



Clean Transportation Policy Update

November 15, 2018 - January 16, 2019

Key State Activities

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CLIMATE AND TRANSPORTATION HIGHLIGHTS FROM GOVERNOR'S DRAFT 2019-20 STATE BUDGET

On January 10, Governor Newsom released his proposed \$209 billion 2019-20 state budget. The budget outlines a little more than \$1 billion for the cap-and-trade expenditure plan. According to the Governor, this is \$400 million less than last year because of an oversubscription of allowances. The proposed budget makes the following clean transportation and air quality allotments:

- Air Toxic and Criteria Air Pollutants (ARB)
 - AB 617 Community Air Protection Program - \$200 million
 - AB 617 local air district implementation - \$20 million (\$50 million total, including other funds)
 - Technical assistance to community groups - \$10 million
- Low Carbon Transportation (ARB)
 - Clean Vehicle Rebate Project - \$200 million
 - Clean trucks, buses and off-road freight equipment - \$132 million
 - Enhanced Fleet Modernization Program, school buses and transportation equity projects - \$50 million
 - Agricultural diesel engine replacements and upgrades - \$25 million

Among the budget's transportation funding priorities is the implementation of the Road Repair and Accountability Act of 2017 (SB 1), with \$4.8 billion in new SB 1 funding:

- Local road repairs for cities and counties - \$1.2 billion
- Repair and maintenance of the state highway system - \$1.2 billion
- Repair and maintenance of the state's bridges and culverts - \$400 million
- Improvement of trade corridors - \$307 million

- Increase throughput on congested commuter corridors - \$250 million
- Local transit operations - \$458 million
- Capital improvements for transit, commuter and intercity rail - \$386 million

Later this year, the Administration will release a five-year infrastructure plan that will identify investment priorities. Additionally, the budget includes a one-time allocation of \$315.8 million (\$287.2 million General Fund and \$28.6 million Proposition 68 bond funds) to address the most critical statewide deferred maintenance projects identified by many state agencies.

Details of the proposed budget can be found at
<http://www.ebudget.ca.gov/>

GOVERNOR NEWSOM MAKES KEY APPOINTMENTS

Governor Newsom has made the following administration appointments:

- **Jared Blumenfeld as California Environmental Protection Agency Secretary.**
Blumenfeld previously served as Regional Administrator of the U.S. Environmental Protection Agency in San Francisco from 2009 to 2016.
- **Wade Crowfoot as California Natural Resources Secretary.** Crowfoot was the CEO of the Water Foundation and previously served in the Brown Administration as deputy cabinet secretary and senior advisor to Governor Brown leading the administration's drought response efforts.
- **Kate Gordon as Director of the Governor's Office of Planning and Research.**
Gordon is a nationally recognized expert in clean energy and economic development, and was the Founding Director of the "Risky Business Project" focused on the economic risks of unmitigated climate change, while serving as Senior Vice President for Climate and Energy at Next Generation, a non-partisan think tank.

REGULATORY ACTIVITIES

NEW CEQA GUIDELINES FINALIZE CHANGE IN METRIC FOR TRANSPORTATION IMPACTS

On December 28, the California Natural Resources Agency released the update to the California Environmental Quality Act (CEQA) guidelines after a five-year process. Included in the CEQA guidelines is a new metric to measure the transportation impacts of a project mandated by SB 743 (2013) – Vehicle Miles Traveled (VMT). This new VMT metric replaces the old "level of service" measurement. Under the change, new projects such as bike lanes, office buildings, and housing will be presumed exempt from any transportation analysis under CEQA if they are within a half-mile of major transit or they decrease driving miles over baseline conditions. Projects that promote sprawl will need to account for and mitigate their impacts from putting more cars on the road that drive longer distances.

