



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

May 21, 2018

Ms. Mary Nichols
Chair, Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Attention: Mark Williams
Mailstop 3E

**COMMENTS ON PROPOSED BENEFICIARY MITIGATION PLAN FOR THE
VOLKSWAGEN ENVIRONMENTAL MITIGATION TRUST**

Dear Chair Nichols:

Thank you for the opportunity to comment on the proposed Beneficiary Mitigation Plan (Plan) for California that the California Air Resources Board (CARB) proposes to fund from the State's \$423 million allocation of the Volkswagen (VW) Environmental Mitigation Trust (EMT). The Los Angeles County Metropolitan Transportation Authority (Metro) is the regional transportation planning, programming, construction, and transit operation authority for Los Angeles County. We are located in the South Coast Air Basin (SCAB), which is a non-attainment area for both particulate matter and ozone and has the worst air quality in the United States. Los Angeles County includes about 26% of the state's population and the highest concentration of disadvantaged and low-income communities (about 46% of the state's total). It also includes the largest share of vehicles in the state in which VW installed defeat devices designed to cheat emissions tests. Transit service (through the deployments and use of zero-emission vehicles and supporting infrastructure, facilities and equipment) provides cost-effective investments in mitigating the excess oxides of nitrogen (NOx) emissions caused by VW's actions.

We agree with CARB's statewide approach proposed in the Plan to ensure EMT funding is available where the demand is greatest, would result in more competitive and cost-effective projects that balance the agency's near-term and long-term goals, and would accelerate the deployment of zero-emission technologies. We also agree with the Plan's guiding principles. However, we kindly ask CARB to consider the following comments on the proposed Plan:

1. Although the Plan proposes a balanced investment strategy, the proposed project categories and allocations do not support it. The focus is on zero-emission freight projects and school buses, with additional funding opportunities for rural areas and small businesses and agencies. While the private sector is eligible for EMT funding, there should be a better balance in the allocation among the proposed project categories. Funding priority should be for public/governmental agencies (as they are non-for-profit and rely mostly on fixed revenue) that operate in ozone and/or particulate matter non-attainment areas. EMT funding should be available where both the demand and need for zero-emission alternatives are the greatest.
2. The proposed Plan is accurate in its acknowledgement that the majority of the estimated NOx reductions from the Zero-Emission Transit, School, and Shuttle Buses Category are expected to come from transit bus replacements, since they provide the highest cost-effectiveness based on their higher annual miles. However, it does not prioritize investments for zero-emission transit. Interestingly, the proposed Plan recognizes that transit agencies rely almost entirely on public funding for capital expenditures, fleet and infrastructure operation and maintenance, and other day-to-day operations. Therefore, the Plan needs to generalize the case it makes for school districts on the barriers they face for funding zero-emission school buses and engines to include transit and provide an adequate allocation of EMT funding above the proposed \$130 million.
3. The proposed reserve of \$63 million (15% of all EMT funds) for project administration and program oversight is too high. We suggest limit this reserve to 5% of the EMT funding that is available.
4. The proposed Plan allows EMT funding for infrastructure "only to support funded zero-emission vehicle or equipment replacements". Accordingly, "heavy-duty zero-emission vehicle infrastructure cannot be funded as a stand-alone project". This interpretation of the Consent Decree appears to be too narrow and inconsistent with its intent. Heavy-duty zero-emission vehicle infrastructure, such as for transit facility, should be eligible for EMT funding as a stand-alone project provided that the agency has funding already committed for zero-emission vehicles and/or equipment replacements.
5. The Plan should allow EMT funding to be combined with any other CARB-implemented funding or other funding program resulting in NOx reductions. The focus should be on projects where the demand and need for zero-emission alternatives and funding are the greatest.
6. The proposed Plan allows transit agencies to stack Federal Transit Administration (FTA) funds with EMT funds for purchasing zero-emission transit buses and supporting infrastructure. This should be expanded to allow stacking local funds.

7. The Plan should allow applicants to stack EMT funds with vouchers provided through the Bus Voucher Incentive Project (HVIP), as transit agencies are in need for all funding sources available to accelerate the deployment of zero-emission buses and equipment, as well as supporting facilities and infrastructure. In this regard, Electrify America did not consider transit among its funding priorities for Cycle 1 of California's Zero Emission Vehicle Investment Plan and its staff has indicated that this will also be the case for Cycle 2.
8. The maximum incentive for zero-emission buses should be the same across all modes. As proposed, there is a bias in favor of battery electric school buses and fuel cell electric transit buses (up to \$400,000 per bus) compared to battery electric transit buses (up to \$160,000). Also, there should not be a bias on the amount of local match required.
9. With the majority of the estimated NOx reductions from the Zero-Emission Transit, School, and Shuttle Buses Category expected to come from transit bus replacements (since they provide the highest cost-effectiveness based on their higher annual miles), the Plan should allow for more than 50 percent of the available funds to be allocated to this bus category.

Thank you again for the opportunity to comment on the proposed Beneficiary Mitigation Plan and for all the great work that your staff is doing. Should you have any questions, please feel free to contact me at (213) 922-4299 or by email at hamideha@metro.net.

Sincerely,



Ashad Hamideh, Ph.D.

Senior Director, Countywide Planning and Development