APPEARANCES

BOARD MEMBERS
Ms. Mary Nichols, Chairperson
Dr. John Balmes
Ms. Sandra Berg
Mr. Hector De La Torre
Mrs. Barbara Riordan
Supervisor Ron Roberts
Supervisor Phil Serna
Dr. Alex Sherriffs
Professor Daniel Sperling

STAFF
Mr. Richard Corey, Executive Officer
Mr. Alberto Ayala, Deputy Executive Officer
Ms. Lynn Terry, Deputy Executive Officer
Ms. La Ronda Bowen, Ombudsman
Ms. Monique Davis, Goods Movement Program Section, SSD
Mr. Greg Vlasek, Manager, Office of Emergency Response, Quality Management Branch, Monitoring and Laboratory Division

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APPEARANCES CONTINUED

ALSO PRESENT

Mr. Davis Almeida, California Center for Sustainable Energy

Mr. Andrew Antwih, Port of Los Angeles

Mr. Brian Annis, Deputy Secretary, Business, Transportation, and Housing Agency

Ms. Mariam Barcelona Ingenito, Deputy Secretary, California Environmental Protection Agency

Ms. Nidia Bautista, Coalition for Clean Air

Mr. Jack Broadbent, Executive Director, Bay Area Air Quality Management District

Drew Bohan, Chief Deputy Director, California Energy Commission

Mr. Tim Carmichael, CNGVC

Ms. Kim Carr, Sierra Nevada Conservancy

Ms. Pauline Chow, Safe Routes to School

Mr. Stuart Cohen, Transform, Sustainable Communities for All

Ms. Kathy Cole, Metropolitan Water District of Southern California

Ms. Samantha Contreras, Assemblyman Das Williams

Ms. Sarah Deslauriers, California Wastewater Climate Change Group

Mr. Jim Earp, California Alliance for Jobs, Transportation Coalition for Livable Communities

Mr. Evan Edgar, California Refuse Recycling Council

Mr. Scott Elrod, PARC
APPEARANCES CONTINUED

ALSO PRESENT

Mr. Devilla Ervin, New Voices are Rising, Rose Foundation

Dr. Philip Fine, Assistant Deputy Executive Officer, South Coast Air Quality Management District

Ms. Karen Finn, Department of Finance

Mr. John Gamper, California Farm Bureau Federation, Working Lands Coalition

Mr. John Gioia, CSAC, Contra Costa County Supervisor

Mr. Paul Gonsalves, Port of Long Beach

Mr. Larry Greene, Sacramento Metro AQMD

Mr. Stan Greschner, Grid Alternatives

Mr. Barnie Gyant, U.S. Forest Service

Ms. Jaime Hall, CalSTART

Mr. Tim Haines, State Water Contractors

Mr. Bill Higgins, CA Association of Council of Governments

Ms. Bonnie Holmes-Gen, American Lung Association

Mr. Scott Hauge, Small Business California

Ms. Campbell Ingram, EO Sacramento-San Joaquin Delta Conservancy

Mr. Alan Jackson, NRDC

Mr. Ryan James

Mr. Kevin Jefferson, Urban Relief

Mr. Ash Kaira, Chair, BAAQMD

Mr. Will Kempton, Transportation for Livable Communities
APPEARANCES CONTINUED

ALSO PRESENT
Ms. Megan Kirkoby, Sustainable Communities Coalition
Mr. Joe Krovoza, City of Davis Mayor
Mr. Johnathan Kusel, Sierra Institute for Communities
Mr. Michael Lane, Sustainable Communities Coalition
Mr. Jim Lites, BART
Ms. Christina Lokke, Ca Special Districts Association
Ms. Felicity Lyons, Sustainable Communities Coalition
Mr. Paul Mason, Pacific Forest Trust
Mr. Guillermo Mayer, Public Advocates
Mr. John McCaull, Working Lands Coalition
Mr. Mike McCoy, Executive Director, Strategic Growth Council
Mr. Chris Mertens, Clean Energy Working Group
Mr. Chuck Mills, CA Releaf, SB535 Coalition
Ms. Rebecca Mills, SB535 Coalition, SCAA
Mr. Matthew Montgomery, Senatory Hannah-Beth Jackson
Ms. Erica Morehouse, Environmental Defense Fund
Ms. Susan Noble, Western States Petroleum Association
Mr. Joseph Oldham, City of Fresno
Ms. Nadine Peterson, CA Coastal Conservancy
Mr. Ed Pike, Energy Solutions
Ms. Betsy Reifsnider, Sustainable Communities Coalition
APPEARANCES CONTINUED

ALSO PRESENT

Mr. Randy Rentschler, Metropolita Transportation Commission

Mr. Matt Rodriguez, Cal/EPA Secretary

Ms. Ann Rojas-Cheatham, SB535 Coalition

Ms. Melanie Schlottebeck, Friends of Harbors, Beaches, and Parks

Mr. Matt Schrap, Crossroads/CFS

Mr. Josh Shaw, California Transit Association, Transportation Coalition for Livable Communities

Mr. Samir Sheikh, Director of Strategy and Incentives, San Joaquin Valley Air Pollution Control District

Mr. Chris Shimota, CTA

Ms. Wendy Streck, San Bernardino Association Governments

Ms. Mari Rose Taruc, Asian Pacific Environmental Network

Ms. Eileen Tutt, CalETC

Mr. Nathon Vogeli, Yurok Tribe

Ms. Jeannie Ward-Wallen, Sustainable Communities Coalition

Mr. Jerard Wright, Sustainable Communities Coalition

Mr. Ryan Young, Greenlining, SB535 Coalition
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PROCEEDINGS

CHAIRPERSON NICHOLS: Good morning, everybody.
I'd like to call this meeting to order.
Welcome to the April 25th, 2013, public meeting
of the Air Resources Board.
We would like to ask everybody to please stand
while we say the Pledge of Allegiance to the flag.
(Thereupon the Pledge of Allegiance was
Recited in unison.)
CHAIRPERSON NICHOLS: Madam Clerk, would you
please call the roll?

BOARD CLERK JENSEN: Dr. Balmes?
BOARD MEMBER BALMES: Here.
BOARD CLERK JENSEN: Ms. Berg?
BOARD MEMBER BERG: Here.
BOARD CLERK JENSEN: Mr. De La Torre?
Mrs. Riordan?
BOARD MEMBER RIORDAN: Here.
BOARD CLERK JENSEN: Supervisor Roberts?
BOARD MEMBER ROBERTS: Here.
BOARD CLERK JENSEN: Supervisor Serna?
BOARD MEMBER SERNA: Here.
BOARD CLERK JENSEN: Dr. Sherriffs?
BOARD MEMBER SHERRIFFS: Here.
BOARD CLERK JENSEN: Professor Sperling?
BOARD MEMBER SPERLING: Here.
BOARD CLERK JENSEN: Chairman Nichols?
CHAIRPERSON NICHOLS: Here.
BOARD CLERK JENSEN: Madam Chairman, we have a quorum.

CHAIRPERSON NICHOLS: Thank you very much. We have a couple of announcements before we get started. First of all, although the room isn't right now, I expect it will fill up later in the day. I want to make sure that people who are watching us on the Internet or planning to come for the item on the Investment Plan realize that that is the second item on our agenda for today, and we will not be starting that item before 10:30 I would say at the earliest.

We do expect the possibility that there could be an overflow crowd, so we've reserved the Coastal Hearing Room, which is right next door for overflow. And there will be audio and visual monitoring of this meeting available over there.

Following the consent items, we're going to be hearing an update on refinery emergency preparedness and then we will move to the item on the Greenhouse Gas Reduction Fund. That is the draft Investment Plan for cap and trade auction proceeds.
There will be interpretation services available in Spanish for anyone who needs it. The head-sets are available outside the hearing room at the sign-up table.

Madam Translator.

THE TRANSLATOR: Good morning, Madam Chairman. First of all, I would like to congratulate you for your nomination on Times Magazine as one of the 100 most influential people in the world.

CHAIRPERSON NICHOLS: Thank you very much.

THE TRANSLATOR: We feel very honored to be working with such a talented Chairman.

(Whereupon the announcement was translated into Spanish.)

CHAIRPERSON NICHOLS: So anyone who wishes to testify and haven't signed up on-line should fill out a request to speak card. They're available outside the room.

I'll probably make this announcement before we take up the Investment Plan item. But if there is anybody who is not aware of the procedure, if you did take advantage of the online sign-up feature, you don't need to fill out a card, but you do need to check in with the clerk or your name will be removed from the speaker's list.

On the first item here, we will be using our
usual three-minute time limit. For the second item, we expect to shorten the time to one or two minutes to allow time for the largest possible number of people to speak.

For safety reasons, please note the emergency exits that are to the rear and to my side, right side here of this room. If there is a fire alarm and we're required to evacuate this room, we are to leave immediately and go downstairs and out of the building until the all-clear signal is given when we can return to the room and resume the hearing.

Okay. With that, I do have one other thing I want to do, which is not part of our normal routine, and that is to welcome a delegation of distinguished officials who are visiting our meeting today from Singapore's Ministry of the Environment and Water Resources. I would like to ask them to please stand and we can recognize them.

(Applause)

CHAIRPERSON NICHOLS: Thank you for being here. We appreciate it. I hope that the proceedings are interesting to you. I think you'll see a lot of interesting activity as the day goes on.

So first item that we have here is the consent calendar, Agenda Item 13-5-1 to consider approval of the Yuba City Marysville PM2.5 maintenance plan and their
redesignation request submittal to the State Implementation Plan. I need to check with the clerk to see if any witnesses have signed up to testify on this item. No.

Are there any Board members who want to see this item removed from the consent calendar?

Seeing none, I can close the record on this.

BOARD MEMBER RIORDAN: Do you want a motion, Madam Chair?

CHAIRPERSON NICHOLS: We need a motion.

BOARD MEMBER RIORDAN: I'll move approval of staff recommendation.

BOARD MEMBER BERG: Second.

BOARD MEMBER RIORDAN: All in favor?

(Ayes)

CHAIRPERSON NICHOLS: Any opposed?

Okay. Great.

Then we move to the next item on the consent calendar, consideration of the greenhouse gas quantification determination for the Tahoe Metropolitan Planning Organization, TRPA's, Regional Transportation Plan and Sustainable Community Strategy.

Madam Clerk, do we have any witnesses on this item? None.

And anybody want to see this one removed from
consent for discussion?

    All right. Seeing none, we'll close the record.

And then I need a resolution.

    BOARD MEMBER BERG: So moved.

    BOARD MEMBER RIORDAN: Second

    CHAIRPERSON NICHOLS: All right. All in favor please say aye.

    (Aye)

    CHAIRPERSON NICHOLS: No opposition. I'm very glad to see this moving forward.

    And then we also have one more item on the concept calendar. This is unusual for us. Consideration of the greenhouse gas quantification determination for the sustainable community strategy prepared by the Butte County Association of Governments Metropolitan Planning Organization.

    And again, no witnesses on this item. No Board member -- oh, yes.

    BOARD MEMBER SPERLING: I did not know anything about this beforehand, but I'm just reading through quickly. And it says that we're going to approve them I believe -- as I understand, for the 375 where they would have a target of only -- where they would have a target of an increase in greenhouse gases.

    CHAIRPERSON NICHOLS: Yes. Ms. Terry, would you
comment on that, please.

DEPUTY EXECUTIVE OFFICER TERRY: Actually, the Board set the targets in 2010 for all of these regions, including Butte County. At that point, there was limited data, so that they recommended this one percent increase for both 20--

BOARD MEMBER SPERLING: Who?

DEPUTY EXECUTIVE OFFICER TERRY: Butte County. And Board accepted their recommendation in that first round.

BOARD MEMBER SPERLING: We did?

DEPUTY EXECUTIVE OFFICER TERRY: Yes, you about.

BOARD MEMBER SPERLING: I must have missed that meeting.

DEPUTY EXECUTIVE OFFICER TERRY: However, they have since done some work in the development of this SCS, and they did achieve a two percent reduction, which is obviously a good thing. And they surpassed the target that was sustained by the Board.

BOARD MEMBER SPERLING: But we're a target of an increase.

DEPUTY EXECUTIVE OFFICER TERRY: We are not doing anything with the targets. The targets were set by the Board in 2010.

CHAIRPERSON NICHOLS: The target stays as it is.
DEPUTY EXECUTIVE OFFICER TERRY: Right.
CHAIRPERSON NICHOLS: They've done better thankfully than their not very good target.
DEPUTY EXECUTIVE OFFICER TERRY: So next year, in 2014, the law allows the Board to review the targets in 2014. At that point, there will be another opportunity for the Board to --
BOARD MEMBER SPERLING: This is just acknowledging --
DEPUTY EXECUTIVE OFFICER TERRY: The is just the quantification review that the Board is required to do. The MPO makes a determination that they have met the target at a minimum. Butte County has done that. And then the Board has to affirm or reject that quantification.
So the staff has prepared a staff report documenting that we believe the quantification of the two percent reduction is a good quantification.
BOARD MEMBER SPERLING: I look forward to the next meeting where we'll be hearing this.
CHAIRPERSON NICHOLS: This is not going to slip by again.
All right. I can close the record on this item. Do we have a motion and a second?
BOARD MEMBER ROBERTS: Move approval.
BOARD MEMBER RIORDAN: Second.

CHAIRPERSON NICHOLS: All in favor, please say Aye.

(Ayes)

CHAIRPERSON NICHOLS: Opposed? Any abstentions?

Great.

Okay. Our next item is an update on refinery emergency preparedness. I think the Board will recall that in August of last year, a major fire occurred at the Chevron Refinery in Richmond. Shortly afterwards, Governor Brown created an Interagency Task Force to assess the safety of California's refineries, reduce the risk of future accidents, and improve government response to such incidents.

The Air Resources Board is working with the local air districts in California to review the adequacy of current State and local air monitoring of refineries and make recommendations as to how the monitoring system and emergency response systems can be improved.

With that, I will ask Mr. Corey to introduce this item.

DEPUTY EXECUTIVE OFFICER COREY: Thank you, Chairman Nichols.

ARB has been asked to take on a role in coordinating State level air monitoring activities to
follow up on the Richmond incident. As the following presentations will demonstrate, we are working closely with our counterparts, the local air districts, to improve our existing air monitoring and response capabilities, as well as public outreach tools.

We're pleased to have with us today Mr. Jack Broadbent, Air Pollution Control Officer of the Bay Area Air Quality Management; Dr. Phil Fine, Assistant Deputy Tee Executive Officer of the South Coast Air Quality Management District; and Samir Sheikh, Director of Strategy and Incentives at the San Joaquin Valley Air Pollution Control District.

Mr. Broadbent will begin by updating the Board on the Bay Area District's response to the Richmond fire as well as the district's actions in assessing and improving preparedness for potential future refinery incidents in the Bay area.

Dr. Fine will then describe the South Coast district's current air monitoring methods the district has deployed.

Mr. Sheikh will provide the San Joaquin Valley Air District's perspective on air monitoring on refineries in their region and opportunities for further improvement.

Following Mr. Sheikh's presentation, we'll hear from Greg Vlasek, who oversees ARB's Office of Emergency
Response. Greg will describe ARB's efforts to develop a comprehensive statewide framework for improved air monitoring and response to accidental releases from refineries, including a discussion of specific actions taken since the Richmond fire.

To begin the joint presentation, I'll turn the floor over to Mr. Jack Broadbent.

CHAIRPERSON NICHOLS: Thanks. Welcome, Jack. (Thereupon an overhead presentation was presented as follows.)

BAAQMD EXECUTIVE DIRECTOR BROADBENT: Good morning, Madam Chair, members of the Board.

Again, Jack Broadbent, the Executive Director, the Bay Area Air Quality Management's Executive Director. I want to thank you all for the opportunity to be here to talk to you about the Chevron incident and also our response. We have taken this incident very seriously, and we have a seven-point action plan I'll be describing to you here this morning.

--o0o--

BAAQMD EXECUTIVE DIRECTOR BROADBENT: Madam Chair, as you indicated on August 6th of last year, a substantial fire broke out at the Richmond refinery. This was a result of a hydrocarbon leak and, indeed, this occurred about 6:30 in the evening. The Contra Costa
County alerted the Bay Area Air Quality Management District's enforcement staff immediately, and we were on site within five minutes of the incident itself. We had three air district inspectors responding to the scene. And indeed, a shelter in place was called just a few minutes after we arrived.

--o0o--

BAAQMD EXECUTIVE DIRECTOR BROADBENT: Our role when an incident occurs like this is to support the first responders. Indeed, on this incident, essentially what we did is we checked in with the command center and provided additional staff to help coordinate information that the first responders would need. We transmitted information between on site and field staff, and we coordinated or assisted in the coordination of community complaint information as well.

--o0o--

BAAQMD EXECUTIVE DIRECTOR BROADBENT: On this day, this incident, smoke was visible throughout the Bay Area. The plume rose between a thousand to 5,000 feet. The Air District staff remained on scene until the shelter in place was ordered listed several hours later.

As part of our efforts, at that time, we took grab samples in the community and analyzed those samples immediately and communicated the results to the public.
We also took PM filter samples and reported them out over the next several days. We also responded to media inquiries over the next several weeks. And honestly, we continue to respond to media inquiries over this event.

--o0o--

BAAQMD EXECUTIVE DIRECTOR BROADBENT: In response to the August 6th incident, the Bay Area Air Quality Management District adopted a seven point action plan under the leadership of our then Chairman John Gioia, who is actually here today in the audience.

The plan is designed to be able to essentially improve the district's response to accidental releases and establish long-term measures that will help prevent such releases from refineries and other large industrial facilities in the Bay Area.

I want to point out that your staff has been exemplary to work with in the development of this plan. And they testified when this plan was put before our Board for its consideration. And I specifically want to recognize Alberto Ayala for his testimony and Rich Corey's continued support in the development and implementation of this plan.

--o0o--

BAAQMD EXECUTIVE DIRECTOR BROADBENT: This plan
contains some specific measures, and I want to spend my
time this morning, Madam Chair, just mentioning briefly
essentially the plan and where we are on it.

It includes essentially an ongoing investigation,
a review of our response procedures, evaluation and
enhancement of our short and long-term monitoring efforts,
which I know the Board is particularly interested in. We
are expediting some rulemaking directed at refinery
operations in the Bay Area. We're evaluating and
enhancing our community outreach efforts. We're
sponsoring some legislation that will help address what we
believe is a deficiency when it comes to our penalty
authorities. And finally, we're also developing a fee
proposal that will help provide the resources to implement
this work plan.

--o0o--

BAAQMD EXECUTIVE DIRECTOR BROADBENT: With regard
to our ongoing investigation, we issued five Notices of
Violation as a result of this incident. I list for you
here those rules and the specific NOVs associated with
them.

With regard to our investigation, we are
continuing to undertake a root cause analysis and identify
the preventative measures that Chevron is required to
implement as part of its flare management plan. We are
also as part of that effort have estimated emissions, modeled concentrations, and that's all done in coordination with federal, State, and local agencies. And specifically the Federal Chemical Safety Board, the state CalOSHA, as well as CARB.

And then locally, we work very closely with the county of Contra Costa in the City of Richmond in these efforts in our ongoing investigation. And this investigation will frankly take many months, many more months, and that's somewhat characteristic of the nature of when there is a significant incident like this at a refinery.

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BAAQMD EXECUTIVE DIRECTOR BROADBENT: The next part of our plan calls for us to evaluate our procedures of how we respond. We are working very closely to look at essentially how we did respond in this particular instance and undertaking lessons learned, if you will.

We believe we can coordinate better with Contra Costa County that has four of the five refineries in the Bay Area. And our coordinating effects specifically is directed at the hazardous material staff of Contra Costa County.

We're updating some procedures documents, and then we're in the process of requesting stakeholder
review, including the public, on how we can better meet
their needs when an incident occurs.

I'd like to talk about air monitoring, because
this is of particular interest to the Board. But also we
have heard a lot of questions and comments about air
monitoring by the air district and others as it relates to
incidental releases.

Specifically, what we've done here is we have
hired Desert Research Institute to essentially conduct a
comprehensive assessment of our monitoring capabilities.
What they're doing is they're looking at both our
long-term and short-term monitoring capabilities, and
they're really looking to see if, indeed, we need to
enhance the overall long-term monitoring network, but then
identify potential tools that could be put in place when
there is an incident like this.

We are convening a panel of experts in June,
third week in June, to be able to review the results of
this report and then have this panel meet several times
and develop a set of recommendations for our Board to
consider and put in place when it comes to both short-term
and long-term monitoring needs.

We are going to be providing the public with an
opportunity to comment on this effort. And indeed, we're
asking a number of public members to participate in the
panel itself.

We know this will actually be I think a very fruitful effort, and we believe it's going to be recommending some specific enhancements to our current monitoring network, as well as developing additional community monitoring guidance that will be incorporated in a rulemaking we have underway.

We have a specific rule that we were undertaking as this incident occurred. And essentially what we have committed to do under this work plan is to expedite that rulemaking. And so this rule is designed to be able to essentially require the refinery operators to comprehensively assess their overall emissions and identify all of their emissions to the public in one place so that the public can understand what they're being exposed to.

Currently, in the Bay Area, and I know it's done elsewhere, is different reports are prepared by refinery operations on a process by process basis. What this rule is designed to do is bring it all together and thereby identify what the overall emissions of the refinery are. And, indeed, we want to be able to establish a base line to this rule and a set of trigger levels, such that if the refinery emissions go up, they'll need to implement a series of emission reduction measures.
As part of this effort also, we're going to be requiring that the refineries undertake additional fence line and community monitoring in and around the communities of the refineries themselves. We just concluded the first round of workshops, and we believe it will probably take us a good part of this next year to put this rule in place.

We know that we'll have a lot of public input. There is a great deal of interest by the community groups in the Bay Area on this rulemaking. And we believe we'll be able to have it in front of our Board for their consideration in the first half of next year.

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BAAQMD EXECUTIVE DIRECTOR BROADBENT: In terms of community outreach, we know that we could be doing a better job in this particular area. We know we're going to, frankly, undertake a set of steps to be able to improve our community outreach.

So right now what we're doing is we are working with the public information officers in the Bay Area. We've held conference calls and conferences to really look at lessons learned and identify future improvement efforts.

We're engaging the community considerably in this effort. We know that ultimately what it will involve is
some additional steps for training of the air district
staff, as well as establishing a set of communication
protocols for when an incident like this occurs in the
future.

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BAAQMD EXECUTIVE DIRECTOR BROADBENT: I
specifically want to mention some legislation that we are
sponsoring. And Senator Hancock is taking the lead as the
author of SB 691. This bill is co-authored by Senators
Hill, who served on this Board, as well as Senator
DeSaulnier, who served on this Board as well, and
Assemblyman Skinner. This bill is also co-sponsored by
Breathe California. And I know the South Coast is also
helping to co-sponsor this bill as well.

It's designed to be able to identify and enhance
our civil penalty authority when there are one-day of
violations. We believe that this is a deficiency when it
comes to the penalty authority that's provided to the air
districts. When there is a one-day event and a lot of
people are exposed, we know that our penalty authority is
somewhat limited to be able to serve as an adequate
deterrent. And we believe that the law needs to be
enhanced. And that's what this bill is all about.

It has passed out of Senate EQ and it's passed on
to the Senate Judiciary at this point.
BAAQMD EXECUTIVE DIRECTOR BROADBENT: Finally, what I want to point out all of this requires resources. We are in the process of enhancing our fee program to be able to pay for it. And you know we're going to be establishing an incident response mechanism that will help not only capture the cost, but impose a fee on those facilities that we permit to help provide the resources for this program.

And with that, I want to thank you for the opportunity to be here and just explain our response and of course the incident itself.

CHAIRPERSON NICHOLS: Thank you very much.

I do have a question I guess on -- this is sort of putting this in perspective. I do remember well when the incident occurred. And I remember -- and this always seems to happen whenever there is a fire that a lot of the immediate response was people going to the hospital or otherwise experiencing major health concerns, breathing difficulties because of the smoke in the air. And there's always an immediate request for information. How bad is it? You know, what should I do? How bad is the -- what does this mean for me and my health? And that always seems to me to be an area of weakness, at least I felt that at the State level.
So I appreciate the fact you're looking at improving your overall monitoring. That obviously is important in terms of being able to detect if there is a kind of leak that could lead to a fire and helping prevent the episode from happening in the first place.

But I'm not quite sure what in this plan is actually going to help you improve the level of communication that you're able to give to the residents in a situation like this. Can you respond the that?

BAAQMD EXECUTIVE DIRECTOR BROADBENT: Yes, Madam Chair.

I think you're really hitting at the heart of what our efforts are all about. Because when the incident occurred back in August 6th, the plume was a hot fire so it moved up into the atmosphere several thousand feet. And you know, the ground level monitoring network that surrounds some of these facilities didn't pick up actual increases. And that was perceived as a deficiency of the air monitoring network.

Never the less, we did actually take samples as well. We tried to communicate all that out to the public. We didn't see it in our samples. But yet, you can smell it. Also, the community can smell it. There's over 15,000 people checked themselves into local hospitals and sought medical attention.
And so clearly, we know that a lot more needs to be done here. So that is the purpose of the monitoring panel.

We're going to be asking for probably Alberto to serve on our monitoring panel to really lend his expertise so we can identify tools, both that can be deployed in the short term that can then be translated into some relevant information. So it's going to be a multi-step. We are going to need to identify technology that could be deployed. But then we're also going to have to work on the messaging. We're going to have to work on how do we communicate that to the public. Because there is a strong desire to understand what is in the air when an incident like this occurs, like you indicated, Madam Chair.

And right now, we feel like the tools are somewhat limited in this regard. And we can only communicate what we know. And we did the best job we felt we could do at the time. But we know there is frankly a lot of leaps in the technology that could be put to use here.

And what we want the do is get the best minds working for us, making some recommendations, and implementing those recommendations in the form of either a rulemaking that we have underway and/or some additional resources for ourselves at the district.
CHAIRPERSON NICHOLS: Thank you.

Supervisor Roberts.

BOARD MEMBER ROBERTS: You know, there's actually something in place that will help significantly. And while this looked like a big fire, this is a modest compared to what we went through in 2007.

CHAIRPERSON NICHOLS: San Diego has a lot of experience with catastrophic fires.

BOARD MEMBER ROBERTS: We had several hundred thousand people who had to be evacuated. We had degraded air quality over vast areas.

Richard was with me a few weeks ago when we launched our Breathe Well app, which I think is probably close to being statewide now. But we premiered it in San Diego, and it gives virtual and real time monitoring of both PM2.5 and ozone levels.

We were dependent -- we were very dependent on TV and on radio, which were helping us extensively, but still we were not reaching people because we couldn't reach them in sort of a time frame that they were on. And they had to be tuning in at the right time when we were doing our press conferences and other things. Of course, it was on the news, but you were getting it a few times a day.

Now, you have a continuous source of information. What we are doing is marrying that to another disaster
preparation in response ap that the County has developed
so that people get a lot of information, including the air
quality index. They're told right away if they should be
staying inside. That really is part of the ap. So the
missing part of this -- we have the information, but the
missing part was getting that into the hands of the
public.

And I would tell you that the staff has done a
terrific job on this. Few little bugs getting worked out.
Our people are very excited about it.

