APPEARANCES

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

STAFF
Mr. Richard Corey, Executive Officer
Mr. Alberto Ayala, Deputy Executive Officer
Ms. Edie Chang, Deputy Executive Officer
Ms. Ellen Peter, Chief Counsel
Ms. La Ronda Bowen, Ombudsman
APPEARANCES (CONTINUED)

STAFF
Ms. Annemarie Bellinder, Air Pollution Specialist, Air Quality and Statistical Studies Section, Air Quality Planning and Science Division

Ms. Karen Buckley, Manager, Sustainable Freight Sector, Stationary Source Division

Ms. Terry Roberts, Southern California Planning Liaison, Sustainable Communities Policy and Planning Section, Air Quality Planning and Science Division

ALSO PRESENT
Mr. Azibuike Akaba, Regional Asthma Management and Prevention

Mr. Don Anair, Union of Concerned Scientists, Cleaner Freight Coalition

Ms. Diane Bailey, Natural Resources Defense Counsel

Mr. Will Barrett, American Lung Association of California

Ms. Autumn Bernstein, Climate Plan

Mr. Michael Coates, Diesel Technology Forum

Mr. Stuart Cohen, TransForm

Ms. Amanda Eaken, NRDC

Mr. Gary Gallegos, SANDAG

Mr. Frank Gallo, Ditching Dirty Diesel Collaborative

Mr. Jamie Hall, CalStart

Mr. Steve Heminger, MTC

Mr. Henry Hogo, South Coast AQMD
APPEARANCES (CONTINUED)

ALSO PRESENT

Ms. Bonnie Holmes-Gen, American Lung Association
Mr. Hasan Ikhrata, SCAG
Mr. Peter Imhof, SBCAG
Mr. James Jack, Coalition for Responsible Transportation
Ms. Terri King, MPOs
Mr. Angelo Logan, East Yard Communities for Environmental Justice
Ms. Catherine Lyons, Bay Area Council
Mr. Bill Magavern, Coalition for Clean Air
Mr. Kirk Markwald, Association of American Railroads
Mr. Adrian Martinez, Earth Justice
Mr. Mike McCoy, Strategic Growth Council
Mr. Mike McKeever, SACOG
Ms. Jerilyn Lopez Mendoza, Southern California Gas Company
Ms. Catherine Phillips, Sierra Club California
Ms. Katelyn Roedner, Environmental Justice Program Director, Catholic Charities and the Diocese of Stockton
Ms. Peobe Seaton, Leadership Council for Justice and Accountability
Ms. Kate White, Deputy Secretary, Environmental Policy and Housing Coordination, California State Transportation Agency
Mr. Garlynn Woodsong, Calthorpe Associates
Ms. Amy Zympher, Region 9
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CHAIRPERSON NICHOLS: Good morning, everybody. We have more than a good selection of stakeholders with us this morning. We want to welcome everybody to the January 23rd, 2014, public meeting of the Air Resources Board. The meeting will now come to order. And we will begin by saying the Pledge of Allegiance to the flag.

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

CHAIRPERSON NICHOLS: The Clerk will 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?
Mr. Eisenhut?
BOARD MEMBER EISENHUT: Here.
BOARD CLERK JENSEN: Supervisor Gioia?
BOARD MEMBER GIOIA: Here.
BOARD CLERK JENSEN: Mayor Mitchell?
BOARD MEMBER MITCHELL: Here.
BOARD CLERK JENSEN: Mrs. Riordan?
CHAIRPERSON NICHOLS: 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: I would note one change in the roll call is that we used to call her Council Member, I believe. And now she's Mayor Mitchell. So congratulations on your elevation.

BOARD MEMBER MITCHELL: It's rotation.
CHAIRPERSON NICHOLS: It's a good thing anyway.

And I have a couple of announcements to make before we get started. First, a reminder that anyone who would like to testify should fill out a request to speak card. These are available in the lobby right outside the Board meeting room. Please return it to the Board assistant or the clerk, these people down here in the front, if at all possible, prior to the commencement of the item, because otherwise it gets very confusing and
difficult for them to juggle speakers while we're also actually trying to run the hearing.

We appreciate it if you would remember that we try to impose a three-minute time limit. And you can help us with that by putting your testimony in your own words rather than reading. If you have written testimony, it will be read by us and will be entered into the record.

Also for safety reasons, I'm required to remind you that there are emergency exits at the rear of the auditorium as well as to the right and left side of this dais that the Board is sitting on. In the event of a fire alarm, we're required to evacuate the room immediately, go down the stairs, and out of the building until we hear an all-clear signal, at which point we can then come back and resume the hearing.

Okay. Now, without further ado, to begin the meeting, we're going to start with the items that are on the consent calendar, of which we have only one, which was to consider the approval of the California Infrastructure State Implementation Plan. This is an element of our required State Implementation Plan under the Clean Air Act.

I would like to ask the Clerk if any witnesses have signed up to testify. No, we have none.

Are there any Board members who would like to see
this item taken off consent?

Seeing none.

BOARD MEMBER RIORDAN: Move approval, Madam Chair.

BOARD MEMBER BALMES: I'll second.

CHAIRPERSON NICHOLS: Before we vote on this one, we did receive a comment letter on this item. They didn't ask to testify, and they're not protesting against us handling it in this manner. But we would like to make the Board members aware of the fact that the Sierra Club did file a comment.

So Mr. Corey, do you want to just briefly note for people what the issue was that they raised?

EXECUTIVE OFFICER COREY: Yes, Chairman.

The national -- as a first step in the revision process, each state must document it has the authority and resources necessary for the infrastructure standard. The elements of the proposed infrastructure SIP provisions have been in place for many years.

Staff reviewed the comment letter from Sierra Club regarding the development of the infrastructure SIP and our response is the SIP was developed in close consultation with U.S. EPA, and staff, understanding the SIP conforms with EPA guidance as well as Clean Air Act.

CHAIRPERSON NICHOLS: So we don't feel that there
is any issues?

EXECUTIVE OFFICER COREY: We do not.

CHAIRPERSON NICHOLS: Okay. Well, in that case, I'm going to close the record. We have a motion and a second. All in favor, please say aye.

(Ayes)


Then we move on to Item Number 2, which is an opportunity to hear from our Executive Officer about the Board's program opportunities for 2014. We may be starting off a little quiet this morning, but we have a big year ahead of us.

And Richard is going to give us an outline of some of the decisions we're going to be facing this year.

(Thereupon an overhead presentation was presented as follows.)

EXECUTIVE OFFICER COREY: Thanks, Chairman Nichols and members of the Board. This is my first report and very excited to do it. Pressure is on here.

I'm pleased to be able to do this, but I'm going to move to the presentation, the outline.

Call up the slides.

--oo0--

EXECUTIVE OFFICER COREY: What I want to do is
start by outlining the goals for 2014. Then I'll briefly review the Board's significant accomplishments in 2013. And next, I'll provide an overview of the key projects that staff expects to bring to the Board for consideration over the course of this year.

And then lastly, I want to talk briefly about our clean air partners and some of the opportunities that we see going forward.

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EXECUTIVE OFFICER COREY: Our overarching goal in 2014 is continued reduction of air pollution in all communities, as has been our mission. And we continue to make remarkable progress in this area, as you'll hear about in another presentation later this morning.

Another important goal is to continue to advance the Board's programs for transportation technologies, fuels, and energy. And as such, this year we'll tackle significant planning efforts for meeting the national ambient air quality standards and transforming California's freight infrastructure to a more sustainable model.

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EXECUTIVE OFFICER COREY: First, let me highlight some of the Board's significant accomplishments last year. It was a busy, but very productive year. One we're very
proud of collectively.

In 2013, ARB continued to implement the truck and bus rule. And staff has conducted thousands of inspections and the diesel hot line continues to provide one-on-one assistance to help truck owners come into compliance with ARB regulations.

This was also a remarkable year for the zero emission vehicle regulation. Eight new plug-in hybrid and battery electric vehicle models were introduced for sale or lease. Approximately 40,000 zero emission vehicles were sold this last year, exceeding our projections by more than 60 percent. This is good news for the ZEV market. It's good news for air quality.

Following the lead of California's ZEV action plan, seven states signed onto a multi-state Memorandum of Understanding with California to work together to develop a market for ZEVs. In 2025, the number of ZEVs in the market could exceed three million vehicles in these states.

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EXECUTIVE OFFICER COREY: Working together with the coalition of partners, key incentive programs were re-authorized, with total funds of over $70 million. These are key programs for improving public health because they provide critical early investments needed to
accelerate the transformation of California's off-road engine, car, truck, and bus fleets to the cleanest advanced technologies.

EXECUTIVE OFFICER COREY: We continue to implement the cap and trade program. We now have four years of robust, verified greenhouse gas emission inventory data, which provides an important technical foundation for this program.

ARB, Cal/EPA, and the Department of Finance also led the development of a multi-agency investment plan for auction proceeds generated under the cap and trade program. The finalized plan identified priority programs that could advance greenhouse gas reductions in sectors with the greatest emissions, transportation, energy, waste, and natural resources.

ARB also held four successful allowance auctions in 2013, raising more than $500 million dollars for the Greenhouse Gas Reduction Fund.

Also in 2013, the Board adopted a regulation to link our Cap and Trade Program with the program in Quebec creating an important international partnership.

EXECUTIVE OFFICER COREY: Protecting public health by improving air quality is ARB's core mission.
Last year, working with local air districts, the Board adopted attainment plans for federal PM2.5 and ozone standards for the South Coast Air Quality Management District and San Joaquin Valley. The plans demonstrated how ARB and local air pollution control programs will enable these areas to meet the federal air quality standards by their appropriate deadlines. San Diego, the Bay Area, and other areas in the state attained federal air quality standards in 2013. And ARB staff provided the technical analysis for the attainment findings.

EXECUTIVE OFFICER COREY: Now let me preview some of the major initiatives we'll be working on this year. As the Chairman noted, it will be a busy year.

First, mobile source programs. As part of our ongoing implementation of the truck and bus program, we'll bring you program amendments this year that allow for additional flexibility and compliance, while preserving the rule's benefits.

Staff are working on these changes and expect to bring you a proposal in April. We're also partnering with transit agencies to amend the zero emission bus and transit fleet regulations to achieve near-term criteria pollutant emission reductions while continuing to advance zero tailpipe emission technologies from the heavy-duty...
sector.

As a follow up to our alignment with the heavy-duty GHG Phase I Program, which this Board approved last month, a major effort is currently underway to develop Phase 2 of the program. We are full partners with EPA and the National Highway Transportation Safety Administration going forward and expect the program to yield significant GHG reduction benefits.

As part of that effort, staff will push for inclusion of lower nationwide NOx standards as a key strategy for attaining federal air quality standards. A related effort is the development of a staff assessment of advanced technologies that will help guide our discussions with EPA and NHTSA on Phase 2 and in form planning initiatives for freight and the SIP.

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EXECUTIVE OFFICER COREY: This fall, the Board will hear amendments to the low emission vehicle regulations, or LEV II. These amendments will align California's program with the federal Tier 3 standard, provide updated test procedures for plug-in hybrid vehicles, and provide a smoother transition for intermediate volume manufacturers transitioning to a large volume manufacturer status.

Also, multiple research contracts had begun,
which will help inform inputs into the advanced clean cars mid-term review. These contracts include projects addressing plug-in electric vehicle driver behavior, consumer attitudes toward ZEV technologies, and other issues. Along with research, staff will continue our ongoing collaboration with EPA and NHTSA through 2014.

EXECUTIVE OFFICER COREY: The incentive programs administered by ARB and the air districts have been a tremendous success and are a critical element of our overall program.

Collaboration among the air agencies adds to the strength of these programs, and we are working closely with CAPCOA to ensure that the incentive programs are complementary and they contribute to both near and longer term air quality and climate goals.

This year, we will revise the Enhanced Fleet Modernization Program, which helps consumers replace high polluting cars and cleaner vehicles and the air quality improvement program, which provides consumers rebates for purchases of advanced technology vehicles and funds hybrid and electric trucks.

Goods Movement Emission Reduction Program is a one billion dollar funded incentive program that focuses on reducing emissions from goods movement and freight.
transport operations throughout the state. To date, ARB has received almost 590 million, with the majority of those funds going towards upgrading almost 10,000 diesel trucks in California. Over the next year, the program is focused on distributing an additional 150 million to fleets for cleaner trucks.

Finally, the Governor's proposed State budget allocates 200 million to support low carbon transportation efforts. This funding will support existing programs and provide incentives for pre-commercial demonstration of advanced freight technology to move cargo in California, benefiting communities near freight hubs.

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EXECUTIVE OFFICER COREY: We're also continuing to successfully implement the low carbon fuel standard. Regulated parties as a whole are over-complying with the regulation, generating credits that can be used for future compliance. The program is sending a signal that is attracting cleaner low carbon fuels.

We've also continued to successfully respond to legal challenges. Later this year, we will be returning to the Board to consider amendments to the low carbon fuel standard, as well as correct procedural and CEQA requirements per direction from the State court. During this period, we will continue to implement the low carbon
fuel standard.

EXECUTIVE OFFICER COREY: Last year's revisions to the evaporative emissions standard for off-highway recreational vehicles included an exemption for red sticker vehicles. Staff are currently working with stakeholders to assess these vehicles and develop a solution for controlling their emissions. We will update the Board on this effort later this fall.

In late 2014, staff will propose improvements to the Gasoline Vapor Recovery Program. These revisions aim to improve the cost effectiveness of above-ground storage tank regulation, while preserving air quality benefits, reduce unnecessary over pressure alarms, and propose new standards for a next generation of in-station diagnostic systems.

EXECUTIVE OFFICER COREY: Later this morning, staff will provide an update on our agency-wide efforts to move California towards a sustainable freight system. California's environmental and health objectives can only be achieved in the context of system wide change that effectively engages stakeholders across the entire freight system.

As part of this effort, we are looking towards a
sustainable freight system that is at zero or near zero
emissions and supports our critical energy security,
economic competitiveness, community health, and freight
mobility priorities. To do this, stakeholder engagement
will be key.

Staff are also working this year to prepare for
future revisions to the State Implementation Plans for the
revised federal ozone and particulate matter standards.
This year, staff are preparing inventories, beginning work
on photochemical modeling, and other technical analyses
that form the scientific foundation of the plans.

Staff are also coordinating with local air
districts to develop control strategies that enable all
California areas to meet the more stringent federal
standards.

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EXECUTIVE OFFICER COREY: Continued

implementation of the AB 32 is another priority for ARB
this year.

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EXECUTIVE OFFICER COREY: Last year, ARB and
other State agencies began work on an update to the
Scoping Plan. ARB reconvened the Environmental Justice
Advisory Committee, which met twice, to discuss the
Scoping Plan. A third meeting is planned for February.
Staff released a draft in October last year and presented this draft to you at the October Board meeting. Staff is revising the update in response to comments and plans to release a proposed update at the end of this month.

The proposed update will include more specific actions and clear policy statements to aid in state and local planning efforts as we continue to implement California's climate program. At the February Board meeting, we'll present the proposed update for discussion and bring the proposal to the Board later this spring for you to consider final adoption.

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EXECUTIVE OFFICER COREY: Last October, the Board heard a set of amendments to the cap and trade regulation. Staff will bring these amendments back in April for final approval. The amendments provide more transition assistance for covered sectors, enhance market oversight, and add a new offset protocol for fugitive mine methane capture.

Industry continues to report greenhouse gas data to the ARB. With this year, ARB will have five years of data. Although we do not believe the cap and trade program will result in local emission impacts or forestry impacts, the adaptive management program was put in place
by ARB to establish a monitoring mechanism and a plan for action, should impacts be observed.

    Last year, the Board approved a specific change to the mandatory reporting regulation to require additional reporting to help ARB identify facility changes that may be attributable to cap and trade.

    We're also continuing to work with local air districts to identify potentially significant permit changes at covered facilities and will work with stakeholders so that both facilities and communities have a voice in how the adaptive management programs is implemented. We will be reporting back to the Board later this year on the status of these efforts.

    Staff continues to work on the development of offsets with plans to bring an offset protocol for reductions in methane from rice cultivation to the Board this spring. 2013 is the first year that facilities that were subject to cap and trade regulation, that is the first year -- and the first surrender of emissions will occur in November of this year when facilities must vendor allowances and offsets to cover 30 percent of their 2013 emissions. We're also continuing to work with our partners at the air districts, industry, and community stakeholders and scientific experts as we implement and refine the program.
EXECUTIVE OFFICER COREY: Controlling short-lived climate pollutants is an important element of California's Climate Change Mitigation Plan, as their control results in immediate health and climate benefits regionally due to their short lifetime.

Ongoing implementation of existing ARB regulations, such as the truck and budget rule, along with other rules that reduce diesel PM, provide significant reductions in short-lived climate pollutants, like black carbon. ARB is expanding its efforts to understand and develop cost effective measures for reducing hydrocarbon and methane emission and will be hosting two symposia in 2014 on these subjects with participation from stakeholders, industry, and scientific experts.

ARB has also developed a greenhouse gas research monitoring network with monitors throughout the state. Staff is actively participating in the mega cities carbon project, which plans to develop and test methods for monitoring GHG emissions from mega cities, with the ultimate goal of creating a global urban monitoring network. Together, these efforts play an integral part in the evaluation of regional and statewide inventories to support AB 32 implementation.
EXECUTIVE OFFICER COREY: SB 375 requires the Board to regularly update the regional greenhouse gas targets for the region. Later this morning, you will receive a briefing on the status of the program and some of the accomplishments to date. As requested by the Board in 2010, staff will be bringing a target review item to you for discussion in the fall.

The eight MPOs in the San Joaquin Valley are faced with significant technical challenges as they develop their first sustainable communities strategies. ARB will continue to provide technical assistance to these MPOs as they work to develop the data and modeling tools necessary to forecast the greenhouse gas benefits of the land use and transportation strategies in their SCSs.

Research is being conducted in collaboration with the MPOs to support implementation of their sustainable communities strategies. For example, we are working to characterize and evaluate the potential for displacement as a result of transit-oriented development and to evaluate policy solutions. We're also working to quantify many of the co-benefits from sustainable planning, including GHG, health, and economic benefits.

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EXECUTIVE OFFICER COREY: Staff intends to bring a measure to the Board in late 2014 to reduce vented and
fugitive GHG emissions from oil and gas production, processing, and storage operations, including methane emissions from storage tanks, well stimulation, compressor seals, pneumatic devices, and leaking components. We plan to work closely with the local air districts and with the State Division of Oil, Gas, and Geothermal Resources and other State agencies as we develop this regulation and integrate it with SB 4 implementation efforts, the fracking bill.

ARB is working with EPA staff as they work on how to achieve carbon reductions from power plants under Section 111(d) of the Federal Clean Air Act. We are also encouraging EPA to build upon existing State programs while balancing State policy making autonomy, with the need for federal accountability.

We also need to ensure that California gets credit for our programs, especially our efficiency programs and system-wide level efforts, such as cap and trade.

EXECUTIVE OFFICER COREY: A major objective for this year is to lay the foundation for the relocation of the motor vehicle emissions testing laboratory and staff operations that we have in El Monte. The current facility is over 40 years old and is in need of significant
upgrade. Our objective is to build a facility that supports into the future to quality and importance of the work that the Air Resources Board performs and will need to going forward.

As part of this effort, we are pursuing partnerships with academia. We believe such an approach can enhance the emissions testing operations and also provide opportunities for collaboration in other important areas. These partnerships should be an extension of our comprehensive academic research program.

The Governor has laid out aggressive goals and requirements for the construction of new buildings. Consequently and consistent with AB 32 Scoping Plan objectives, we'll be seeking to establish sustainability goals for this facility, which include seeking LEED certification, pursuing energy independence, and meeting or exceeding California's goals for green buildings, including indoor air quality.

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EXECUTIVE OFFICER COREY: We'll continue to work closely with our partners at CAPCOA this year as we refine the various incentive programs and identify local and regional initiatives and priorities for the Scoping Plan update and continue to coordinate with CAPCOA on rule implementation, air quality planning and monitoring,
research, and climate change activities.

EXECUTIVE OFFICER COREY: The Scoping Plan update has given us the opportunity to work jointly with many of our State partners, including the Governor's Office of Planning and Research, California Energy Commission, and others. We're also working closely with the California Department of Transportation on the Sustainable Freight Strategy, which will help complement Caltrans' work on the California Transportation Plan for 2040.

On the federal level, we are working with EPA, the Department of the Interior, and the Department of Transportation to support federal climate initiatives. As I mentioned, we are also collaborating with NHTSA and EPA on several important mobile source initiatives.

EXECUTIVE OFFICER COREY: ARB has a long history in world wide efforts to reduce air pollution, providing technological guidance and policy experience to foreign governments, non-governmental associations, and industry groups. With the advent of the climate change program, ARB has even more opportunities to share our experiences. ARB hosted 48 foreign delegations at its Sacramento and El Monte offices in 2013, with interests ranging from zero emission vehicles to ports, to cap and trade, to air
monitoring, to emission inventory methods. In addition, ARB, in collaboration with Cal/EPA and the Governor's office, has been and will continue to work closely on specific projects, including the linkage of the California Cap and Trade Program with that of Province of Quebec, hosting of staff from Beijing Environmental Production Bureau to obtain a crash course in ARB's Light-Duty Emission Control Program, and the collaboration with India on reduction of black carbon and other short-lived climate pollutants through technical exchanges and capacity building.

As part of the Governor's initiative to further coordinate with China, ARB is working with Chinese Provinces as they launch cap and trade pilot projects with an eye towards the launch of the nationwide cap and trade program in China.

Our international coordination efforts will continue in 2014, although increased focus along with increased focus on collaboration with Mexico on climate change programs and international forestry activities.

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EXECUTIVE OFFICER COREY: As you can see, much to be prideful of for 2013. But some real challenges ahead. With that, I conclude my presentation and am available for questions.
CHAIRPERSON NICHOLS: Thank you, Mr. Corey.

I think it's important to note what you've shown us is really the tip of the iceberg in terms of what will be coming to the Board. And underneath that is a huge amount of work, not just to prepare items to bring to the Board, but also building the infrastructure for air and climate work in the state.

And I'm particularly proud of the relationships that ARB has been building over the last few years with other agencies within the state, the role that we play. Undoubtedly, AB 32 was a huge help in that regard, creation of the Climate Action Team and so forth.

But having watched the Air Resources Board personally over quite a number of years now, we've really gone from being a single focus agency that was in some respects an outlier, a gad fly, if you will, to being an integral part of State action. And that's really gratifying to see.

I know there is a lot of material here. I do want to give Board members an opportunity if there is anything in particular that people would like to ask about at this time. If not, obviously I know the Board members are not shy about contacting staff in between to follow up on any particular items of interest.

And while I'm spreading praise around here, I
really want to say this Board has been exceptionally active also in terms of the members' willingness and contribution to helping spread the work of the Board, both in giving guidance and involvement in specific areas of interest to them, but also in outreach to the communities in various different ways, both geographically and across different sectors of our economy that people have contact with.

And I think it's a great example of a system that really doesn't exist anywhere else that I know of in California or the world where you have a group of political appointees representing so many different walks of life who have the overall policy authority over the agency, but at the same time, that kind of collaborative relationship with the technical staff. So that's enough for the moment.

I see a hand here.

BOARD MEMBER GIOIA: First, lots of good work and lots of good work that still needs to occur.

I wanted to -- two comments. One on slide 13, you point out as one of the incentives in the Governor's proposed budget, there is the identification -- and I had seen it -- of the 200 million for low carbon transportation. I'm wondering if it may make sense because as this goes through the process -- and obviously
we don't know what the final product of the budget will be -- is that we may want to inform the Legislature about the types of programs and the process we followed under this strategy. Because I think there may be a perception that the organization's more bureaucratic than it actually is, because the Legislature is ultimately going to be evaluating this. And there will be some in the Legislature that want a different approach to this.

So may be to be helpful for us, having some briefing or some preparation of materials to identify how we've approached this issue and how we would think about this going forward in order to provide some assurance that we have a good process in place. Because this isn't yet a done deal; right? This money could get allocated differently for this strategy, for another strategy. But if we want to preserve the opportunity for this strategy, we should be proactive in educating the Legislature during the budget process on this issue.

CHAIRPERSON NICHOLS: It sounds like what you're calling for would be maybe a document as well as an opportunity to do a briefing so we could --

BOARD MEMBER GIOIA: Right. Because I've already heard discussion about potential other approaches for this type of -- for this. So I'm trying to be proactive on that.
The other thing that strikes me as you went through, Richard, the presentation, what's really great, all of these involved partners with other agencies and stakeholders. I think that's what makes this work effective is the reach of partnerships that the Air Board has been able to assemble in order to achieve the objectives. So I just want to note that.

EXECUTIVE OFFICER COREY: Thanks, Supervisor.

And the document that Chairman Nichols mentioned that can facilitate those discussions, we will pull that together. And that's a great idea.

Your point about partnerships, just to underscore, that I know from the agency and the leadership of the Board, recognizes that to be effective moving forward the challenges are greater than they've been historically. Historically had a foundational partnerships, but it's even that much more important and something that I and our team are just placing great emphasis on. So thank you.

CHAIRPERSON NICHOLS: Professor Sperling.

BOARD MEMBER SPERLING: I want to highlight some of the things that Richard Corey was talking about and Chairman Nichols, is that it's really extraordinary what we've done over the past five or six years in terms of climate policy.
From scratch, we've created a whole framework of policies that really link together in a very sensible, effective way, unlike anywhere in the world. And you know, with cap and trade, vehicle standards, ZEV, LCFS, 375, I mean, this is really extraordinary. And we've now survived all the legal challenges, thanks to our great legal staff, and others. So we're now at the point where it really is a solid -- most of the program -- all of the programs are actually making very good progress. You know, there's not been any major -- I mean, it's really remarkable. There's not been a major problem with any of those programs in terms of their implementation. Yeah, you know, there's lots of challenges and a lot of the details. But we've got it all in place.

