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Assembly California Legislature



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March 8, 2019

Mary D. Nichols, Chairwoman
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Evaluating the costs and benefits of transportation policies and programs

Dear Chairwoman Nichols:

I write this letter to request information from the California Air Resources Board (ARB) with the intent of further understanding and examining the costs and benefits of the existing transportation policies and programs overseen and executed by the ARB, with a particular focus on the impact to the most environmentally and economically disadvantaged areas of the state. At the March 6, 2019 hearing of the Joint Legislative Audit Committee (JLAC), I withheld my audit request from a committee vote to provide an opportunity to work with ARB to produce specific and detailed information that the audit request sought to discover.

The commitment and continuing effort by the Legislature and the ARB to improve local air quality and reduce greenhouse gas (GHG) emissions and other criteria pollutants to improve public health and address climate change is a laudable goal, and is well-deserving of our attention and recognition. To date, the policies implemented by the ARB and other state agencies have demonstrated significant steps forward in leading our state efforts to protect public health from the harmful effects of air pollution.

However, there are still large areas of our state where air quality ranks among the worst in the entire nation. Poor air quality results in serious health risks such as premature death and other serious health effects, including asthma, COPD and lung cancer. Areas in and around the Central Valley are consistently ranked as among the most polluted in the state and even the nation. Kern and Kings counties--which makeup the district that I was elected to represent--are federally recognized as Extreme Nonattainment Zones. According the American Lung Association, the City of Bakersfield was recently ranked worst, second worst and third worst in the nation for three categories of air quality (short-term particle pollution, ozone pollution and year-round particle pollution).

There is a clear and discernible link between poor air quality and poverty levels. While California has the fifth largest economy in the world and is home to many of the world's biggest



and most valuable companies, we also have the highest poverty rates in the nation--roughly 7.5 million Californians, about 19 percent of the state population, live in poverty. Many of the most economically disadvantaged areas in the state--and thus, the nation--are in the Central Valley. Fresno, Modesto and Bakersfield-Delano are among the top five U.S. regions with the highest percentage of residents living below the poverty line. Research consistently demonstrates that the most economically disadvantaged residents are also the most exposed to air pollution. For a lot of the Californians living in these conditions--many of whom reside in the district that I represent--they must make extremely difficult decisions every day about whether to buy food or medicine, about whether they will be able to pay their utility and water bills, and must ask themselves whether the water they drink will make them sick. This is a reality. The costs and benefits of our transportation policies and programs have a real and serious impact on the daily lives and economic conditions of people around the state.

The disproportionate burden borne both environmentally and economically by Californians in the Central Valley and other regions of the state is an enormous injustice that we must strive to rectify. It is our responsibility and duty to ensure that the injustices and overwhelming negative impacts to these areas are provided the highest level of oversight and accountability.

Specifically, it is critical that we review the transportation policies and programs currently in place to ensure that they are helping the poorest and most polluted regions of our state in the most effective ways possible. As we look to the future, a comprehensive review and assessment of the costs and benefits of these important programs is essential to our understanding of how we can best serve the communities most in need going forward.

The innovative, pioneering and data-driven investments and regulations established by the Legislature and the ARB to address the air quality problems in our state are crucial to the future of our state and are demonstrative of California's role as an environmental leader for the entire world. However, there remain outstanding questions and uncertainties with regard to the costs and benefits of the transportation policies and programs in these areas. I was proud to support AB 398 (Chapter 135 of 2017, E. Garcia), which extended the cap-and-trade program through 2030. Included in that bill were accountability measures that required the Legislative Analyst's Office (LAO) to report to the Legislature on the economic impacts and benefits of California's statutory GHG emissions goals.

In two reports released by the LAO in December of 2018 that assessed California's climate and transportation policies, there were a myriad of recommendations to the Legislature to better assess these policies, including the greater use of independent reviewers to assess policy effects. It is my intent in working with the ARB to obtain answers to many of the questions raised in the LAO report so that we may best serve California. Among the many recommendations to the Legislature outlined in the report, the LAO noted that the overall impacts and benefits of major transportation policies and programs are unclear and made a recommendation that the Legislature consider options to facilitate a more consistent evaluation of these policies, such as "requiring regular retrospective evaluations of these policies and prioritizing policies that are designed in ways that facilitate further evaluation." Furthermore, it made recommendations to the Legislature ensure that these policies "achieve its policy goals most cost effectively, particularly as these goals become more ambitious in future years." It is my hope that in

reviewing and assessing the ARB's transportation programs and policies, we may achieve the greatest possible benefits, in the most effective way, to the most polluted communities throughout the state. Please review the questions enumerated below.

