

BOARD MEETING DATE: July 12, 2019

AGENDA NO. 20

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, June 14, 2019. The following is a summary of the meeting.

Agenda Item	Recommendation/Action
SB 216 (Galgiani) Carl Moyer Memorial Air Quality Standards Attainment Program: used heavy-duty truck exchange	Support with Amendments

RECOMMENDED ACTION:

Receive and file this report, and approve agenda items as specified in this letter.

Judith Mitchell, Chair
Legislative Committee

DJA:LTO:PFC:SG:jns

Committee Members

Present: Mayor Judith Mitchell/Chair
Dr. William A. Burke (videoconference)
Senator Vanessa Delgado (Ret.)
Supervisor V. Manuel Perez (videoconference)
Supervisor Janice Rutherford (videoconference)

Absent: Council Member Joe Buscaino/Vice Chair

Call to Order

Chair Mitchell called the meeting to order at 9:01 a.m.

DISCUSSION ITEMS:

1. Update on Federal Legislative Issues

South Coast AQMD's federal legislative consultants (Carmen Group, Cassidy & Associates and Kadesh & Associates,) each provided a written report on various key Washington, D.C. issues.

Mr. Gary Hoitsma of Carmen Group reported that the House Energy and Commerce Committee will be holding a hearing on the proposed rule by the National Highway Traffic Safety Administration (NHTSA) and the U.S. EPA) entitled, “The Safer Affordable Fuel Efficient (SAFE) Vehicles for Model Years 2021 – 2026.” The hearing will be held on June 20, 2019, and will feature testimony by NHTSA Deputy Administrator Heidi King and U.S. EPA Assistant Administrator Bill Wehrum.

Mayor Mitchell inquired if there was a delay in the rulemaking process. Mr. Hoitsma responded that the Administration had expected to release the proposed rule in early June, but it is likely to be mid-summer.

Mr. Wayne Natri, Executive Officer, requested an update from Sarah Rees, Assistant Deputy Executive Officer of Planning, Rule Development and Area Sources, as she formerly worked for the U.S. EPA Office of Regulatory Policy and Management where she oversaw the rulemaking process. Ms. Rees stated that the White House Administration must review rules prior to their release through the Office of Management and Budget (OMB). She further explained that the standard administrative review process is 90 days but it can take more or less time. For a joint rule such as SAFE, it is likely to require significant time.

Mayor Mitchell expressed how impactful the proposed SAFE rule could be in terms of air quality attainment, transportation conformity, extended litigation which could lead to uncertainty in the clean car marketplace, and potential denial of the California Waiver which allows the state to develop their own mobile source rules that are more stringent than federal requirements. Mr. Natri added that if transportation conformity lapses, federal sanctions to withhold transportation funding to the state could occur almost immediately.

Ms. Amelia Jenkins of Cassidy & Associates reported that the reauthorization of the Diesel Emissions Reduction Act (DERA) program is pending in the Senate. She also reported that the House is working on their versions of the appropriations bills and that the appropriations bill for “Interior, Environment and Related Agencies,” which funds programs like DERA will be on the House floor the week of June 17. Ms. Jenkins stated that the bill would be monitored closely to ensure air quality interests were supported.

Mr. Natri noted that staff had been engaged in a quick response to protect air quality funding in the House version of the appropriations bill and asked Ms. Lisa Tanaka O’Malley, Senior Public Affairs Manager, to provide an update. Ms. Tanaka O’Malley reported that staff was alerted that funding from the Targeted Airshed Grant Program, which supports clean air initiatives for nonattainment areas, was going to be used to increase funding to the DERA program. Ms. Tanaka O’Malley stated that South Coast AQMD staff and their consultants worked with the California Congressional delegation, key senior committee staff, Congressional

Members from other affected states and businesses to prevent the redirection of Targeted Airshed Grant Program funds to DERA. The funds to increase DERA are now proposed to come from the Secretary of the Interior's budget.

Mr. Mark Kadesh, of Kadesh & Associates, added that the California Congressional Delegation Members on Appropriations were critical in the efforts to preserve the Targeted Airshed Grant Program, which directly benefits air quality efforts in the South Coast region. Mr. Kadesh also commented that efforts to build relationships through South Coast AQMD trips to Washington, D.C. are valuable in requesting assistance from Members of Congress when issues such as this arise.

2. Update on State Legislative Issues

South Coast AQMD's state legislative consultants (Quintana, Watts and Hartman, California Advisors, LLC, and Joe A. Gonsalves & Son) provided written reports on various key issues in Sacramento.

Ms. Caity Maple of Quintana, Watts and Hartman provided an update regarding AB 1500 (Carrillo), which was recently referred to the Senate Environmental Quality Committee. Assembly Member Carrillo's office has informed staff that the South Coast AQMD's requested amendments to this bill, which would protect local air district authority, have been accepted. Also, SB 1 (Atkins) has been set for a June 18 policy hearing in Sacramento.

Mr. Ross Buckley of California Advisors LLC reported that the California state budget (\$214.8 billion) was recently passed by the Legislature. Budget trailer bills that implement policy related to the budget are expected to be passed in the coming weeks. Mr. Buckley also reported that two new state senators were recently elected: 1) Senator Brian Dahle – District 1; and Senator Lena Gonzalez – District 33. Senator Dahle's election causes the need for a special election to replace the former assembly member in Assembly District 1.

Mr. Nastri commented that as part of the state budget, with respect to the Greenhouse Gas Reduction Fund (GGRF), there was an egregious use of GGRF monies to fund drinking water programs in the San Joaquin Valley. This constitutes a redirection of GGRF monies that were originally designed to address climate and air quality issues. The redirection of GGRF monies to water issues sets a bad precedent, and Mr. Nastri emphasized the need for diligence in working to prevent this in the future.

3. Update on Legislation Regarding Voting District Authorization for Clean Air

Mr. Derrick Alatorre, Deputy Executive Officer of Legislative, Public Affairs and Media, provided an update regarding the South Coast AQMD-sponsored Voting District Authorization for Clean Air bill. Mr. Alatorre reported that staff have continued to meet with stakeholders regarding SB 732 (Allen), including the

following transportation agencies: 1) San Bernardino County Transportation Authority (SBCTA); 2) Riverside County Transportation Commission (RCTC); and 3) Orange County Transportation Authority (OCTA). Additionally, staff has upcoming meetings with both the Los Angeles County Metropolitan Transportation Authority (LA Metro) and Metrolink.

Senator Delgado (Ret.) asked about feedback staff has received from the transportation agencies. Mr. Nastri responded that overall the feedback has been positive.

In the meeting with OCTA, staff received input regarding their concerns, including the amount of the proposed administrative fee to administer any incentive funds raised to address air pollution. That led to a better understanding of the different amounts of work that can be required in administering transportation projects and incentive programs, the different ways in which administrative duties may be labeled for transportation projects, and the need for more education about the specific type of duties that would be covered by the administrative fee with respect to air quality funding.

Mr. Nastri stated that OCTA staff also explained their Board's perspective. South Coast AQMD staff provided information regarding the potential funding from a future sales tax measure and how staff could work more closely together with transportation agencies to effectively align clean transportation/transit project needs with air quality benefits. Timing of funding was discussed, including the critical need to fund full implementation of the AQMP first, and about transportation agencies' ability to bond established revenue streams in relation to transportation projects.

Mr. Nastri explained that staff has breakdowns as to how air quality funding would be spent, with respect to categories of project types, including those related to transportation. Dr. Philip Fine, Deputy Executive Officer of Planning, Rule Development and Area Sources, noted that Transportation Control Measures in the AQMP could also be funded and would benefit both transportation and air quality.

Mr. Nastri commented that the conversation with RCTC was similar to the conversation with OCTA. SBCTA did not appear to be interested in any revenue sharing and preferred that South Coast AQMD and SBCTA take action separately with respect to a sales tax measure.

Mayor Mitchell asked if staff had calculated how much revenue would be raised by a possible sales tax measure within the South Coast region for the turnover of truck fleets. Dr. Fine stated that a sales tax measure would be expected to raise \$1.4 billion per year. The turnover of truck fleets would be a big part of the projects funded by that money; however, there would be many other types of projects funded

as well. The specific funding numbers regarding truck fleet turnover were not available at the meeting. Senator Delgado (Ret.) asked if trucks would be prioritized because clean technology for trucks is currently available. Dr. Fine responded that near-zero emission, or 90% cleaner trucks, are available, and that hopefully zero emission trucks will be more available within the next two to three years. However, when it comes to vehicles such as construction equipment, the clean technology is less advanced.

Senator Delgado (Ret.) requested that staff provide information regarding how much funding would go to truck fleet turnover. Mr. Nastri stated that information regarding funding levels for all categories of vehicles/equipment types would be provided to the Committee. Mayor Mitchell also requested an update regarding where staff believes clean technology advancements will be in the next few years.

Dr. Burke asked if the oversight committee legislative language that Supervisor Rutherford suggested has been incorporated into SB 732. Mr. Alatorre responded that staff provided this language to Senator Allen's staff; however, the language has not yet been added to the bill. This may be more related to the fact that the bill is now a two-year bill, not eligible to be taken up until 2020, so there is no urgency to amend the bill.

Dr. Burke also asked, given that there is still some opposition from the Inland Empire with respect to a possible sales tax for clean air and clean transportation, if a measure were to pass, does that area not want to participate in the program, and how would the area want to address its air quality problems.

Supervisor Rutherford responded that the staff at SBCTA was describing the SBCTA Board's perspective that San Bernardino County was not going to be supportive of additional taxes, which is problematic for SBCTA because it would like to pursue its own sales tax measure solely for transportation funding needs. With respect to a sales tax measure for air quality, the SBCTA Board has asked how and where money from such a measure would be spent. It would be necessary to explain where the money is going to be spent and how it would be a direct benefit to San Bernardino County.

Dr. Burke stated that air pollution generated in Los Angeles County migrates to San Bernardino County and the Inland Empire.

Mayor Mitchell asked that staff also provide information about where funding from a possible air quality sales tax measure would be spent and where the benefits would be experienced, taking into account air pollution migration.

Supervisor Perez commented that in Riverside County additional taxes are generally not well received and that RCTC would like to pass a tax for more transportation funding also. He inquired about the latest communications with RCTC and Coachella Valley Association of Governments (CVAG). Mr. Nastri responded that staff spoke with RCTC a few weeks ago and there was a similar conversation about where funding would be spent in relation to the amount of funding raised. Part of the response to this question includes air pollution transport, which is an important issue to consider with respect to the Inland Empire. There will be far more benefit to the Inland Empire in improving air quality in relation to the dollars actually spent there. That area will benefit the most from the air quality investments being discussed.