So now kind of to take your looking forward perspective, Richard, is partly there's all the details we need to work out. Partly, it's somehow continuing to stipulate the innovation however that happens through incentives and other mechanism. But we're now in the point starting to look past 2020. And that's kind of -- over the next few years, that's really going to be a big challenge for us in figuring out, you know, what do we do for Part II.

And it's so important because the rest of the world is watching and imitating. And so we really have
played a huge role. At the same time, we have the air quality the criteria pollutants and the NOx especially. And that's really also raising us to another level of challenges. And we're going to talk about that later today, especially with the freight.

So we're really poised. And it really is as Chairman Nichols said, the partnerships have been important, but I think they're going to be especially important in the future. So we've started. I mean, I would say we've started building those partnerships in a way we never had to before. But now in the future, they're just critically important. They're just overwhelming important because most of these are not going to succeed unless those partnerships are strong. So kudos you know, to the agency, to the staff, to the Board. And it's pretty exciting. But I also agree there's a lot of huge challenges still awaiting us.

CHAIRPERSON NICHOLS: Okay. Dr. Balmes.

BOARD MEMBER BALMES: Again, thank you, Richard, for that overview. And it is an ambitious agenda, and we have to look forward to the longer-term, as Professor Sperling mentioned.

I was pleased to see that you highlighted the Adaptive Management Plan. I think you know that's something that's very important to me. And I think it's
sort of been on the back-burner as we tried to get cap and trade up and running, or at least it's been on the back burner in terms of visibility. So I'm really glad to see that we're going to work hard this year to try to implement that. Because I think it's key to maintaining support of disadvantaged communities for the Cap and Trade Program. And key to getting the public health co-benefits that we can out of our AB 32 efforts.

CHAIRPERSON NICHOLS: Thank you.

Any additional comments? Yes.

BOARD MEMBER ROBERTS: From a different perspective maybe something that was driven home recently, a lot of the progress has been made with a sensitivity to what are the economic impacts of what's going on.

It was just revealed the city of San Diego is going to have to paid $250 million a year over the next ten years for the water regulations that have been imposed and mandated. But I think that what a lot of the strength has come out of that we've done very extensive economic analysis and understood the implications of a lot of things prior to enacting them and have been willing to adjust when those problems occur. I think there is a lot of strength on that. Keep your eye on the goals. Figure out how to get there in a way that doesn't destroy people and businesses in the California economy.
CHAIRPERSON NICHOLS: Yeah. I'm consistently reminded by my boss, the Governor, if I wasn't aware of it myself, that we operate in a real world of politics and practicality. And everything we do has to be both ambitious and also doable. Hose two things that have to be reconciled with each other, which isn't always easy.

This morning before I came down here, I was quickly flipping through my mail and I saw a letter from an individual. I always read those, you know, the handwritten notes that you get. An older gentleman from Oregon who had been visiting his sister in the far northern rural part of our state and was trying to help her refill her gas tank in her lawn mower and judged that our regulations relating to fuel canisters are completely unworkable and impossible and that we were going to be responsible for blowing up the entire northern part of the state, if we didn't do something bit.

And I thought to myself we go from huge issues, you know, the fate of the planet and the electricity system in 2030 to dealing with somebody who's having a hard time getting gasoline into their mower. And you just think, you know, you've got to do both of those things right at the same time. So it's a challenge.

BOARD MEMBER BALMES: I just wanted to endorse what my college Supervisor Roberts said. Even though I
take seriously my role as a public health advocate, I also
think one of the strengths of our agency is that we do
consider the economic implications of our regulations, and
maybe not as much as some people would like. But I do
think we try to balance the public health imperatives with
economic realities as much as we can. And I applaud that.

CHAIRPERSON NICHOLS: Okay. Well, we have more
to discuss. Oh, one more hand. Sorry.

BOARD MEMBER MITCHELL: I just wanted to add one
thing to Dr. Sperling's comments. The success of the
programs that have been implemented over the last five
years is in part due to the willingness of our staff and
our Board to review and monitor those programs and, where
necessary, to amend them to fit the goal that we're trying
to reach. So I can see the work that's been done over the
last five years has been remarkable and in part because of
our willingness to collaborate and come in and prosper and
change. That's all I wanted to say.

CHAIRPERSON NICHOLS: Mr. Serna, your had hand up
also.

BOARD MEMBER SERNA: I did. Thank you, Chairman
Nichols.

I, too, want to extend my sincerest thanks to
staff for all the hard work this last year. Certainly
this PowerPoint presentation can still be continuing in my
estimation based on the workload that staff has.

But I want to underscore what the Chair mentioned during her opening remarks about members of this Board, some of whom are from local government, going out in our respective contingencies to help broadcast what this agency does to benefit their health and certainly benefit this globe.

And one of the things I'd like to see perhaps next year is a header slide that mentions outreach in general. I think there is a lot of great work that this agency does to go out in those communities to join us occasionally as Board members to maybe soften a message that if otherwise folks are left to devices of media without our direct contact may misunderstand some of the good work that goes on here.

So I think to the extent that that is something I think we can all be proud of, I think it needs to be mentioned with equal credence relative to the presentation that you give.

EXECUTIVE OFFICER COREY: Happy to do that.

CHAIRPERSON NICHOLS: Among our highlights, it was really in 2014, we got one of our new Board members confirmed on a five-zero vote. So it's all good. Compliments to Supervisor Serna. We're very happy about that.
All right. Let's move on then to the next report. This is a day for updating where we are.

The next item relates to our progress on our core mission of air quality improvement. And it's an informational item only. No action needs to be taken. But I think it's important to kind of frame this issue as we move forward on all these other sort of specific items that we're going to be talking about as the year goes on.

So again, Mr. Corey, you want to introduce this one?

EXECUTIVE OFFICER COREY: Yes, thank you, Chairman Nichols.

Over the next few months, staff will be presenting to the Board a series of briefings on air quality progress and the science and planning processes for meeting air quality standards.

In today's presentation, you'll hear about air quality progress throughout California and ARB's actions that have lead to these improvements. Next month, staff will describe ozone and particulate matter chemistry and the science driving air quality behavior. The last item in this series will brief you on the planning processes behind the Federal Clean Air Act framework.

From today's presentation, you'll see that ozone and particulate matter air quality have improved
significantly. But even as air quality has improved, new health science has led to lower more health protective standards. These standards require new SIPs. One of the first steps in developing a new SIP is assessing past progress to understand what actions will be necessary going forward.

At this time, I'd like to ask Annemarie Bellinder to begin the staff presentation.

(Thereupon an overhead presentation was presented as follows.)

AIR POLLUTION SPECIALIST BELLINDER: Thank you, Mr. Corey. And good morning, Chairman Nichols and members of the Board.

Our presentation this morning will highlight the progress achieved in reducing ozone and PM2.5 concentrations throughout the state, as well as discuss the remaining challenges. Our focus today is on federal air quality standards. California has also set State air quality standards and the actions we take to meet the federal standards will help us meet the state standards as well.

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AIR POLLUTION SPECIALIST BELLINDER: First, we will review the federal standards for ozone and PM2.5, along with status with respect to attainment of these
standards. Because attainment is determined on a regional level, we'll be reporting on progress in that context.

Second, we will discuss recent high levels of PM2.5, where they happened, and why.

And third, we will report on significant regional progress in lowering the levels of ozone and PM2.5 in five urban areas of the state.

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AIR POLLUTION SPECIALIST BELLINDER: Our first topic is air quality standards.

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AIR POLLUTION SPECIALIST BELLINDER: The Clean Air Act requires U.S. EPA to establish air quality standards and to review each standard every five years.

Air quality standards are based on scientific understanding of how air pollution effects human health. Over the years, new studies have advanced our understanding of these health impacts and shown they are occurring at lower levels of exposure. As a result, U.S. EPA has adopted air quality standards that are increasingly protective of public health.

PM2.5 and ozone are reasonable for the majority of health impacts of air pollution in California. Health impacts for ozone include respiratory effects like asthma exacerbation, reduced lung function, and hospitalization.
Exposure to PM2.5 has been linked to hospitalization for cardiovascular diseases, as well as premature mortality. A number of studies have also demonstrated an increased cancer risk to diesel PM exposure.

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AIR POLLUTION SPECIALIST BELLINDER: Determining whether an area attains a standard must consider a number of factors and calculations. The federal standards are designed to allow for a limited number of concentrations above the level of the standard. This means it is possible that a region may have several exceedances, while still remaining in compliance with a standard.

Compliance is based on the calculated values, known as the design values, which are derived from peak concentrations within a region. Design values are based on multiple high values and multiple years of data to reduce variability.

The federal 8-hour ozone standard uses the fourth highest value each year and averages those values over a three-year period. The federal 24-hour PM2.5 standard generally uses the third to eighth highest value each year and also averages those values over three years.

Attainment is determined at the regional level. When the design values at all sites within a region are at or below the level of the standard, the region will
qualify for attainment status.

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AIR POLLUTION SPECIALIST BELLINDER: California's comprehensive monitoring network provides the core information needed to assess air quality. On the map before you, the air monitoring network is represented by the dots.

The network is designed to assess statewide, regional, and local air quality, as well as to provide the data needed to determine regional status with respect to air quality standards. As such, the data undergo rigorous procedures to ensure that the regulatory data are of the highest quality.

Each monitoring might may have multiple instruments so a variety of pollutants can be measured. Several agencies, such as the ARB, local districts, federal agencies, and tribal governments currently operate more than 250 sites in the statewide network.

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AIR POLLUTION SPECIALIST BELLINDER: As discussed previously, federal air quality standards have become more health protective over time. This slide illustrates the progression of ozone standards adopted by U.S. EPA. Even though newer standards are more health protective, they do not replace the older standards completely. Regions are
still accountable to fulfill commitments to attain earlier standards. However, the work done to attain less protective standards takes a region forward along the path toward attaining the next more protective standard.

U.S. EPA first adopted a one-hour ozone standard in 1979. When health studies found that longer ozone exposure at lower concentrations produced greater health impacts, they set an 8-hour ozone standard of 0.08 parts per million in 1997. More recent health science demonstrated that impacts occurred at even lower ozone levels and U.S. EPA adopted the more health protective 8-hour ozone standard of 0.075 parts per million.

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AIR POLLUTION SPECIALIST BELLINDER: A similar progression towards more health protective standards have also occurred for PM2.5. PM2.5 has been found to have both long-term chronic and short-term acute health effects. As a result, U.S. EPA first adopted both annual and daily average standards for PM2.5 in 1997. The 24-hour average standard addresses the acute health effects, while the annual average addresses the chronic effects. After reviewing the standards, U.S. EPA lowered the 24-hour average standard in 2006 to 35 micrograms per meter cubed. And the annual average standard in 2012 to 12 micrograms per meter cubed.
AIR POLLUTION SPECIALIST BELLINDER: Due to control strategies implemented by ARB and local and federal agencies, significant air quality progress with respect to ozone has occurred. All areas of the state, with the exception of the South Coast and San Joaquin Valley, now meet the federal one-hour ozone standard. And the San Joaquin Valley is very close to attainment with only one site recording levels above the standard in 2013. For the 0.08 parts per million 8-hour ozone standard, 10 of 15 areas originally designated non-attainment, including San Diego, Ventura, and the Bay Area, now attain.

The Bay Area has also met the more health protective 0.075 parts per million 8-hour ozone standard and several other regions are at or near attainment.

AIR POLLUTION SPECIALIST BELLINDER: Federal PM2.5 standards have also been met in significant portions of the state. All areas now attain the 24-hour standard of 65 micrograms per meter cubed. The Sacramento metropolitan area, Bay Area, Butte County and the Yuba and Sutter Counties all meet the more health-protective 24-hour standard of 35 micrograms per meter cubed and the annual standard of 12 micrograms per meter cubed.
The greatest challenges remain in the South Coast and the San Joaquin Valley, as well as Imperial County, which experiences unique impacts due to cross border transport.

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AIR POLLUTION SPECIALIST BELLINDER: Although state and local emission control programs have resulted in significant air quality progress, adverse weather can create conditions very conducive to high levels of PM2.5. Such conditions have been occurring in California over the last two months.

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AIR POLLUTION SPECIALIST BELLINDER: This winter, the state has been experiencing widespread elevated PM2.5 levels. These higher PM2.5 concentrations have resulted in a large number of air advisories and alerts, especially in Northern California. The San Joaquin Valley has been experiencing the greatest and most persistent impact, with some 24 hour average values surpassing 100 micrograms per meter cured.

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AIR POLLUTION SPECIALIST BELLINDER: The extended stagnation period that California is currently experiencing is very conducive to PM2.5 formation and build-up. Colder than normal morning temperatures, warm
afternoons, and calm winds have created very stable conditions with limited vertical and horizontal mixing. Winter storms this time year typically ventilate an area and disburse pollutants. However, during December and January, there have been very few low pressure systems providing rain. As a result, last week, Governor Brown declared a drought emergency due to the record low rainfall amounts throughout California.

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AIR POLLUTION SPECIALIST BELLINDER: ARB staff are currently completing review and analysis on the recent PM2.5 data. Calculated design values are expected to increase as a result of the recent high concentrations. Once this review is complete and 2013 design values have been calculated, staff will be able to determine impacts on attainment in the context of the broader long-term trends.

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AIR POLLUTION SPECIALIST BELLINDER: We will now move to our last topic, which illustrates the regional progress that has occurred in reducing ozone and PM2.5 in the five major urban areas.

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AIR POLLUTION SPECIALIST BELLINDER: There are a number of different ways in which we can evaluate
progress. The first is whether or not a standard is attained in a given area. The legal definition of attainment requires that all monitors be in compliance and is driven by the regional monitor with the highest design value.

There are also several other indicators that highlight different aspects of air quality progress. These include the number of high pollution days or exceedances that a region experiences. Similarly, the geographic extent of exceedances indicates how widespread an air quality problem is.

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AIR POLLUTION SPECIALIST BELLINDER: Significant air quality progress in all of California's major urban areas has occurred as the result of ongoing emission reductions. Ozone design values have improved uniformly in the last decades, dropping 15 to 20 percent across all areas. These urban areas have seen even greater progress in reducing the numbers of days above the standard, and the geographic extent of areas meeting the standards has also grown.

As a result of this progress, areas with less severe air quality now meet many of the federal standards. PM2.5 progress has been more variable. However, both the 24-hour average and annual average concentrations
have declined. Only a handful of sites still exceed the 15 microgram per meter cubed annual standard.

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AIR POLLUTION SPECIALIST BELLINDER: Now let's look at this progress more in depth. This plot shows the trend in ozone 8-hour average design values for five urban areas for each year over the last decade.

The five areas from top to bottom on the plot are: South Coast, San Joaquin Valley, Sacramento, San Diego, and Bay Area. The gray horizontal lines near the bottom show the levels of the 8-hour ozone standards of 0.08 parts per million and 0.075 parts per million.

The Bay Area is now in attainment of the most stringent standards and San Diego nearing attainment. The South Coast and San Joaquin Valley and Sacramento have also shown ongoing progress, but are still significantly above both standards and will require additional emission controls to reach attainment.

ARB and district staff are implementing adopted SIPs for the 0.08 parts per million standard, with attainment dates of 2018 for Sacramento and 2023 for the South Coast and the San Joaquin Valley, which are classified as extreme non-attainment areas. SIPs for the 0.075 parts per million standard are due to U.S. EPA in 2016, with attainment dates of 2027 and 2032.
AIR POLLUTION SPECIALIST BELLINDER: Annual average design values for PM2.5 have also been declining. This slide shows the trend in annual average PM2.5 design values for the South Coast and the San Joaquin Valley from 2002 through 2012. As noted earlier, determination of 2013 design values are still underway.

Steady progress towards attainment has been occurring in the South Coast. Annual concentrations have declined overall in the San Joaquin Valley due to continuing emission reductions, but yearly progress is strongly affected by year-to-year variability in meteorology with a peak in 2009.

Both areas are nearing the 15 micrograms per meter cubed annual standard. However, further emission reductions will be needed to bring both areas into attainment for the new 12 micrograms per meter cubed annual standard. Attainment plans for this standard will be due in 2016.

AIR POLLUTION SPECIALIST BELLINDER: The South Coast continues to make significant progress towards achieving their 2023 attainment date. Over the last decade, the frequency of days above the standard has decreased by 21 percent, resulting in a larger percent of
the population breathing cleaner air area.

The entire region has moved closer to attaining the 8-hour standards, with the coastal portion of the basin already meeting both standards. However, significant further NOx and VOC reductions are necessary to move the basin closer toward attaining the 0.08 parts per million and the 0.075 parts per million standards by their 2023 and 2032 deadlines respectively.

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AIR POLLUTION SPECIALIST BELLINDER: These maps show the improvement in 8-hour ozone design values across the basin over the last decade. Light green indicates that air quality meets the 0.08 parts per million standard and dark green indicates that air quality meets the more stringent 0.075 parts per million standard. Yellows, oranges, and reds indicate areas with increasingly higher ozone concentrations.

The map on the left shows concentrations in 2003, when most of the South Coast was covered by shades of orange and yellow, with two red circles. The region near the coast was the only area that met the standard.

The map on the right reflects ozone concentrations in 2013. The red and orange are completely gone.

In addition, the green area has nearly doubled.
and now includes the entire coastal region and portions of the inland area. Today, 60 percent of South Coast residents live in communities meeting the standard. However, there is still work to be done as another six million people live in communities that do not meet the 0.075 parts per million 8-hour ozone standard.

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AIR POLLUTION SPECIALIST BELLINDER: Moving on to PM2.5, as shown in the earlier trend plot, both the 24-hour average and annual average design values have steadily decreased in the South Coast. From 2002 to 2012, annual average design values have been cut nearly in half, with the highest value now 15.6 micrograms per meter cubed.

As of 2012, only one site remained above the annual 15 microgram per meter cubed and 24-hour 35 microgram per meter cubed standards. The South Coast Air Basin has a 2014 attainment deadline for both standards.

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AIR POLLUTION SPECIALIST BELLINDER: Over the last decade, the San Joaquin Valley has also been continuing progress towards their 2023 attainment date. The frequency of exposure to levels above the 0.075 parts per million ozone standard has also decreased by 35 percent. The entire region has moved closer towards
attaining the 8-hour standard and portions of the valley already meet both standards. Never the less, further NOx reductions will be needed in order to attain the 0.08 parts per million standard by 2023 and the 0.075 parts per million standard by 2032.

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AIR POLLUTION SPECIALIST BELLINDER: These maps, similar to the ones shown previously, demonstrate the improvement in 8-hour ozone design values across the San Joaquin Valley.

In 2003, most of the valley exceeded both the 8-hour standards, with the highest concentrations occurring in the central and southern portions of the valley. By comparison, in 2013, the orange colors in the central and southern regions are completely gone. The green colors cover the entire northern and western portions of the air basin. And now 25 percent of valley residents live in communities that meet the 0.075 parts per million standard. The remaining three million people live in areas where concentrations are still above the standard, but air pollution levels are lower than in the past.

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AIR POLLUTION SPECIALIST BELLINDER: The San Joaquin Valley remains the greatest challenge in terms of
meeting PM2.5 standards. However, in the last decade, annual average design values have decreased by almost one-third to 16 micrograms per meter cubed. Higher concentrations occurred in the central and southern San Joaquin Valley. While as of 2012 only a few sites remained above the annual standard of 15 micrograms per meter cubed, a larger number of locations throughout the valley still exceed the 24-hour standard.

As a result, the San Joaquin Valley has a 2014 attainment date for the 15 micrograms per meter cubed annual standard and a longer term deadline of 2019 for the 24-hour standard.

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AIR POLLUTION SPECIALIST BELLINDER: Now we'll briefly discuss the ozone and PM2.5 progress that we've seen in some of the other regions throughout California, beginning with the Sacramento metropolitan area.

In 2012, Sacramento was classified as a severe non-attainment area with respect to the 0.075 parts per million 8-hour ozone standard. Because of this classification, the region has until 2027 to reach attainment. Although concentrations are declining, over the last three years, the area averaged 35 days above the 0.075 parts per million 8-hour standard. However, the area is approaching the less stringent 0.08 parts per
million standard, with only one site located downwind of Sacramento, still exceeding the standard. The Sacramento region meets other federal standards for ozone and particulate matter.

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AIR POLLUTION SPECIALIST BELLINDER: San Diego is progressively coming into compliance with many federal standards. The region was classified as marginal with respect to the 0.075 parts per million 8-hour ozone standard with a near-term attainment deadline.

Currently, only one site in the region, located inland from the coast, exceeds this standard. Although the San Diego region meets all of the other federal standards for ozone and particulate matter, the area still violates some state standards.

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AIR POLLUTION SPECIALIST BELLINDER: Finally, the San Francisco Bay Area has also demonstrated continuing progress and now meets all federal standards for ozone and particulate matter. However, the area does still have violations of the more stringent state standards.

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AIR POLLUTION SPECIALIST BELLINDER: In summary, air quality continues to improve throughout California. Today, over 68 percent of California residents live in
communities that meet the federal standards. Although a number of communities still exceed the health-based standards, exposure to PM2.5 and ozone in these areas has also been greatly reduced.

This progress is a result of ARB's multi-pollutant strategy of NOx, VOC, and PM2.5 controls. These strategies will form the foundation for our future success, as we will need significantly more emission reductions to attain ozone standards.

This concludes my presentation and staff would be happy to answer any questions that you might have at this time.

CHAIRPERSON NICHOLS: Do we have any witnesses? We do not.

I think we some comments from the Board.

BOARD MEMBER BALMES: I think the Board and all its partners deserve tremendous congratulations for the progress you've made across the state, especially in the South Coast and San Joaquin Valley, which are the most polluted areas of the state.

So I don't want to take anything away from the progress that's been made. But we do continue to need to do more. And you have checked off the San Joaquin Valley as meeting the 24-hour PM2.5 standard in terms of attainment. But I think this winter will probably set the
valley back since I think this week there have been multiple days well over the 24-hour standard. I think actually over 100 micrograms per meter cubed of PM2.5 in multiple locations. And it's been over the last few weeks.

And just walking here from the train station this morning, one of my former students who works at the Health Department came running up to me and said, "Dr. Balmes, are you here for the CARB meeting?" I said, "Yes."

"You've got to do something about the air in the Bay Area. It's been really bad lately."

And, you know, speaking of the Bay Area where I live, it's great to see the Bay Area is in attainment for both ozone and PM2.5. It has been bad this winter. But I also recently was a co-author of a paper that was published where we showed an association between air pollution exposure and the onset of asthma in young kids. And actually, there were strong effects in the Bay Area, which is supposedly, you know, an area with clean air. The kids' exposure that we looked at were a number of years ago. But it wasn't that long ago. And the pollutant that had the most -- that had the strongest association with nuance of asthma in these kids was NO2, which I think is marker of traffic. These were minority kids, a lot of whom live near transportation corridors.
So our suspicion is it was traffic-related pollution.

    My point is we're doing a good job with the
criteria pollutants, and we need to continue work on that.
But the traffic pollution mix has been increasingly
associated with health outcomes. And while we're doing a
good job of trying to control traffic-related pollutants,
we need to continue to press onward. So I don't think we
should be too congratulatory because this year has been a
bad year in terms of PM.

    I guess the last point this year may be a
harbinger of what's to come. I think the drought is at
least in part due to climate change. And we may have
other dry years in the future with weather patterns that
will allow for high PM2.5 in the winter months.

    CHAIRPERSON NICHOLS: Anyone else? I would want
to maybe comment also myself, but I'll refer to the others
first. Yes.

    BOARD MEMBER SPERLING: I have a question. In
the last 50 years, ARB and the air districts have done a
great job of perfecting the SIP process, and with large
improvements in reductions.

    But going back to what Chairman Nichols said
earlier about economics and environment, we've gotten a
lot smarter about knowing where the pollutants come from,
how they mix, how they transport it, reactions and impacts
and exposure.

And I wonder -- this is a question. I really
don't know the answer. I'm not preaching like I normally
am. But it seems like I know this gets into politically
treacherous territory. But it seems like we could do a
lot better at focusing on where the problems are. And
certainly, there's transport going on. But it seems like
we can be a lot more surgical in terms of identifying
where the sources are and where the exposure is and not
using brute force broad regulations and policies like
we've often done, you know, just because we didn't have
the data and the understandings.

So I'm wondering -- so just a question. A lot of
this will happen at the district level. But I'm
wondering, what are we doing to be smarter, is the real
question?

CHAIRPERSON NICHOLS: How many days do you have?

BOARD MEMBER SPERLING: Hopefully, it does take
days to answer. I worry if it's not days.

AQPS CHIEF KARPEROS: In fact, we will take a day
in the upcoming Board meeting that Richard Corey alluded
to. We will brief you on the chemistry. We have gotten a
lot smarter about the formation of ozone and PM in the
atmosphere in California. We'll talk with you about that
at the next Board meeting.
In terms of the SIP development process, the way we see that moving forward is an overlay of statewide and regional strategies to bring down overall levels. And then mixed with that are targeted strategies I think of the sort you're talking about to focus on those most highest, most polluted areas. You'll get a hint of that with the freight strategy briefing even later today.

So we're moving in that direction. We've got much stronger technical tools to do that than we've had in the past, both in terms of photochemicals modeling, emissions inventories, and the like.

BOARD MEMBER SPERLING: Could I suggest -- I don't know if we need any further response to the Board in the future, but at least I could be interested in hearing more about how that's really happening. I think that's really fundamental to our whole air quality program as we look forward to especially the ozone standards. And we're talking 90 percent reduction in NOx. And that could get very expensive.

And so I'd be very interested some -- I don't know what -- small report, a small briefing, something, and about how we're actually making -- we, I'm talking about the whole community.