- 1) What is the overall budget of the ARB? How many people are employed by the ARB?
- 2) In the 52 years since the ARB was founded, how many comprehensive audits have been conducted by the State Auditor to review the effectiveness of its programs?
- 3) How many transportation policies and programs do we have in place in California that fall under the jurisdiction of the ARB?
- 4) What is dollar amount of investment that the ARB has allocated to the state for incentive programs over the last decade? What is the amount of investment that will be made in this budget year? Please also provide a breakdown of these investments by region and by the most polluted communities throughout the state.
- 5) Do you have available data on how that spending will be made by region and what the estimated reductions in emissions will be overall and in each region of the state, as well as in the most polluted communities throughout the state?
- 6) What are the highest priority programs for the ARB?
- 7) What are the administrative costs of ARB's major GHG and transportation programs?
- 8) In assessing the overall effects of our state's policies, what method, if any, do you use to quantify all variables and factors that affect emissions, such as economic conditions and negative health impacts?
- 9) What targeted policies do you have in place to help low-income households deal with some of the costs associated with the current transportation programs and policies? What has been the measurable outcome of these targeted policies?
- 10) What targeted policies do you have aimed at supporting technological innovation, such as incentives for pilots and demonstrations of new technologies?
- 11) What are the overall GHG reductions per dollar of investment for the major programs and policies currently in place? Please identify any other metrics that are used in the programs to evaluate their effectiveness, including air quality benefits and impact to disadvantaged communities.
- 12) Are programs required to meet a cost-effectiveness threshold?
- 13) To what extent are metrics for cost-effectiveness factored into plans for future investment?

ZEV Programs

14) With respect to the Clean Vehicle Rebate Program and the Clean Cars 4 All program, do you have available data on what the average income level is for those who take advantage of the program? Of the total \$589 million in rebates to customers since 2010, do you have data specific to which regions and zip codes of the state have proportionally received these rebates?

15) Of the \$1 billion that has been spent or is planned to be spent on ZEV infrastructure, what percentage is planned to be spent in each region and community of the state?

16) According to research from the Center for Sustainable Energy, more than half of the consumers who have received a rebate reported that they would have purchased a ZEV even if the program did not exist. Do you have a plan to target this program more towards people who would not purchase a ZEV without the rebate? Are there ways to reduce the “free rider” problem?

17) The LAO report states that more consistent evaluations of these programs’ costs and benefits would better assist the Legislature in policymaking decisions regarding how to allocate limited resources. Do you have a plan in place to provide a more consistent evaluation of these programs’ costs and benefits? If so, what is the timeline for establishing more consistent evaluations of these programs’ costs and benefits?

Heavy-Duty Vehicle Programs

18) Which of the heavy-duty vehicle programs are most likely to encourage technological innovation?

Which programs are most likely to achieve the greatest reductions in co-pollutants?

19) Is there a way to consolidate heavy-duty vehicle programs that are administered by different agencies to improve coordination and accountability?

Low-Carbon Fuel Standard

20) The LAO report and other research determined that the Low Carbon Fuel Standard has much higher economic costs than the cap-and-trade program. Do you have a way to determine what the costs are to the lowest-income households? Are there ways to reduce those costs to the lowest-income households?

21) The LAO made recommendations that the Legislature ensure that the LCFS achieves some significant benefits that cap-and-trade does not and that these benefits outweigh higher program costs. Is there a plan in place to achieve this goal?

22) Is there a plan or review process that the ARB is looking at to make design changes to the LCFS that better target the program toward innovative technologies?

23) How much funding is allocated toward research and development activities related to low carbon fuels?

24) The Legislature has no statutory direction for the rebates and incentives provided through the LCFS. Can you provide an overview of these rebates and incentives how they have been allocated by region and by zip codes?

25) Has the ARB looked at, or considered, establishing a hard price ceiling for the LCFS, similar to the cap-and-trade price ceiling that was established by AB 398?

Hardest Hit Communities

26) Has the ARB identified the communities who are hit hardest by air pollution?

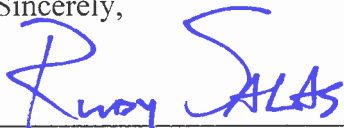
27) Have we monitored the poorest air quality communities to determine how particulate matter, NOx and GHG levels have increased or decreased since implementation of AB 32?

28) What investments have been made in the most polluted communities and what measurable outcomes have come about?

29) Does life-expectancy drop for those communities who are greatly and adversely affected by poor air quality? What programs has the ARB implemented in these communities specifically?

Thank you for your consideration of these critical questions and for your commitment to improving air quality throughout the state.

Sincerely,



RUDY SALAS

Assemblymember, 32nd District

cc: Jared Blumenfeld, Secretary, California Environmental Protection Agency