TO: Mary M. Nichols  
   Chairman

Honorable Board Members

FROM: Richard W. Corey  
   Executive Officer

DATE: December 4, 2013

SUBJECT: REDUCING EMISSIONS FROM RAILYARDS

On June 24, 2010, the Board held a public hearing and considered public testimony on the draft 2010 Railyard Commitments to reduce diesel particulate matter (PM) emissions from 2005 levels at four high priority railyards in Southern California by 85 percent by 2020. The draft Commitments were designed as voluntary agreements between the Air Resources Board (ARB or Board) and two major railroads – BNSF Railway and Union Pacific (UP) Railroad and built upon two prior successful enforceable voluntary agreements between the same parties. The staff has concluded that for both earlier agreements the railroads consistently met or exceeded each and every obligation they signed on to. ARB staff proposed this voluntary approach based on the belief that the Commitments represented the most certain and most effective way to achieve additional emission reductions at the highest risk railyards. Representatives of impacted communities, as well as the South Coast Air Quality Management District, opposed the draft Commitments and advocated a regulatory approach.

Board Action. At the 2010 meeting, the Board directed the prior Executive Officer to further negotiate with the railroads to strengthen the draft Commitments and to complete the environmental analysis. The Board then delegated two decisions to the Executive Officer: (1) approval of the environmental analysis and findings, once completed; and (2) whether or not to approve and execute the Commitments, and send them to the railroads for signature.

Staff Follow Up. ARB staff engaged in an extensive, multi-year process to: negotiate with the railroads to add several new provisions consistent with the Board’s intent and publish the revised draft Commitments; update and publish the technical data on emissions and health risk; conduct and publish the required environmental analysis; and respond to public comments on that analysis.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: http://www.arb.ca.gov.

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Decision. I have decided not to approve the Commitments, but rather initiate a public process that can lead to a more holistic path for reducing emissions from rail and other freight operations. This memorandum describes the rationale for the decision, as well as our next steps to protect communities near rail and other freight operations.

Need for Action. California must take further action to reduce emissions from rail operations to protect community health, attain ambient air quality standards, and achieve our greenhouse gas reduction targets for climate change. We need a comprehensive strategy that increases the efficiency of the freight system while driving down emissions to near zero levels. Meeting all of these objectives will require collaborative efforts that produce significant emission reductions and participation from more freight sectors than just rail. Freight transportation is a complex system, with essential national and international links. It is critical to approach the challenge of transforming it from a system-wide perspective.

Scoping Plan Update. The Scoping Plan Update offers a transparent public platform and process for describing how ARB (in conjunction with local air districts, transportation planning agencies, rail and other transportation providers, cargo shippers and owners, environmental justice communities, and others) can proceed to develop a long-term, comprehensive strategy for getting the substantial emission reductions needed from California's freight system, including railroad operations.

Sustainable Freight Strategy. The next version of the Scoping Plan Update will describe the elements of, and the public process to develop, a Sustainable Freight Strategy. These elements include:

- A stakeholder coalition;
- System-wide efficiency metric(s);
- Technology assessments;
- Emissions and activity reporting;
- Measures, actions, and schedules;
- Principles and criteria for funding transportation infrastructure projects; and
- Principles and criteria for new/expanded freight facilities.
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Next Steps. ARB expects to release the next version of the Scoping Plan Update in late January 2014 for public review and comment, followed by discussion at a Board meeting in February 2014, and a final Board hearing in Spring 2014 on this Plan. Concurrently, staff will initiate a public process throughout 2014 to develop the actions and recommendations for a comprehensive Sustainable Freight Strategy.

If you have any questions on this subject, please contact me at (916) 445-4383 or Cynthia Marvin, Chief of the Stationary Source Division, at (916) 324-0062.

cc: Cynthia Marvin, Chief
    Stationary Source Division