But the combination of the two where we know 24/7
that there are sites where we can go to -- in our case, we
show the exact location of a fire. We can have the
perimeter of the fire plotted. And no more than about
twelve minutes and available to the public in either their
iPhones or any type of advanced phone or their computers.

In addition, I know we have a reverse 911 so we
can call people and not even -- we don't have to take the
risk they're reading that. We can get that information
out to them by phone also. And that includes their mobile
phones as well as their land lines. So it's really a part
of getting this into the system.

But I'll tell you, what staff has done and
developed in this latest ap is terrific. We've been using
it. I've been demonstrating all over San Diego County.
And you know, I would applaud them. But that's ones of the pieces that I think was probably missing when they had to respond in this instance.

CHAIRPERSON NICHOLS: Yes, Dr. Balmes, a Bay Area resident.

BOARD MEMBER BALMES: Yeah, I was in vacation in Sweden when that incident happened, but I still got contacted by the media.

So I thank you, Mr. Broadbent, for this report on efforts to improve the Bay Area Air Quality Management District's response to incidents like this.

And I also appreciate what's Supervisor Roberts is talking about in terms of response to wild land fires, which San Diego has had more than its share of.

But this refinery instance is a little bit different than wild land fire, and it's happening in a community -- it happened in a community that is officially one of our disadvantaged communities with the new Cal/EPA report. And this is a community that distrusts government, especially on air quality issues related to the refinery. So there's really a Herculean task of trying to communicate effectively with this community.

Just with regard to the smart phone ap, while probably most Richmond residents have phones, cell phones, whether they have smart phones capable of downloading this
And so what they're interested in, even if the plume is really high so that there is not a lot of PM increase in the monitors near the refinery, they can smell it, as you pointed out, Mr. Broadbent. So that means there is volatile organic compounds likely present. And those may be irritating to the nose and throat and eyes, which prompt people to go to the emergency room.

So as I -- reading between the lines and your plans, I think your working with the Desert Research Institute to try to come up with a monitoring system where you can pick up VOCs and not just rely on PM and filters, and getting that information out to the public in a way they can understand it, will be a challenge.

And I guess the other thing I wanted to say is that the owner of the property, Chevron, has their own fire department. Their fire department didn't have the same radio system as the public fire departments. It was a major delay in communication about how to respond to the fire between the Chevron fire department, which I think has a reluctance to call in the public fire department. They can handle it, but they couldn't handle it. There was a big delay in terms of just how to handle the fire. I realize that's outside of your jurisdiction.

But the point I'm trying to make is the U.S.
Chemical Safety Board's evaluation of the incident said that agencies at the State, county, and city level had to work and the Bay Area level had to work better together. The Governor has an inter-agency task force on refinery safety, which I presume you're working with. Yeah.

So again, too much of the responsibility for various aspects of refinery safety. And we're siloed. And if we've learned a lesson from this, it's that we have to do a better job of integrating across various jurisdictions and responsibilities.

So I commend you for trying to move forward and with lessons learned. And I look forward to a better monitoring system and better communication with the public.

CHAIRPERSON NICHOLS: And fewer incidents.

BOARD MEMBER BALMES: Well, yeah. Letting pipes that were known to be corroded go unrepaired was really unconscionable. This is from a company that just recorded record profits and is now interested -- not interested in biofuels. So if I sound angry at Chevron, I am.

CHAIRPERSON NICHOLS: Supervisor Serna and then Ms. Berg.

BOARD MEMBER SERNA: Thank you, Madam Chair. Staying with the theme of communication -- I certainly appreciate the presentation and the details.
you've shared with us thus far this morning about enhancing communication.

I'm interested in understanding what protocols are in place, what protocols might be considered that is real time communication between the refinery and the refinery's fire department, emergency response team, and local emergency rooms so that emergency room physicians know before the patients even arrive complaining with respiratory distress, what chemicals are likely to be part of the problem, what particulate matter might be contributing to their respiratory distress so that there is not a lot of guesswork at the hospital or in the ER at the time the patient presents.

BAAQMD EXECUTIVE DIRECTOR BROADBENT: Yes, Supervisor.

In Contra Costa County, they have a model ordinance. And I truly mean that. It's the industrial safety ordinance that is essentially a model for all other counties when it comes to communication when there is an incident. And because there is a very comprehensive and inter-coordinated effort that occurs when there is an incident from one of these refineries. Four of the five refineries are located in Contra Costa County. Essentially, when there is an incident, there is a protocol in place that has the County, County fire
departments, the City's industrial safety staff all
working together to respond to the incident immediately
and then also communicate to the public.

One thing that has been identified is that there
needs to be -- I think this is your point -- there needs
to be I think a better linkage to the hospital.
Essentially in the emergency room. This is something that
the County Health Officer has recognized, and this is
something that I think we're going to be working on once
we move forward to be able to better link the health
professionals in when it comes to responding to an
incident.

BOARD MEMBER SERNA: That's good to hear. I
would imagine there's always room for improvement in that
regard.

But it seems to me that given the fact that we
are living in a world of aps and we have access to real
time information, nothing at least in my estimation could
be more important than the context of emergency like this
to know as an emergency room physician what to expect
before the patient even arrives.

CHAIRPERSON NICHOLS: Good point.

Ms. Berg, and I'm going to remind us that we have
two more guests who are prepared to present on this in
addition to the staff.
Although, Jack, you are bearing the brunt of this, I know this is a statewide effort.

Sandy.

BOARD MEMBER BERG:  Thank you, Madam Chairman. My questions will be answered, I'm sure, in the next presentation.

CHAIRPERSON NICHOLS:  Great. Shall we move on?

SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE: Thank you, Madam Chair, members of the Board.

My name is Philip Fine. I'm an Assistant Deputy Executive Officer at the South Coast Air Quality Management District in the Science and Technology Advancement Office.

And I'm happy for the opportunity to present some of South Coast's AQMD activities in the area of monitoring refinery emissions, as well as our emergency response capabilities.

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE: By way of background, we have eight major refineries in our jurisdiction, and they are located in heavily populated areas. Under routine conditions, they are major contributors to VOC emissions. Through various controls, they've become minor contributors to some of the other pollutants.
But in addition to these routine emissions, there's various unplanned emissions that occur at these refineries. Primarily, they come from unplanned flaring events, both large and small. But there could be upset conditions, spills, leaks, and then again fires, explosions, things like that. We generally don't get too many. What we generally see is a large flaring event.

Some of these may not raise to the level of an emergency response, but we do receive complaints. We do go out and do complaint response and community response to some of these incidents. So what I'm going to talk about today is some of our capabilities in these areas.

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:

Basically there are existing routine monitoring that occurs at all these facilities for routine operations. These include continuous emissions monitoring and other types of censors and programs throughout the facility on the facility to monitor emissions.

One thing I want to mention -- I'm not going to go into detail on all of these. We do have a flare event notification system where anyone who signs up to our list serve can get an e-mail whenever there is a planned flare event. They could be notified when it's going to occur. But even if it's unplanned, as soon as we get notification
and we're supposed to get notification within an hour, 
that notification can immediately go out to anyone who 
signed up for our list serve to unplanned flare events. 

In addition to these routine monitoring that goes 
on at the facilities, we have intense inspection and 
compliance determinations. We go to these facilities very 
often. Sometimes, we put six to ten inspectors on there 
for a full day. And we use technology such as total vapor 
analyzers and infrared cameras to detect leaks. 

The idea is we want to avoid any incidences of 
unplanned emissions, whether it's flaring or fires or 
explosions. And a lot of the efforts that go into the 
routine operations are aimed in that direction. 

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:
Again, we have our routine ambient monitoring network. We 
have over 36 stations. And just shown on this map, you 
can see the location of our refineries. And we do have 
monitoring stations downwind of those refineries in the 
community, mostly in the Long Beach area. They're not 
located specifically for refinery emissions. But when we 
do have events, we look at these stations very closely to 
see if we can pick up any emissions that are occurring 
from this concentration of refineries down in the South 
Bay.
SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:

We do have an emergency response program, and we've had this since 1985. We continue to improve it. We activate this for a variety of things. It includes wild fire events. It includes when we get called from emergency agencies, local agencies, county agencies, Hazmat, and CHP, if there is a spill on the roadway.

We'll go out, and like Jack mentioned, our goal is to provide support to the incident command system when it comes to exposure of nearby residences or citizens, but also exposure to first responders. We don't go into the hot zone, but we go onto the perimeter and try to provide as best information as we can do.

We do air quality sampling and analysis, and we can provide Facility information if it's, say, a fire at an industrial facility to the first responders and incident command. We also provide support when it comes to meteorological data and forecasting which way the winds may blow during the event.

SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:

I'm going to get into some of the technologies we can deploy in some of these cases.

First, it was mentioned there is grab samples.
This is a short-term response. So there are some equipment we can take out and we can take samples on scene, instantaneous samples that we can rush back to our laboratory and analyze for specific pollutants or toxics. These include toxic VOCs, particulate matter. We can do hydrogen sulfide and other sulfur species as well as collect, say, fallout on plates and look at it under the microscope to see what kind of larger particles may be there as well.

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:

We also have some equipment we send out that is continuous. We don't have to take this back to the lab. The one thing I want to highlight is in the upper left there we have these portable GCMSs, or gas chromatograph mass spectrometers which can get you a real time every 15 minute VOC information. Because they're portable, you sacrifice a little bit of sensitivity, but they can measure levels of toxic VOCs at the acute levels that would be of concern. This is very useful to us.

We have hand-held analyzers for hydrogen sulfide. We have things we can set up quickly for PM 10 and PM2.5. We have vapor analyzers for COs. We also have total VOCs. We can measure ultra fine particles and black carbon. A lot of these things can be deployed very quickly in the
parameter area to get some fast information.

SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:
If an incident goes on for several days or even more than 25 hours, we have a longer term response. We have a couple of mobile trailers that can be used in emergency situations, but are also used for community monitoring. Here, we have a suite of monitoring instruments within the trailers.

One of the things I want to highlight is they do have the capability for real-time monitoring of total VOCs, non-methane VOCs. They have the capability that when the VOCs reach a certain pre-set threshold, they can automatically capture a grab sample for analysis in the laboratory. This has been used in our trailers, but has also been set up in fixed sites in areas where there has been odor problems or odor complaints to try to get a handle on where the odor is coming from and if there is any toxic compounds associated with that odor.

SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:
Again, the real challenge is public notification of these things. And we have various avenues to let the public be aware of these activities and these events, but we issue notice advisories to the media. They get picked up pretty
quickly. We have thousands and thousands of people on our list serves and our lists that we send information out to by e-mail. We do press releases. We can quickly put recorded messages on our voice response system and our phone number. And we reach out to local public health groups, community groups. We talk to the media and try to get the effort out, the information out as fast as we can. More recently, we've been using social media, Twitter, Facebook, and other types of apps on smart phones to get the information out and other methods as well.

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:

What I'd like to get into is some emerging technologies that we don't necessarily deploy now but they're coming online. Right now, we have a pilot study in conjunction with UCLA looking at some of these fence line technologies. These are open path fence line technologies.

The idea is you have some kind of beam or laser or some kind of light source that you can bounce off, either reflector and it comes back to a detector. Based on the absorption of that light over a certain distance, you can recall what kind of compounds are there.

These can be used in two modes. One is an early alert system like we're talking about today where if it
reaches a certain threshold, you might trigger some kind of community alert or at least let the districts know that something may be going on.

But also we're looking at technologies that can actually quantify those emissions coming off the facility in various different ways. So the traditional set up of these fence line monitors are in the upper right where you have the reflective beam.

I wanted to highlight two other technologies that are emerging that we're studying. This is called imaging DOAS. This is the same type of UV technology, but it uses a camera and can take a picture. The picture on the left is a picture of an actual flare. And each pixel represents an actual absorption. And you can actually quantify the emissions out of that flare or any other source, for that matter, that are not visible. If you know the wind speed and wind direction and you know the size of the plume, you can actually come up with an estimate of how much is coming off.

So this, again, could be used in a mode where you're quantifying emissions from a particular stack or source, but can also be used in the mode where you would provide some kind of early warning system.

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:
The other technology, similar type of light source. This is a scanning technology where you can put upwind downwind of the entire facility. And by the difference in what you measure upwind and downwind, you can get a total facility emission flux, which is going to be very useful for VOC fugitive emissions in quantifying that. But also can be used for emergency — detecting emergency situations and community alerting systems.

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:
The other area we're looking at and very active in is this emergence now of these low-cost air pollution censors that instead of costing the typical five to $20,000 that we pay for our high-end equipment, these are things people are building themselves or buying online and putting on their wrist or smart phones. And for five or ten or maybe up to $100 getting some air quality data. There is a lot of advantages to this, obviously. They're low cost. They're portable, and they should provide real time information. And if they work well, one of the applications is you can spread them throughout a downwind community in one of these refinery situations, either on a routine basis because they're so cheap, or maybe deploy them during an incident.

We're monitoring the development of this
There is currently a lot of challenges with accuracy and precision and calibration and interferences. And we're working with U.S. EPA and other partners to try to get a handle on characterizing some of the emerging devices. Some of very promising. I would say within three to five years, some of this technology will be ready for prime time and probably very useful in the types of situations we talked about today.

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:

The next steps are we continue to continue to work with CARB and CAPCOA and the other air districts on this project plan that's being developed and this website that you'll hear about is being developed by CARB will contribute links and information on that website.

We're going to continue that pilot study with UCLA at the BP Carson facility. And we're also going to continue our assessment of these low cost censors for this particular application.

That concludes my presentation. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Yes, Sandra.

BOARD MEMBER BERG: I want to thank you both very much for coming and spending the time. Nice to see you.

Again, I think coming back to what the community
can do, we are providing them with a great deal of information. Hopefully getting them the information. But then it does become, what do I do with that? And they're not scientists. We know how difficult it is to get people prepared for earthquakes. And yet, these are really critical, what steps do they take.

So can we add to this suite of great steps and great information an education out to the various community groups? What do I do? Is being in my house with the windows closed, is that a sufficient first step? Should I have something?

Obviously, at some point, we're going to evacuate everybody, or certainly the agencies would evacuate when it reached a point that it was not safe for them to be there.

But what do they actually do in the mean time? I think it's the fear of what should I be doing to keep my children and myself safe until you call evacuation is really what is difficult for the citizens that live around there. And I'd really encourage you, simple, clear message how do I protect myself? What do you do? And that would be wonderful. Thank you.

CHAIRPERSON NICHOLS: Okay.

SJVAPCD DIRECTOR OF STRATEGY AND INCENTIVES SHEIKH: Good morning, Madam Chair, members of your Board.
I want to first start off by thanking the efforts of the ARB who played an active lead role in the important work being conducted through this Refinery Task Force.

We support the goals of this effort and hope it will ultimately lead to improvements in the State's and our ability to also enhance what we do to both prevent and more effectively respond to these future refinery incidents.

Just to give you a little bit of background, the San Joaquin Valley is home to several small refineries that are very unlike the large refineries located in these dense highly populated areas in southern California and the Bay Area, but which we feel are nonetheless important to address in this same effort.

To put this in perspective, the Valley's refineries are about an order of magnitude smaller than these larger refineries, with the largest of our three refineries actually idle at the moment, and the other two refineries quite small in production capacity, again compared to these larger refineries.

Given these difference in size and the nature of the refineries and where they're located, one of the messages I think today is that the ultimate best practices that we come up with through this effort and enhancements to these processes needs to be carefully evaluated on a
case by case basis to make sure we accommodate the
variability of what we see out there in the real world.

We have already committed extensive resources to
monitoring of these facilities and want to utilize this
process in partnership with our colleagues to look for
opportunities to enhance the way that we use those limited
resources.

Already today I'm hearing some really intriguing
ideas about how we can continue to enhance our existing
processes.

We do have a number of different rules that we
use right now to monitor the activities at refineries,
including the flaring activities, but also other
activities. And we do have very stringent permitting and
enforcement programs that continue to look at the way that
we monitor these facilities.

By using information from the monitoring network,
we also have over 30 monitoring stations distributed
throughout the Valley, including Kern County where we have
the three refineries in the San Joaquin Valley.

We provide real time information as well similar
to what was mentioned earlier through a variety of
mechanisms, including a mobile ap and other mechanisms.
And we also have a detailed emergency response plan in
place that ensures that we have a timely and effective
response to these types of incidents.

One of the areas that I just wanted to emphasize today in terms of what we're looking for is at the end of the day, we are looking for ways to actually prevent these types of incidents in addition to how we better respond to them.

We're looking for ideas, for example, for better practices for reporting monitoring and other things that could be done to actually help prevent these types of incidents.

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SCAQMD ASSISTANT DEPUTY EXECUTIVE OFFICER FINE:
We look forward to working with our partners. I'm going to be brief and hopefully catch you up here on your agenda and close by thanking again ARB for taking the lead in this and for all of our other partner agencies for working with us on this. Thank you.

CHAIRPERSON NICHOLS: Thank you.

(Thereupon an overhead presentation was presented as follows.)

OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: Good morning, Chairman Nichols and members of the Board.

I'm Greg Vlasek, Chief of the ARB's Office of Emergency Response in the Monitoring and Laboratory Division.
Prior presentations by the local air districts have provided perspective on what happened at the Richmond refinery fire and what the districts are doing to be better prepared for future emergency incidents.

Now I would like to highlight ARB's actions taken since last fall and what we plan to complete in the coming year.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: You may recall from staff's emergency air monitoring presentation last August that ARB closely monitored the Richmond fire and stood ready to assist local Bay Area agencies.

ARB continues to serve local agencies as a resource for monitoring of air releases. But since the Richmond fire, we have taken a number of additional new steps, including coordinating with air districts to improve State and local monitoring procedures and protocols, participating in the Governor's Refinery Task Force to improve community air monitoring and reporting, collaborating with the California Air Pollution Control Officers Association on a joint refinery assessment plan, and also creating a new publicly accessible online clearinghouse of refinery-related air quality information.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: Our coordination with local air districts on refinery monitoring began last September, as Mr. Broadbent noted, with our participation in a special investigative hearing of the Bay Area AQMD on refinery emergencies and our commitment to help explore possible improvement to emergency monitoring equipment and protocols.

In October, we engaged CAPCOA's air monitoring Committee and the three other local districts in California with jurisdiction over refinery emissions, South Coast, San Luis Obispo, and San Joaquin Valley.

With the advise and assistance of these organizations, ARB developed a conceptual framework for a Refinery Air Monitoring Assessment Project Plan.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: In addition to our collaborative efforts with the agencies, ARB was asked to participate in the Governor's Task Force on refinery safety to reduce community exposure risks through enhanced air monitoring and reporting. The Task Force posed two principle questions the ARB in addressing core safety issues:

First: Are changes needed to ensure timely and comprehensive air monitoring and reporting of refinery emissions during routine operations and accidental
releases?

And second: Are actions by local air districts needed to improve public communication during routine and emergency conditions?

The Task Force directed ARB to investigate these and other issues within its scope of expertise.

These questions also contributed to the basis of the Refinery Assessment Project Plan.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: The draft project plan that ARB is developing in partnership with the local air districts lays out several objectives to assess existing monitoring and response capabilities and potential improvements. It will serve as a State road map for improving future community-based monitoring near California's major refineries. The plan objectives are:

To delineate existing local monitoring assets and resources and to make the information accessible to stakeholders, communities organizations, and the public;

To perform a comparative evaluation of each region's air emergency response capabilities and to propose appropriate enhancements consistent with local circumstances;

To develop statewide guidance and best practices for community air monitoring near refineries;
And to finally, to improve coordination with local agencies on air monitoring activities and provide ongoing training and preparedness exercises.

The issuance of a new statewide guidance document on emergency air monitoring near refineries and ARB's ongoing support will provide a framework for continually improved public health response to these events in the future.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: As I mentioned, ARB seeks to engage stakeholders, community organizations, and the public in our work to improve emergency planning and response by making information accessible.

Toward that end, we have developed and launched today an online clearinghouse of refinery air monitoring information. This will be a dynamic website that we intend to update frequently to ensure the public has access to the most current and timely air monitoring data and information possible.

The next several slides will highlight some of the new website's functions and capabilities.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: Two key features are the alert status banner and the "What's
New" section at the very top of the web page. The scrolling alert banner updates the public on the status of significant air releases at refineries and related public health advisories.

The "What's New" section provides updates on recent and upcoming events, as well as newly released air quality data and reports.

A good example of this content is the monitoring data that was recently published by the Chevron and Phillips 66 Bay Area refineries.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK:

Another key feature of the site is an interactive map, enabling users to obtain current air quality data from refinery locations throughout the state simply by selecting and clicking a site of interest.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: For example, this page depicts hourly data for particulate matter concentrations and meteorological conditions at a portable demonstration station set up by ARB and Bay Area AQMD just half a mile from the Richmond refinery.

In addition to the interactive and real time features of the clearinghouse, ARB has provided reference information, organized by region, so that users anywhere
in the state can easily find useful and current
information relevant to their area and needs.

Our site also offers a list serve where the
public can sign up for immediate alerts and updates. With
this new clearinghouse in place, ARB has a strong
foundation for communicating timely air quality and
emergency information to the public, as well as for
sharing progress on the statewide assessment work that
remains ahead.

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OFFICE OF EMERGENCY RESPONSE CHIEF VLASEK: In
conclusion, I'm pleased to report that the Refinery
Assessment Project Plan was approved by the Governor's
Refinery Task Force in March and is now undergoing final
review by the CAPCOA Board of Directors for what we
anticipate will be a May public release and commencement
of the roughly twelve-month long assessment project.

The project's completion will enable ARB and
CAPCOA to identify and recommend best practices statewide,
and to assist local public health and safety officials
with implementing those practices.

We know that certain interagency collaborative
needs, like training, exercises, technology assessment,
and communications will require an ongoing coordination
role by ARB.
We also recognize that these program enhancements as well as ongoing coordination will require additional resources.

The draft project plan includes an assessment of needs and potential funding mechanisms that will assist State and local agencies with identifying and securing those necessary resources.

That concludes our presentation. And we will be happy to take any questions.

CHAIRPERSON NICHOLS: Thank you. This is obviously an ongoing effort, but it's timely I think to have an update. So appreciate hearing about it.

We do have one witness who's asked to speak on this item, and that's Susan Noble from WSPA. So Susan, if you'd come forward.

You represent the refineries in this situation.

MS. NOBLE: Good morning. Thank you, Chairman Nichols and the Board.

My name is Susan Noble. I'm the Western States Petroleum Association, also known as WSPA.

WSPA has been very involved on the Governor's initiative on refinery safety under the Department of Industrial Relations. And the DIR has reached out collaboratively with us, and we have formed a Refinery Safety Stakeholders Group and have been working with them
over the last six weeks.

We're very interested in collaborating with CARB as well as CAPCOA on any efforts related to air monitoring and bringing our knowledge and expertise to any ongoing dialogue.

I just really wanted to thank you this morning for this update and the air districts for participating as well as the CARB staff's update on their participation in the Governor's Refinery Safety Task Force. And we look forward to continuing working with DIR as well as CARB and CAPCOA and the report that will be distributed to the public in May. Thank you -- or June, I guess it is.

CHAIRPERSON NICHOLS: All right. Thanks.

Do you want to close this item then, Mr. Corey?

DEPUTY EXECUTIVE OFFICER COREY: Sure. I wanted to thank Jack, Phil, Samir, and Greg for the presentations. They demonstrate our respective agency's efforts to improve monitoring refinery air emissions releases and response to any future incidences.

This is an important step in the commitment that ARB and local air districts are making to protect public health in the vicinity of California refineries. We're looking forward to continue the collaborative working relationship that we have going here.

CHAIRPERSON NICHOLS: Thank you.
I want to echo what Ms. Berg said earlier about the difficulty of using the information that we get from emergencies. Whenever there is an emergency, people are galvanized into action. Resources flow. Attention flows. And people are focused on trying to solve the problem.

It's so much harder as the time away from that episode grows longer to keep focused and to figure out what actually you can do that will be helpful.

Clearly, continued attention is necessary. I think it's great that the Governor has convened this statewide effort. That's something new. And the fact that the Division of Industrial Relations, which is certainly on the front line with respect to impacts on the people who work at these facilities, is taking a leadership role is also a very good thing, I think.

So I think for our side it's important to remember that we're not the only players here, to put it mildly. But we are the ones that the public turns to when one of these episodes occurs. And so being better able to inform people about what's going on and to be prepared to do that is I think a role that we can all do better at in the future.

So I'm just really delighted to see the district representatives here. Obviously, you represent a range of different types of refineries and concentrations of
refineries, all with slightly different rules. And that's the way we do things in California, as you know, very much to focus on the local as the front line for a regulation and response and monitoring.

But I think it looks as though our staff is playing a helpful role here and just want to encourage them to keep doing it. Thank you very much.

We have I think a couple of minutes' break that we need to take before we can get people assembled for the next item. The court reporter probably can use a break at this point. So why don't we take five -- let's take ten minutes stretch and get the teams re-assembled, and we'll reconvene just a little before 10:30.

(Whereupon a recess was taken.)

CHAIRPERSON NICHOLS: Ladies and gentlemen, if I may recall you, I know this was a long ten minutes and I was partially responsible for having stretched it. But it was good to get up and stretch and have a chance to greet at least a few of our guests and visitors who are here today. While people are taking their seats, I can just give a little intro to what we are doing here.

Our last item on our agenda for today is the draft Investment Plan for the cap and trade auction proceeds.

As required by the California Global Warming
Solutions Act 2006, otherwise known as AB 32, the Air Resources Board adopted a Scoping Plan to reduce greenhouse gas emissions in the state to 1990 levels by 2020. The Scoping Plan contains a diverse set of tools to achieve emissions reductions, including a cap and trade regulation.

Cap and trade is a market-based compliance mechanism that allows participants to purchase allowances at auction. The first cap and trade auction was held last November, and subsequent auctions are currently being held quarterly. Each auction generates proceeds. The majority of auction proceeds derived from the sale of allowances cosigned to auction by investor-owned utilities. And those proceeds are required by the California Public Utilities Commission to benefit rate payers. Those are not under discussion today.

What we are here to focus on is a more limited portion of the proceeds that comes to the State and is deposited into the Greenhouse Gas Reduction Fund to support programs that further the regulatory purposes of AB 32.

So it's important again to underscore -- and I know you'll be hearing this a lot more today -- that the State's portion of the proceeds must be used to further the broad purposes of AB 32.
We know that strategic investment of these funds can advance the State's climate, air quality, energy, transportation, and natural resources goals for the 2020 time frame and beyond. These investments can also provide many co-benefits, including improved public health and helping consumers to reduce fuel use and save money.

I want to take a moment to recognize the leadership of the Speaker of the Assembly John Perez, for his ongoing leadership in moving the state towards a clean energy economy and specifically for authoring AB 1532, which established the process for developing this Investment Plan and the principles guiding today's investments.

Today, we will be hearing about the draft plan developed by administration staff that recommends priorities for the investment of cap and trade auction proceeds.

