



Mary Nichols, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814
cc: Lezlie Kimura Szeto

July 24, 2017

Dear Chair Nichols,

The ARB staff report, "Proposed Update to the SB 375 Greenhouse Gas Emission Reduction Targets", is unacceptably vague in its proposal of new SB 375 Target recommendations and does not give proper credence to targets set by regional agencies, creating a strong potential for APSs in place of SCSs. The eight San Joaquin Valley Metropolitan Planning Organizations (MPOs) ask that you accept the targets we proposed in our December 2016 report submittal.

The San Joaquin Valley Regional Planning Agencies' Directors' Committee is comprised of the Executive Director from each MPO that serve a region of eight counties, with 62 cities, whose collective population is more than four million, with an anticipated 2035 population of approximately six million. The counties include: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare. These eight counties, home to some of the most disadvantaged communities in the state, share an air basin challenged by weather and topography that creates an ideal setting for extreme air pollution. Thus, the Valley MPOs are sensitive to the need for air quality improvement, and are committed to the success of SB 375. As part of the process to refresh SB 375 targets in advance of the 2018 Regional Transportation Plan / Sustainable Communities Strategy (RTP/SCS), the Valley MPOs submitted a joint "SB 375 Target Setting Recommendations" report. This report identified the challenges the Valley faces in achieving greenhouse gas reduction, highlights the many efforts under way (both individually and Valley-wide) that go above and beyond the commitments of the 2014 RTP/SCS, and establishes SB 375 targets for each individual Valley MPO. These "second round" target recommendations are greater than the "first round" targets established ahead of the 2014 RTP/SCS, and are roughly similar to the first and second round targets established for the four largest MPOs in the State (these values are summarized in Tables 1 and 2). We believe the recommendations presented in our December report meet the standard of being aggressive yet achievable.

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Governments
Ted Smalley

Kern
Council of
Governments
Ahron Hakimi

(559) 266-6222
(559) 314-6015 (Fax)



<http://sjvcogs.org>



Kings County
Association of
Governments
Terri King

Madera County
Transportation
Commission
Patricia Taylor

San Joaquin
Council of
Governments
Andrew Chesley

Stanislaus
Council of
Governments
Rosa Park

2035 Tulare St, Suite 201
Fresno, CA 93721



Table 1: “Second Round” Targets for the Largest Four MPOs

Region	“Second Round” CO ₂ e 2035 Targets
Bay Area	-16%
Sacramento	-16%
San Diego	-13%
Southern California	-13%

Table 2: “Second Round” Targets for the San Joaquin Valley

Region	Proposed “Second Round” CO ₂ e 2035 Targets
Fresno	Anticipated to be larger than -11%
Kern	-13 to -14%
Kings	-12%
Madera	-15 to -20%
Merced	-12.7%
San Joaquin	-14 to -15%
Stanislaus	-14 to -15%
Tulare	-15 to -16%

In recent discussions with ARB staff, the Valley MPOs were notified that ARB would be recommending target increases above the Valley MPO recommendations, as well as the implementation of statewide strategies, to meet the goals of the 2017 Scoping Plan. This was confirmed through the release of ARB’s staff report “Proposed Update to the SB 375 Greenhouse Gas Emission Reduction Targets.” Despite having gone through months of dialogue with ARB staff, the proposed staff target recommendations appear to simply add three percent to current SCS performance for the largest MPOs, add two percent to larger sized MPOs in the San Joaquin Valley, add one percent to smaller sized MPOs in the San Joaquin Valley, and leave the remaining MPOs relatively unchanged. As stated in the ARB staff report, there are many obstacles to reducing greenhouse gases beyond currently adopted SCSs and targets, at both the state and local level. These new staff-proposed targets for 2020 and 2035, up to a 3% increase over MPO recommendations, are unrealistic due to a variety of factors. During discussions with ARB staff, the Valley MPOs have cited difficulties in maintaining reductions from the 2014 RTP/SCS targets into 2018 and future RTP/SCSs. Changes in clean vehicle fleet forecasts, lack of a stable revenue source to fund sustainable transportation projects, and the accounting for economic recovery largely appears unaddressed by ARB staff’s recommendation. The recommendations provided by the Valley account for projects and initiatives that go above and beyond existing commitments (including the use of a variety of off-model strategies) to attempt to make up the deficit created through this “rebound effect.” Given these complexities, it is clear that the various individual circumstances of each MPO have not been accounted for.