For more information, please visit
<http://opr.ca.gov/ceqa/updates/sb-743/>

ZERO-EMISSION BUSES MANDATED FOR CA BY 2040

On December 14, the California Air Resources Board (ARB) unanimously adopted the Innovative Clean Transit Rule designed to transition all transit buses in California to zero-emission by 2040. For large transit agencies, beginning in 2023, 25% of new bus purchases must be zero-emission; in 2026, 50% of new purchases must be zero-emission; and by 2029, all new purchases must be zero-emission. The rule provides for the possibility that some of the purchase deadlines could be waived. The December 31, 2023 purchase requirements in the rule will be waived if California transit agencies collectively have at least 850 zero-emission buses purchased or in use by December 31, 2020. The December 31, 2024 purchase requirements will be waived if California transit agencies collectively have at least 1,250 zero-emission buses purchased or in use by December 31, 2021.

More information is available at

<https://www.arb.ca.gov/msprog/ict/ict.htm>

STATUS OF ZEVs AND INFRASTRUCTURE IN CA

The California Energy Commission (CEC) has published the annual update of its “Tracking Progress” document on ZEVs and infrastructure. The document provides an overview of the amount of funding the CEC has awarded and the number of electric vehicle (EV) charging stations installed throughout California. The number of hydrogen refueling stations funded by the CEC also is captured in the document.

For more information, please visit

https://www.energy.ca.gov/renewables/tracking_progress/documents/electric_vehicle.pdf

FUNDING ACTIVITIES

CA CLIMATE INVESTMENTS ACTIVITIES

Following are the current activities with respect to each CCI-funded program related to transportation:

Low Carbon Transportation Program (ARB)

On December 11, ARB’s Heavy-Duty Advanced Technology Incentives Public Work Group for the Air Quality Improvement Program held a meeting to discuss barriers and opportunities related to the deployment of heavy-duty technologies including zero-emission, hybrid, and low-NOx engines. Staff reviewed barriers to commercialization and actions taken to date to address them and discussed opportunities for additional actions. Break-out sessions focused on low-NOx engines and on hybrid and zero-emission technologies.

For more information about the Low Carbon Transportation Program, please visit

<https://www.arb.ca.gov/msprog/aqip/aqip.htm>

Transit and Intercity Rail Capital Program (CalSTA)

The call for the next round of the five-year Transit and Intercity Rail Capital Program (TIRCP) has not yet been released; the projects are not slated for approval until April 2020. For FY 2018-19, it is projected that \$123 million in cap-and-trade proceeds will be generated for the TIRCP.

More information can be found at

<http://www.dot.ca.gov/dgmt/sptirpcp.html>

Low Carbon Transit Operations Program (Caltrans)

The draft guidelines for the FY 2018-19 Low Carbon Transit Operations Program (LCTOP) are available. The LCTOP is a noncompetitive, formulaic program with 5% of annual auction proceeds continually appropriated to the program. The schedule for the 2018-19 program is as follows:

- January – State Controller’s Office (SCO) notifies agencies of available funding for the fiscal year
- January and February – LCTOP technical assistance and allocation request workshops held statewide. In the South Coast, a workshop will be held on February 8 in Gardena.
- March – Transit agencies submit allocation requests to Caltrans
- June – Caltrans and ARB approve list of projects and submit list to SCO
- By June 30 – SCO releases approved project amounts to recipients

For more information, please visit

<http://www.dot.ca.gov/dgmt/splctop.html>

Affordable Housing and Sustainable Communities Program (SGC)

The Strategic Growth Council (SGC) released the Round 4 Notice of Funding Availability and Application for the Affordable Housing and Sustainable Communities (AHSC) Program in early November. Approximately \$395 million is available for affordable housing and transportation improvement projects that encourage walking, bicycling, and transit use resulting in fewer passenger vehicle miles traveled. The schedule for the AHSC program is as follows:

- February 11 – Applications due
- June 21 – Awards announced

More information is available at

<http://sgc.ca.gov/programs/ahsc/>

ARB APPROVES CYCLE 2 INVESTMENT PLAN FOR VW SETTLEMENT FUNDS

On December 13, ARB approved Electrify America’s (Volkswagen’s subsidiary) second California Zero Emission Vehicle (ZEV) Investment Plan. The plan outlines how Electrify America will spend the second installment of \$200 million in California to expand the deployment of ZEVs and infrastructure throughout the state over the next 30 months. General categories of funding include:

- Fueling infrastructure - \$153 million
- Boosting ZEV adoption through public education, awareness and marketing - \$17 million

- Boosting station utilization through marketing - \$10 million
- Operational funding for Electrify America - \$20 million

For more information, please visit

https://www.arb.ca.gov/msprog/vw_info/vsi/vw-zevinvest/vw-zevinvest.htm

REVISED 2019-20 ARFVTP INVESTMENT PLAN RELEASED

On January 10, the CEC released the 2019-2020 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP). The plan outlines \$95.2 million in funding allocations for zero-emission vehicle infrastructure, advanced freight and fleet technologies, low-carbon fuel production and supply, and manufacturing and workforce development. A second public advisory committee meeting will be held during the first quarter of 2019 and the CEC is slated to adopt the final plan in the spring.

The plan is available at

<https://www.energy.ca.gov/altfuels/2018-ALT-01/documents/>

OTHER NEWS

CALIFORNIA TO RECEIVE MILLIONS IN FIAT CHRYSLER SETTLEMENT

California will receive \$78.4 million of a \$500 million joint settlement with the U.S. Department of Justice and Fiat Chrysler Automobiles. The settlement resolves allegations that the company violated environmental and consumer protection laws by using “defeat device software” to circumvent emissions testing. Fiat Chrysler is accused of installing the defeat device software in 100,000 vehicles nationwide and 13,325 vehicles in California. California’s settlement funds include \$45.8 million in penalties for violations of environmental laws and a mitigation payment of \$19.035 million. These payments will be deposited into the Air Pollution Control Fund and managed by ARB through the budget process to fully mitigate the excess NOx emissions from the affected vehicles. The settlement also includes a \$13.5 million payment to the California Attorney General’s Office for violations of the Unfair Competition Law, other statutes, and costs. According to ARB Chair Mary Nichols, the settlement is a direct result of the enhanced testing procedures ARB developed to uncover the VW diesel cheating case.

More information is available at

<https://ww2.arb.ca.gov/news/attorney-general-becerra-california-air-resources-board-announce-joint-california-federal>

2019-20 LEADERSHIP AND KEY COMMITTEE CHAIRS

Senate President pro Tem Toni Atkins (D-San Diego) and Assembly Speaker Anthony Rendon (D-Lakewood) both will maintain their leadership positions.

In the Senate, President pro Tem Atkins made these leadership appointments:

- Majority Leader – Robert Hertzberg (D-Los Angeles)
- Majority Whip – Nancy Skinner (D-Berkeley)
- Democratic Caucus Chair – Connie Leyva (D-Chino)

She also made the following key committee chairmanship appointments:

- Appropriations – Anthony Portantino (D-La Cañada-Flintridge)
- Budget and Fiscal Review – Holly Mitchell (D-Los Angeles)
- Budget Subcommittee No. 2 on Resources, Environmental Protection, Energy and Transportation – Bob Wieckowski (D-Fremont)
- Environmental Quality – Ben Allen (D-Santa Monica)
- Natural Resources and Water – Henry Stern (D-Canoga Park)
- Transportation – Jim Beall (D-San Jose). Note that the former Transportation and Housing Committee has been split into two separate committees.

Assembly Speaker Anthony Rendon made the following leadership appointments:

- Speaker pro Tem – Kevin Mullin (D-South San Francisco)
- Majority Leader – Ian C. Calderon (D-Whittier)
- Majority Whip – Todd Gloria (D-San Diego)
- Democratic Caucus Chair – Mike Gipson (D-Carson)

For several committees of interest, Speaker Rendon also made these chairmanship appointments:

- Appropriations – Lorena Gonzalez (D-San Diego)
- Budget – Phil Ting (D-San Francisco)
- Budget Subcommittee No. 3 on Resources and Transportation – Richard Bloom (D-Santa Monica)
- Natural Resources – Laura Friedman (D-Glendale)
- Transportation – Jim Frazier (D-Discovery Bay)

UPCOMING HEARINGS IN THE SENATE AND ASSEMBLY

Assembly – None scheduled to date on relevant bills or topics.

Senate – None scheduled to date on relevant bills or topics.