CHAIRPERSON NICHOLS: I was about to say this is bigger than the Air Resources Board. There are a lot of
people that are looking at these issues. But I want to call on Ms. Mitchell next and then I want to comment.

BOARD MEMBER MITCHELL: Thank you, Chairman Nichols.

As the representative from the South Coast Air Quality Management District, I wanted to make some comments about that area in particular because we are not in attainment. And the biggest challenges that we face come from motor vehicles, and that's why the freight policy we're looking at today is so important, important to our region and other regions across the state.

The other thing that happens with freight in our region is that about 40 percent of the freight that comes into the ports of Los Angeles and Long Beach go east across the Rocky Mountains. And we need federal support in that regard, because we have emissions from ships, from marine vehicles, from locomotives, as well as from heavy-duty trucks. And some of that is federally controlled or internationally controlled. We need to get support from those other organizations and to these agencies to control that.

The other thing that I want to emphasize is how important the role of ARB is in helping reach goals in the South Coast district because so much of the emissions are from vehicle traffic.
And we have to by 2023 reduce our NOx by about 80 percent and by 2032, 90 percent. And most of that NOx is coming out of vehicular traffic. And NOx also being a precursor of ozone, that is the major hurdle that we face. So I think a good collaboration here between ARB, between South Coast, and the San Joaquin Valley is really important in that regard, as well as other areas, Oakland and some other areas that have a lot of freight traffic. So I want to emphasize that importance. Thank you.

CHAIRPERSON NICHOLS: Supervisor Gioia.

BOARD MEMBER GIOIA: I appreciate the presentation.

And I think one additional fact we should include when we're talking about this is quantifying the economic aspects of improved health. That's one thing we've done at the Bay Area Air Quality Management District. This idea it's health or economy, it's all related. They're overlapping. And there are ways to quantify improved health as a result of the improvement in air quality.

So I think that's a really important fact and component that should be included when we sort of talk about the successes and what still needs to be done. So we've done that in the Bay Area. I'm sure other districts done that. But having that number -- and I'm sure the health folks here on this Board sort of understand and,
you know, would love to see that, too. We all want to see that.

CHAIRPERSON NICHOLS: I want to underscore that point, because as Richard's presentation about our work in the next year pointed out, California is of increasing interest to other countries around the world as a model. And it's not just because we have AB 32 and the climate program, although climate has been the thing that initially created a lot of the international dialogue. The fact is that the countries that are interested in modeling themselves on us or talking to us want that because they have air quality problems that effect their population. And because that issue is so salient now to growing middle classes in countries around the world, people are demanding public action and the continued existence of bad air pollution in places like China becomes a political liability and actually a direct economic liability as well, because some of their most capable people are deciding they don't want to live and work in places where the pollution levels are so unacceptable.

So it's really important to remember that not only is the air pollution work we do fundamental to everything else that we are involved in, but also it has a direct tie to the economy and not just the cost of
achieving these standards, but the reason why we do it, which is public health as the public is the essential element of the economy.

Do you want to say something, Dr. Sherriffs?

BOARD MEMBER SHERRIFFS: I think sometimes there is discouragement. Emissions are down. This is wonderful. And then we've had a string of the most horrible air quality days since Thanksgiving in the Central Valley. And I hate to say it, it provides an excuse for me not to go out for a walk in the morning because I understand that's the unhealthful time to walk because of this.

You know, it remind us just because we have attainment, the job is not done. There are always -- it's a changing environment. There's always the weather at play. Clearly, climate change has an effect. We don't understand that effect necessarily well. But if overall temperatures are increasing, well, ozone is going to become more of a problem in the future for the valley, particularly.

More and more trans-boundary issues arising. And none of these things to me are an excuse to back off. We look at the unhealthy days that we had and are still having. But we didn't have any purple days. And we clearly would have had those if we had not been pushing so
hard to achieve these standards and, in fact, do what we could to get there ahead of time.

So yes, certainly a more surgical approach. But health, hard to measure health. Certainly, we can do some economic measures. We're talking about in the Central Valley certainly a billion dollars, probably more directly measurable health effects. So in fact, I think we get very good value for our efforts.

BOARD MEMBER BALMES: I would just like to point out that in the past, the Air Resources Board has funded studies that have shown the economic benefits of meeting standards in terms of reducing health care costs. And one of the people I work with, Fred Learman from Sonoma Technology was a co-author of a paper a few years back that showed the benefits of the improvement air quality in the San Joaquin Valley that directly measured health care cost benefits. So the Board has done good work in the past on this.

CHAIRPERSON NICHOLS: And on the techniques for evaluating it, too.

BOARD MEMBER GIOIA: The other way we communicated it in the Bay Area is not only the cost savings but the number of days, the less you know in the hospital, the decrease in asthma cases, things like that. But quantifying -- school days. The more you can quantify
it in real terms people can relate and understand, the more folks who don't normally think about this will relate to it and support it.

CHAIRPERSON NICHOLS: So I just want to add one other thought before we move onto the next report item, which is that -- this I suppose responds more to Dr. Sperling's comments. But I personally was responsible -- if you look at slides 7 and 8, the federal ozone standard, the federal PM2.5 standard in 1997. So I was the assistant administrator for air and mediation at U.S. EPA at the time both of those standards were set. It was the major work that our group did in the first and into the second Clinton Administration. And it was a very big deal at that point for a couple reasons.

First of all, because we did two standards at once, which had never been done before. We did both ozone and PM2.5 jointly. A lot of people thought that was a crazy thing to try to do. But it gave us the opportunity to educate the public about the fact that the causes of both of these pollutants are surprisingly similar and the things that need to be done to improve them are also very similar.

But in addition to wanting to brag about that, what I want to say is that we focused on longer-term standards in both of those. That is, we went to an 8-hour
standard rather than a one-hour standard. And we focused on the annual standard for PM2.5 partly because we were trying to reflect the science as we thought. That it was really longer-term chronic exposures to these pollutants that was more important to the public health as a whole than it was to deal with the short-term acute effects. Some of the things that we're going to be seeing, particularly as a result of the drought and forest fires, are acute episodes, which are very unpleasant to people when they experience them without a doubt. It will send people to the hospital and cause great fear and concern.

At the same time, driving down these long-term exposures -- I'm looking for a nod or a yes from my public health friends -- is probably the most important thing from the perspective of overall good of the most people. And it also forces us I think to think more sensibly about the kinds of changes that we need to see in our transportation system, in our fuels, in order to actually deal with those exposures.

So while it may seem like we ought to be able to tweak our regulations a little bit to just get at one source over here that's effecting that monitor over there, and if we could just do that, we could achieve the standards, that doesn't in my opinion actually get us where we need to go in terms of addressing the problem.
And we want to really try to figure out how to make the federal air standards less onerous in places where maybe they don't need to be so onerous from an economic perspective, we should be focusing in some other ways on the standard-setting process.

Unfortunately, we can't do that as long as Congress is hostile to doing anything positive about the environment. And so there have been efforts over the years on the part of people in California, including some of our more progressive business representatives to try to sit down and talk about is there a better way to do this. Because as the standards have gotten lower, have gotten stricter, the truth is that we are an outlier here, you know. We do more than any other state in the country to deal with our air quality problems. And as that becomes more apparent, it also, you know, has an impact on California businesses as well.

So I just want to raise the issue, because if the opportunity ever arises to have a constructive conversation about air quality, standard setting, and measurement, California is in a very good position to lead that kind of a dialogue. But it would not be very productive to do it I think as long as we're in a situation where we can't hope for any positive action at the federal level. So it's just an observation on where
we are. But we'll be hearing more about the chemistry and what we know about that next month.

If people are willing to, I think we should move to on because we have a bunch of people here today who are here because of the next item, which is the briefly on status of the Sustainable Community Strategies under SB 375.

Over the past three years, the major urban areas in California have adopted sustainable community strategies in their Regional Transportation Plans. The Governor's budget for next year, I'm happy to say, includes some funding to support the strategies in these plans that will reduce greenhouse gas emissions and have other benefits as well.

The integrated planning process envisioned by SB 375 provides an opportunity to guide land use and transportation decision making to meet multiple goals from greenhouse gas reductions to healthier communities.

This Board has strongly supported the goals of SB 375 as an important element in our clean air and vehicle programs as well.

I know that some of our Board members who are also regional representatives have been especially closely involved and following these local planning processes. And I hope at some point after we hear the staff
presentation they will weigh in on this item as well.

We have representatives here from several of the metropolitan planning organizations who are the major implementers of SB 375, and we are hoping that they will not only speak, but also stay through the end of this item in case Board members want to ask them some follow-up questions. So with that, we have the team in place.

And let's get started, Mr. Corey.

EXECUTIVE OFFICER COREY: Thank you, Chairman Nichols.

Since the Board adopted the Regional Greenhouse Gas Reduction Targets in 2010, the Sustainable Community Strategy, or SCS, has been completed for seven out of the 18 regions. Each complete SCS has demonstrated the ability to meet the targets for 2020 and 2035 and together represent most of the state's population.

Other metropolitan planning organizations or NPOs continue to develop their first SCSs, with adoption scheduled to occur by the end of this calendar year.

Today's briefing provides a status on the program, including major activities for this year. For ARB staff, providing technical assistance to the eight San Joaquin Valley MPOs is a high priority.

Here today are Mr. Hasan Ikhrata, Executive Director of SCAG; Mr. Gary Gallegos, Executive Director of
SANDAG; Mr. Mike McKeever, Executive Director of SACOG; Mr. Steve Heminger, Executive Director of MTC; Peter Imhof, Executive Director -- rather Deputy Executive Director of SBCAG; and Terri King, representing the San Joaquin Valley MPOs, to speak after the staff presentation.

I'll now turn it over the Terry Roberts our Transportation Planning Branch who will give the staff presentation. Terry.

(Thereupon an overhead presentation was presented as follows.)

MS. ROBERTS: Thank you, Chairman Nichols and Mr. Corey, for that introduction.

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MS. ROBERTS: The Sustainable Communities and Climate Protection Act, also known as Senate Bill 375, took effect in 2009. It compliments our AB 32 climate goals by addressing greenhouse gas emissions from passenger vehicles and is reflected in the 2008 Scoping Plan as an important strategy for meeting the State's long-term climate goals.

The goal of SB 375 is to plan for new growth in a way that generates less greenhouse gas emissions from passenger vehicles. Through this type of planning, numerous additional benefits can be realized, among them a
stronger local and state economy, improved public health, 
and protection of sensitive environmental resources.

   It requires regional agencies and local 
governments to work together to create a shared regional 
vision for more sustainable growth and provides a 
framework for local decision-making.

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   MS. ROBERTS: Responsibility for carrying out the 
law rests with several entities.

   The Board must establish the greenhouse gas 
reduction targets for 2020 and 2035 that will guide each 
of the regions as they develop a plan, called a 
Sustainable Communities Strategy, or SCS.

   The regions, represented by the Metropolitan 
Planning Organizations, or MPOs, are responsible for 
developing the SCS in collaboration with local governments 
through a robust public process. If a region finds that 
it cannot meet its regional targets, it can prepare an 
alternative planning strategy that identifies the actions 
that would need to be taken to achieve the targets.

   Once adopted, the Board must determine whether 
the MPO has demonstrated that the region could achieve its 
targets if the SCS were implemented. Local governments 
will need to take action through their local land use 
decisions and project approvals to implement the SCS.
To support the regional planning process and local implementation, the State provides funding through the Strategic Growth Council's planning grants. Over the past three years, the SGC has allocated over $50 million in grants to MPOs and local governments. By the end of this calendar year, we expect the SGC will award another $20 million in grants from Proposition 84 Funds.

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MS. ROBERTS: The Board established the first regional targets in September of 2010 to meet a mandated deadline. At that time, many of the MPOs, including the eight in the San Joaquin Valley, had just completed a Regional Transportation Plan, or RTP, update. Therefore, the Board's main focus was on the four largest MPOs, which had already begun their RTP updates. These four large MPOs represent the majority of the state's population and passenger vehicle greenhouse gas emissions.

The Regional Targets Advisory Committee, or RTAC, provided important recommendations for factors and methodologies to consider. The RTAC recommended the use of a bottom up collaborative process in which the MPOs provided targets recommendations to the Board and they provided a target metric that is based on a percent reduction in per capita emissions from a base year of 2005.
The targets set by the Board were based on the MPO's modeled scenarios using their regional travel models to estimate the levels of reduction that were possible in the 2020 and 2035 time frame. The largest MPOs were able to provide this kind of detailed technical analysis; others were not. For many of the smaller MPOs, including the eight in the San Joaquin Valley, the Board set targets in the context of other regions that did give us recommendations.

When the Board set targets in 2010, it was with the understanding that the targets would be updated at some point, as improved data and models became available for better quantification of emission reductions. In calling for targets through 2035, the statute itself recognized the long lead time required to effect change in land use patterns.

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MS. ROBERTS: From a policy perspective, SB 375 has changed the business as usual approach to planning and resulted in several important achievements.

First, the regional plans that we've seen to date make significant changes in land use policies that encourage compact growth, transportation investments that expand mobility choices, and housing priorities that offer more affordable and accessible housing.
Through the coordinated efforts of State agencies, a substantial amount of State funding has been made available to assist regions and local governments as they prepare to adopt and implement their first SCSs.

The MPOs have successfully engaged the public in a new type of scenario planning that provides the public and decision makers with information to make choices among alternative visions for the future. Scenario planning is widely embraced by the MPOs and the public and has encouraged a broader dialog about many inter-related regional goals.

Importantly, all of the adopted regional plans have been SCSs, not alternative planning strategies, and have demonstrated that they could meet their greenhouse gas reduction targets, if implemented.

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MS. ROBERTS: This slide identifies several important aspects of transportation planning and local planning that influences an MPO's process. Please bear with me. I'd like to spend just a little bit of time on this slide.

Let's start with the column on the left called transportation planning. The SCS is an integral part of the federally mandated RTP. Federal law requires that MPOs develop and update a long-range RTP every four to
five years. The RTP must demonstrate transportation conformity with air quality standards. In other words, projects proposed in an RTP cannot interfere with air quality goals. The RTP must also be financially constrained. That is, it must be based on reasonable expectations of available funding.

Without a federally approved RTP, an MPO cannot receive federal transportation dollars. The California Transportation Commission must allocate federal dollars to the regions through the approval every two years of a transportation improvement plan which specifies individual projects to be funded.

The list of transportation projects in an RTP typically is generated by local transportation commissions and rolled up into the regional RTP. MPOs have limited discretion over the projects that are included in the RTP, but must analyze the projects for consistency with systems needs and regional performance criteria.

MPO Boards are usually made up of local governments and the County Transportation Commissions. MPOs are the pass-through agency for federal and State funding, but have limited discretion over the use of those funds.

As State and federal funding for transportation has dwindled over the years, some local agencies have
started generating revenues through local sales tax measures, usually specified for capital projects. Revenues for operation and maintenance of the transportation system are even more limited, making it difficult for MPOs to meet performance goals to maintain the system in a state of good repair.

MAP 21, the most recent federal transportation reauthorization, requires a new performance-based approach to regional transportation planning. It authorizes MPOs to analyze alternative scenarios in the RTP. And it requires the local land use component of the RTP to be consistent with the transportation network.

Sound familiar?

The Federal Department of Transportation is currently developing new performance measures that MPOs will have to use to evaluate their RTPs. States will have then have one year to establish more specific performance targets, and ultimately MPOs will be required to establish regional performance targets consistent with the State targets. This will add another level of complexity for the next round of RTPs that are developed after 2015.

Now on the right side of the slide, we've got some points on land use planning.

In California, we know local governments, including cities and counties, have land use
decision-making authority. However, SB 375 relies on local governments to make the day-to-day land use decisions that will implement the SCS. Those land use decisions often must be preceded by the establishment of enabling land use policies and development regulations, infrastructure and service plans to accommodate more compact development, and the interest of developers who are able to secure the financing to build the projects.

Typically, the lead time required to update a general plan, establish development standards, and see a project through permit approval and occupancy can be anywhere from seven to ten years. That's longer than the time frame for updating an RTP and perhaps shorter than the time it takes to build major new transportation infrastructure. Many cities and counties do not have the resources and staffing to even begin this planning process, which really is the foundation for better land use decisions.

Local governments must be concerned with the fiscal health of the community, and decisions about land development are often influenced by forecasted revenue associated with a project. In many communities, new housing is not a revenue generator because of the high cost of providing services.

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MS. ROBERTS: The adopted SCSs demonstrate that the regions are moving away from business as usual, planning practices, and toward more sustainable planning policies. More of the region's future growth is being directed to the urbanized areas with concurrent investment in transit to provide alternative modes of transportation to these growing population centers.

In the Sacramento region, the SCS emphasizes regional in-fill opportunities and focuses transit investments in compact, mixed use areas that are capable of supporting transit service. In the Southern California region, over half of new homes and jobs will be within walking distance of transit by 2035. And in the San Diego region, the commitment to compact, transit-oriented development will enable greater protection of sensitive habitats and open space. In the Bay Area, new growth is focused in priority development areas that are served by the necessary infrastructure.

These adopted plans are also accommodating more multi-family housing as a share of the total forecasted housing development. This is consistent with the overall focus on compact transit-oriented development, but also has the benefits of providing new housing options that are demanded by a changing demographic and meeting regional housing affordability goals.
We are also seeing innovative ideas to accelerate penetration of electric vehicles into the passenger fleet, as with the Bay Area's climate policy initiatives, and new funding mechanisms are being considered, including a user-based mileage fee.

Active transportation options, including biking and walking, were strongly supported by the public during the SCS planning, and MPOs responded with policy and financial commitments to active transportation. The SCSs also increasing investment in transit, including bus, bus rapid transit, light rail, and commuter rail services. The results of these policy changes is expected to be a significant shift in travel modes by 2035.

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MS. ROBERTS: As well as changes taking place in the plans themselves, we are seeing changes in the way that MPOs are carrying out their regional planning responsibilities.

MPOs are forming new working partnerships with transit agencies and county transportation commissions. For example, the Southern California Association of Governments and L.A. Metro, the largest transit provider in the region, are jointly implementing some of the SCSs transit and active transportation strategies, including a first last mile strategic plan.
Process changes also include adoption of new RTP performance measures that reflect the public dialog about a broad set of objectives that the RTP and SCS should strive to achieve. Some examples of new measures are location efficiency, health costs avoided, water conservation, open space protection, and percent of income spent on housing and transportation and equity measure.

Changes are also taking place to the project level evaluation criteria that MPOs use for prioritizing the transportation projects that will go into their RTPs. In the San Diego region, these criteria are being revised to include things like physical activities, greenhouse gas emissions, and pedestrian bicycle mobility, among others.

Finally, the large MPOs are making financial commitments to implement their SCS strategies. Examples include dedication of funds for local sustainability projects and commitment of funding for regional bicycle programs.

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MS. ROBERTS: The eight MPOs in the San Joaquin Valley are all moving forward on schedule to adopt their first SCSs by the end of this calendar year. We can expect to see eight separate draft SCSs this spring and early summer. These MPOs have been working collaboratively on their SCS development. In 2013, they
updated their travel models to have more consistent assumptions and enhanced functionality. They worked together to develop their respective growth forecasts and are developing a single technical methodology for quantifying greenhouse gas emission reductions, which they will be sharing with us very soon.

Each of the MPOs is undertaking their own public participation process, which has included the evaluation of alternative scenarios. Some of the regions have recently selected a preferred scenario to include in their SCS.

Inter-regional travel is an important statewide issue and of particular significance for the valley. The MPOs here have retained a travel modeling consultant to investigate this issue on a valley-wide basis and to determine how it affects the outputs of their eight individual travel models.

Recognizing the limited technical resources in the valley, ARB has been providing technical assistance to these MPOs as they move forward with their SCSs.

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MS. ROBERTS: There are challenges to developing and implementing an SCS in every region, whether urban or rural, large or small.

SB 375 relies on coordination between the MPO and
local government to implement the SCS through day to day
decision making. Some of those decisions are made by the
regions in terms of developing policy guidance, providing
technical data, and allocating funding to support local
projects. At the local level, modifying land use policies
and permitting processes are essential to putting the SCS
into action.

From a resource standpoint, SB 375 has placed new
demands on the MPOs to do the modeling in support of the
SCS and to engage stakeholders and the public in an
enhanced public process. Local governments also need
assistance to update general plans and local development
standards that will facilitate new development consistent
with the SCS. Beyond planning, there is a need for
funding to build and upgrade the infrastructure. That is,
water, sewer, other utilities that are necessary to
support new land use patterns and to support new housing
and mixed use development.

Technical challenges to implementing SB 375
include the need for more robust data to support modeling
and the development of new travel and land use models.
Several MPOs are transitioning to new state-of-the-art
activity-based models and developing new land use models
to better capture the effects of land use and
transportation strategies.
In one region, the MPO is developing the first active transportation model in California. It will help quantify the benefits of biking and pedestrian projects and will help to prioritize funding for these. Scenario planning is essential to the SCS process, but scenario planning tools are still evolving with one promising tool, urban footprint, still under development and testing.

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MS. ROBERTS: The Board recognized when it established the initial targets that the State needs to support the regions in their efforts to secure funding and other resources for SB 375 implementation.

The state provides direct support for regional and local planning efforts that are consistent with SB 375's goals. The Strategic Growth Council's planning grants, funded by Prop. 84 funds, have been an important source of funding and have funded critical planning and modeling tools.

By the end of this calendar year, the SGC will have allocated somewhere in the ballpark of $70 to local governments and MPOs. Governor Brown's recent budget proposal for fiscal year 2014-15 proposes $100 million from cap and trade revenues to supplement the SGC's grant program. This funding would support a broad set of investments that implement the SCSs, including
transit-oriented development, active transportation, and related planning.

The state is also investing in major infrastructure projects like high speed rail, which will provide mobility, air quality, and economic benefits across the state. It will provide important connections between regions of the state and within regions provides support for the kind of high quality future growth that is consistent with the SCSs.

The state is also investing in the statewide model improvements, most notably Caltrans' statewide travel demand model, which will increase our understanding of inter-regional travel and help MPOs to better represent the issue in their regional models. ARB has been participating in Caltrans' Advisory Committees for an update on the statewide model, which is due to be released soon.

Finally, the state has funded several research projects over the past three years to increase our understanding of the effects of various SCS strategies. Last year, the Board approved two new research projects. You heard mention of one on displacement. But also we're looking at the potential usefulness of sound walls and vegetation barriers as a mitigation strategy for near-roadway pollution.
MS. ROBERTS: A statute spells out the requirement for ARB to update the targets every eight years consistent with each MPO's time frame for updating their RTP. Under specified circumstances, the Board may update the targets every four years. In 2010, the Board directed staff to provide an update every four years to discuss the need for setting new targets based on new information.

MS. ROBERTS: The statute mandates steps that the Board must take when updating the targets. As with initial target setting, the MPOs may recommend to the Board what their targets should be. The Board must exchange technical information with affected and expert agencies, including the MPOs, the Department of Transportation, local air districts, and local governments.

Furthermore, ARB must engage in a consultative process with public and private stakeholders prior to updating the targets.

Based on the Board's direction in 2010, ARB staff is planning to initiate a public process very soon. The first step in the process would be to lay the technical foundation for a target update and share that information.
with the public. Following that, we would engage in a
total process that includes regional workshops.

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MS. ROBERTS: To recap, the major regions of the
state have adopted their first SCSs and are now engaged in
SCS implementation, even as they move forward to develop
their second SCS.

Many other MPOs are developing their first SCSs
to coincide with their next RPT update. Staff will return
to the Board in the fall to report on the outcome of the
public process related to a target update based on your
direction.

And finally, the State continues to support the
MPOs as they implement their first SCSs.

That concludes the staff presentation. I would
just like to point out that the MPOs are here to speak and
you do have one more presentation.

CHAIRPERSON NICHOLS: Thank you. I think they
have a coordinated presentation. With the permission of
the Board, I think we'll hear from them first before we
have anymore discussion. So welcome.

(Thereupon an overhead presentation was
presented as follows.)

MR. McKEEVER: Thank you very much, Chairman
Nichols. I'm Mike McKeever, the CEO of SACOG. We do have
a brief coordinated presentation from the four largest
MPOs in the state for you. And then I know we also have
our colleagues, one from the coast and one from the
valley. So I think there's six of us that would like an
opportunity to speak briefly.

I just want to start with a couple quick
introductory observations and repeat a thank you I've
given to this Board when we've been here before. It is
unfortunately unusual in this era of acrimony in the
public sector to find organizations that are increasingly
working together better in a very healthy partnership or
helping each other to do each of our individual jobs
better through the partnership. We really have had a
great partnership with your Board and with your staff.
And that has continued to grow as we've moved from the
first round of plans into implementation. So a sincere
thank you to you for that.

I also want to say as an overview of the four
presentations that you're going to hear to begin with
that, as you know, when you launched the process of
setting the targets and the foundation for the first round
of plans, the term that you landed on the targets should
be the most ambitiously achievable, which we translate in
our private conversations as break of sweat. It's the
break a sweat doctrine to us.
Our message today is basically we did not stop sweating on adoption of our plans. We are continuing to work very ambitiously to achieve the good goals that we set out for ourselves and our plans. So with that, I want to turn this over -- we're going to go south to north.

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MR. MC KEEVER: We're going to go from south to north.

So Gary Gallegos from the San Diego region is going to begin.

CHAIRPERSON NICHOLS: That seems fitting in view of their first delivery of an SCS.

MR. GALLEGOS: Thank you. Madam Chair and members of the Board, thank you for this opportunity to come and share our progress that we're making on implementing our SCS.

Given the brief amount of time we have here, while there's a tremendous amount going on I think throughout the state, but specifically in San Diego, I'm going to focus my update on sort of three areas. First, I'd like to talk about the evolution of our land use. Secondly, I would like to share with the Board very effective environmental mitigation program that we've implemented and is working well for us. And lastly, I'd like to update the Board on a pretty aggressive and
exciting active transportation program that our Board and our region has adopted.

