heavy use around the clock to the extent that maintenance may need to be done on a time available basis. That's why we strongly support the inclusion of the mandatory annual opacity-based monitoring program that's in the proposal.

The importance of engine maintenance for the long term durability and performance of both the engine and the VDECS can't be over-emphasized. An opacity test is a simple and inexpensive measurement that's been required for on-road fleets for many years and should be an integral part of any proactive maintenance program.

Once the DPF is installed, however, regular opacity checks become even more critical, because one can no longer rely on exhaust smoke to indicate any kind of
engine maintenance issues, such as a bad injection or high oil consumption.

We don't believe that back pressure is an effective substitute for engine out opacity, because back pressure is going to give you information about the health of the engine -- about the health of the VDECS. Whereas, opacity is going to give you information about the health of the engine. And our members' experience has shown that nine times out of ten engine maintenance issues will precede any filter issues.

We believe that annual opacity checks will further benefit all of the cargo handling equipment, whether it has a retrofit installed or not. It's going to help reduce emissions, and it's also going to help improve the life and performance of this equipment.

I want to thank you for your time, and I'll be happy to answer any questions.

CHAIRPERSON NICHOLS: Okay. Thank you.

Will Barrett and then Darcy Wheeler, and that is the end of my list.

MR. BARRETT: Hello again. Will Barrett with the American Lung Association California.

I won't go through my whole list of comments here, because Luis Cabrales from the Coalition for Clean Air covered most of what was in our group letter.
So I'll just say we support the proposed amendments regarding limited compliance -- limiting the compliance extensions and the opacity testing provision. And we do believe that the proposals in our letter as well as the staff proposal for an additional focus in emphasis on more rapid transition to zero emission technologies will benefit many of California's clean air, climate, health protection, and environmental justices goals.

So we support these proposals and encourage you to take a look at our letter. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

MS. WHEELES: Madam Chair and members of the Board, my name is Darcy Wheeles. I'm here on behalf today of the California rail roads. Both BNSF and Union Pacific railroad have submitted comments on this rulemaking, and I'll let those submission stand for themselves.

I'm here today to address a comment you received from the South Coast Air Quality Management District. The district suggested that you adopt amendments to the current cargo handling equipment rule that would serve as a backstop to the expected PM reductions from the proposed commitments, in case the proposed commitments are not approved by your Executive Officer or if the rail roads do not meet their commitments in the future.
The rail roads oppose adding such amendments to the current cargo handling equipment rule amendments for two reasons.

First, as detailed in the letter that we submitted earlier today, such an action would clearly be outside the scope of the current rulemaking and the ARB July 26th, 2011, notice of public hearing.

Second, the South Coast suggestion is unnecessary and redundant to the proposed commitments, as the proposed commitments already require staff to have a regulatory backstop and bring forth regulations within four months should the rail roads fail to meet their commitments.

The proposed rail yard commitment are the subject of an entirely separate and independent ARB action, which does not currently include any ARB rulemaking. It would be premature for ARB to start any rulemaking at this time to enforce or backstop the rail yard commitments as suggested by the South Coast.

Thank you for the opportunity to testify on this item today. And I'm happy to answer any questions that you have.

CHAIRPERSON NICHOLS: Thank you. No questions. Okay. That concludes our list of witnesses. So we will close the hearing and move to discussion.

I should mention that the record will be reopened
when the 15-day notice of public availability is issued and comments that are received after this hearing but before the notice is issued will not be accepted as part of the official record on the agenda item. But when the record is reopened for the 15-day comment period, the public can submit written comments on those proposed changes, which will then be responded to in the Final Statement of Reasons.

If there are any ex partes, we should probably discuss them at this time.

I have one, which was with Mr. Cabrales, who essentially gave more background on what he testified to here today.

BOARD MEMBER BALMES: Mine was also with Mr. Cabrales, as well as Diane Bailey from NRDC. And again the discussion was pretty much as he testified today.

CHAIRPERSON NICHOLS: Okay. Any others?

All right. Well, then we can proceed to any discussion or questions that people may have.

