

XC: Board Members 08-2-7
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California Partnership for the
San Joaquin Valley

January 15, 2008

Mary Nichols
Chairman
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

RE: Proposition 1B: Goods Movement Emission Reduction Program - Proposed Guidelines

Dear Chairman Nichols:

The California Partnership for the San Joaquin Valley (Partnership), a public-private collaboration created by the governor through executive order to focus resources on one of the most challenged regions in the state, is actively committed to implementing an action plan that will accelerate attainment of clean air for all Valley residents. Although the action plan seeks emissions reductions in all sectors, the Partnership can find no other single source of pollution that is more responsible for the problem in the Valley than goods movement. The heavy-duty diesel trucks used for goods movement are, by far, the Valley's largest single source of smog-forming oxides of nitrogen (NOx), representing over 50% of the mobile source emissions and over 40% of total NOx emissions. In other areas of the state, emissions from passenger vehicles are more significant, but in the Valley, mitigating air pollution from goods movement must be the highest priority.

We are disappointed with the "Staff Report Proposed Guidelines" for implementation of the Goods Movement Emission Reduction Program. We have used two approaches to arrive at what we consider to be a fair and equitable allocation for the Valley.

The simplest approach is to take the main source categories for goods movement emissions, as determined by ARB, and to base the allocations primarily on where those emissions occur. ARB has determined that the applicable source categories are as follows:

Trucks	76%
Port cargo handling & harbor craft	14%
Locomotives	10%

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The latest EMFAC numbers from ARB show that 45% of all truck emissions in the four major corridors occur in the *San Joaquin Valley*. Multiplying the truck source category (76%) by the percentage of those emissions that occur in the Valley (45%) results in an allocation to the *San Joaquin Valley* of 34.2%. That number needs to be adjusted upwards to reflect the emissions that occur in the Northern part of the Valley (the Sacramento Federal Ozone Non-attainment Area). Additionally, based on ARB numbers, approximately 14% of locomotive emissions occur in the Valley, adding \$14 million to the Valley allocation. Finally, as proposed by ARB, a preferential factor should be used for the two air basins with the most difficult SIP challenges, the South Coast and The San Joaquin Valley. The combination of these factors yields an allocation to the Central Valley that should be not less than 37% and justifiably as much as 42%.

The second approach uses the three criteria proposed by CARB but weighs and applies them in a way that is more fair and equitable.

Population

Nowhere in the bond measure does it say that population should be used as a criterion for allocation of these funds. SB 88, the implementing statute describes the intent of the Legislature that these funds be expended in a manner that reduces the health risk associated with the movement of freight along California's trade corridors.

If population is to be used as a criterion, it should remain true to the spirit and the explicit language of the implementing legislation that requires prioritization based on impacts from goods movement along the trade corridors. The population figures should, therefore, be normalized using per capita exposure to goods movement emissions.

Goods Movement Emissions

We agree that this should be the most important criterion, as it addresses the crux of the program. ARB's calculations appear to use inventory numbers that are different than those that are publicly available. The calculations should be based on the same numbers that ARB has insisted be used as a basis for the official SIPs generated by the air districts. Using the official SIP emissions inventory will change the portion of trade corridor funding targets related directly to goods movement emissions inventory and make the allocation more equitable.

SIP Needs – New NOx Reductions

Unquestionably, the San Joaquin Valley and the South Coast have the most challenging SIP needs. A strong case can be made that the Valley presents the most difficult challenge because a ton of pollution does so much more damage in the Valley than in the South Coast. The Valley emits only 1/7th of the pollutants emitted by the South Coast, but our geography and climate cause our exceedances to be about the same as those of the South Coast. The degree to which pollutants are more easily dispersed in one air basin vs. another has not been considered by the ARB staff. For example, a unit of pollution emitted 24 nautical miles off the coast is counted as if it had the same impact as a unit of pollution in the San Joaquin Valley where emissions can remain trapped for days.

During the November 15th ARB board hearing on the San Joaquin Valley Air District plan for 24-hr. ozone, you said that although it might not be a legally binding deadline, "2017 is



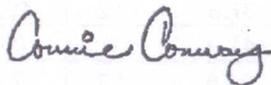
still our idea of an appropriate goal to be reaching for even though we aren't sure that we know how to get there", adding that ARB would "add weight" to the attainment of that goal. We see no evidence of that commitment in the Staff's proposal, which appears to consider only the 2014 needs for PM 2.5 attainment (a South Coast priority). It ignores the Valley's needs for Ozone attainment in 2017, except as they incidentally relate to the attainment of PM 2.5 standards in 2014. Of all the transportation corridors, the San Joaquin Valley is the only one that is committed to attaining the 8-hour ozone standard in 2017, within the timeframe of the bond program, and needs new reductions in emissions to get there. Based on ARB staff's November 15, 2007 staff report on accelerating ozone attainment in the San Joaquin Valley, the Valley will need an additional 49 tons per day of NOx reductions to attain in 2017. Therefore, ARB must add an additional 49 tons per day to figures used for "SIP needs" in the Central Valley.