So first in terms of where we've been, to set the stage here. What you see here on the screen is what our land use plans looked at or looked like in 1999. With what you see there in blue is where housing would be, where people would live. What you see in purple are where jobs would be at. And what you see in green is open space. So that was sort of what we would characterize as business as usual. So now let's fast forward to what we're hearing from our local governments in terms of land use today.

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MR. GALLEGOS: And this is what the map looks like today when you look at that. And almost all of our jurisdictions have updated their general plans. I think that's one of the positive things that has come out of SB 375.

I'd like to take this opportunity to highlight the important work the County of San Diego did, because a lot of the -- our back country, a lot of the unincorporated areas in the county. And there is really two goals that we were trying to focus is how could we focus growth into the urban areas where infrastructure already exists, and secondly, how can we preserve open
space.

And the county of San Diego with the leadership of Supervisor Roberts were key in really -- as they adopted their general plan, they down zoned a lot of land in the back country. As the supervisor reminds me, this did not come with a lot of pain. This is not an easy thing for local elected officials to do.

As we were down-zoning the back country, we needed to up zone the urban area in order to demonstrate one of the requirements of SB 375 is that we could provide enough housing opportunities to house all the population that we were forecasting.

So what you see is a result in terms of where we're at today, is we've seen if we look at these two maps and try to quantify the reduction in greenhouse gas per capita, our analysis shows that from 1999 to 2013, from a land use perspective, we've seen somewhere between a 25 to 30 percent reduction in greenhouse gases per capita because of the aggressive land use planning that's been going on in San Diego for a decade or so here. So we see that as pretty significant.

The other thing I would highlight with the slide that I think is important is that 82 percent of the new growth that you see here will be multi-family homes. And if we were to back up a decade, that would be a flip
opposite of that where we would have had 80 some percent of our growth would have been single family homes and very little multi-family housing. So our region has really made the transition to really focus more of the growth in the urban areas.

In terms of our second goal in terms of preserving land that these plans preserve probably 800,000 acres that wouldn't have happened without the plans. And really at the end of the day, about half of San Diego County is preserved this open space. There's been a tremendous amount of progress that's been made and our local governments continue to do I think a pretty good job in terms of trying to make the changes to try to achieve our goals.

One last data point here on this slide. 87 percent of our new housing and almost 80 percent of our jobs under this plan will be within a half mile of a frequent transit service. So I think that's the other component in terms of trying to better connect land use and transportation and give San Diegans more options in terms of how they get from Plan A to Plan B. So that's sort of a little bit of the evolution of where we've been with our land use planning.

Next.

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MR. GALLEGOS: I'd like to highlight briefly what we consider a pretty effective environmental mitigation program that we've developed. As you can see on this map, there's around 25 different projects, totaling a little over 3300 acres that we've been able to buy and put in preservation. All that made possible through mainly our local sales tax measure where we dedicated $100 million. Got some matching funds. These are all pieces of property that will help also mitigate the transportation projects that are in our plan. And so this was a pretty important piece.

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MR. GALLEGOS: We've also through this program started a bunch of restoration where we restored about 157 acres. And one of the big things that's in front of us as we expand on our north coast corridor, we have a lot of sensitive lagoons we're going over. For the first time, those lagoons are healthy than they've been in 20 or 30 years, because this program is going to allow us to do that.

We've also worked with partners in terms of figuring out if you have these preserves, how do you manage them so they work? And so we've provided about a eleven and a half million dollars of land management grants to really assist land managers and protect species.
And in this case, even tracking how sensitive and endangered species move from one part of the preserve to the next. So a program that we think has been very successful in terms of improving our coordination, even to the point that -- who would have thought in January of 2014 that we were going to be having the red flag days in Southern California? But I know we're watching for our neighbors in Los Angeles as they fight wildfires. We're under a red flag watch as we speak today. One of the things that this program has allowed us is to better coordinate to figure out how we protect sensitive habitats and work at fire protection. That's what we've been doing with our environmental mitigation program.

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MR. GALLEGOS: Lastly, I'd like to in our brief time here just to share what we think is an exciting active transportation program. We're first -- the Board adopted for the first time a regional bike network and a regional plan for the entire region of San Diego. Then right after that, we see seeded that with some funds to really start doing the planning. And in doing that, one of the things we found is very often these bike and ped projects were getting lost because they cross one jurisdiction to another or a particular city had so many other challenges that it may not be their first priority.
One of the things that came out of this is SANDAG has taken the lead in working with our local governments to actually implement the project. So we're actually building the bike and ped projects. And to do that, the Board adopted early action program where we funded about a $200 million early action program that will build 42 projects for 77 miles of high priority projects in at least ten years. In things work well, we'll do better than ten years, since we're working to actively pursue implementing many of those 42 projects.

And then lastly, our program also looks at bringing the safety routes to school and our safe routes to transit program and coordinating that or bringing it into an active transportation system.

So Madam Chair and Board members, that's a little bit of the progress that we've been making in San Diego. Not that we're without challenges. There's still a lot of challenges to get all this stuff done. But this kind of highlights at least three areas where we've seen we believe significant progress.

Thank you.

And now I'm going to pass the baton over to my friend and neighbor Hasan Ikhrata at SCAG.

MR. IKHRATA: Thank you, Gary.

Madam Chair, Board members, thank you for
allowing us to speak in front of you. I want to extend my thanks to you and to your staff for great collaboration.

I also want to thank you for making sure that I'm much closer to my three brothers, the MPOs, much more than 375 air. And this is -- joking aside this is an important thing when MPOs are representing 80 percent of the population and coordinating important issues.

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MR. IKHRATA: I'm happy to report to you the progress in what happened in the last plan is actually beyond what I thought we will be today speaking to you. When we did the plan, we definitely did not have land use authorities. They were local.

But I'm also to add to what Gary said, most of our cities are adopting their general plans and reflecting the ideas that need to be reflected. Out of $500 billion investment in the plan over the next 25 years, only 13 percent were allocated to highways; 50 percent of the growth is in the (inaudible) area. Like in San Diego, we went from 70 percent single family to 30 percent multi-family to actually 30 percent/70 percent reversing it in the next few. And people say, well, that's a forecast. Well, yeah, but if you take the last few years, you would see that and even more so.

I want to recognize Director Judy Mitchell who
sits on the SCAG Board and hears these things. But I want
you to know when it comes to new investment in active
transportation, transit expansion, Los Angeles passed the
Measure R sales tax, 30 billion dollars out of 40 billion
in the next two years will be invested in transit.

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MR. IKHRATA: We started at SCAG a program called
the Sustainability Program a few years back. This time,
after the adoption of the plan, we actually had half a
million dollars allocated to this program. Ask for the
project from the city. Received 73 projects for $11
million, $10.4 million. We are committing to funding all
of it, because we think that this cities who want to do
when we said we're going to do with the plan.

As your staff Terry mentioned, we have two MOUs
with the County Transportation Commission and we're
working with the others. The transit expansion of key
projects has been completed. Other projects are under
construction. We were brave enough to talk about
transportation finance, even through the political reality
is nobody want to talk about it. We did say that starting
in 2025, we should have a user based vehicle miles
tavel. We hope that we look at that seriously in the
state and other western states who have demonstration
projects because financing is important.
MR. IKHRATA: It is fair to say that the progress has been tremendous. I think we need to feed it. I believe that all kind of changes is happening here to the researchers from around the United States, that even these monsters they call the minions are having different travel behavior, we need to prepare for them.

We are at SCAG working very closely with our County Transportation Commissions and cities to do performance monitoring of our SCSs to look at our transit and how we can get out of it.

And keep in mind that not everyone is going to be living in high rise and not everyone is going to probably stop driving. But we know that everyone can reduce their travel and we though that everyone should have the option of taking other modes of transportation. I think the plan is leading that way.

And now, I'll be happy to turn it to my favorite MPO in the state --

CHAIRPERSON NICHOLS: Oh, we have favorites now.

MR. HEMINGER: Good morning, Madam Chair and members of the Board.

I clearly didn't get the memo about the blue pin striped suits. I apologize to the Board for my shabby appearance. I was gratified to see though on the prior --
BOARD MEMBER GIOIA: Just a Bay Area thing, Steve.

MR. HEMINGER: When I go home, I do breathe cleaner air than my well-healed friends here. We're all here I think with the same --

MR. HEMINGER: -- message for you. And that is that what we really need now is a partnership in implementing the plans we've adopted. The way I would look at it, we need to grow some roots on these plans. And now is not the time to pick up a tree and move it to somewhere else in the garden. And the implementation challenge on these plans is considerable, not only financially, but legally as well.

In some cases and in the case of San Diego which has one lawsuit, we have four, we've got the defend the plan. That's what we're doing now and spending a lot of time and a lot of money on. But the implementation challenge is also significant financially. And because of the general constraint that we all face, that change is tough. And Mike is right, we've broken a sweat. We've also broken some eggs. We think that's for the good of the cause.

This slide just shows the similarity that all four of our plans have. They are all focusing growth.
That's what we call it in the Bay Area. As your staff indicated, we have things called priority development areas. And I think the important thing about our approach here, the numbers are similar in terms of concentrating most of the job and housing growth in these areas is that we did not, as regional government, show up to the local officials and say we're from the MPO and we're here to help you. We asked them a question. And the question was where would you like to grow. Just like San Diego, the answer they gave back to us was the answer you wanted to hear, which is they wanted to grow smarter. They wanted to grow in places that had good infrastructure. The answer they gave back to us was the core and the spine of the PDAs that we eventually adopted.

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MR. HEMINGER: Let me talk about two implementation activities in particular. And these are recent and ongoing. This one was just in December.

We adopted a new program in light of the very significant capital shortfall that our plan forecasted. This is something, again, that's similar with the plans. We don't have enough money to take care of all the stuff we've built and all the stuff we're trying to operate, must less expand to cope with growth. That's one of the big implementation challenges we have.
So in light, especially of the shortfall we in the Bay Area of transit capital needs for rehabilitating and replacing those systems, the Commission adopted a nearly $8 billion program to replace and expand the fleets for four of our major systems. That means nearly a thousand new BART cars that are already on order. It means hundreds of muni vehicles, buses and rail cars and in San Francisco. Quite awe few buses in the East Bay as well as in the South Bay as well.

So a very significant vote in favor of taking care of that core infrastructure, which of course is critical to our land use strategy. If we can't make sure the BART trains and the muni trains are on time, we're going to have a harder time enticing them to living in those communities and talking them into using those system as a way to get around.

Now in that nearly $8 billion program, we are counting on some cap and trade money. That's one thing you can clearly help us deliver. But what I will tell you is we are counting on about ten percent of that cost to be covered by cap and trade revenue. So one message we'd like to give you and to give the state is if you are willing to invest in these plans, you are going to get incredible leverage from us, in our case both federal funds and bridge toll funds, to make your money go that
much further.

The other thing I wanted to touch on is something I think I mentioned to you before, our one Bay Area grant program or OBAG. And this is the program that we have created. It's about 200 million a year. We hope to grow that. But that's a pretty good sum of money the start with, that we are using to really reach back to those local governments who told us this is where we'd like to grow. This is where we'd like to grow higher. We'd like to reward that kind of behavior. And the OBAG program has gone through a first round of funding. It has been very successful in terms of the partnership that I think we have strengthened with local government.

But it's not just money flowing from us to them. We also had a couple of conditions to get this money. And I think that has produced a really remarkable result. The OBAG program requires that for a jurisdiction to receive the, funds it has to have a state-certified housing element. In the Bay Area, we've got 110 local jurisdictions. We used to be in the '80s in terms of how many certified housing elements we have. We're at 109 now. And the 110th is at the Housing and Community Development Department we hope getting approved soon. That is a sea change in terms of compliance with the state law and in terms of getting everybody on board pulling in
the same direction. I know that in the other areas that are part of this presentation similar strides are being made.

The last point I want to make here is that OBAG also requires as a condition of receiving the incentive funds that each local jurisdiction receiving them adopt a complete streets policy, which means when you're out there resurfacing your roads, you're making accommodations for pedestrians and bicycles, bike use in the Bay Area, especially, and San Francisco has just exploded. It's another place where I think we are really swimming with the current in the stream. And not only is there a greater and greater market demand for the kind of development that I think we all want to see, but there are also very significant demands and I think a lot of it has to do with generational change for the kinds of mobility options that people want to see.

So I thank you again for your partnership with us in getting through the plan adoption. We really seek to extend and deepen that partnership on implementation. And I think one of the blue suits is coming up now to finish.

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MR. MC KEEVER: A couple of words on progress in SACOG region and closing comments.

Chair Nichols, we are happy to stay as you
requested until all the testimony if you want to have a conversation.

The plan at SACOG was adopted in the spring of 2012. The headline was "Doing More with Less." We had less money to spend than in our prior plan. We had less population and growth projected in our prior plan. You can imagine technically and politically that's a tough lift to do a plan where you're actually pulling things back from where you've already been.

The performance in this plan exceeded any of our prior plans. Most importantly, we were able to show reductions in per capital VMT and greenhouse gas emissions, including exceeding the target that you gave us in 2020 and meeting our target in 2035 and at the same time be able to show per capita reductions in heavy congestion. People who know the details of integrated land use transportation planning, that's difficult to achieve to make those three numbers move in the same direction, the good direction at the same time.

We've been working on this integrated planning hard for a decade, and providing reasonable transit services in this region is very, very challenging. We finally have found a plan that if we can implement it on both the land use side and the transportation side, we can look ourselves in the mirror and say we'll have a serious
transit system in this region that is a true viable choice for the broad spectrum of the population.

Your staff in their comments about our plan to you when we were before you before its adoption were kind to give a particular shout out to our rural connection strategy. That's been a great program that continues to gather steam, both within our region and around the state. Just a couple of months ago in the annual economic summit in Los Angeles this area, there was a statewide action to take that program statewide. So we're delighted to be working with our colleagues around the state on that.

And then finally, we committed, the Board did, to a particularly ambitious research program. This is in part from good pressure we had from a diversity of stakeholders during the process to push us to make our plan even better. In many cases, we had to say we just can't get all the way we'd like to in this round. But we're a continuous learning organization in our mindset. So we're going to be doing a lot of additional research and analysis.

So implementation highlights, the plan itself moved the needle on the funding more aggressively towards a state of good repair or fix it first mentality and priority then we've had in the past. And the actions that the Board has taken to program funds both after the plan
was adopted and even while it was being -- the final stages of it were being put together are really consistent with that commitment. We see sharp up ticks in our active transportation funding and in our transit and road maintenance funding.

We have a full on program still going on the research and data side. We've been working with our colleagues to implement an open course planning tool, urban footprint, which the state largely paid to create. The peakest model will help us -- and our colleagues are implementing this as well as to more accurately assess the economic impacts and the cross impacts of physical planning and the economy.

We have funding and active progress on expanding our ability to measure social equity impacts of our actions and public health impacts. And we have a particular project being led actually by a Board member of one of our suburban communities really looking at the unique challenges of our existing suburban areas. The suburbanization of poverty, things like that. Those are the things that we're working 24/7 on right now.

We also are part of a regional consortium starting to develop a climate adaptation plan for the region. And as all of my colleagues have mentioned, we, too, of course, are dealing with the challenges not just
in this region slow, agonizingly slow increase in the
economy, but the loss of key funds, especially for
redevelopment in the coming slowing of funds on the
transportation side.

People, I think it's important to just pause for
a moment. It's easy to say those words and then just sort
of move on. Okay. We acknowledge those challenges, but
what else can you do. These financial challenges are
really excruciating. We're not just saying those words.
We are sweating and sweating blood over these financial
issues and trying to make sure that we can actually make
good on the land use forecasts in particular that we were
able to make in our plan. And they are at risk. It's not
a self-implementing plan. We are going to have to recover
some lost ground in order to be able to successfully
deliver the benefits to our residents and to the state
from our -- from the good plan that the Board adopted.

So looking ahead to the next plan, we, too, as
Gary are well on our way, given the way our calendar
works, to doing this. Just last month, the 31 member
SACOG Board unanimously adopted a policy framework o
instruct the staff what to pay attention to in this plan
update. And over the umbrella was implement, implement,
implement. We have a good plan. We don't need to go back
and revisit some of the primary assumptions or fundamental
principles and figure out how to get this good plan implemented.

There is surprisingly broad interest across my 31 bosses in this fix-it first notion. And this it remains to be seen how deep this interest goes as we figure out exactly what this means. But I have Board members across the political spectrum putting the question to the staff, tell me why given how depleted we are in our ability to maintain our current system we're investing any money in capacity to expand that system. That fundamental policy imperative is on the table, not coming from the staff but led from the Board.

And then this last bullet is maybe on its face not too exciting, but is potentially a big deal, which is not just look at what the in-state in our region is projected to be in 2035, but how we get from here to there. And this is a simplification and probably it's going to get me in trouble. But the easiest way to explain this in the growth side is the difference between on one extreme growing from the inside out and on the other extreme growing from the outside in. You might end up in the exact same place in 2035, but the impacts that you create getting there could be significantly different. That's obviously true on the air quality side.

It's especially true on the greenhouse gas side
where the pollutants tend to stick around for centuries. But potentially also to this road maintenance issue, that if we add a lot of capacity to support growth on the edge and then gradually back-fill in the infill, we may be taking on more -- expanding our road maintenance deficit at the front end of the plan instead of starting to draw that deficit down. We are going to be looking at all those issues. That's going to keep us very busy and entertained over the next two to two and a half years.

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MR. MC KEEVER: Just as a close for the four of our messages to you, I don't think I need to speak any more about the redevelopment, the loss of redevelopment issue. We've got to find some tools to put back in place to recover some of that lost ground. Same on the transportation funding. The cap and trade funds, as the fuels part of that kick in 2015 in particular, are going to be really vital the us. The partnership we have with the state in terms of assuring that if the money does flow in greater quantities that the regions are actively involved and we make sure that money is being spent to implement these good plans.

On the planning and modeling, I think we're all saying don't -- even though we've made a lot of progress, don't get the message that we've won that battle. There
is still a lot of work to do in increasing the analytical
tools and providing support for our members in particular
to do the planning.

In close, I want to make this proposal to you.
And this comes from the four of us, although I do have
reason to hope that with a few more days this would end up
being a combined request to you from the MPOs throughout
the state. But just to be clear from now, it's from my
four co-conspirators here.

We would like to propose that under the statutory
requirement that you must revisit these targets every
eight years, that we start the process with you looking at
what the targets at the eighth year from inception should
be soon. And sooner than is required under the minimums
that are set in the statute. I think the presentation
that you heard from your staff which articulated all of
the parts that must be rowing in the same direction in
order to continue to keep the nose of this ship going in a
different direction, in order for that to happen from both
a technical analysis standpoint and from a political
coalescing standpoint takes time. And so we've done
really well with you thinking carefully about what the
first round of targets ought to be. And we would like to
start that process. I don't have a date to propose to
you. But we're ready to start and talk to you about what
that next round would look like under your statutory requirement to revisit those in eight years.

CHAIRPERSON NICHOLS: Great. That means you've enjoyed spending time with our staff so much you want to keep on doing it.

Just in terms of people's plans for timing, let's finish off with the MPO presentations. And then for the stake of the Board and others, I think maybe we should take a ten minute break. Our plan today is not to take a lunch break, but to go from this item to the freight strategy item and then wind up the day. So if nobody objects, that will be how we'll do it. Go ahead.

MR. IMHOF: Thank you, Chair. Peter Imhof from the Santa Barbara County Association of Governments. You're going to hear some of the same themes from me. I'd like to begin by thanking and acknowledging ARB staff, Lynn Terry, Terri Roberts, John Taylor, Dennis Wade, and many others who work with us throughout the process. We could not have done it without them. It was a very positive and constructive working relationship.

I'd also like to thank the Strategic Growth Council, without whose dedicated funding of our process through a cycle of several Prop. 84 grants we also could not have done this work.

As it happened, the Regional Transportation Plan
and Sustainable Communities Strategy that the SBCAG Board adopted in August and that your Board accepted in November went beyond the targets that were originally set in 2010, which were zero emission targets. And if implemented, our plan would achieve a ten and a half percent per capita reduction in emissions by 2020 and a greater than 15 percent reduction in per capita emissions by 2035. So at least on paper and at least in our modeling environment, our plan certainly embraces SB 375 and embraces the State's goals of reducing greenhouse gas emissions. The challenge for us is similar to that of the other MPOs. The challenge is making that plan real, putting it into reality on the ground, implementing that plan.

Our challenge, as a region, we're a small region. We represent about one percent of the State's population. We grow slowly, so there isn't exactly opportunity for dramatic change. However, we are working closely with our local government members and doing what we can to set the table for future development. Our plan would focus new growth over the next 30 years into existing urban areas along transit corridors. It would achieve essentially 100 percent of new growth within those urban areas and then we would strategically invest in transportation improvements to support that growth pattern.

So just to give you a couple of concrete examples
of that things we're working on first on the
transportation side on our South Coast corridor, really, a
suite of integrated projects on the U.S. 101 corridor, we
have a new high occupancy vehicle lane under construction
now that would be paired with commuter rail from Ventura
to Santa Barbara, expanded peak hour express bus service
along the same route, and transportation demand management
in the form of employer/employee incentives and a
carpooling lane ride share program to supplement that. We
are working on a park and ride plan, a regional bike plan,
and a north county transit plan, which would all implement
the vision that's laid out in our regional transportation
plan and sustainable community strategy.

On the land use side, we are working closely, as
I mentioned, with our local governments to assure that
their housing element updates and general plan updates do
reflect the sustainable community strategy, acknowledging
and at the same time recognizing their land use autonomy,
but there has been measurable progress there as well.
Some plans that have already crossed the finish line and
some that are still in process.

Just some examples. The city of Santa Barbara
has adopted a new general plan that embraces smart growth
principles. City of Goleta has an old plan, general plan,
that similarly would concentrate growth within urban
areas. The county, through the Ivy Master Plan and the Eastern Community Plan and not least U.C. Santa Barbara, whose long-range development plan would provide several thousand units of new housing next to what is the largest employer in the county. In the north county, north county jurisdiction, city of Santa Maria, city of Lompoc would be looking for ways to attract new business and economic development to provide high quality, high paying jobs so that residents of those communities do not need to make the long track and daily commute to the South Coast or the San Luis Obispo in the north.

Just a kind of small picture into what we're doing now. Like the other MPOs, we need time and resources to make this real now. This is very new for all of us. We're excited to see what the future brings on the path we're on. Thank you.

MS. KING: Thank you. Good morning, Chair Nichols, members of the Board. Very pleased to thank you for the opportunity to speak to you today.

My name is Terri King. I'm the Chair of the San Joaquin Valley Regional Planning Agency's Director's Committee. This is a Committee consisting of the eight valley MPO directors, which includes San Joaquin, Stanislaus, Merced, Madera, Fresno, Tulare, Kings, and Kern. So they're all represented here. Most of them are
represented here today. We're a very diverse group.

In addition to our report, we'd also like to thank the Strategic Growth Council for the funding they provided to be used to update the San Joaquin Valley models, which has allowed us to produce better and more justifiable results than ever. And we continue to make those modeling improvements as funding becomes available.

We are currently in the process of developing our RTPs and SCSs and anticipate adoption of final documents in the summer of this year. We have been successful in coordination of the planning efforts and transportation modeling, air quality, greenhouse gas technical methodology, and SB 375. And we will continue this trend into the future.

Once the RTPs and SCSs are complete, the eight San Joaquin Valley MPO will shift their focus to implementation of the projects and strategies included in those documents. Because implementation of the strategies is where the actual reduction of greenhouse gas occurs. Emission occurs. And we review implementation as very important to the success of our regions, as well as to SB 375 and AB 32.

Strategies anticipated to be included in individual MPO SCSs include, but are not limited to, increased land use densities, increased future
availability of higher density housing such as town homes in the appropriate urban areas, increased bus service such as bus rapid transit, increased opportunities for van pooling and carpooling, such as the coordinate programs such as Cal Vans and Commute Connection, as well as increased funding for active transportation projects such as bike lanes and federal projects.

We have followed the RTP and SCS preparation review processes for those NPOs that have gone before us, and we have all placed a strong emphasis on civic engagement in our SCS development process.

Lastly, we look forward to working with you as you review our individual SCSs, and we like to thank you and your staff for your continued support and assistance in SB 375 planning process.

CHAIRPERSON NICHOLS: Thank you. Okay. I think at this point we will take a break. Can we be back here at noon to resume?

(Whereupon a recess was taken.)

CHAIRPERSON NICHOLS: The list of speakers is up on the board. The Board is ready to get moving here. We know we have some people in the audience as well as on the Board who have to catch trains or airplanes. So we will be imposing a three-minute time limit on the speakers and we'll be enforcing it.
We finished with the MPO presentations, and I'm looking for Mike McCoy because he was the next to be signed up to speak. If Mike's not here, I'll pass him for the moment and go to Autumn Bernstein.

MS. BERNSTEIN: Good afternoon, Madam Chair, members of the Board. My name is Autumn Bernstein. I'm the Director of Climate Plan, a statewide network of organizations working to implement SB 375.

Yesterday, we submitted a letter signed by 22 organizations ranging from NRDC to TCCRG. If you're not familiar with the later, that's Tulare County Citizens for Responsible Growth.

Collectively, our organizations big and small have been working across California for the last five years to ensure successful implementation of SB 375. And it was really rewarding to listen to the presentations from the MPOs just to review all the incredible work that has happened over the last five years. And we really applaud the efforts of communities, MPOs, and ARB to make all those successes happen.

2014 is a critical year for SB 375 in two important ways. First, this is your first opportunity to revisit both the progress of SB 375 to date and make any needed adjustments to the regional GHG targets and to the methodology used both to develop the targets and to ensure
that the targets are being met with real action.