I guess in the spirit of the question that Mr. Friedman asked, I should make Mr. Goldstene answer the question, why is this rule different from other rules.

But I do believe that we have been treating ports differently from other facilities for quite some time now, equipment at ports, because of their particular impact on
people who live near those ports.

   It was a question about proximity to exposed populations. It's something we've done in part for environmental justice reasons and also because just the reality that there are so many more people who live there. So I don't know if there are other reasons why we proceeded differently.

   EXECUTIVE OFFICER GOLDSTENE: I think that's it. But I could ask staff to elaborate. They also are prepared to talk briefly about the opacity issue.

   CHAIRPERSON NICHOLS: Yes. Why don't we just address that comment now?

   EMISSIONS ASSESSMENT BRANCH CHIEF DONOHOUE: This is Dan Donohoue.

   With respect to the first issue why these different, in 2004, we did a detailed health assessment on the ports of L.A. and Long Beach. And what the findings were is that there were significant off site risks associated with those very high.

   In 2006, we released a report on the Port of Oakland and again found that the concentration of activity, the high volume of diesel equipment, the oceangoing vessels, tugs, and all that created very high risk levels in the community and that extended out very far. So we were having high levels of exposure.
As part of the overall goods movement emission reduction plan, we focused on how we would reduce those emissions through a large number of measures, including looking at special requirements for drayage trucks, looking at shore power to reduce the emissions there, the oceangoing vessel fuel regulation to reduce the sulfur content in the PM emissions with respect to vessels coming there, the cargo handling equipment rule, which is here. Also, the harbor craft rule which covers tugs, ferries, and all that.

So we have accelerated and required these sectors that we're dealing with about 30 port and intermodal rail facilities to -- and in 2002, we had the Roseville rail yard initial health risk assessment that looked at those complex facilities there. And then we moved forward on much more aggressive because of the near source high population community exposure and the opportunity to significantly reduce the emissions there. Yeah, they are special and we've made them special. So that's really the reason why they are and they've been treated different.

I think with respect to the opacity, there's really four questions that I heard. And I'd ask Cheri to kind of respond to those.

One is why opacity testing. The second one is why ahead of the filter. The third one is why us. And
the fourth one is the cost associated with that. So if you can kind of maybe respond to that, give additional information.

CONTROL STRATEGIES SECTION MANAGER RAINFORTH:

Thank you, Dan.

Why opacity testing opacity test? Well, as you've already heard, it's already required for on-road -- the heavy-duty diesel on-road trucks. So it's similar to our car smog tests. Just a once a year test to see if the equipment is operating as it's designed to operate.

And then why ahead of the filter? Well, for the majority of the equipment that is not retrofitted, this isn't the case. So for your yard trucks with OEM filters on them, they'll be opacity tested just the same way that the on-road truck requires them to be at the -- with all the -- everything intact and just at the exhaust.

It's only those equipment that have a verified diesel control technology on them that will be required to have that retrofit taken off.

And as you've heard, they need to take these off multiple times a year anyway to clean them. And so at one of those times, they could do the opacity test. When they pull out the DPF to clean it, they can do the opacity test.

Why ahead of the filter? It's because we're
checking the health of that engine. Because if that
ingine -- if there are problems with too much oil in the
exhaust, if there's various things can go wrong with that,
that engine, then it can produce too much particulate, too
much smoke. And it will be clogging up the filter. If
you test it with the filter on there, you'll never see
that until the filters fails.

Now, they're not required to opacity test again
once they put the filter on. For retrofitted equipment,
it's just they pull off the filter to clean it. They
opacity test at that time. And whatever repairs need to
be made to the engine and they put the filter back on and
they're done. So they don't do those engines twice.

And then as far as the cost, we did look at the
costs in the -- we have those in our Initial Statement of
Reasons. There's two ways that they can perform the test.
They can hire a consultant to come in, and it costs -- we
looked at costs. They are 30 to $60 an engine if you hire
a consultant to come in.