Mr. Nastri extended an invitation to meet directly with Supervisors Rutherford and Perez to discuss these issues in more detail and provide more information on how and where funding would be spent. Mr. Nastri also mentioned that staff met with CVAG recently regarding the redesignation of that area in relation to federal air quality standards.

Supervisor Perez stated that he would like to discuss oversight of the funds. Supervisors Perez and Rutherford both accepted Mr. Nastri's invitation to meet to discuss issues and information relating to air quality funding from a possible sales tax measure.

Later in the meeting, Dr. Burke commented that he agreed with Supervisor Rutherford that it undermines public confidence when money is collected for one purpose, but then spent for another purpose. Thus, it is important to spend the time to create an oversight committee that will help ensure that the money is being spent only to address air pollution. Dr. Burke also expressed confidence that there are other ways to raise the substantial amount of funding needed to implement the AQMP, but he believes that a sales tax measure is the best and fastest way.

ACTION ITEM:

4. Recommend Position on State Bills:

SB 216 (Galgiani) Carl Moyer Memorial Air Quality Standards Attainment Program: used heavy-duty truck exchange

Mr. Philip Crabbe, Public Affairs Manager, presented information on SB 216 (Galgiani). This bill would, until January 1, 2025, add a used heavy-duty truck exchange program as an eligible project for funding under the Carl Moyer Program. The bill is intended to create an incentive for larger companies – that are more financially equipped – to help smaller companies get older and dirtier trucks off the road by “passing through” a scrappage incentive.

The bill would allow larger companies to buy a new truck and pass on their used, but still relatively clean trucks onto the smaller company. The smaller company would then either scrap or move out of state its higher emitting older truck and the larger company would receive the incentive.

Mr. Crabbe stated that the bill is aligned with South Coast AQMD's priorities regarding reducing criteria pollutant and toxic emissions and facilitating attainment of federal air quality standards within the South Coast. Also, previous amendments addressed a concern that the bill might make the truck exchange mandatory for air districts. The bill now clarifies that the truck exchange is optional.

Mr. Crabbe explained that staff is recommending amendments to the bill:

First, the bill requires that vehicles purchased as part of the truck exchange remain in the state during the vehicles' entire project life. This requirement would be more stringent than Carl Moyer, which requires a vehicle to stay in the state for at least 51% of its project life. Thus, the bill's requirement could limit project applicant eligibility. Staff recommends amending the bill to make this requirement consistent with Moyer.

Also, to ensure that the truck exchange results in actual emission reductions, staff recommends clarifying amendments that would:

- Require new vehicles purchased as part of the truck exchange to meet or emit less than the least one of CARB's optional low-NOx engine standards; and
- Require owners of fleets purchasing a new vehicle as part of the program, to sell or otherwise provide their existing vehicle to the owner of a vehicle that is higher emitting than the vehicle being transferred, then the higher emitting vehicle would be scrapped or permanently moved out of state.

Mayor Mitchell expressed concerns about how these provisions would interface with CARB's Truck and Bus Rule, which requires nearly all trucks and buses in California to have 2010 model year engines by January 1, 2023.

Mr. Crabbe responded, and to address concerns raised by Mayor Mitchell regarding the impact of CARB's Truck and Bus Rule on these provisions, he indicated that staff recommends adjusting the proposed amendments by:

- Adding a reference that the project life requirement be consistent with both Moyer and existing state regulations; and by

- Adding that a truck purchaser is allowed to transfer their used truck to an owner of either a higher emitting truck or an older truck if the two trucks involved are certified at the same emission standard.

Senator Delgado (Ret.) inquired if the proposed amendments have been vetted with Senator Galgiani's office. Mr. Crabbe responded that staff has been in contact with the Senator's office to express initial concerns. Her staff expressed a willingness to work with the South Coast AQMD on any amendments.

Mayor Mitchell and Senator Delgado (Ret.) expressed their support for the program proposed by this bill in concept. Senator Delgado (Ret.) also expressed a desire for this program to be available to as many people as possible.

Staff recommended a position of SUPPORT WITH AMENDMENTS on this item.

Moved by Delgado; seconded by Rutherford; unanimously approved

Ayes: Burke, Delgado, Mitchell, Perez, Rutherford

Noes: None

Abstain: None

Absent: Buscaino

OTHER MATTERS:

5. Other Business

There was no other business.

6. Public Comment Period

There were no public comments.

7. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Friday, July 19, 2019 at 9:00 a.m.

Adjournment

The meeting adjourned at 9:55 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports
4. Recommend Position on State Bill
5. Report from the South Coast AQMD Home Rule Advisory Group

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING ATTENDANCE RECORD – June 14, 2019

Mayor Judith Mitchell.....South Coast AQMD Board Member
Dr. William A. Burke (videoconference).....South Coast AQMD Board Member
Senator Vanessa Delgado (Ret.)South Coast AQMD Board Member
Supervisor V. Manuel Perez (videoconference)South Coast AQMD Board Member
Supervisor Janice Rutherford (videoconference).....South Coast AQMD Board Member

Thomas GrossBoard Consultant (Benoit)

Gary Hoitsma (teleconference)Carmen Group, Inc.
Amelia Jenkins (teleconference)Cassidy & Associates
Mark Kadesh (teleconference)Kadesh & Associates
Caity Maple (teleconference)Quintana, Watts and Hartman
Ross Buckley (teleconference)California Advisors, LLC
Paul Gonsalves (teleconference)Joe A. Gonsalves & Son

Bill LaMarrCalifornia Small Business Alliance
David Rothbart.....Los Angeles County Sanitation Districts
Tammy YamasakiSouthern California Edison

Derrick AlatorreSouth Coast AQMD Staff
Barbara Baird.....South Coast AQMD Staff
Philip CrabbeSouth Coast AQMD Staff
Amir DejbakhshSouth Coast AQMD Staff
Vanessa Delgado.....South Coast AQMD Staff
Philip FineSouth Coast AQMD Staff
Denise Peralta Gailey.....South Coast AQMD Staff
Stacy GarciaSouth Coast AQMD Staff
Bayron Gilchrist.....South Coast AQMD Staff
Matt MiyasatoSouth Coast AQMD Staff
Nahal MogharabiSouth Coast AQMD Staff
Ron Moskowitz.....South Coast AQMD Staff
Wayne NastriSouth Coast AQMD Staff
Robert Paud.....South Coast AQMD Staff
Sarah Rees.....South Coast AQMD Staff
Mary ReichertSouth Coast AQMD Staff
Lisa Tanaka O'MalleySouth Coast AQMD Staff
Julie Valencia.....South Coast AQMD Staff
Todd WardenSouth Coast AQMD Staff
Kim White.....South Coast AQMD Staff
Jill Whynot.....South Coast AQMD Staff
Paul WrightSouth Coast AQMD Staff

Jacqueline DeanSouth Coast AQMD Student Intern
Elijah HakobianSouth Coast AQMD Student Intern
Kurt Cronican.....South Coast AQMD Student Intern

ATTACHMENT 2

MEMORANDUM

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: May 30, 2019

Re: Federal Update -- Executive Branch

Infrastructure –Back to Basics: Two very truncated White House meetings on infrastructure in April and May between the President and Democratic Congressional leaders generated a lot of political heat, but not much new light on the stalemate that continues to frustrate efforts to advance any major new infrastructure legislation in the near term. Such a bill -- should it ever come to fruition -- clearly holds the promise of targeting new federal revenues to important clean air priorities. Here are some notes relative to where things stand now:

- Partisan political differences swirling around the approaching 2020 elections are not helping Congress and the Administration in terms of reaching an agreement.
- Talk of a \$2 trillion bill (over ten years) cannot be taken seriously until realistic “pay-fors” are put on the table for discussion. Right now, neither side seems capable of visualizing an adequate funding path that the other side could accept.
- While the hoped-for big deal on infrastructure appears dashed for now, the hard work of pulling together a needed surface transportation reauthorization bill for highways and transit will continue in the House and Senate. This is where the relevant House and Senate committees will be focusing their attention this summer to draft bills that can be the starting point for serious negotiations into next year. Congress and the Administration face an Oct. 1, 2020, deadline after which basic existing federal highway and transit programs run out of money.
- This transportation reauthorization legislation now becomes the base legislative vehicle to which any larger infrastructure bill—if it materializes -- would be attached. It is also the vehicle which should now be the focus of our legislative efforts to advance South Coast AQMD’s infrastructure priorities.

Many in Truck Industry See FET Repeal as a Path to Cleaner Trucks: As the Administration searches for ways to shore up revenues into to the Highway Trust Fund (HTF), many leaders in the trucking industry are pushing to upend one of the long-standing user fees that have contributed to that fund for over 50 years. Through the “Modernize the Truck Fleet” coalition—led by the National Automobile Dealers Association (NADA) and its affiliate, the American Truck Dealers – they seek to repeal

the 12 percent federal excise tax (FET) on the retail sale of heavy-duty trucks. This tax brings in a variable and uncertain average of between \$2 billion and \$4 billion per year to the HTF, added to federal gas tax and other highway user fee revenues. But the tax also depresses heavy-duty truck sales and delays the purchase of cleaner, safer and more fuel-efficient trucks. The coalition -- supporting the overall goal of advancing the sale of cleaner, lower-emission trucks -- supports legislation in the House and Senate to repeal the tax, while at the same time encouraging Congress and the Administration to find offset replacement revenue for the HTF as part of any larger infrastructure or surface transportation bill that might be concluded over the next two years.

EPA-DOT SAFE Rule Update: Reports from inside and outside the EPA suggest that the EPA-DOT final rule on corporate average fuel economy (CAFÉ) standards for cars and light trucks may not be ready for several more months, but no exact date is set. Signals are that an earlier mid-June time-frame may have slipped due to requirements and delays involving the preparation of detailed legal and technical documents. Some reports say the final rule will freeze standards at 37 miles per gallon and then require automakers to raise fuel economy by one percent annually between 2021 and 2026. The rule is also expected to revoke the California waiver, setting up a near-certain protracted court fight. Major auto companies remain under pressure to support the Administration's plan, but do not want to see a two-tiered system (one standard for California and 13 other states, and a separate standard for the rest of the country) that the plan could create. EPA Administrator Andrew Wheeler, in his public and private comments, urges all parties to review the final rule carefully when it comes out, saying the Administration has taken seriously -- and incorporated into the final rule -- many of the comments submitted on the proposed rule.

DOT Announces Funds Available for BUILD Grants: The Department of Transportation announced in April that \$900 million will be available for the FY 19 round of BUILD discretionary grants (formerly known as TIGER Grants). The funding is authorized for transportation projects of national, regional and local significance. Maximum grant awards are \$25 million. Applications are due July 15, 2019.