LEGISLATION

CLEAN FUEL VEHICLES POLICY & INCENTIVES

AB 40 (Ting)

Summary

This bill would require ARB to develop a comprehensive strategy to ensure that the sale of all new passenger vehicles in the state will be ZEVs by 2040. The plan must be completed by 2021. Last session, Assemblymember Ting introduced a bill to ban all internal combustion engines by 2040, which failed to pass. This bill is seen as a smaller step in the direction of transportation electrification and may be more likely to pass because it is a study bill.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB40

SB 59 (Allen)

Summary

This bill would establish a state automated vehicles policy in order to ensure that these vehicles support the state's efforts to, among other things, reduce greenhouse gas emissions and encourage efficient land use. The bill would require the Governor's Office of Planning and Research, in coordination with ARB, to convene an automated vehicle interagency working group of specified state agencies, including, among others, the California Environmental Protection Agency, the Transportation Agency, and the Department of Motor Vehicles, to guide policy development for automated vehicle technology consistent with the statewide policies.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB59

TRANSPORTATION PLANNING, OPERATIONS & FUNDING

SB 5 (Beall and McGuire)

Summary

This bill would establish the Local-State Sustainable Investment Incentive Program, which would be administered by the Sustainable Investment Incentive Committee. The bill would authorize a city, county, city and county, joint powers agency, enhanced infrastructure financing district, affordable housing authority, community revitalization and investment authority or transit village development district to apply to the Sustainable Investment Incentive Committee to participate in the program and would authorize the committee to approve or deny applications for projects that support affordable housing, including transit-

oriented development in priority locations that maximize density and transit use, and contribute to the reduction of vehicle miles traveled and greenhouse gas emissions.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB5

SB 50 (Wiener)

Summary

Known as the More HOMES Act (Housing, Opportunity, Mobility, Equity, and Stability), this bill would ease zoning standards for the construction of housing near public transportation and job centers, while protecting against the displacement of renters and vulnerable communities living in those areas. It would eliminate hyper-low-density zoning near transit and job hubs, thus legalizing multifamily residential buildings in these locations so that more people can live near transit and near where they work. Last session, Assemblymember Wiener introduced a similar bill, which failed to pass because of the possible displacement issues that would have arisen. Thus, the language has been modified in this new bill to address these concerns.

Complete Bill Information

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB50

DEFENDING CALIFORNIA'S POLICIES

SB 1 (Atkins, Portantino and Stern)

Summary

The California Environmental, Public Health, and Workers Defense Act of 2019 makes certain federal environmental, labor and consumer protection standards enforceable under state law. The bill was introduced to fight efforts by Congress and the President to undermine vital protections granted by the federal Clean Air Act, the Clean Water Act, the Endangered Species Act, and other laws designed to protect Californians. Last session, a similar bill was introduced but failed to pass.

Complete Bill Information

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB1

Key Federal Activities

FEDERAL ADMINISTRATION ACTIVITIES

WHITE HOUSE SEEKS TO END EV INCENTIVES

In early December, White House Economic Adviser Larry Kudlow said that the President intends to end the federal \$7,500 incentive for the purchase of an electric vehicle. He projected that the end to the incentive would come in 2020 or 2021. However, Congressional action would be required to end or change the incentive, and several bills have been introduced on the topic. Automakers are lobbying for an extension of the EV incentive and are

seeking a removal of the cap of 200,000 EVs sold per manufacturer. In 2018, Tesla was the first manufacturer to reach its cap. GM is reported to have reached the cap in December.

More information is available at

<https://www.bloomberg.com/news/articles/2018-12-03/trump-aide-kudlow-calls-for-end-of-electric-vehicle-subsidies>
and at

<https://www.marketwatch.com/story/gm-fights-washington-to-retain-7500-tax-credit-for-electric-cars-2018-12-10>

FEDERAL ADMINISTRATION ACTIVITIES

U.S. EPA TO PROPOSE HEAVY-DUTY TRUCK RULES

In mid-November, U.S. EPA announced the Cleaner Trucks Initiative, a future rulemaking to update the standards for NOx emissions from highway heavy-duty trucks and engines. EPA intends to publish a proposed rule in 2020. California already is developing its own, more stringent NOx standards for trucks, expected to be adopted by the end of 2019, raising the possibility that they could conflict with the proposal by the federal government.