This item is not our typical Air Resources Board agenda item. Normally, staff would be presenting an ARB proposal for Board consideration. However, pursuant to the statute, we are here to listen to the comments of other State agencies who are here to present the draft plan, and we're also here to provide an opportunity for the public as well as the Climate Action Team to comment on the draft plan.
I think I will now turn this over to Richard Corey to introduce this item.

DEPUTY EXECUTIVE OFFICER COREY: Thank you, Chairman Nichols.

As you noted, a team of State agencies are here to present a draft Investment Plan for cap and trade auction proceeds.

In 2012, the Legislature passed and the Governor signed three bills that provide direction on the use of auction proceeds.

AB 32, Perez, that you mentioned, SB 535 DeLeon, and SB 1018, together, these bills create the framework for spending the State's portion of auction proceeds and require, amongst other things, that a portion of the funds must benefit and be expended in disadvantaged communities.

These bills also require that the Department of Finance coordinate with the Climate Action Team, ARB, and other agencies to prepare an administrative-wide Investment Plan.

You'll notice some new faces at the table behind me today. They're representatives from some of the other State agencies that were instrumental in developing the draft plan.

I'd like to introduce Karen Finn, Program Manager with the Department of Finance; Brian Annis, Deputy
Secretary at the Business, Transportation, and Housing Agency; and Mariam Barcelona Ingenito, Deputy Secretary at the California Environmental Protection Agency; Mike McCoy, Executive Director of the Strategic Growth Council; and Drew Bohan, Chief Deputy Director, California Energy Commission.

For this item, we'll begin with introductory remarks from Finance, the department that will be submitting the final plan to the Legislature with the Governor's revised State budget next month.

Then ARB will walk through the legislative requirements, the public process, and highlights from the draft plan. That will be followed by testimony on behalf of the Climate Action Team.

Now I'd like to introduce Karen Finn from the Department of Finance. Karen.

(Thereupon an overhead presentation was presented as follows.)

CHAIRPERSON NICHOLS: Welcome.

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER FINN: Thank you. Thank you, Mr. Corey.

Good morning, Chairman Nichols and Board members.

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DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER FINN: Today, I'd like to provide some brief remarks about
the development of the draft Investment Plan for the cap
and trade auction proceeds.

I'd also like to clarify some items related to
the plan and explain the distinction between the
Investment Plan and the ultimate budget that will be
released in May.

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DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER
FINN: As you know, the draft Investment Plan being
discussed today and the process for developing the plan
were guided by legislation in 2012.

Under that statute, the Department of Finance's
role was to develop an Investment Plan in consultation
with the Air Board and the other agencies which you'll
hear from later and submit that plan to the Legislature.

The first that we're talking covers the next
three fiscal years. Investments under this plan must
facilitate the achievement of reductions of greenhouse gas
emissions in the state and also required by the
legislation recommend priority investments by sector.

However, you'll see today the draft plan does not
contain specific dollar amounts. While the -- and also to
remind you, while the draft plan identifies its priority
investments for many areas in the state, I just want to
remind folks, it doesn't guarantee that expenditures will
actually be proposed for those areas, certainly in the this first budget year.

Also as directed by legislation ultimately, specific portion of the investments must benefit or be expended within disadvantaged communities. Again, I'd just like to remind that even when funds are appropriated and you see appropriations in the May revise, there will not be specific communities identified because that will not be known until different programs are underway, the grant programs and the expenditures.

Not every program may be able to meet specified goals. That will mean that other programs will have higher participation goals to ensure we meet the overall requirements. And we assure everyone that all involved are aware of the goals for the disadvantaged communities.

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DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER FINN: The final Investment Plan, along with the Governor's proposed Expenditure Plan for the budget will be submitted to the Legislature with the Governor's revised May budget in a couple of weeks. The legislature then will appropriate the proceeds through the annual budget process consistent with our final Investment Plan.

While the Investment Plan does identify priority investments over the entire three-year period, the annual
budget will be appropriated to the State agencies for just
the first fiscal year.

Please note that the draft Investment Plan is an
administration project. It's a product by all the State
agencies. It wasn't just an ARB proposal.

In accordance with the legislation, Air Board's
role was to consult with the Department of Finance, plus
hold public workshops and this public hearing today.
After this hearing, the Governor still has the opportunity
to amend this plan before it is submitted to the
Legislature.

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DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER
FINN: In addition to Finance, Cal/EPA, and Air Board,
there were many other agencies as you see here that either
participated in working groups and provided input
regarding potential investments. This slide shows the key
agencies that helped shape the draft plan being presented
today.

Many of these agencies are here today, and I'd
like to personally thank them for their efforts.

Finally, many of you here in the audience and
your colleagues also gave us input and suggestions. And
we thank everyone who's here today.

Now, I'd like to turn the presentation over to
Monique Davis for the Air Board staff presentation.

(Thereupon an overhead presentation
was presented as follows.)

MS. DAVIS: Thank you, Ms. Finn.

Good morning, Chairman Nichols and members of the
Board.

Now that Finance has covered the fundamentals,
I'll be providing some additional background on the
development of the draft Investment Plan. Then I'll
summarize the recommended priority investments that are
contained within the plan.

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MS. DAVIS: There are three 2012 bills that
contain the requirements for the Investment Plan, as was
mentioned before: Senate Bill 1018, a budget trailer
bill; Assembly Bill 1532, sponsored by Speaker Perez, and
Senate Bill 535 sponsored by Senator DeLeon.

The Investment Plan covers a three-year period
from 2013 fiscal year to 2015/16. Per statute, it must
include greenhouse gas emission reduction goals, a gap
analysis, priority investments by sector, and finally,
designation of disadvantaged communities.

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MS. DAVIS: The legislation contains several
objectives for investment of auction proceeds. In
addition to achieving greenhouse gas emission reductions, investments should yield these co-benefits whenever possible, including benefits for disadvantaged communities.

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MS. DAVIS: The term disadvantaged communities was established by the legislation to ensure that investment of auction proceeds yields benefits in impacted areas. The legislation tasked Cal/EPA with identifying these communities for this draft Investment Plan. They did this using the CalEnviroScreen tool, which incorporates a wide variety of environmental and socioeconomic indicators.

This was a joint Cal/EPA effort with the Office of Environmental Health Hazard Assessment, or OEHHA.

Under the SB 535 legislation, the allocation of auction proceeds must provide at least 25 percent to projects that benefit these communities and 10 percent to projects located within these communities. The appendix of the draft Investment Plan provides approaches for meeting these percentage targets.

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MS. DAVIS: The dark blue areas on this slide show the communities that were identified per SB 535. And this map reflects the map that was updated earlier this
week by Cal/EPA.

Please note that the draft Investment Plan contains slightly older versions of the maps for these communities. But at the back of the auditorium, we provided updates copies of the map on this slide and more detailed regional maps. And also, the most current version of the maps is available on our website.

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MS. DAVIS: Before we discuss what is in the draft Investment Plan, it may be helpful to understand how the auction proceeds would likely flow to State agencies. So during the June budget process, the Governor will recommend and the Legislature will determine budget appropriations for State agencies, consistent with the final Investment Plan.

The State portion of the proceeds from all auctions are deposited into the Greenhouse Gas Reduction Fund, where they can be distributed to State agencies in accordance with those budget appropriations.

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MS. DAVIS: After the State agencies received their proceeds, there are a variety of possible methods for expending the funds. For example, money could be used for direct funding of State agency projects, like a Caltrans infrastructure project.
It could also be used to provide incentives administered by State agencies for projects such as rebates, grants, or loans to consumers, businesses, or public agencies. Or the money could be distributed to regional or local agencies that would fund projects which are consistent with the State policies for those funds. In all cases though, the expenditures would need to further the purposes of AB 32.

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MS. DAVIS: Now we'll discuss what is in the draft Investment Plan. As we noted earlier, the contents of the plan were prepared in accordance with the legislation.

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MS. DAVIS: The development of the draft plan began last May when ARB hosted a public consultation meeting. After the 2012 legislation was signed, the development continued with an interagency working group, a draft concept paper, and three public workshops that were all very well attended.

At the workshops, the interagency working group heard from more than 200 speakers. And we received more than 350 comments.

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MS. DAVIS: The draft plan identifies the sectors
that are the sources of greenhouse gas emissions, with transportation and electricity generation being the primary contributors. The sectors shown on this slide are the same as the categories that are in the AB 32 Scoping Plan.

For the year 2020, we estimate a total of 427 million metric tons of carbon dioxide equivalent emissions. And this number reflects the benefits from full implementation of existing programs to reduce greenhouse gas emissions.

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MS. DAVIS: In addition to identifying the main greenhouse gas emissions sectors, the draft Investment Plan also summarizes initiatives that focus on reducing emissions from these sources. These initiatives include AB 32, key legislation, and several Executive Orders that establish greenhouse gas emission reduction targets for 2020 and beyond.

Some of the key initiatives are shown on this slide, and the next slide shows a chart of the overall reduction targets.

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MS. DAVIS: The main reduction targets are shown here. By 2020, reduce greenhouse gas emissions to 1990 levels. And by 2050, reduce emissions 80 percent below
1990 levels.

The SB 23 Scoping Plan identifies measures to reach that near-term 2020 target. And actions by ARB and other State agencies are implementing the Scoping Plan measures.

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MS. DAVIS: In addition to the measures in the Scoping Plan, there are other local, State, and federal strategies in place to reduce greenhouse gas emissions. The legislation for auction proceeds requires that the Investment Plan analyzes any gaps in current strategies to meet those State greenhouse gas emission reduction goals we saw earlier.

Based on this gap analysis, we concluded that full implementation of existing strategies can get us to the 2020 target. However, extensive additional strategies are needed both to meet the post-2020 goals and to ensure ongoing maintenance of the 2020 limit, as population and growth increase.

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MS. DAVIS: So now we know the major greenhouse gas sectors, the reduction targets that we need to meet, and the fact that we need to do more to reach long-term goals. The next step is to identify potential investments that could help us get where California needs to go.
The draft plan identifies potential priority investments by sector based on three main factors: The legislative direction we talked about earlier, administration priorities, and the public comments that were provided.

Some investments will provide significant near-term reductions. Others are more focused on supporting the necessary transformations that are needed in the transportation and energy sectors to meet those post-2020 reduction goals.

I've already highlighted the direction from the Legislature. And the next slides discuss other factors that were considered in identifying potential investments.

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MS. DAVIS: The administration's priorities for investment auction proceeds were identified in the Governor's January budget proposal. In the Governor's proposal, funding for transportation and sustainable communities was the top priority, followed by electricity and commercial/residential energy projects.

The proposal also recommended examining possible investments in sustainable agriculture, forest management, urban forestry, and waste diversion.

The draft Investment Plan includes potential investments that cover all of the areas put forth in the
budget proposal.

MS. DAVIS: The Administration Working Group also considered public comments when identifying potential investments. We received significant public input during workshops and through written comments. This slide summarizes the major themes.

In a number of cases, several organizations joined together as a coalition to present a cohesive set of comments. All of the concepts on this slide are reflected in the draft Investment Plan.

MS. DAVIS: Based on legislative direction, the administration's priorities, and public input, the working group prepared draft recommendations for priority investments.

As we noted earlier, the draft plan does not include dollar amounts. So the graphic on this slide illustrates recommendations for relative funding priorities.

The largest portion of the funds would be invested in projects related to sustainable communities and clean transportation, reflecting the fact that transportation is the largest source of greenhouse gas emissions.
The next largest portion would be invested in energy efficiency and clean energy, and a smaller portion would be for natural resources and waste diversion. The next few slides will summarize the types of potential investments for each of the three priorities shown on this slide.

The appendix in the draft plan includes specific examples of existing programs and projects that are potential candidates for investment. It also provides approaches for ensuring benefits in disadvantaged communities. However, it is important to note that inclusion of a recommended investment in this draft plan does not guarantee funding.

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MS. DAVIS: Let's start with potential investments for sustainable communities and transportation.

Investments could support implementation of SB 375 sustainable community strategies, such as improved transit, rail modernization, and livable communities.

Investment is also essential for the transformation of diesel freight vehicles and equipment to zero emission technology to address climate and air quality goals.

Continued support for increasing the numbers of
zero emission passenger and transit vehicles and the infrastructure to support them is another priority for investment.

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MS. DAVIS: The focus for this next priority area is on improving energy efficiency in homes, in our water supply, and industrial operations, and in agriculture.

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MS. DAVIS: And finally, in this category, potential investments could support forest management, urban forestry, conservation easement for forests and agriculture and other ways to sequester carbon greenhouse gas emissions. Waste diversion could include support for composting and recycling.

In the draft Investment Plan, there is a lot more detail on potential investments and existing programs that could be expanded to provide additional benefits.

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MS. DAVIS: In addition to reducing greenhouse gas emissions, the priority investments in the draft plan could yield many co-benefits, such as those shown here. Both the Interagency Working Group and the public input brought forth a wide variety of positive impacts that could result from the strategic investments. Many of the public comments that we received emphasized the desire to
maximize these co-benefits wherever possible.

MS. DAVIS: All investments of cap and trade auction proceeds must be used to further the regulatory purposes of AB 32 and to meet the requirements of other legislation. The draft plan contains guiding principles to help ensure that this occurs.

The left side of the slide shows the principles to be followed when selecting investments. The right side shows the principles that apply to the administering agencies that receive proceeds funds.

For both administration and investment of funds, guiding principles include benefits for disadvantaged communities. It is critical that the process be inconclusive, transparent, and accountable.

MS. DAVIS: The implementing legislation requires the Board to conduct a public hearing, but it does not require that the Board approve or adopt the draft Investment Plan. However, staff recommends that the Board adopt Resolution 13-15.

A key finding of this resolution recognizes and supports the requirement that investments facilitate the reduction of greenhouse gas emissions and further the regulatory purposes of AB 32.
The resolution also states that the Board has satisfied the legislation's public process and meeting requirements for the development of the draft Investment Plan.

And finally, the resolution supports funding for the identified priority programs to further the regulatory purposes of AB 32 and help California realize the transformational changes that are vital to meet our long-range goals.

This concludes the staff presentation.

CHAIRPERSON NICHOLS: Thank you very much, Ms. Davis.

The legislation that you referenced also calls on California's Climate Action Team to participate in the development of the Investment Plan and to offer testimony at this hearing.

And it's now my pleasure to recognize and introduce Matt Rodriguez, secretary of Cal/EPA, who chairs the Climate Action Team to provide that testimony.

CAL/EPA SECRETARY RODRIGUEZ: Well, thank you, Mr. Chair Nichols. It's a pleasure to be here this morning.

As you noted and for the record, my name is Matt Rodriguez. I'm the Secretary for California Environmental Protection Agency. And as noted, in addition to my role...
as a Secretary, I'm also the Chair of the Climate Action Team.

The Climate Action Team, which is frequently referred to as the CAT, is an interagency team established by an Executive Order and the participants include Agency secretaries, department directors, and representatives from the many agencies and departments in California that have some role in addressing climate change and working on reductions and achieving reductions in greenhouse gas emissions.

Because I'm here on behalf of the CAT today, I will try to be somewhat less off the cuff and more coherent than I usually am when I testify in hearings. And I should note to there are many representatives from the members of the CAT here today who are going to make sure that I don't make a plea for all the money going to Cal/EPA.

I also need to mention that I'm also a member of the Strategic Growth Council. And Strategic Growth Council member agencies and staff were also very active and participated in the development of this draft Investment Plan.

Now, I'll keep my comments here today brief, because I know there are many people who want to speak on this particular plan. And also because it's very easy to
offer testimony on this plan.

The CAT has taken a look at this plan, and we commend the multi-agency team the draft of the Investment Plan. Not only did the team assemble a plan that addresses the major sources of greenhouse gas emissions in the state, but it also addressed the public interest in promoting wise investments. It promoted and promotes the desire to invest in communities that experience disproportionate climate impacts. It also identifies the need to stimulate a cleaner economy in California.

The plan also addresses the State’s statutory planning priorities. It promotes in-fill development and equity. It protects environmental and agricultural resources. And it certainly encourages efficient development priorities.

I’m thrown off by seeing my picture up there. I feel a little bit like the Wizard of Oz.

But moving on, the cap and trade auction proceeds in Investment Plan was developed in compliance with the direction provided by the Legislature. Assembly Bill 1532 directed the Administration and collaborating agencies to employ investment principles that maximized public health and economic benefits for the state and really required us to focus on several key areas, such as transportation, energy, natural resources, and conservation. And I think
as you've heard in the presentations this morning, the plan certainly does that.

We were also directed by the Legislature at the CAT to provide testimony today and to also include comments by the Labor and Workforce Development Agency in analyzing the plan. And we're in the process of working with the Agency to ensure that their input is also part of our development of the Investment Plan.

And then finally, as was noted for you, SB 535 directed the California Environmental Protection Agency to identify disadvantaged communities for investment and to implement the Administration's plan to direct a minimum of 10 percent of the proceeds from the cap and trade auctions to help communities that are identified by Cal/EPA as disadvantaged with a minimum of 25 percent conferring benefits just generally on those community.

So to the extent that you hear comments today about the identification of disadvantaged communities, of those issues or questions can be directed to Cal/EPA.

And I also want to take this moment to thank the Office of Environmental Health Hazard Assessments for doing such a fine job in helping us to develop the plan that identified those communities in California.

So I think that we stand here before you today in support of the Investment Plan. We think that through
investments in existing programs within multiple
departments and working with agencies that know how to
accomplish greenhouse gas emission reductions, we're going
to be all to achieve the goals of California in addressing
climate change and really promote the State's interest in
providing a safe and healthy environment in the state of
California.

The investments that are provided for here in
this plan are really going to be transformational, we
think. They will promote green economy. They will
provide for greater collaboration between the public and
business sectors. And so I think that they'll achieve a
number of co-benefits in addition to reducing greenhouse
gas emissions.

So I'll just note that the CAT intends to -- and
this isn't a threat. But the CAT intends to continue to
work with the Department of Finance on this plan. We look
forward to working with the Legislature in the
implementation of this plan. And we just want to applaud
all the people who have been working on this plan, because
we think it's a very significant and substantial
achievement.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you, Secretary
Rodriguez.
I do want to comment that, you know, when I first began working on this Scoping Plan back in 2007, it was pretty difficult to get many agencies to come to the table and cooperate. The CAT existed, but the reality was that there weren't new resources provided for that effort. And I think there was a sense, well, ARB, this is your job. You just go do it.

And that has changed dramatically over time. And we've had, I think, really extraordinary cooperation from the staff of many of the departments and Boards and agencies that are involved in the CAT, as well as some others that weren't actually named on the CAT, which has just been terrific. And we very much appreciate your leadership and that of your office in helping to pull this together.

Before we turn to the public testimony -- and I'm indulging myself a little bit here, because the people who have signed up to testify have, in many instances, formed themselves into coalitions and organized their testimony in a way that makes getting through this a much less daunting task than I thought it was going to be.

I would like to ask if the members of the group that helped write the plan who are represented here today, the sister agencies would like to say a few words, I would invite any of you to flip on your microphones.
And start with Brian.

MR. ANNIS: Thank you, Chair Nichols and Board members. Brian Annis with the Business, Transportation, and Housing Agency.

I wanted to start out really thanking the Air Resource Board staff. I was able to attend the three workshops. And I felt they were very productive and really did help inform the deliberations that we had in crafting the draft Investment Plan.

And then maybe to highlight a few areas in transportation that I think are that transformation that has been mentioned. California has had a long-term commitment in some areas that really exceed the other states. I'd say transit funding, rail funding, really since the '70s, there's been some prominent programs there.

For example, our inner-city rail program that we run in coordination with Amtrak, we operate three of the top five lines of rail nationwide.

And also the State funding commitment. Actually, I saw a Statistic in the last five years is about equal to all other states combined. So very, very prominent there. But clearly, to achieve the greenhouse gas reduction goals of the state, we need to do more. And most significant I think in that area is the passage of SB 375 and
sustainable communities strategies that the local
governments are engaged in. And those first few plans out
are very significant for changing the investment of modes
of different types of transit and changing the thinking
really on what the priorities should be.

The second thing to mention really is the rail
modernization program that the Legislature adopted last
year. And that we see really has the potential to
transform how people travel in California that creates a
linked rail system in the state that will be very fast.
The investment in last year's plan include statewide rail
investment as well. So you're seeing early benefits. The
electrification of CalTrain in the Bay Area is one
example.

So we're pleased this Investment Plan focuses on
those new strategies and I think will really help drive
those initiatives forward.

CHAIRPERSON NICHOLS: Great. Thank you.


MR. BOHAN: Madam Chair, thank you. And thank
you, Board members.

The Energy Commission is very supportive of the
Investment Plan. I wanted to echo one thing Brian said,
and that is, while this is a collaborative effort, we
spent a lot of time and energy in working on this.
Monique and your staff did the heavy lifting and
deserve tremendous credit for pulling this document
together. And I've read lots of these types of documents,
and this one is very, very good I think.

One other point I want to make, it's probably
obvious to most people in this room. And I wanted to
highlight that one of the graphs that Monique showed and
it appears on page 11 of the report identifies by sector
where our greenhouse gas emissions are coming from. But
it may be less obvious to some folks who read this that
they're all energy-centric, with a couple of exceptions.

So electricity generation is clearly
energy-consuming, but so is transportation. And
industrial really is all about the energy consumption that
goes into our industry. Commercial and residential, same
thing. And even ag and forestry, a significant chunk of
the greenhouse gas emissions as a consequence of those
activities are as a result of energy consumption.

So I just wanted to make that point and note that
the challenge is one that we, at the Energy Commission,
are keenly aware of. And we look forward to continuing to
work with your staff, stakeholders, and our sister
agencies to continue to proceed.

CHAIRPERSON NICHOLS: Thank you very much.

MS. INGENITO: Madam Chairman, members of the
Board, my name is Mariam Ingenito. I'm with the Office of the Secretary of California Environmental Protection Agency.

I just wanted to provide a quick high level overview of how we identify disadvantaged communities that is incorporated today in the Investment Plan.

The Office of the Environmental Health Hazard Assessment, or OEHHA, under our guidance, developed a tool to identify areas that are disproportionately affected by both pollution burden as well as socio-economically disadvantaged. We call that tool CalEnviroScreen, and as noted earlier, it was released in its final version just earlier this week.

We believe that the tool meets the definition and the criteria set forth in 535. And so it was fortuitous we were working on that tool at the same time as this was being developed.

For those of you new to CalEnviroScreen, I'll take a couple of minutes to walk you through what it is and why we developed it.

We developed it because Cal/EPA is required to conduct all of its program, policies, and activities as well as enforce all of its existing statutes and regulations in a manner that ensures the fair treatment of people of all races, cultures, and income levels.
In 2004, Cal/EPA adopted a statutorily mandated Environmental Justice Action Plan. And in that plan, it called for the development of a mechanism to analyze the impact of multiple pollution sources in California communities. And that tool is CalEnviroScreen.

In July of 2012, we released a first draft of this document. It was built upon a 2010 document and report, which described the science behind identifying communities that face multiple pollution burdens.

Between July of 2012 and today, we had convened two public meetings of our cumulative impacts and precautionary working group, which is an advisory body the OEHHA and Cal/EPA on this project.

We helped twelve public workshops in seven regions throughout the state, including -- and we also had an academic workshop.

We received in excess of a thousand comments and questions. And through all of that, we did do the most recent revision was released on the 23rd. As a result, some of the communities that were in the draft that was released and considered in the workshops have changed. There was 15 communities that are new to the list of disadvantaged communities and 17 that dropped off.

And that was a result of the major changes that were -- or the changes that were made and the tools based
on those comments.

The maps included before you in the report are from CalEnviroScreen 1.0 and are based on the 18 indicators. There are six indicators of exposure to pollution, which include PM2.5 concentrations, ozone concentrations, diesel PM concentrations, pesticide use, toxic release from facilities, and traffic density.

There are five indicators of pollutions and environmental effects, which are clean-up sites, groundwater threats, impaired water bodies, hazardous waste facilities and generators, and solid waste sites and facilities.

And then there are three indicators of sub-groups within populations that are especially sensitive to the health effects of pollution, which is the prevalence in children and elderly, asthma, emergency department visit rate, and the rate of low birth weights.

And finally, there are four indicators of socio economic conditions that may increase the community's vulnerability to pollution, including education, linguistic isolation, and poverty and race and ethnicity.

The communities highlighted in the maps before you today are the disadvantaged communities that Cal/EPA has identified for the investment opportunities consistent with 535 and 1532. And they represent CalEnviroScreens in
the 90th to 100th percentile. It's the top 10 percent if you will. And those communities represent approximately 20 percent of the state's population.

CHAIRPERSON NICHOLS: Thank you.

So to bring it down to the grass roots level, how do I find out if my ZIP code is in one of those areas?

MS. INGENITO: We did provide that information. That information I believe is attached to the maps. So they have the maps and the ZIP codes are listed.

CHAIRPERSON NICHOLS: Okay

MS. INGENITO: Also, it is available on the Office of Health Hazard Assessment's web page. And there is a link to it on the Cal/EPA web page as well.

CHAIRPERSON NICHOLS: So if anybody isn't focusing on that aspect of it, they can easily get that information.

Anybody else? Yes.

MR. MC COY: Mike McCoy, Strategic Growth Council.

I'd like to start out by expressing my thanks to the organizer of this process, especially Cynthia Marvin at ARB who worked tirelessly on behalf of all of us to see this through to today's presentation.

The Strategic Growth Council has had the privilege of overseeing the granting of $60 million in
sustainable community planning incentive awards to local and regional governments to support the goals of SB 375. And in that process, it's been a very gratifying experience to see the initiative, commitment, creativity of our local governments.

They brought a tremendous level of ingenuity to their work. And I'm very pleased that through this process that we're addressing today, there will be additional opportunities to work with these local partners.

CHAIRPERSON NICHOLS: Thank you. Anybody else? Perhaps it goes without saying, but any one of the areas that were identified could probably use all the proceeds that's going to come in from the auction. And so the fact that people are willing to work together to flush out this plan and to recognize the validity of these categories is I think really a remarkable testimony to the commitment across the board of this administration to address the fundamental goals of AB 32.

And I just want to reiterate my thanks to Cynthia and everyone else who worked on this document.

Now it's time to hear from the public.

We have to hear from the Board first.

BOARD MEMBER ROBERTS: I was straining my eyes open your map. San Diego looks largely clear. I couldn't
tell if there was a little dot at Barrio Logan?

CHAIRPERSON NICHOLS: I think so.

MS. INGENITO: For the disadvantaged communities, there were six ZIP codes in the San Diego region. Sorry. Five. Sorry.

CHAIRPERSON NICHOLS: Okay. So we will start I think the testimony with elected officials or staffs of elected officials who are here.

By the way, we're flashing up on the screen the order of testimony. So you don't have to rely on me to read the names. You can see where you are on the chart.

We will start with Matthew Montgomery with Senator Hannah-Beth Jackson's office

MR. MONTGOMERY: Good morning, Chairman Nichols and members. Thank you so much.

My name is Matthew Montgomery, and I'm here on behalf of Senator Hannah-Beth Jackson from Santa Barbara who would like to urge the Air Resources Board and the Department of Finance to include in the Santa Barbara County Air Pollution Control District's proposal for a voluntary Vessel Speed Reduction Incentive Program along the California coast to reduce greenhouse gas emissions. And it is her hope that it be included in the final Greenhouse Gas Investment Plan.