We learned a lot in the last four years and we were very pleased to see staff's recommendation that we should include this in your priorities for 2014 to make sure we are at least putting all the information on the table and having a conversation about what, if any, changes need to take place.

It's not just about the targets though. There are also methodological questions that have come up. For example, what should we do when inter-regional car trips, which in some regions are as much as 30 percent of the total trips in the region, are not adequately being accounted for in our travel models. What should we do when the economic slowdown is a key factor in meeting the targets. These are key questions that need to be answered and now is a good time to do that.

With that in mind, we recommend reconvening the Regional Targets Advisory Committee, or RTAC, which was a really effective body of diverse experts in the field. We don't think they need to come together or a full 18 months perhaps this time, but maybe a couple meetings to update the guidance and get their input on these important issues.

And then the second reason this is a critical year for SB 375 is, of course, the San Joaquin Valley.
There is a number of folks here from the valley that are going to speak to the key challenges they see.

Quickly, I want to say it's really critical your oversight role in making sure that every county in the valley is taking ambitious action and we really understand how target achievement is happening. There's been some concerning modeling results coming out of some of the MPOs in the Valley. We know they're working hard to understand where the results are coming from. We want to make sure that ARB is highly engaged in that process through the conclusion.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Mike, sorry I passed you by. But nice things were said about you.

MR. MC COY: Thank you very much, Madam Chair and members for giving me an opportunity to speak to you for a moment.

Unlike Mike McKeever as Executive Director of the Strategic Growth Council, I only have nine bosses. I have it easy, I guess, compared to Mike.

I wanted to preface my remarks by thanking you all for your leadership, which truly now is global leadership in the area of climate mate. It has brought I think California enormous respect around the world. And
you have done an amazing job. So thank you for that.

I'm also grateful for the opportunity to coordinate, align, and leverage the actions of nine state agencies and departments in the Governor's proposed Sustainable Community Implementation Plan Program, which is in the currently released budget. We're excited about the opportunity to build upon the previously sponsored planning that the Strategic Growth Council led throughout the state in terms of supporting the planning of the SCSs, the model development and many, many local plans.

And we want to continue this and build upon that history to actually bring these plans to fruition to start seeing real on-the-ground achievements. We know that having looked at all the sustainable community strategies, there are literally over a thousand opportunities for transit priority areas or priority development areas, as Steve Heminger called them, throughout the state of California and at least 100 of those currently have specific plans on them and are ready to go.

So we'd really like to work with the MPOs and with the nine state agencies that can leverage the funding that's in the Governor's budget for this process to join with the MPOs and leverage their funding and see how many of these 100 plus project-ready programs we can bring to fruition. So it's a very exciting time for us. And we
look forward to that and we look forward to working with
the Board in that program.

Thank you.

CHAIRPERSON NICHOLS: Thanks for coming to join
us. Question.

BOARD MEMBER GIOIA: I just had one question.

Clearly, the $100 million in the Governor's
proposed budget to the Strategic Growth Council to help
implement SCS is not a lot of money. And you talked about
leverage. Any preliminary thoughts given that this is
going to go through the legislative process? Any thoughts
about how you see the Strategic Growth Council working
with the MPOs? Folks are going to want to understand this
and to look at alternatives.

MR. MC COY: This has certainly been a question
that we have discussed together with the MPOs for many
months.

I think that what we're trying to do is blend
existing granting programs in nine agencies and
departments which do have control over at least ten of
millions of more dollars and to bring to bear their
expertise and their understanding of the state's goals,
bring that funding and that expertise together with the
MPOs very clear vision of what the most ready pressing and
able investments are in a region in a manner that respects
their knowledge, their local knowledge, but also respects the State's priorities and existing granting programs. I think we have a lot of details to work out and we're anxious to begin that process immediately.

BOARD MEMBER GIOIA: Thank you.

CHAIRPERSON NICHOLS: Okay. Garlynn Woodsong.

MR. WOODSONG: Well, hello. Thank you for the opportunity to address you on this very important issue. SB 375 has been a transformative event in the history of planning in the state of California.

I'm Garlynn Woodsong with Calthorpe Associates. As we work with the top MPOs in the state to deploy urban footprint, we have also been using our other model, Rapid Fire, in the San Joaquin Valley to provide a second opinion on some of the planning efforts that are happening there.

And I just want to raise a slight issue in the San Joaquin Valley, which is that this issue of inter-regional travel is very important. And it can make the difference between meeting targets or not meeting targets in the San Joaquin Valley. That is to say that the intent of SB 375 is to tie land use and transportation planning of transportation plans, as you saw, from the big four MPOs that focus their development patterns around transit and buttress those investments with active
transportation investments. That is the sort of planning that you would expect to see to achieve targets under the SB 375 regime.

However, in the San Joaquin Valley, we are seeing plans which are labeled as the business as usual plans achieve targets. And this is being attributed largely to issues such as inter-regional travel and reduced employment forecasts from the peak employment year of 2005, among other issues.

So I just want to raise this issue, not because I don't think the San Joaquin Valley isn't doing excellent work. They are. The San Joaquin Valley is doing a sort of planning that I think previously was not seen in the San Joaquin Valley. It's a transformative moment for planning in the San Joaquin Valley. All of the agencies that are implementing SB 375 in the valley are really doing a phenomenal job of operating underneath this new planning paradigm. But there are some substantial technical issues that we all would like to have some answers to. And at this point in time, I don't think that we have a plain English narrative to help us understand what those answers may be. So I would just like to raise that issue. Because we would deeply appreciate your assistance and guidance in trying to get to the bottom of these story lines. Thank you very much.
CHAIRPERSON NICHOLS: Thank you.

Katelyn.

MS. ROEDNER: Good morning. I'm Katelyn Roedner, the Environmental Justice Program Director for Catholic Charities and the Diocese of Stockton.

The Diocese has convened two coalitions, one in San Joaquin County, one in Stanislaus County around the Sustainable Communities Strategy. We've taken it as an opportunity to share our concerns specifically for the poor and vulnerable populations within our counties and throughout Central Valley. These coalitions consist of business leaders, opportunity leaders, public health advocates, education advocates. We have a widespread and diverse coalitions in these counties.

The good news is we've had great success working with the COG staff and COG boards in these counties. They've been very receptive to our input and ideas, and we are seeing really encouraging progress in the plans being made.

They're taking this planning very, very seriously and they are going to be releasing their plans in February. And we are very optimistic to see the plans that they are going to bring forward. And we're excited to see what progress that we've been making.

And I'm hear to say today that we have to keep
this progress going. The coalitions would really like this Board to consider updating the targets in 2014. We need to keep pushing San Joaquin Valley in the right direction. We're making good progress, but we need more encouragement. We need to revisit these targets.

At the same time as we consider revisiting these targets, we need to know that the models that are being used are useful and accurate. Garlynn talked about this, but we really need to make sure that what we're basing our plans on is something that is accurate and achievable.

The last thing that I'd like to point out is our coalitions would really love to see all counties in the valley held to these standards and to be encouraged to meet the targets through ambitious action. We are all breathing this air. And just because, you know, some counties are achieving higher, some counties achieving not quite so high, it's all the same air. The people who are effected by it most are the people without the political clout to be here today and talk to you about it.

So I really encourage you for the citizens everywhere in Central Valley that we hold all counties, all COGs to be high standards, and we consider revisiting them to continue to prove our air quality.

So thank you very much for your time.

CHAIRPERSON NICHOLS: Thank you.
MR. BARRETT: Good afternoon. I'm Will Barrett with the American Lung Association of California. I'm also here speaking on behalf of our Health Professionals for Clean Air Network. We're very happy with the overall success of the regional planning efforts under 375 so far. We do applaud the work of the MPOs and ARB staff that's gone on so far and the openness to input from the public health community. A lot of the plans have adopted public health goals for the first time or included public health indicators for explaining how health is impacted in the planning process.

The public health community generally views the ongoing success of SB 375 as critical to expanding healthier low carbon transportation opportunities, cleaner air, and reducing chronic diseases like heart disease, diabetes, cancers, and others that are effecting millions of Californians. We are very strongly in support of strong implementation of SB 375.

We submitted a letter along with about two dozen health and medical organizations, including statewide health groups, local asthma coalitions in the San Joaquin Valley and around the state, physicians and ethnic health organizations and environmental health officers with some of the recommendations we have just for today's discussion.
Our health organizations strongly support the review of SB 375 targets in 2014 as discussed in the presentation this morning. Given that all the plans so far put forward plan to meet or exceed the targets, either the 2020, 2035 or both targets, we think that a thorough review is important to ensure that all these targets really are ambitious and do as much as possible to support the goals of the Scoping Plan.

We also think this is especially important given that some of the targets were initially adopted as placeholders. We had targets that were zero percent decreases in emissions. And we actually had one target that was an increase in per capita greenhouse gases.

We think a review of these targets is really critical to strengthening SB 375. As some of the other folks spoke about, we also recommend that the Board continue to work closely to support San Joaquin Valley Counties in meeting the targets, making sure that all do everything they can to meet the targets. And to fully understand some of the high numbers coming out of some of the models that are coming forward. In their initial plan, some of the models as discussed in the plan that they aren't taking a process to review and understand how these models are producing such high numbers. We think that's really important given that even under these
business as usual scenarios, we're far exceeding the five and ten percent targets in some places, even 20 percent or more in some places. We find it isn't an important thing to focus on.

We also want to encourage the ARB to work closely with the Strategic Growth Council to ensure that the cap and trade auction proceeds are expended as quickly as possible to support healthier planning and projects. And we want to support to the extent possible new resources coming forward to help that along. We also want to make sure ARB takes a role in the development of the health module for the urban footprint model under the Strategic Growth Council.

CHAIRPERSON NICHOLS: Time is up.
MR. BARRETT: Thank you very much.
CHAIRPERSON NICHOLS: Great.
Catherine Lyons.
MS. LYONS: Good afternoon. Catherine Lyons from the Bay Area Council.

The Council has been a very strong supporter of SB 375 and its very laudable goals. And we've also been really active in the RTAC and the development of the Bay Area's Sustainable Community Strategy over the past few years.

While we are proponents of smart growth patterns
and transit-oriented development, we harbor a few concerns
about the feasibility of land use plans that calls for
almost 80 percent of new housing in infill areas that are
notoriously hard to develop, especially with the lack of
tools such as redevelopment these days.

As we implement these strategies and prepare for
the next iteration of these strategies, we urge every MPO
to closely track the development of these areas slated for
growth and address market feasibility issues as they may
arise.

While we are certainly concerned with greenhouse
gas reductions, in this area of housing affordability
crisis, particularly in the Bay Area, we also want to be
sure that we can build the appropriate number of units
throughout the region to meet the demand that is so high
and probably will continue to be.

So we hope that our plans will reflect and
support that goal. And thank you very much for the time
and consideration and for these interesting updates today.
Thank you.

CHAIRPERSON NICHOLS: Do you have any evidence
that there is a problem with developers not being able to
build the type of housing that's called for?

MS. LYONS: Yes. So we represent several
developers in the Bay Area region specifically, and the
feedback that we have gotten throughout the process is
just that -- and no fault of the MPO specifically, but
just because of the level of regulations unfortunately
with CEQA as well, infill areas are extremely hard to
develop in and often cost much, much more than it does,
you know, to unfortunately build in suburban areas. And
so because of that, it's become very hard and usually
very, very lengthy processes in order to get such projects
developed.

Of course we'd love to see more of them. But
that will take both new financing mechanisms I think as
the representative from SACOG said today, and that's
certainly become a huge issue for our developer members in
terms of figuring out the financing particularly for
workforce and affordable housing, and then also just the
infrastructure that's needed for these types of infill
projects. So we'd like to work with you all to make that
more possible.

CHAIRPERSON NICHOLS: Sure. Well, I mean to the
extent that the plans are unrealistic, then there is a
problem without a doubt. To the extent the plans are a
challenge and push us to do things to make them capable of
being implemented, then that's what we want. I'm not
quite sure which of those things is what you're saying.

MS. LYONS: We certainly agree with the goals of
the plan. And I think we just want to make sure that we're building the appropriate number of housing units and that just because it is so difficult to build in these areas that we're not -- that that the unfortunate outcome is not that we just don't build enough housing.

CHAIRPERSON NICHOLS: Okay. Thank you.

MS. LYON: That's our concern, but we will continue to work with MPOs to address that.

BOARD MEMBER GIOIA: If I can note, there is litigation in the Bay Area on this issue, and there are settling discussions ongoing.

I do think there was a difference of opinion clearly when the Association of Bay Area of Governments and the Metropolitan Transportation Commission adopted the plan -- I serve on ABAG, there was a belief that those are all reachable goals. There is litigation and there's settlement discussions. And hopefully the litigation will get settled so that issue will go away.

CHAIRPERSON NICHOLS: Thanks for that explanation.

Amanda.

MS. EAKEN: Good afternoon, Amanda Eaken, NRDC.

I do want to thank you and your staff as well as all of the MPO staff and Board members for your commitment to a successful implementation of SB 375. And I also want
to point that I echo Mike McCoy's comments that your
leadership here has global ramifications. I've just
learned of a program to bring some form of SB 375 to India
for the first time. So that's -- there really are broad
implications of this work.

I find myself in the interesting position of not
having to convince you of the two points I came to
convince you of because it seems you're on board, so I
want to lend NRDC's strong support to some of the staff
recommendations.

First, we support a very detailed review of the
technical methodology that's being used in the San Joaquin
Valley to achieve the targets. We're seeing some puzzling
results that we feel we should get to the bottom of.

We want to get an accurate assessment of what the
scenarios will yield when we get strong outcome. ARB is
given this critical role of reviewing the technical
methodology, so we're pleased to see that will happen and
you will engage a consultant to look at the inter-regional
travel issues.

Second, we support your recommendation to update
the greenhouse gas targets in 2014, of course, in close
partnership with the MPOs and stakeholders. We all read
the same reports that we are not on track to meeting our
2050 goals.
We've also seen some of the MPOs exceed their targets. And really, the world has changed a bit even since we set the first targets. We have new mobility solutions available to us we didn't have when you first set the targets. We have new technologies coming on line that can help us to achieve the goes. We feel we owe it to ourselves and all those watching to demonstrate what can be achieved through the program.

We do support our MPO colleges' requests from a strong support from the state in the form of redevelopment and cap and trade funding to implement some of the excellent work that's been done to date and you heard about this morning.

NRDC remains a steadfast partner in this effort, and we join you in celebrating the success of this program to date. Thank you.

MR. MAGAVERN: Madam Chair and Board members, I'm Bill Magavern with the Coalition for Clean Air.

As you heard from a number of speakers, ARB has an important oversight role to play in the implementation of SB 375. And we, too, urge you to update the targets. For someone of my age, the meeting when you set the target seems like it was just yesterday. But it turned out it was back in 2010 and really a lot has changed since then. And you know, eight years is far too long to go,
especially since 2010 was the first time the targets had ever been set. So we definitely agree with the recommendation that they should be updated.

And also that ARB should continue to closely supervise the technical guidance that's given. We are very active in the San Joaquin Valley. As many of you know, have been for many years through our Fresno office. As you heard this morning, although we've made a lot of progress, we collectively over the years in cleaning up the air in the San Joaquin Valley, we still have quite a challenge to come into attainment and assure people there of breathing healthy air.

This SB 375 is clearly one of the processes where we need to make a lot of progress in order to meet both our air quality and greenhouse gas goals. And we think it's important that every county in the valley have an ambitious target and meet it through methodology that is very closely scrutinized and meets the highest possible standards.

If counties are showing they can meet their targets through business as usual, then they're not meeting the test that Mike McKeever laid out of having to break a sweat. We know the point of SB 375 is to make changes happen in land use, not to just continue with business as usual. So we are very concerned when we see
that modeling that makes it look like we can just go on
business as usual and that would meet the SB 375 targets.

A couple areas that are not directly within ARB's
jurisdiction, but I'll address for context, first of all,
we support the Governor's proposal for funding sustainable
communities with cap and trade auction proceeds. In fact,
we think we could probably usefully spend more than $100
million. And we think the bulk of that funding should go
to the most disadvantaged communities.

And secondly, we all I think know that it's very
important that after these plans are made that local
bodies actually implement these plans. And that's quite a
challenge because it's under local jurisdiction and those
are all their own bodies. But right now in Fresno, we're
struggling just to maintain a commitment to bus rapid
transit that was already made and we think is essential to
meeting the transportation needs of that area. Thank you
very much.

CHAIRPERSON NICHOLS: Thank you.

Stuart.

MR. COHEN: Good afternoon, Madam Chair and Board
members. My name is Stuart Cohen. I'm Executive Director
of TransForm, the state's largest group focused on
creating walkable communities with great transportation
choices and largest nonprofit.
And we just had three comments today. Certainly continue like the other speakers to appreciate your leadership. And if you saw it yesterday's front page of the New York Times, Europe may back-track now on some of their climate commitments and may leave California as the premier leader on this issue. And we're going to need that leadership.

On the targets, I support the staff's recommendation to have a brief review of the targets. I also support Autumn Bernstein's idea that we don't need to reconvene 18 months of RTAC meetings. As a member of the RTAC, one or two might suffice. But I do think there's been massive changes, including the type of models used. And it would be everybody's benefit to bring some clarity to where we currently are and see if updates are necessary.

The second comment is on cap and trade. This is obviously an area that, you know, we might get over the next six years and beyond some real implementation going from these funds. But I really hope that ARB can promote the idea that if additional funding comes in during this budget year, either from additional repayment of the loan or for other reasons as it goes through the legislative process that we look at increasing the funding for sustainable communities. I think 100 million is really
too low once it gets distributed around the state.

And the other thing to do that I think you can have a role in is helping the different silos that this gets broken up into, like clean vehicles and freight, really see how they can get integrated approaches. We would love it if the $200 million for clean vehicles and freight, we look at, you know, whether any bits of that can be spent for electric car sharing pods that could both reduce VMT and promote green vehicles. If it could be in affordable housing units that, that would be much better and help to meet 535 targets. Same thing with helping to green the transit vehicle fleets, helping to reduce some of the transit deficits.

And finally, we want to put our strong support behind continued investments in the urban footprint. It gets lumped into models and improving the models. I think it has the potential to be much more than that. It has the potential to be an incredible community engagement tool and to bring a lot of stakeholders onto the same page and get transparency, real time feedback on how changes in land use and transportation can help us to meet our goals. It will especially be high impact if we can get it brought down to local level, where local governments start using it and creating scenarios why feed up to the regional level. It will get rid of some top down nature of some of
the MPO modeling.

CHAIRPERSON NICHOLS: Thank you very much.

Our last speaker is Phoebe Seaton.

MS. SEATON: Thanks so much.

Pheobe Seaton with Leadership Council for Justice and Accountability.

Just want to repeat the urgings of my colleagues to review and update the targets and the models and methodologies. Also repeat a lot of the praise for the program to date. We work primarily in the Coachella Valley part of SCAG and the southern part of the San Joaquin Valley.

We've had more success than ever before in encouraging and involving community members who were before now not represented and not participating in these processes to participate. And that goes -- I think shows to the commitment of community members, but also especially of Fresno COG and some of the other COGs.

That said, we still are disappointed with some of the COG's lack of commitments to civic participation and in spite of the vast success in meeting targets. There are still at least one county that has a proposed scenario that does not. And we ask the Board to hold that county and the similar counties accountable.

One issue that has been and remains a concern of
ours is that SB 375 doesn't extend its Benefits to some of
the less populated and more rural communities and smaller
cities. We're working with Strategic Growth Council. We
also ask you to do what's in your power to make sure that
those benefits extend. We're very pleased that the Board
is committed to increasing public health goals and equity
through SB 375 and other mechanisms. And we need to make
sure that those public health and equity aims are achieved
in some of the smaller communities.

Thank you so much.

CHAIRPERSON NICHOLS: Thank you. Appreciate your
coming.

That concludes our list of witnesses. Now it's
time to come back to the Board for discussion. This is
not an action item. It's a report. But I think it's
appropriate to give the staff some feedback and guidance.
Start down here at end here.

BOARD MEMBER GIOIA: Thank you.

We appreciate everybody coming. I have to say,
you know, having served on the Association of Bay Area
Governments while we adopted our own SCS, you sort of
experience this very good state directive, state policy,
and then the hard work of implementing it on the ground.

To me, what I take away from all this is there's
really several levels of government that are really
important in making this work. Clearly, the leadership at the state level, the leadership at the level of the metropolitan planning organizations, and then the leadership that's needed at local governments, cities and counties that will actually be implementing these plans. All are important.

Clearly, everyone's agreed $100 million in the Governor's proposed budget for SCS is totally inadequate. It's a start. That's a good thing. And clearly there will be hopefully more money in future years.

But I think it does sort of raise a few issues about how we think about this, which is ensuring that whatever money is available to the regions for SCS really achieve multiple objectives. The reduction of greenhouse gas emissions, but also the co-benefits of improved public health, improving equity, economic access to sort of stronger economic opportunities, because they can all achieve those multiple objectives. When you have limited money, right, you want to ensure that you're achieving all these complimentary multiple objectives. So hopefully our roll in that process will be able to articulate that.

And I do think there is this challenge of some regions -- the issue of updating the targets. There are clearly some regions that may have less aggressive targets than others. So coming from a region that has I think a
more aggressive target, you have to give a chance for those plans to work. It takes some time.

But it makes sense to address those regions that may have less aggressive targets and how do you push those further, update those targets. I think that makes some sense in doing that.

Again, coming from a region where I think we're very aggressive on targets, it's going to take time to implement those plans. And I know there is not a lot of political will to go back and redo the whole plan, at least in the Bay Area. I can't speak for other parts of the state.

I think this whole process brought out a whole new constituency of members of the public who had a lot of distrust over regional government. I think we were called -- you know, people accused us of Soviet style central planning. And worse, right. I mean, we were obviously -- I think we had a very good public process and we said this is regional planning. It's not central planning. It's regional planning with a lot of good grass roots input and input from local governments. But it clearly has that opportunity.

There's been some great elected officials around the Bay Area who faced potential and threatened recalls over their support of this plan from regions that -- from
communities that were concerned. So I think we have to understand the pressures that local officials face when they are on the front lines of implementing these plans. But the same time, we need to hold those regions of the state that don't have aggressive standards to more aggressive standards. There's been different approaches around the state on this issue.

So going through my list of things I want to make sure I cover, so I do think that our ability to advocate and for the multiple goals and co-benefits is going to be really important, because there will be some regions around the state that may be more supportive of doing that. Some may not. Even within each region, there's varying points of view, and I think we can play a role in incentivizing rising that kind of action.

And clearly, the ability to have this money leverage other funds, as the Executive Director of the Strategic Growth Council said, I mean, it's how do you use whatever limited state funding there is to leverage other programs, other grants, and other dollars.

So those are some preliminary comments I have about how we think about this and go forward.

CHAIRPERSON NICHOLS: Thanks. And thanks for your personal involvement in implementation.

I have to share one story that your comments
reminded me of, which is I was invited to go to a community meeting in Stockton with the author of SB 375, Senator Steinburg. I was so happy that he was speaking ahead of me, because he was the one who got the question from the little old lady, sweet little lady with a basket that I thought contained knitting actually contained her copy of the Communist Manifesto.

BOARD MEMBER GIOIA: We heard that.
CHAIRPERSON NICHOLS: Well, apparently Lenon believed in planning and that central planning was --
BOARD MEMBER GIOIA: All of us that believe in planning, we're the same as Lenon I guess.
CHAIRPERSON NICHOLS: I know exactly what you're talking about. Supervisor Roberts.
BOARD MEMBER ROBERTS: Thank you, Madam Chairman. I just wanted to make a couple points, if I could. And the people that have to work in close proximity to the public on these issues are at risk often. I know it took us over ten years to redo our general plan, and it had nothing to do with SB 375. I would share that with you. We set our principles and goals well before there was a 375. And the coincidence, the largely -- the goals that we established were parallel to very closely by what came out in 375. So there wasn't anything in conflict.
But there is a couple of things. I get concern when I hear about setting the goals already because one of the things, as you've heard repeatedly here today, is we don't have analytic models that go out for 30 years that are very dependable. And we're arguing about things 30 and 40 years away. And yet, our modeling is, I would say, very suspect after five years, let alone 10, 20, 30 years out. So I think we have to be cautious.

And we just started this. We have numerous lawsuits going, and now we're talking about changing the rules. It seems to me to be just a bit premature. And I'd like to get some feedback because we're making major changes.

And you haven't set that -- it's easy to say let's build more public transit. But let me share with you we've been working for over ten years in extending our light rail. There's no state funding available. None. Zero. There is -- the federal government now this year will be no new starts money available. And we have the local money, but we need to get that supplement to make it all work. And there's a strong desire to do these things. Nobody is forcing anybody. We want to do these things.

The funding -- it seems to me one of the things we have to do, we have to look closing at the cap and trade money. There has to be some kind of performance
element. I wish the staff would look at all the different areas and things out there being proposed for funding.

What's going to give us the best return on our investment? By that, what is going to do more to reduce the greenhouse gases? For every dollar we spend, I mean, I hear ideas that are preposterous in terms of -- they're going to have very little benefit to us. And we're going to be spending a lot of money on those.

We really do need to stay focused and we tend to forget that. The reason why we've had success over so many years is we've been able to stay focused, quantify, use science to the fullest extent possible and get the results we want. That's the improvement in the air quality, which gives you all the collateral benefits that we want to see.

So I would say that we really need -- there's two things that I heard very clearly from the MPOs: The implementation funds, okay. I think there may be different projects in each area. But hopefully, there's some standards that we start to develop. So even within an area, we know that the dollars are going to something effective. I think largely that's why we had a failure of redevelopment in this state. There was no standard for where the money was going, and it was just going in all haphazard ways.
But now we're at a situation here where we have potential dollars that could be used and could be used in a very effective manner. And we should be looking at, just as we did with air pollution, the dollars per ton was always a criteria that we were looking at. Why spend $100 to remove a ton of pollution when we had projects that we could do it at 15 to $20 per ton? Let's make these dollars just as effective, instead of reaching out in a haphazard way.

