

**CITY COUNCIL MEETING  
TUESDAY, APRIL 17, 2018**

**DOCUMENTS RECEIVED  
AFTER PUBLISHED AGENDA**

**CLOSED SESSION ITEM #2**

**SHERMAN LEWIS EMAILS (TWO)**

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**From:** Sherman Lewis [mailto:]  
**Sent:** Saturday, February 3, 2018 11:26 AM  
**To:** List-Mayor-Council <List-Mayor-Council@hayward-ca.gov>; Michael Lawson <Michael.Lawson@hayward-ca.gov>; Harriet Steiner <>  
**Cc:** Stuart Flashman <>; Jerry Cauthen <>; ; Joy Rowan <>; Bruce Barrett <>; Evelyn Cormier <>; Alison <>; Dag Forssell <>  
**Subject:** City of Hayward v. Board of Trustees

I see you are in closed session Tuesday afternoon to consider this item.

HAPA's frame of reference is that we should keep trying to persuade the CSU to follow its own policies (quoted in the HAPA News, attached, p. 2). We expect, however, to have to litigate, given ten years of the CSU not hearing us or itself.

We appreciate the City's letting us work with you on the litigation now concluding.

We request that the City take advantage of MP MM TRANS-5, which requires that the City should "prepare a deficiency plan to address future projected deficiencies. The Campus will cooperate with the City in developing measures to address future deficiencies, including the measures described in MP Mitigation Measure TRANS-1." (p. 2.0-5, Master Plan Recirc.)

The language does not require, but it does not preclude, rapid shuttles as a way to mitigate traffic impact on the eight intersections.

Is the City willing to work on a deficiency plan including shuttles? HAPA has done considerable research and we'd be happy to present it to you. Our PowerPoint has the concepts and our spreadsheets have the quantification. Does the City agree with the ideas presented on pp. 3-9 of the HAPA News?

We disagree with the CSU claim that its TDM program is "robust" (p. 2.0-5). It does not exist at all. There is a list of possible policies, none studied. The Nelson Nygaard study done years ago had background information, not a plan. The TDM "plan" in the Master Plan (pp. 152-3) is a sketchy list of possibilities, out-of date, and inconsistent with current CSU policy. The campus itself has improved shuttle access, a policy not mentioned in the Master Plan as recirculated.

The Recirc omits an important policy previously committed to:

**From the Master Plan**

**MPMM TRANS-1a:** The Campus shall prepare a comprehensive TDM Implementation Plan that includes the steps necessary to plan for, fund, implement, and monitor the effectiveness of the measures outlined in the Master Plan TDM section and listed below.

**Improved Transit Service**

- Enhanced AC Transit Route 92 service to the Downtown Hayward BART station, ensuring 15-minute headways from 6 AM to 10 PM; or continued and enhanced campus shuttle service providing a direct connection between campus and Downtown Hayward BART.

**From the Harder Road Parking Structure CEQA Findings of Fact... (p. 8)**

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--  
Sherman Lewis  
Academic Senator for Emeriti  
Professor Emeritus, CSU Hayward  
President, Hayward Area Planning Association

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**From:** Sherman [mailto:]  
**Sent:** Sunday, April 15, 2018 1:49 PM  
**To:** List-Mayor-Council <List-Mayor-Council@hayward-ca.gov>  
**Subject:** Fwd: City of Hayward v. Board of Trustees

We also did not get an answer to this.

----- Forwarded Message -----

**Subject:** City of Hayward v. Board of Trustees  
**Date:** Sat, 3 Feb 2018 11:25:53 -0800  
**From:** Sherman Lewis >  
**To:** Mayor Council List <[List-Mayor-Council@hayward-ca.gov](mailto:List-Mayor-Council@hayward-ca.gov)>, [Michael.Lawson@hayward-ca.gov](mailto:Michael.Lawson@hayward-ca.gov), Harriet Steiner <>  
**CC:** Stuart Flashman <>, Jerry Cauthen <>, Joy Rowan <>, Bruce Barrett <>, Evelyn Cormier <>, Alison <>, Dag Forssell <>

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Academic Senator for Emeriti  
Professor Emeritus, CSU Hayward  
President, Hayward Area Planning Association



## HAYWARD AREA PLANNING ASSOCIATION

Vol. XL No. 1

### *The HAPA News*

January 23, 2018

We expect the Trustees to approve five subsidized parking structures for the campus in March. We have laid the groundwork for litigation in order to protect the environment and promote transit access to the campus. The draft letter below and attachments are part of this work.

