



May 11, 2018

Chairman Nichols
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Volkswagen Mitigation Plan

Dear Chairman Nichols:

The Placer County Air Pollution Control District (District) appreciates the leadership of the California Air Resources Board (CARB) in mitigating the adverse emission impacts resulting from the Volkswagen (VW) certification cheating scandal. Addressing these impacts is critical for many regions of the state, including Placer County, to attain ambient air quality standards and provide localized health benefits. While the District is supportive of the April 20, 2018 *Proposed Beneficiary Mitigation Plan* (Plan), we are significantly concerned that the Plan's limitation on combining funds from other sources will not allow the District to strategically utilize local funds, in particular Assembly Bill (AB) 923 funding, in a manner that maximizes the benefits resulting from the Plan's implementation. As a practicable matter, this limitation on combining funds will all but eliminate the District's ability to reduce mobile source emissions using VW funding, particularly from locomotives.

The District is the local agency in Placer County responsible for attaining and maintaining state and federal ambient air quality standards, and protecting public health. Placer County is disproportionately impacted by mobile sources, and in particular heavy-duty vehicles and equipment. It is also home to the largest rail yard west of the Mississippi, the Union Pacific Railroad (UPRR) J.R. Davis Rail Yard (Rail Yard) in Roseville, where many neighborhoods around the Rail Yard are significantly impacted by the emissions that emanate from associated locomotive activity. These health impacts include elevated cancer risk levels and acute particulate matter (PM) exposure.

The District has long recognized that the single greatest strategy to reduce these impacts is through the replacement of older, dirtier locomotives with cleaner new or repowered locomotives. In fact, the Diesel Technology Forum and Environmental Defense Fund have concluded that cleaner switch locomotives are one of the most cost effective means to mitigate VW emission impacts¹. The District is preempted from enacting regulations or requirements for cleaner locomotives at the Rail Yard and entirely dependent upon incentive funding to achieve meaningful near-term reductions. This is particularly true for locomotives, where a repower project alone can cost upwards of \$1.5 to 2 million. This amount of necessary funding far exceeds the annual amount that is available to the District from traditional funding sources such as the Carl Moyer Program. As such, incentivizing reductions requires non-local funding opportunities, such as VW mitigation funding, to make meaningful progress to reduce emissions and their associated health risks in neighborhoods around the Rail Yard.

¹ *Tug and Switcher Engine Upgrades Offer Most Cost-Effective Option for VW Funds*, <https://www.edf.org/media/tug-and-switcher-engine-upgrades-offer-most-cost-effective-option-vw-funds>

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UPRR has indicated that in order for them to participate in locomotive repower projects, the District would need to provide 75 percent of the project costs through incentive funding. The District is significantly concerned that the Plan's proposal to limit VW locomotive funding to only 40 percent of project costs (as stipulated in the Consent Decree), and not allow combining local funding such as AB 923, will essentially preclude any locomotive projects from being implemented in the Rail Yard as it is unlikely the District will be able to secure funding through other means to total the 75 percent necessary for UPRR to participate. While such a requirement may be feasible for larger districts, the District simply does not have the resources to pursue federal funding, as suggested in the Plan, nor have access to other unrestricted funding in order to get to 75 percent.

We recognize that CARB staff is appropriately concerned about potential double counting of emission reductions through the use of local funds. However, the District notes that AB 923 funds beyond those necessary to match the Carl Moyer Program are not committed towards its State Implementation Plan reductions, and could be used to reduce emissions without concerns for double counting. This could be achieved by only considering the use of AB 923 funds to achieve PM reductions, thereby allowing all oxides of nitrogen (NOx) reductions to be claimed towards the VW mitigation. The District believes such an approach is permissible under Health and Safety Code section 44229(b)(1), which prescribes what are allowable AB 923 expenditures.

District staff therefore request CARB to amend the proposed Plan to allow districts to use AB 923 funds in combination with all VW mitigation funds. If CARB staff believes such a change is too broad, the District would support a more limited change to locomotive projects only, and only in small or medium districts where funding issues are constrained.

In considering this request, the District reminds CARB that because the health impacts in Roseville are almost exclusively mobile source related, the District is dependent upon the assistance and leadership of CARB to achieve significant meaningful reductions in these neighborhoods. In that vein, I hope you agree that in order to make progress towards reducing emissions from the Rail Yard, it is absolutely necessary that access to available incentive funding be maximized in order to accelerate the deployment of the cleanest technologies available.

Thank you in advance for your consideration of this important issue. If you have any questions, please feel free to contact me at ecwhite@placer.ca.gov, or at (530) 745-2330.

Sincerely,



Erik White, Air Pollution Control Officer
Placer County Air Pollution Control District

Cc: Phil Serna, Supervisor, Sacramento Board of Supervisors
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