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Ms. Mary Nichols
Chair, Air Resources Board
P.O. Box 2815
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**COMMENTS ON PROPOSED FISCAL YEAR 2018-19
FUNDING PLAN FOR CLEAN TRANSPORTATION INCENTIVES**

Dear Chair Nichols:

Thank you for the opportunity to comment on the California Air Resources Board's (CARB) Proposed Fiscal Year 2018-19 Funding Plan for Clean Transportation Incentives (Plan).

The Los Angeles County Metropolitan Transportation Authority (Metro) is the transportation planning, programming, construction, and transit operation authority for Los Angeles County. Los Angeles County comprises about 26 percent of the state's total population and 47 percent of the state's Disadvantaged Communities population. Metro is the third largest transit agency in the country by ridership, servicing a customer base where nearly three out of four riders do not have access to car. Located in the South Coast Air Basin, Los Angeles County is in non-attainment for particulate matter and ozone, and currently has the nation's worst air quality.

For all these reasons, we applaud the broad and significant investments CARB is making in California's clean transportation future via this Plan and the wider California Climate Investments initiative, as well as the separate Beneficiary Mitigation Plan for the Volkswagen Environmental Mitigation Trust Fund. We also appreciate CARB's cutting-edge regulatory engagement on clean cars and transit.

We hope, however, that CARB can remain mindful of critical background information with respect to Los Angeles County's unique transportation needs as CARB invests resources to address Plan goals. With particular consideration for Metro's commitment to transition its 2,400-bus fleet to zero-emission vehicles by 2030, as well as Metro's historic expansion of the Los Angeles County transit system, our comments focus on three areas:

1. An expression of appreciation for the removal of the reduced voucher amount for vehicle purchases over a 100-bus cap within the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), as well as an expression of interest in future potential Zero-Emission Facilities;
2. A detailed articulation of needs associated with electric vehicle charging infrastructure and the transition to zero-emission transit buses; and
3. Opportunities for expanded coordination and collaboration moving forward, with a broad focus on funding challenges for major projects and initiatives.

Background: Metro's Transit Expansion and Transition to Zero-Emission Buses

Metro is currently engaged in one of the largest transit expansions in the history of the United States. Over the next 40 years, Metro is planning to invest $435 billion in funding to support a diverse array of transportation improvements including 16 new or expanded heavy rail lines, light rail lines, and bus rapid transit lines, among others. Of this funding, $245 billion is comprised of local sales taxes approved by Los Angeles County voters, including two measures approved by over two-thirds of voters in the county.

The full implementation of these projects is expected to yield a Vehicle Miles Traveled (VMT) reduction benefit of 4 million vehicle-miles per weekday by 2057, with all the associated emissions reduction benefits for carbon dioxide, particulate matter, nitrous oxide, and other pollutants. The beneficial impacts of these investments will be felt not just by residents of Los Angeles County but by the entire state of California.

In addition, in July 2017, Metro's Board of Directors directed staff to transition the entire fleet of 2,400 compressed natural gas heavy duty transit buses to zero-emission operation by 2030, ten years earlier than the deadline considered by CARB's proposed Innovative Clean Transit (ICT) regulation. This bold directive represents a significant commitment to rapidly transform California's largest public transit bus fleet. With 105 electric buses scheduled to be deployed over the next two years, Metro is already engaged in the largest electric bus deployment by any transit agency in North America. In fact, as acknowledged by CARB, Metro by itself accounts for approximately 40 percent of the total public transit buses in California that have already committed to making the transition to zero-emission operation by 2040.

However, a recent analysis conducted on behalf of Metro projects that a full transition to battery electric zero-emission buses (ZEB) with depot charging is expected to cost over a half-billion dollars over the next 18 years (net present value in 2018 $, including capital and operating costs) above the baseline scenario of replacing our existing fleet. The funding, infrastructure, and physical room are not yet in place to fully support currently planned deployments, let alone a complete ZEB transition. Metro is currently engaged in a master planning process to further prepare for the transition to a zero-emission fleet, which will include additional analysis and evaluation of transition costs and needs.

1. HVIP and Zero-Emission Facilities

To that end, Metro is appreciative of the removal of the reduced voucher amount for vehicle purchases over a 100-bus cap within the HVIP program. The removal of this cap will be a major benefit as Metro moves forward with the transformation of its 2,400-bus fleet.

We are also very interested in partnering with CARB on "Zero-Emission Facilities" as identified for potential future projects in Chapter 5 of the Plan. This will align with work currently planned by the agency and could potentially address major technical and financial hurdles to fully scaling the transition to ZEB.

