



April 7, 2023

Submitted through Electronic Portal

Chairperson Liane M. Randolph and Members of the Board
California Air Resources Board
1001 I Street
Sacramento, California 95814

**RE: The Public Water Agencies Group's Comments on the March 23 Iteration of the
Draft Advanced Clean Fleets Regulations**

Dear Chairperson Randolph and Members of the California Air Resources Board:

The members of the Public Water Agencies Group appreciate the opportunity to provide comments on the Advanced Clean Fleets ("ACF") draft regulatory language (the "Regulations") for public fleets as proposed by California Air Resources Board ("CARB") staff.

The Public Water Agencies Group ("PWAG," "Group," or "we") is a non-profit mutual benefit corporation consisting of 20 entities¹ that provide various types of water service throughout Los Angeles County—from Antelope Valley in northern L.A. County, down through the San Gabriel foothills, and into the eastern and southern sections of the County. The Group consists of retail water districts, irrigation districts and wholesale municipal water districts, mutual water companies, as well as a watermaster.

While PWAG's members are supportive of CARB's mandate to achieve zero emissions, its members strongly feel there must be exceptions to its implementation included in the Regulations that are feasible and do not impose unintended consequences on public water and

¹ The Public Water Agencies Group's members include: Bellflower-Somerset Mutual Water Company, Crescenta Valley Water District, Kinneloa Irrigation District, La Habra Heights County Water District, La Puente Valley County Water District, Main San Gabriel Basin Watermaster, Montebello Land and Water Company, Palmdale Water District, Pico Water District, Quartz Hill Water District, Rowland Water District, Rubio Cañon Land and Water Association, San Gabriel County Water District, San Gabriel Valley Municipal Water District, South Montebello Irrigation District, Sunny Slope Water Company, Three Valleys Municipal Water District, Valencia Heights Water Company, Valley County Water District, and Walnut Valley Water District.

wastewater agencies' ability to provide essential services and respond to extended emergency events.

The purpose of this letter is to advocate for CARB to (1) describe and define public water agencies' fleets as essential public services; and (2) for exemption pathways to be used when available ZEVs do not meet public water agency fleet needs and when charging infrastructure is unavailable to support ZEVs. While the latest March 23 iteration of the ACF Regulations reflect some of the exemptions and extensions requested by public agencies in the past, there are several improvements that could be made to the proposed Regulations before they are adopted. As such, PWAG respectfully requests that the proposed Regulations not be adopted until these concerns, as outlined below, are fully addressed.

PWAG's Comments and Proposed Changes to the Draft Regulations

PWAG believes that the following changes would further improve the Regulations and reduce the probability of unexpected adverse impacts to public water and wastewater agencies and their ability to provide essential services to the local communities they serve.

(1) Timelines and Public Funding

The proposed Regulations continue to impose aggressive timelines for public fleets to comply and do not consider existing local agency budget constraints and funding methods for capital projects.

Many local governments budget every two years, and many have a five-year capital budget cycle that cannot be easily repurposed at the scale this proposed regulation would require. Mandating compliance to start January 1, 2024, for a proposed regulation that would require significant and immediate investment and allocation from local agency budgets for the preconstruction, site preparation, and coordination with energy providers is simply unattainable.

Electrifying service yards to support an electrified fleet is a much greater undertaking than a simple electricity panel upgrade or some quick trenching in the parking lot. Upgrading infrastructure, purchasing vehicles, training workforce, and complying with mandated reports is not something with which local agencies can easily comply. Inflation and other cost increases have already stretched budgets to their limits and the Regulations pile on further mandated costs in the near term.

The proposed Regulations also ignore existing market realities and the time needed to develop and ramp up an infrastructure system that can support an electrified fleet of essential vehicles.

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If required to comply with the proposed Regulations as drafted, the projected infrastructure and fleet costs will add substantial rate increases across PWAG's membership and to other public works and utility service departments. There is no current funding for these increased costs. It will take at least a year to put together a funding plan and then could take another year or more to place new taxes on the ballot or hold Proposition 218 protest proceedings in connection with necessary fee and charge adoption; and all of this at a time when the affordability of water service is being emphasized by the State Water Resources Control Board. The costs of compliance with these Regulations will be borne by ratepayers! If voters reject such tax and fee increases, local agencies will be left with no resources to afford the immediate up-front costs necessary to comply with the regulation.