DOE Announces Funds Available for Advanced Vehicle Technology Research: In April, the Department of Energy announced up to \$59 million will be available for research projects to address priorities including advanced batteries and electric drive systems, energy efficient mobility systems, advanced engine and fuel technologies, and alternative fuels and new mobility options. Applications are due June 19, 2019.

DOE Announces Funds Available for Bioenergy R&D: The Department of Energy announced in May that \$79 million was being made available for bioenergy research and development on biofuels, bioproducts and biopower. Among a range of topic areas to be researched is identifying biofuels and bioproducts technologies with the greatest potential for reducing emissions relative to existing conventional fuels or products. Applications are due July 22, 2019.

FTA Announces Funds Available for Bus Grants: The Federal Transit Administration announced in May that \$423 million was being made available for competitive grants under the FY 2019 Buses and Bus Facilities Grant Program. These annual grants are authorized for projects that would replace, rehabilitate, lease or purchase buses and

related equipment as well as to purchase, rehabilitate, construct or lease bus-related facilities such as buildings for bus storage and maintenance. A key goal of the program is to modernize the nation's bus fleets to be more efficient and cleaner with lower emissions. Applications are due June 21, 2019.

FTA Highlights Transit Workforce Training for Zero-Emission Buses: Federal Transit Administration Acting Administrator Jane Williams traveled to Thousand Palms, CA, on May 21 -- home base of SunLine Transit Agency in Riverside County -- to highlight the agency's efforts to develop and demonstrate a comprehensive training program for the transit industry and to construct a state-of-the-art maintenance facility designed specifically for zero-emission buses. With help from a \$2 million grant from FTA, SunLine expects to begin construction on its West Coast Center of Excellence in Zero Emission Technology early next year. This is collaboration between public and private organizations, including transit agencies, colleges, private industry and government agencies that are involved in the development and maintenance of zero-emission buses.

EPA Releases Report on U.S. Greenhouse Gas Emissions: In April, the Environmental Protection Agency released a comprehensive annual report on greenhouse gas emissions showing a long-term trend in such emissions falling. The "Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2017" shows that national GHG emissions have fallen by 13% and power sector emissions have fallen by 27.6% .

DOE Labs and Exxon to Collaborate on Lower-Emission Technology Development: The Department of Energy's National Renewable Energy Laboratory (NREL) and National Energy Technology Laboratory (NETL) announced in May a joint research agreement with ExxonMobil to advance lower-emission energy technologies that could be brought to commercial scale. During the ten-year agreement, ExxonMobil will invest up to \$100 million in the two DOE labs, making it one of the largest public-private partnership agreements between the labs and the private sector. It will foster research collaboration on projects that will advance technologies to improve energy efficiency, minimize greenhouse gas emissions, and reduce emissions from the production of fossil fuels and petrochemicals.

Meetings with Elected Officials/Stakeholders: Following are meetings/discussions held by Carmen Group consultants in April/May on behalf of SCAQMD with the offices of elected officials, committees, agencies or other stakeholders:

- **Sen. James Inhofe (R-OK) and staff** (*Member, Senate Environment & Public Works Committee*) -- Met with to discuss developments on infrastructure.
- **Sen. John Thune (R-SD)** (*Senate Majority Whip*) -- Discussed infrastructure issues.
- **Office of Sen. Mitch McConnell** (*Senate Majority Leader*) -- Met with Jim Neill, Professional Staff, to discuss infrastructure issues.

- **Office of Sen. John Barrasso (R-WY)** (*Chair, Senate Environment & Public Works Committee*) -- Discussed infrastructure, DERA reauthorization, EPA oversight, and Cleaner Trucks Initiative with Elizabeth Horner, Professional Staff.
- **Del. Eleanor Holmes Norton (D-DC)** (*Chair, House T&I Subcommittee on Highways & Transit*) -- Met to discuss infrastructure and surface transportation reauthorization legislation.
- **Rep. Greg Pence (R-IN)** – (*Member, House Transportation & Infrastructure Committee*) -- Met to discuss infrastructure and clean truck issues related to Cummins plant located in his district.
- **Environmental Protection Agency** -- Discussed Cleaner Trucks Initiative and SAFE Rule with Clint Woods, Deputy Assistant Administrator for Air and Radiation.
- **National Automobile Dealers Association/American Truck Dealers** -- Discussed FET tax repeal effort and related truck issues with Laura Perotta, Senior Director, Legislative Affairs.
- **US Chamber of Commerce** -- Discussed FET tax issue and related clean air issues with Dan Byers, Vice President for Energy Policy.
- **Cummins, Inc.** -- Discussed DERA funding issues and clean truck issues with Traci Kraus, Director of Government Relations.
- **Achates Power/Alliance for Vehicle Efficiency** -- Discussed clean truck issues with John Major, Vice President, Government Relations.
- **NGV America** -- Discussed FET tax and alternative fuel tax credit with Allison Cunningham, Director of Government Relations.

Administration Personnel Changes: The following are recent Administration personnel changes of special interest:

DOT/DOJ: **Jeffrey Rosen**, formerly Deputy Secretary of Transportation, was confirmed in May to be **Deputy Attorney General** at the **Department of Justice**. This leaves the post of **Deputy Secretary of Transportation** vacant. Rosen played a supportive role in DOT's development of the Administration's pending SAFE rule on fuel economy standards and on other transportation-related deregulatory decisions. At DOJ, he will be in a position to play a role in major EPA environmental enforcement actions.

DOT/Federal Reserve Board: **DOT Undersecretary for Policy Derek Kan** is reportedly under consideration to be nominated to serve in an open seat on the Federal Reserve Board, though no formal appointment has yet been made.

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To: South Coast Air Quality Management District

From: Cassidy & Associates

Date: May 28, 2019

Re: Federal Update

Look Ahead

June is Appropriations month – House Majority Leader Hoyer wants to complete all appropriations bills by June 30th, likely packaging bills together in a series of minibuses. House Appropriations has almost half of the 12 Fiscal Year (FY) 2020 bills through committee. Labor-Health and Human Services, Legislative Branch, Military Construction-Veterans Affairs, State-Foreign Operations are all reported from full committee. The Department of Defense and Energy & Water bills are scheduled for full committee markup on May 21st. There are some concerns within the Democrat Caucus about moving the defense bill this early in the process, and at \$733 billion - which some have argued is too high.

Commerce, Justice, Science (CJS) and the Interior-Environment bills are also moving. The Interior-Environment Subcommittee approved a \$37.28 billion bill providing an increase of \$1.78 on voice vote. The Commerce, Justice, Science Subcommittee approved a \$73.895 billion CJS bill providing an increase of \$9.78 on voice vote. These bills now head to the full committee for markup on May 22nd. Currently, the outstanding bills that remain are Transportation-Housing and Urban Development, Agriculture, Financial Services, and Homeland Security.

It is worth noting that White House Chief of Staff Mick Mulvaney, who was a founding member of the conservative Freedom Caucus in the House of Representatives, and acting Office of Management and Budget Director Russ Vought prefer a year-long continuing resolution (CR) instead of a comprehensive spending deal to fund the government for FY 2020 (through September 2020). They would then advocate for another short-term CR to provide enough spending to get the government through the fall 2020 elections, where White House staff believes the President is positioned to be re-elected at this point. The rationale to pursue this approach rests in the belief that 2021 (the last year of the Control Act) is the last best option to achieve massive spending cuts for the government, particularly through reforms on the mandatory spending side.

Neither congressional Democrats (in control of the House) nor Republicans (in control of the Senate) are in favor of that approach, mainly because this appears to be the fastest path to a government shutdown this fall or the enactment of massive cuts triggered by sequestration in January 2019.

Longer term agenda items for July and September potentially include a number of immigration bills, possibly putting some measures into a bigger bill (Deferred Action for Childhood Arrival and Temporary Protected Status

likely will take priority). There are continued discussions around minimum wage, and other House Administration items that could possibly move.

House Committee on Transportation and Infrastructure

On Tuesday, April 29, 2019, the White House held a meeting with Congressional Democrats to discuss and seek agreement on a comprehensive infrastructure proposal. According to attendees, the Administration and Congressional Democrats agreed to a **\$2 trillion** comprehensive infrastructure package, which the House will draft and consider this summer. Participants did not agree to funding sources, but agreed to reconvene in three weeks to discuss ways to pay for the package.

Sources from Capitol Hill said that the group discussed three ways to potentially pay for the transportation infrastructure portions of the bill:

- Gas tax increases for highways and transit spending;
- An increase in the Passenger Facility Charge for airports; and
- Uncapping the Harbor Maintenance Trust Fund to boost investments in ports and harbors.

President Trump indicated that he supported all three options, but later directed his staff to “fix that” after discussing the Harbor Maintenance Trust Fund. Immediately following the meeting, Chairman of the House Transportation and Infrastructure Committee (T&I) Peter DeFazio [introduced](#) bipartisan legislation to uncap the trust fund and boost port and harbor investments.

Attendees agreed that broadband infrastructure should be included in the infrastructure package. President Trump also initiated a discussion about including clean water infrastructure, wastewater infrastructure, and inland waterways.

In order to avoid the heat of the 2020 presidential election, the Committee believes that they need to pass the package by the 2019 August recess. Due to this tight deadline, T&I has met with over seventy-five stakeholder groups over the last few weeks to help inform their work. The window for securing language in the package is closing quickly. Once introduced, the package will be assigned the bill number H.R. 2.

On May 22, 2019, the White House held a meeting with Congressional Democrats to discuss and seek agreement on a comprehensive infrastructure proposal. The meeting quickly fell apart, and agreement on an infrastructure proposal dissolved after a tense interaction between President Trump and Speaker Pelosi.

Chairman DeFazio has said that the breakdown will likely mean no new revenues in the 2020 surface reauthorization bill. Despite the outcome of the White House meeting, Senate committee leaders are pushing ahead to mark up a bill before August, but the House isn't on the same timeline. DeFazio intends to work on a surface reauthorization bill that could go to conference with the Senate this winter.

Energy and Commerce Committee

In April, the House Energy and Commerce subpanel on the environment and climate change held a hearing regarding state and local action to address climate change. Witnesses included Washington Gov. Jay Inslee and mayors from across the country, including Midland, Texas Mayor Jerry Morales. The House Select Committee on the Climate Crisis also conducted its first hearing since Democrats launched the panel this year. The hearing was titled “Generation Climate: Young Leaders Urge Climate Action Now.”

The Congress continued its budget hearings this month with Environmental Protection Agency Administrator Andrew Wheeler testifying on the agency's 2020 budget before the Energy and Commerce Environment and Climate Change Subcommittee. The 2020 EPA budget would slash funding by nearly \$2.8 billion, or 31 percent of existing appropriations.

