



LOS ANGELES AREA
CHAMBER OF COMMERCE

January 19, 2016

Mary D. Nichols
Chair, California Air Resources Board
Chairman's Office
P.O. Box 2815
Sacramento, CA 95812

RE: Proposed Advanced Clean Transit Regulation

Dear Chairwoman Nichols:

On behalf of the Los Angeles Area Chamber of Commerce, I would like to thank you for the opportunity to provide comment on the development of the proposed Advanced Clean Transit (ACT) regulation. As you know, California's public transit agencies have been ardent supporters of advancing zero emission bus (ZEB) technology, and continue to be enthusiastic partners in the state's efforts to achieve the state's greenhouse gas (GHG) emissions reductions and air quality goals. Southern California's transportation agencies have proactively taken steps to introduce ever-cleaner technologies. However, the primary objective of Southern California's public transit agencies is to provide safe, reliable and efficient mobility options to the region. We are concerned that, if allowed to move forward in its current form, the expensive ACT regulation may result in cuts in transit service. Therefore, I am writing to you to express our concerns with the current framework of the proposed ACT regulation, and to respectfully request that you slow the advancement of the proposed regulation and call for a meaningful study of alternatives. Moving forward, we commit to working with you to ensure that encouraging ZEB implementation does not compromise our ability to accomplish our service objectives.

As proposed, the ACT regulation would mandate that a "modest" fraction of bus purchases be ZEB technology, beginning 2018, and transition all transit fleets to ZEB technology by 2040. From our experience, ZEB technology neither offers the range, nor the reliability to be operated in all conditions across our state's varied transit systems. Most critically, ZEB technology often imposes significantly higher upfront capital costs than conventional technologies, and unknown, but possibly higher ongoing operating costs, which could strain our capital and operating budgets. Therefore, without a robust lifecycle cost analysis, we hold that any assertion by California Air Resources Board (CARB) staff that the total cost of ownership of ZEB technology (inclusive of the upfront capital costs of bus purchase and infrastructure construction, bus operation and maintenance, workforce development and training, midlife rebuild and bus disposal) may be less than the total cost of ownership of conventional technologies is purely speculative.

In addition, CARB staff has failed to identify funding options, beyond a few small discretionary programs, which could adequately support and sustain the long-term goals of the proposed ACT regulation. The state funding options that have been identified to-date, particularly those that rely on Greenhouse Gas Reduction Fund (GGRF) dollars, are already oversubscribed; these funding options are intended, per their enacting statutes and existing guidelines, to support various forms of infrastructure development, capital replacement and technology incubation that achieve prescribed policy objectives – not just a ZEB purchase requirement. Federal funding options, while bettered by the recent enactment of the Fixing America's Surface Transportation Act, are similarly limited and often dedicated to critical operations and maintenance purposes. Additionally, CARB staff's assumptions regarding the Federal Transit Administration (FTA) contributions to initial bus capital expenditures remain deeply flawed, as they assume Urbanized Area Formula program funding will

be available to cover 82 percent of the costs of a bus no matter the costs of the bus; in fact, this program's funding disbursements are actually fixed relative to bus capital costs. Without adequate dedicated funding, the costs of the proposed regulation will likely divert already limited state and federal funds from other critical transit uses.

The Chamber believes the costs of the proposed regulation may result in service reductions that limit mobility, particularly for transit-dependent and disadvantaged communities, increase traffic congestion, and degrade our community's economic competitiveness. These service reductions may also reduce or negate the regulation's purported GHG and air quality benefits. On a statewide-level, this regulation may limit the state's ability to fund other projects and programs that may net far greater near-term and long-term environmental benefits, and conflict with current or pending legislative guidance.

With these concerns in mind, we implore you to slow the advancement of the proposed regulation to work through our concerns, and to consider other regulatory frameworks for achieving our shared long-term environmental objectives. We support, and urge you to consider an alternative approach, recently endorsed by the California Transit Association's Executive Committee – the "Proposed Framework for Incentivizing the Adoption of Zero Emission Transit Fleets." This proposed framework seeks to maintain transit's leadership in adopting and incubating clean technologies to achieve even greater GHG emission reductions and air quality improvements, while seriously taking into account the operational limitation and financial constraints that transit agencies face. Put broadly, the proposed framework is premised on the establishment of technology neutral and performance-based emission and petroleum targets, instead of the technology-forcing approach of the proposed ACT regulation, which provide transit agencies with the flexibility to implement the commercially viable, zero or near-zero emission technologies best-suited to meet their operational needs. As funding is a key impediment to the robust implementation of zero and near-zero emission technologies, the framework calls for CARB to identify and secure, for the sole purpose of facilitating the transition to zero emission fleets, new and ongoing state and federal funding. We believe that this approach is prudent, and may lead to a more cost-effective use of limited GGRF dollars.

In the coming months, we along with our stakeholder partners, will continue to work with you to advance our common goal of cleaner air for Californians. We believe we can find a collaborative way to increase ZEB adoption in the state without placing undue burden on public transit agencies. Thank you for your leadership and for your consideration of our position.

Sincerely,



Gary Toebben
President & CEO