The Vessel Speed Reduction Incentive Program has
received broad-based support from federal, State, regional, local agencies, elected leaders, NGO groups, industry, and the community. The Senator is also supportive of this and has submitted a letter to the Board detailing her position on this issue.

The Vessel Speed Reduction Program aligns with the Investment Plan objectives and significantly reduces greenhouse gas emissions from transportation while also having the combined benefits of improving the air quality for public health, enhancing coastal air district's ability to meet State air quality standards. It benefits the disadvantaged communities in Oxnard and Port Hueneme and also, of course, protecting the whale populations.

This program would be modeled after the existing successful programs at the Ports of Los Angeles and Long Beach. And on behalf of Senator Jackson, I'd like to thank you for consideration of this request.

CHAIRPERSON NICHOLS: Thank you.

Samantha Contreras.

MS. CONTRERAS: Good morning, Board members.

My name is Samantha Contreras. And I'm here today to represent Assemblyman Das Williams. We share a district with Senator Hannah-Beth Jackson. So I also want to express his support for the Vessel Speed Reduction Initiative as proposed by the Santa Barbara Air Pollution
Control District.

The Vessel Speed Reduction Proposal is modeled after successful programs implemented in the Ports of Los Angeles and Long Beach and has received broad-based support from federal, State, and local agencies and the community.

This proposal aligns with investment plan objective and significantly reduces greenhouse gas emissions from transportation and has additional co-benefits like improving air quality.

Thank you for your consideration.

CHAIRPERSON NICHOLS: Thank you.

Supervisor Gioia.

SUPERVISOR GIOIA: Yes. Today I'm wearing a CSAC hat.

Good morning, Chair Nichols and Board members. Thank you again for the opportunity to provide input into the cap and trade allocation process.

I'm here today on behalf of the California State Association of Counties. I'm Vice President of CSAC. And on behalf of a coalition of governments that includes the League of Cities, the California Special Districts Association, the Local Government Commission, and a number of cities, counties, special districts, and regional agencies.
Over the past several years, local governments across the state have taken significant steps to reduce greenhouse gas emissions through a variety of different approaches, including clean and renewable energy projects, energy efficient measures, facilities and fleet upgrades, and innovative planning processes.

In addition to achieving greenhouse gas reductions, these projects create jobs and they help stimulate our local and state economies.

We are pleased to see local governments listed as eligible recipients for several of the potential funding categories in the draft Investment Plan. However, we would strongly support the inclusion of a new local government Emission Reduction Program to focus investment opportunities specifically for local governments into a centralized category, maximizing greenhouse gas emission reductions, while providing for effective coordination.

Local governments are already engaged in many of the same types of greenhouse gas reduction activities contemplated in the Governor's budget and outlined in your draft Investment Plan. And we are best able to identify and implement projects to reflect local needs, leverage other funding sources, and achieve the greatest reduction of greenhouse gases.

We believe the state would be well served by the
establishment of a local program where regional and local agencies working with non-profits in our community can serve as a delivery tool for the range of investments outlined in the Investment Plan, including energy efficiency, distributed generation, water use efficiency, urban forestry, solid waste programs, and other items.

In addition, many of our members are participating in the transportation coalition for livable communities, which proposes to allocate funds through local governments to achieve greenhouse gas reductions through transportation investments and positive land use changes.

Providing local governments with a funding source to engage in these efforts will not only promote local sustainability and create healthier and more equitable communities, it will also help the State demonstrate to the public that cap and trade funds are being spent in a manner that is consistent with AB 32 and beneficial to the local communities.

Thank you for the opportunity to provide meaningful input.

CHAIRPERSON NICHOLS: Thank you.
We'll hear next from Ash Kaira representing the Bay Area AQMD. Good morning.

MR. KAIRA: Good morning, Chair Nichols and
Thank you for allowing me to speak. My name is Ash Kaira, San Jose Council member and Chair of the Bay Area Air Quality Management District.

First of all, I'd like to commend the Air Resources Board for their consideration of impacted communities within the broader effort of greenhouse gas reduction.

The Bay Area Air District has a long history of identifying and addressing impacted communities as well. And we want to thank the Air Resources Board for your leadership and guidance in helping Regional Air Districts in achieving our goals and working toward them as well.

As you may know, the Bay Area is in the process of adopting an effective and realistic greenhouse gas emissions reductions plan through the Sustainable Communities Strategy. While we believe this plan will be a significant step for the Bay Area and the State, additional funding is needed to bolster this region-wide emission reduction commitment, specifically in the critical areas of transportation and strategy implementation like electric vehicle deployment.

While ARB's draft Investment Plan supports additional funding in these areas, it does not clearly state how funding will be distributed to each SCS region.
The law requires that select funding be distributed to the most impacted and disadvantaged communities in California. The draft Investment Plan indicates the CalEnviroScreen tool will be used to identify these communities. However, this tool scores areas based on the rate of the occurrence of various indicators of vulnerability in a particular area without necessarily regard to the number of vulnerable individuals that are present.

For example, the scores do not reflect whether 100 vulnerable individuals or 100,000 are affected.

In order to benefit the greatest number of vulnerable people, we strongly recommend the methodology for allocation of revenue also consider population density.

In the Bay Area and in my own community of San Jose, for example, we have very dense development. This allows for easy access to transit, reducing reliance on automobiles and greenhouse gas emissions.

While this development creates more sustainable communities, it also results in a high density of potentially vulnerable people.

Therefore, in order to ensure safe, healthy, and robust growth while reducing both greenhouse gas and criteria pollutants in areas with the greatest number of
Californians, we strongly recommend the funding distribution mechanism explicitly account for population density.

Thank you for your consideration.

CHAIRPERSON NICHOLS: Thank you, Mr. Kaira.

We also have with us Larry Greene I believe from the Sacramento Air Quality Management District.

Mr. GREENE: Good morning, Madam Chair and Board.

I wanted to come up today and talk about a couple of things.

First of all, to commend this great group for this plan they put together. I think it's amazing all the things that are in there. Wish we had tons of money to do all that. But at least it outlines a parameter for how we can get where we need to be.

I want to talk about two particular things. One is a request that air districts would be included as potential recipients in Appendix B under the category low carbon freight transport and zero emission passenger transportation. We have a long history of working with the Air Resources Board staff. And I think we've established that we can work well under guidance from the staff, receiving money and allocating it at the local level. We are very good at reaching local fleets and doing public outreach.
The second thing I would like to note is that we, too, are a member of the Transportation Coalition for Livable Communities. And we support the comments that will be made later by the team of people who are going to speak to that.

I would note that incentivizing the best projects in the Sustainable Community Strategies in our community here in Sacramento would go a long ways toward helping air quality and also provide exceptional benefits, not only for greenhouse gases, but for public health, for transit access. I think that's a strategy that has so many benefits that we absolutely need to spend some of the moneys that comes from the fuels revenue for that purpose.

I am appreciative of the fact that you have a pathway there in the plan for that to happen. And we'll continue to work with that coalition as we bring legislation forward.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

I think that concludes representatives of agencies that had signed up to speak and elected officials. But if any of them join us, I hope they'll make themselves known.

We'll turn now to the SB 535 Coalition. And I believe the lead-off speaker, Nidia Bautista.
MS. BAUTISTA: Good morning, Chair members of the Board.

Nidia Bautista with Coalition for Clean Air. But really here with the privilege of representing along with my colleague Guillermo Mayer from Public Advocates representing the SB 535 Coalition, a coalition that's working to ensure clean air, clean energy, and revitalize communities.

Many of our organizations have been working on this effort for many years, as many of you know, even before, there was legislation through our efforts in the 2006 Scoping Plan. So it's been many years in the making. And we just want to say and express our excitement, our enthusiasm, our eagerness for the possibilities here.

We've been working -- once the legislation was signed back in the fall, we've been working very closely towards implementation. And I won't bore you with all the details of it, but just know there's been multiple -- essentially we had our own mini administration workshops, if you will, across the state, through webinars, through phone calls with conversations with the Administration and with members of the Board as well.

In terms of the efforts at Cal/EPA and OEHHA, we just really want to commend their work. It's been a long time coming in terms of identifying disadvantaged
communities. And while the tool is certainly, you know, we know will be continually improved -- continually improved, we are very appreciative of the work that those agencies have done in terms of really identifying disadvantaged communities and incorporating our comments in terms of the factors that should be considered.

Now as it relates to specific projects, programs, and priorities in terms of the auction revenue, we're going to share with you some details around some of the near-term priorities. But also just talk to you a little bit about the long term.

In terms of near term, we wanted to share with you that these are programs that will have an immediate impact. They will provide flexibility to accommodate the varying needs across the state, whether you're in the Bay Area, Fresno, or southern California. They provide additional co-benefits, clean air, but also want to emphasize the workforce side, because that is such a key and critical aspect that we heard from communities across the state about wanting to ensure real jobs in their communities from these efforts.

And lastly, that they are scalable. So depending on funding that can be -- they can be scaled to accommodate the funding.

So the first is low income energy efficiency
programs. This is Rising Sun Energies. They're doing work in the Bay Area to implement a lot of energy efficiency things, like better insulation, better windows.

Another one is affordable transit-oriented development and Guillermo will speak more to this. This is an example of affordable transit oriented development near a transit line.

Solar on low-income homes. I think that's a given with AB 32, but we just want to express it's not just about the solar panel. Great Alternatives is a fantastic nonprofit which is actually implementing the State's single-family affordable -- excuse me -- SASH program, and this is the Madera solar-thon. You can see the whole community gets involved.

Our recent effort on Grape Street in San Diego County I think Supervisor Roberts, you were recently there. And transit operations, and Guillermo will speak to this as well.

And urban and community forestry, not just about the tree planting. It's about the people and the impact. Here's a great example in San Fernando where before this street was experiencing lots of flooding. Now this street has dealt with the flooding issue. It's improved the community. This is a dramatic change. This is an immediate impact. And it again involves the community.
Long-term projects, I won't go into details, but just know those are in our written comments. I want to express the need that all implementing agencies should really work to ensure that SB 535 minimum requirements are met. It's not sufficient to wait until the end of the year to know whether or not we've met those. We should know how those agencies are going to be doing it before they've made those investments.

And then I think it was a slight oversight, but we want to mention that small businesses were not mentioned in the plan. And we know that they were included in AB 32. We know that the intention I'm sure from the Administration is to include them. We want to highlight that because our small business partners are very critical in these communities.

MR. MAYER: Good morning. Just to round off our testimony, Guillermo with Public Advocates.

I want to applaud, and just three recommendations to strengthen the plan.

First, we would like the final plan to expressly include transit operations as a strategy. We're excited about the investments in public transportation. But without the funding to actually put the service on the street, we can't really maximize greenhouse gas reductions. And disadvantaged communities rely heavily on
transit service, bus service in urban centers, van pool service in rural areas, and the language in the plan is vague and needs to be strengthened to explicitly recognize operations.

We're also very excited about the TOD housing program. And we would request that the cap and trade revenue investments in this program be targeted to development of housing units that are affordable to low and very low income families. These are the families that use transit the most and at greatest risk of being displaced by TOD if home affordability is not ensured.

Lastly, we want to be sure that the project's funded result in tangible and on-the-ground improvements so that people can actually touch and feel them and know that those investments are real, that AB 32 was working for them. And using these funds for things like debt service or other items will frustrate that opportunity to excite people around AB 32.

We've submitted revised comments that contain other important recommendations, and now we'd like to have other members of the 535 Coalition identify themselves and their support. Thank you very much.

MR. JEFFERSON: Hello. My name is Kevin Jefferson of Urban Relief.

We encourage you to continue the efforts in this.
As far as urban forestry, there are major investments that need to be in urban forestry, providing pathways to employment for our young folks, providing more resources for our research projects around the benefits of trees. But more importantly also in planting trees. We need millions of trees. But we also need to allow opportunities for folks in the communities to also know about the benefits of trees.

So this is about educating neighbors. It's about educating our constituents and then also coalescing together to make these things happen. So we look forward to this happening. Thank you.

MR. ROBINSON: Chair Nichols, Air Resources Board, Leonard Robinson. I'm part of SB 535 Coalition, California Black Chamber of Commerce.

First, I want to recognize that AB 32 was the first piece of environmental policy to include disadvantaged communities at the beginning. Very, very good. I think you need to include small businesses as well.

And then training; California's entering into a new revolution, clean technology transportation. And we're going to need a trained workforce so we don't lose these opportunities to Asia and other countries. Just here in support of the draft Investment Plan and good job.
Thank you very much.

MR. GRESCHNER: Good morning, Chair Nichols and members of the Board.

My name is Stan Greschner representing Grid Alternatives, a nonprofit solar installer that has installed over 3,000 solar electric systems for low-income families throughout California.

Grid also serves as the program administrator for the Public Utilities Commission's SASH program. Particularly pleased to see the inclusion of the low-income solar funding as part of the Investment Plan, especially as funds for the existing SASH and MASH programs are running out. SASH and MASH meet nearly all the co-benefit goals that were outlined in the plan, with the exception of the transportation goal. And those programs infrastructures are in place now to deploy projects immediately in disadvantaged communities.

So Grid supports the SB 535 Coalition and the draft Investment Plan. Thank you.

MR. YOUNG: Good morning Chair Nichols, Board members. Ryan Young on behalf of the Greenlining Institute. I'd like to offer a hearty me too in support of my colleague's remarks from the Coalition for Clean Air, Breath California, and Public Advocates. Thank you.

MS. ROS TARUC: Good morning. Mari Rose Taruc
with the Asian Pacific Environmental Network.

On behalf of the hundreds of families that we have who live next to the Chevron Oil Refinery and all of the multiple explosions they have, as well as other disadvantaged communities who experience this pollution, that we are in support of SB 535 Coalition public comments. Thank you.

MS. MILLS: Good morning. Rebecca Mills, and I'm with the Planning and Conservation League. And we would like to give our support for the SB 535 Coalition and all its priorities. Thank you.

MR. MILLS: Good morning. Chuck Mills with California Relief, a statewide nonprofit organization representing nearly 90 regional and local urban forestry organizations throughout California, including Sacramento Tree Foundation, Tree Fresno, Tree Davis, Tree Foundation in Visalia, Urban Core of San Diego, Los Angeles Conservation Core.

Also supportive of the draft Investment Plan, the comments that have been made by the 535 Coalition, and additional comments that will be made for the Sustainable Communities For All Coalition and the Natural Resources Coalition. Thank you.

MS. REIFSNIDER: Good morning. Betsy Reifsnider with the Environmental Justice Project for Catholic
Charities in the Stockton Deices. And we, too, enthusiastically support the comments of the 535 Coalition. Thank you.

MS. LYONS: Good morning. I'm Felicity Lyons, the Sustainable Communities Coordinator at Housing California. And we, too, support the comments made by the 535 Coalition. Thank you.

MS. KIRKoby: Good morning. Megan Kirkoby from the California Housing Partnership, and we also support the 535 Coalition's remarks today. Thank you.

MR. MASTRODONATO: Good morning. Rico Mastrodonato's with the Trust for Public Land in full support of the 535 Coalition comments. Thank you.

MS. BAUTISTA: Lastly, Chair, we just want to say thanks again for the work on the Investment Plan. I think many of our comments were reflected in the plan. But as with noted, there are some areas we want to see strengthened.

We want to thank the Board members, particularly Dr. Balmes who has been steadfast in his commitment on this issue for many years. And the new CARB Board member, Hector De La Torre, who has really taken on this torch and stayed committed to that as well.

CHAIRPERSON NICHOLS: Thank you.

Before you leave, I wanted to acknowledge that SB
535 has been mentioned here, but I think I was remiss at least in my opening remarks in not acknowledging the hard work that you and many others put into getting that legislation passed and to the leadership of Senator De Leon in over a period of several years working to try to get something like this put into law.

So I want to make sure that we also honestly oral of that hard work that's gone into getting us to that point. And we really appreciate your being here and working in coalition to try to coordinate a lot of groups that don't always work together. So appreciate that.

MS. BAUTISTA: Thanks.

CHAIRPERSON NICHOLS: Okay. Next I guess is -- actually, Stuart, I'm going to interrupt you for a second here because I called on Air Districts earlier and I omitted to call on two of the people who presented earlier but were here to testify on this item. So I'm going to take out of order Samir Sheikh and Philip Fine. If the two of you will come testify now, then we can close off the Air District portion of the testimony.

MR. SHEIKH: Good morning, again, Madam Chair and members of your Board. As you're well aware, the San Joaquin Valley faces one of the most significant air quality challenges in the state and faces socioeconomic issues that are unlike California's major metropolitan
As such, we would like to offer the following comments for your consideration as you continue to develop this Investment Plan and take it to the final stages here.

Many of the measures that will reduce greenhouse gas emissions will also have co-benefits of reducing criteria air pollutants, of which we have particular challenges in addressing in the San Joaquin Valley.

The Valley Air District recommends prioritizing the expenditure cap and trade auction proceeds on measures that obtain both greenhouse gas reductions and criteria pollutant reductions.

We, thus, strongly support the inclusion of this principle under the proposed investment principle number two, which does seek to maximize air quality co-benefits for longer term transformative technology, of which we, of course, also have a similar need and see a synergy there.

We also ask that you include this same priority for the other half of that principle for projects that are more geared towards near-term benefits and bring that across the board in terms of how you prioritize that funding.

Additionally, a district believes that priority should be given to projects that are located in areas that currently face significant air quality challenges that
will be worsened by climate change.

We support the statutory framework of SB 535 that requires a minimum of 25 percent of revenue be spent to benefit disadvantaged communities and that ten percent of that revenue be spent in those communities.

Cal/EPA, as you heard, recently developed the CalEnvironScreen tool to help identify and rank these communities in California. And just to give you some perspective in terms of the San Joaquin Valley based on this tool, nearly 50 percent of our population lives in ZIP codes that rank in the top ten percent of communities most likely to be impacted by the various social environmental burdens that are looked at under that tool. And 75 percent of the population lives in ZIP codes that ranked in the top 25 percent of those communities.

We support the use of this tool to help channel much needed funding, such as this cap and trade revenue. But would also caution the tool not be used beyond its intended scope for CEQA determinations or red lining of those communities from economic development. That's something that, of course, has been discussed as part of developing that tool.

The draft Investment Plan identifies categories and examples of potential projects for investment through 2020, and we are significantly impacted by a lot of the
same emissions and categories that are addressed by those recommended categories. We support measures to reduce, for example, reductions from goods movement. That's a big issue for the San Joaquin Valley. And we're very pleased that you've got that as a priority in the Investment Plan. Just to put that in perspective, of the four major goods movement corridors in the state, nearly 50 percent of all truck vehicles miles traveled occurs in the San Joaquin Valley. So, of course, it's going to be a high priority for us.

One comment and point of clarification within that category would be to include local air districts as partners, as was mentioned earlier. And we want to thank you for listening to our comments, and we look forward to working with you in implementing the expenditures of those funds. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Philip Fine. And while we're at it, can Koyama come down?

MR. FINE: Thank you, Madam Chairman. Philip Fine, South Coast Air Quality Management District. I'll be very brief, because we've submitted written comments and made oral testimony on the plan, mostly in regards to achieving the co-benefits where possible for air quality and air toxic exposure reduction, especially in
disadvantaged communities.

But I really just wanted to third now the request that in Appendix B on page B6 that under recipients for the low carbon freight transport and zero emission passenger transportation programs that under recipients that local air districts be included, because State law does allow us to implement those programs. And, in fact, we're already implementing similar programs right now.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

MR. KOYAMA: Good morning, Madam Chair. And thank you for bringing me up. I want to see the 4th through 35th motion to add to our voice about local districts being a conduit for assuming these funds.

I'm Ken Koyama, Executive Director of CAPCOA, the California Air Pollution Control Officers Association, which represents all 35 air districts. We very much appreciate ARB staff reaching out to us to get our feedback on the Investment Plan.

CAPCOA has provided written comments on both the concept paper and the draft investment paper. We were pleased that most of our comments have been incorporated in the draft. Our comments today relates to Appendix B, which lists funding areas and targeted participants.

As you know, as you've heard already, several
member districts have existing programs for providing
funding for low and zero emission heavy-duty and
light-duty vehicles. These local district programs, which
is coordinated by our very active CAPCOA Committee, who
grants a Mobile Sources Committee, which includes ARB
staff as well, has been one of our most robust and
successful programs in the state. We strongly recommend
that these local district programs be added as an option
to distribute auction revenues for freight and cars and
other appropriate areas.

Thank you for this opportunity. And we look
forward to working with ARB staff in this area. Thanks.

CHAIRPERSON NICHOLS: Thank you.

I strongly suspect that the omission of air
districts was based on the notion that it was obvious to
us that air districts would be included in these programs.
But I appreciate the fact that you would like to be
specifically recognized. So hopefully we can make that as
a clerical change. Thank you.

I notice that we have been joined by another
group of visitors this morning. I want to welcome some
officials. We have a group of distinguished officials
visiting us from the Secretary of the Environment from the
Mexico. And so we would like you also please to stand up
and be recognized by our Board, if you would, please.
CHAIRPERSON NICHOLS: I think it's fair to say that everything we do at ARB has an international dimension to it. It's nice to when we actually get to see some of the people we are working with. Thank you for joining us.

Okay. Moving back to the list here, Stuart Cohen I think is next in line.

MR. COHEN: Thank you very much. Good morning, Chair Nichols and fellow Board members.

I'm Stuart Cohen, Executive Director at Transform, which is the state's largest nonprofit, promoting world-class public transportation and walkable communities.

And I'm here today representing the Sustainable Communities For All Coalition and more than the 50 organizations that have signed on in support of the proposal for use of cap and trade proceeds.

Our coalition strongly commends CARB and the other State agencies that crafted the plan, and we are particularly supportive of the focus on sustainable communities. And this Investment Plan really acknowledges that SB 375 is a strong framework for achieving greenhouse gas reductions, a strong economy, and can have real benefits to public health and disadvantaged community.
And I wanted to recognize two important points in the plan, and we hope these remain.

First, that regions are creating some very strong sustainable community strategies. They've all been meeting their greenhouse gas reduction target projections, but only with additional financial resources are they going to realize the transformational promise of SB 375. That's noted in all of those plans.

The second is there are many moving parts to building sustainable communities. So we really appreciated in the plan the categorical support for some items, likes public transit, the local planning grants, biking and walking, affordable homes near transit, energy efficiency, and urban forestry.

While these categories and investments could and should be coordinated and collocated, we don't think this idea of putting them into a single comprehensive pot would be a good idea to have them compete against each other.

Yesterday, members of our coalition met with Secretary Rodriguez, and he emphasized two points that we strongly agree with and stand ready to help.

First off, that the use of funds should be supported by strong evidence and have monitoring and reporting to show the GHG reductions.

And the second one is additionality, showing how
these projects result in additional impact.

I've like to focus on two points today that go
towards these criteria. The first is that the draft plan
mentions public transit ridership and service expansion,
but it does not mention explicitly transit operating
funds. We're not sure if that's an oversight or a
purposeful omission. We ask that transit operations is
mentioned explicitly and as an investment priority.

Since transit service has been cut almost
everywhere in recent years, we know there is a latent
demand for extended service, and these funds can start
bringing GHG reductions within this fiscal year. This is
especially true if focused on high ridership carders and
areas that serve high propensity riders, like low income
folks, seniors, and youth.

And in the Bay Area, we do have a program that
checks up on effectiveness of transit each year through
our bridge toll increase where they have to meet certain
thresholds of ridership to continue getting funds in the
following years. So there are ways to monitor this.

Just two days ago, the over 100 Transform members
were in the Capitol showing to our legislators and staff
these maps that we've produced showing the huge financial
and climate benefits of areas that have the best transit.
I've given these out before, and I'll make them available
again for those who want them.

What it shows is areas with the best transit access in the state are saving about $3,800 per year per household and emitting nearly that much less in GHGs. Your investments, and of course the legislature's appropriations, could amplify those savings.

The second major point that I'd like to make is that SB 375 does a strong job of making sure cities are zoning for affordable homes in a way that meets GHG goals, but that's just zoning. We need to actually get the buildings done. That's why we really commend the focus and the plan on transit-oriented development for low income households.

In order to maximize these benefits though and guarantee the GHG reductions, we've got three ideas for you. One is that we need to focus them on intensive transit areas. And in San Diego, they did a study. This was just two years ago that really shows why. They looked at all of the affordable housing and found in very suburban areas, there were about 13 vehicles for every ten households. In the core urban areas, that went down to one vehicle for every ten households. We have to be able to guarantee the GHG reductions. And location is key to that.

The second is it should go towards those making
50 percent or less of their median incomes. Those are the folks in the San Diego study the most likely to shed a vehicle when they get transit access.

And finally, we’ve been working with our Green Trip Program to make sure developers are giving out free transit passes and car sharing, having that available at their sites. And from the surveys we’ve been able to get back, there’s been a 22 percent car shedding rate when they get those free transit passes at low-income housing.

So we are very excited to work with you on showing you how this can be monitored through the 55 year covenants that affordable housing has. They have annual reporting, and this all can be a part of it.

So in summary, we look forward to continuing discussions with Cal/EPA and other agencies about how to operationalize the monitoring of all of these programs GHG benefits that are in our platform. We’re excited to see so many of the proposals we had were included in the draft Investment Plan and hope to see them reflected in Department of Finance expenditure plan.

And with the remaining time, I have some of the members of the coalition that were able to make it today would like to say their names and organizations.

CHAIRPERSON NICHOLS: Okay. Thank you go ahead.

MR. WRIGHT: Good afternoon. Thank you, Madam
Chair and distinguished CARB members for allowing us to speak.

My name is Jerard Wright, a member of Move L.A. and also a member of the Sustainable Communities For All Coalition.

Co-signing on what Stuart has to say, we want to add a couple important highlights. We're generally encouraged and pleased that CARB is measuring up to a new emission, which sets to both understand and appreciate the importance of the nexus of investments and integration of transit in land use.

The plan can be improved in structure of programs to invest in the transit operations that are likely to provide measurable and predictable greenhouse gas reduction results. Transit operation program investments such as lower head ways, more frequent service, that serve both discretionary riders and transit dependent, special programs, such as student transit passes that ensure both short-term and long-term gains of promoting a healthy lifestyle of transit and less car usage.

CARB needs to include special value for affordable housing near high propensity transit users that would be located within a quarter to a half mile of transit stations.

And finally, the plan needs to specificity and...
detail. We encourage CARB the competitive grant program can be useful tool to balance us out. But we got to balance this out against the high administrative needs of that. So thank you very much.

CHAIRPERSON NICHOLS: Thank you.

MS. LYONS: Hello, again, members of the Board and Chairman Nichols.

I'm Felicity Lyons with Housing California. And on behalf of the hundreds of developers of affordable homes and the hundreds of thousands of families that we serve, we strongly support the remarks made by Stuart Cohen, especially regarding an integrated approach to SB 375 implementation that includes building homes affordable to lower-income families near transit. Thank you.

MS. KIRKOBY: And to echo that, again I'm Megan Kirkoby also in support of the Sustainable Communities for All coalition. Thank you.

MS. MILLS: Rebecca Mills also here to give support with the Planning Conservation League for the Sustainable Communities For All proposal. Thank you.