The following bills related to emissions were introduced:

H.R.2337 - [FLEET Act](#)

- Introduced: 4/18/19
- Sponsor: Jared Huffman (D-CA-2)
- Summary: To provide for the upgrade of the vehicle fleet of the United States Postal Service, and for other purposes.

H.R.2092 - [Protecting Communities from Hydrogen Cyanide Act of 2019](#)

- Introduced: 4/04/19
- Sponsor: Diana DeGette (D-CO-1)
- Summary: To direct the Administrator of the Environmental Protection Agency to set a health-protective numerical emission limitation for hydrogen cyanide under section 112 of the Clean Air Act (42 U.S.C. 7412), and for other purposes.

H.R.9 - [Climate Action Now Act](#)

- Introduced: 3/27/19
- Sponsor: Kathy Castor (D-FL-14)
- Summary: To direct the President to develop a plan for the United States to meet its nationally determined contribution under the Paris Agreement, and for other purposes.

H.R. 2764 – [Clean Air Act Amendment](#)

- Introduced: 5/15/19
- Sponsor: Mike Levin (D-CA-49)
- Summary: A bill to amend the Clean Air Act to create a national zero-emission vehicle standard, and for other purposes.

H.R. 2711 – [Federal Oil and Gas Royalty Management Act of 1982 Amendment](#)

- Introduced: 5/14/19
- Sponsor: Dianne DeGette (D-CO-1)
- Summary: A bill to amend the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.) to require the Secretary of the Interior to issue regulations to reduce and prevent gas waste and to enhance gas measuring and reporting, to codify a final rule of the Environmental Protection Agency regarding certain emission standards for the oil and natural gas sector, and for other purposes.

H.R. 2906 – [The Leading Infrastructure for Tomorrow's America \(LIFT\) Act](#)

- Introduced 5/22/19
- Sponsor: Tony Cardenas (D-CA-29)
- Summary: A bill to authorize nationwide infrastructure types of projects ranging from broadband, Next Generation 9-1-1, drinking water, electric grid and energy supply, brownfields, and health care. Of particular interest to South Coast AQMD, are the provisions to reauthorize the Diesel Emissions Reductions Act (DERA) at a level of \$200 million per year through FY 2024 and provisions update and reauthorize a program for low and zero-emission school buses.

In early May, the Energy Subcommittee of House Energy and Commerce Committee held a hearing on the FY 2020 Department of Energy budget. Witnesses included Rick Perry, Secretary of Energy. As of mid-May, the Energy Subcommittee has moved 10 bills to full Committee. The Oversight and Investigations Subcommittee of House Energy and Commerce Committee also held a hearing on the “Department of Education’s Mounting Cleanup Costs: Billions in Environmental Liability and Growing.” Witnesses included Assistant Energy Secretary for Environmental Management Anne White and Director of Natural Resources and Environment in the Government Accountability Office David Trimble.

House Natural Resources Committee

The Energy and Mineral Resources Subcommittee of House Natural Resources Committee held a hearing on “Oil and Gas Development: Impacts of Water Pollution Above and Below Ground.” Witnesses included Senior Research Scientist at Physicians, Scientists and Engineers for Healthy Energy Dominic DiGiulio and Executive Director and Managing Attorney at Fair Shake Environmental Legal Services Emily Collins.

House Select Committee on the Climate Crisis

The Select Committee on the Climate Crisis has held three hearings since April. First, the Committee hosted youth leaders advocating for climate action. The second hearing held on April 30th was focused on jobs and economic opportunities created through clean energy and energy efficiency. On April 23, the Committee held a hearing focused on creating climate resiliency. Witnesses testified on the link between climate change and catastrophic weather events. Various academics discussed regionally specific impacts of climate change.

Senate Environment and Public Works Committee

On April 10, 2019, the Committee on Environment and Public Works met to consider S. 747. The bill was ordered favorably reported without amendment by voice vote.

In May, the Senate leadership (offices of Senators McConnell and Schumer) began working with the Environment and Public Works Committee through the hotline process (one of the processes by which non-controversial measures are passed in the Senate) to pass the Diesel Emissions Reduction Act by unanimous consent. At the time of writing of this report, the Senate had not yet recessed for the Memorial Day break, but we (Cassidy) will supplement our report if this legislation is approved before the Senate adjourns for its one-week recess.

Senate Energy and Natural Resources Committee

In April, the Energy and Natural Resources Committee focused its attention on matters related to the nomination of the Secretary of the Interior, nuclear energy, and carbon capture and sequestration. In May, the Energy and Natural Resources Committee worked to advance critical minerals legislation, energy efficiency, and renewable energy policies. In addition to the formal committee work, Senators Murkowski and Manchin (the Chairman and

Ranking Member of the Committee) continue to make strides in working together in a collegial fashion which could help to increase the possibility for action on a package of energy items to be considered and approved by the Committee in June and July. Cassidy will provide updates on these efforts as they develop.

Summary of Congressional Outreach

Select Committee on Climate Crisis – opportunities to profile SCAQMD with field hearings. Discussion with staff director.

House Energy and Commerce Democratic Staff – meeting on air quality and climate issues. Discussion with staff director.

House Appropriations Committee Democratic Staff – check in during appropriations process on DERA funding and Targeted Airshed Funding

Senator Tom Udall, Subcommittee Ranking Member Interior and Related Agencies – check in with staff on EPA/DERA funding

House Transportation and Infrastructure Committee – Discussion with staff on infrastructure bill opportunities

Democratic Leadership staff – schedule update

South Coast AQMD Report for the June 2019 Legislative Meeting covering April & May 2019
Kadesh & Associates

April

Overview-

April was focused on the release of the Mueller report and the follow-up to the release of the Administration's Fiscal Year (FY) 2020 Federal Budget, particularly how the House and Senate Budget committees as well the Appropriations committees are proceeding. Both the House and Senate were adjourned for two weeks for the Easter/Passover/spring recess.

Congressional Action on the FY20 Budget-

House Democrats are proposing a defense budget of \$664 billion for FY20, up 2.6% over FY19, and \$680 billion in 2021, according to statement by House Budget Cmte Chairman John Yarmuth.

- \$631 billion is proposed for non-defense discretionary budget in FY20 – a 5.7% increase over FY19 – and \$646 billion for 2021.
- FY20 Defense funding would total up to \$733 billion including a cap of \$69 billion for cap-exempt Overseas Contingency Operations funds.
- Defense and non-defense budgets would each increase by \$88 billion compared with FY20 cap level.

Infrastructure-

It was announced that the Senate Environment and Public Works Committee will approve a public works package by July, with the current surface authorization expiring at the end of 2020. The committee will hold hearings on draft legislation.

Washington, DC Advocacy in April -

Discussion continued regarding the development of possible site visits and/or field hearings as well as developing legislative proposals in conjunction with South Coast AQMD. Contacts included staff with the following offices: Senator Feinstein; Senator Harris; Representative Levin; and Representative Calvert as well as with House and Senate committee staffers to ascertain future schedules and policy-specific information.

May

Overview-

May was focused on the development and markup of the FY20 funding bill for the House Appropriations Subcommittee on Interior, Environment and Related Agencies. Both the House and

Senate were in session for all of May except for the final week of the month for the Memorial Day recess.

Congressional Action on the FY20 Interior/EPA House Subcommittee Appropriations Bill-

Going into the FY20 House Subcommittee mark-up on May 15, 2019 DERA received an allocation of \$50 million (which is a \$37 million reduction from the actual amount appropriated into law via the FY19 appropriations process).

Targeted Airshed Grants (TAG) received an allocation of \$30 million (which is a reduction of \$22 million from the actual amount appropriated into law via the FY19 appropriations process).

Both FY20 allocations reflect the new House Majority Democrats trying to rectify the shrinking staffing levels at the U.S. Environmental Protection Agency (EPA). The prior Republican House Majority preferred to move funds from staff allocations out to states and into incentive programs. Neither FY20 reduced allocation should be overread as specifically targeting DERA and TAG on the merits of each program, but rather as part of this larger reallocation of funds back to Headquarters to increase staffing levels.

Prior to the full committee mark-up of the FY20 Interior/EPA appropriations bill, Kadesh & Associates staff worked directly with California Members of the House Appropriations Committee to:

- 1) Safeguard the allocations for TAG and DERA from further reductions and/or from being used as "pay fors" for any potential amendments to the bill; and,
- 2) Requested, encouraged and/or worked to increase the DERA allocation.

Working closely with South Coast AQMD staff, the broader DERA coalition and directly with California Members of the House Appropriations Committee, we were successful in increasing the DERA allocation by \$5 million.

At present there is no published timeline for Senate Appropriations Committee action on these bills. Senator Feinstein is very supportive of both of our requests in this area. Senator Murkowski, Chair of the Senate Natural Resources Committee has also historically been friendly towards Senator Feinstein's requests in these areas.

Washington, DC Advocacy in May -

Regarding the successful effort to safeguard the Targeted Airshed Grants allocation and increase the FY20 DERA allocation, as well as ongoing efforts to secure hearing events and focus on South Coast AQMD 's issues, Kadesh & Associates reached out to and worked with several California offices. Contacts included staff with the following offices: Senator Feinstein; Senator Harris; Representative Rouda; Representative Aguilar; Representative Levin; Representative Calvert; and Representative Roybal-Allard, as well as with House and Senate committee staffers to ascertain future schedules and policy-specific information.

Infrastructure-

On May 15, 2019 House Energy & Commerce Democrats introduced an infrastructure package aimed at combating Climate Change, expanding Broadband Access and protecting public health and the environment. H.R.2479, the Leading Infrastructure for Tomorrow's America Act (LIFT America) received a full committee hearing on May 22, 2019.

The LIFT America Act includes investments in several key areas, including programs and funding to address the Climate Crisis and Protect the Environment:

- Over \$33 billion for clean energy, including \$4 billion to upgrade the U.S. electric grid to accommodate more renewable energy and make it more resilient. It also includes \$4 billion for the expansion of renewable energy use, including \$2.25 billion for the installation of solar panels in low-income and underserved communities.
- LIFT America also includes \$23 billion for energy efficiency efforts – namely retrofitting and weatherizing buildings, including schools and homes, to ensure they produce fewer carbon emissions and funding the nationwide deployment of more clean energy fuels.
- \$2.7 billion to spur the development of Smart Communities, including \$850 million in technical assistance to help cities and counties integrate clean energy into their redevelopment efforts, and \$1.4 billion to support the development of an electric vehicle (EV) charging network.
- More than \$21 billion to protect Americans' drinking water, including \$2.5 billion to establish a new grant program allowing PFAS-affected communities to filter the toxic chemicals out of their water supplies. LIFT America also expands upon the passage of the 2017 Safe Drinking Water Act by extending and increasing authorization for the State Revolving Loan Fund, and other safe water programs. \$2.7 billion for Brownfields redevelopment to revitalize communities and create jobs by returning valuable land to productive use.