While savings may eventually manifest from retiring or repurposing assets oriented to internal combustion engines ("ICE"), they will have no effect on the upfront capital expenses. For these reasons, we believe that local governments need an extension of ***at least four (4) years*** from the Regulations' adoption, and we encourage the State of California to develop a substantial grant program to support local governments in complying without imposing an undue burden upon their ratepayers and taxpayers already struggling to make ends meet at this time of high inflation.

(2) Expansion of Definition of Emergency Support Vehicle

Local agency vehicles are essential to the health and safety of residents, and they should be fully exempt from the Regulations. While some of these agency vehicles are captured under the current emergency vehicle exemption, we recommend that the definition of "Emergency support vehicle" be expanded to include vehicles that *directly support critical infrastructure for public health and safety purposes, including water and utility response vehicles*.

In addition to emergency vehicles currently defined in the California Vehicle Code, the following local agency vehicles must be operable 24 hours per day, 365 days per week to ensure continue provision of water service – an essential function. Any interruption in their regular use could jeopardize the health and safety of the communities they serve. Given that the most likely current or future ZEV options will require a consistently accessible source of electricity, the risk of disruption whether due to an earthquake, public safety power shutoff, rolling brownout, wildfire, flood, or other natural disaster is too great to risk the operability of these vehicles and health and safety of Californians:

- Valve trucks, welding trucks, and other vehicles essential to the repair and maintenance of water, wastewater, and other utilities. These are particularly critical during and following the very events that could interrupt the ability of ZEVs to operate.

- Vehicles used by open space, regional park, and other agencies to spot wildfires, mitigate wildfires, rescue lost or injured hikers, and prevent poaching of animals.
- Vehicles used by mosquito abatement and vector control agencies to prevent and disrupt the proliferation and uncontrolled spread of dangerous known and unknown vectors.

(3) Expansion of Definition of Emergency Operations

Likewise, and for similar reasons, we respectfully request that the last sentence in the definition of “Emergency operations”² be revised and expanded from, “[r]outine operation to prevent public health risks does not constitute emergency operation,” to include many of the common emergencies faced by water and wastewater agencies on a regular basis, such as water main breaks and sewer spills which, if not addressed immediately, constitute a health and safety risk for the public and can result in severe and expensive damage to the sewer and water systems and the surrounding communities they serve. At a bare minimum, “routine operation” should be expanded to include “routine maintenance *or construction*.”

(4) New Automatic Small Agency Exemption Based on Financial Hardship

We recommend that a new “Small Agency/Department” automatic exemption based on fiscal hardship be added to the current Regulations. Additionally, we request that CARB expand the existing delayed implementation for small vehicle fleets in non-designated (non-low population) counties to include agencies that purchase less than two vehicles in a calendar year. Otherwise, the current “rounding-up” rule would apply the regulation to 100% of vehicles purchased by agencies purchasing just one vehicle in the initial three-year implementation period even though that period is intended to only require 50% of vehicles comply. Agencies purchasing just one vehicle in a calendar year are the smallest agencies in the state that are the least capable of complying with the reporting mandates and costs associated with the regulation. Moreover, in purchasing just one vehicle, an agency has no means to mitigate the added cost of ZEV additions as an agency purchasing multiple vehicles can by strategically purchasing 50% ICE vehicles for the vehicle models that may be least affordable as ZEVs.

(5) Price Caps on ZEV (or NZEV) Vehicles

Public water and wastewater agencies must have fleet vehicles that assuredly meet our stringent requirements and perform specialized functions to avoid dire situations in which public water and wastewater agencies cannot complete essential services. Purchasing a commercially available ZEV (or NZEV) should be fundamentally like purchasing an Internal Combustion Engine

² See §2013.1(b).

Vehicle (ICEV). Buyers must have certainty that the vehicle model they are required to buy is available in sufficient quantity for competitive bid purchase and from numerous vendors (to avoid market manipulation), can achieve similar or superior standards to the previous ICEV model, and be bought at a reasonable price (no more than 33% over the price of an equivalent ICEV).

