CA — CAP TO CAP — DC

AIR QUALITY

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MOBILITY & ELECTRIFICATION

Business Nexus

California's Capital Region does not meet the health-based National Ambient Air Quality Standards (NAAQS). Transportation sector emissions are growing and are now the largest source of air and climate pollution. Exposure to hazardous air pollutants from diesel engines and gasoline cars results in an elevated risk several times above the state average in some parts of the Sacramento region. Efforts to promote deployment of lower-emitting vehicles, engines, and equipment and, in general, better mobility are necessary to advance towards NAAQS attainment.

The transportation sector and the businesses that support transportation infrastructure, are at a tipping point for dramatic disruption and transformation. The rise of zero-emission electric vehicles (e.g., batteries and fuel cells), automation, connectivity, and alternative mobility options like transportation network companies (e.g., Uber, Lyft), shareables (e.g., cars, bikes, scooters), and innovative transit (e.g., micro-transit, on-demand shuttles) will have far-reaching implications for the way we build communities and move people and goods.

To achieve our clean air and climate goals, new and growing federal investments in cleaner transportation and sustainable mobility are necessary. These investments should complement existing mobile source environmental requirements widely supported by industry and civil society. Federally funded incentive programs and grants will enable cost-effective and expedient pollution reductions from mobile sources like cars, trucks, buses, and equipment, while creating opportunities in business development. When investing in reducing diesel emissions, the public benefits from reduced health risks, resulting in reduced health costs.[i]

Requested Action

Investments and Policies to Transform Transportation

- California Mobility Center: Support this public-private venture where zero emission mobility projects will be researched, prototyped, piloted, and manufactured. This effort brings together many institutional partners to streamline, vet, and commercialize zero-emission technologies.
- Advance multimodal mobility by creating and funding programs that promote active transportation and other non-vehicle-based alternatives.
- Invest in the transformation of transportation for urban and rural regions towards cleaner vehicles, engines, and equipment including autonomous and connected vehicles and the use of electricity and hydrogen as transportation fuels.
- Support regulatory and incentive programs and initiatives that support the deployment of zero emission vehicles, both light-and-heavy-duty.
- Exempt battery charging and storage facilities from NEPA, which would speed up adoption of these technologies.
- Consider the lessons of California's AB 617 Community Air Protection Program in centering environmental justice, wherein residents of affected communities are given decision-making power over investments and new rules to reduce pollution exposure.

Adequate Funding for Grant and Incentive Programs

- Increase funding for Clean Air Act Section 103 and Section 105 grants nationwide.
- Maintain funding for the Diesel Emissions Reduction Act (DERA) at the $100 million level allowed for in existing law.
- Support adequate funding for existing grant and incentive-based programs and sufficient implementation flexibility for local air and transportation planning agencies.
- Continue funding for longer-term incentive programs to aid regional transportation-related emission reductions.
- Fund innovative voluntary measures that are proven to reduce ground-level ozone, particulate matter, and other toxic pollution.
- Continue support for incentive-based funding solutions to aid regional transportation-related emission reductions in the Sacramento region, such as CMAQ, STBG, and RAISE funding.
- Ensure adequate funding to U.S. EPA and its various regions to support SIP and exceptional event demonstration reviews, as well as work on regulatory efforts to reduce emissions from mobile sources solely under federal legislation.

For additional information, please contact Brandon Black, Director of Public Policy, at | (916) 321-9113 | bblack@metrochamber.org | www.metrochamber.org

Improve Funding Flexibility to Meet Community Needs

- Add flexibility beyond capital expenses to the Congestion Mitigation and Air Quality Improvement (CMAQ) Program, such as expanding eligibility for bike share projects to include operations.
- Tie the effectiveness and eligibility of CMAQ investments to modeled regional transportation plans to avoid project-by-project pollutant criteria pitfalls that innovative pilot projects that use CMAQ face.
- Remove vehicle scrap requirements for applicable purchases of zero emission technology.
- Improve the Diesel Emissions Reduction Act (DERA) by adding flexibility in the following ways:
    - DERA applicants should have the ability to apply for specific new vehicle and equipment technology on a broad scale without specifying an exact make, model, etc. of the equipment.
    - Focus DERA on alternative fuel, zero, and near-zero emission technologies could provide economic stimulus to non-traditional OEMs like BYD, Proterra, Lion, etc. These non-traditional OEMs are probably more sensitive to economic downturn.
    - DERA funding should not be restricted to goods movement. Public agencies and vocational fleets need economic stimulus with similar job creation numbers and should be fully eligible for DERA funding.
    - School districts have other vehicles in addition to buses like delivery vans and mobile nutrition trucks that are also used to support students. Allowing DERA to fund all vehicles operated by a school district, like a school bus would help.