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ATTACHMENT 3



May 30, 2019

TO: South Coast Air Quality Management District
FROM: Quintana, Watts & Hartmann
RE: May 2019 Report

GENERAL UPDATE:

- May 31st – House of Origin Deadline
 - All bills introduced in one house must pass off of the floor to the other house by this date or they cannot move again until January 2020.
- June 15th – Budget Bill Must be Passed by Midnight
 - Budget Conference Committee began on May 30th and will continue until June 6th.
- July 10th – Last Day for Policy Committees to Pass Fiscal Bills

LEGISLATIVE UPDATE:

- **Senate Bill 1 (Atkins)** passed through the Senate Environmental Quality Committee, Senate Natural Resources and Water Committee, and now the Senate Floor with a 28-10 vote. SB 1 is now waiting to be assigned to policy committee in the Assembly.
- **Assembly Bill 1500 (Carrillo)** passed through the Assembly Environmental Safety and Toxic Materials Committee, Appropriations Committee, and now the Assembly Floor with a 66-0 vote. AB 1500 is now waiting to be assigned to policy committee in the Senate.

ELECTED OFFICIALS CONTACTED ON BEHALF OF SCAQMD:

- Senator Allen (SB 732)
- Speaker Pro Tem Atkins (SB 1)
- Assemblymember Carrillo (AB 1500)
- Senator Hertzberg (SB 732)
- Senator Morrell (Budget)
- Speaker Rendon (Budget)
- Assemblymember Voepel (AB 210)



SCAQMD Report
California Advisors, LLC
June 14, 2019 Legislative Committee Hearing

General Update

On May 9th, Governor Gavin Newsom released his “May Revise” budget proposal at a news conference in the State Capitol. His plan called for an updated \$213 billion state budget that continues to pay down debt and build budgetary resiliency. The plan is a \$4.5 billion jump over Newsom’s January budget, made possible by increased state revenue estimates. More specifically, the general fund portion of Newsom’s budget is \$147 billion, up \$3 billion. Newsom’s proposal follows former Governor Jerry Brown’s pattern of putting away billions of dollars in reserves while making large investments in early childhood development, K-12 and higher education, health care, and emergency readiness.

The May Revise marks the start of what will be a month of negotiations with legislators, many of whom have released statements in response to the Governor’s proposal deeming it a strong starting point. Based on the comments made, several legislative leaders seem prepared to advocate for additional spending increases. The budget, with any legislative adjustments, must be finalized by June 15th in time for the Governor to sign the package and the new fiscal year to begin on July 1st.

Lastly, the special election date to fill the two vacant Senate seats is set for June 4th. Senate District 1 and Senate District 33 have been vacant since January when their previous officeholders were respectively elected to the Board of Equalization and as Insurance Commissioner. Once those seats are filled, both the Assembly and Senate will be at full strength for the first time during this session.

New Appointments

Christina Morkner Brown (D-Fair Oaks): Was appointed as the deputy secretary for law enforcement and general counsel at the California Environmental Protection Agency. Morkner Brown has been deputy attorney general at the California Department of Justice since 2017.

Angela Barranco (D-Los Angeles): Was appointed as undersecretary for the California Natural Resources Agency. Barranco has been the CEO of LA River since 2018.

Elected Officials Contacted on Behalf of SCAQMD:

California Advisors met with the following legislators or their offices on behalf of South Coast Air Quality Management District:

Senate:

Toni Atkins (SB732, Budget), Ben Allen (SB 732), Jim Beall (SB 732), Steven Bradford (SB 732), Bob Hertzberg (SB 732), Jerry Hill (SB 732), Melissa Hurtado (SB 732), Holly Mitchell (Budget), Mike McGuire (SB 732), Anthony Portantino (SB 732), Bob Wieckowski (SB 732), and Scott Wiener (SB 732).

Assembly:

Richard Bloom (Budget), Laura Friedman (AB 285), Phil Ting (Budget), and Buffy Wicks (AB 836).

2019 Legislative Update

Voting District Authorization for Clean Air Legislation

California Advisors has continued to work closely on SCAQMD's priority legislation in 2019 related to a voting district authorization. SB 732 (Allen) was pulled from Senate Appropriations Committee at the request of the author on May 13th.

AB 142 (Garcia, C) would increase the amount of the manufacturer battery fee from \$1 to \$2 and would provide that the fee would continue indefinitely. *Passed the Assembly Floor.*

AB 285 (Friedman) would require the Department of Transportation to address in the California Transportation Plan how the state will achieve maximum feasible emissions reductions in order to attain a statewide reduction of greenhouse gas emission of 40% below 1990 levels by the end of 2030 and attain the air quality goals required by the federal Clean Air Act. *Passed the Assembly Floor.*

AB 836 (Wicks) would establish the Bay Area Clean Air Incentive Program to be administered by the Bay Area Air Quality Management District to provide funding through a grant program to retrofit ventilation systems to create a network of clean air centers. *Passed the Assembly Floor.*

AB 1500 (Carrillo) would authorize a unified program agency to suspend, revoke, or withhold issuance of a unified program facility permit if conditions exist at the unified program facility that the unified program agency considers an imminent or substantial threat to public health, safety, or the environment. The bill would require the permittee to immediately discontinue operating that facility or function of the facility to which the permit or permit element applies until the threat is abated and the permit or permit element is issued, reinstated or reissued. *Passed the Assembly Floor.*

SB 1 (Atkins) would require specified agencies to take prescribed actions regarding certain federal requirements and standards pertaining to air, water, and protected species. *Passed the Senate Floor.*

SB 44 (Skinner) would require the Air Resources Board to update the state board's 2016 mobile source strategy to include a comprehensive strategy for the deployment of medium- and heavy-duty vehicles in the state for the purpose of bringing the state into compliance with federal ambient air quality standards and reducing motor vehicle greenhouse gas emissions. *Passed the Senate Floor.*

SB 210 (Leyva) would authorize the state board to develop and implement a Heavy-Duty Vehicle Inspection and Maintenance Program for nongasoline heavy-duty onroad motor vehicles. *Passed the Senate Floor.*

SB 633 (Stern) would require the Office of Environmental Health Hazard Assessment to develop and implement a monitoring program to collect data on contaminants from the Santa Susana Field Laboratory that could migrate to and pollute surrounding areas. *Passed the Senate Floor.*



Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

Paul A. Gonsalves

PROFESSIONAL LEGISLATIVE REPRESENTATION

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Email: gonsalves@gonsalvi.com

TO: South Coast Air Quality Management District

FROM: Anthony, Jason & Paul Gonsalves

SUBJECT: Legislative Update – May 2019

DATE: Friday, May 31, 2019

As we head into the month of June, the Legislature and Governor are focused on the State Budget. Governor Newsom recently released his May Revision to the State Budget and the Legislature is holding budget conference committees to iron out their differences.

We will also continue to monitor all bills and amendments of interest to the District and keep you apprised as they progress.

MAY REVISE/BUDGET

On May 9, 2019 the Governor released his May Revise to the Budget, boosting his January proposal to a \$213.6 billion budget. The May Revision projects a \$21.5 billion surplus along with a rainy-day reserve that is full.

The May Revision allocates \$15 billion to building budgetary resiliency and paying down the state's unfunded liabilities. This includes \$4.5 billion to eliminate debts and reverse deferrals, \$5.7 billion to build reserves, and \$4.8 billion to pay down unfunded retirement liabilities.

An additional \$1.2 billion is deposited into the Rainy-Day Fund, bringing the reserve to \$16.5 billion in 2019-20. The Rainy-Day Fund is now expected to reach its constitutional cap of 10% of General Fund Revenues in 2020-21, which is two years earlier than predicted in January. By the end of 2022-23, the Rainy-Day Fund balance is projected to be \$18.7 billion.

Over the next 2 weeks, the Legislature will be ironing out their budget differences in the Joint Legislative Conference Committee. A budget conference is a process by which the Assembly and Senate negotiate regarding the differences in the budget items they each

passed separately to arrive at an agreement. The leaders of each party and budget committee in both houses choose members to participate in the conference committee. The Budget Conference Committee includes:

Senate Membership:

Senator Holly J. Mitchell (Chair)
Senator Jim Nielsen
Senator Richard Roth
Senator Nancy Skinner
Senator John Moorlach

Assembly Membership:

Assembly Member Philip Y. Ting (Vice Chair)
Assembly Member Kevin McCarty
Assembly Member Chad Mayes
Assembly Member Jay Obernolte
Assembly Member Shirley N. Webber

The Legislature has until June 15, 2019 to adopt their State Budget or they forfeit their pay. We will continue to keep you apprised as the budget progresses.

CAP AND TRADE

The Governor's January Budget included a \$1 billion Cap and Trade Expenditure Plan to support programs that reduce or sequester greenhouse gases, including programs that benefit disadvantaged and low-income communities. In recognition of the continued strength of recent Cap and Trade auctions, the May Revision proposes an additional \$251.5 million that promotes affordable housing, sustainability and resiliency priorities.

The following will provide you with a summary of the Governor's proposed Cap and Trade Expenditure Plan:

- Air Toxics and Criteria Air Pollutants (AB 617):
 - \$200 million for Community Air Protection
 - \$20 million for Air District Implementation.
 - \$10 million for community group technical assistance
- Low Carbon Transportation:
 - \$200 million for the Clean Vehicle Rebate Project
 - \$182 million for the Clean Trucks, Buses, & Off-Road Freight Equipment
 - \$65 million for the Enhanced Fleet Modernization Program & Transportation Equity Projects
 - \$90 million for Agricultural Diesel Engine Replacement & Upgrades
- Healthy Forests:
 - \$165 million for Healthy & Resilient Forest
 - \$35 million for Prescribed Fire & Fuel Reduction
- Climate Smart Agriculture:
 - \$28 million for Healthy Soils
 - \$35 million for Methane Reduction.

- Short Lived Climate Pollutants:
 - \$25 million for Waste Diversion
- Integrated Climate Action:
 - \$132 million for Transformative Climate Communities
 - \$3 million for Coastal Resilience
 - \$10 million for Low-Income Weatherization
 - \$6 million for the Energy Corps
- Workforce Training:
 - \$35 million for Preparing Workers for a Carbon-Neutral Economy
- Climate and Clean Energy Research:
 - \$10 million for Climate Research
 - \$1.5 million for the Transition to a Carbon-Neutral Economy

This proposal does not reflect the 60% of Cap and Trade Revenues that are continuously appropriated to Affordable Housing and Sustainable Communities Program, the Low Carbon Transit Operations Program, the Transit and Intercity Rail Capital Program, and High-Speed Rail.