As such, we request that CARB impose price caps to ensure the market positively responds with vehicles at competitive rates. Local governments strive to be good stewards of the taxpayer's dollars, but without price caps, complying with the proposed regulations may force a purchase of ZEVs that are marketed at an artificially inflated rate. With the inclusion of a percentage price cap, manufacturers will be unable to potentially manipulate the market with unwarranted unit costs.

(6) Vehicle Availability and Capabilities

Although compliant vehicles are offered by a growing number of manufacturers, they are still behind the current and future needs of local government agencies and water districts. Accordingly, we request CARB provide and continually update a list of available manufacturers that have market-ready vehicles in the medium-to heavy-duty class sizes, 2B-8. Availability of model/body types of multiple weight classes (and functions) are not confined by fleet needs, but rather by manufacturers informing CARB that models will be available.

(7) Reducing Reporting Requirements

PWAG encourages reducing reporting requirements for ZEVs added to or removed from existing fleets to a single annual reporting requirement, to remove higher administrative burdens on small public water and wastewater agencies.

We offer this recommendation to account for the additional administrative requirement that may be passed on to already busy staff and to protect against mounting additional tasks that will need to be performed as noted in the above comments and related to grid reliability discussed below.

An annual report submission accounting for the changes to existing fleets will record the same desired information in fewer submissions to CARB, will provide a fuller picture of overall changes to existing fleets, and will result in reduced workload for public water and wastewater agencies as well as CARB staff.

(8) Revising Order Cancellation Requirements

PWAG encourages CARB to take a broader approach to order cancellation to provide guidance for when a manufacturer cancels a fleet's purchase order. Taking additional steps to guide purchase orders is essential to ensure that public water and wastewater fleets are aware of how to navigate compliance when their purchase orders are rescinded beyond their control. Fleets should be enabled to pivot nimbly when their purchase orders are delayed or canceled (due to high demand or manufacturer problems – circumstances that are beyond the water agency's control) towards alternative purchases to keep fleets on the path to complying with the proposed ACF.

(9) Grid Capabilities, Lack of Infrastructure, and Infrastructure Delay Timeline

PWAG members perform work in areas that are distant from electrical charging facilities, and in some cases, for extended periods of time with trucks and equipment that consume a significant amount of power. These sites generally do not have readily accessible power nor the infrastructure to support electric trucks. Electric support vehicles and truck mounted equipment would not be functional for PWAG's members due to length of projects, and work sites in which there is no power or way to charge the vehicles or support equipment.

In addition to considering the current technological challenges described above, CARB should further consider grid reliability as a core feasibility element in development of the final Regulations. While charging infrastructure is expanding in California, much of it is not accessible or practical for commercial fleets. Where fleets are willing and financially able to install their own charging infrastructure, the electrical grid is often not up to par, and installation can take years to complete, as recognized by the Site Electrification Delay extension included in the latest draft ACF language of up to five years.

Public water and wastewater agencies must be able to charge fleet vehicles, as needed, to prepare for planned operations and respond to extended emergency events. The potential that public water and wastewater agencies may be unable to charge fleet vehicles is unacceptable as it puts at risks public health and safety and makes more difficult those agencies' ability to fulfill those essential responsibilities. It is unreasonable for public water and wastewater agencies, and public fleets more broadly, to be required to purchase ZEVs as early as 2024 without assurance of the necessary charging infrastructure and energy supply to maintain or improve existing operations. State goals to reduce greenhouse gas emissions are essential for public health but cannot supersede Californians' access to water and wastewater services, which are even more essential for public health.

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Therefore, we propose that CARB amend the existing Infrastructure Delay Exemption to further address the concerns stated above.

Closing

Thank you for allowing us the opportunity to provide written comments to the proposed ACF Regulations. If you have questions about our position or would like to discuss further, you may contact me by e-mail at jciampa@lagerlof.com or by phone at 626-793-9400.

Thank you for your consideration.

Very truly yours,



James D. Ciampa

JDC/rm

cc: Public Water Agencies Group (via e-mail)

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