

*Santa Cruz Metropolitan
Transit District*



November 26, 2018

California Air Resources Board, Members
1001 I Street, Suite
Sacramento, CA 95814

RE: Response to the November 9, 2018 modified text and information for the proposed amendments to the Innovative Clean Transit Regulation

Dear Chair Nichols and Members of the California Air Resources Board:

On behalf of Santa Cruz Metropolitan Transit District (METRO) I submit the following comments in response to the recently posted modified text for proposed amendments to the Proposed Innovative Clean Transit (ICT) Regulation

METRO provides service to urban and rural areas of Santa Cruz County. Established in 1968, Santa Cruz METRO provides fixed-route and Highway 17 commuter service with a transit fleet comprised of ninety-eight 35' and 40' fixed-route buses and thirty-one paratransit vehicles, transporting about 5 million passenger trips a year. METRO also provides paratransit service to Santa Cruz County with its ParaCruz service, providing about 72,000 trips per year. METRO's operating budget in FY19 is \$49 million. METRO serves the cities of Santa Cruz, Capitola, Watsonville, and Scotts Valley, as well as the unincorporated areas of Aptos, Soquel, Live Oak, Bonny Doon, Davenport, and the San Lorenzo Valley in the Santa Cruz Mountains.

On behalf of METRO I would like to express our gratitude for the CARB ICT process that has provided an opportunity for METRO to communicate our concerns about the initial and revised ICT. Further, METRO wishes to acknowledge the modifications made thus far to the ICT in which incorporates some of the California Transit Association's comments.

On May 19, 2017 METRO's Board of Directors adopted a policy to attempt to have the fixed-route fleet 100% zero emissions by 2040. Of course this position is subject to both funding and significant improvements in battery energy density and/or bus range. METRO's bus electrification model is one in which we plan to charge all night and run all day, which is comparable to the current model in which METRO fuels CNG buses at night and runs them all day without additional refueling. METRO does not plan to construct in-route opportunity recharging stations. Buses operating on the METRO system must be able to be placed in service on runs that go up to 300 miles/day. Therefore, buses purchased must have a range of at least 300 miles end of life (inclusive of battery degradation). The current zero emissions Buses (ZEBs) available on the market today fall significantly short of this reasonable operating range.

Santa Cruz Metropolitan District's current concerns are as follows:

100% zero emissions bus fleets by 2040 – What does that mean?

Please make it clear that CARB does not intend to force transit agencies to retire non-ZEB vehicles in 2040 and that CARB understands that transit agencies may continue to perform engine overhauls on CNG buses as 2040 approaches and after 2040, which may result in CNG buses continuing to run in service beyond 2040. Depending on funding, transit agencies may not be able to retire CNG buses purchased, for example in 2028,



and instead, due to resource limitations, may spend far less money extending the life of a CNG bus by performing an engine overhaul. CARB stated at a workshop that the intent of the language was to ensure that transit agencies do not purchase anything but ZEBs from 2040 on. However, this statement is incongruent with the draft Regulation, which as currently drafted, ensures that all buses purchased from 2029 forward are to be 100% ZEB. Therefore, what does “zero emissions by 2040” mean?

Benchmarking and Regulatory Assessment

METRO requests that the Regulation, not the Resolution, contain a Benchmarking provision. This provision would require the California Air Resources Board to conduct a regulatory assessment – *before* a ZEB purchase requirement goes into effect – that evaluates real-world ZEB cost and performance with benchmarks for ZEB cost and performance established at the time of rule adoption. This regulatory assessment should allow the Board to issue an across-the-board suspension of the ZEB purchase requirement, much like the original Transit Fleet Rule did, if real-world ZEB cost and performance does not achieve parity with the cost and performance of conventionally-fueled transit buses. This provision would have no impact on the ZEB purchase requirement, if benchmarks for ZEB cost and performance are being met, as anticipated by CARB staff and interest groups.

I continue to believe what I have expressed to CARB staff numerous times, that without benchmarking, CARB is handing the ZEB OEMs a captive audience. That is, public transit agencies will be required to purchase the ZEB OEM products, irrespective of the product’s ability to perform to the differing range requirements of the public transit agencies.

Without a mandatory CARB Board review, the Regulation may result in reductions in public transportation. Santa Cruz METRO enjoys a farebox recovery of about 23%. What that means is that state and federal grants and our local sales tax resources provide the other 77% in operating revenues required to deliver the service. Every transit subsidy dollar is a precious resource and must be carefully considered for use as service on the street or as a capital expenditure to purchase new buses.

A significant portion of METRO’s ridership are the poorest of the poor - the transit dependent. These are customers who rely on METRO to get to and from work and to their doctor’s appointments. Insufficient battery energy density technology advancements may result in a waste of public dollars as an unchecked CARB Regulation may force transit agencies to purchase hundreds, maybe thousands of inferior ZEBs that they must retain for at least twelve years (FTA requirement).

Therefore, the higher cost of the ZEBs, inferior performing ZEBs and potentially higher electricity propulsion costs, may result in transit agencies having insufficient resources to continue to provide the level of service they do today, resulting in potential service reductions.

A mandatory CARB Board review of the Benchmarking data in three to five years may save transit agencies from wasting public resources on inferior products and higher operational costs and stave off potential resulting service reductions.

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HVIP

CARB must change their interpretation of the availability of HVIP to transit agencies. Currently, CARB staff insist that HVIP will only be available to transit agencies that purchase ZEBs ahead of the Purchase Schedule/mandate and HVIP is not to be utilized for regulatory compliance. Transit agencies are not “for profit” agencies and since CARB is implementing this Regulation, CARB must become a partner by seeking to assist wherever possible in offsetting the \$300K higher cost of a ZEB versus a conventional CNG bus. METRO respectfully requests that CARB change their interpretation of the HVIP program to allow HVIP dollars to be available to any transit agency that purchases ZEBs and at any time.

In closing, thank you again for your willingness to receive feedback from transit agencies on the revised draft Regulation. METRO respectfully request that you consider incorporating the revisions suggested in this letter in CARB’s final Regulation.

Respectfully submitted,



Alex Clifford
CEO
Santa Cruz Metropolitan Transit District

cc: Richard Corey, Executive Officer, California Air Resources Board
Steve Cliff, Deputy Executive Officer, California Air Resources Board
Jack Kitowski, Chief, Mobile Source Control Division, California Air Resources Board
Tony Brasil, Heavy Duty Diesel Implementation Branch, California Air Resources Board
Shirin Barfjani, Mobile Source Control Division, California Air Resources Board