CA — CAP TO CAP — DC

AIR QUALITY & TRANSPORTATION

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FUTURE MOBILITY

Business Nexus

Transportation sector emissions are the largest source of air and climate pollution. Without focused investments in sustainable communities, air and climate pollution will continue to grow. Currently, California's Sacramento Region does not meet the health-based National Ambient Air Quality Standards (NAAQS), and 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 region. Additional efforts to rethink mobility options, recognize the cross-connection of land use and transportation, and promote the deployment of lower-emitting vehicles, engines, and equipment, as well as non-motorized transportation options such as walking and biking, are necessary to advance towards NAAQS attainment and achieving our region's climate and transportation goals. In addition, transit needs have shifted in just the last few years in accordance with new paradigms for how people commute and access everyday services.

The transportation sector is at a tipping point for 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 transport people and goods.

New and growing federal investments in cleaner transportation and sustainable mobility are necessary to achieve our clean air and climate goals. Federal policy and funding must also recognize the interconnection between land use, transportation, and climate. These investments should be complementary to existing mobile source environmental requirements widely supported by industry and civil society. Federally funded incentive programs and grants can enable cost-effective and expedient pollution reductions from mobile sources like cars, trucks, buses, and equipment and create opportunities for business development. Each dollar invested in the reduction of diesel emissions generates between $5 and $21 in savings from public health benefits.

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Requested Actions

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.
- Invest in regulatory and incentive programs to transform transportation towards cleaner vehicles, engines, and equipment that use low-carbon fuels, as well as multimodal mobility and active transportation.
- Support the Sacramento Area Zero Emission Vehicle Deployment Strategy to concentrate investment in electrification of the region's transportation fleet. This plan is intended to demonstrate technologies and our region's interest in a zero-emission transportation future:
    - Zero-emission transit fleet conversion and refueling infrastructure - $540M
    - Zero-emission goods movement, and medium and heavy-duty fleet transition - $100M
    - Charging stations and clean transportation options for under-resourced communities - $182M
    - Under-resourced community workforce development - $145M
- Support the expansion of charging stations and clean transportation options for under-resourced communities. Such a program, designed with input from community-based organizations, would deploy both electric share cars and charging infrastructure at multi-family housing locations and e-Mobility hubs in underserved communities.
- Exempt battery charging and storage facilities from NEPA, which would speed up the adoption of these technologies.
- In the pursuit of the Justice40 initiative, consider the evolving lessons of California's AB 617 Community Air Protection Program in centering environmental justice, wherein residents of affected communities have a greater role in decision-making 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 to $500 Million annually, to invest in advancing climate and clean air activities championed by local jurisdictions.
- 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.
- Increase funding for incentive-based programs 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.
- Incentivize creative programs that support Next Generation Transit models and operational shifts.

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 and educational outreach and training programs.
- 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 utilizing CMAQ frequently face.
- Improve the Diesel Emissions Reduction Act (DERA) by adding flexibility in the following ways:
    - Expand the ability for DERA applicants to apply for specific new vehicle and equipment technology on a broad scale without specifying an exact make, model of the equipment.
    - Focus DERA on alternative fuel, zero, and near-zero emission technologies, thereby providing economic stimulus to non-traditional OEMs that may be more sensitive to an economic downtown.
    - DERA funding should not be restricted to goods movement. Public agencies and vocational fleets should be fully eligible for DERA funding.
    - DERA funding for school districts should not be limited to school buses. Districts use delivery vans, mobile nutrition trucks, and maintenance vehicles which are also used to support students.
    - Funding infrastructure projects without vehicles or equipment would assist rural areas in stimulating their economies and provide vital networks for regional and interstate traffic. Enhanced funding also creates local beachheads to deploy alternative fuels in smaller cities.

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.
- 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, as well as community transportation programs, 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 the Sacramento to Roseville Third Track (SR3T) Project: This important project to add trips along the highly utilized Capitol Corridor requires $85 Million in construction funding by the end of 2022. Pre-pandemic ridership models suggest daily Vehicle Miles Traveled (VMT) reductions at or around 7,000 VMT.

Reduce Barriers to Climate-Friendly Housing and Infill

- Create a pilot program within the new Carbon Reduction program to allow metropolitan planning organizations (MPOs) to fund infill and low VMT projects, which will help bring denser affordable housing to communities.
- Add infill development and low VMT projects as an eligibility project type for the RAISE discretionary grant program to help build more affordable, denser communities.
- Incentivize building electrification of new construction to offset the added costs of electric materials and components.
- Invest in the Sacramento region's comprehensive infrastructure investment strategy which supports the Sacramento region's "Green Means Go" program that 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.
- The above infrastructure proposal also calls for modifications to federal tax credits that could significantly increase the production of affordable housing developments that are close to transit.

Brief Background

Mobile sources of emissions contribute nearly 90% of the NOx pollution that is a precursor to ozone formation. They 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 offer efficient and cost-effective solutions. In comparison to mandated cleaner

fleet vehicle rules, incentives and grants provide increased emission controls to already heavily regulated stationary sources (such as power plants, gas stations, and heavy industry), and other mobile sources of emissions.

Because only the federal government (EPA) and California (Air Resources Board) can set regulatory requirements for mobile sources (emission limits for vehicles, engines, and fuel specifications), local agencies contribute primarily by implementing incentive programs such as those for fleet modernization and cleaner mobile sources. These programs generate valuable emission reductions that are additional to and can occur earlier than those resulting from new emission standards. Local agencies prefer to invest in the cleanest options and these investments are complementary to and work with current rules and regulations. Emission standards like the greenhouse gas car and truck rules, CAFE, and others are effective policy signals that spur market competition, technological innovation, and new business opportunities; hence, they are widely supported in California and many other states. Both investments and emission standards produce sustainable outcomes in the emerging disruptions of autonomous, connected, electric, shared vehicles and other broader mobility options.