In the December report, Valley MPOs cite a rebound effect based on updated vehicle fuel efficiency and economic growth, which results in an increase in VMT. The ARB independent analysis of the rebound effect shows that the impact of such a variable is expected to be minimal, citing evidence from two research studies from 2011 and 2015. The Valley’s December submittal noted an impact ranging from 1-7 percent associated with adjustments to automobile operating costs alone, much higher than the ARB estimation of a 1 percent increase by 2035 due to the rebound effect. The 1-7 percent number presented in our report comes from technical analyses prepared by from the Valley MPOs, making use of the automobile operating cost methodology previously approved by ARB in the evaluation of recent RTP/SCS documents submitted by the largest four MPOs. We do not believe the studies cited in the staff report properly account for circumstances specific to the Valley, such as economic recovery and socio-economic impacts on

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fuel-efficient fleet adoption, resulting in a low estimate of rebound effects on greenhouse gas reductions in the region. Further, the ARB staff report does little to explain how the 1 percent was settled upon, and why it should be applicable to all MPOs in the State.

The goals and strategies listed in the “Top-Down Analysis” section of the ARB staff report are ambiguous, and do not translate directly into clear actions that the State can take toward GHG reductions. State-level strategies aimed at reducing VMT must provide tangible resources the MPOs can utilize in the SCSs in order to achieve an increased target. Specifically, MPOs are concerned that the lack of a timeline on State strategies, technical justification for their effectiveness, and the commitment required for these efforts puts our SCS’s on shaky foundation, and can cause future SCSs to fall short of intended targets. The state’s ability to deliver on the strategies identified in the staff report inspires little confidence. ARB staff cites Senate Bill 1 (SB 1), the Greenhouse Gas Reduction Fund Transformative Climate Communities Program (TCC), and the Volkswagen Settlement Investments as new funding provisions (totaling over \$53 billion in the next 10 years) that MPOs did not consider in their target recommendations. While Valley MPOs appreciate the hard work and effort put into passing SB 1, the reality is that SB 1 is a bill that the legislature dedicated primarily to the preservation, maintenance, and operation of the existing transportation infrastructure (70.3%). Much of the rest of the program is dedicated to rail transit, active transportation and funding sources that have long neglected demands already existing against them. SB-1 is a fix it first bill and should not be relied upon as a new source of dedicated funding for the scoping plan. SB-1 will be effective in addressing existing pains on the roadway network, but not for addressing growing pains – and the Valley is the fastest growing region in the State. For the TCC Program, a minimum of 75% of funds is allocated for two cities, and therefore unavailable to the rest of the state. The innovative and sustainable transportation projects needed for increased SCS targets will require a consistent revenue source through pricing policies that currently do not exist.

The Valley MPOs have additional concerns regarding ARB staff’s recommendations. Specifically, the Valley MPOs are concerned that the effectiveness of regional measures to reduce VMT growth do not appear up to the task of meeting statewide Scoping Plan targets. Land use strategies can take a considerable amount of time to make the kind of impact needed to meet Scoping Plan goals. Additionally, though statewide pricing policies may prove to be a more effective method in reducing VMT than transit investment, ARB staff justification for pricing policies as a reasonable assumption in the immediate future is vague. With the passage of SB-1, appetite for adjustments to transportation funding mechanisms may not materialize for some time. Technical justification for pricing’s impact on greenhouse gas has not been determined. The very applicability of pricing in small urban and rural areas, which make up the great majority of the San Joaquin Valley, is uncertain. We are also concerned of the regressive nature of user fees on disadvantaged communities within the San Joaquin Valley. The Valley, as you are aware, is home to 413 of the top 2005 disadvantaged communities statewide (top 75th percentile). Given the economic standing of the Valley, the Valley MPOs are challenged to strike the appropriate balance between providing improvements in disadvantaged communities (which can serve to increase VMT) and providing improvements that attempt to achieve the highest levels of GHG reduction (often occurring in a central business district). Additionally, the Valley MPOs are concerned about assumptions relative to the penetration of vehicle technology. Given that the penetration of