Secondly, the planning, the modeling, assistance, I think there's probably regional differences. But I suspect this is going to be analytical tools that are there today don't measure up to the planning that we're trying to do. And I think to some extent, especially as you get in the out years where we have some lawsuits and other things where people are pointing to numbers, those numbers don't have a whole lot of meaning. What really is more critical is that we keep a commitment over this period. And we review as we're doing every few years. Where are we? How are we doing? What can we do different?

I'd like to get through that first batch of reviews before we start talking about we've had so much success we're going to change the rules again. Let's find out where we are. Let's see if we can get some help on
implementing and then the technical assistance that's
going to be needed. I know we need it in San Diego.

Our best efforts are still not getting us what we
need in terms of the tools. We've got to work towards
that. But any assistance we can get, maybe there is
commonality in that. And all the districts can agree on
some modeling techniques and develop more advanced
modeling techniques that we have today.

So I'd hear that message that's out there. And
by the way, I just share with you once we decide to hear
something good, we have a great opportunity in San Diego
do these high density transit-related projects.
Sometimes you walk into a neighborhood and they don't
share your enthusiasm. I mean, we have a potential and
you go out and -- wait a minute. You're going to put that
next to my single family house? We'll kill you and all
your kids. We don't want that. Not in our neighborhood.
We don't care what the State says.

So there are other problems of implementation,
but I think the emphasis on creating public transit
systems and for the state to be a participant in that is
absolutely of the highest importance, the infrastructure,
the buses, the trollies, the equipment. And we have
provided, in our tax measures, we provided -- we passed
two by two-thirds maturity sales tax increases. And we
have operating dollars that we put into to -- what is allowed, not just capital. So we've got operating. But it's still extremely difficult to build these new systems without participation by the State or the federal government.

CHAIRPERSON NICHOLS: On this end, I'll start at the far end here.

BOARD MEMBER SERNA: Thank you, Chair.

There obviously has been some concern expressed maybe mildly so about updating numbers sooner rather than later.

One of the things I haven't heard from too much from staff about, but I heard from at least the director of our MPO here in Sacramento about is the things that are not in our control as an agency or under the control of a local COG, one of which I think is absolutely critical is the timing and delivery of the regional housing numbers. That in large part is considerable input into whatever growth model an MPO might be using.

What are we doing at the staff level to perhaps enhance the ability to work more seamlessly with the MPOs, understanding when their schedules are, when they get their housing needs assessment information because those are really going to be, in addition to unemployment numbers, job projections what is driving the growth
modeling. And I think that's something that if we're not
giving it the thought now, we ought to be doing it
relative to any kind of consideration of updating numbers
whether it be four years, eight years. That to me is
critical.

CHAIRPERSON NICHOLS: Terry, do you have a
response to that? Anybody?

MS. ROBERTS: One of the purposes of SB 375 was
to try to bring closer together or to reconcile some of
the timing issues between RTP updates and housing
planning. With an adopted SCS, the timing for the
compliance is eight years rather than the previous five.
And from what I know of SCAG's situation, for example,
there has been a syncing, synchronization of the schedules
to that in the SCAG region they did have the RNA numbers
in time to plan ahead for their SCS.

BOARD MEMBER SERNA: Thank you.


BOARD MEMBER MITCHELL: Thank you, Chair.

And as many of you know, I'm from the South Coast
region, and that includes Southern California Association
of Governments. And that's I believe the largest MPO in
the nation. Six counties -- I mean, half the state's
population is in the SCAG region. So you can imagine the
challenges are quite immense.
And we look at combining under SB 375 housing and transportation. And of course, the challenge is then two-fold. Transportation funding, that's one pot of money. And the other pot of money is the planning for housing and placement of housing.

I was very surprised to learn in the course of planning for our recent regional transportation plan that the funding for transportation in our region came from the federal government in the amount of only 11 percent. Very small percentage comes from the federal government. We had the success of passing an L.A. County sales tax measure which provides some funding for transportation from sales tax. And other counties I know across the state and in the region have done that.

So funding is absolutely critical to the success of SB 375. We also saw shortly after the passage of SB 375 the loss of the redevelopment fund mechanisms, which was the way we were going to connect housing, low income housing, and transportation. And so I know there are some bills that have been brought forward in the Legislature and are going forward in the next year that will bring back some mechanisms to replace redevelopment. And I think that's critical. I'd like our staff to work with the Legislature on some of those issues.

The other thing is that technology is developing.
I mean, we are seeing new things every year. And some of you probably saw reports that came out of the auto show in Detroit last week where they were talking about cars that do not need a driver. And I don't know where that will go. But that is certainly transformational and makes a huge difference in what might come in the future. So for that reason again, I think review, review, review of everything we do. Reviewing these targets is a good idea.

We may, as we move forward with all these programs that are new, these are new to our state. They're new to the world to a large extent. And the success of them depends upon monitoring and review what we are doing. Let's see where we have had successes. What might need to change. Where we're going in the future.

I would not reset the targets in the state because many of the plans haven't been implemented. In fact, San Joaquin Valley is just in the process of setting its targets. And so we need to give some time for these to percolate and to see how they work.

But I do advocate strong review of what is happening now and what the success is as we move forward in the next few years. In 2016, we will be doing a new RTP SCS and a new AQMP in the southern region. And I think that is kind of a date to look forward to. And then we have to set new targets here at ARB by 2018. So we can
kind of look at a time progression there and plan along that time line as to how we move forward. I do think it's a good idea to begin assembling a group like RTAC. I don't know if it would be the same as RTAC. But RTAC was unique in that it brought forward representatives from local communities that was essential because there was the claim that, hey, you're taking away local control. But RTAC had an intent of putting local control back into the process. Let's get local representatives. That I would strongly advocate that we either reassemble RTAC to look at this or a group like RTAC that represents different sectors and local control. So those are my thoughts on how we might move forward on those. No new targets now. But review, review, review to see what is needed. Thank you.

CHAIRPERSON NICHOLS: Professor Sperling.

BOARD MEMBER SPERLING: So I have one comment and three suggestions.

The first comment is about this benefits that Supervisor Gioia brought up and Supervisor Roberts followed up on. And what brings those together is the idea, yes, there's all the co-benefits that in many ways are probably far more important than the carbon reductions. But the one benefit that's not been mentioned is the reduction in infrastructure cost, because we're
creating a more efficient system. The SCAG SCS, as I recall, quantified that. It was in the billions of dollars. And so that's really a way -- one of the most best ways of selling this whole process.

And I just want to make sure everyone keeps that in their mind. I mean, sustainable also includes less cost for the infrastructure system.

So three suggestions. The RTAC, I'm sympathetic to revising it in some way, probably as an informal commission so we don't get caught up in all the rules about it and also give it a little more flexibility. I think the mission of it is to exchange data and experiences. And perhaps more important is to explore these opportunities for this next round of funding that's needed. And I'm talking way beyond cap and trade revenues. And I'm going to talk about that in a moment.

A strong thought I have is something that was not mentioned at all here that I think is one of the most important strategies that should be pursued -- Amanda Eaken just mentioned it in passing in her comments -- and that is there is a storm of innovation going on in transportation now using information technologies. And there are so many new types of mobility opportunities and options that are coming into play. There is a lot of start-up companies. There are a few likes ZIP car sharing
that has been very successful. They got bought out by
AVIS. They've gone main stream. But there's a whole lot
of other of these car start-up companies. And we're
talking about spending all these billions and billions of
dollars for transit. And transit is very important --
plays a very important role. But it only accounts for a
few percent of our passenger travel.

And if we're really talking about a big reduction
in single occupant vehicle use, a big reduction in VMT,
this has to be the principle number one strategy for doing
it. And there are a lot of innovative things already
happening. I know in the Bay Area, there's a company
coming into existence that's going to provide shuttle
services around the BART station on a real time basis.
Even for rural areas in Kansas, I know a case where a
small city in Kansas basically rural where people have --
they've created a little organization where you can get a
ride through ride sharing using Internet type services
on -- again on a real time basis.

So this works not just for the big cities but
also for the rural areas. There's so many opportunities
that's being ignored. And the PUC just created a
regulatory framework for these companies. So I would
really, really emphasize the importance of that.

The other really big point that I want to
emphasize is infrastructure spending or just spending and financing as every single MPO director and many others said for this to be successful, there has to be funding streams. It doesn't mean more money. It means using money better and differently.

For instance, the State has I believe something like $50 billion it's spending on mostly road infrastructure over the next few years. Now, there are opportunities to restructure and use it a little differently than has been done in the past. I know there's, you know, movement in that direction. But maybe we can do this even much better. And we can reinforce the lesson we learned from the SCAG SCS where we can save billions of dollars and create a more sustainable cities and sustainable transportation system.

And kind of let me leave it at that. Kind of something that we really need to -- so this is not an ARB mission. Certainly, ARB can't do this. But it's this whole community of people. And so I just want to heighten that thinking. And for the revived RTAC. This can be one of the issues that it addresses in a more informal way just to appreciate the leveraging opportunities, shifting how funding can be shifted around. There's a lot that can be done. Thank you.

CHAIRPERSON NICHOLS: Okay. This is not an
action item today. The staff is going to review whether
to set a new target. They have not made a decision to set
new targets or not. Obviously, we heard conflicting
advise on that. Some of it varies by where you are within
the state and also by what your vantage point is on the
issues.

This will come back to us before there is any
proposal to reset the targets. So I expect we're going to
hear again in the fall on what the staff is going to
recommend with regard to setting the targets.

I do want to say something, however, about this
investment point. And I embrace and agree with
Dr. Sperling's comments. But I just want to add something
to it, which is if you look at the budget that the
Governor has submitted, it's with respect to the cap and
trade fund, which is otherwise known as the greenhouse gas
reduction fund. It's very clear that proposal follows the
investment plan, which this Board reviewed and which was
intended to set priorities for where new money could be
spent most productively to reduce greenhouse gas
emissions. By law, that money must be spent on things
that support the goals of AB 32. So even if we wanted to,
the state could not legally and they would be stopped in a
heartbeat, spend the money on things that don't benefit
greenhouse gases.
The priorities within the budget are transportation first, because that's what generated the most emissions, followed by electricity in general, followed by natural resources as kind of the major areas. And they're proportional to their importance here.

Within those major categories, there is some room for things to be adjusted, without a doubt. And I think that one of the issues that we are going to be facing and it's already been signaled is whether money can be spent on things whose benefits may be realized after 2020, which would include almost any transit -- new transit investment you could make, as well as things like high speed rail, which we are not going to be debating here at least not today.

But what I do want to say about that is that when we looked at investments, we, staff and the Board, I think were pretty clear that we're looking to not just the quickest short-term bang for the buck, but also at how to spend a completely new source of money in a way that would accomplish things that might not be able to be accomplished through other goals.

So, you know, while all of us would love to be able -- I shouldn't say all of us. I think many of us would like to be able to replace the funds that were lost from the abolition of community redevelopment money, for
example, which was such an important tool for local
governments to use, that's not going to happen. This is
not the replacement for that fund. And we are just going
to have to make sure that we get as much as we can out of
it that will help local governments see ways to find more
funds.

But I think it's -- the point that Mayor Mitchell
made is one that I think many people do not realize, which
is that the funding nowadays for transportation instead of
being federal, state, local, is now local, federal, state.
And there's just not -- I mean, the local governments are
the ones who are really being put to the test to do all of
this. And so what we have to do is to try to figure out
how to be as helpful as we can. Okay.

Thanks, everybody, for this.

And now we move to be related but not exactly the
same subject, which is freight. On this one, we do have a
proposed resolution. So I want to make sure Board members
are focused on the fact that the staff is asking for
direction.

The Air Resources Board has been talking about
this issue for quite some time now, and I'm sure many
people have been wondering where we were and what was
coming next on this issue.

As many people will recall, this was the topic of
our symposium this year in Long Beach, and we've had various briefings on the topic. But I think staff is ready to talk to us about how they see moving forward on this issue.

Clearly, we need to get significant reductions to meet our air and climate goals. And this is certainly one of the sectors which is a big contributor and which needs to be addressed. But equally clear is that this is not going to happen in a haphazard way. It couldn't be done piecemeal, and it can't be done without a very strong relationship to economic development and to changes that are going on within this sector from a business perspective.

So the sustainable freight strategy is intended to be a process for us to identify some priorities and to work effectively with our partners, not only the industry and local government, but also other agencies as well.

So with that, I see everybody is assembled. And so I will turn to the staff presentation.

Are you going the introduce this one, Mr. Corey?

EXECUTIVE OFFICER COREY: I will briefly.

You really encapsulated both the process and stakeholder engagement that will be critical.

Progress is already being made across California to reduce freight impacts through regulations, incentives,
enforcement agreements, important industry initiatives, project mitigation, and land use decisions.

These efforts have resulted in the 70 percent or more reduction in risk at the largest ports and about 50 to 70 percent reduction in risk at the highest risk rail yards since '05.

But more is needed to reduce the impacts remaining given the remaining levels, including diesel PM at local level, ozone at regional level, and greenhouse gas emissions as well.

Developing and implementing sustainable straight system with pathways to zero and near zero emission technology is key to our air quality and climate goals to promoting California's economy and to protecting the health of communities impacted by freight activities.

The sustainable freight initiative is a broad multi-decade effort to cultivate, fund, and implement the changes necessary to achieve a sustainable freight system.

With that, I'm going to turn it over to Karen Buckley to give staff presentation.

(Thereupon an overhead presentation was presented as follows.)

MANAGER BUCKLEY: Thank you, Mr. Corey. Good afternoon, Chairman Nichols and members of the Board.

Today, we are taking the next step toward our air
quality and climate change goals by recognizing that
achieving our long-term environmental and health
objectives is best accomplished in the context of
system-wide change.

In the freight sector, this means a move towards
a more sustainable freight transport system. ARB is one
of many stakeholders in this process. Part of our
challenge is to improve the effectiveness of our
participation in all of the existing forums.

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MANAGER BUCKLEY: What is the current freight
transport system that we are talking about? At its core,
it is an integrated multi-modal system designed to move
freight across the globe and across the state. The
freight logistics industry in California is a significant
contributor to our economy and jobs.

From the air quality perspective, our interest is
in reducing the pollution that comes from the system. We
are focused on both domestic and international emissions
that encompass the full range of equipment operating on
land, sea, and air through the facilities listed on this
slide.

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MANAGER BUCKLEY: Emissions from the freight
system contribute to multiple types of air pollution
impacts. ARB's own work on health risk assessments showed high cancer risks near the largest ports and rail yards.

For the 2005 calendar year, we estimated health risks in the range of a couple hundred in a million up to 2500 in a million. We know that the emissions from these sources also contribute to regional air pollution problems as well as global climate change.

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MANAGER BUCKLEY: Many Californians have taken steps to significantly reduce pollution from the freight system. Impacted community, the logistics industry, and air quality agencies, and the ports have all engaged in this effort using regulatory, voluntary, and incentive-based approaches.

This Board has adopted over a dozen rules that are reducing emissions from fuels and equipment across the freight sector.

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MANAGER BUCKLEY: Actions to date are projected to achieve the significant statewide reductions between 2000 and 2025 that you can see on these charts.

We anticipate additional emission reductions over the next ten years as a result of regulations already in place. In addition to statewide progress, our collective efforts have significantly improved air quality in the
highest risk communities affected by freight transport. Since 2005, we have cut diesel PM emissions by 70 percent or more at the major seaports and by 50 to 70 percent at the highest risk rail yards across the state.

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MANAGER BUCKLEY: Where do we stand today? Freight equipment accounts for approximately 70 percent of the statewide diesel PM emissions, which are both a toxic air contaminant and a component of black carbon that is a powerful short-lived climate pollutant.

Freight operations also account for 45 percent of the statewide NOx emissions and ten percent of the statewide greenhouse gas emissions. Even as equipment turns over to cleaner engines, freight will continue to be a significant contributor to California's regional ozone and fine particulate challenges.

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MANAGER BUCKLEY: Before we talk about the development of a longer term sustainable freight strategy, I would like to be clear that we are continuing the progress to further reduce emissions and health risks in communities located around these freight sources. A number of the Board's diesel rules have major compliance milestones as of January 2014, including the requirement that 50 percent of regulated ship visits plug into
electrical power while those ships are at berth. As the Board is very aware, there are also major milestones to clean up the on-road trucking fleet this year, with the focus on reducing diesel soot.

We will continue to focus on the impacted communities and look to expand our cooperative agreements with other partners to increase the enforcement capabilities. There are also funding opportunities with ARB alone allocating over $100 million in incentives that are going out the door for cleaner trucks this year throughout the hard work of the local air districts.

In addition, our partners led by the South Coast Air Quality Management District and the ports are demonstrating cutting edge technologies that will set the stage for the next major advancements. This includes not only zero emission trucks, but also more specialized equipment like the hood or bonnet technology developed for locomotives and ships. All of these activities will further our progress, but they do not go far enough to meet our ultimate goals.

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MANAGER BUCKLEY: We know that we need to be looking at freight equipment with zero and near zero emissions to address local health risk, regional ozone standards, and greenhouse gas goals. But we also know
that there are other critical drivers behind the discussions surrounding system-wide changes in the freight system. California's need to increase its energy security, economic competitiveness, and mobility are priorities and must be addressed at the same time for real change to occur.

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MANAGER BUCKLEY: I would like to highlight two symposia held last year that set the stage for the sustainable freight effort.

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MANAGER BUCKLEY: In April, the South Coast Air District in cooperation with other agencies, hosted a symposium to discuss emerging zero emission technologies, their potential applications within the freight system, and highlights of ongoing demonstrations projects. Technology in ARB's forte, but technology advancements alone will not meet California's needs.

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MANAGER BUCKLEY: The freight system is much bigger and more complex than that. As ARB staff, we recognize that both of our knowledge about how business's make shipping decisions and our authority to implement change within the freight system is limited.

Last year, ARB in cooperation with business,
ports, transportation, and community partners, hosted the Haagen-Schmit symposium. Over 80 leaders from across California, including some of you, came to talk about the needs to improve the freight system and what a sustainable freight system might mean.

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MANAGER BUCKLEY: During the three days of discussion, we heard arguments on the importance of a broad, collaborative, and transparent stakeholder engagement process, with the ultimate goal characterized as meeting the triple bottom line, a freight system that achieves economic, environmental, and community benefits. Participants recognized the difficult issues on the table and the need to start the statewide dialogue now.

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MANAGER BUCKLEY: CalTrans has begun this process with its development of a freight mobility plan for California. The sustainable freight strategy we are discussing today is complimentary and will provide input to the ongoing CalTrans planning.

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MANAGER BUCKLEY: When we have talked about this effort, the first question we usually hear is, "What do you mean by a sustainable freight strategy?" Everyone has
a slightly different idea based on their priorities and interest, but it is a question that California needs to collectively answer.

Our starting point comes largely from what we heard at the symposia and are continuing to hear from stakeholders. The system must be efficient and clean to support our air quality, health, and climate goals. It must be reliable, provide additional capacity to meet anticipated demand, and maintain global competitiveness of California's logistics system.

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MANAGER BUCKLEY: This slide lists the key elements in our work plan for 2014. The results of this work will be described in a strategy document to be presented to the Board at the end of this year.

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MANAGER BUCKLEY: One of the major elements for this year is our continued engagement with the diverse interests who must be part of the conversation and ultimately the advocates to secure funding for implementation. This slide shows the breadth of interests for stakeholders.

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MANAGER BUCKLEY: A key question is how can ARB most effectively participate in a productive dialogue with
these stakeholders? We listen to advice from many of these groups and considered the lessons we learned from the state's goods movement ac plan, a joint transportation and environmental initiative.

We believe small focus groups are vital to ensure frank and open discussions. In addition, much of our proposed approach centers around the conversations that are already happening. We plan to increase our participation at existing community forums and are looking to the California Cleaner Freight Coalition to help identify these opportunities. In terms of large advisory committees, ARB participates on the California Freight Advisory Committee. The CalTrans Chair is providing a standing agenda item for ARB to discuss the sustainable freight strategy work. Of course, we will also host workshops to discuss and receive feedback on technical analyses, policies, and recommendations for actions.

Another significant element of the freight strategy includes the outcome of technology assessments that will focus on trucks, locomotives, ships, cargo handling equipment, harbor craft, aircraft, and the freight facilities where they operate. The teams will include ARB staff as well as some of our agency partners.

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MANAGER BUCKLEY: One of the additional
components of these technologies assessments is a well to wheels emission analysis. For the most promising technologies and fuel combinations, we will evaluate the emissions impacts from the energy source to the tailpipe, from the well to the wheel, or in the case of ships, from the well to the hull.

For example, in the public discussion on the update to the Scoping Plan, one question has been what is the role of natural gas as a vehicle fuel in the future? Natural gas trucks and equipment have the ability to achieve very low tailpipe emissions of some pollutants, but they are unlikely to reach zero emissions.

Electric or fuel cell trucks may have zero tailpipe emissions, but the productions of these fuels requires energy and creates emissions upstream. Depending on the source, the upstream emission of natural gas may be less than the upstream emissions to generate electricity or hydrogen. The well to wheel analysis will allow an apples to apples comparison of the emissions impacts of different vehicle fuel combinations. This activity is an essential task to inform performance-based emission standards, a theme from the Haagen-Schmit Symposium.

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MANAGER BUCKLEY: One way to get reductions is through cleaner equipment and fuels. The other way is to
focus on efficiency improvements. Transportation planners measure efficiency in the freight system in many ways, such as velocity or speed. What we do not have yet is an established way to look at the performance of the whole freight system relative to emissions.

The effort we are proposing to begin this year is to develop a metric or indicator that can be used to set goals and track California's progress in reducing the emissions associated with moving freight. For example, a metric of this type could seek to capture the pollutant intensity per unit of freight moved. We also believe it is important to ask what government can do to support private actions that increase efficiency.

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MANAGER BUCKLEY: The next two slides introduce ARB's efforts to engage and participate more effectively in areas where we do not have regulatory authority, ARB proposes to develop principles and criteria in coordination with Caltrans for input to the California Freight Advisory Committee and inclusion in the 2014 Freight Mobility Plan. The objective is to raise the profile of air quality considerations early in the transportation planning process.

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MANAGER BUCKLEY: Just as transportation project
decisions have a long-term impact on the freight system, so do decisions on the development of new freight facilities that will operate for decades.

Recent ARB comment letters on proposed facilities have stressed the need for each to be built and operated in a way that sets a new benchmark for environmental leadership in California. ARB's efforts in this area are intended to provide principles and criteria as a resource for local decision makers.

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MANAGER BUCKLEY: The strategy document that we are developing this year will include a set of recommended actions for ARB and other public and private stakeholders to take over the next five years to move us down the path towards a sustainable freight system.

For example, we expect the technology assessment and efficiency work will yield recommendations for additional research and practical technology demonstrations. Our work with Caltrans and others will result in policies for freight transportation projects and freight facilities. And of course, ARB and the air districts will identify what new regulations are needed.

The strategy will begin to define the investments needed to develop advanced technologies, infrastructure, and efficiency improvements. It will also examine more
innovative mechanisms to incentivize the use of zero
emission equipment and the associated infrastructure.

We will follow the lead of the Southern California Association of Governments, which included a robust analysis of financing in its 2012 regional transportation plan.

We will also be looking at actions that ARB or other government agencies can take to spur more industry participation and efficiency improvements. With each of the actions, the strategy document will identify the who and the when so there is a clear path and milestones.

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MANAGER BUCKLEY: This slide represents our time line for the next 11 months. It highlights stakeholder engagement beginning now, targets summer as the milestone for the initial deliverables, and the end of the year to bring this back to the Board.

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MANAGER BUCKLEY: A sustainable freight system is a high priority for ARB and a critical step to help meet the Board's air quality and climate goals.

Staff is asking the Board to consider Resolution 14-2, which would frame the issue, provide direction on the scope and effort and guide staff's work throughout the course of 2014.
Thank you for your attention.

CHAIRPERSON NICHOLS: Thank you very much. As I understand it, we have several of our key partners here and we were going to invite them to speak before we engage in discussion or hear from the public on this one. But I notice that one of them is not here. Did Hasan have to leave? He's gone. Never the less, we will start off with Kate White.

Kate is the Deputy Secretary of Environmental Policy and Housing Coordination with the California State Transportation Agency. When we talk about the multi-modal freight transportation system and stakeholder engagement, the California State Transportation Agency and Caltrans are obvious focal points, particularly now as the California Freight Advisory Committee, run by Caltrans, is in full swing and developing a Freight Mobility Plan this year. They are already preparing for the California Transportation Plan next year.

So this is a key partnership, and we need to make sure that the timing and processes work with each other. So welcome, Kate.

MS. WHITE: Thank you so much, Chair Nichols and Board members. I appreciate the opportunity to speak with you today. And I also wanted to acknowledge Bruce DeTera right here on my right with Caltrans, who is our Office
Chief for System Freight and Rail Planning.

So one thing -- I appreciate the staff presentation. I was glad to hear a little bit more about the direction for the sustainable freight initiative. And just a little bit of context. When we talk about California and freight, what are we talking about? And California is home to three of the five busiest seaports in the nation and shares a border with its largest trading partner.

California handles more than 40 percent of all cargo entering the nation. So goods movement is intertwined with every aspect of California's transportation system. Whether we're talking about highways, runways, waterways, railways, it moves through every part of region of the state. So therefore, California must take a statewide integrated approach to goods movement, and we are actively working towards to achieve this goal.