The Cap and Trade expenditure Plan will be negotiated by the Governor, Speaker and Pro Tem over the next week or so to try and find an agreement on how these revenues will be spent. The legislature does not have to pass a GGRF spending plan until September 13, 2019, which is the last day of session.

GOVERNOR'S APPOINTMENTS

On April 24, 2019, Governor Gavin Newsom announced the appointment of David S. Kim as secretary of the California State Transportation Agency and Brian Annis as chief financial officer of the California High-Speed Rail Authority.

David Kim has been vice president of governmental affairs at Hyundai Motor Company since 2017. He served as deputy administrator of the U.S. Department of Transportation's Federal Highway Administration from 2016 to 2017, where he was associate administrator of policy and governmental affairs from 2011 to 2016. He was deputy assistant secretary for governmental affairs at the U.S. Department of Transportation from 2009 to 2011. Mr. Kim served as deputy executive officer of federal advocacy and governmental relations for the Los Angeles County Metropolitan Transportation Authority from 2004 to 2009 and as deputy director of the Washington, D.C. Office of Governor Gray Davis from 1999 to 2003. He was deputy assistant of congressional affairs for the Office of the U.S. Trade Representative from 1998 to 1999 and a legislative representative for the City of Los Angeles, Office of the Chief Legislative Analyst from 1995 to 1998. Mr. Kim was senior legislative assistant in the Office of Congressman Xavier Becerra from 1993 to 1995 and an administrative assistant in the Office of California State Assemblymember Xavier Becerra from 1990 to 1992. Mr. Kim was a field deputy in the Office of California State Senator David Roberti from 1985 to 1990. This position requires Senate confirmation.

Brian Annis has served as secretary of the California State Transportation Agency since 2018, where he has held multiple positions, including acting secretary in 2018 and

undersecretary from 2013 to 2018. Mr. Annis was deputy secretary for transportation at the California Business, Transportation and Housing Agency from 2012 to 2013. He held several positions at the California State Senate Committee on Budget and Fiscal Review, including as deputy staff director from 2010 to 2012, principal consultant from 2005 to 2010 and consultant from 2004 to 2005. Mr. Annis served in multiple positions at the California Department of Finance, including as principal program budget analyst II from 2002 to 2004, staff finance budget analyst from 1999 to 2002 and research analyst II from 1998 to 1999. This position does not require Senate confirmation.

LEGISLATIVE CALENDAR

- May 3 Last day for policy committees to meet and report to the floor non-fiscal bills introduced in their house
- May 10 Last day for policy committees to meet prior to June 3
- May 17 Last day for fiscal committees to meet and report to the floor bills introduced in their house. Last day for fiscal committees to meet prior to June 3
- May 28-31 Floor session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees.
- May 31 Last day for each house to pass bills introduced in that house
- June 3 Committee meetings may resume
- June 15 Budget Bill must be passed by midnight
- July 10 Last day for policy committees to hear and report fiscal bills to fiscal committees
- July 12 Last day for policy committees to meet and report bills. Summer Recess begins upon adjournment
- Aug. 12 Legislature reconvenes from Summer Recess
- Aug. 30 Last day for fiscal committees to meet and report bills
- Sept. 3-13 Floor session only. No committees may meet for any purpose, except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees
- Sept. 6 Last day to amend bills on the floor
- Sept. 13 Last day for any bill to be passed. Interim Recess begins upon adjournment

ELECTED OFFICIALS CONTACTED ON BEHALF OF SCAQMD

- Senator Stern (SB 633)
- Senator Portantino (SB 633 & SB 44)
- Assembly Member C. Garcia (AB 142)
- Assembly Member Gonzalez-Fletcher (AB 142)

ATTACHMENT 4

SB 216 (Galgiani) Carl Moyer Memorial Air Quality Standards Attainment Program: Used Heavy-Duty Truck Exchange

Summary: This bill would, until January 1, 2025, add a used heavy-duty truck exchange program as an eligible project for funding under the Carl Moyer Memorial Air Quality Standards Attainment Program (Program).

Background: Existing law establishes the Program, which is administered by CARB. The Program authorizes CARB to provide grants to offset the incremental costs of eligible projects that reduce emissions from covered vehicular sources. The Program also authorizes funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to reach its goals.

The bill's legislative intent language states: "While it is important to displace the demand for conventional petroleum-based fuels, the Legislature also believes that helping to spur the development and deployment of innovative next-generation fuel technologies by California-based companies is an important contribution the state can and should make to facilitate urgently needed, immediate, emissions reductions."

Status: 5/24/2019 - In Assembly. Read first time. Held at Desk.

Specific Provisions: Specifically, this bill would:

- 1) Until January 1, 2025, add a used heavy-duty truck exchange program as an eligible project for funding under the Program;
- 2) Declare the intent of the Legislature with regard to this bill, that CARB adopt, so that air pollution control and air quality management districts (Districts) may choose to implement, a heavy-duty truck exchange as part of the Program;
- 3) Encourage owners of fleets to partner with owners of other fleets in a project application to the Program;
- 4) Allow, when two or more fleets partner with each other in a project application, the requirements of Division 3 of Title 13 of the California Code of Regulations to be met with the most-polluting vehicle eligible in any of the participating fleets;
- 5) Require vehicles purchased to remain in the state during the vehicles' project life;
- 6) Require CARB to hold a public workshop on the implementation of the heavy-duty truck exchange; and
- 7) Require CARB to develop a comprehensive and streamlined plan to help Districts implement a heavy-duty truck exchange under the Program.

Impacts on SCAQMD's Mission, Operations or Initiatives: This bill, sponsored by the California Natural Gas Vehicle Coalition, is intended to create an incentive for larger

companies – that are more financially equipped – to help smaller companies get older and dirtier trucks off the road by “passing through” the Program’s scrappage incentive. The bill would allow for smaller companies, including those with single owner operated trucks, to work with larger companies which would buy a new truck and pass on their used, but still relatively clean trucks onto the smaller company. The smaller company would then either scrap or move out of state its higher emitting older truck and the larger company would obtain the scrappage incentive.

In general, the bill appears to align with SCAQMD’s goals of reducing harmful diesel particulate matter and nitrogen oxide (NOx) emissions and facilitates attainment of federal air quality standards. Previous bill amendments addressed a staff concern that the bill appeared to make the new truck exchange mandatory for air districts. The bill now clarifies that implementation of the truck exchange option is at the discretion of air districts.

Proposed Amendment language:

South Coast AQMD staff proposes the following amendments to the bill:

- 1) The bill requires that vehicles purchased as part of the Program remain in the state during the vehicles’ entire project life. This standard is more stringent than the Program’s existing requirements, which require a vehicle to stay in the state for at least 51% of the vehicles’ project life, and thus could limit incentive eligibility for project applicants. Thus staff recommends the following amendment:

“(4) Requires vehicles purchased to remain in the state during the vehicles’ project life, *consistent with the requirements of the program.*”

- 2) Also, in order to ensure that the truck exchange created by this bill results in actual emission reductions, staff recommends adding the following amendments, beginning on Page 3, line 14:

“(5) *Requires new vehicles purchased as part of the program to meet or emit less than at least one of the optional low-NOx engine standards, as adopted by the State Air Resources Board.*

“(6) *Requires owners of fleets purchasing a new vehicle as part of the program, to sell or otherwise provide its existing vehicle to the owner of a vehicle that is higher emitting than the vehicle being transferred, and the higher emitting vehicle then shall either be scrapped or permanently moved out of state.*”

Recommended Position: SUPPORT IF AMENDED

AMENDED IN SENATE APRIL 22, 2019

AMENDED IN SENATE MARCH 20, 2019

SENATE BILL

No. 216

Introduced by Senator Galgiani
(Coauthors: Senators Dodd and Portantino)
(Coauthors: Assembly Members Cooper and Flora)

February 6, 2019

An act to add and repeal Section 44298 of the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 216, as amended, Galgiani. Carl Moyer Memorial Air Quality Standards Attainment Program: used heavy-duty truck exchange.

Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, which is administered by the State Air Resources Board. The program authorizes the state board to provide grants to offset the incremental cost of eligible projects that reduce emissions from covered vehicular sources. The program also authorizes funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals.

This bill, until January 1, 2025, would add as an eligible project under the program a used heavy-duty truck exchange, as specified. The bill would require the state board to hold a public workshop on the heavy-duty truck exchange and to help air pollution control and air quality management districts add a heavy-duty truck exchange as an eligible project under the program.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The state needs viable, cost-effective clean energy and
4 transportation solutions for reducing emissions from greenhouse
5 gases, oxides of nitrogen, and short-lived climate pollutants, which
6 together significantly contribute to climate change and poor air
7 quality and impact the health of communities throughout the state.

8 (b) In California, many regions are still designated as being in
9 federal nonattainment under the Clean Air Act (42 U.S.C. Sec.
10 7661 et seq.). The looming deadlines to reach attainment in these
11 areas are fast approaching, which make it critical that state
12 programs focus on getting as many emissions reductions as fast
13 as we can.

14 (c) While it is important to displace the demand for conventional
15 petroleum-based fuels, the Legislature also believes that helping
16 to spur the development and deployment of innovative
17 next-generation fuel technologies by California-based companies
18 is an important contribution the state can and should make to
19 facilitate urgently needed, immediate, emissions reductions.

20 (d) Incentive programs are a critical component to help fleets
21 accelerate emissions reductions in the transportation sector.

22 (e) Newer next-generation low-carbon fuels have the potential
23 to offer significant climate and air quality benefits and, thus, the
24 state should provide a similar level of focus.

25 (f) It is the intent of the Legislature in enacting Section 44298
26 of the Health and Safety Code that the State Air Resources Board
27 ~~adopt, and~~ *adopt so that* air pollution control and air quality
28 ~~management districts implement,~~ *may choose to implement* a
29 heavy-duty truck exchange as part of the Carl Moyer Memorial
30 Air Quality Standards Attainment Program (Chapter 9
31 (commencing with Section 44275) of Part 5 of Division 16 of the
32 Health and Safety Code).

33 SEC. 2. Section 44298 is added to the Health and Safety Code,
34 to read:

1 44298. (a) Notwithstanding Section 44281, an eligible project
2 under the program is one that accomplishes all of the following:

3 (1) Encourages owners of fleets to partner with owners of other
4 fleets in a project application to the program.

5 (2) Allows, when two or more fleets partner with each other in
6 a project application, the requirements of Division 3 (commencing
7 with Section 1900) of Title 13 of the California Code of
8 Regulations to be met with the most-polluting vehicle eligible in
9 any of the participating fleets.

10 (3) Ensures consistency with the requirements of subdivision
11 (b) of Section 44281.

12 (4) Requires vehicles purchased to remain in the state during
13 the vehicles' project life.