Catalyze the Future of Transit

- Permanently reinstate the Alternative Fuel Tax Credit, support extending the credit to include electricity and hydrogen as an eligible alternative transportation fuel and allow agencies to draw credits for multiple fuel types. This change would ensure incentives for zero-emission buses equivalent or comparable to the alternative fuels tax credit currently available for compressed and liquefied natural gas.
- Provide a manufacturers tax credit for zero-emission buses that requires credits to be passed through to transit agencies as cost savings to reduce the upfront cost of zero-emission buses and augment direct federal investment.
- Support the Low or No Emission Vehicle Program, which provides funding for the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction, and leasing of required supporting facilities.
- Provide preferential project scoring to transit agencies that are required, by state law or regulation, local ordinance, or board direction, to transition to fully zero-emission fleets or that have completed full fleet transition plans in all programs that provide zero-emission bus grants.
- Provide zero-emission bus grants to vehicle types that support high-capacity and demand response service, like articulated buses and cutaways.

Connect the Region By Rail

- Expand "Valley Rail" in the Northern California Megaregion: Expansion of climate-friendly commuter rail and intercity passenger connections to the Sacramento Region, San Joaquin Valley, and San Francisco Bay Area.
- Fund Sacramento to Roseville Third Track (SR3T) Project: This important project will add trips along the highly utilized Capitol Corridor that needs $66 Million in construction funding by the end of 2022. Pre-pandemic ridership models suggest daily VMT reductions at or around 7,000 VMT.
- Invest in Sacramento's proposed Downtown Riverfront Streetcar, which will serve major destinations in the urban cores of West Sacramento and Sacramento, facilitate transit-oriented infill development, support local business, and improve transit service and local circulation between the two cities.
- Support Sacramento Regional Transit District's improvements to its light rail system, including the Green Line to Sacramento Int'l Airport, Blue Line to Elk Grove, and Light Rail Modernization, which includes new low-floor vehicles, station conversions, additional track, and more.

Reduce Barriers to Climate-Friendly Housing and Infill

- Invest in the Sacramento region's comprehensive infrastructure investment strategy which supports the Sacramento region's "Green Means Go" program. The program identifies important upgrades – like water, sewer, and utilities in existing communities that are essential to make infill development proposals from both the private sector and non-profit housing providers financially feasible.
- Modify federal tax credits that significantly increase the production of affordable housing developments located in close proximity to transit.
- Incentivize building electrification of new construction to offset the added costs of electric materials and components.

Brief Background

Mobile sources of emissions contribute nearly 90% of the NOx pollution that is a precursor to ozone formation; emissions also contribute to the PM and carbon burden. For the Sacramento region, addressing mobile source pollution through the targeted use of grants and incentive funding is a top priority. Incentives and grants are quicker and provide a more cost-effective option than the mandated cleaner fleet purchase roles, more emission controls to already heavily regulated stationary sources (such as power plants, gas stations, and heavy industry) and other requirements.

Local governments are limited in the contributions made to reduce emission limits as only the federal government (EPA) and California Air Resources Board are authorized to set regulatory requirements for mobile sources (emission limits for vehicles, engines, and fuel specifications). Local agencies contribute by offering incentive programs, such as those for fleet modernization and cleaner mobile sources. Incentive programs generate valuable emission reductions that are additional to and can occur earlier than those resulting from new emission standards. Local agencies want to invest in the cleanest options and investments that complement the regulations enacted by the federal and state government. Emission standards like the GHG car and truck rules, CAFÉ, and others are effective policy signals that spur market competition, technological innovation, and offer new business opportunities and are therefore, widely supported in California and many other states. Together, investments made by local agencies and emission standards produce sustainable outcomes in the emerging disruptions of autonomous, connected, electric, shared vehicles and broader mobility options.

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