

STAFF REPORT



MEETING DATE:	August 31, 2023
SUBJECT:	Receive Update on Legislative Matters and Consider Submitting Letter to California Air Resources Board
AGENDA ITEM:	14
STAFF CONTACT:	Sean Tiedgen, AICP, Executive Director

STAFF RECOMMENDATION:

It is recommended that the board of directors:

1. Receive an update from the executive director on legislative matters; and
2. Direct the Chair to sign and submit a comment letter to the California Air Resources Board.

DISCUSSION:

At the June SRTA Board of Directors meeting, board members requested the executive director prepare a comment letter to send to the California Air Resources Board (CARB) regarding California Innovative Clean Transit (ICT) regulations. A draft letter has been prepared for consideration to submit to CARB.

ALTERNATIVES:

The board of directors may request modifications to the CARB comment letter or may request additional information and continue this item at a future meeting.

FISCAL & POLICY COMMITTEE:

The Fiscal & Policy Committee met on August 22, 2023, to receive a report and discuss legislative matters. Committee members asked for the draft comment letter to go out to board members for review and to independently provide any comments back to the executive director to incorporate into a final draft letter for consideration at the board meeting.

FISCAL IMPACT:

This item has no direct fiscal impact to the agency.

A handwritten signature in blue ink, appearing to read "Sean Tiedgen", is written over a horizontal line.

Sean Tiedgen, AICP, Executive Director

Attachment: Letter to the California Air Resources Board (CARB)



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Sean Tiedgen, AICP, Executive Director

August 31, 2023

Honorable Steven S. Cliff, Ph.D., Executive Officer
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

RE: California's Innovative Clean Transit (ICT) Regulations

Dear Executive Officer Steven Cliff, Ph.D.:

The Shasta Regional Transportation Agency (SRTA) serves as the metropolitan planning organization (MPO) and regional transportation planning agency (RTPA) for the Shasta County region. Additionally, SRTA currently contracts out specialized on-demand public transportation services that fall under California's Innovative Clean Transit (ICT) Regulations, which require small transit agencies to transition to zero-emission fleets by 2040. Recently, we, the SRTA Board of Directors, approved SRTA's first zero-emission rollout plan for these transportation services and received notice on August 4, 2023, that the plan was approved.

We appreciate that the California Air Resources Board (CARB) confirmed our plan meets the necessary requirements. However, we, the SRTA Board of Directors, write to express the following concerns we have on California's Innovative Clean Transit (ICT) Regulations and the challenges it poses on transitioning rural public transportation services to zero-emission fleets:

- **The technology has not caught up with operational needs** – Our rural public transit services, which connect people to our region's urban core, cover nearly 300 square miles over varying terrain. Our rural routes average 140-180 daily miles, which either exceeds or is at the described limits of many of the currently available zero-emission vehicles. For example, our plan shows only 30% of current daily rural trip requests could be accommodated, assuming a zero-emission vehicle has a 140-mile range and 10% battery reserve to return to a maintenance facility or charging station to re-charge. That leaves 70% of rider trip needs unable to be provided for without swapping vehicles or extended charging (if available). This would heavily impact service operations, increasing both capital and operating costs, potentially require more land for additional vehicles, or would mean fewer residents are served.

Due to technology challenges, the state should consider providing more flexibility in regions where very cold weather and mountainous terrain exist, such as the use of hybrid vehicles that can have a small generator to produce heat, which would extend the range of vehicles. Transit providers should not have to sacrifice how they operate and potentially provide less trips due to the limitations and costs of available zero-emission technologies. Rather, flexibility should be provided until zero-emission technologies, including vehicles, catch up with current and future community ride needs.

- **There are no appropriate fuel-cell vehicles available** – Fuel-cell buses have the potential to be a better replacement for existing gas/diesel vehicles for rural services when it comes to mileage, our varying terrain, and fluctuations in hot and cold weather (many times at or below freezing in winter months). Because of the areas served, smaller vehicles (e.g., 8-20 passenger capacity) are necessary to reach rural communities and to travel on these roads. While several large fuel-cell transit vehicles exist, there are no smaller fuel-cell buses available for purchase. Additionally, there appears to be limited interest by manufacturers to bring these vehicles to market any time soon.

- **There is a lack of workforce training for rural areas** – Rural areas continually struggle to retain employees in the public transit sector. Even more challenging is accessing the necessary training needed to operate or maintain vehicles. Often, rural agencies may need to send employees 100-200+ miles away to receive appropriate training, which adds to agency costs. Commonly, rural operators rely on small private businesses to help maintain existing vehicles because there is a lack of appropriately trained individuals for an agency to hire and retain maintenance staff. SRTA's rural operator indicated that initial communications with businesses that help maintain their vehicles lack the resources to invest in zero-emission vehicle training, or very few are interested at all, due to the small number of vehicles available currently. We need training programs across California, not just in urban areas, to train existing and recruit new staff. Apprenticeship programs through community colleges could help address this need.
- **It will be expensive and rural area funding resources are limited** – Rural transit providers have limited resources available for providing existing services in their large service areas today. Adding on the costs to plan for and implement zero-emission technologies only makes this worse. Battery electric vehicle costs are estimated to still be 1.5x the existing cost of similarly sized gas/diesel vehicles and many are not a 1:1 replacement; meaning more vehicles would be needed to meet existing rider needs, adding yet more costs. Since fuel-cell vehicles in the smaller bus categories (Class 3, 4, and 5 vehicles) are not available, we can only assume existing trends for larger buses, which is twice the cost, or greater. While various vehicle subsidies do exist, those subsidies are still for vehicles that fit a more urban environment, not rural regions.
- **Infrastructure costs are challenging, and supply is a concern** – Rural fueling/charging costs are highly variable and a challenge to predict. For example, hydrogen fuel for urban transit agencies is typically negotiated and subsidized (average \$9-\$10.50 per kg); which is significantly more than the equivalent cost of current gas/diesel prices. Additionally, local jurisdictions indicate future electricity prices may be 2-3x as much several years from now. Secondly, rural areas in the North State lack access to nearby hydrogen fuels, with the closest fuel being available 200+ miles away. This distance negates any benefits hydrogen would otherwise provide and adds costs. Thirdly, the flexibility to produce hydrogen is of concern. While "green" hydrogen from 100% renewable resources is ideal, it's typically twice as much as "blue" or "grey" produced hydrogen options and in much less supply. We need a market that is flexible. All of these factors will impact fuel pricing. While there are federal and state stated goals to reduce hydrogen fuel to comparable gas/diesel prices over the next ten years, it's difficult to reasonably assume that will happen.

SRTA's agency mission "is to maximize state, federal, and other revenues for cost-effective transportation investment strategies that connect communities, people, and goods." These revenues are our tax dollars. When it comes to zero-emission transportation for rural public transit, we're concerned that the transition will not be cost effective and may limit our operator's ability to meet the needs of those who rely on rural transportation services. SRTA is willing to work with the state and regional partners on efforts that are reasonable, cost-effective, and context appropriate. However, much work and state support are needed in this area.

Thank you for your time and consideration. If you have any questions, please feel free to reach out to SRTA's Executive Director, Sean Tiedgen, by email stiedgen@sрта.ca.gov or by phone, (530) 262-6190.

Respectfully,

Mark Mezzano, Chair
Shasta Regional Transportation Agency (SRTA)

Cc: Annmarie Rodgers, Branch Chief, Compliance Assistance and Outreach Branch
Yachun Chow, Ph.D., Manager, Zero Emission Truck and Bus Section
Senator Brian Dahle, California Senate District 1
Assemblywoman Megan Dahle, California Assembly District 1