2. Vehicle Charging Infrastructure and ZEB Transition Needs

Although we recognize that the funding amounts specified in the various Plan categories are set by the state Legislature, the available funding in the Plan to support the ZEB transition – charging infrastructure especially – is limited. In addition, charging infrastructure for transit is not covered by the eligibility criteria in many of the Plan's specific programmatic areas.

The Plan itself acknowledges in several places that charging infrastructure has been a particular implementation challenge for several pilot projects. This challenge is even more acute when considering that relevant funding opportunities for transit providers are limited. Although CARB helpfully identified several funding opportunities available to support the ZEB transition in its documentation on the proposed ICT regulation, a closer analysis reveals these opportunities are significantly more limited in scope given eligibility criteria, existing funding commitments, and competing funding priorities. For example:

- The Utility Programs created by Senate Bill 350 are a promising funding source, however Southern California Edison operates in only one-third of LA County, creating a significant eligibility gap in Metro's service territory;
- Funding from the Transit and Intercity Rail Capital Program (TIRCP) and Low Carbon Transit Operations Program (LCTOP) are already committed to support Metro's significant transit capital and transit operating needs;
- Metro already has a board policy governing use of the Low Carbon Fuel Standard (LCFS) credits and, given pricing volatility and legal uncertainty, it is uncertain how well LCFS credits could meet identified ZEB transition needs;
- Charging infrastructure for transit was not a major focus of Cycle 1 of Electrify America's California ZEV Investment Plan, and is not a major focus for the recently released Cycle 2 Investment Plan (only $4 - $6 million is proposed to be available for transit statewide, with potential limitations on eligibility);
- Finally, the Beneficiary Mitigation Plan for the Volkswagen Environmental Mitigation Trust Fund proposes that $130 million be made available statewide for vehicle replacement and associated charging costs – however, this is to be split between school buses, transit, and shuttles. With an additional focus on replacing buses older than 2009 (Metro currently operates on a 14-year bus replacement cycle), Metro's share of potential funding from this program is likely to be modest.

For these reasons, we hope transit charging infrastructure and ZEB transition needs can be given greater consideration in the future, while still meeting the needs identified by the state Legislature, as well as federal and state air quality goals, statewide climate goals, and maintaining a focus on Disadvantaged Communities. We would welcome the opportunity to discuss these funding challenges in greater detail at the staff level.

3. Additional Coordination and Collaboration Opportunities Moving Forward

More broadly speaking, we believe the implementation of this Plan along with the other transportation components of the larger California Climate Investments initiative, the proposed Innovative Clean Transit Regulation, the California ZEV Investments and Environmental Mitigation Trust Fund components of the Volkswagen Settlement, as well as

CARB's focus on freight technologies and incentives, present the opportunity for more holistic coordination and collaboration between CARB and Metro moving forward.

Specifically, we would like to initiate discussions at the staff level to focus on broad funding challenges across programs for major projects and initiatives. These include not just the ZEB transition needs identified above, but also extend to areas such as freight and goods movement.

Currently there is no clear path via this Plan or other available funding opportunities to adequately support certain types of large, cross-sectoral transportation projects that have a significant nexus with the state's overarching climate, emissions reductions, air quality, mobility, freight and goods movement, and equity goals. We are interested in working more closely with CARB to determine how best to support large, multi-year (or even multi-generational) projects and the needs of public agencies both large and small.

For example, the I-710 Corridor Project is a joint project between Metro, Caltrans, the Gateway Cities Council of Governments, the I-5 Consortium Cities Joint Powers Authority, the Port of Long Beach, the Port of Los Angeles, and the Southern California Association of Governments. The purpose of this project is to improve air quality, mobility, congestion, and public safety, and facilitate more efficient, green goods movement technologies in a vital transportation corridor that bisects a number of Disadvantaged Communities. This project currently faces a significant funding need to realize all elements of the corridor vision including the I-710 Clean Truck Program.

We greatly appreciate your careful consideration of our comments as well as your commitment to working with all stakeholders during this process. We look forward to continued and expanded partnership and collaboration with CARB as our respective work becomes more and more inter-twined.

Should you have any questions, please feel free to contact William Ridder, Executive Officer for Federal and State Policy and Programming at (213) 922-2887.

Sincerely,

Laurie Lombardi
Senior Executive Officer
Countywide Planning & Development

Cc: Richard Corey, Executive Officer, California Air Resources Board
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