14 (b) The state board shall do both of the following:

15 (1) Hold a public workshop on the implementation of
16 subdivision (a).

17 (2) Develop a comprehensive and streamlined plan to help
18 districts implement subdivision (a).

19 (c) This section shall remain in effect only until January 1, 2025,
20 and as of that date is repealed.

ATTACHMENT 5



**South Coast
Air Quality Management District**
21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

HOME RULE ADVISORY GROUP Wednesday, March 13, 2019 MEETING MINUTES

CHAIR: Dr. Joseph Lyou, South Coast AQMD Governing Board Member

MEMBERS PRESENT:

Marc Carrel (Breathe California of Los Angeles County); Curt Coleman (Southern California Air Quality Alliance); Carlo De LA Cruz (Sierra Club); Martin Hansberger (Holliday Rock Company); Bill LaMarr (California Small Business Alliance); Rongsheng Luo (SCAG); Bridget McCann (Western States Petroleum Association); Dan McGivney (Southern California Gas); Art Montez (AMA International); TyRon Turner (Dakota Communications); and Janet Whittick (California Council for Environmental & Economic Balance).

The following members participated by conference call: Brian Clerico (CARB) and Amy Zimpfer (EPA).

MEMBERS ABSENT:

Ben Benoit (South Coast AQMD Governing Board Member); Mike Carroll (Regulatory Flexibility Group); Michael Downs (Downs Energy); Jaclyn Ferlita (Air Quality Consultants); Dr. Clark Parker (South Coast AQMD Governing Board Member); David Rothbart (Los Angeles County Sanitation District); and Larry Rubio (Riverside Transit Agency).

OTHER ATTENDEES:

Mark Abramowitz (Board Consultant to Dr. Lyou); Rita Loof (RadTech) and Susan Stark (Marathon Petroleum).

The following attendees participated by conference call: Gerhard Achtelik (CARB); Patrick Gaffney (CARB) and Andrew Martinez (CARB).

SOUTH COAST AQMD STAFF:

Khadeeja Abdullah (Air Quality Specialist); Philip Crabbe (Public Affairs Manager); Philip Fine (Deputy Executive Officer); Wei Li (Air Quality Specialist); Zorik Pirveysian (Planning & Rules Manager); Ann Scagliola (Administrative Secretary); William Wong (Principal Deputy District Counsel).

OPENING COMMENTS AND SELF-INTRODUCTIONS

The meeting was called to order at 10:06 a.m. by Dr. Philip Fine.

APPROVAL OF JULY 2018 MEETING MINUTES

Dr. Fine asked for comments on the January 9, 2019 meeting minutes. Carlo De La Cruz indicated that he arrived late to the meeting, but he was present. Bill La Marr indicated on page 2, under CARB regulatory activities, he asked a question about the criteria and toxics reporting regulation and would like the whole acronym for CTR defined. With these indicated changes, the minutes were approved.

EPA AND FEDERAL ACTIVITIES

Amy Zimpfer provided an update on recent U.S. Environmental Protection Agency (EPA) and federal activities.

- Partial approval of the 2006 NAAQS for Fine Particulate Matter PM2.5 Plan was published on February 12, 2019.
- Targeted Air Shed Program application process closed and applications are being reviewed.
- Diesel Emissions Reduction Act (DERA) National Clean Diesel Funding Assistance Program application deadline was extended to March 26, 2019.

Discussion

Art Montez asked if Carl Moyer is included in the \$40M available through DERA, and what the money can be used for. Ms. Zimpfer responded that they are accepting applications from state and local air districts, to replace truck engines, purchase new trucks and other sources of heavy duty equipment. Mr. Montez further inquired if they can replace the small, medium size trucks and who can he get the application from. Ms. Zimpfer responded that he could partner with South Coast AQMD or talk directly with EPA, and the contacts could be provided.

Amy Zimpfer later provided the EPA contacts Francisco Donez donez.francisco@epa.gov and Penny McDaniel mcdaniel.penelope@epa.gov , along with the program link <https://www.epa.gov/cleandiesel/clean-diesel-national-grants>.

CARB REGULATORY ACTIVITIES

Brian Clerico and other CARB staff members provided updates on proposed and recent regulatory activities.

Patrick Gaffney provided an overview of the regulation for the reporting of criteria air pollutants and toxic air contaminants (CTR) and a summary of the proposed 15-day changes as a result of direction from the CARB Board and comments received from stakeholders and public meetings throughout the State. CARB is soliciting informal comments on the draft proposed updates, and expects to release the proposed 15-day revisions and open the formal comment period at the end of April (*this has been changed to mid-Spring*). The proposed draft regulatory 15-day text and materials from the recent workshops are available at <https://ww2.arb.ca.gov/our-work/programs/criteria-pollutant-and-toxics-emissions-reporting/meetings-workshops>.

Discussion

Bill LaMarr asked for clarification on the CTR comment period. Mr. Gaffney responded that after the workshops they will be asking for informal comments by March 20, 2019. Once the workshops are done there will be a 15-day comment period for formal comments. Mr. LaMarr further inquired if in-formal comments will be considered. Mr. Gaffney responded that all comments will be considered.

Dr. Lyou inquired if the inventory captures the illegal engines data. Mr. Gaffney responded that the regulation will only focus on permitted sources, except in very limited cases. Dr. Lyou responded that this is striking because the intent of the AB 617 language was to capture all sources. Dr. Fine commented that there is a parallel effort with AB 617 to capture such sources and develop comprehensive emissions inventories.

Bill LaMarr inquired if the Rule 219 and 222 unpermitted, but registered sources, will be included in the regulation. Mr. Gaffney responded that currently it only includes permitted and registered sources. Dr. Fine commented that as of now in year 1 of the regulation, those registered under

Rule 219 and 222 will not be required to apply. Mr. LaMarr indicated that CARB has indicated that they will accept the districts estimated data. Dr. Fine commented that SCAQMD can provide emissions estimates for many different sources. Mr. Gaffney responded that in the regulation there is room for gathering information from districts on gas stations and other sources.

Gerhard Achtelik and Andrew Martinez presented information on CARB's green infrastructure projects in the current state and growth prospects of fuel-cell and hydrogen refueling infrastructure in Southern California. This includes current and projected growth in the number and types of fuel cell vehicles and hydrogen refueling stations. AB 8 requires that CARB issue an Annual Evaluation in June/July that discusses updated projects of vehicle deployments, current vehicle deployment and station status with an analysis of where additional hydrogen stations are needed (and at what capacity) and recommendations for technical specifications. Also required is a joint agency staff report by CEC and CARB in December that updates current vehicle deployment and station status, and discusses the costs and timing of implementing the regulation's hydrogen requirements. The three main web sites for hydrogen and fuel cell electric vehicles (FCEVs) in California are:

- 1) CARB - (<https://ww2.arb.ca.gov/our-work/programs/hydrogen-fueling-infrastructure>)
- 2) CEC - (<https://www.energy.ca.gov/altfuels/>)
- 3) California Fuel Cell Partnership - (www.cafcp.org).

Discussion

Art Montez commented that there has never been a comprehensive program that looks at hydrogen and electric vehicles stations in the communities of color, and where the stations would be located. Mr. Martinez indicated that the Energy Commission handles the siting of the hydrogen stations. He said that a tool was developed to analyze where hydrogen fueling cells will be placed, looking at many different factors. They have also determined that by 2030 the station access will equal the access provided to gasoline stations. That will allow 100% of disadvantaged communities to have access. Mr. Montez inquired what practices and actions have been implemented in these locations and would like information on the current site locations. Dr. Lyou indicated that the California fuel cell website has information on the stations.

Dr. Lyou commented that the infrastructure for heavy-duty vehicles is complicated. He asked if it is still the plan to complete 100 fuel cell stations and if there will be places where heavy-duty trucks can fill up. Mr. Martinez responded that most stations will be open by 2020, but there will be limitations for heavy-duty trucks at light-duty stations.

Dr. Lyou asked if reliability will be an issue with compressors going down at these stations. Mr. Martinez responded that the issue of reliability is dependent on hydrogen availability. Hydrogen storage is moving towards liquid storage, which allows for pumps that are cheaper and more reliable with lower maintenance costs.

Janet Whittick commented that at a recent CARB workshop, they projected very high ownership costs for hydrogen fuel cells vehicles (for medium-duty and heavy-duty applications) and asked if it was anticipated that these costs would come down. Mr. Achtelik responded that they expect the cost to decrease with scale, and in a recent study it showed that by having just 15 additional stations per year the price drops by 50 percent. Mr. Martinez responded that they were not involved with that workshop presentation, but they could find out what the assumptions were behind the numbers. Ms. Whittick added that it would be beneficial to build in communication around uncertainty. The numbers were dramatic and uncertainty could affect the efforts, because they do not look viable when compared to other options.

Art Montez asked for additional hard costs and facts on the hydrogen vehicle technology; indicating visions and concepts are not enough. He added that the priority should be for the public, government and legislative institutions, whose vehicles have license exemptions.

Bill LaMarr commented that his members include 2,700 gasoline stations. He indicated that no plans were provided to small businesses on what it would take to add these technologies. There needs to be a marketing plan and it should be approached as a profit motive, not an emissions reductions motive. Mr. Achtelek responded that those putting in the equipment are leasing the space from the station owner. Mr. Martinez commented that the hydrogen pumps have not replaced the gasoline pumps. He added that the initial adoption by gasoline stations was positive and stations owners want to advance environmental goals. There are permitting and operational hurdles to address, and the industry is working on this. Mr. LaMarr commented that he recognized that this could be an opportunity for a small business, but there is a need for a more user friendly plan to show the opportunities and incentives.

LEGISLATIVE UPDATE

Philip Crabbe reported on key legislative updates from the Legislative Committee meeting on Friday, March 8, 2019.

Update on Federal Legislative Issues

- South Coast AQMD's federal legislative consultants each provided a written report on various key Washington, D.C. issues.
- Some key verbal updates from the meeting were:
 - South Coast AQMD staff had a successful advocacy trip to Washington, D.C. Members of Congress and their staff, business representatives and other stakeholders were supportive of a timely and transparent rulemaking process for the U.S. EPA Ultra Low NOx Emission Standard for Heavy-Duty Trucks.
 - Mr. Andrew Wheeler was confirmed by the U.S. Senate as Administrator for the U.S. EPA.
 - President Trump's budget overview was presented on March 11, 2019, which will be followed by a more detailed document.
 - South Coast AQMD is working on annual appropriations requests to the Members of Congress.