For more information, please visit

<https://www.epa.gov/regulations-emissions-vehicles-and-engines/cleaner-truck-initiative>

FEDERAL LEGISLATIVE ACTIVITIES

SENATORS INTRODUCE EV BUS FUNDING PROPOSAL

On December 6, Senator Jeff Merkley (D-OR), along with Senators Kamala Harris (D-CA), Tina Smith (D-MN), Catherine Cortez Masto (D-NV), Bernie Sanders (I-VT), and Cory Booker (D-NJ), announced the introduction of the Community Health and Clean Transit Act, which would create a zero-interest loan program for transit districts to invest in electric buses and charging infrastructure. The bill is aimed at reducing emissions from diesel-powered buses, as well as helping transit districts benefit from the fuel and maintenance savings of this technology despite the upfront capital costs of electric buses.

More information is available at

<https://www.merkley.senate.gov/news/press-releases/merkley-senators-introduce-bill-to-make-public-transit-cleaner-healthier-more-affordable>

ZERO EMISSION VEHICLES ACT INTRODUCED

On November 28, Senators Jeff Merkley (D-OR) and Sheldon Whitehouse (D-RI) introduced S.3664 which would set a federal ZEV standard. The standard would require 50% of all new passenger vehicles sold in 2030 to be ZEVs, and ramp up 5% each year to 100% by 2040. Like existing state ZEV standards, the federal ZEV standard would include a crediting system. Each ZEV would receive one ZEV credit per vehicle. Plug-in hybrids and hybrids would receive partial credits based on the estimated average portion of miles traveled on the battery instead of fossil fuels. Fuel-efficient vehicles could receive partial credits based on EPA's estimated fuel savings. ZEV credits would be allocated to auto manufacturers, and could be

sold or banked for up to five years, until 2040. This bill builds on the actions of 10 states, including California, Oregon, Maine and New York that have enacted state-level ZEV standards.

The bill is available at

<https://www.congress.gov/bill/115th-congress/senate-bill/3664/text?format=txt>

FEDERAL FUNDING ACTIVITIES

DIESEL REDUCTION GRANTS AVAILABLE

U.S. EPA has approximately \$40 million available in FY 2019 Diesel Emission Reduction Act (DERA) program funding to support projects designed to reduce emissions from diesel engines, particularly from fleets operating at or servicing goods movement facilities located in areas designated as having poor air quality. Priority for funding will be given to projects which result in outcomes that benefit affected communities, those that engage affected communities with respect to the design and performance of the project, and those which can demonstrate the ability to promote and continue efforts to reduce emissions after the project has ended. Eligible entities include regional, state, or local agencies, tribal governments or port authorities, which have jurisdiction over transportation or air quality, and qualifying nonprofit organizations. Applications are due by March 6.

Program information is available at

<https://www.epa.gov/grants/clean-diesel-funding-assistance-program-fy-2019>

FEDERAL RESEARCH ACTIVITIES

REPORT LOOKS AT CHARACTERISTICS OF COMMUTERS

In December, the American Public Transportation Association released, “Transformation of the American Commuter,” a report that documents changing mobility trends and provides reasons why strong public transportation systems will continue to be needed. The report provides commuters’ opinions on transportation and new mobility options, with an emphasis on the millennial generation, and outlines recommendations for public transportation agencies and policy leaders to help guide the new mobility options.

The report is available at

<https://www.apta.com/resources/reportsandpublications/Documents/APTA-Transformation-of-the-American-Commuter.pdf>

TRB ANNUAL MEETING UNDERWAY

The 98th annual meeting of the Transportation Research Board (TRB) is underway the week of January 13-17 in Washington, D.C. More than 13,000 transportation researchers from around the world are expected to attend the gathering, which this year features approximately 800 sessions and workshops. This year’s theme is: Transportation for a Smart, Sustainable, and Equitable Future.

More information is available at

<http://www.trb.org/AnnualMeeting/AnnualMeeting.aspx>