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December 13, 2018

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

RE: Proposed Innovative Clean Transit Regulation

Dear Chair Nichols:

Thank you for the opportunity to provide additional comments on the proposed Innovative Clean Transit (ICT) regulation that is now on the agenda for California Air Resources Board (CARB) approval in December. The Metropolitan Transportation Commission (MTC) is the transportation planning and funding organization for the nine-county San Francisco Bay Area. MTC is also the designated recipient of federal transit formula funds in the region, and distributes Federal Transit Administration (FTA) funds to 22 independent transit operators to help procure new buses when fleets are due for replacement.

MTC continues to share CARB's goal of reducing GHG and other emissions through electrification of transit fleets and other means, and is supportive of constructive policies that would accelerate the transition to zero-emission buses (ZEBs). MTC's letters dated July 23 and September 27, 2018 provide our comments on the Draft Proposed Regulation Summaries that have been released by CARB staff since June.

In addition to the comments provided in those prior letters, MTC would like to emphasize the following concerns.

**Greenhouse Gas (GHG) Reduction Goals, SB 375, and ICT**

Under the goals of SB375, MTC as the Metropolitan Planning Organization has a mandate to aggressively pursue projects and planning that advance efforts to reduce GHGs. Therefore, MTC strongly encourages the CARB Board and staff to follow the spirit of the recent joint California Transportation Commission (CTC)/CARB meeting and our prior letters to strategically partner with MPOs, RTPAs, and transit operators on the funding of transit electrification. The ICT rule will make a vast amount of state funding ineligible to be used for ZEBs. In particular, funds from the Hybrid Voucher Incentive Program (HVIP) and the Volkswagen Environmental Mitigation Trust – the two most suitable current funding sources for the incremental costs of ZEB procurements – are prohibited from being used to fund ZEBs procured to meet a regulation; only ZEBs purchased earlier or in greater numbers than required would be eligible. The need to expend limited local and federal funds to procure ZEBs, which are still substantially more costly than conventional buses, could diminish our ability to provide the transit service levels needed to meet other goals, including the GHG reduction goals of SB375.

CARB staff responses to funding and service level-themed comments on the regulation's Draft

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Environmental Analysis default to CARB's own analysis that the regulation will lead to future operating cost savings, and point to financing or the various exemptions an agency could claim to avoid reducing service in the face of significantly higher capital costs. However, the best course of action would be to ensure that funding from current and new sources is available to meet ZEB goals.

**Timing and Notification of Proposed ICT Regulation Adoption**

According to a presentation by CARB staff on September 27, 2018, the anticipated second hearing on the proposed ICT regulation was January 2019, with a Board vote scheduled for the same day. MTC was surprised to find the second hearing instead scheduled for the December board meeting after the agenda was published publicly. Furthermore, we encourage CARB to make available the staff report well in advance of the meeting in order to provide transparency and responsiveness to the many stakeholders that have provided comments on this major rulemaking.

MTC looks forward to continuing to work with CARB and the Bay Area transit agencies to support the transition of the region's transit fleet to zero emission while minimizing the financial and operational risk to the transit fleet, particularly in the early years. We hope that this and prior letters have clearly articulated MTC's concerns about the proposed regulation and that CARB will endeavor to allay these concerns in advance of the regulations adoption. We have important work to accomplish together if we are to meet the state's ambitious climate goals.

If you have any questions about our comments, please contact Kenneth Folan of my staff at [kfolan@bayareametro.gov](mailto:kfolan@bayareametro.gov) or 415-778-5204. Thank you as always for your consideration.

Sincerely,



Steve Heminger  
Executive Director

cc: Fran Inman, Chair, California Transportation Commission  
Susan Bransen, Executive Director, California Transportation Commission

AB: RJ

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