Update on State Legislative Issues

- South Coast AQMD's state legislative consultants provided written reports on various key issues in Sacramento.
- Some key verbal updates from the meeting were:
 - The state bill introduction deadline recently passed, and overall the California state legislature introduced 2,621 state bills. This is a new record, about 500 more than were introduced in the last legislative year.
 - Also the California Assembly Natural Resources Committee will be have an information hearing on March 18th regarding an AB 617 Program implementation update.
 - In late February, the most recent cap and trade revenue auction was held and all 80 million allowances were sold at a price of \$15.73 each, which is approximately 11 cents over the floor price. This generated about \$850 million for the state's Greenhouse Gas Reduction Fund which could potentially provide more clean air funding for the South Coast region.
 - The next auctions will be in May, August, and November of this year, which project to generate \$800-\$900 million each.

Update on SCAQMD Sponsored Legislation Regarding Voting District Authorization for Clean Air

Mr. Crabbe stated that there is now an author for the bill, Senator Ben Allen, and a spot bill was introduced, SB 732, but it currently has no substantive content. South Coast AQMD recently submitted a new, more refined and streamlined version of the bill language to Legislative Counsel in Sacramento. Additionally, staff was in Sacramento recently to meet with Senator Allen and staff is continuing to actively communicate with electeds and a wide spectrum of interested stakeholders, in order to educate and firm up support for the bill.

Mr. Crabbe stated that feedback was received from various stakeholders regarding the tax cap issue. It is important to make clear that any potential future funding measures under this bill would be exempt from the sales tax cap, and would preserve existing tax cap space for cities, counties, transportation agencies, etc.

Update on Potential Congressional Field Hearings

It was reported that several Congressional Committees mentioned the possibility of holding field hearings in the future on topics of interest to South Coast AQMD, including transportation and infrastructure, climate change and air quality. A field hearing could be an excellent opportunity to highlight the SCAQMD's efforts, accomplishments and future challenges in the South Coast Air Basin. There is a possibility that such hearings could be held within the South Coast region.

ACTION ITEM - Recommend Positions on State Bills

SB 210 (Leyva) Heavy-Duty Vehicle Inspections and Maintenance Program - This bill would authorize CARB to adopt and implement "smog check" requirements for heavy-duty non-gasoline trucks by modernizing emissions control enforcement through a comprehensive inspection and maintenance program.

This bill would enhance compliance, and ensure a more even playing field for those maintaining their vehicle emission systems properly. Additionally, staff would like to work with the author to suggest a couple of adjustments to the bill:

- First, staff recommends clarifying that zero emission vehicles are exempt from the new smog check program created by the bill; and
- Staff recommends that penalty monies collected by CARB as part of the Program be designated as funds meant to assist local air districts in mitigating heavy-duty truck emissions. Penalty monies would be distributed to air districts based on where the penalty originated.

The Committee adopted a SUPPORT position on this item.

AB 210 (Voepel) Smog Check: exemption - The bill would exempt all motor vehicles manufactured prior to the 1983 model-year from the smog check program. This would be a change from current law that exempts vehicles prior to 1976.

The Committee adopted an OPPOSE position on this item.

AB 285 (Friedman) California Transportation Plan - This bill would require the Department of Transportation (CalTrans) to address in the California Transportation Plan on how the state will achieve maximum feasible emissions reductions in order to attain a statewide reduction of GHG emissions of 40% below 1990 levels by the end of 2030.

Staff would like to work with the author to require CalTrans to address how the state will achieve maximum feasible criteria pollutant emissions reductions to attain state and federal ambient air quality standards by the upcoming federal deadlines. South Coast AQMD is currently analyzing recent amendments to this bill.

The Committee adopted a Work with Author position on this item.

Discussion

Bill LaMarr inquired when the bill language would be available. Mr. Crabbe responded that the new draft bill language was submitted to Legislative Counsel in Sacramento and we are waiting for their input. Mr. LaMarr asked if it would be up to the cities to put the measure on their ballot, or would the district initiate this. Mr. Crabbe indicated that the language would allow for a voter driven initiative. Dr. Lyou clarified that it would be a voter initiative or Governing Board vote. Mr. LaMarr asked if the tax would be the same for all cities. Marc Carrel commented that the tax would have to be the same.

Art Montez asked if the cap-and-trade money is going into one pot, for the Governor. Mr. Crabbe responded that the funds go into the greenhouse gas reduction fund, which is allocated as part of the budget process. Dr. Fine added that sixty percent of the funds are already going to set projects.

Art Montez inquired about the incentive to promote such an authorization, if public polling was conducted, and if a fuel tax be passed instead of a sales tax. Dr. Lyou responded that the intent is to meet federal and state standards for cleaner air, polling has been conducted and a possible funding measure could be on the ballot in 2020.

Carlo De La Cruz asked if this is the same ballot measure that Move LA has been talking about, and if there is a possibility of competing ballot measures. Dr. Lyou responded that it is a coordinated effort, and there is the possibility of competing ballot measures. Mr. Crabbe added that any competing ballot measure would have to be focused on funding the air quality management plan to reduce emissions, be within South Coast AQMD's jurisdiction and a purpose for the money. Dr. Lyou commented that the agency can put a measure on the ballot, but we cannot lobby voters.

UPDATE REGARDING LITIGATION ITEMS AND RELATED EPA ACTIONS

William Wong had no updates to the April 2019 status report.

TRENDS IN TRANSPORTATION EMISSIONS

Zorik Pirveysian provided a presentation on the on-road vehicle emissions trend in the South Coast Air Basin. He also provided a brief overview of the existing regulations for new vehicles, including the Low Emission Vehicle regulation for light and medium-duty vehicles and heavy-duty diesel engine standards.

Discussion

Bill LaMarr asked if South Coast AQMD is projecting less emissions and more trucks. Mr. Pirveysian responded that the population is increasing, but cleaner technology is also being employed.

Dr. Lyou noted that the 2023 chart is different than what was projected in the 2016 AQMP. Mr. Pirveysian responded that some of the category names have changed, but the data has not.

Art Montez asked if the vehicle inventory data is broken down by age. Mr. Pirveysian responded that there is inventory and for some of the categories it is broken down by age. Dr. Lyou added that CARB has models that are used for the on-road and off-road equipment data.

Marc Carrell inquired if the data includes registered and unregistered vehicles. Dr. Fine responded that CARB provides this data, which also includes out-of-state vehicles. Mr. Carrell further inquired if this data also included unregistered vehicles. Dr. Fine indicated that this is a question for CARB.

Art Montez asked what the difference is between light-duty and medium-duty. Dr. Lyou responded that light-duty are vehicles like pick-up trucks and vans. Medium-duty vehicles are commercial delivery vehicles, but they are not as big as a semi-truck.

Rongsheng Luo, SCAG Program Manager of Air Quality and Conformity, presented background information on SCAG's Regional Transportation Plan, transportation conformity, and transportation control measures.

Discussion

Bill LaMarr inquired if the conformity budgets are pre-determined by the Clean Air Act. Mr. Luo replied that they are determined by the allowable planning inventory.

Janet Whittick asked if congestion is considered positive or negative in regards to emissions reductions. Mr. Luo indicated both, because low speed emissions are high and congestion deters people from driving. Ms. Whittick further inquired if the modeling treats it in both directions. Mr. Luo replied that SCAG's objective is to reduce congestion and the model takes into account several factors.

Marc Carrell asked if telecommuting is going to become a key component to reduce congestion and air pollution. Mr. Luo replied that it already is. Mr. Carrell inquired if the South Coast AQMD has a telecommuting program. Dr. Fine replied that the South Coast AQMD has a telecommuting program and applications are being submitted by interested eligible employees.

Dr. Lyou inquired if there are 80% of the emissions coming from mobile sources, how does it work effectively as a program in regards to transportation control measures. Mr. Luo indicated that SCAG does not have authority over land use and the effective reductions will come from technology. Dr. Fine added that the South Coast AQMD is collaborating with SCAG in the development of their Regional Transportation Plan, to build incentives into the transportation network.

Bill LaMarr commented that encouraging maintenance on engines is something to look at, such as changing filters, and having an inspection criteria.

Marc Carrell inquired if SCAG is in discussions with other groups. Mr. Luo indicated yes, especially with new technology (e.g. Hyperloop).

Art Montez expressed concern about additional taxes and inequities that are being placed on working families, and encouraged looking at ports or airports for a port of entry tax. Dr. Lyou indicated that the port container fee was vetoed earlier by legislature, but staff is considering every idea possible.

SUBCOMMITTEE STATUS REPORTS

A. Freight Sustainability (Dan McGivney)

- Advanced Clean Transportation Expo, April 23-26, 2019.

B. Small Business Considerations (Bill LaMarr)

No report was provided.

Mr. LaMarr made a recommendation for CARB's Criteria and Toxics Emissions Reporting Regulation (CTR) as a possible future Advisory Group topic. Dr. Fine replied that he planned to do this, but is waiting for CARB's regulation language.

C. Environmental Justice and AB 617 Implementation (Curt Coleman)

An update was provided on the following items.

- Wilmington/Carson/West Long Beach AB 617 Community Steering Committee meeting, March 14, 2019.
- San Bernardino/Muscoy AB 617 Community Steering Committee meeting, March 21, 2019.
- Boyle Heights/East Los Angeles/West Commerce AB 617 Community Steering Committee meeting, March 28, 2019.

Discussion

Bridget McCann inquired if the AB 617 community meeting information will be posted on the website. Dr. Fine indicated that the plan is to provide the materials, when they are available. Ms. McCann requested a notification when the materials is available for interested parties.

Bridget McCann inquired if source apportionment will be discussed at the March 14th meeting. Dr. Fine replied that there will be discussions on the specific actions that will go into community reduction plans.

Bill LaMarr noticed the differences in the interactive maps for the communities. Pedro Piqueras indicated that each community provided different levels of specifics. Dr. Fine added that the same format was used to identify the sources, but the community steering committee concerns are varied.

Bridget McCann expressed concern about a public comment made at the AB 617 Technical Advisory Group meeting indicating how the agency's data should drive community action, and one of the staff members agreed with the comment. Ms. McCann further indicated that the agency's data should not be anyone's advocacy, it should be just data. Dr. Fine indicated there was a miscommunication.

D. Climate Change (David Rothbart)

No report was provided.

REPORT TO AND FROM THE STATIONARY SOURCE COMMITTEE

Dr. Philip Fine provided a summary of items on the February and March 2019 meeting agendas.

- RECLAIM audit report and transition;
- Rules 1111, 1134 and 1106; and
- AB 617 update.

OTHER BUSINESS

Art Montez requested a printout of future agency meetings and conferences. Dr. Lyou indicated that there is a calendar on the South Coast AQMD website.

PUBLIC COMMENT

There were no comments.

ADJOURNMENT

The meeting was adjourned at 12:47 pm. The next meeting of the Home Rule Advisory Group is scheduled for 10:00 a.m. on May 8, 2019, and will be held at SCAQMD in Conference Room CC-8.