MS. WARD-WALLEN: Hello, Board. Jeannie Ward-Wallen with the Safe Routes for School national partnership in support of the Sustainable Communities for All Proposal.

Also just want to thank you for your
identification in the draft Investment Plan of active transportation as a high priority and also the call out specifically of safe rides to school on behalf of children getting safely to school.

MS. REIFSNIDER:  Good morning again. Betsy Reifsnider, environmental justice project Catholic Charities Deices of Stockton and enthusiastic supporter. Thank you.

MS. ROSE TARUC: Hello. Mari Rose Taruc and in strong support of the sustainable communities for all proposal for the Asian Pacific Environmental Network, for Public Advocates, and for the nature Conservancy.

CHAIRPERSON NICHOLS: Thank you.

Obviously, a certain account of overlap between the two coalitions, but with slightly different emphasis in your comments. You about I think there is a lot of mutual support there.

That is great. It has come to the time when normal people start to think about lunch. So I just wanted to indicate that I think what we should do, given the numbers of people that are here to testify, many of whom have traveled long distances, Board members get a chance to order lunch in advance. So we can step out in small numbers and just grab a bite as needed, if that's acceptable to my fellow Board members, rather than taking
a lunch break, per se.

But what that means for people who are here to testify is that you need to sort of look at where you are on the program and decide whether you want to step out quickly, there is a cafeteria downstairs you can get to in just a couple of minutes or whether you just want to hang out for a while. I hope that will get us through more efficiently than if we just break for a period of time and then try to reassemble again. And I guess the same thing would hold true for staff and other guests here as well.

BOARD MEMBER SHERRIFFS: Do you want to remind people we will hear people testifying?

CHAIRPERSON NICHOLS: That's true. If you see someone who walks away, don't think they've gone away very far. In the back of this auditorium, the speakers from this room are piped in, so we can hear you everywhere. Everywhere in the back. All right. Thank you very much.

So I think that gets us to the Mayor of Davis; is that right? Joe Krovoza?

MR. KROVOZA: Madam Chair and members of the Air Resources Board, it's delighted to -- I'm delighted to be here and speak before you. I'm speaking on behalf of the Transportation Coalition for Livable Communities. I'm a Board member of SACOG and SACOG has endorsed the principles of the coalition.
I'm also speaking as the Mayor of the city of Davis, which is fully supportive of the Coalition's proposal.

I want to thank all of you pork for the work that has gone into the implementation plan, and particularly of your recognition of the need to give regions and local governments the tools they need to implement the Sustainable Communities Strategies to rebuild and build our communities to reduce GHG and move them in a more livable direction.

We particularly appreciate the recommendation of the Investment Plan Appendix B3 the funding for livable communities should be allocated to regions for suballocation according to State guidelines and performance criteria.

This is one of the key elements of the coalition's proposal. This is also the cornerstone of SB 375. SB 375 is the new framework for the State of California to encourage regions to think about the most effective strategies that they can come up with for carbon reduction within their areas. If this plan can further the work of SB 375 and the Sustainable Community Strategies, it will encourage cities and regions to work together to find the best strategies. This is not simple to do.
And in fact, we see across the state of California that cities and counties are adopting Climate Action Plans. If those Climate Action Plans, which dovetail with the SCSs, are not funded, you're going to be sending the message to local communities and regions that if you plan, if you coordinate, if you find the most effective strategies forward for you, they may or may not be funded. You want to send a clear message that those who coordinate will be rewarded for that.

I want to offer one concern, and that is that the Transportation Coalition's proposal recognizes the incredible need to mesh land use and transportation strategies. And the more we can leverage those two together, the better. This is not explicitly recognized in the Investment Plan at this point in time. So I would urge that to happen.

We don't want to recognize just all the different tools that communities might adopt. We want to think about the big picture of carbon reduction and then let regions and localities decide which tools they're going to use.

The key to the SCSs is that what works in Davis is not going to work in Sacramento or Sacramento County. What works in Placer County is not going to work in El Dorado. Who works in the L.A. basin may not work in San
Diego. We want to empower communities and regions to do what works best for them.

So in Davis, we have over 22 percent of our travel trips are by bike. Does that work for everybody? No. We have over three million bus trips a year in Davis for a community of 65,000. Is that going to work everywhere? No.

The reason though that we have that bike mode share and the reason we have these transit trips is because we coordinated our land use and our local investment decisions with our transportation strategies. That's brought us this great success in Davis. This is what should happen all over the state. And this is what the SCSs are encouraging everywhere.

In the remarks I've heard so far from other speakers, I don't think there is great disagreement. We all want to find ways to make more livable communities. We all want to find ways to drive investment to the local level.

The key is who are we going to defer to to make those decisions? If we empower cities to find co-funding, that's going to be very, very, very valuable.

I want to say also that competitive grant processes that take place in regions bring people together. And bringing people together through
competitive grant processes lead to people finding solutions outside of state funding and outside of federal funding. And so a huge co-benefit to encouraging the SCS and competitive process at the local level is that you're going to bring people together. And all kind of solutions are going to happen outside of this very, very powerful funding stream.

So others from the Coalition are going to speak. And thank you very much for having the opportunity to speak are you today. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Mr. Earp.

MR. EARP: Good morning. My name is Jim Earp. I'm here today as the Chair of the Transportation Coalition for Livable Communities. We are a coalition of transportation agencies, labor, MPOs, and COGs, cities and counties, environmental groups, and air districts.

First, I want to just commend Mayor Krovoza for his comments. I endorse everything he said. He did it very articulately.

I also really commend the work you have done on the Investment Plan up to date. It's reflected a number of our key issues. And most importantly, it recognizes the need to put cap and trade dollars into transportation infrastructure.
Because implementing AB 32 is likely to result in higher fuel prices for motorists we feel it is critical that any new revenue be derived from the public be allocated directly back to transportation infrastructure and programs that can demonstrate a reduction in greenhouse gas emissions.

Our proposal does that very effectively by empowering communities with the tools to determine what works best and their locality, as has just been mentioned. Our primary focus has been developing a proposal that meets regional and local needs in transportation, while meeting all requirements for spending AB 32 money from both legal and a policy standpoint.

It sounds like my time is up. I had more to say, but I think it will be reinforced by other members of the Coalition.

CHAIRPERSON NICHOLS: If the rest of the group is not all planning on speaking their full time, I don't mind if you just go ahead and finish your comments.

MR. EARP: I actually have a lot of respect for what they have to say as well and I'll be around. You can always hear from me. I'll give you the rest in writing. How's that?

CHAIRPERSON NICHOLS: Thank you very much. Appreciate that.
MR. SHAW: He would have been great. Joshua Shaw, Executive Director of the California Transit Association representing all of our local public transit systems. We're a co-founding member of the Coalition with Jim and his group.

We believe, as do all of our members, as do some of the people in the audience and you, strongly in the integrated approach to achieving the SB 375 goals of sustainable community planning process that Deputy Secretary Annis and others spoke about, and in addressing land use and transportation investments. Together, you find greater benefits than simply putting money into single purpose projects. Like, it's not just good enough to buy a zero emission bus or do a rail extension.

In the case of transit, combining land use changes with transit investments creates a multiplier effect. We think you get more greenhouse gas emissions than any of those single projects. And it happens to make the transit investments more effective and better meets community mobility needs.

I want to thank and for my organization acknowledge the comments and underscore the comments that Guillermo and Stuart Cohen made about transit operations. We do see the plans reference to funding programs to increase transit. To us, that means operations. And we
really commend the regional approach. Our members know
how to work with the regional agencies that Joe spoke
about. Thank you.

MR. HORNER: Hello. My name is Justin Horner
from the Natural Resources Defense Council. NRDC is also
a member of the Transportation Coalition for Livable
Communities. And we've put a proposal before you that you
have seen. And thank you so far for your work on the
Investment Plan. I think it's great so far.

But I want to talk about our proposal as being
uniquely structured to maintain the legal integrity of AB
32 by creating a transparent, scientifically-sound process
that makes cost-effective greenhouse gas reductions the
most important criteria for funding.

And everyone, my other Coalition members, have
talked about the importance of integrated projects and
looking at land use and transportation when looking at
projects to fund.

Our proposal ensures the maximum cost effective
greenhouse gas reductions, while giving regions the
flexibility to meet their unique transportation land use
needs and provides a framework to get money down to
regions who are, after all, ultimately responsible for
implementing SB 375 and meeting the regional targets that
you've set for them.
The draft Investment Plan notes a number of things, and we will go to the next one.

CHAIRPERSON NICHOLS: Justin, you mentioned your plan, the NRDC plan?

MR. HORNER: No. It's referring to the TCL.

MR. HIGGINS: Bill Higgins from the California Association of Councils of Government. And I'm the first of the me too's, you'll be glad to know. But we represent all 18 of the metropolitan planning organizations that are responsible for the 375 plans and are in support of the coalition principles.

MR. KEMPTON: Madam Chairman and members, Will Kempton representing Transportation California, an industry-based advocacy group supporting the transportation program.

I wanted to express our support for the framework that you've outlined in the plan. Look forward to working with our coalition and with the Board as you move towards implementation. Thank you.

MS. STRECK: Good afternoon. Wendy Streck with the San Bernardino Association Governments in support of the Transportation Coalition proposal.

MR. ANTWIH: Afternoon, Madam Chair and members of the Board. Andrew Antwih. I'll be speaking again later for the port of L.A. But I'm here as part of the
Transportation Coalition to support the coalition's approach on this.

Relative to L.A. Metro, for which I'm speaking now, we want to recognize that in the mega regions, like in the SCAG region, we would like to follow the precedent of SB 375, where the implementers of the projects will get the fund directly. And the investments in public transit that meet the goals of SB 375 will be key. And in our region, L.A. Metro makes a significant investment if transit at a level that actually benefits the entire region. Thank you.

MR. RENTSCHLER: Madam Chair, members of the Board. My name is Randy Rentschler with the Bay Area's Metropolitan Transportation Commission. We are the planning organization seeking to meet the objectives of Senate Bill 375.

We support the Coalition's efforts and would like to reiterate the comments made by our prior speaker about giving us the resources we need directly to implement this plan. And we've been doing for over 20 years in the Bay Area. Thank you.

CHAIRPERSON NICHOLS: Very good. Thanks. Is that the full group from the transportation coalition? I think it is.

My next would be Erica Morehouse from the
Environmental Defense Fund.


And we are a member of the Transportation Coalition for Livable Communities that also just spoke.

But I just wanted to note that I think from what we've heard today, it's obvious that reaching our 1990 by 2020 target for greenhouse gas emissions reductions is just the beginning of the opportunities that are unlocked by California's landmark Global Warming Solutions Act. We have opportunities for creating benefits for our economy, for our planet, and for our health as well.

And one of the really key things about these investments is that we can create these boons for low income and disadvantaged communities that have for too long had to disproportionately suffer the environmental impacts. And we want to thank the SB 535 Coalition for their leadership on this.

We do see value in all of the areas that were laid out in this Investment Plan for funding, including transportation. We also have staff that work directly on overcoming, for example, financing benefits -- financing obstacles for energy efficiency. Also on reducing greenhouse gas emissions from the agricultural sector.

And these are all benefits that we can get in...
addition to greenhouse gas emissions reductions from these investments. And we appreciate the Investment Plan’s focus on both near-term priorities and also the long-term benefits that we need to maintain the reductions as our populations grow and to meet our 2050 goals. And thank you.

CHAIRPERSON NICHOLS: Thank you. Because this chart is getting a little messy — I'll use that as my excuse anyway — I omitted Paul Mason from the Pacific Forest Trust. By I see you're listed as part of another coalition, which is the Natural Resources Coalition. Can you identify or can the people who are part of that also come forward at this time as a group? Is that — even if they're not quite in order.

MR. MASON: Sure. And actually, I'm Paul Mason with Pacific Forest Trust.

We had actually — I was going to say, you can picture 20-some odd virtuous people here behind me are not all — who did not all drive to Sacramento. We figured, you know, we're going to have one person speak.

CHAIRPERSON NICHOLS: You're claiming credit for those emissions that you didn't create. Okay.

MR. MASON: Count those in our categories for those reductions.

And there will be a letter circulating with about
20 various organizations that -- including the Nature Conservancy, Trust for Public Land, California Relief, the California Climate and Agriculture Network, Autobahn, Planning Conservation League, Green Built Alliance. There should be a letter that will circulate with a broader list there.

In any event, we all share a common vision for protecting and restoring resilient and natural resources and working lands which are amongst the most cost effective investments that can be made to reduce harmful carbon dioxide emissions, increase safe natural restoration, all while providing a myriad of critical public benefits. Those, of course, would include watershed protection, wildlife habitat, open space, the beauty of California, urban forestry, and a number of other benefits.

Our main message is generally thank you. The Investment Plan does a nice job, including a diversity of natural resource and working land strategies. There are a couple of areas that we think could be addressed a little bit more directly and a couple of other observations we'd like to make.

First, we would note that related to SB 375 and sustainable communities, by protecting working lands and open space adjacent to urban areas, we can avoid sprawl in
this significant transportation related greenhouse gas emissions.

The Investment Plan would benefit from highlighting more explicitly those connections between sustainable community strategies and protecting farmland and open space adjacent to some of these communities.

Also, the plan includes urban forestry and urban greening strategies, but does not explicitly mention community parks, which in addition to sequestering carbon dioxide, also mitigate urban heat island effects and reduce vehicle miles traveled, because people have an opportunity to recreate closer to where they live. We would encourage inclusion of parks and the Investment Plan.

We were pleased to see that the plans outlines principles for investment. And we support transparent publicly accountable investments, public accounting for investments of these proceeds and achieving tangible projects on the ground.

I would note that amongst those investment principles, one of them was to focus on areas of highest emissions. We think it would be useful to think of that instead or in addition to investments with the greatest opportunities for reductions so that we don't foreclose the opportunity to, for example, re-forest an area that's
been de-forested by fires for 20 years or a State Park that's burned up or something because it's not actually emitting right now.

And then finally, in terms of investment principles, we and a number of other organizations that cut across the different interest groups feel very strongly that it will be important as we're pushing money out to a variety of different programs and different agencies that we maintain consistent accounting of how we're looking at the benefits of those investments.

It would be very easy as they're pushing money to very disparate organizations for very different projects to have very creative or different ways of evaluating those benefits. And it's going to be very important in our mind to make sure there is consistency there. And the only reasonable way that I can envision consistent scientifically defensible ways of doing that accounting is to have the Air Resources Board working with those agencies on their methods for evaluating those projects and approving those methodologies, less we get some creative and/or indefensible outcomes.

So thank you very much. We really appreciate the fact that the natural resource sector was included in the Investment Plan in a thoughtful way and we look forward to working with you further. Thanks.
CHAIRPERSON NICHOLS: Thank you. I did invite others to come up. So why don't you come on up. Yeah. Go ahead, if you're part of this group.

MS. CARR: Yes, I'm part of the group. My name is Kim Carr with the Sierra Nevada Conservancy. We are a State agency within the Natural Resources Agency and primarily here today to thank you very much for including forest and ecosystem management within the Investment Plan.

The Conservancy has been working with a number of groups through our Sierra Nevada forest and community initiative developing common vision for how to manage the forests. We also are supporting local forest collaboratives to move forward with active forest management, as well as working with the State's biomass working group.

I just want to give a little bit of background on forests since Paul was the first speaker on this. As he mentioned, it stores millions of tons of carbon. And with active forest management, there is an opportunity to really increase that.

There are large areas of the California forest that are in risk of catastrophic fire. And of course, this results in very high emissions. So actively reducing that risk is important.
CHAIRPERSON NICHOLS: I think we're trying to compress the time here. If that's --

MS. CARR: Can I just get to the recommendations:

CHAIRPERSON NICHOLS: Yes.

MS. CARR: Okay. So our agency is called out in the 2012 Bioenergy Action Plan to take responsibility to promote forest bioenergy, as well as to help implement SB 1122, which is a requirement for large utilities to purchase forest bioenergy, 50 megawatts.

So we recommend that the Sierra Nevada Conservancy be listed as a State agency to provide oversight, developed program criteria, and distribute funds.

We also recommend that the plan actually invest in funding early phase development for the bioenergy facilities to help get this new industry up and going, to avoid open pile burning. Actually, clean -- use the materials in a clean way and as an energy source. Allow a portion of the revenues to be spent on public federal forest lands since the U.S. Forest Service ends up managing such a high percentage of the forests in the state.

And then finally, fund forest conservation easements through different State agencies. So thank you very much for your time.
CHAIRPERSON NICHOLS: Sorry. There is a little conference going on up here at the front because I think there's been some confusion, which we probably helped to create. By bringing people up as coalitions, we Assumed that meant you said your piece. But we're now hearing people who spoke as part of a coalition, even if they didn't just say me, too, also are thinking that they're going to come back up and speak again, which then is going to push us way over into the afternoon if each of you takes three minutes.

So I really want to encourage people. We're going to have to implement a one-minute limit and be strict about it. Or some of you folks who have already spoken or had your area covered are going to have to decide that you've already been taken care of one way or the other.

I'm going to let this continue on here for a little while because we didn't make the announcement earlier. But I just need you to recognize that, you know, there's a lot of other people who weren't part of these groups who also have signed up and are waiting patiently. It's not fair if people double tip, so to speak.

Go ahead.

MR. GYANT: Good afternoon, Madam Chair and the Board. I'm not a part of the coalition. And I'm not
double dipping, but I won't --

CHAIRPERSON NICHOLS: No, sir. You are a federal official.

MR. GYANT: But we won't take three minutes. But I will take this opportunity and along with not only the Board, but all the people in this room, I hope they listen to this message.

Forestry accounts for 30 percent of the landscape in California. About 60 percent of all the water used in California comes off the Sierra Nevada's forest. It's very important with being able to protect those watersheds, because it means a lot to the people in and around the whole state of California. The Natural Forest manages 20 million acres in the state, 20 percent of that state. What we're asking is particularly in support of the Investment Plan.

We also think, too, if we're able to reduce some of the fuels on the national forest, that can help accelerate carbon sequestration with larger trees. So with the reductions, reductions is good, but you also have to have the carbon storage piece in addition. So that's what we're proposing is be able to have those funds as an investment to reduce the fuels, which ultimately reduces the impacts of large fires, which effects the airshed due to smoke. On an average, we burn about 400,000 acres a
year in California, if not more.

So with this Investment Plan, with forestry as a part, working very closely with CalFire, also working with the Sierra Nevada Conservancy gives us an opportunity to continue that work that we are doing in the sierras.

Thank you.

CHAIRPERSON NICHOLS: Thank you very much.

Thanks for coming and staying, too.

MR. KUSEL: Hi. Jonathan Kusel, Sierra Institute for Communities and the Environment. And while I'm up here with Kim and Barnie, we are a part of the natural resources. We aren't part of the natural resources group, though we are speaking to natural resource issues.

In some ways, I feel like the Lorax with a twist. And that is talking about the forests, but also the rural communities which have not been acknowledged for the most part. When you look at the CalEnvironScan and you look at the maps and you say are there no disadvantaged communities in these rural areas?

And a little background might be appropriate here. I sat on the President's planning team for the Northwest Forest Plan. I was the lead sociologist on the Community Assessment Team for the Sierra Nevada system projects. And as recently as last summer, was assessing rural communities through northern California as a rural
sociologist.

So when I look at the CalEnviroScreen -- and I submitted some comments specifically, there are methodological problems. There is a lot of very good work that's a part of that. But it is limited in that there are some extremely disadvantaged communities in rural areas that are left out and need to be a part of that.

So I urge as we move forward to look at what's been left out, look at the reasons for that. And I can -- I'm happy to submit additional comments with respect to the methodological implications of the approach that's been used and what might also considered. I'll leave it at that. Thank you very much.

CHAIRPERSON NICHOLS: Thank you. We understand the issue.

Go ahead.

MS. ROJAS-CHEATHAM: My name is Ann Rojas-Cheatham, and I'm the co-director of nail salon owners greening their jobs and the environment.

I would like to, as several speakers have mentioned, support the importance of resources and assistance to small businesses, especially in disadvantaged communities for energy efficiency programs.

We've been working with PG&E, East Bay Mud, the City of Oakland to audit nail salons which are low income
businesses and figure out how they can become energy efficient, save water, et cetera. And they don't have any capacity to fund themselves to make those changes. Zero.

And I know there is other industries, dry cleaners, auto body shops, that also aren't able to do that in disadvantaged communities. Gets very critical that that become part of what happens in the future.

I also think that it would be short-sighted to just focus on energy efficiency in small businesses and that another co-benefit could be added, which would be to improve jobs currently that low income people are working in, not just to create new jobs.

We have many, many jobs in industries that are high polluting, that are contributing greenhouse gas emissions where we need strategy. We need to look at strategies that do reduce greenhouse gas emissions and improve working conditions and the health of workers in those industries. We have to be big thinkers. Our future is at stake. I know you will. And I'm really interested in following this and participating. So thank you.

CHAIRPERSON NICHOLS: Thank you. I see you were part of the earlier group and just got missed.

MS. ROJAS-CHEATHAM: I just didn't get to speak.

So thank you for listening. I'm sorry.

CHAIRPERSON NICHOLS: Of course.
Matt Schrap I believe is next.

MR. SCHRAP: Thank you, Madam Chair and Board members.

My name is Matt Schrap. I'm Vice President of Government Programs for Crossroads Equipment Lease and Finance. We are a division of the Velocity Group, the largest commercial truck dealership network on the west coast.

Through the Velocity Vehicle Group, we've processed literally thousands of statewide grants and have secured tens of millions of dollars for clean purchases for operators here in California.

We're standing before you today to echo our support of the recommendations for the funding plan. However, we would like to recommend that in the negotiations for actual programmatic change for implementation, we suggest there is a greenhouse gas only type loan program scenario, similar to the very successful PLACE loan program here in California that providing loan assistance for clean equipment.

We feel this could be a very robust way of getting these small to moderate size fleets into the zero or near-zero emissions technology that we're looking for in order to achieve some of these goals.

The capital costs of this equipment is so great
that many times even grants can't offset the incremental
costs that is necessary for these operators to be able to
purchase these pieces of equipment. So any type of help,
especially from along the lines of financing, can really
encourage people to get into this equipment.

We're looking forward to the final
recommendations and also looking forward to working with
finance staff as well as ARB staff in developing some type
of plan that would address this need, this growing need
for help on residual financing of clean equipment,
especially zero emissions equipment.

So I won't take up any more time. But I thank
you for the opportunity to present.

CHAIRPERSON NICHOLS: Thanks and look forward to
following up. Okay.

Medical knee?

MS. SCHLOTTERBECK: Madam Chair, members of the
Board, Investment Team, my name is Melanie Schlotterbeck.
I'm here representing Friends of Harbors, Beaches, and
Parks, an Orange County nonprofit.

I applaud not only the multi-agency
collaboration, but also the creation of a more robust
natural resources component in the draft plan.

I do have one suggested change on page B12.
Please consider revising the language from simply
"develop" to "develop and implement natural communities conservation plans," as implementation dollars are needed to fund the conservation work.

Additionally, as science becomes available, we hope that the plan proves flexible and inconclusive to support additional types of natural resource investments.

Further, we also support appropriate distributions of the cap and trade revenues to Southern California -- Southern Californian efforts, that is, as it has more than half the State's population and a significant number living below the poverty level.

Through our coordination, we have nearly 120 organizations in Southern California watching how this Investment Plan unfolds.

I have a support letter from Friends of Harbors, Beaches and Parks and three fact sheets on Southern California conservation efforts and programs that are available for investment dollars. The first is the Orange County Transportation Authority's Environmental Mitigation Program, which comprehensively mitigates for freeway impacts.

The second is the Orange County Council of Government's first in the state conservation policy and the subregional SCS, and the Southern California Association of Governments, second conservation policy in
the state, or Regional Advanced Mitigation Program.

Thank you for your time and leadership.

CHAIRPERSON NICHOLS: Thank you.

MS. DESLAURIERS: Hello, Chairman Nichols and members of the Board.

My name is Sarah Deslauriers. I am the program manager of the California Wastewater Climate Change Group, the members of which represent the State's wastewater perspective on climate change issues.

Many of our concerns that we put in writing on the draft concept paper were already addressed in the draft Investment Plan, but some bear repeating here.

The California Wastewater Climate Change Group supports inclusion of wastewater to energy as an eligible project type and energy efficiency and clean energy investment priority. These types of projects provide greenhouse gas emissions reductions and support the renewable energy goals sought by the AB 32 Scoping Plan.

In addition, inclusion of these projects also addresses environmental justice issue and provide additional co-benefits.

To better support the renewable energy goal, we encourage the Board to consider investment in full-scale implementation of proven technology, and not just for pilot testing and demonstration projects, as many of these
practices uses established technologies that do not require pilot testing.

We also encourage the Board to consider not only biogas as a fuel source for renewable energy production at wastewater treatment facilities, but also biosolids.

The California Wastewater Climate Change Group supports the waste diversion goals of the state and believe that investments should be directed to wastewater treatment facilities to facilitate partnerships in managing organics in existing digesters.

Finally, we recommend including the development of low carbon transportation fuels in the low carbon freight transport and zero emission vehicle's investment priority. Right now, this investment priority only refers to the charging and fueling infrastructure. We recommend also including investment in the production of low carbon fuels. Thank you.

CHAIRPERSON NICHOLS: Okay. Thank you.

John.

MR. MC CAULL: Thank you, Madam Chair and members.

John McCaull here today representing another coalition, Working Lands Coalition. Myself and John Gamper from the Farm Bureau are going to present on behalf of the coalition.
We established it in earlier this year. It's a growing coalition of agricultural groups, conservation organizations, and land trusts. Our purpose is to focus on the increasing funding for agricultural land protection and open space production and financial incentives for stewardship.

Initially, thank you so much for your good work on the Investment Plan for including the core of our proposal in the plan. You've recognized the value of protecting agricultural land as a key component of making sustainable community strategies work. We heard that today from other speakers, from the Mayor of Davis, from the Transportation Coalition folks that getting sustainable community strategies to works requires land use strategy as well.

What we tried to do in our basic premise is that to meet the land use and transportation planning objectives of SB 375, we have to shift development to existing urban areas, encourage more compact growth. To achieve those objectives, we have to reduce the potential for sprawl.

We commissioned CalThorp and Associates to use a rapid fire, which is a modeling tool scenario planning tool to try to illustrate the benefits of different land use scenarios to help meet the goals of SB 23 and SB 375.
The first way to measure this is to look at land consumption. Business as usual models would indicate that to meet a goal of an additional -- trying to get 50 million people living in California by 2050, if we use business as usual growth models, we would consume potentially another 1.2 million acres of land.

More compact growth models can reduce that very dramatically, maybe only 300,000 acres of land. And obviously, there's various versions of these scenarios in between those two figures.

San Joaquin Valley is even more stark. Certainly, I think that's where we've seen the kinds of growth patterns that have had the biggest impact on prime ag lands. Almost half of that growth or consumption of land would occur in the San Joaquin Valley, if we use the business as usual model. We could reduce the compact growth scenarios and reduce land consumption dramatically.