vehicle technology tends to occur in large urban before suburban and rural areas, a focused expenditure (potentially from the Volkswagen settlement) in the San Joaquin Valley may be required to ensure the region can maintain pace with others in the State.

Furthermore, Valley MPOs are concerned that modeling results may not fully reflect a region's commitment to the success of SB 375. As we saw with the 2014 RTP/SCS, the potential for a very large margin of error in model testing of RTP/SCS scenarios exists. As such, we believe it would be worthwhile to consider a "best management practices" policy approach to evaluating the effectiveness of 2018 RTP/SCS efforts.

The Valley MPOs must insist that SB 375 targets be established at the levels presented in our December report, as those recommendations meet the standard of "aggressive yet achievable." The Valley MPOs are committed to the success of SB 375, have embraced the strategies outlined in Strategic Growth Council's (SGC) "Potential State-Level Strategies to Advance Sustainable, Equitable Communities and Reduce Vehicle Miles of Travel" white paper, and are delivering with projects and initiatives that go above and beyond all previous commitments. We prefer a scenario that can result in success via a Sustainable Communities Strategy, and would like to avoid a scenario that encourages policy boards to choose an Alternative Planning Strategy due to increased SB 375 targets that exceeds the standard of "aggressive yet achievable." We believe ARB staff's recommendations exceed the standard of "aggressive yet achievable," and instead represent "aspirational" targets that guarantee failure for many MPOs.

In summary:

- Our December 2016 target recommendations are above 2010 targets and roughly commensurate with the targets for the four largest MPOs in their first and second round Sustainable Community Strategies. We believe these targets are very aggressive, but achievable.
- Transportation modeling results from 2014 to 2017 are not directly comparable due to VMIP 2 updates, and the changed assumptions statewide for the economy.
- The effectiveness of regional measures to reduce Vehicle Miles Traveled and thus GHG emissions' growth do not appear up to the task of meeting statewide Scoping Plan targets.
- The Valley MPOs are committed to developing Sustainable Community Strategies that lead to success, but not to targets that lead to failure.
- We believe that the Valley MPOs and the Air Resources Board want to avoid creating a situation that encourages Alternative Planning Strategies over Sustainable Community Strategies.
- We recognize statewide strategies to further Greenhouse Gas Emissions reductions may have a greater long run impact than many regional measures, but are not convinced about the applicability of strategies, such as pricing to small urban and rural areas and have concerns regarding the impact to our disadvantaged communities.
- We want to stress the success of regional agencies in implementing (SCS) strategies, and further explore with ARB measuring our performance in terms of best practices.

The ARB staff report contains target recommendations supported by vague strategies and ambiguous calculations, disregarding information provided by many regional agencies. The Valley

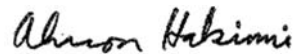
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MPOs strongly believe that SB 375 targets should be established at the level outlined in our December report. Those recommendations meet the standard of being aggressive yet achievable, as they account for projects and initiatives that go above and beyond all previous commitments and parallel SGC's established VMT reduction strategies. Thank you for the continued dialogue with the California Air Resources Board and staff as this important planning process moves toward finalization.

Sincerely,



Fresno Council of Governments
Tony Boren



Kern Council of Governments
Ahron Hakimi



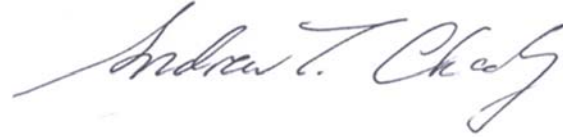
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