Or they can hire their own staff. The
equipment -- the test equipment does cost about $5,000 or
some up to $10,000. That's a one-time purchase. And
they'll have to train the mechanics. The local community
colleges, there's two one-day classes they take to get
certified for the testing. So they would have to attend
the two one-day classes with the cost of the class and then the mechanics time at about $100 an hour, we figured it costs about $2,000 to train a mechanic. And then the test itself should only take -- they're very quick tests. So you know, we estimate at half an hour for the test, which is probably generous.

EMISSIONS ASSESSMENT BRANCH CHIEF DONOHUE: And new equipment.

CONTROL STRATEGIES SECTION MANAGER RAINFOREST:
And new equipment, one of our 15-day changes is to exempt equipment that's newer than four years old from the test, which is the same as the on-road heavy-duty diesel requirement.

CHAIRPERSON NICHOLS: I have a question, which I didn't know was a question until I heard the testimony. And now I realize I don't understand I guess how this works.

But the colloquy, if you will, between Henry Hogo and Darcy Wheeler about the rule as a backstop to the commitments, if the rule is applicable at rail yards, why is it a back stop? What's it a back stop to? I'm not understanding how this works apparently.

DEPUTY EXECUTIVE OFFICER FLETCHER: I think what the South Coast was asking us is that we basically amend the mobile cargo handling rule to include an
electrification element so it would be more explicit for requirements for either hybrid or zero emission.

CHAIRPERSON NICHOLS: I see.

DEPUTY EXECUTIVE OFFICER FLETCHER: We can't do that now, because it's well beyond the scope of this rule making.

And the way we were really addressing that question was in the broader scope of how you deal with the freight transport initiative. So we are committed to look at the technology changes that are occurring. And, you know, there are technology changes, and we ought to be paying some attention to that. We are doing that as part of the freight transport.

CHAIRPERSON NICHOLS: I do appreciate the fact that most of the stakeholders have sort of recognized that fact and basically are working with us to look at a much larger, hopefully more sweeping, set of incentives and rules that we will be trying to bring forward to deal with going to a really ultra clean and zero or almost zero emission freight movement system.

DEPUTY EXECUTIVE OFFICER FLETCHER: Including the South Coast and the rail roads, so they're a part of that effort.

CHAIRPERSON NICHOLS: But they can't resist a little back and forth any way.
Okay. Any other questions or comments on this? If not, do you want to move the Resolution?

Barbara.

BOARD MEMBER RIORDAN: I'm very happy to move the Resolution -- adopt the Resolution on this particular item.

I'm sorry. I turned that off. Let me just repeat.

I would be happy to move the adoption of the Resolution associated with this item.

BOARD MEMBER YEAGER: Second.

CHAIRPERSON NICHOLS: We have a second.

All in favor please say aye.

(Ayes)


Is there any general public comment today? Oh, somebody is waving his hand.

MR. CLARK: I would like to make a comment?

CHAIRPERSON NICHOLS: You need to sign up.

MR. CLARK: I did, but I guess I did too late.

CHAIRPERSON NICHOLS: Go ahead. Come on. You can make your comment. We're about to adjourn to --

MR. CLARK: Hi name is Steven Clark. I work with SSA Stevedoring Services of America. We have Stevedoring
services from San Diego to Seattle. I deal with all the
emission contents in the port of Long Beach.

    This cargo handling rule, we support it
100 percent. We've built our own tractors to meet the
standards. We've built LNG trucks. We've tried
everything that's out there. I have information on every
vendor that's available.

    The problem is even though there is a regulation
doesn't mean the technology is there. The 2-7 yard
tractors have a 25 percent failure rate. We are still
working on those. We are still modifying those, trying to
keep them running.

    Now we have 2010-2011 equipment. I just spent
$40,000 for two mufflers for two trucks, and they were --
the second one was installed about three weeks ago.

    I got this from the ARB yesterday. It says you
may experience catastrophic failure on this system. I
just spent 40 grand on it. This has been approved by CARB
and gone through the whole deal. And now I've got -- I'm
stuck with this junk. This is the latest and greatest and
the best system out there. Now what do I do?

    This is the fourth system I've tried. We've
almost burned down half a million dollar machines with
some of the other vendors. This one is apparently doing
the same thing. So just because there is a regulation
doesn't mean the technology is out there to get it to work.

