California Transit Association

Connecting us.

October 17, 2022

The Honorable Liane Randolph
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95811

RE: Advanced Clean Fleets Regulation

Chair Randolph:

On behalf of the California Transit Association, I write to you today to voice concerns with the California Air Resources Board's (CARB) Advanced Clean Fleets (ACF) regulation. This regulation, if adopted by CARB, would institute a new zero-emission vehicle purchase mandate on fleet owners, including California's transit agencies, impacting on-road light-, medium-, and heavy-duty Class 2b-8 vehicles not otherwise covered by, among other things, CARB's Innovative Clean Transit (ICT) regulation.

The Association and our members have been key partners to CARB in incubating and deploying zero-emission buses, and we have embraced our role in CARB's beachhead strategy for zero-emission vehicle market transformation. Even as we make progress on this transition and actively advance CARB's objectives, we have consistently highlighted for CARB the significant financial, operational, and workforce challenges associated with transitioning to zero-emission vehicles. These vehicles, as we have discussed are typically more expensive than conventionally fueled vehicles and require significant incentives and tax credits to be economical at point-of-sale; are not yet one-for-one replacements with conventionally fueled vehicles in many applications; and require significant investments in charging/refueling infrastructure and workforce development to operate and maintain properly. Unfortunately, as we have also discussed, these challenges have been further exacerbated by the COVID-19 pandemic, which undermined transit revenue sources, increased the cost of capital and labor across transit operations (including for construction and rolling stock), thinned transit ridership, and created new workforce retention and recruitment issues. While we have made these comments to CARB in relation to the transition to zero-emission buses – and increasingly, the transition to zero-emission locomotives and ferries – we assert that they are also relevant for the broader transition to zero-emission on-road light-, medium-, and heavy-duty vehicles, and require discussion in the ACF regulation.

With this as context, we wish to communicate that, while we remain a key supporter of CARB's zero-emission vehicle objectives, as reflected in the ICT regulation, we are deeply concerned about the timeline and structure of the ACF regulation and its impact on California's transit agencies. In particular, we are concerned that the regulation would place significant new costs and workforce pressures on California's transit agencies as they endeavor to simultaneously comply with the requirements of the ICT regulation and rebuild their service and ridership from the pandemic. Similar to the ICT regulation, these increased costs and workforce pressures – if not addressed with significant new state support – will result in tradeoffs that will compromise the provision of transit service, impacting the quality of service received by individuals who cannot or choose not to drive. We will flag that, as we discussed this potential for tradeoffs last month relative to implementation of the ICT regulation, CARB members were sufficiently concerned with the dynamic to direct CARB staff to expand access to ZEB funding for transit agencies and to establish a new executive-level working group to address the known barriers to the transition. Several CARB members also argued to their colleagues that the ICT regulation's purchase mandates be throttled and tied to funding availability to avoid "breaking" the industry. We, therefore, find it troubling that CARB is proceeding with an ACF regulation that would directly impact California's transit agencies and substantially increase their regulatory burden – in effect, ignoring the lessons of the ICT regulation, the known barriers to transitioning to zero-emission vehicles, and the recent concern for the financial and operational viability of California's transit agencies communicated by the Board.

What's more, we wish to highlight that a significant portion of the state funding for transit capital and operations derives from the sales tax on diesel fuel, passing through the State Transit Assistance Program. In 2023, the STA program provided California's transit agencies with just under $1 billion in funding for capital and operations, which is being used to keep transit assets in a state of good repair, purchase new transit vehicles, and provide transit service. By requiring fleet owners to convert Class 2b-8 vehicles to zero-emission technologies, without having in place an alternative revenue source for the State Transit Assistance program (among other programs that rely on the sales tax on diesel fuel), the ACF regulation will – in the near-term – result in a revenue loss for California's transit agencies, further compounding the issues we noted above and stymieing their ability to improve transit service and to advance the ICT regulation.

In closing, we respectfully urge the Board to direct CARB staff to work with California's transit agencies, through the California Transit Association, to address our concerns before the ACF regulation is adopted. This work will require substantial amendments to ACF regulation and necessitate the release of a new proposal that is subject to extended public comment.

If you have any questions about this letter, please contact me at 916-446-4656 x1034.

Sincerely,

Michael Pimentel
Executive Director

cc: Members, California Air Resources Board
Dr. Steven Cliff, Executive Officer, California Air Resources Board
Dr. Sydney Vergis, Chief, Mobile Source Control Division, California Air Resources Board
Jamie Callahan, Chief of Staff, Office of Chairwoman Liane Randolph, California Air Resources Board
Yachun Chow, Manager, Zero Emission Truck and Bus Section, California Air Resources Board
Members, California Transit Association