

California Legislature

December 8, 2017

Chair Mary Nichols
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Re: Freight Incentive Funding Eligibility Criteria

Dear Chair Nichols:

We are writing to express our concerns regarding the Air Resources Board's Proposed FY17-18 Funding Plan for Clean Transportation Incentives, with particular focus on the guidelines recommended by staff for the Zero- and Near Zero-Emission Freight Facilities Project funding category. These recommendations, if approved by you and your colleagues at the Board meeting scheduled for December 14, 2017, would make the majority of potential air quality-related projects at marine terminals, warehouses and railyards at many of California's ports ineligible for consideration for funding. Affected ports include the Humboldt Bay Harbor District, and the Ports of Hueneme, Oakland, Redwood City, Richmond, and San Francisco.

These proposed guidelines could result in only certain ports, primarily in Southern California and the Central Valley, being eligible to apply for project funding for the overwhelming majority of their cargo handling and freight operations. Most port cargo handling operations in California are not located in CalEnviroScreen 3.0-designated disadvantaged community census tracts; however, many of these operations are near such communities. Nonetheless, ARB staff has proposed that 100% of these freight incentive dollars be spent only in disadvantaged communities, making most, if not all, of the cargo and freight operations at the ports identified above ineligible to even apply for funding.

ARB has consistently highlighted port and marine terminal operations as likely recipients of these types of freight incentive funds, and has noted as well the proximity of disadvantaged and low-income communities that would benefit from equipment upgrades supported by this program. However, the proposed guidelines fall far short of providing the potential benefits that could be realized through the program.

Imposing a 100% disadvantaged community blanket restriction on certain types of funds and facilities in your Funding Plan while imposing no disadvantaged community criteria on other funds is not what was intended when we approved AB 1550 and SB 535, nor when we approved the funding for the Greenhouse Gas Reduction Fund (GGRF) with the passage of AB 134. The disadvantaged community restrictions imposed by the legislature on GGRF spending were to

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ensure that at least 25% of funds across multiple project categories would be spent equitably in communities that bear an increased burden of air pollution.

At no time was it presented to the Legislature that the ARB would interpret this to mean that a 100% eligibility screen would be imposed on certain funding categories, or that our seaports would be categorically denied access to GGRF. If we had known that this same screen would be used to unilaterally exclude certain project sponsors from even applying for consideration under this program, we would have raised our significant concerns at that time.

We encourage you to reconsider this arbitrary eligibility restriction before the Board considers the Funding Plan at your upcoming meeting. So long as the state pursues port sector-wide emissions reductions, GGRF funding must be viewed as a source of funding all ports can access. We look forward to working with you to ensure that these funds are directed in an equitable and cost-effective manner across the freight sector throughout the state.

Sincerely

Senator Scott Wiener
Senator Mike McGuire
Senator Bill Dodd
Assembly Member Patrick O'Donnell
Assembly Member Jim Cooper
Senator Hannah-Beth Jackson
Assembly Member David Chiu
Assembly Member Timothy Grayson
Senator Robert Wieckowski
Assembly Member Jacqui Irwin
Senator Steven Bradford

Assembly Member Phil Ting
Assembly Member Rob Bonta
Assembly Member Kevin Mullin
Assembly Member Jim Wood
Senator Jerry Hill
Assembly Member Marc Berman
Assembly Member Monique Limon
Assembly Member Cecilia Aguiar-Curry
Assembly Member Tony Thurmond
Senator Nancy Skinner

Senators

Scott Ulin

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Bill Dodd

Pete O'Donnell

Jim Lipp

Hannah-Peth Jackson

Dan Chini

Bill Langer

Robert A. Wieckowski

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Assembly Members

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Rab Banta

Karin Melhi

Jan Dunn

Justin Hill

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Margie Linn

Cecilia Aguilar-Lung

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Nancy Ferrera