Now, the translation here is avoiding vehicle miles traveled, avoiding greenhouse gas reductions. So we took the land consumption scenarios and tied them to projected GHG emission profiles. Most of this is from vehicle miles traveled. Some of it is from actual building emissions as well. You can see here at a statewide level we're looking at about 26 million metric tons avoided if we can achieve the compact growth scenario
for the San Joaquin Valley comparative reductions.

Basically, our strategy is to use existing tools that we have successfully used for ag land protection, open space protection in California for decades, and repurpose them to achieve SB 375 and AB 32 goals. These include reinstating the Williamson Act Subvention Program, targeting conservation easements, agricultural easements, and also the farmland context and encouraging stronger land use protections at the local level for agricultural land.

We have a -- our proposal is comprehensive. We don't want it to be piece meal. We think it fits together well. I'll let John Gamper talk more about that.

CHAIRPERSON NICHOLS: Thank you.

I do want to ask you or perhaps Mr. Gamper the question that someone alluded to earlier. I gather that at least when some folks met with the Secretary, he made the same comment, which is if you just reinstate a program, how does that achieve additional greenhouse gas reduction? So hopefully you can talk to that.

MR. GAMPER: I will in deed. My name is John Gamper. I represent the California Farm Bureau Federal Reservation. We are the state's largest general farm organization. We represent about 85 percent of production agriculture.
We're proud participants in the Working Lands Coalition and fully endorse its recommendations. We appreciate the inclusion of those recommendations in the Investment Plan, specifically funding the California Land Conservation Act, which we believe is crucial to the future success of the Sustainable Community Strategies.

The California Land Conservation Act of 1656 is popularly known as the Williamson Act. It's one of the most important environmental laws ever adopted in the state, especially when you consider it was adopted in 1965 when the county assessor was essentially the planner for most jurisdictions. It was a self-fulfilling prophecy on the part of assessor to value land based on its highest and best use and whether it was a prune orchard in Santa Clara or a prune orchard shopping center, it was going to be the land -- ag land was going to be valued as residential. And again, a self fulfilling prophecy that led to the conversion of hundreds of thousands of millions of acres of prime agricultural land in the state.

With the inception of the Open Space Subvention Act in the 1970s, we saw dramatic increase in the enrollment in the program as counties were backfilled for their foregone property tax revenue. It started around 13.7 million in the early 1970s, and we've held between
13.7 and 16.5 million acres under enforceable restriction since the early 1970s. A very laudable goal for the Act.

It's always been a three-way partnership. The land owners give up their right to develop the land, to subdivide, a promise to continue agricultural production and keep it an open space, in return for having the land valued at its agricultural value, how much income it can produce from agriculture versus its acquisition value.

Of course, prior to Prop. 13, was its highest and best use. But since 1978, it's valued at its acquisition value.

The Williamson Act provides an incredible property tax relief to land owners. But in return, they do give up significant development rights and rights to subdivide.

The counties, for their part, offered this reduced valuation process. And the State, for its role since the 1970s, has back filled for that foregone revenue and funded Williamson Acts through subvention.

As the Chair may recall when she was Secretary of Natural Resources, since 2001, the Williamson Act became a pawn in the annual budget process. Eventually, it came to the point in 2009 when the funding was cut to $1,000 and it has remained there since 2009.

In response, numerous counties -- Imperial County
immediately non-renewed all their contracts. Numerous counties examined the Williamson Act and whether or not they should stay in the program. And about half the counties have placed a moratorium on new contracts which again I think provides -- it puts the program at great risk going forward.

Part of that risk going forward is the fact that on Williamson Act land, we sequester -- the land sequesters 3.5 billion pounds of carbon on an annual basis. If it is at risk, that sequestration is at risk as well.

So I think to answer your question, if you have the Hippocratic oath for greenhouse gas reduction, first do no harm. And you don't want to see that sequestration go away, especially when you consider much carbon is released into the environment in urban areas also rural areas or ag land, which I believe there is a 75 percent reduction or comparison.

In closing, I just want to highlight an important component of our proposal. That is to incentivize counties to adopt greater farmland protection programs through a two-tiered subvention program.

And we believe that this will encourage counties to adopt and fully implement farmland protection and ag viability strategies. And we believe this will greatly
complement the CS -- the SCS strategy as required by Senate Bill 375.

And also, it's a win-win situation for food security, because we're talking about nine billion people being on this planet between now and 2050. And that nine billion people is going to mean we're going to have to produce as much food as produced on this planet since the dawn of agriculture in 10,000 BC. We're going to have to keep as much ag land in production as we can while we reduce greenhouse gases.

Finally, it's important inform note we do have broad bipartisan support in both the Senate and Assembly for this coalition. We've been circulating a letter. And again, very strong bipartisan support.

Thank you very much for your time.

CHAIRPERSON NICHOLS: Thank you very much. Okay. We'll move next to Ed Pike. We're down to only 27 remaining speakers to go great. Okay. Thank you.

MR. PIKE: My name is Ed Pike. I'm a Senior Project Manager with Energy Solutions. Thank you for the opportunity to comment today.

We recommend adding a few words to the draft Investment Plan for passenger vehicle in-use energy efficiency incentives, such as energy efficient replacement tires and engine oil. And we've provided
written comments that provide specific language.

We estimate that an incentive program could achieve $750 million in annual net consumer cost savings and two million metric tons per year of greenhouse gas reductions, as well as criteria air pollutant benefits and would have very favorable cost effectiveness.

Measures for replacement tires and engine oil were included in the scoping plan. They haven't been adopted yet. And this incentive program could achieve much of those reductions and cost savings and would also complement any future standards that do move forward, such as tire standards under SB 1170.

This idea is an excellent match for many of the Investment Plan priorities, which we agree with. And some examples are the AB 32 goals for greenhouse gas reductions, criteria pollutant co-benefits, and also achieve -- it's a good opportunity to achieve near-term greenhouse gas reductions, prioritizes the transportation sector, is the largest greenhouse gas sector, the ability to focus investment on disadvantaged communities and benefits for disadvantaged communities and leveraging private investment through leveraging purchasing decisions.

So in conclusion, while there is understandably much attention focused on existing programs that can be
funded in the upcoming budget year, our suggested revision
to the Investment Plan would create flexibility to
potentially fund very cost effective source of greenhouse
gas reductions in future years of the three-year
Investment Plan.

Thank you again for the opportunity to comment.

CHAIRPERSON NICHOLS: Thank you, Ed.

Alex.

MR. JACKSON: Good afternoon, Chair Nichols and
members of the Board. Alex Jackson on behalf of the
Natural Resources Defense Council.

And I promise to be brief and additive to my
colleague's statement on behalf of the Transportation
Coalition for Livable Communities.

This is perhaps guilty of a little double
dipping, but I will hold myself to less than three
minutes.

NRDC does support a broader use of revenues than
just that piece of it for the transportation sector. And
in that regard, very supportive and encouraged about what
we saw in the plan about really transformational
strategies across sectors to achieve California's
ambitious and really transformational goals.

In particular, wanted to highlight our support
for the plan's focus on achieving co-benefits and benefits
in the state. Spotlight a few examples for low carbon and
zero emissions freight technologies to reduce diesel soot
emissions, which of course has a huge tremendous localized
air quality impact. Also tremendous carbon impacts by
reducing black carbon, which is, of course, a potent
pollutant or potent greenhouse gas warmer.

Also want to support the focus on industrial
energy efficiency and maximizing opportunities to reduce
emissions at those sources themselves, achieve those
co-benefits in those communities, and to spotlight
opportunities to really enhance our Clean Vehicle Rebate
Programs. We see opportunities there.

And I will support the comments from Ed Pike
previously and perhaps expanding the reach of some of
those programs to look at tire efficiency as well.

Briefly, you know as we move now from this
process into the budget process, I do want to say we're
very encouraged by the support we saw. Unequivocal
support in the plan and the presentations that we need to
remain focused on expenditures that are designed to
achieve greenhouse gas reductions.

I don't understand the budget could be a very
messy and complicated negotiation, but I hope that that
level of scrutiny remains. And I urge all the
decision-makers here keep that as a primary focus as these
expenditures are about reducing greenhouse gas emissions. And we don't want to see that become a co-benefit with a lot of the other good policy proposals ahead of you.

So just a concern there on funding the existing programs or back-filling the existing programs that weren't really designed with a greenhouse gas benefit in mind.

With that, thank you very much. And I will also just say and associate our organization the principles of the SB 535 Coalition of which we were a co-sponsor and support.

CHAIRPERSON NICHOLS: Kathy.

MS. COLE: Thank you, Madam Chair and members of the Board and officials with the Brown Administration. I'm Kathy Cole with the Metropolitan Water District of Southern California.

First, I would like to acknowledge the difficult and complex undertaking that the Brown Administration has entered into over the last several years, I guess, in developing a draft plan to provide a sound blueprint for investment of auction revenues.

We would also like to express our appreciation for the plans's recognition of the contribution that wholesale water agencies can provide in reducing greenhouse gas emissions, the relationship between water
and energy is well known.

As one of the largest providers of wholesale matter in the state, Metropolitan has significant power and energy requirements that are satisfied by local electric utilities as well as Metropolitan itself.

It is the self-provision of energy over one million megawatts hours annually for our large pumps along our 242 mile aqueduct system from the Colorado River that has classified us as a covered entity under the cap and trade regulation.

With an allocation of cap and trade auction revenues, we will be able to initiate or expand efforts that lead to permanent reduction in greenhouse gas emissions. These efforts could include the installation of new renewable energy facilities on our water distribution and conveyance system, replacement of older less efficient equipment, and new or expanded water conservation and recycling programs.

This would benefit the 19 million people who live and work in Metropolitan service area in Southern California and receive their water from Metropolitan's 26 member public agencies. Metropolitan's service area covers most of the disadvantaged communities identified by the CalEnviroScreening tool in the Ventura, Los Angeles, San Diego, and Inland Empire regions.
We stand ready to work with the Brown administration and the Legislature to assure the distribution of auction revenues for water-related projects obtains the highest possible level of greenhouse gas emission reductions and helps to achieve the goals of AB 32.

I thank you for the opportunity to comment.

Thank you.

CHAIRPERSON NICHOLS: Tim Haines, and then Devilla Ervin.

MR. HAINES: Thank you, Chair Nichols and the Board members.

We appreciate the opportunity to be able to speak with you today. We also appreciate the opportunity that we've had to work with you in the past, the hard work that you've undertaken, you and your staff, in order to be able to understand our views on cap and trade.

I'm Tim Haines with the State Water Contractors. We're an association of public water agencies that supply water to 25 million customers throughout the state of California. That includes 750,000 acres of agricultural land as well.

In the Governor's budget proposal from January, he identified that investing in efficiencies in the water sector would further the goals of AB 32. And so we want...
to tip our hat to the multi-agency task force that put
together the implementation plan.

I think they've done a great job in being able to
take that vision that was set forth in the Governor's
budget proposal and carrying it into the Investment Plan.
The recommendation that there be investments in efficiency
that's associated with water supply, use, and conveyance
is something that we do think can further the goals of AB
32. We think that there's a role for the State Water
Project to be able to play in assisting with that as well.

There's another aspect to this than simply the
direct reduction of greenhouse gas that an investment into
the State Water Project is going to provide. And that is
that the project provides significant assistance to the
grid in terms of reliability. And so that's really
important. It's increasingly important as we add
additional renewables to the power system.

The ISO is challenged in being able to maintain
the reliability. The State Water Project is able to
provide support to that. And so you have the direct
benefit of the GHG reduction as a result of an investment
in the State Water Project. But you also have the
indirect assistance that's provided in integrating all the
other renewables into the power system.

So we look forward to commenting to work with the
team as they finalize the Investment Plan. Thank you.

CHAIRPERSON NICHOLS: Thank you. Appreciate your active involvement throughout this process. Okay.

Now New Voices are rising.

MR. ERVIN: Good evening, ladies and gentlemen of the Board.

My name is Devilla Ervin. I'll be speaking on behalf of the Rose Foundation.

As a young man looking to live on my own, I'm deeply troubled by the threat of displacement in my community and other areas slated for transit-oriented development.

Affordable housing needs to be at the forefront of this conversation, because you cannot cut VMT or greenhouse gas emissions without limiting displacement.

Living in Oakland, I have known many people who find themselves being forced to leave their homes and communities in pursuit of housing that's less expensive.

One example of this is my foster mother. My junior year of high school, she found a place more affordable, but it was in Sacramento, yet she was working in Hayward and was commuting up to five hours a day to and from work.

Another example is my friend Pamela who works closely with the Rose Foundation, whose mom decided to
move to the Central Valley where an apartment was half the price of their home in West Oakland. However, she was not able to find work. After four months of desperate job searching, she found a job in Union City's Industrial Park. Pamela's mom now lives in Manteca but has to commute to Union City for work. What used to be a 30 minute, $4 commute is now a four-hour $60 commute.

To top things off, she is earning minimum wage and literally cannot afford to pay for transportation. So she decided not the travel. Her alternative was to sleep on BART trains riding back and forth until the end of the line, getting off and doing it all over again. She even resorted to sleeping on the floor of her jobs's cafeteria. Pamela has made it clear she does not wanted your pity, but these are the facts.

We are asking you to make the kind of investments that will keep housing and transit affordable for families like Pamela's. Without careful, conscious, and deliberate investments in affordable housing and transit operation, disadvantaged residents will be facing longer, more expensive and often polluting commutes.

Investment in transit operations is particularly important to disadvantaged communities because of extensive cuts to service especially night and weekend service.
Brenda, another friend who is a freshman at San Francisco State and also works closely with the Rose Foundation has seen transit services cut and increase in fares that are detrimental to her community. Unreliable transit service leads to longer wait times, overcrowding on BART and buses, which ultimately means people are late to work and school.

Increasing investment in public transit operations to improve service and bring fares back down to an affordable level and investing in affordable housing near transit will go a long way towards addressing these concerns and making sure that transit-oriented development works.

Finally, I wanted to take a moment to highlight the health benefits of public transit investment, especially investments in buses that the communities we work in and rely on for daily needs.

According to the Bus Access Health Impact Assessment --

CHAIRPERSON NICHOLS: Could you wrap up, please? You're over your three minute.

MR. ERVIN: I'm taking the time of the two Rose Foundation people behind me.

CHAIRPERSON NICHOLS: Okay. Very good. Thank you.
MR. ERVIN: -- conducted by the Alameda County Public Health Department, more investment in transit service, especially bus service, can improve health and vitality for riders, their communities, and the transit system overall.

Currently, youth, seniors, and transit-dependent people's health is suffering as a result of this investment in public transportation.

The HIA found that reductions in bus service negatively affects the physical and mental health, safety, and well-being of the most vulnerable riders.

In order to reduce VMTs and GHGs, we must restore local transit by investing in transit operations. Not doing so means that youth, seniors, and folks who live in disadvantaged communities will continue to experience negative health impacts and critical barriers to opportunities due to the rising transit costs and service cuts. These are the priorities we find important. I hope you address these concerns in the final plans.

Thanks for listening.

CHAIRPERSON NICHOLS: Thank you. Appreciate that. Thanks to the Rose Foundation.

Scott Elrod.

MR. ELROD: Chair and members of the Board, thanks for the chance to speak to you today.
My name is Scott Elrod. I'm a Vice President at PARC, which is the Palo Alto Research Center. PARC is the place where the foundations of computing were all invented. The graphical user interface, the ethernet, the mouse, things like that.

And those innovations coming out of PARC have really transformed the way people live and work. And not only that, they've created very large scale economic growth for California and jobs for California.

So we believe in the transformative power of longer term research and development. And we think that the energy systems, especially energy systems, transportation, as well as home, residential, and commercial are right for this kind of transformation.

One thing I want to point out is that these innovations coming out of PARC didn't happen by accident but rather were the result of a conscious effort to merge several different elements. One element is the long-term disciplinary research. A second element is a really strong focus on the needs of the users. So using social science, ethnography, anthropology to really understand what people need and then also what it requires for them to adopt the technology.

And lastly, a primary focus on commercial outcomes with a variety of business models to employ for
that.

We believe that for energy systems to really be deployed the most widely and the most equitably, it's going to be necessary to apply significant R&D of the type that I just described that was necessary for information technologies. And we think a transformation of energy systems can occur, which will resemble what has happened in information sciences.

We recognize that the initial proceeds from the auction will probably go towards near-term benefits, near-term programs, existing programs, and that makes sense.

But we do believe that if we're going to meet the goals of 2050 and if we're going to have really broad and equitable distribution of new technologies, it is going to be required to have a sustained program of multi-disciplinary R&D.

So we would ask the Board as well as the Department of Finance to really think about that and include some specific focus toward the R&D that will be necessary to meet those goals.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

I'm happy that cap and trade revenue isn't the only source of funding for this kind of thing. It is
important. We all agree with that. But I feel that there are other funds that have been created in recent years and that exist that are also focused on the same thing. So maybe we need to be talking about better implementation or more coordinated planning for the research. I very much support what you're suggesting here. I'm just a little concerned that we keep the focus as we have to in this on just the funds that are coming from the auction proceeds.

MR. ELROD: Thank you.

CHAIRPERSON NICHOLS: Thank you.

Pauline Chow.

MS. CHOW: Hi. Good afternoon. I thank you, CARB, for this opportunity to speak with you.

My colleague came up with the Sustainable Communities For All Coalition, but I want to touch on and reiterate the importance of using this Investment Plan for active transportation.

And I'm Pauline Chow representing Southern California as the Southern California Regional Policy Manager for Safe Routes to School national partnership. We support this draft Investment Plan, especially its clear blueprint for decreasing greenhouse gas emissions through using active transportation.

Fifteen percent of all trips in California are completed by walking and biking. And of those trips,
unfortunately, 25 percent of them are involved in serious injuries and fatalities on the road.

In Southern California, even more people walk and bike 25 percent. In L.A. County, it's 33 percent. And children, a third of California children walk and bike to school. And of all accidents involving children, they are of -- a fourth of them are done -- are walking and biking.

So we want to make sure that this increase in active transportation participants we use this money to make these roads safer for them to get to school.

Additionally, in Southern California, there is a huge need and desire for walking and biking. But the safety is at peril here. When we work with SCAG and support SCAG as well as CARB in this Investment Plan. And with SCAG, we are working with them internally to increase resources for active transportation, in their OWP, overall work plan, and in creating an active transportation department. So these funds are crucial to building out these regional plans and increasing safety.

Additionally, there is some recommendations we would like to add or call attention to. One is we would obviously really love a dedicated source of revenue to active transportation. And in addition, create an equitable strategy to allocate money to rural jurisdictions to construct large-scale active
transportation networks and as well as requiring complete streets for all transportation programs, and including active transportation plans and complete streets plans eligible for these active transportation CARB funds.

So overall, we're not asking for all trips to become walking and biking in Southern California or in California. But there is a real opportunity to take the short trips one to three miles and shift them to walking and biking so our communities can be healthier and increase the quality of life. Fifty percent of all trips in California are under three miles, and 60 percent of all trips in California are under one mile. There is a real opportunity.

We thank you for your support and both our coalitions, Sustainable Communities For All, as well as the SB 535 Coalition that we're a part of.

Thank you. Have a great day.

CHAIRPERSON NICHOLS: Thank you.

David Almeida.

MR. ALMEIDA: First off, I want to thank the Board and thank all of the members of agencies from across the state for being here and to providing these comments. I'm going to be fairly quick here. I want to first just echo the comments from my colleagues in the Transportation Coalition For Livable Communities. I
represent the California Center for Sustainable Energy, and we feel that funding on the local level is very important.

I want to address a critical need, a critical near-term need right now. And that's focused on funding for zero emission vehicles and near zero emission vehicles.

I specifically want to encourage the Board to clearly set aside funding for the Clean Vehicle Rebate Project and incentive program for electric and plug-in electric vehicles for three reasons. It's very successful. It furthers the goal of AB 32 and provides necessary co-benefits. And it's also aligned with the strategy of the Investment Plan. So it's successful. We've resulted in 20,000 vehicles in the past few years on the road today. In March, 2,000 of those resulted from incentives within March. So we're definitely seeing an increase in the trend for vehicles.

We've got somewhat of a critical problem here where we're going to be running out of funding for the Clean Vehicle Rebate Project. Likely in this year and definitely the funding will be limited to next year. So we're really looking for additional funding for the next year.

These 20,000 vehicles provide around 15 million...
electric vehicle miles every month that results in direct
reductions for greenhouse gas emissions, as well as
cobenefits towards improving air quality.

If this is also aligned with the priorities in
the Investment Plan. The Investment Plan states we want
to look at first year programs or investment in the first
year in programs that are already successful, that can
implement emission reductions right away. This is that
program.

So we really encourage the group of stakeholders
here to invest heavily within the Clean Vehicle Rebate
Project within the next year. So I want to thank you for
your time.

CHAIRPERSON NICHOLS: Thank you. I think we've
been remarkably successful every year with that program.
But you're right; the demand outstrips the supply at this
point.

So if we are really going to live up to our
goals, we're going to have to come up with additional
funding for that. Thank you.

Nathan.

MR. VOGELI: Nathan Vogeli.

Madam Chair, Board members, thank you for the
opportunity to provide comments. I first want to thank

ARB staff for their efforts in putting together this
investment plan. I know it brings together a lot of different moving pieces.

I'm a staff attorney for the Yurok Tribe. And the Yurok Tribe would like to provide these comments to highlight the tribal disadvantaged communities, particularly the Yurok Reservation community. The tribe supports the use of auction proceeds for the use of natural resource projects, including land acquisition.

The Yurok reservation itself encompasses 57,000 acres, and the community includes both Yurok tribal and non-members. Portions of the reservation exceed 80 percent unemployment, and over a quarter of all families on the reservation fall below the poverty line.

Certain areas even lack grid electricity and basic phone service. There is also extensive environmental degradation from past logging practices. Tribal communities require a focused risk assessment. The assessment must treat them as a community and account for aggravated health impacts to tribal populations that are dependent on traditional subsistence food sources.

Investment in tribal disadvantaged communities through natural resource and forest land acquisition projects advances the goals of AB 32 and SB 535.

Projects that benefit fish and wildlife habitat, sequesters carbon, and reduce environmental burdens also
benefit the health and economy of the local community that depends on such resources for its well being.

    Thank you.

CHAIRPERSON NICHOLS: Thank you.

Eileen Tutt.

MS. TUTT: Thank you. My name is Eileen Tutt, and I'm with the California Electric Transportation Coalition. We are an organization of industry, auto makers, utilities who support electrification of the transportation system.

First, I want to say congratulations, Chairman Nichols. You deserve every accolade, and I'm glad time can be added to your list.

We obviously support this plan. I want to tell a quick story with my time.

In the Midwest, the Frito Lay decided to do a pilot program. They decided to replace 300 of their diesel delivery trucks with electric trucks and see how the drivers reacted.

What happened at the end of that program was unexpected. This program, this cap and trade program, is transformational and transformational things are going to happen that we don't anticipate.

In the Midwest, there were a lot of glitches. One of the thing that happened was the heaters didn't work
that well. And in the Midwest winter, that can be a problem. It took a while to get that right. At the end of the pilot program, only two people -- only two of the drivers, these men and women, wanted to return their trucks and get their diesel trucks back. The reasons were completely unanticipated.

First, the men and women, they would come home and we were not exhausted any more. The rattling of the diesel trucks and combustion engines vehicles in general wasn't there anymore. So they just weren't as tired. The fuel itself doesn't smell. So they didn't come home needing a shower and to go right to bed.

The second thing they talked about is they would drive these trucks up to deliver their product and people would ask them questions. And they would get a lot of increased foot traffic at the stores.

The store owners liked them better. So their self esteem was elevated. They felt like they were not just delivery men and women. They were sales people for their company.

These were the kinds of unanticipated benefits of these really transformational policies. So I want to laud everyone on the staff who developed this report, not just because we support it, but because they really listened during these workshops that were held. And CARB is just
excellent at that, and it's very good to see the other
agencies joining together in this way.

So with that, one more plug. I agree with the
previous speaker. We have to save the Clean Vehicle
Rebate Program this year and going forward. So I hope
that that also becomes a priority. Thank you for your
time.

CHAIRPERSON NICHOLS: Thank you very much.
Thanks for sharing that story, too.

Chris Mertens.

MR. MERTENS: Hi, Chair and members. I'm Chris
Mertens here on behalf of the Clean Energy Working Group,
a group of clean energy technology companies, investors,
and industry organizations who have been engaged in this
investment plan process for some time.

We believe using some portion of the funds to
invest in clean energy technologies can yield significant
GHG reduction benefits as well as support California jobs
here in the state.

We think that the funds should be invested in two
key ways. The first is during the first couple years of
the program, investment in existing programs with proven
GHG reduction benefits, such as the self-generation
incentive program, AB 118, and PACE.

The second thing we would suggest is investing in
a financing mechanism such as a green bank. This type of mechanism could leverage significant private capital, simulate widespread adoption of GHG-reducing technology, and become self-sustaining over time.

We believe the draft Investment Plan does a great job of laying the groundwork for both of these items, and we would urge the Department of Finance to adopt and allocate funding to these items. Thank you.

CHAIRPERSON NICHOLS: Thank you. We've had several people who have made the green bank suggestion. I know it's one of those things that needs further examination. But appreciate the suggestion.

Christina Lokke.

MS. LOKKE: Hi. Christine Lokke with the California Special Districts Association.

We represent over a thousand special districts and affiliate organizations throughout the state, including water, sanitation, air quality management, conservation, parks and recreation districts, and want to thank you for your time and patience today.

In the interest of time, I'll just echo the comments of Supervisor Gioia today on behalf of the local government coalition and suggest that we strongly support the creation of a local emission reduction program to dedicate funds specifically to local governments. Thank
CHAIRPERSON NICHOLS: Thank you.

Nadine Peterson.

MS. PETERSON: Hi there. Thank you for your patience in listening to all of us today. I want to thank you also for your leadership and your contributions, both at the Air Board and Cal/EPA. We think overall this is a really great draft investment strategy. So thank you very much.

I wanted to make a couple comments. In particular, we want to support the inclusion of natural resources and sustainable communities as one of the key sectors to helping achieve the legislative goals through the auction revenues.

In addition, directing investments to projects that reduce greenhouse gas emissions while delivering multiple co-benefits is really important to us. Our agency has for many, many years and several decades worked on multiple benefit projects. And we think that it's very, very important for both human and natural communities.

We also support targeting existing grant programs to deliver projects and certainly in the short term and benefits expeditiously.

To that end, we would like to make one
recommendation, and that is that calls to conservancy be included and their climate-ready program, which is a newly developed program, as one of the agencies that could help to administer the funds. And we think that's important because the coast is not only going to take a big huge beating, both in terms of infrastructure from the sea level rise and also the wetlands that will be affected. But is also holds some of the most important lands for sequestering carbon, and we want to help make sure those continue to do so.

And as one example of both our expertise and accomplishments, but also for why it's important to continue to get funding is, for example, we've helped to restore over 10,000 acres of salt marshes in the last decade. And we have at least another 10,000 that are almost nearing completion in the planning and need funding. And the sooner those marshes are restored, the more resilient they're going to be and the more they'll continue to provide the benefits that include extensive levels of carbon sequestration as well as fish or nurseries and water quality benefits and flood protection. We're finding out more and more about how valuable they are.