CHAIRPERSON NICHOLS: Would you mind making a copy of that available. I don't recognize this.

MR. CLARK: This is from ARB.

CHAIRPERSON NICHOLS: I believe you, sir. But I don't have it. Could you give a copy of it, please, to the clerk? And staff will follow up with you, I hope.

MR. CLARK: I would like to make one comment on the opacity testing. If you had a half-million dollar machine and it doesn't pass the test, what are you going to do? You going to stick that sensor in another machine and get your paperwork right.

If you do the back pressure testing, which we do all the time, because we're the ones that pay for that muffler that gets plugged up. And has said right here in this room, if we do the testing after the filter, it's a waste of time. But that's apparently what we can do with the yard tractors.

So why are we doing it? Why not do the back pressure testing which we are already doing? Because we're the one that has to pay for that filter. And the serial number of that engine is in the printout. So it's verified, which opacity testing will not be.

Thank you very much.
CHAIRPERSON NICHOLS: Okay.

BOARD MEMBER RIORDAN: Madam Chairman, if I just might, in regards to your first issue about things working and not working in terms of our retrofits, I had a particular issue in the area where I serve. And it turned out that owner/operators came to me and talked to me, and then I referred them and got them together with the appropriate staff.

And it wasn't that the retrofit wasn't working. It wasn't being maintained correctly, because the manufacturer had failed to train the actual operators and mechanics for those heavy equipment -- it happened to be very heavy equipment used in mining. And it was a matter of -- it was a simple matter. Turned out to be a simple matter.

But staff has been so good about working with the manufacturer and then working with the owner/operator. So I would encourage that with this particular issue as well. Hopefully it's similar and not --

CHAIRPERSON NICHOLS: We'll hope so anyway. It would be good if there was a simple solution.

EXECUTIVE OFFICER GOLDSTENE: We'll get a copy of the letter and follow up with him.

CHAIRPERSON NICHOLS: Okay. Great. Thank you. With that, we are adjourned.
CHIEF COUNSEL PETER: Do you want to do your own item?

CHAIRPERSON NICHOLS: Oh, I completely forgot. Thank you for reminding me. I have a public comment. This is new. I've forgotten. Thank you very much.

I asked Charline to send to all of you a copy of the 2000 document, which you were probably hear for and adopted. I don't know if anybody else was. It's the Board's environmental justice policy document, which I have to confess that I had not actually read until it was referenced to me by a member of the environmental justice community who wanted to make sure that we knew that their priority was to see us implementing this policy.

So I went back and got a copy of the policy. And that's why I sent it the all the rest of you, in case possibly you had not seen it before or had forgotten about it. It has -- it's quite a substantial document. And I realize a lot of work went into it.

And as I've read it, I was pleased to see that many of the items on it seem me to, in fact, be either in the process or actually have been implemented already. Others perhaps not completely or may for some reason have not turned out to be able to be implemented successfully. Or it may be that there are areas where we've learned more and decided that we needed to do something different.
But in any event, the point was -- the point of my bringing it up was not just to show you that this existed, but to suggest that given that that was a decade ago, little over a decade actually, that it might be a good idea for us to take a look at it and ask staff to give us a review of how we've done, how they've done with respect to those policies and to make any recommendations for any changes, amendments, improvements that might be needed going forward.

Because as we've seen frequently, these issues are coming up both in the Legislature and here, people wanting to know what the Board is doing and how we are doing it. And I think it would be a good practice for us to actually go back and examine our history on this.

So I mentioned this already to the staff. So this is not a surprise to them. But I did want to get the concurrence of the Board this would be something that you think would be valuable and then we would request that they come back to us in several months.

EXECUTIVE OFFICER GOLDSTENE: We're aiming for November, and we'll let you know if we can't make that time.

CHAIRPERSON NICHOLS: Okay. So this will be coming forward. Thank you. Okay.

With that, now we will be adjourned. Thanks
everybody.

(Whereupon the Air Resources Board meeting adjourned at 3:15 PM)
CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of October, 2011.

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