You may know legislation passed in 2013, AB 14 Lowenthal which statutorily established the California's first ever Freight Advisory Committee that was mentioned several times. And the Air Resources Board serves on that. That's a 75 person stakeholder group that's been meeting since April. And the outcome of that is they're charged with developing a new California Freight Mobility
Plan, which is due and must be completed by the end of this calendar year, December 2014. The plan will identify statewide trade corridors of significance and outline strategies for minimizing freight's impact on communities and achieving state environmental objectives. And is required to be submitted to a number of State agencies, including your Board, by December 2014. So this is the not the last time you'll be hearing from us.

This Freight Advisory Committee is also serving as the single stakeholder policy forum to develop a statewide consensus around advocacy principles for communicating with the feds about a national freight network and this year's federal funding re-authorization bill. So we really appreciate Air Resources Board participation in the Freight Advisory Committee, especially as we're looking towards what's coming up with funding through the feds and how we can most best utilize that funding for sustainable freight.

So there's many other ways that the Transportation Agency, Caltrans, and the Air Resources Board have been working together for many years, long before this Freight Advisory Committee, to achieve the state's air quality and transportation goals. And I just want to mention three things quickly.

One is Caltrans has contracted with the U.C.
Irvine to develop a statewide freight forecasting model. And I hope that will be helpful for you moving forward with the sustainable freight strategy. Also, the California Transportation Plan is coming up in 2015. This is a Five-Year Plan that Caltrans and the California Transportation Commission work on to identify how the entire multi-modal transportation system will meet. Air quality requirements outlined in another bill, SB 391. And then finally, we will also soon start updating the California State Rail Plan that will address both passenger and freight rail.

I know I speak for Transportation Secretary Brian Kelly when I say we have a very deep commitment to environmentally sustainable transportation in California, including freight. And we really look forward to strengthening our coordination efforts with ARB and working on the -- building on the good work that both our agencies are working on and fully participating in the evolution of the sustainable freight strategy. Thank you.

CHAIRPERSON NICHOLS: Thank very much. Thanks for coming and sitting through this session here.

We very much have appreciated the strong leadership that Secretary Kelly has provided on our issues. He could not have been more clear and open in his statements about the mission of your agency, including air
quality and that kind of embracing of each other's agendas is I think part of what is going to make it possible for this effort to really succeed. So thank you very much.

Next we'll hear from Henry Hogo from the South Coast air district. That's the order that I have here.

Henry is the Assistant Deputy Executive Officer who heads up science and technology advancement at South Coast. As the agency, as we've heard today, with some of the biggest air quality challenges and responsible for a region that serves as a major international freight gateway, South Coast is a vital partner in this effort, especially because they have for many years developed expertise in advanced technologies and carried that demonstration project.

So welcome.

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

I'd like to first start off to thank staff for engaging us early in this process. It actually started about a year and a half ago when Ms. Marvin and staff met with us to talk about the concept of developing a sustainable freight plan. So we appreciate the early discussions that we have had with staff.

We did at the time indicate that it's critically important that the plan is consistent with our air quality
planning goals, especially with the upcoming 2016 Air Quality Management Plan, because that will be probably the most challenging plan yet for staff to develop for the region.

So we, as mentioned earlier by Mayor Mitchell, that 40 percent of the goods that move across the nation goes through our twin ports is critically important that we look at the type of sources that are out there that contribute to our air quality problems. Trucks, ships, and locomotives are among the five top major NOx sources in our region. And we've been asked actually what happens if all these trucks met 2010 emission standards. What if every ship that came in met the future IMO Tier 3 standard and every locomotive that come into the region met the future Tier 4 standards. Can we attain the air quality standards? The answer is simply no.

So we do need to rapidly accelerate the commercialization and deployment of zero and near zero transportation technologies as soon as possible. So we really would look forward to working with staff on this. We did indicate to staff that we believe that as part of the planning process that we look at identifying some early actions that can be done as the plan is being developed that could be implemented this year that will look at reducing emissions as early as possible.
So we look forward to working with staff on identifying and prioritizing these type of early actions that will play an important role in the planning process. And we stand ready to work with staff on every aspect of the plan development.

CHAIRPERSON NICHOLS: Thank you very much. Obviously, we'll be joined together in working on the SIP. That's going to be critical for all of us. And SCAG is another partner in that effort; is that correct?

MR. HOGO: Yes. Maybe if I can spend one minute. As you mentioned, SCAG did include in the 2012 regional transportation plan a freight element. And looking at that plan, they did identify some time lines for bringing about zero and near zero emission technologies. So we want to work with that time line and see had you that fits in with your planning process.

In addition, you may be aware that SCAG did call for some dedicated truck lanes along the 710 and the 60 corridor. And as part of that discussion was the discussion having zero emission trucks work along the lane. I want to move that forward as quickly as possible.

CHAIRPERSON NICHOLS: I know there's some really big ideas out there that are going to have to be addressed. Thank you very much.

The last person I wanted to turn to again before
we have further discussion is Amy Zympher, who is the
Associate Director of the Air Division at U.S. EPA Region
9 and who's the lead on the Clean Air Technology
Initiative, which is a collaborative effort to accelerate
advanced clean technologies in support of improved air
quality and improved quality of life in the South Coast
and San Joaquin Valley basin.

So EPA has been a strong partner bringing another
only a lot of technical expertise and legal authority, but
also often times critical funding to this effort. So
welcome Amy.

MS. ZYMPHER: Thank you very much. It's a
pleasure to be here, Chairman Nichols and members of the
Board.

In addition to what has already been said here, I
thought I'd just take a few minutes to kind of reinforce
the importance of California and the pollution problems
here in the national context, because that is so important
in terms of how we establish priorities and how
Californian's really on the cutting edge.

And just to reinforce it, California is clear
that has the most severe population weighted exposure of
air pollution in the country. The South Coast Air Basin
and San Joaquin Valley have 77 percent of the population
weighted exposure to PM2.5, and 59 percent of the
population weighted exposure to ozone concentrations in the whole country. So over three-quarters of the ozone population weighted exposure in the country happens in the South Coast and San Joaquin areas. And as has been reinforced. Mobile sources emit over 80 percent of those the regional NOx and 90 percent of the cancer risk associated with air pollution. And the NOx and cancer risk are coming primarily from mobile sources. And the mobile sources, it's primarily those associated with the freight sector.

As has been noted, California has submitted plans that demonstrate attainment of the '97 ozone standard by 2024. It relies on a combination of emission reductions from local and state measures, but also not yet defined new technologies. And we know that the new technologies are going to be critical to this state California freight strategy as it's developed.

I would also note that by 2023, we recognize that emissions from oceangoing vessels, locomotives and other so-called federal sources are going to become a greater percentage of the total inventory.

So one of the things that we have been working closely with ARB on and others is to ensure that our current standards are being implemented, but also that we are keeping our eye on technology enhancements and whether
we federally need to be adopting more stringent standards. So that's one thing that we will bring to the technology assessment component of what has been laid out for you today.

I also want to note that in addition to the South Coast and San Joaquin area, we would encourage you to have a component of the strategy take a look at the U.S./Mexico border emissions and the issues associated with goods movement across the border there. For example, about 3,000 trucks with consumer goods assemble in Mexico for the US market across the border daily at the Otay Mesa port of entry in San Diego County and around 1500 trucks come north per day at Calexico.

We are recognizing that there is still more that needs to be done to characterize the emission and pollution associated with these trucks and other sources of freight movement, but we would encourage that that is a component in the strategy as well.

And as Chairman Nichols mentioned, I had our clean air technology initiative. This is an effort we've had underway very collaboratively with the South Coast to the San Joaquin districts, ARB, and the California Energy Commission is a very vital partner now.

So thank you again for the opportunity to be here. I'm open to any questions that you may have. And
we look forward to standing ready to help you as this freight strategy is developed in California and as it feeds into the national freight strategy that is under development and due out in 2015. Thank you.

CHAIRPERSON NICHOLS: Thank you very much.

Supervisor Roberts was just commenting to me on the By the Numbers document that we've got that right up at the front there's a figure on the trade between California and Mexico, which obviously does have an impact on the SCAG region, but it also has an impact on San Diego. I think there should be an asterisks. Anyway, they are the first port of entry in the case of the trucks for sure.

Okay. I'd like to invite you to stay if you can, understanding that people have other things to do. But we may want to ask for your help later on as we get into the Board discussion. However, we've got a list of people who have asked to come and talk about this item as well. So why don't we just proceed beginning with James Jack and you can all see where you are on the chart. And we'll go from there.

MR. JACK: Good afternoon, Madam Chair and Board members.

My name is James Jack, and I serve as the Executive Director of the Coalition for Responsible
Transportation, or CRT.

CRT is an industry organization of leading cargo owners, trucking companies, ocean carriers and sea ports, and our primary purpose is to advance environmental sustainability within the supply chain. Our cargo owners include companies like Target, the Home Depot, Lowes, Best Buy, Walmart, and Nike, who are the largest and most environmentally progressive members of the goods movement community.

CRT is excited by the opportunity to partner with this Board to identify solutions that will allow the goods movement sector to help meet the significant air quality challenges facing this state. And we hope the unique perspective of cargo owners will benefit this effort.

For many years now, ports on the east coast have been deepening and widening their harbors to accommodate the increase in cargo volume that will occur when the expansion of the Panama Canal is completed next year. These ports have already begun aggressively courting cargo away from L.A., Long Beach and Oakland, promising greater efficiency, lower cost, and less regulation.

And in fact, last year, for the first time since World War II, the east coast surpassed the west coast in container traffic. Septic might say the cost of extracting additional emissions reductions from
California's goods movement system will further hasten the exodus of cargo away from California's ports. However, CRT does not share this view.

We believe that this process holds great potential to improve the environmental performance of the freight sector by improving the efficiency of the system so we may reduce emissions while also ensuring that California's ports remain engine of economic growth.

Given the sheer size and complexity of the state's goods movement network, the task before us is large and frankly a bit daunting. Nonetheless, we stand here today as a willing and eager partner with you in this effort. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

MR. MAGAVERN: Bill Magavern with the Coalition for Clean Air and also with the California Cleaner Freight Coalition, which is a coalition of about 20 groups that are active at the community level, regional level, state level, national level on freight issues. And we've all come together because we share the recognition that this Board has and the air districts have that it's essential that we all have a major effort to reduce emissions from the freight sector.

So I want to applaud what I thought was an excellent staff presentation and to thank the many members
of the staff team as well Board members who have taken the
time to engage with us over the last several months about
this very important effort that you're launching here
today.

And I want to call out specifically three
important items from the report to agree with. And one is
the interagency coordination. Coalition for Coalition Air
participates on the CalTrans Freight Advisory Committee,
and we support the ARB position that part of the Freight
mobility Plan should be setting principles and criteria
for environmental stewardship when there are large
infrastructure projects in the freight sector that are
planned. And there needs to be early on in that process
an adoption of those principles and criteria.

Secondly, your intent to engage the public, I
want to applaud that and to offer the help of our
coalition members in having those discussions because we
agree with you that it's very important that people be
engaged at the community level. People who aren't able to
come to Sacramento need to be involved in these
discussions.

And third action, because that's really what it's
all about, is taking the actions that are necessary to
reduce emissions from goods movement. We agree with the
South Coast District that we should look at a slate of
early actions that we can take and we think it's going to
require some mix of regulations, incentives, technology
advancements, and planning in order to achieve the goals
that we all share.

So thank you for taking this step today. We very
much look forward to working with you.

CHAIRPERSON NICHOLS: Appreciate you being here.

Catherine. Appreciate if you could keep track of
where people are so we can move forward a little more
quickly here. So Angelo, you're going to be next. Not
Angelo, Azibuike.

MS. PHILLIPS: Catherine Phillips here for Sierra
Club California.

I apologize for zoning out. It's nice to see
many familiar faces and some new faces. I just want to
underscore our support for this resolution and the effort
that CARB and the transportation agency are making
together to figure out a way to holistically address
freight and freight pollution in this state.

I've had an opportunity to in the past to work on
freight issues at a national level and also at the state
level over many years and a little bit at the local level.
And I know that it can't get solved at any single level.

So this initiative is something we're very
excited about. And of course, as Bill said about his
organization, my organization, I think all the
organizations and the coalition are anxious to help you as
much as we can as you reach out to the general public. So
thank you again for this.

CHAIRPERSON NICHOLS: Thank you. Mr. Akaba.

MR. AKABA: Good afternoon. My name is Azibuike
Akaba with Regional Asthma Management and Prevention and
part of the Public Health Institute and also a part of the
California Cleaner Freight Coalition.

So we're here representing communities -- fence
line communities that live near the ports or are impacted
by pollution by the warehouse distribution centers along
the supply chain because of the air quality impacts. And
so we really endorse the resolution. We're really
grateful for the staff and the Board members that we met.

I wanted to just bring up a couple of points I
guess I was going to say this is the opportunity for you
guys to really provide leadership and the ground, the
foundation for a sustainable freight program. And in
particular, there's three things that we really support is
regulation, compelling behavior to happen as opposed to
compliance strategies. Incentivation, so we're supporting
incentivizing innovative programs, pilot programs, early
adopters, and then also technology as the gentleman said,
that zero emissions is the only way we're going to get
there. So we really need to promote that.

And we also are open to and welcome the
opportunity to work with staff continuously. And also it
seemed like the industry reached out their hand to provide
some guidance, leadership, experience since they are the
ones that own the freight supply chain. So we're willing
to step up to meet with the industry and collaborate if
you guys help facilitate that.

CHAIRPERSON NICHOLS: Thank you. Appreciate
that.

Angelo Logan. Nice to see you.

MR. LOGAN: Hello, Chair Nichols and members of
the Board. I'm Angelo Logan with East Yard Communities
for Environmental Justice.

First, I'd like to express my support for the
sustainable freight strategy. I'd like to thank you and
your staff for being thoughtful and addressing goods
movement in California as we move into the future.

I'd like to urge you to adopt a plan that is
strong and supportive with a regulatory approach as its
foundation. This plan should have clear goals, time
lines, early action items, and long range strategies.

Saying that, I would like to bring rail yards
into the discussion and the memo that Mr. Corey submitted
to you on December 4th, 2013, and the relationship to the
sustainable freight strategy plan and process.

As you all remember, in January of 2009, you granted in part a petition for rail yard and locomotive rule making. Your staff noted that evidence clearly demonstrates that activities within and around these rail yards have been responsible for unacceptable high risk. The Executive Officer confirmed that substantial additional emission reductions are necessary and agreed to evaluate implementation options in a technical document and present the Board with a plan to achieve such reductions.

You then developed technical options to achieve additional emission and risk reductions from California locomotives and rail yards and recommendations to implement further locomotive and rail yard emissions reductions. In these documents, CARB staff identified numerous cost effective and feasible mitigation measures.

In June of 2010, you decided to use a voluntary agreement to reach further rail yard and locomotive reductions versus implementing regulatory measures and gave your Executive Officer the authority to negotiate and sign the MOU.

On December 4th, 2013, your Executive Officer sent a memo entitled "Reducing Emissions from Rail Yards." In this memo, the Executive Officer explains that he has
decided not to approve the commitments in the MOU, but rather initiate a public process for reducing emissions from rail and other freight operations.

In this memo, the Executive Officer identified the Scoping Plan update as the venue to address the needed reductions from rail yards. And the next version of the Scoping Plan update will be developed -- will be the development of a sustainable freight strategy.

The need for further action to reduce emissions from rail yards and locomotives to protect public health is precedent and needs to be addressed as an urgent matter and should not be confused with the sustainable freight strategy.

Over the last six years, you and your staff have produced dozens of supporting documents that to position you to take action on rail yards and locomotives now.

We respectfully request that CARB initiate a regulatory process regarding rail yards and locomotives concurrent with to the sustainable freight strategy process. I would like to see that reflected in the resolution before you today.

CHAIRPERSON NICHOLS: I understand the point. We also have your letter. I'm sure we'll be talking about it later.

Mr. Anair.
MR. ANAIR: Good afternoon, Chairman Nichols, members of the Board.

I'm Don Anair, Research and Deputy Director in the Clean Vehicles Program at the Union of Concerned Scientists and also a member of the Cleaner Freight Coalition.

I'd like to thank staff and the Board both for the discussion at the last hearing in December regarding the sustainable freight initiative and the presentation today and the details about how we go about tackling this problem.

We know that the level of emissions reductions we need is substantial, and we also know that there's solutions available. The technology symposium last year down in South Coast, there were a number of technology providers, companies, and individuals talking about various technologies that are either under development or could be deployed to address a lot of the challenges in the freight sector across trucking, rail, and other modes. So that's the good news.

A recent report that the freight coalition released which I believe you have a copy of also looked at some different strategies and technology strategies to reduce emissions and found on the order of 70 to 90 percent or more emission reductions in emissions could be
achieved through different strategy.

So the important part here and the challenging part is how do we make that happen. I think the sustainable freight strategy, the time is right for moving forward and identifying the next step we need to make this a reality.

So one thing I'd like to encourage as well as the strategy is being developed is one of the challenges will be around some of the logistics and planning and efficiency measures to improve the system as a whole. And our freight symposiums that UCS and U.C. Davis held last year, one of the issues that came up is the availability of data for researchers to really examine the freight system as a whole. I think as an outcome of this Sustainable Freight Strategy, really identifying what those needs are and how to go about getting that information will be a key outcome of the strategy.

One other piece I'd also like to mention just in terms of the technology development. It's critical that we move from small demonstrations of one or two trucks from different technologies to larger demonstrations projects that are needed to really move to pre-commercialization for these technologies. And so I think identifying key steps and strategies for moving the technology to commercialization will be critical.
Finally, I just want to close with thanking the staff and the Board for considering this today and moving forward and look forward to working with you and other stakeholders involved in developing a strategy. Thank you.

CHAIRPERSON NICHOLS: Thank you very much.

Ms. Mendoza.

MS. MENDOZA: Good afternoon. I hope it's not too late to say Happy New Year to the Board and staff.

My name is Jerilyn Lopez Mendoza. I represent the Southern California Gas Company.

I thank the Board members and staff for this opportunity to comment at this public meeting to consider developing a Sustainable Freight Strategy.

Southern California Gas strongly supports your effort to develop a sustainable freight strategy for our entire state of California. A robust dialogue addressing pollution from freight and goods movement has been ongoing in several regions of the state for years and the time is right to create a sustainable freight strategy that looks at the entire system as a whole for purposes of consistency and addressing areas in urgent need of reform.

At the same time, we'd like to remind the Board that natural gas heavy-duty vehicles have already been part of a freight pollution solution. CNG and LNG
heavy-duty trucks are already an essential part of successful reductions of particulate matter and NOx emissions throughout the state, especially in southern California around the ports of Los Angeles and Long Beach.

And at this point, I just want to interject a personal note. I served on the Board of the Harbor Commission for the port of Los Angeles for five years from 2005 to 2010 when we were developing and beginning the implementation of our Clean Air Action Plan. And so I know firsthand the task you're getting ready take up is going to be a challenging one. But I also know that progress is being made every day and we need to move that progress forward.

Further, as you may know, Southern California Gas has conducted rigorous multi faceted air quality analysis regarding zero and near zero emission natural gas engine technology. Our analysis has led us to the conclusion that a multi-technology approach maximizing the use of all available zero and near zero strategies will yield the greatest emission reductions. Zero and near zero strategies, such as electricity, hydrogen, and natural gas are the tools we should be using in a sustainable freight strategy.

Furthermore, the significant technology advances in natural gas engines combined with the low cost of
natural gas make natural gas engines a logical pathway for expedited market penetration for heavy duty engines in the kind of low emission freight projects you will be contemplating for your sustainable freight strategy.

We agree that a low GHG freight plan for California should be our collective goal, and natural gas heavy duty engines are a key part of reaching that goal. We also know the use of CNG can expand to the rail and marine sectors. Already, national rail concerns are looking at LNG conversion and marine companies with oceangoing vessels are exploring a shift to LNG fuel.

Taken together, truck, locomotive, and marine sources represent about 40 percent of the entire pollution problems in Southern California and would take us a long way toward attainment of clean air and GHG goals if switched to CNG and LNG.

To support natural gas -- never mind. I had other stuff to say, but my personal point got in the way. I just wanted to say again we support this effort. We think it's long time coming. Personally, I'm thrilled and I want to thank you all for your hard work on this effort.

CHAIRPERSON NICHOLS: Did you have written testimony? You can submit it and we'll have it in the record. Next.

MR. GALLO: Good afternoon, everyone. My name is
Frank Gallo with the Ditching Dirty Diesel Collaborative. We've been working on freight issues for nearly a decade now. And we want to thank you for your focus and for developing a sustainable strategy on freight. It's desperately needed, especially with our shift from a manufacturing economy to a distribution economy.

Ditching dirty diesels centered in the San Francisco Bay Area and our communities have been designated care communities by the air district. These communities suffer disproportionate amount of pollution from ships, trains, planes, and trucks.

The presentation this morning documented how much our region has improved in terms of air quality. How we are now in attainment. But our members believe there is still a long way to go and much work needs to be done. Our window blinds and windowsills are covered with soot. At work, we frequently have to dust our computers and our keyboards. Our children and family members still suffer from asthma and other respiratory ailments.

So cleaning up the freight sector would go a long way to improving health conditions in our community. This is why Ditching Dirty Diesel is partnering with the California Cleaner Freight Coalition to address some of these issues. And we're encouraged by what we've heard so far by staff, and we hope that we'll be able to partner
and engage and get us to that goal.

And some other members of the coalition will be
talking to you about a new study that might help us get
there in terms of a new freight strategy.

CHAIRPERSON NICHOLS: Thank you.

Good afternoon.

MS. BAILEY: Good afternoon, Chair Nichols
members of the Board and staff.

My name is Diane Bailey. I'm a Senior Scientist
at the Natural Resources Defense Counsel and also a member
of the California Cleaner Freight Coalition.

Our coalition is made up of about 20 different
health, environmental justice, community and green groups
working towards transformational change in the way that we
move our goods in California so that we can protect the
public's health, clean the environment, and promote social
justice inequity.

We're here today in very strong support of the
sustainable freight initiative. So just pleased to see it
roll out today. I know a lot of hard work went into it.
We very much appreciate this agency's commitment to moving
forward on this important issue. So thank you.

We're particularly pleased to hear a lot of
discussion about zero emission transport and advanced
technologies and investigation into those advanced
I want to note today there was an excellent opt-ed in the San Francisco Chronicle by Margaret Gordon. I think most of you know her. She couldn't be here today. It's entitled, "Pollution's Electric Solution," and she talks a lot about west Oakland other port side neighborhoods just like it, that they have disproportionately suffered the consequences of air pollution so that everyone else can enjoy the benefits of international trade.

And that's true of so many other communities in California. She notes that children in her neighborhood are seven times as likely to be hospitalized for asthma than those in other parts of Oakland. And they suffer one of the highest asthma rates in the state. So despite decades of improvements to diesel engines and measures of cleaner air, and this agency has been responsible for many of those improvements -- and I want to acknowledge that -- we do still have quite a bit of work to do to reduce diesel pollution. We need a mix of very strong measures, including regulations and incentives, to take -- to really tackle this issue of freight pollution. And the kick off of the sustainable freight initiative today is really an important step towards achieving that goal.

I want to talk a little bit, if I have time,
about this report that our coalition released. It's called, "Moving forward, zero and low emission freight pathways." You all should have a copy. I just want to talk through a couple of examples of how we envision getting passed the status quo of diesel. And Henry Hogo with the South Coast Air Management District made an important note that even if we use the very cleanest diesel engines available today in all of the different modes, we're still not getting there to our clean air goals.

And I see I'm running out of time so. So I'm going to ask you to take a look through the report. I'll save the examples for later. And just note that you have our full support on this freight initiative. We are happy to work with staff. Very pleased to see it moving forward. And let's get Margaret Gordon those electric trucks she wants for her community of west Oakland.

Thanks

CHAIRPERSON NICHOLS: Thanks. It's a great looking documents. Lots of beautiful pictures and also some good text. So we will read it.

MR. MARTINEZ: Good afternoon. My name is Adrian Martinez, and I'm here for Earth Justice.

Earth Justice is a member of the California Cleaner Freight Coalition as well. Today, we're here to
support the resolution before you. We think the staff has
done a good job of outlining a lot of work that needs to
happen over the next year. And Earth Justice intends to
participate and provide as much input as possible.

There are a couple points I want to highlight. I
think identifying kind of what are the next level
regulations that are going to push the freight system is
going to be very important, especially as we undertake
figuring out how do we close the black box. I was happy
that EPA referenced identifying these new technologies as
a key priority of this freight initiative. I think that
will be important to keep in mind as we move forward.

The second point is on health risks. We're
seeing several projects throughout the state, and I think
this process kicking off now is very important. You have
the 710 project, one of the largest road infrastructure
projects in the nation. You have the World Logistics
Center in Moreno Valley, the largest master planned where
house development in the world. These are all happening
now.

So I think to the extent that the Air Board can
continue its commitment to reducing freight and
participate in these projects and provide input will be
helpful.

And then the final issue I just want to echo the
concerns raised by Angelo Logan that there are several
issues that need to be addressed now. In particular, the
issue of the communities adjacent to rail yards is
something that should proceed on a parallel track and make
sure that we're providing relief to communities that are
breathing toxic air from rail yards. Anyway, I would like
to support the Resolution. And thank you for all your
time and hard work. Thank you.

CHAIRPERSON NICHOLS: Thanks for being here.

MS. HOLMES-GEN: Bonnie Holmes-Gen with the
American Lung Association in California.

And as others that have been here today, I want
to thank you and the staff for moving forward on this
important freight effort. As a health organization and a
member of the Cleaner Freight Coalition, we've been
looking for this to happen for quite some time. And we're
really pleased to see this item come forward.

I was able to attend the Haagen-Schmit symposium
and participate in some of the early discussion on this.
I understand the complexities that you're facing. But
this is something clearly that we have to do, as you
noted. We have to get to zero emission and near zero
technologies and fuels. There is tremendous potential.
We have the technologies available. We need to
demonstrate them and deploy them. And we need to involve
all the stakeholders and local governments and work
together on this.