One of the areas that needs it drastically funding for tidal marshes is the South Bay Salt Ponds,
which of course protect much of Silicon Valley. So in the area of forest conservation, we funded one of the first along with WCB forest conservation projects, the Garcia Project, which is now obtaining auction revenues in the private market. And our Board just approved another funding for when we hope to close in May, which will be another 20,000 acres. Both of those properties were way over harvested. And in the management measures that are being done, they in one case are sequestering considerably more carbon. And the new one that was just approved by our Board will be able to do the same.

In terms of ag conservation, we have bought easements in many areas of the coast and Marin County and are working with Marin County now on improving a Carbon sequestration in those ag areas.

And then finally, on the parks and urban greening trails department -- I'll concludes my comments. So I would just again thank you and would appreciate having the Coastal Conservancy listed as one of the agencies that can help you meet your goals. Thank you

CHAIRPERSON NICHOLS: Thank you for your thoughtful contribution and good work on climate, too.

Campbell Ingram.

MR. INGRAM: Good afternoon, Madam Chair and Board members. Thank you for the opportunity to be here
this afternoon.

My name is Campbell Ingram. I'm the Executive Officer of the Delta Conservancy. We are the new State Conservancy. We are expected to be a lead agency for ecosystem reservation and economic development in the delta.

I want to express our appreciation for the recognition of managed wetlands as well as a base line inventory for the delta within the Investment Plan as an eligible investment.

As you have all know -- am I done already? As you all know, the delta has many, many challenges. Subsidence is probably one of the most significant. Currently, there's over 300,000 acres in the delta that 20 to 30 feet subsided below sea level. This is a result of 150 years of agricultural practice in the delta that continues to emit emissions at a rate of about seven tons per acre per year and continues that subsidence at a rate of one to two inches per year.

I think it's very important to state the threat that that subsidence is to California's water system and by extension obviously to the California economy.

So we are very interested in moving these projects forward. Managed wetlands can stop those emission immediately. They can stop subsidence and
actually begin to accrete elevations immediately.

Most importantly, they can keep ag practices on the land and viable within the delta. And we believe this is one of the few places in California where you can achieve mitigation and adaptation at the same time. So we very much hope that the administration and legislation will commit funds for managed wetlands and a base inventory in the May revise. And we very much look forward to working with ARB staff to implement these projects. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Jamie Hall.

MR. HALL: Good afternoon, and thank you for the opportunity to provide input and comments on the perspective investment of cap and trade revenues.

The proposed priorities outlined in this document really are very well aligned with those that we've come up with in the Clean Energy Working Group that Chris Mertens spoke about a bit ago.

This group agrees the plan should focus on near-term opportunities and on the development of transformational technologies that can get us to our long-term goals.

We also agree that the best way to move forward in the near term is to focus on enhancing existing
programs.

So since Chris already gave comments on the group's broader priority, I want to zero in on transportation for a minute because that's where CalSTART is most interested. We strongly agree with the recommendation to allocate the largest portion of revenues to the transportation sector because the needs are just tremendous in this area. It's the biggest single contributor the greenhouse gases and criteria emissions. And investments in this sector are desperately needed and they will have substantial co-benefits.

We've heard quite a bit today about the need to invest in sustainable community strategies, and we fully support those investments. But I want to stress the ongoing need for technology investments as well. There are some existing and successful programs in the technology area, such as AB 118 program at ARB and CDC. But the revenues these programs are not sufficient to meet our long-term goals.

For example, we need to see much broader deployment of clean, zero, and near-zero emission trucks and off-road equipment. And developing and deploying these technologies at scale will require resources that go beyond what we have through existing programs, such as 118. We want to hear more success stories like what
Eileen mentioned earlier. We're going to need additional funding.

Second, we agree that zero emission passenger cars and infrastructure should be a high priority for investment. We really need to see broad adoption of these types of vehicles if we want to meet our goals as a state. The Clean Vehicle Rebate Project is a very important program and sort of moving us in that direction, but it also is very oversubscribed. And we really recommend using some of this funding to ensure continued and sufficient funding for that program.

As I noted at the outset, we think the best way to address these needs, the easiest way, to augment existing programs, such as the AB 118 program. It's successful. It's driving both near-term and longer-term reductions now. But it's oversubscribed, and we hope that the Board will allocate some funding to this area and will remember the need for technology investments and transportation. Thank you.

CHAIRPERSON NICHOLS: Thanks. Kembra, is that where we are? I believe, yeah, Kembra Shakur. I know he spoke earlier.

Andrew Antwih, you're still here for the port? Yes.

MR. ANTWH: Thank you, Madam Chair members of
the Board. I'm here on behalf of the Port of Los Angeles. We'd first like to commend the Board members and staff for the work you've done to develop this plan. We hope that the Department of Finance and the Legislature work to implement the structure that you've laid out.

The Port of L.A. would like to take a second to just brag about the good working relationship that we have with the Air Resources Board, whether it be in the development of the Clean Air Action Plan, the Drayage Truck Rule, or the Clean Truck Program, we enjoy a very good working relationship and want to call out the excellent working relationship with the folks like Cynthia Marvin and others on the CARB staff.

With respect to cap and trade, we've reviewed the draft plan, the Investment Plan, and want to call out investments for zero emission technologies, emission reduction technology demonstrations, and studies focusing on energy efficiency. We think investment in these areas that would go directly to ports would further the goals and objectives of AB 32 and dramatically reduce greenhouse gas emissions.

And we think that the development of these technologies would have applications beyond just in the goods movement sector. So we very much like the direction the plan is going. We want to call specific focus on
working directly with the ports and the especially on the zero emission technology. We think it's a good application and worth mentioning. Thank you again.

MR. EDGAR: Evan Edgar. Chairman, Board members, my name is Evan Edgar on behalf of the California Refuse Recycling Council. I'm representing the Super Organics Coalition today, but they're not here. I have slide I want to share with you up on the screen.

I'm not double dipping, but I'm triple playing. The group I represent, we are here in the middle. You look at clean transportation clean energy, natural resources, and waste diversion. We're in the sweet spot. We do all three at the same time by making a carbon negative fuel.

We support the investments when you have currently for the organic waste to bioenergy and the composting. But we urge you to look at carbon negative fuel, because right now you do have the infrastructure equipment for the clean fleets and zero emissions. But CARB Board has certified biogas from anaerobic digestion from food waste has been carbon negative at -15. So your Board staff has certified that. We're making it. And we are up and running with it right now.

So with this Super Organics Coalition starts with the California Refuse Recycling Council, I represent over
a couple thousand fleets out. There's 15,000 organics and recycling trucks in California. 2,000 are currently on CNG.

Then we go to the waste diversion where I'm representing the California Organics Recycling Council, local government, city of San Jose, and from Santa Barbara and from San Diego and Organic Waste Solutions in upper valley, we collect organics from restaurants and we collect them from different generators and retailers. And we are actually implementing the Mandated Commercial Recycling Program that requires five million metric tons of CO2 to be reduced by 2020 as part of the AB 32 Scoping Plan.

We take the food waste and green waste and move onto clean energy. There we've got one-third of our biogas goes towards a paracidic load to run the anaerobic digestion. Two-thirds goes into the tank. So on behalf of the zero waste to energy and harvest power, we are doing this right now in California with pilot programs and making them commercial scale. The Bioenergy Association of California, the urban, dairy, and ag sector fully supports biomethane, and we're the local manufacturers, the local government, CSFA, wastewater treatment plants and landfills. And we highly support bioenergy and biomethane.
Up there is Bend, which the Stockton Chamber of Commerce about is building infrastructure now for recycling and composting in California. Along with Californians Against Waste who wants to support more recycling and more composting with the same organization.

Moving down, the California Compost Coalition, I created the white paper that you guys endorsed as part of your Investment Plan. Thank you very much.

We take that compost and we take it to the digestate from anaerobic digestion. We make biomethane. We make digestate. The digestate we take into the compost for sustainable ag and disadvantaged communities and work with the farmers in order to take that compost to the ag lands where we save water by 30 percent on behalf of the Sonoma Compost and Agromin out of California. We're doing that now.

But the best part about it, we make a biomethane, which can be clean and compressed into the renewable CNG or bio CNG which is carbon negative fuel. And right now we're doing that. Cleanfleets.net is out on the road training people how to do that. So --

CHAIRPERSON NICHOLS: You're like one of the guys who sells the food chopper on late night TV. I get it. You do everything. All you do is great. So why are you here? What are you asking for?
MR. EDGAR: I'm asking --

CHAIRPERSON NICHOLS: I'm giving you more time, just for that reason.

MR. EDGAR: Thank you.

Because the Super Organics Coalition, local government, manufacturers, everybody, environmental, we're asking for a focus on carbon negative fuel. Within the plan itself, there's money towards clean equipment, fuel, and infrastructure, but the fuel itself, making it with anaerobic digestion and the biomethane and cleaning and compressing it, that's our ask, because that's not specifically lined out within the Investment Plan. We'd like to see that to have focus investment on carbon negative fuel from biomethane and anaerobic digestion.

CHAIRPERSON NICHOLS: Thank you very much.

Scott.

MR. HAUGE: Thank you. Scott Hauge. Good afternoon. And thank you for the opportunity to speak today.

My name is Scott Hauge. I'm the President of Small Business California. We're a grass roots advocacy group and responsible for bringing on bill financing into California --

CHAIRPERSON NICHOLS: We can't hear you.

MR. HAUGE: I apologize.
We are a grass roots advocacy group for small businesses and on-bill financing to California.

We supported AB 32. AB 32 Section 38565 says, "The State Board shall ensure that greenhouse gas emission reduction rules, regulations, programs, mechanisms and incentives under its jurisdiction where applicable and to the extent feasible direct public and private investment toward the most disadvantaged communities in California and provide an opportunity for small business, schools, affordable housing, associations," et cetera.

In ZIP codes areas designated as disadvantaged communities, small businesses are vital. We ask for the inclusion of small business into the Cap and Trade Investment Plan.

We request two specific areas, page 28 in addition recommended energy investment offers significant opportunities to provide jobs and to be located in disadvantaged communities. Example given, residential areas, small businesses, and local public buildings.

And section Appendix B8, at a minimum, ten percent of the funds set aside for projects located in disadvantaged communities.

Glad to have the support of the coalition 535 because they, like us, believe the small businesses particularly diverse, owned, and ethnic small businesses
are the backbone of job creation. Thank you.

CHAIRPERSON NICHOLS: Thank you. We agree. I'm not sure where the best place is to insert that thought, but we'll take a look at it for sure.

Paul Gonzalves.

MR. GONZALVES: Good afternoon, Madam Chair and members of the Board.

My name is Paul Gonzalves, and I represent the Port of Long Beach.

The Port of Long Beach appreciates the opportunity to provide comment to you today on the cap and trade proceed Investment Plan -- excuse me.

The Port of Long Beach supports the efforts of the ARB and is committed to developing and implementing appropriate and effective strategies to reduce GHG emissions and other air pollution associated with the movement of goods.

The availability of funding from the State's cap and trade auction proceeds will provide opportunities to advance the development of transformative technologies and approaches to reduce GHG emissions for port operations. These include development of zero emission transportation technologies, energy efficiency, clean technologies, and the development of sustainable communities design strategies as identified in the draft concept paper.
And investment in these programs will further the State's AB 32 goals and approve air quality from the most impacted neighborhood surrounding the Port of Long Beach and jobs in Southern California.

The Ports will respectfully encourage the funds to be allocated directly to the ports and not through any other agencies.

And overall, the Port of Long Beach is supportive of the preliminary concepts presented in the draft concept paper and recommends that the funds raised through the cap and trade auctions be allocated towards the advancement of port-related projects and programs. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Jim Lites.

MR. LITES: Good afternoon. I'd ask you, Madam Chair and Board, bear with me for just a moment as I will wear three hats of distinct modes of transportation this afternoon.

My name is Jim Lites. I am here on behalf of the San Francisco Bay Area Rapid Transit District. We've had a chance to review the report and are pleased with the emphasis on transportation. As you know, the BART system is in the process of expansion. Ridership is at record highs. And BART is a large electricity consumer. So we look forward to the opportunity to implement methodologies
and alternative energy sources for the system to reduce the electricity consumption. Thank you.

My name is Jim Lites, and I'm here on behalf of the California Association of Port Authorities. And we also -- I think you've heard today about some of the very successful programs at the Ports of Los Angeles and Long Beach that are in the process of being replicated at other port jurisdictions.

We would note, however, that not all of the ports around the state of which there are eleven total have the resources available or have been able to capture some of the resources previously available to implement some of the GHG reduction measures that are certainly priorities of the Board.

So we look forward to working within the plan and the structure with the Board, the Legislature, the Department of Finance in order to go ahead and finally implement fully at more ports some of the priorities. One more. Lastly, my name is still Jim Lites. I'm here on behalf of the California Airports Council. We comprise the 30 commercial airports in the state. In essence, anywhere you can buy a ticket and get on a plane.

And we were also -- I'd like to associate my comments with those of the gentleman that just spoke on behalf of BART. We're pleased that the report has the
transportation emphasis that it does, and it specifically references aircraft. Airports have tried to do many things to not only reduce aircraft engine emissions while at the gate, but also do what they can to reduce their carbon footprint at other aspects and in other aspects of airport operations.

So again thank you. And we look forward to working with the Board.

CHAIRPERSON NICHOLS: Really great. I think you actually should bring the three hats next time. Little extra visual aid.

Bonnie Holmes-Gen.

MS. HOLMES-GEN: Good afternoon, Chairman Nichols and Board members. Bonnie Holmes-Gen with the American Lung Association in California.

As you are aware, the American Lung Association released our annual State of the Air report yesterday, and I think this provides important context to our discussion. Our report draws attention to the health hazards of air pollution across the country and reminds us that here in California we have some of the worst air pollution in the country, which affects everyone, but especially vulnerable populations, those with asthma, other heart and lung illnesses in children and the elderly.

What I wanted you to know about the report is
that we don't just issue grades, but we show tremendous progress. Over 36 percent reduction in ozone in the L.A. area. Forty to 60 percent reduction in ozone counties in San Joaquin Valley. Just to remind us all that we're making tremendous progress and that this sustained effort is something that is critical to maintain. And this pot of funding, of course, gives us the ability to support these critical air quality and health goals.

So I wanted to make sure that you had seen an important letter from American Lung Association in California and 20 other health organizations, and I will make sure we get a copy of that in the record.

I don't have all the 20 groups standing behind me. But the groups include organizations like the California Thoracic Society, the California Public Health Association North, Regional Asthma Coalition, and the Health Officers Association of California.

And we are urging you to use those cap and trade funds to achieve the highest level of air quality and health benefits in addition to of course achieving greenhouse gas reductions.

And some specific guidelines that we are proposing maximizing local and regional reductions in criteria air pollutants to support our Federal Clean Air Standards, state and federal standards, improving
community resilience to worsening climate conditions through improved air quality and health and improved community design, which we talked a lot about that. And of course, advancing health and equity in disadvantaged communities.

And we are very supportive of the recommendations that are before you to focus funding on the top priority category in terms of cleaner transportation, zero and near zero emission vehicles, cleaner freight, and assisting SB 375 implementation. And just wanted to mention that this 375 implementation process has been a big priority for the American Lung Association. And we've been working hard to develop more data to demonstrate the broad health and benefits of sustainable communities, including the benefits from reduced emissions by getting vehicle trips off the road, but also the broader health benefits from increasing physical activity and more active transportation. And we think this will be very important as we move forward.

We want to work with you. We are really pleased with the effort that's going on at the Department of Public Health and the Strategic Growth Council to develop more of this data.

CHAIRPERSON NICHOLS: That was the buzzer.

MS. HOLMES-GEN: That's the buzzer. Thank you so
much. We look forward to working with you and there's other recommendations in our letter.

A: Thank you. Appreciate it. I know you've been involved in this and will continue to be. It's not your last opportunity.

Joseph Oldham from Fresno.

MR. OLDHAM: Good afternoon, Chairman Nichols and members of the Board. Very pleased to be here today.

I'm representing our mayor, Mayor Ashley Swearengin. Fresno, it seems appropriate, the lineup today. I follow the American Lung Association, and Fresno is right in the center of the San Joaquin Valley. It's plagued by some of the worst air quality problems in the state. We've been making huge strides in trying to reduce that air pollution impact.

We've been working very closely with the Air Resources Board's policies and goals and objectives for many, many years.

The City of Fresno has recognized that you can't just do this with one thing. You have to do it with a variety of different programs. So we've undertaken not only clean vehicle technology upgrades, but also energy efficiency programs, both on the residential and commercial sector. And now we're engaged in a very comprehensive general plan update that is trying to curb
the sprawl pattern of growth that has led to a lot of the
vehicle emissions that we have in our community and in our
region that's plagued really communities all over the
California since the end of World War II.

Our specific ask is that the Board would look at
the HCD infill infrastructure grant as a source of funding
for shovel ready capital projects that would promote
infill development. Right now, the City of Fresno has
very few tools to encourage infill development. We feel
that if this grant program was supported through the cap
and trade revenues, it would provide us that tool to get
incentives available to encourage private capital to
invest in our downtown and our urban core areas that have
been blighted from the sprawl development that's pretty
typical across most communities this California. So
that's our ask. And our Mayor has submitted a letter with
these comments.

CHAIRPERSON NICHOLS: Yes. I had a chance to
speak to her also. I was really impressed by her ability
to juggle all of various elements of the complexities of
the challenge. And her focus on that particular grant
program made an impression on me.

I did not get a chance to ask any of the previous
speakers. But as far as I know, the other groups that are
supportive of sustainable communities and transit and so
forth, I think this is consistent with what they were asking. But we didn't specifically call this program out in the plan. Is that correct?

MS. CHAVIS: Russia Chavis with the Business Transportation Housing Agency.

The proposal, as you know, has the transit-oriented development program that HCD has. They also have a second grant program which is the infill infrastructure grant program. They're a little similar and then there is a little bit of differences. The TOD program really allows funding for transit agencies and that's where you get the transit hook. The infill infrastructure grant program allows for more of open space, water, sewer, like those basic infrastructure needs. It's something that you could revisit, but there is small nuances as how those programs funds are allocated.

And given conversations with everyone, they were leaning more towards the TOD programs, since that was your transit specific hook since you were looking at transportation.

CHAIRPERSON NICHOLS: Okay. Well, hopefully we'll have a chance. I know there is a lot of work between now and the budget that has to be done and not much time. But maybe there is an opportunity to take a
look at that.

Tim Carmichael.

MR. CARMICHAEL: Good afternoon, Chair Nichols, members of the Board.

I'm just wondering whether you want to talk to Mr. Kempton or you want me to talk to Mr. Kempton about bumping me from the dead last speaker position, which --

CHAIRPERSON NICHOLS: You know, what happens is people come in behind you. So you've got to be careful to hang back until the last second.

MR. CARMICHAEL: Which is risky business here.

In any case, more seriously, Tim Carmichael with the Natural Gas Vehicle Coalition.

I want to echo the comments from CalSTART on two points, the need to fund freight cleanup as a priority and the -- the other thought will come back to me.

But one point they didn't make was a small edit on page B6 of the appendix where you're talking about the freight funding. We read that first point on freight as missing some words. It doesn't mention vouchers or rebates. And that's a big part of the current approach to this. Competitive grants are fine, but vouchers and rebates are an effective part of how we are doing it now. And we want to make sure that that was really just an oversight and those words. They're mentioned right below...
on passenger vehicles. They also apply to the freight vehicles.

That also reminds me of the second point, which is that there is a lot of merit to the idea of using these funds to augment programs that are already working well. You don't have to reinvent the wheel. Just the engines in the fuel system.

But the --

CHAIRPERSON NICHOLS: And tires.

MR. CARMICHAEL: More efficient tires and aerodynamics. I was trying to keep it short.

So that's it. Very supportive of what you are doing here. Looking forward to this money being collected and distributed quickly. Thank you.

CHAIRPERSON NICHOLS: Thanks, Tim. Thanks for being a good sport.

Ryan James.

MR. JAMES: Good afternoon, Madam Nicholas and the rest of the Board.

My name is Ryan James. I represent my organization OOG from East Oakland, California and all of Oakland, California.

I want to say thank you very much. I really appreciate. I'm so grateful to be here and to be able to tell my kids in the future that I was part of the
conversations for the future. I mean, this is, for me, absolutely mind-blowing. I have so different things going on in my head I'd love to share with everybody, but my time is obviously limited. And we all want to get out of here after a couple hours.

But it's so warming to hear all of these conversations right now as far as what's going to be happening with our future.

I work with kids from first and second graders on a day-to-day basis. And we are the disadvantaged community that has been kind of Oakland, California. East Oakland, I have gun shots going off every day and whatnot.

But we are looking forward to how this programming with reducing the greenhouse emissions is going to create all these other different programs. I'm so excited to be working with everyone that is still here. And just all the different programs and opportunities that we're going to have for our youth.

The big emphasis for me looking into the future is that this is the planning piece right now. But all of this is going to be played out in the next 15 to 20 years. So our youth are going to be the ones that are the workforce for this. We're going to be the workers and the drivers for all the great thinkers that are in the room right now.
So with that said, like I said, it's so warming that we're making the changes for tomorrow. We're making changes grow. And it's just great we're going to be able to be growing change. We are going to be able to be harnessing change from the sun. We're going to be able to be pulling out water and doing all sorts of new and innovative things as we constantly try to develop as a society.

There are so many conversations I've been a part of this week as far as how we talk about how people are now beginning to see the future. Seeing what's tomorrow. So many people are taking off the blinders and we're able to then look forward and be able to plan and be able to be mindful and present as far as what is going on around us. So I want to thank everyone again and have a beautiful day.

CHAIRPERSON NICHOLS: Thanks for bringing all that energy with you today. We really appreciate it.

MR. JAMES: We drove 80 miles to bring all that energy. I really appreciate all the energy in the room.

CHAIRPERSON NICHOLS: That's great.

Will Kempton. Is he still with us? He spoke before.

Then Chris Shimoda gets the last word. Except for us, of course.
MR. SHIMODA: Chair Nichols, my name is Chris Shimoda. I am the Manager of Environmental Policy with the California Trucking Association.

And I'd first like to just say we support the changes from the first revision to the second revision of this plan, the inclusion of infrastructure funding in this current plan was, in our opinion, a very good decision.

So I'd like to just note two kind of technical points about the wording of the Investment Plan. Number one, I'd like to support Tim Carmichael's earlier comments of including the vouchers rebate approach in addition to the competitive grant process and also put in a plug for financing approaches like the PLACE loan program. We think that as far as the approaches that are currently working, all of those models have proved successful in addition to the grant program. So we'd like to see those continue on in whatever grant process goes forward.

So also just one quick comment about specifically AB 118 being named. There are some uncertainties even in the near term prior to the reauthorization process that we know is going to be happening past the scope of the current Investment Plan. But we've seen in some pieces of legislation recently that there is some even near-term uncertainty around AB 118.

I'd just like to put in a plug for looking at
naming either any successor program, any other type of program that ARB or CDC currently has on the books that would fund any GHG beneficial technologies. We think that the revisions in the future to the Carl Moyer program may look at GHG co-benefits. I know that's one things that's been discussed amongst the folks looking at reauthorization.

Just making sure that AB 118 isn't the only program that we could potentially look for because there is some uncertainty there.

So looking at a backstop, just providing more certainty for the people who are trying to support the current Investment Plan model would be welcome. That's my comments for today.

CHAIRPERSON NICHOLS: Thank you very much. That brings the public hearing portion of this to a conclusion. However, both the court reporter and I need a five-minute break. We're going to take a really short break and then come back and then have some discussion.

(Whereupon a recess was taken.)

CHAIRPERSON NICHOLS: I think we are ready to go back into session here.

Board Member Riordan and I were just chatting about how well this was organized, and I do want to really compliment both the staff and all of the people who
participated for the not just individually thoughtful, but collectively thoughtful process that has gone on here.

Clearly, the previous workshops and all the meetings that were held in advance of getting to this day made a big difference in terms of the coherence, cohesiveness, and effectiveness of the presentation that we heard.

And so I want to express my gratitude, and I think I speak for all the Board members when I say that.

We do have a resolution in front of us. As you heard at the beginning, technically, we don't have to do anything. We were required to hold a hearing, and we've held the hearing.

But, you know, as a Board, I think we're accustomed to working through resolution process. And I do think it's useful to put our stamp on this product and on the process.

And it's also an opportunity now for the members of the Board who have been with this from the beginning from the first time we started talking about how we might actually design a cap and trade program to the point where we have it, we've done it, and now we have some revenue to talk about, which is a definitely a much better position to be in.

But there's still steps to go, obviously,
including both the budget and the Governor's budget, and
the Legislature putting their final stamp on all of this.
So we're not in a position yet to be writing any checks.

On the other hand, I think there is a lot more
clarity than there was a few months ago about how we can
use the proceeds of this program in ways that truly
support our overall goals as a state. So I think it's
pretty exciting.

But I do want to give Board members an
opportunity to make any observations or ask any questions
at this point that they might want to, starting with you,
Professor Sperling.

BOARD MEMBER SPERLING: Well, I thought the
report was actually a really good beginning. I was
impressed with it. Provided a good structure, good
priority. Articulated a lot of the priorities. And its
focus on existing programs initially for at least year one
made sense.

It was good to see the engagement of all the
other agencies as a real participatory because I
participate in some of those CAT meetings in the
beginning, and I think at some noted they were a little
lacking in commitment and engagement by some of the
others. But now there is real engagement.

So, today, I thought was a really inspiring
process. And I thought there were a lot of good ideas in moving forward. And I came out of it with two points that I wanted to emphasize.

One is I think we -- it's in the report a little bit -- one or two people -- I know Secretary Rodriguez mentioned it. The idea that we really increased to make sure we say focused on the long term as well as the short term. You know, everyone sees money and they want to spend it. But the real point here is to be stimulating innovation and change and transformation, words that we heard. And so as we go forward, I just hope we don't lose track of that.

And you know, part of that might mean in creating some new incentive programs or expanding programs in creative ways that are focused on stimulating innovation. And there are lots of ideas that -- just some quick ideas are including farmland preservation, low friction tires, innovative mobility services. And there were a lot of other ideas that came up. So that was one idea.

The other idea that came to me that I didn't hear much of was that we really need to make this performance based as much as possible. That it's very -- you know, we're working across so many areas, so many kinds of programs. And it really lends itself to just getting politicized too much. And I know I'm an academic, but I
do believe we can bring some science to the policy process here. And I think we should need to put more efforts into figuring out how to do that. I understand that it's not simple. There is co-benefits. There's the equity issues. There's the long term versus short term. There's leveraging. So it's not straight forward.

But I think that should be an important principle when we think about this moving forward. And so it's the idea of creating a more formal quantitative-based framework.

And kind of the corollary to that is that accountability part of the process. Are we just going to give out money and then go home?

And I think ARB is probably going to be in a position at the end of the day of being put in the position of trying to assure some kind of accountability in the process. And we are here for the long term. And the money is going to be here for the long term. So that idea of accountability I think is something that also should be addressed.

CHAIRPERSON NICHOLS: Yes, other comments? Yes.

There is.

