

ATTACHMENT C

BILL: **ASSEMBLY BILL 327**
AS AMENDED JUNE 4, 2018

AUTHOR: **ASSEMBLYMEMBER MIKE GIPSON (D- CARSON)**

SUBJECT: **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT:
FLEETS.**

STATUS: **SENATE COMMITTEE ON TRANSPORTATION AND HOUSING
HEARING: TBD
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY
JUNE 20, 2018 – PASSED BY VOTE OF 5-2**

ACTION: **OPPOSE UNLESS AMENDED**

RECOMMENDATION

Staff recommends that the Board of Directors adopt an OPPOSE UNLESS AMENDED position on Assembly Bill 327 (Gipson).

ISSUE

Assemblymember Mike Gipson (D-Carson) has recently amended AB 327 to include language related to South Coast Air Quality Management District's authority to regulate fleets.

Specifically, this bill:

- Would authorize the governing board of the South Coast District to adopt rules and regulations that require specified operators of public and commercial fleet vehicles consisting of 15 or more vehicles to purchase the cleanest commercially available vehicles, as defined, that will meet the operator's operational needs; to require the replacement of no more than 15% of existing vehicles per calendar year, as specified; and to require those cleanest commercially available vehicles to be operated, to the maximum extent feasible, in the south coast district; and
- Would make legislative findings and declarations as to the necessity of a special statute for the south coast district.

DISCUSSION

Assemblymember Mike Gipson (D-Carson) has recently amended AB 327, which would update the South Coast Air Quality Management District (SCAQMD) authority to regulate fleets and adopt clean fleet regulations. This bill would authorize the South Coast Air Quality Management District (SCAQMD) to adopt rules and regulations that require operators of public and commercial fleet vehicles, including public transit agencies to purchase the cleanest commercially available vehicles.

Existing law authorizes the SCAQMD to adopt regulations that require operators of public and private commercial fleet vehicles to purchase vehicles that operate using clean-burning alternative fuels when adding or replacing vehicles in fleets. Staff has concerns with the recently amended language in that it conflicts with the current efforts at the California Air Resources Board (CARB) to mandate Zero-Emission bus purchases through the Innovate Clean Transit (ICT) Regulation.

Metro, as a member of the California Transit Association, has been working with a coalition of transit agencies and CARB during the process of developing the Innovative Clean Transit Regulation to ensure that Metro's Board priorities, Fleet and Operations plans for the agency's Zero-Emission Bus Fleet Conversion efforts are incorporated in to the final CARB rule. CARB's rule-making effort would mandate bus purchases and fleet conversion by 2030.

This bill is problematic because it directly conflicts with CARB's efforts to develop and implement the ICT regulation. If both agencies adopt regulations mandating electrification and conversion of fleets, Metro, and other Southern California agencies would be subject to overlapping requirements.

AB 327 (Gipson) language as drafted is problematic because this bill would give the SCAQMD new authority to adopt a zero-emission bus purchase mandate, impacting transit agencies, like Metro with fleets of at least 15 vehicles. This potentially would also impact contracted services, like Freeway Service Patrol, and other municipal operators in Los Angeles County and the Southern California region in SCAQMD's district boundaries. The FSP program inherently improves air quality because it reduces congestion. A new rule has the potential to increase costs of the program which could cause reductions in FSP service and significantly impact program operations.

Staff is recommending that the Board consider the following amendments to the legislation:

- Request that the author remove "passenger bus transportation" from the list of commercial fleet vehicles that can be regulated;
- Clarify that the commercial fleet vehicles that would fall under the proposed regulation, ie. contracted services, including those that operate the Freeway Service Patrol and other light- and medium-duty vehicles, and Metro's non-revenue fleet, not be negatively impacted by SCAQMD's rule.

Staff recommends that the Board adopt an OPPOSE UNLESS AMENDED position on the measure AB 327 (Gipson).

DETERMINATION OF SAFETY IMPACT

There is no determined safety impact due to the enactment of the proposed legislation.

FINANCIAL IMPACT

Staff is currently evaluating the long-term potential impacts to Metro's Operating budget. If the legislation is approved, this could potentially impact Metro's budget significantly, by mandating zero-emission bus conversion as well as mandating conversion of non-revenue fleet and other light- and medium-duty vehicles sooner than expected. The exact financial impact is difficult to determine given that there is no way of knowing what rule SCAQMD would implement and what the resultant costs would be.

ALTERNATIVES CONSIDERED

Staff has determined that the Board could opt to take no action on this item; however, without a strong Board adopted position on the proposed legislation, Metro, stands to be greatly impacted by the provisions outlined in the legislation. Metro's 2018 State Legislative Program outlines the Board's priorities for working in partnership with CARB, CTA, and SCAQMD to reach consensus on clean-air mandates and for supporting legislation that would help Metro to achieve its long-term clean-air goals.

NEXT STEPS

Should the Board decide to adopt an OPPOSE UNLESS AMENDED position on this measure; staff will communicate the Board's position to the author and work to seek further amendments to the legislation. Staff will continue to keep the Board informed as this issue is addressed throughout the legislative session.