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ENVIRONMENTAL DEFENSE

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Union of Concerned Scientists

February 25, 2008

Chairwoman Mary Nichols and
Members
California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Re: Proposition 1B Guidelines for Implementation

Dear Chairwoman Nichols and Board Members:

On behalf of the Union of Concerned Scientists and Environmental Defense Fund, we commend the Air Resources Board staff for moving quickly in drafting guidelines for distributing the Proposition 1B Air Quality Funds. Overall, we approve of the guidelines. We would, however, like to bring a few issues to your attention.

First, equitably distributing the funds among the goods movement corridors in the state is an extremely difficult task. In developing the corridor funding targets, ARB staff relied on the most relevant criteria including exposed population, amount of emissions, and ambient air quality attainment requirements, consistent with the requirements of SB 88. We support the staff's formula for dividing the funds among the trade corridors. We also support the requirement in the guidelines that air districts accept and process applications in a way that ensures that maximum statewide health benefits will be achieved with these funds.

Second, the draft guidelines acknowledge that loan guarantee programs might be explored, but not in the program's first year. Establishing a loan or loan-guarantee program could provide greater access to capital to small businesses and truck and equipment owners, while effectively recycling public dollars. Loan and loan-guarantee programs may require only a single infusion of capital rather than the sustained annual funding required of grant programs, and achieve greater emissions reductions for every public dollar contributed. We understand the limited time available to establish such a program for the first year of Proposition 1B funding. We strongly encourage ARB to

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continue its work with the appropriate state agencies and stakeholders to evaluate and establish such a program for future funding years.

Third, California voters provided the Proposition 1B air pollution mitigation money to reduce pollution in California. Therefore, we support staff's proposal to limit 1B money to projects that spend 100% of their time in California. The 1B guidelines suggest that in limited cases 1B money will go to projects that cross the state's borders. Staff explanations at workshops indicate that the limited case language was included after staff learned that some locomotives travel to Arizona for mechanical service. We agree that this limited and specific out-of-state travel for vehicle repair and maintenance warrants an exception. This exception, and any other limited cases the staff would consider, should be specified in the guidelines. The current language may be misinterpreted by agencies seeking to distribute these funds as allowing greater travel outside the state's borders than we believe should be allowed for projects receiving these funds at this time.

Finally, we strongly support the requirements for public workshops, community meetings, and web-posting of project data as proposed in the draft guidelines. Transparency and public participation will provide assurances that funds are being used to meet program goals and will help maintain public support for current and future clean air incentive programs

Thank you for considering our comments. We look forward to working with you and the local agencies as the guidelines are finalized and projects are being selected.

Sincerely,

Don Anair
Union of Concerned Scientists

Kathryn Phillips
Environmental Defense