BOARD MEMBER ROBERTS: First of all, I want to agree with Professor Sperling. There are a couple things that jumped out at me.
You have to go back to how this whole thing started. I mean, it was a major concern that greenhouse gas is going to basically destroy the planet as we know it. And I think on our way to saving the planet, it seems like we're getting down to saving neighborhoods. Something is getting lost here to some extent.

There needs to be some metrics and some standards for prioritizing what we are doing. And I don't see that in the specific sense. We've largely focused our efforts in cleaning up the air by really looking what programs are effective and prioritizing effective programs so that, you know, there may be a lot of programs out there, but they may be very expensive. And we've shied away from those so that we emphasize what are cost-effective ways to clean up the air.

We should have some similar structure here. And it's not so much choosing between those big bubbles, but it's within those bubbles even to try to decide what we should be doing.

There is no real guideline. And virtually everything qualifies, you know. If I keep my tires filled with air, I'll get better gas mileage. So I guess we should supplement air pumps in every gas station to make sure. You know, that works. Whether it makes sense or not, I don't know.
And there is a lot of stuff out here. Once you help create a pot of money, there's going to be a lot of people that see themselves as part of the solution. And they are. But it may not be the most effective thing.

And I don't think we should just at the end of the day -- and I think this is somewhat what Professor Sperling is saying, that we are not -- we don't have that criteria in front of us to discriminate between different programs. I mean, I love the Transportation Coalition. But I think even within that there is a whole series of different questions.

So the first big part of this that has me a little bit concerned is is this going to end up to be a political boondoggle and a slush fund that's just going to be spent. And, yes, it will in some way, shape, or form, it might effect greenhouse gas, but not necessarily in the most efficient way.

If we are really going to do this, it seems to me we ought to be able to feel comfortable that the people whose funds are providing this money that we're taking those and using them in the foremost efficient manner to do the thing that we tax them for.

Secondly, the criteria for the disadvantaged communities, whether we talk about urban areas that are excluded or we talk about rural areas that are excluded.
I don't know if it's because in the nature that we are doing -- I'm just surprised by what is included and not included, because there are a number of disadvantaged communities.

And one of the speakers talked about the grid program and our efforts to put solar into houses and some of the disadvantages of areas. And I was surprised to find those disadvantaged areas aren't even included in our disadvantaged areas. And yet, they're qualifying for the programs we are doing. And I just -- I don't -- there is something in the criteria there that's missing. And I'm not sure what it is. But I'm surprised by it.

Some of the very poorest areas and the neediest areas in San Diego are not in there. And they're right up against freeways. And in fact, they're surrounded by freeways. And in most instances and their programs were reactively -- areas where we're trying to actively develop programs for healthier living.

So, you know, I don't know what to suggest, but it just seems to me that their criteria may be usually inconclusive or exclusive and we're not -- we're missing something. And from my personal knowledge, just suggest that there are areas that I know are quite deserving that aren't in there. As much I'd like to tell you that all of San Diego is so wealthy we don't need any of this,
CHAIRPERSON NICHOLS: I thought you were going to
tell us it was all disadvantaged and all the money should
be focused there.

BOARD MEMBER ROBERTS: I wouldn't claim that
either. But there are distinct areas that somehow are
being overlooked.

And I know from an income and air quality
standpoint that they ought to be part of this program.

CHAIRPERSON NICHOLS: This is a controversial
area, and I'm sure that staff at Cal/EPA and OEHHA would
be happy to walk you through how they got to the lines on
the map that they got to.

Obviously, you know, now that real decisions are
riding on it, people are going to be examining it even
more critically than they did before. There are people
who are pushing back on the very term disadvantaged and
suggesting that by labelling certain communities, we're
going to be automatically reducing property values and we
shouldn't do that. That's in the legislation. So it's
not something we have a choice about. But I'm just saying
this is going to -- I think we're going to continue to
hear about this as we move forward.

BOARD MEMBER ROBERTS: Maybe it's the community
and it's geographic definition. May be it's causing some
problems here also because there are disadvantaged people
who maybe don't fall on the same tracks.

CHAIRPERSON NICHOLS: Don't live in the ZIP codes. That's part of what the issue is, actually, is the attempt to merge map and merge things sometimes.

BOARD MEMBER ROBERTS: Well, I'm just here to testify it's not working.

CHAIRPERSON NICHOLS: Understood.

BOARD MEMBER ROBERTS: It's leaving out some. Maybe even including some. I'm not sure. But I would say absolutely for certain it's leaving out some people who otherwise should be included.

CHAIRPERSON NICHOLS: Mrs. Riordan.

BOARD MEMBER RIORDAN: First, let me say I think for our first step, which as I read in our Board summary here that staff did an excellent job and the working together with other agencies, you have done a yeoman's job I think all of you coming together to provide a framework for us.

I also hear a bit of what the last two speakers have said. I'm not sure -- and this is my question to you after my compliments. There is a second step, which is mentioned, which is the appropriation of funds to the State agencies and to be consistent with the three-year plan.

And I'm wondering if within that first step and
the second step there might be some more refinement of what we have just heard in terms of discussion by two Board members that we need to refine perhaps a little bit of what we're doing before we actually have an allocation of fund.

I mean, you can distribute the funds but -- to the agencies. But I think collectively maybe we should come to some criteria so that they would know whether or not -- for instance, I'll just give you an example.

If we are to look at expenditures, maybe there is a good reason to incentivize some of those moneys where we can do some marching moneys with other funds, whether they be private or public, and that we give some credit to that. In other words, if we used so many of the cap and trade moneys and somebody else contributes to that pot of money and we do a particular program, maybe that should be given a little bit more consideration than one that doesn't use that.

I mean, there is a whole host of things I could think of that we might want to have a little bit more discussion. I don't know if that is appropriate for the group that provided us with the recommendations for today. But I think somebody sometime ought to be thinking about it before we actually expend money so that there is some commonality amongst agencies that are responsible so that
they know how to expend these moneys.

I don't know, Madam Chairman, is there something
to be said for something like that?

CHAIRPERSON NICHOLS: I have some thoughts along
those lines, but I think I'm going to wait until we've
heard from others and maybe throw some thoughts out there.

Other commentors at this end of the table? John?
Whoever. Don't fight for the microphone.

BOARD MEMBER BALMES: I would always defer to
Sandy.

BOARD MEMBER BERG: We are sharing over here.

Thank you. I do want to echo my congratulations.

This meeting went stellar. It wasn't was inspiring. It
was great to see the amount of people that have taken this
subject so seriously and the outcomes very seriously and
really put some thoughtful proposals together, some ideas.

So my question really is it's impossible to
capture in a document all of the various ideas. And so we
have a plan that we're taking a look at. But as you hear
and come across other proposals that could be in the mix,
how are we going to integrate new ideas into the plan? Or
once we submit it, this is it for 2013 through '16?

So we have a list, for example, on various
exhibits on what type of programs might be thought of.
And I hear from the stakeholders, well, could we put in
parks, for example? Could we put in this specific language to make sure that our project may be considered? Is it the type of thing that if the description isn't on the list, then you're excluded for this round?

DEPUTY EXECUTIVE OFFICER COREY: Ms. Berg, this is Richard Corey. I wanted to add to that response or have a response and then DOF may want to add to my response.

But thinking about the comments that were made here today, a number of them I would characterize as consistent with the intent. Several of the comments talked about the potential candidates for funding, particularly Appendix B. They're referring to Appendix B and the different categories.

CHAIRPERSON NICHOLS: Can air districts receive funds. Those are editorial, frankly, and changes that could be made.

DEPUTY EXECUTIVE OFFICER COREY: And transit operations and small business. That, to me, is an opportunity as DOF finalizes the plan considering the discussion today to really fold in. And I think we've had a side chat with DOF. And I think there is a willingness and preparedness to take this input and reflect that intent in the document.

But with that I'm going to have Karen see if
she'd like to add to what I just said.

MS. FINN: Thank you, Richard.

I think what Richard said is true, and I think after there's few of us here who were on these work groups, and I think we've all been taking notes of things, what I'm going to suggest is maybe we reconvene a few of us, get our notes together, look at the types of things that Richard said were maybe pure technical we all agree on. And maybe the other things that were added we talk through and see, kind of go back to our process, what did we do and were those consistent with what we still thought or were there very specific reasons why we might have left things out.

BOARD MEMBER BERG: I think that would be really great if you could do that.

And also I think it would be very helpful in looking long term that there -- this is a three-year plan. And we understand that the funding -- we're not quite sure exactly how that's all going to transpire. We're walking a new line here. And we're going to learn a lot.

But it would be really helpful if the document would also be very clear that we are looking at short term and long term to set up what the next plan may look like or include, not to be prescriptive any way, but maybe to be a little bit principle bound.
So whether that was some of the things that Dr. Sperling spoke about, performance-based, the accountability, simulating innovation. So because I think what you're doing is you are setting the foundation for things to come. And if we're going to do an Investment Plan on three-year period cycles, let's just say, long term might get lost in the process. And I think that would not be in our benefit since the true challenge of this is to meet 2050 or come as close as we can. And without some very, very specific committed long-term projects, we're going to miss that by a long shot.

And I'm one that tends to get caught up in the details of today and can stick my head up and say, oh, I was headed for the moon. And I'm still in Sacramento. And so I would just really, really encourage you to step back a little bit and include some long-term language that guides us that we don't want to forget. And those are things on research. There are things, innovation. And when we look at performance-based and accountability, we can't have a one-size-fits-all metric that is used to determine what projects.

So if there's one metric, I think we'll also box ourselves in. So I applaud you. This was a woman's job. I congratulate all the groups for working very closely together. And we're really looking forward to helping you
in any way we can. Thanks.

    BOARD MEMBER BALMES: Well, first, I'd like to
add my congratulations to the work of CARB staff and the
other State agencies. And I also greatly appreciate all
the testimony we heard today. And I've been more diligent
than usual in terms of reading comments from various
stakeholders. And by and large, those were also very
thoughtful.

    So a couple reactions to what I've heard so far
from my fellow Board members, most of which I agree with.
Especially about the need for performance-based approach
and metrics, both in terms of assessing the impact of
potential programs for funding for investment and then the
impacts of those programs once they are funded.

    I mean, we heard that from several of the
stakeholder coalitions. I wrote down SB 535 Coalition,
the Sustainable Communities Coalition, and the Natural
Resources Coalition. They all in one way or another
talked about wanting to see good reporting for
accountability purposes. I think that's key.

    Now, we all remember the President's stimulus
program, which I think, in fact, did impact positively on
the overall economy. Depending on your political
persuasion, you would say how well. But it was important
that there was some effort in terms of accountability so
people couldn't say it was a boondoggle and politicized
what went where. I think as an agency that prides itself
on evidence-based policy, I think even though we're not in
the driver's seat here that we should be pressing for as
much performance based metrics as possible. So that's
number one.

So I agree with Dan, Ron, Barbara, I think Sandy
as well in that regard. But one thing I would take issue
with Professor Sperling, I do think we have to keep
our eye on the long term. You know, making our 2050 goals
is going to be difficult. But I also think we need early
results. Because if we want public support for this over
the long haul, I think we have to deliver something that
the public can see is of benefit.

And particularly the public interest groups that
have supported AB 32 and actually fought for its
preservation politically. So just I think there is a mix
of early benefits and then long-term focus.

With regard to my colleague Supervisor Roberts,
the issue about the disadvantaged communities, a couple
things. The map, we knew it was going to be
controversial. As a matter of fact, we were sort of
unsure. At some point, we were really driving map
writing, map drawing for disadvantaged communities. And I
was actually very glad that OEHHA took it up from us.
Because it's an incredibly difficult task. I think they did a good job with it. It's not perfect. It probably will need tweaking over time. But I think the fact that seven out of ten worst communities are in the San Joaquin Valley is probably right.

So the other thing about disadvantaged communities and co-benefits is that's in the law. AB 32 says that we should be trying to -- as we implement greenhouse gas mitigation strategies, that we should be targeting disadvantaged communities and especially providing co-benefits to those communities in terms of air quality. I was very impressed that the largest air quality management district in the state, South Coast, specifically said that we need to make sure that our programs -- at least some of the programs target the urban poor in terms of co-benefits in terms of air quality. I know I sound like a broken record on that point. But I'm happy --

CHAIRPERSON NICHOLS: It's your thing.

BOARD MEMBER BALMES: It is my thing. I think it's an important thing.

While we're on the urban poor, several of the groups that came to talk to me, SB 535 Coalition, the Sustainable Communities Coalition, the Natural Resources Coalition, all three groups in one way or another talked
about efforts to help urban poor with the first two was
mostly -- the thing I was most impressed with was
increased transit operations. So not just getting the
fanciest new clean emission buses, which might tend to be
driven on routes that give maximal publicity and aren't
necessarily targeted to the poorest communities, just
providing better service. Poor people are reliant on
those services, and they've been underfunded, as
Supervisor Robert has said in many of these meetings for a
long time.

So I think that that's a totally important
priority with regard to the transportation bubble bin of
the Investment Plan.

And transit-oriented development, as was brought
up by the same coalitions, if we can -- again, the urban
poor are who have to rely on public transportation. So if
we can provide housing -- support for housing development
around public transportation, I think we're achieving both
good greenhouse gas emissions, smart growth policies, and
helping the urban poor.

So I guess the last thing I would say is Ms. Berg
said something very insightful, as she often does. In
addition to having good metric in terms of accountability,
we also need to learn from the first three year Investment
Plan in terms of building the next Investment Plan. So I
heartily agree with her that we need to use what we learn carefully performance-based to plan for the next round.

Thank you.

CHAIRPERSON NICHOLS: Okay. Anybody else?

Yes, Dr. Sherriffs.

BOARD MEMBER SHERRIFFS: Thank you.

I also want to add my thanks to staff and the other agencies for their tremendous amount of work that went into this, the collaboration and coordination, the effort that everyone put working together. And really creating a sense that this is not a zero sum game by any means. Even though resources are limited, that we have these long-term goals in mind that everyone is working for. And that's so important.

Having complimented everyone on all the great work and the public for their testimony, for the letters, for the participation and the workshops, for being here today, I'll be a little contrary perhaps and say this is called an Investment Plan, but I don't think we have a plan yet. We have lots of opportunities, lots of fantastic ideas, but it's not really a plan. We have some ideas about how we think the fund should be distributed to maximize the benefits that are accrued. But that's not really a plan yet. So we have a lot more work to do on this.
And because it really is a work in progress and
it's really quite crude, it makes it all the more
important that we have those metrics, that we have
accountability. We need to know why we're doing what we
do. Did it do what we thought it would do. And then that
continuous quality improvement, what does this teach us
about the next round and reaching our goals.

I would also add the short term, yes, it's very
important for people to feel this, to be part of it. I
think the on-the-ground community involvement for people
to actually see things happening in their neighborhoods in
relation to this is very important. In many ways, we're
talking preventative medicine. And preventative medicine
is always a very hard sell. Convincing somebody that
something bad didn't happen because they did this, it
doesn't work. It doesn't go very far.

So those things that people can be involved in
and see are very important, not just to 2020, but for the
commitments we've all got to make to the 2050 goals.

So again, I would really emphasize I think the
need -- there needs to be some central accountability.
Otherwise, it becomes the fuse. There's potential for
many different measures of what succeeded, what didn't.
You know, it's been suggested because of ARB's experience
with the dealing with a number of these related issues
that it may fall to ARB staff. And I wouldn't want to
suggest that, because they're already overworked. But
we -- part of a plan really is to have -- there needs to
be some central locus in terms of where things get
reported and how they're tracked. Thank you.

    CHAIRPERSON NICHOLS: Thank you.
    BOARD MEMBER SERNA: Thank you, Madam Chair.

    Certainly, I have the least experience with the
subject matter and the product today. But I can tell you
that doing what I do as an elected local official, you
know, I know that there is no such thing as a perfect
plan, whether you call it a plan or some other term,
there's not going to ever be a perfect plan.

    But what I'm very impressed with today is that we
had over 70 folks that came to testify. And I think all
buy two of them held support positions. And they
obviously expressed that orally, and the other two were
neutral positions.

    So I think that actually probably speaks louder
than anything else that there's been a lot of dedicated
effort by our staff and other State agency staff and
certainly stakeholders and the public in general.

    Obviously, this was not something delivered in a
day. Although I'm seeing this in my third meeting here at
CARB as being somewhat of a milestone event.
I think a lot of credit is due to all the folks that had their hand in this. And again, when you have the California Trucking Association, the Farm Bureau, and a whole host of environmental organizations that can agree at least at this point that this is progress, I think that says volumes.

So I also want to agree with some of the comments made by my colleagues about focusing on both long- and short-term objectives. I think that's very key. And let's not lose sight of the fact, too, that this is a very interesting ballet in which we're involved moving forward with the Department of Finance, the Administration, ultimately the Legislature. This is not the end of the story. This is the end of maybe the first chapter.

And so I think it's important to moving forward to also remember context. We heard from local government today, special districts association. We heard from representatives of local air districts. Not so much with an express concern for not being able to have their hands on the purse string, but I think they actually have some very legitimate concerns in terms of the legislative intent that is in AB 32.

And for instance, if you look at local governments, cities and counties in particular, with lots of redevelopment, there's possibly an opportunity here to
actually do a couple different things, including maybe have some financial resources where there once were some with redevelopment to focus on TOD development in urban centers and public transit agencies as well. They've suffered immensely over the last several years with their budgets being devastated the way they have. So you can't really blame them for looking at their opportunities to also try to achieve the AB 32 objectives. But also fortify what their intent is in life, which is to provide optimal transit service and to have operations that are serving those disadvantaged communities. So again, great job again. I really look forward to the next chapter.

Thanks.

CHAIRPERSON NICHOLS: Thank you.
Hector, you get the next to the last word.
BOARD MEMBER DE LA TORRE: Thank you very much. I'll start with Dr. Sherriff's comments. I agree. It's not a plan. It's like a framework. So you've narrowed down the universe of possibilities down to some manageable possibilities. And so now, you know, we really start to figure out based on some of the things that have been said here about the accountability, about performance measurement, et cetera, how do you get the biggest bang for your buck, because although there's a lot of dollars here, they're still limited.
So I think as we move forward, I would hope that CARB will be very much involved in the delivery and the accounting of these dollars, if not the actual expenditure on a regular basis. So this has to be some entity that is very familiar with climate change, that is in a leading role here. And I think that just makes sense that it's here at CARB. So that's -- I know that's something that's being discussed, but I very much believe it needs to be here for AB 32, all the way down the road.

So a couple things. A couple thoughts. The five priorities that were brought by the SB 535 Coalition, I want to draw attention to how impressive that was. Having worked with those communities in the past and the EJ folks sometimes, it's like herding cats. And they came of their own accord and narrowed down the possibilities to five. That is an impressive accomplishment. And so I think we have to keep faith with that going forward in those ZIP code communities. And whatever other ones we end up finding that we do those things, those five priorities that we honor those five priorities in those communities.

I think economic development is something we didn't talk a whole lot about. Chairman Nichols and I have spoken to some legislators, and they're very interested in the economic development possibilities of green tech in California. And we need to figure out how
you do that. You know, whether that's existing entities or going a little bit outside of the norm to find out how do you invest in getting these. Not in research and development, but taking something that's proven and getting it over the hump into mass production and out there to benefit the most people possible.

That I think will tie into small business. And getting them engaged in this somehow, whether it's, you know, these start-ups that will be doing this work or in providing inputs, subcontracting, whatever into those products.

And then also local government. I absolutely agree with the comments that were made about local government benefiting from this, especially in light of what happened with redevelopment.

I would add one other thing, which is if they are able to reduce their costs -- so it isn't just giving them money. It's also finding ways to get them to reduce their costs with energy efficiency, et cetera, so their bills are less. You're doing the same thing. You're giving them money over the long term if they're able to reduce their expenses on utilities, et cetera. So I think there's some great possibilities. The Prop. 39 moneys I think are going to be going to the schools. I think there can be a parallel thing here for cities and counties.
And then, finally, just to echo the comments on accountability. There is no doubt about it. We have to have some metric, some way to monitor and report what is happening on the ground with these dollars as they're being spent. I think the public, I think the Legislature will expect nothing less from us.

And so we need to start thinking about what that looks like, how you compare apples to apples, even though you're not in terms of some of those projects. Because we are going to have to verify these things and justify it. And then, you know, in some cases, I think we're going to find that some dollars might not be well spent in some certain areas and we just pull back and move somewhere else. But it has to be data driven as we move forward. So those are my comments.

But again, echoing everybody else's comment, this was a very good start of a framework of narrowing down thousands of possibilities down to just a handful. And that's a very good start. Thank you.

CHAIRPERSON NICHOLS: One more thought. Okay.

BOARD MEMBER BALMES: It's a detail, but I think I might be an important one.

There is a 50 percent disadvantaged community and identified area requirement for funds to be counted towards the 25 percent -- so 25 percent of the funds are
supposed to be providing benefits in disadvantaged areas.

CHAIRPERSON NICHOLS: Correct.

BOARD MEMBER BALMES: I think you have to spend
50 percent of certain dollars -- 50 percent -- not 50
percent of dollars, but 50 percent of an area has to be
disadvantaged for that to qualify.

CHAIRPERSON NICHOLS: No.

BOARD MEMBER BALMES: No.

CHAIRPERSON NICHOLS: That's not -- I don't know
where that language comes from.

BOARD MEMBER BALMES: I can actually find it in
here. What I was concerned about --

CHAIRPERSON NICHOLS: Excuse me. Cynthia, what
are we talking about here?

BOARD MEMBER BALMES: I should have had it
marked.

CHAIRPERSON NICHOLS: I don't have it in front of
me.

ASSISTANT DIVISION CHIEF MARVIN: Cynthia Marvin.

This is something that was added to the plan at
the request of Cal/EPA and the EJ program. And so we had
discussions about what does it mean o benefit a
disadvantaged community. And there is a proposal in here
that that be defined -- let me read you the words. It's
on page 29. And what it says is to meet the 25 percent
benefit requirement, at least half of the census ZIP codes served by the project should be identified disadvantaged communities.

BOARD MEMBER BALMES: I actually was a little concerned about that being too high of a bar for regional transportation projects, for example.

CHAIRPERSON NICHOLS: If a whole city benefits and only a third of the city is disadvantaged or less that, means the project doesn't meet the criteria?

BOARD MEMBER BALMES: Exactly. That's what I was concerned about. I'm glad I brought it up.

CHAIRPERSON NICHOLS: Thank you. I'm very glad you brought it up. I had not seen that. I don't think we can endorse that particular language. I'm not quite sure what it meant, but I don't think we're at the point yet where we are ready to come up with an accounting methodology to determining whether projects meet the 535 threshold. I think that's going to be a topic for a lot of conversation both in advance and afterwards.

And I'm sure our Environmental Justice Advisory Committee is going want to have something to say about that, and others are as well.

So is that -- are we stuck with that? I mean, I know we're not doing anything. But you're open to at least considering revision to that?
MS. FINN: Correct.

CHAIRPERSON NICHOLS: I know we're dealing with a draft plan here.

MS. FINN: We'll look at it.

CHAIRPERSON NICHOLS: Okay. Thank you for pointing that out.

One of the things I love about being on this Board is that by the time it gets around to me, most everything that could possibly have been said has been said. And I tend to agree with almost all of it, but I have a couple things to I want to add.

First of all, I just want to again once again remark how when we were dealing with wrestling with putting the details of the cap and trade program in effect and taking all of the negative testimony on it, if we could have foreseen a day when we could be here hearing from so many people who are implicitly endorsing the cap and trade program, I think it would have helped cheer us on in somewhat difficult days. And that's a very good thing.

Secondly, I just want to say that a lot of my life experience has been shaped around the fact that I worked on several Bond Acts, which raised a lot of money for the state to invest in natural resources projects and then got the opportunity to wrestle with how to spend that
money. And it's very interesting to see the evolution of thinking in the Legislature I think partly as a result of all of that.

I mean, to think that there would be so many members of a Board like this who would be really expressing strong concerns about accountability and about oversight, you know, as opposed to just, yeah, let's get out there and spend the money and do good stuff. That represents a real change in all of our thinking and philosophy. Maybe moving more in Supervisor Roberts direction.

BOARD MEMBER ROBERTS: Hell of an idea.

CHAIRPERSON NICHOLS: But the fact is I heard the same kind of conversation going on yesterday when I was waiting for our budget to be called at the Assembly Budget Committee with respect to Prop. 39 and the members, Democrats, you know, leading the charge talking about accountability and how they could be assured that the money was really going to be spent in ways that supported the intent of the people and so forth. So it's a good thing that I think that kind of thinking is going to inform everybody as we moved forward.

I don't detect honestly, despite the occasional inflammatory comments, you know, may be coming from the chamber, I don't see anybody saying, yeah, let's just
spend the money without any accountability. People are looking for accountability mechanisms.

And I love the term that Dr. Sherriff's used, preventative medicine, because I think there are kind of two poles here in terms of saying we're dealing with preventative medicine. How can you measure in advance especially what didn't -- what caused you not to get sick versus the desire to spend a lot of time and effort being able to document in detail exactly how many colds people didn't get as a result of what we did. We're not going to achieve perfection. Obviously, somewhere between those two extremes there is the right answer.

But I think that, for me, probably the most heartening thing is to see that stepping back there are plenty of very good ways to invest the proceeds of the cap and trade program that will move us in the direction of achieving the goals of AB 32. And so if we started at the beginning thinking that that was going to be a problem, I think we now see that there is no shortage of good ways to utilize these proceeds.

So I would like to ask that we move the resolution that was prepared. Simply says this is a good start and the process was good.

BOARD MEMBER SHERRIFFS: Motion.

BOARD MEMBER SPERLING: Second.
CHAIRPERSON NICHOLS: I'd like to send this along on its way. But clearly I think, Karen, you deserve a shout out for having spent the most time with all of us in a project which is very different from the way the Department of Finance usually works. You know, the Department of Finance is known in bureaucrat parlance as a control agency. That means they don't sit around and collaborate with people. You bring them a plan and they say, yes, no, no, no, no. There is a lot more no than there is yes involved most of the time.

So the fact that we've been able to have so much of your time and attention devoted to this and hopefully that you will be willing to continue to keep these discussions going with this group is just -- it's just terrific. I want to thank you for that. We have a motion and a second.

Could we have a vote? All in favor please say aye.

(Ayes)

CHAIRPERSON NICHOLS: Any opposed? No. Okay. You've had your public hearing. Your plan is now yours.

(Applause)

MS. FINN: I just want to add as you brought up, this was unique for Department of Finance to work on this
too, but I think it was unique for all of our departments here that I mentioned at one other meeting. We're so used to working with our blinders on and work with our own programs. This was really a good opportunity for all of us from transportation, natural resources, Air Board all worked together. I think we've already gotten compliments from a few legislative staff that we've dealt with. And I think this will continue to be a very good work in progress. First step, acknowledging. So thank you.

CHAIRPERSON NICHOLS: Thank you. If there is no further business -- do we have anyone sign up for public comment? We do not. Okay. I think we are adjourned. Thanks, everybody.

(Whereupon the Air Resources Board adjourned at 2:40 p.m.)
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 10th day of May, 2013.

_________________________________________
TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
License No. 12277