As you will see in the attached worksheet, adjustment of the calculations to reflect the above observations yields an allocation to the Central Valley of 37%. The two different approaches have yielded an allocation range in the 37% to 42% range. We are recommending the Central Valley receive at least 37% of the Proposition 1B trade corridor funding.

The Governor, ARB, the Air District and the California Partnership for the San Joaquin Valley are all in agreement that 2024 is an unacceptable timeline for attainment of 24-hour ozone standards in the Valley. Attainment by 2017 is one of the most important pledges Valley stakeholders have taken to date, and it was our understanding that you had joined us in that pledge. We hope it will be reflected in your Board's decision on the allocation of this funding.

Thank you for your consideration of our comments and concerns. We appreciate your commitment to the Valley and to our shared goal of achieving healthy air much sooner than legally required. If you have any questions, please feel free to contact Pete Weber at peterweber@sbcglobal.net or (559) 908-3454.

Sincerely,



Connie Conway
Chair, California Partnership for the San Joaquin Valley

Cc: Governor Arnold Schwarzenegger
Secretary Linda Adams, Cal/EPA
Board Members, California Air Resources Board
Mr. James Goldstene, California Air Resources Board
Legislators, San Joaquin Valley

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Proposed Adjustments to the ARB Proposed Trade Corridor Funding Targets

Original ARB Methodology

	Percentage in Each Corridor			
	LA/Inland Empire	Central Valley	Bay Area	SD/ Border
Factors Considered				
Population (2007)	51	17	22	10
Goods Movement Emissions - average % diesel PM and % NOx	45	26	20	9
SIP needs - new NOx reductions (2014)	70	30	0	0
<i>Average of Above Factors</i>	55	25	14	6

ARB Methodology with Updated Inventory

	Percentage in Each Corridor			
	LA/Inland Empire	Central Valley	Bay Area	SD/ Border
Factors Considered				
Population (2007)	51.0	17.0	22.0	10.0
Goods Movement Emissions - average % diesel PM and % NOx	36.3	37.8	13.2	12.7
SIP needs - new NOx reductions (2014)	69.3	30.7	0.0	0.0
<i>Average of Above Factors</i>	52.2	28.5	11.7	7.6

ARB Methodology with Updated Inventory and 49 tpd Ozone Attainment Gap)

	Percentage in Each Corridor			
	LA/Inland Empire	Central Valley	Bay Area	SD/ Border
Factors Considered				
Population (2007)	51.0	17.0	22.0	10.0
Goods Movement Emissions - average % diesel PM and % NOx	36.3	37.8	13.2	12.7
SIP needs - new NOx reductions (2014)	59.0	41.0	0.0	0.0
<i>Average of Above Factors</i>	48.8	31.9	11.7	7.6

Original ARB Methodology w/ Population Factor

	Percentage in Each Corridor			
	LA/Inland Empire	Central Valley	Bay Area	SD/ Border
Factors Considered				
Average Population Factor (2007)	33.2	31.5	17.2	18.1
Goods Movement Emissions - average % diesel PM and % NOx	45.0	26.0	20.0	9.0
SIP needs - new NOx reductions (2014)	70.0	30.0	0.0	0.0
<i>Average of Above Factors</i>	49.4	29.2	12.4	9.0

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ARB Methodology with Updated Inventory and Population Factor

	Percentage in Each Corridor			
	LA/Inland Empire	Central Valley	Bay Area	SD/ Border
Factors Considered				
Average Population Factor (2007)	33.2	31.5	17.2	18.1
Goods Movement Emissions - average % diesel PM and % NOx	36.3	37.8	13.2	12.7
SIP needs - new NOx reductions (2014)	69.3	30.7	0.0	0.0
<i>Average of Above Factors</i>	46.3	33.3	10.1	10.3

ARB Methodology with Updated Inventory, 49 tpd Attainment Gap & Population Factor

	Percentage in Each Corridor			
	LA/Inland Empire	Central Valley	Bay Area	SD/ Border
Factors Considered				
Average Population Factor (2007)	33.2	31.5	17.2	18.1
Goods Movement Emissions - average % diesel PM and % NOx	36.3	37.8	13.2	12.7
SIP needs - new NOx reductions (2014)	59.0	41.0	0.0	0.0
<i>Average of Above Factors</i>	42.8	36.8	10.1	10.3