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AIR RESOURCES BOARD

July 17, 2009

Chairman Mary Nichols
California Air Resources Board
1001 I Street
Sacramento, CA 95812

ORIGINAL: Board Clerk
Copies: Executive Officer
Chair

Dear Chairman Nichols:

The Orange County Transportation Authority (OCTA) appreciates the opportunity to comment on potential revisions to the Zero Emission Bus (ZEB) regulation. OCTA is hopeful that through collaboration between the California Air Resources Board (ARB) and transit agency stakeholders, revisions can be formulated which allow the rule to be implemented in a fashion that is economically feasible, and allows for dependable technology to be developed.

Currently, transit agencies across the state are experiencing severe economic strain. With the elimination of state sources of transit operating funds over the next few years, as well as dramatic reductions in local sales tax revenues, transit agencies are being forced to reduce service, increase fares, and implement corresponding workforce reductions. For OCTA specifically, because of the state's elimination of State Transit Assistance funding in the fiscal year 2009-2010 budget, it is projected that OCTA will lose almost $100 million in transit funding over the next five years, in addition to a projected $214.4 million loss related to lagging local sales tax revenues. This loss in funding has resulted in OCTA being forced to reduce bus service by a total of 133,000 revenue hours in fiscal year 2009, 400,000 revenue hours in fiscal year 2010, and the likelihood that additional reductions will be required in fiscal year 2011. The reductions in fiscal years 2009 and 2010 are equivalent to 29 percent of the service OCTA provides. In conjunction with this significant service reduction, OCTA must also initiate a corresponding workforce reduction, which will mean the elimination of almost 400 coach operator, maintenance and bus operations jobs. This constitutes about 20 percent of OCTA's workforce.

As a result of these hardships, OCTA and other transit agencies across the state are not in a position to be able to make further capital investments, which include both vehicles and support infrastructure needed to fuel these vehicles. Thus, it is strongly encouraged that the ARB delay implementation of the ZEB regulation purchase requirements until technology is more fully developed, costs decrease, and funding for implementation is specifically identified. In order to ensure such goals are met, OCTA would be supportive of working with the ARB to create benchmarks to ensure that implementation is technologically

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and economically feasible and that costs and reliability are similar to that associated with the compressed natural gas (CNG) and liquefied natural gas (LNG) buses that are currently in operation.

It must also be emphasized that transit agencies who opted for the alternative fuel path of compliance under the ARB's transit fleet rule have just recently and continue to direct heavy investments toward obtaining CNG and LNG vehicles. In OCTA's case, CNG vehicles comprise about 52 percent of the OCTA bus fleet, while LNG vehicles comprise about 40 percent of the fleet. It is expected that OCTA will replace all of its buses by 2012 with CNG or other alternative fuel vehicles. These alternative fuel buses provide numerous air quality benefits through carbon monoxide, oxides of nitrogen, and carbon dioxide emission reductions. Thus, as alternative fuel vehicles continue to be introduced, emission reductions will continue to be made, even with the delay of the ZEB regulation.

During discussions thus far, ARB staff has also proposed introducing other mitigation measures to compensate for the delay in implementing the ZEB regulation purchase requirements. Such proposals include accelerating future deadlines that are now scheduled later in the regulations' implementation, and possibly introducing a second demonstration project. While specifics have not become available, OCTA remains cautious about any extra costs these measures may entail. In addition, transit riders and other members of the public may be sensitive to any new requirements that require an increased investment in transit capital infrastructure at the same time transit agencies are decreasing service because operating revenues have declined.

Furthermore, at the same time that OCTA is being forced to cut transit service, implementation requirements under AB 32 – The Global Warming Solutions Act of 2006 (Chapter 488, Statutes of 2006) and SB 375 (Chapter 728, Statutes of 2008) are starting to take place. Specifically in regards to SB 375, one of the underlying goals of this framework is to encourage and expand the use of alternative modes of transportation, including transit. Transit agencies are thus currently faced with a predicament whereby they are being forced to cut service at the same time that the state is mandating that service be increased to assist in meeting environmental goals. Any new mitigation tools introduced must be mindful of these new mandates that transit agencies are facing and the costs involved.

All of the above should be taken into account as the ARB decides whether to start regulating greenhouse gas (GHG) emissions related to transit under the ZEB regulation. As mentioned before, transit has been viewed as a key component of reducing GHG emissions related to land use and transportation planning under SB 375 by reducing peoples' reliance on personal vehicles. Moreover, through the introduction of alternative fuel vehicles to transit fleets, GHG emissions are also reduced. Within any discussions related to AB 32 and transit, these factors need to be emphasized, and any emission reductions achieved by introducing alternative fuel vehicles should be given credit.

Furthermore, the ARB should clearly consider the economic impacts of creating further requirements. This is especially important if the ZEB regulation purchase requirements are postponed. Transit agencies should not be put in a position where retrofits or other emission reducing devices are required in the next few years, only to be out of date a few years later when the ZEB regulation purchase requirement is finally implemented. The ARB needs to ensure that any changes are economically feasible, especially considering the sparse funding resources currently available.

OCTA looks forward to continuing to collaborate with the ARB to promote technologies that allow us to provide cost-effective, reliable, and safe transportation to our customers while doing our part to improve California's air quality. If you have any questions please contact me at (714) 560-5584 or Wendy Villa, State Relations Manager, at (714) 560-5595.

Sincerely,

James S. Kenan

James S. Kenan
Interim Chief Executive Officer

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