And we're just pleased that you are taking the
lead. And this is the key role for the Air Board to bring
all these agencies and stakeholders together. And I just
wanted to comment it's just as important to develop the
strategy as it is to also develop the implementation plan
with the timetable and the milestone so that we can all
have a clear sense of what's going to happen and when to
clean up freight and to produce these public health
benefits.

Just also wanted to comment that well to wheels
analysis that you've been talking about is a critical
component of this. We really look forward to that.
That's critical information we need to have. We also want
to see continued work on health analysis so that we can
have that input into the freight strategy as we move
forward and have ARB, as was mentioned earlier, provide an
avenue for more input with some of the health information
at the local level.

And the last thing was, you know, we support the
elements of the strategy and appreciate again the
near-term work that you're looking at, not just looking at
the regional efforts, but the near term work that's needed
to help vulnerable communities that are struggling now
with excess emissions. We look forward to partnering with you as always. Thank you so much.

CHAIRPERSON NICHOLS: Thank you.

Mr. Markwald.

MR. MARKWALD: Good afternoon, Chair Nichols and members of the Board. I'm Kirk Markwald. I am representing the Association of American Railroads, which out in the west is the BNSF Railway and Union Pacific Railroad, also a coalition of goods movement providers and movers. I think it's being distributed to you now. You may have seen it before.

What's attached to the letter -- and I think that first I'd like to really congratulate the staff in a very thoughtful presentation. This is a complicated issue. And we'll get to the right place by this kind of thoughtful analysis that the staff has presented for you that will guide their efforts.

What I think it's also important though as we start at the very first point, which is what are the questions that we're trying to answer. Because I think as Don Anair suggested, data is incredibly important. One of the things that came out of Haagen0Scmit was a need for high granularity of understanding the system. And I think getting the questions right first is the way we're going to get to the fact of what the data is and then what it
means in terms of implementation. So I think that's a
very important step that should not be jumped over.

Secondly, I think that the Haagen-Schmit effort
gave some ideas of how to create a process so that all the
voices could be at the table. They would be heard. It
would be transparent. And we attached to our letter some
of the ideas that came out of that that I think were
incorporated in this staff presentation and I think really
have to be part of this effort.

If necessary, a technique that you've used before
in AB 32 is to also draw in unaligned independent experts
academic or otherwise the Technical Advisory Committee to
really sort and sift the data that is going to come to you
so you can have a high degree of confidence that when
you're acting upon a plan or a strategy, you've got some
buy-in from more than a business interest or a community
interest or an environmental interest, but rather there
are technical people, really smart, unaligned out there.
And you should avail yourself to them.

The one thing I didn't think the staff
presentation due on carefully enough was the systems
implication of actions today. You know, if Hasan were
here, I would channel my inner Hasan, he would tell you
this is $150 billion of GDP in the region, about 32
percent. And it's a 2.9 million jobs. So getting it
right is really important.

   And part of that is many of the traditional
providers are not even in the room or even in the country.
So one suggestion I would have is on the Resolution, the
Resolution suggests that the staff directs the staff --
this is on section two, page five. Directs the staff to
do a sector by sector technology analysis. I think that's
incredibly important. But I think it should be amended to
also include a systems analysis would look to the
implication of port shift or the implications of mode
shift. If that's included, then I think you will have
confidence as you go forward you've got the right
resolution on the data and that both citizens and you all
as decision makers will have confidence going forward you
can transform the system both from an environmental
improvement as well as not doing harm on the economic
side. Thank you.

   CHAIRPERSON NICHOLS: Thank you. Appreciate
that. We may call on you again if there's an issue about
that. But I understand. Okay. Thank you.

   Jamie Hall.

   MR. HALL: Good afternoon, Chairman Nichols and
members of the Board.

   My name is Jamie Hall. I work as Policy Director
for CalStart. As many of you know, we've been focused on
cleaner, medium, and heavy-duty vehicles for a really long time. We're very excited and optimistic about what can be done with advanced technologies in the freight sector. For example, we worked on a report last year that showed that zero emission trucks technologically feasible in and around the heavily polluted ports of LA and Long Beach. This would be amazing.

We also recently released a technology road map for clean trucks through the CEC funded California Hybrid Efficient and Advanced Truck Research Center, otherwise known as CalHEAT. And to Kirk's point that work did include the input of a large and impressive technical advisory group. It could be a bit of a starting point for some of this work.

These are exciting and California is out in front as always, which is why it's fun to work here. However, this is not going to be easy. I think we all realize that. We have to figure out how to move towards zero emission freight, while remaining sensitive to the economic realities and constraints on the sector.

This will require active participation and collaboration on the part of all stakeholders and so sustainable freight strategy process and stakeholder outreach you're talking about today is really important. And we look forward to participating in this.
Achieving success will also require significant public investment above and beyond that which you can get from the program's extended last year by AB 8. And as Don Anair from UCS noted, an important part of this is larger scale demonstrations, but really there are needs all across the technology commercialization process.

Fortunately, cap and trade revenues provide an opportunity to address some of these investment needs with targeted and coordinated investments in research, development, demonstration, and early deployment of cleaner medium and heavy-duty vehicles. It's a great opportunity. We need to make the most of it with a good and well thought out plan.

With that, I'll wrap it up and say we're happy to see this kicking off. And we really look forward to working with you. Thank you.

CHAIRPERSON NICHOLS: Thank you. And last but not least.

MR. COATES: Hello. Good afternoon, Chairman Nichols and Board. I'm Michael Coates today. I'm representing the Diesel Technology Forum, not-for-profit trade association representing diesel industry's vehicle engine and technology providers.

The new generation of clean diesel technology is what moves the global economy today. Eighty percent of
the freight in the U.S. is moved by diesel powered trucks, trains, and boats.

By rapidly reducing the footprint of emissions and fuel consumption from all aspects of freight movement, clean diesel power is the key to reducing criteria pollutants and greenhouse gas emissions today and in the future.

We look forward on behalf of the diesel industry to being a partner in the planning for the Sustainable Freight Initiative and help move the needle forward.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you. All right.

Well, we seem have to generated a lot of interest and mostly positive responses, which is terrific. I think it's great.

I remain concerned, not about the substance of what we're doing, but about the ability to coordinate so many different moving parts. I think that's the harder thing is to do all this analysis that we're talking about and do it well in a timely fashion so that it can feed into the processes of other agencies as well because although we have serious authority and responsibility on the air quality and AB 32 side, we have a sister agency among others, but the Department of Transportation which has major responsibilities in the federal system and its
own legislative mandate to do a freight plan. So although they haven't said that they're worried about it, I'm going to say on their behalf I'm worried about how we do this. One of the things that I wanted to make clear is that I do not want to see us create a new Advisory Committee that replicates the Advisory Committee that is already in existence, the 75 member Freight Advisory Committee which we serve on, as do many of the people spoken here today. Not all, but many of them.

So I want to get from staff a little more clarity if I can at this point as to how exactly you see us with our stakeholders because we're certainly -- these are our stakeholders, too. And there are reasons why we need to consult with them and probably to consult with people that aren't part of this Advisory Committee, but how we're going to do that and at the same time work within the process that STA is doing as well.

I'm looking at you, Cynthia, because you're the guru on this one.

DIVISION CHIEF MARVIN: Thank you. So we've really wrestled with the question about how do we have this open transparent collaborative process. I went back and talked to a lot of the folks who were part of this sort of effort last time we did it about six or seven
years ago. And what I heard is great big advisory committees are good because you can point to them and you can say you got everybody in the same room at the same table, but you don't tend to get conversation at that table that really moves the ball.

So what we're proposing primarily is the use of small focus groups, which really means we go to different interest groups and pick their brains, find out what they feel like they would need out of the system, a sustainable freight system to support it, what are their ideas, what are their concerns, what are their suggestions.

ARB pulls that information back with its agency partners. We synthesize it and we talk about it in workshops.

One of the challenges that we have is there a hybrid approach that can get us a more interactive process. I think your Board members are all familiar with standard ARB workshops, which is where ARB staff sits up front. We never sit in your seats, but we usually sit up front and we present a proposal. And then other people comment to ARB. It's very much a conversation between ARB and the individual making the comment.

What we need to do is come up with a mechanism for a workshop that looks different. So it is more of a round table discussion at that workshop. So I would
suggest that that's a little bit of a hybrid between an Advisory Committee and a traditional workshop. So we're suggesting that we have more interactive workshops where the other stakeholders can engage with each other as well. We're also suggesting that we go to other forums that already exist. We talked about community events and community meetings where folks, for example, advocacy groups are gathered together and perhaps it makes more sense to put us on their agenda rather than try to set up a separate meeting.

CHAIRPERSON NICHOLS: I'm sorry. I did didn't mean to interrupt. I think it's very interesting and positive that we have this letterhead here with all of these organizations representing people in the industry because they pulled themselves together. So that hopefully is a forum we can utilize.

I was very pleased to see Mr. Jones here. I know you and others have tried to engage the shippers, the people who own the cargo who are key elements of any solutions or anything that's going to shift modes or be really transformative. And clearly, California Retailers Association, these are the right people who are presenting themselves here as interested in this. So that's excellent.

I just think we do need to really devote our best
thinking to engagement. And I think Mr. Markwalk's suggestion about use of independent third party, not necessarily facilitators in the formal -- I think we've all seen facilitation not necessarily always be successful. But the idea there could be technical people that we might engage for specific topics that could help us with some of these items would also be very useful.

Mrs. Riordan, this is one of your areas of expertise here.

BOARD MEMBER RIORDAN: It's just that I've been to a lot of workshops. But I think Cynthia made a very valid point. Oftentimes, it is the staff and the audience and it's just sort of a one-on-one. And there isn't the back and forth that needs to happen with people who have different viewpoints. But also different knowledge.

And when I went to the Haagen-Schmit conference where this was discussed, the thing I came away with was I was really very uneducated on this topic. And you would think being from Southern California and being very much effected by the freight transportation that I would have known more. But I didn't. And I realized the interaction of that particular symposium was wonderful for educating me, and I needed to learn more.

So I encourage you. I don't have a specific recommendation other than to say there must be people out
there who understand dynamics and working groups and could assist us just a little bit. Not necessarily as a facilitator, because I agree, some facilitators are wonderful. Some are not wonderful. But at least they give us a process that maybe we could follow. And I think that would be really helpful.

Now, there's many, many who would like to participate. And that's going to be an issue, too. Because they certainly need to be heard and their input is very valuable to us. But it's just how to structure that. And good luck. And maybe we'll find somebody that really knows what they're doing.

But I'm thinking also of the speaker from Southern California Gas. You know, she's been through it. Maybe she's got an idea. There's somebody out there that could give us some thought about how to make this really helpful because the input that you seek, you want the very best. But it's the process that may impede the real value of that input if we don't get the process right.

CHAIRPERSON NICHOLS: Supervisor Gioia.

BOARD MEMBER GIOIA: I think this is really timely, and I'm glad we're moving forward with this. And there's so many other things going on that relate to this. You know, we had the earlier discussion about sustainable community strategy. And one of the things
we're seeing is some of the areas that have been identified for growth and development frankly are areas often near rail, near ports, including in the Bay Area and in my own area when I live in my own district.

So we have these different great public policy objectives, not in conflict, but tension between them. So for example, the plan that was approved in the Bay Area identified priority development areas that make sense from a standpoint of reducing greenhouse gas emissions, but at the same time are near areas that have greater exposure, health exposure.

So to the extent we solve this issue, we make it easier to achieve the objectives in the SCS to get development in the right place by addressing these issues in freight. So there's really again these multiple objectives. So I'm glad we're doing this. But I thought I would give an example of where it really carries over all the other work that's going on. So it's great.

CHAIRPERSON NICHOLS: Thank you.

I'm going to call on somebody who hasn't raised his hand, but who I know has a lot of experience on this issue. And that's Board Member De La Torre because you've done a lot of work on rail-related community issues and oftentimes speak with the communities that are most impacted here. So what's your thought?
BOARD MEMBER DE LA TORRE: I was going to speak. I was just waiting for them to do their thing. Thank you.

I would say two things. One, with regard to Angelo Logan's comments, clearly, on the rail side of things, we've made progress in a number of areas. And we've got things that are percolating there that should not wait while we're doing this other broader project. And in developing that, if something comes along that we can really push in the area of rail, or any of the other areas for that matter, it's not hitting the pause button in order to do this plan. So I want to make that really clear, that the expectation is that we will proceed on any one of these fronts as needed.

The second is -- and I've had this discussion with staff, that when we are able to identify a game-changing technology, whatever that is, in this area, in the freight area, that we move as quickly as possible to set the standard at that level of performance, whatever it is. And anybody else that comes along -- not tying it to the technology, but to the level of performance and then folks who come along could either use that technology or something else as long as they meet that level of performance. So we're using the level of performance achieved by technology, not by the technology itself to push these folks forward in a way that we may not have
done in the past or maybe we have. In this area of freight, I think it's absolutely critical that we do that because for all the reasons we heard earlier today.

CHAIRPERSON NICHOLS: Sure.

BOARD MEMBER DE LA TORRE: I think these two things are my two main points for today.

CHAIRPERSON NICHOLS: I was just going to say I think the mode shift issue is one that needs to be looked at because it's going to come up. And there's always arguments on behalf of any one type of transportation about why they're environmentally superior. I think this well to wheels assessment is going to be really critical as well. Really looking forward to that. And I will look in the other direction now so I can call on others who wish to speak.

Mr. Sperling.

BOARD MEMBER SPERLING: I'm going to be far more conservative and cautious than I may be ever have been.

CHAIRPERSON NICHOLS: It's time to adjourn.

BOARD MEMBER SPERLING: It probably is.

I think this is of all the things that we've done since I've been on the Board, we should be the most cautious, the most slow, the least expectations moving forward. And you know, people have said it's a complex system. Partly what they're saying is -- and they're
saying we don't know much about it. The reason is because we deregulated the freight systems, truck and rail, 30 years ago. And when we did that, we stopped collecting a lot of the data. We didn't have researchers focused on it. Government regulation went away. And so there wasn't a lot of attention paid to much of the freight system.

And what happened in the meanwhile is a lot of innovation, much more than on the passenger side. So now we have all kinds of inter-modal activity going on, very unlike the transportation where we have almost no intermodal. So it is a very complex system. It is the heart of our economy. And we don't understand a lot about it. So that -- I probably could stop there. But I have just a couple thoughts on that.

Yes, I think we can, you know, support looking at -- and support technology demonstrations, not prescribing technologies. Almost all the technologies we're going to prescribe are going to be very expensive and the question is who's going to pay for it. And it's not even clear all the unintended consequences.

So what we should really be looking for to make this a success is get an efficiency savings out of the freight system, which are I think potentially very large. And I know I can talk off line. I know things have been done in Europe where they consolidated terminals and they
worked at reducing the logistic sprawl we're seeing here in California and the U.S.

So I guess the one thought, the one suggestion I have, which is not something we can actually do, is we need an overall framework for how to approach this. Doing all these studies, you know, I love studies. But in this case, I'm skeptical a lot of the studies we at ARB might do. We need an overall framework. So here's my suggestion. Add urban freight to SB 375. That's my suggestion. Someone go talk to the Legislature and get it done.

BOARD MEMBER GIOIA: They're related totally. It's interesting. We had these suggestions when we develop our RCS, it comes up against other objectives of how we continue to move freight in an efficient and environmentally sound manner.

BOARD MEMBER SPERLING: Since you responded to it, I'll say the reason why it's a good idea is that what SB 375 in a passenger side did it get us all focused get the cities and the counties and everyone focused on what the opportunities are, coming up with metrics to use, getting everyone organized. We are on the passenger side that kind of work because the timing was right. We're so far away from that on the freight side that we do need that. We do need just to get people organized and talking
about it and thinking about it and heighten the awareness and actually creating an SB 375 or getting it expanded is I think really a good idea.

CHAIRPERSON NICHOLS: Ms. Berg.

BOARD MEMBER BERG: Well, thank you very much, Chairman Nichols. And I really appreciate all the thoughtful comments from my fellow Board members.

I really appreciated you kicking off talking about the concern of coordinating so many moving parts. And when I look at this, it really is in both hands.

On one side is all the moving parts that we have with our partners. And just as Professor Sperling just indicated, the complications of the industry that we're looking at.

I'm pleased with the -- staff, great job. This was a difficult thing. It was hard in the symposium and the Haagen-Schmit Symposium. You guys did an incredible job there. And then to bring this information forward in a context to kick it off, great job.

My recommendation is we're starting with a blank sheet of paper. We're looking into the future. We're trying to set up our portion of a framework, and I applaud the way you're going to move forward. I really would add the experts as Mary talked about using the cautiousness of Professor Sperling. And within the experts, we all need
to be educated. And if we can set up a framework that as
those experts are not only educating us, but we can
educate all the other stakeholders. So whether that is
additional symposiums that other people sponsored but that
we can really encourage using the vast and the depth of
our academic institutions, I would really encourage that.
And as usual, I'm happy to help. Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

BOARD MEMBER BERG: I would like to say one more
thing. I do also agree with Board Member De La Torre on
the rail issue and that we do need to look at -- I think
we have taken a proactive look at the risks that are
happening at the rail yards. And I do agree that that
needs to run on a parallel track of what makes sense if
there is some low hanging fruit and engage, even though we
have left the MOU process, let's not disengage from
looking at what the possibilities are with rail, with the
Railroad Association, and the two stakeholders and with
our rail yards that are most affected. I do support that.

CHAIRPERSON NICHOLS: All right. I had called on
Judy Mitchell and then passed her by. So forgive me.

BOARD MEMBER MITCHELL: Thank you, Chair. Yes.
All the opinions expressed here are good ones. And the
first hurdle we have is the responsibility for this
freight plan isn't on ARB as a primary instigator or
implementer. It's on the Department of Transportation. But I think it's incumbent on us to be working with that department because air quality is a major issue that comes out of freight movement.

I think that the idea of moving forward with some focus groups is excellent, because I, as well as some others on this Board, have been approached by groups that are interested in knowing what's happening in freight movement. They apparently are not getting information and communication somehow through an outreach process. I think we can do that. We know how to do that. We can use local air districts to do it as well. My air district is very experienced in doing that.

And I want to say, too, that a lot has already been done. And there are some pretty dramatic reductions that we have seen over voluntary efforts that have happened in the port of Long Beach and the port of Los Angeles. And there's lessons to be learned there.

Cal State Long Beach is an academic institution that's been very involved with the Ports in Long Beach and Los Angeles and can be probably a good resource.

I do think there will be a need for some data collection. But some of that work may have already been done as well. The data collection is most critical in the logistics sector. Where is the freight going? Where is
it coming from? The intermodal yards, how are they working? And that will be a tough thing to do, but I think probably some work has been done in that area by entities already involved in logistics and the movement of freight.

I also think there is the concern out there that, well, we're doing a lot of talking about this. But what are we actually doing about it? So I do think that while focus groups and communication is essential, we need to also be thinking about what the action is that we promote and support and ask to happen and that happens only in conjunction with the Department of Transportation and the other agencies that are involved.

Also there is new technology. And the South Coast Air District is experimenting with new technology. We have a number of projects that are demonstrating new technology. There are electric trucks under development today. They're out there. They're being used. There are Tier IV locomotives out there today. And there is a growing interest by the railroads to use LNG locomotives or LNG hybrids with diesel combination. That comes about because natural gas is becoming less expensive, and it's more economical way to operate their systems. And I think engaging the railroads is a good idea. We need to be working with them to move forward into the cleanest
possible locomotives that we can find and bring about.

There is an interesting development in the South Coast in the metro, which is a passenger system. It has just ordered 14 or 15 Tier 4 locomotives to be operated on the passenger system. So there's movement forward here. There's a lot happening. And I think we should be getting our fingers into the pot and working with them to see that this goes forward.

And technology is drastically developing. We need to be keeping on top of that to see what's coming out. As I said, electric motors, fuel cell vehicles. And I think fuel cell provides a real viable alternative for heavy-duty trucks. The issue still with heavy-duty trucks is you have to get enough horsepower. With locomotives, you have to get sufficient horsepower to move those big engines. And so heavy-duty trucks, fuel cell vehicles will be a clean way to go as well as electric motor trucks.

So good things are coming. We just need to be paying attention to it and start working on that. Thank you.

CHAIRPERSON NICHOLS: Thank you. Dr. Balmes and then --

BOARD MEMBER BALMES: Given the time, I'll try to be brief.
First off, I want to third the suggestion from Mr. De La Torre that we need to deal with rail yard exposure sooner rather than later just on the health side. Mr. Logan was articulate about this point and I agree. I'll all for the planning that staff has outlined very thoughtfully with regard to the sustainable freight strategy. I don't think we can wait two years to sort of deal with the rail yards in terms of the community exposures right around those rail yards.

The other thing I wanted to say, I'm surprised my fellow Board members mention haven't mentioned so far. I thought it was striking to hear both environmental groups talking about being ready to work with industry and then representative of the rail roads talking about being ready to work with the environmental stakeholders. And I think it's a bit extraordinary to hear this level of enthusiasm for working together on this issue.

And I really think that Cynthia Marvin's point about hybrid workshops where these different voices can and perspectives can be heard and maybe there can be some constructive middle ground that comes out. So I think that was extraordinary and I applaud the speakers who made those points and Cynthia's suggestion how to try to capture the different perspectives. And I agree with most of -- well, I agree with almost everything that my fellow
Board members have stated.

    CHAIRPERSON NICHOLS: Thank you.
    Mr. Serna.
    BOARD MEMBER SERNA: Thank you, Madam Chair.

    First of all, I want to express thanks that staff has done the work they have to date on this suggest. Two comments, general comments. I'll try to be brief.

    The first is it seems to me that this is kind of a missing link, because it cross pollinates with some many of the other efforts that ARB is involved with right now, including the Scoping Plan update. And you know, I wanted to make sure we don't lose sight of the fact that there is a lot of interest here at this agency, certainly a few blocks away at the Capitol on short-lived climate pollutant and what are the co-benefits we enjoy by reducing black carbon emissions in particular. I think as we move forward in developing the strategy, if we can consistently remind ourselves about how we not only hit the objectives of the freight strategy itself, but also how do we progress further the objectives of AB 32 obviously. And in particular, how do we keep note of what we're intending to do through the Scoping Plan update. I think that's certainly an opportunity that we need to exploit in a positive way.

    The second thing I want to mention, and this is
probably because I'm the most recent appointee candidate to have gone through the confirmation process. There is a great deal of interest I will tell you firsthand -- I know many of you know this already at the Legislature -- about the freight strategy and what it's going to do in terms of helping us meet SB 535 objectives in terms of the application of resources from cap and trade for disadvantaged communities.

Again, there is a great opportunity in front of us to really stay focused on both the directives in that piece of legislation and what I think we're all hearing today in terms of the overall general approach that the strategy is going to lead to reduced emissions. But those are the things I think we have great opportunity to really kill multiple birds with one stone. Thanks.

CHAIRPERSON NICHOLS: Thank you.

There is a point at a meeting which one can say everything has been said, but not everything has been said by everybody. I think we may have reached that point in this discussion. So I'm going to try to draw us to focus on the Resolution.

But I do want to just add one thought to the list of things that have been identified. It was mentioned in passing. And that is that our freight system operates not only in interstate but international commerce. And to the
extent that we're also looking at international activities and benchmarking what we do here and providing technical assistance issues relating to both the ports and the border crossings are going to come up on our screen and are going to be important as well. So just to throw that into the mix as well, especially when we're talking to legislators.

Did you want to have one more point?

BOARD MEMBER MITCHELL: I did. I was going to move to adoption of the Resolution.

CHAIRPERSON NICHOLS: Good.

BOARD MEMBER SHERIFFS: Second.

BOARD MEMBER GIOIA: I'll second.

BOARD MEMBER MITCHELL: I'd like to offer a couple of amendments. These are minor. In the first paragraph of the resolved section, after the phrase "environmental and community groups" --

BOARD MEMBER GIOIA: Where are you in the Resolution?

BOARD MEMBER MITCHELL: On page five. One after resolved.

That in had the second line of that first paragraph where it says after "environmental and community groups," I would put a comma and say "focusing on" or "focus on environmental justice groups." Because actually
Supervisor Serna raised that I think it's an important issue that I know we are going to do that anyway, but I think it's good to pull that out and actually draw it out and mention it specifically.

CHAIRPERSON NICHOLS: So you want to add "environmental justice"?

BOARD MEMBER GIOIA: I think that's a good -- I was going to speak to that point. Whether we use the term "focused" when you say environmental, it may -- I think we just call them out and say environmental justice groups. I think that's a good way to do it.

BOARD MEMBER MITCHELL: As long as that is mentioned.

CHAIRPERSON NICHOLS: Okay.

BOARD MEMBER MITCHELL: The other item was one that was brought up by Mr. Markwald. And that was in paragraph two I think we might add in there that we undertake a systems analysis as well. I think that would be an important part of this process.

CHAIRPERSON NICHOLS: I think we can add that.

BOARD MEMBER MITCHELL: Those two amendments.

CHAIRPERSON NICHOLS: I think we can insert that language as well, without objection.

Are there any other proposed amendments as we're working on the Resolution. Seeing none --
BOARD MEMBER BALMES: I'll second.

CHAIRPERSON NICHOLS: We have a second here. Dr. Sherriffs beat you to it. I'm going to call the question here then. All in favor of the resolution please say aye.

(Ayes)

CHAIRPERSON NICHOLS: Any opposed? Any abstentions?

Great. Okay. Thank you all very much. This is exciting. And there is obviously a sense that the time has come. I think we've got the basics here. Obviously, a lot more work to be done. But thanks everybody for participating.

Do we have any other -- good. No other business to come before this body. We will be adjourned.

(Whereupon the Air Resources Board meeting adjourned at 2:47 PM)
CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of February, 2014.

________________________
TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
License No. 12277