### *[Draft] Dear CSU Board of Trustees:*

The Hayward Area Planning Association urges you to NOT approve the Cal State East Bay Hayward Campus Master Plan Partial Recirculated Final Environmental Impact Report (CSUEB RFEIR).

We support most of the Master Plan, particularly the building of new residence halls and the construction of the Pioneer Way access from Hayward Blvd. We are concerned, however, that the proposed five parking structures would be less cost effective for access than a system of shuttle buses. To be effective, such shuttle buses would need to be fast, frequent, and free. HAPA has done considerable planning of a first phase shuttle from Hayward BART to the campus. Parking structures, by contrast, are subsidized and economically inefficient, increase pollution and greenhouse gases, and cause more traffic and congestion.

Furthermore, we note that conditions have changed substantially from the time of the Draft EIR on the Master Plan. The CSU for example, has a new system-wide policy of preferring non-auto access and careful study of alternatives to parking structures, which has not been implemented for Cal State East Bay. We note also that Warren Hall has been demolished and replaced with surface parking, and that two soccer fields have been demolished and replaced with surface parking – probably the equivalent to the proposed Harder Road parking structures. This issue and others have not been studied, as laid out in previous answers to the President of Cal State East Bay and the Chancellor of the CSU.

HAPA is strongly committed to efficient sustainable access and reducing greenhouse gases and our proposals have not been considered by the CSU. We believe that this RFEIR is inconsistent with CEQA and we will need to litigate to encourage the CSU to follow its policies. We have made several attempts to discuss these issues with the CSU and negotiate some agreement that could prevent litigation. We hope that if we do litigate, we can stipulate to allowing the Master Plan to go through except for the parking structures.

Sincerely,

Sherman Leland Lewis III, Ph.D.

President, Hayward Area Planning Association

Professor Emeritus, CSU Hayward

## CSU Policy to prioritize transit over parking structures

The CSU supports alternative transportation in its sustainability policies. The major document is Item 3 of the Climate Action Plan which states:

**“The CSU will encourage and promote the use of alternative transportation** and/or alternative fuels to reduce GHG emissions related to university associated transportation, including commuter and business travel.” (Joint Meeting, Committee on Educational Policy and Committee on Campus Planning, Agenda Item 1, May 20-21, 2014, page 2.)

The CSU has adopted a report by Nelson Nygaard, Transportation Demand Management Manual; Final Report, November 2012:

P, 7: Goal 1: Encourage the Use of Non-Auto Modes ...

Objective 1A: Develop TDM programs that are effective, scalable, and sustainable over time.

...

p. 9: Objective 2B: Implement the most cost-effective blend of parking & TDM investments to accommodate affiliate needs. ...

Description 2B: Utilizing data collected for key criteria (Objective 1B), campus administrators can determine the **cost-effectiveness** of TDM programs offered at their campus. Cost-effectiveness can be measured by evaluating the annualized marginal costs (the cost to accommodate one more commuter) of each mode and comparing them to one another. Costs can include any factors deemed appropriate by the campus, including monetary, environmental, traffic congestion, safety, and public health costs. With this information, a given campus can then determine the most cost-effective combination of parking and TDM programs over the life of the specified measure, given the needs of their campus. For example, if a new universal transit pass program is projected to cost \$500 annually per person to serve 400 students and a parking garage is projected to cost \$2,000 annually per person to serve the same population, it is prudent to invest in the transit pass program. As such, investments in non-auto modes need not be viewed as “subsidies” and can ultimately lead to lower transportation costs for both sustainable mode users and motorists. This example also highlights the fact that it can be financially beneficial for campuses to conduct a cost-benefit analysis **before the construction of any new parking facilities** to ensure that this is the most cost-effective transportation investment.

p. 10: Goal 4: Preserve Valuable Campus Land. Objective 4A: Ensure that campus land is treated as a commodity to help meet future needs. Description 4A: Careful consideration should be given to the potential future use of campus land when determining how a campus will accommodate future growth. The **opportunity costs of using campus land for parking** investments as compared to other active uses should be measured when planning for future development. As a campus grows, there will likely be an increase in parking demand. However, by reducing existing and future parking demand through the use of TDM measures, the amount of parking that will need to be constructed in the future can be reduced. By reducing the amount of new parking, land can be utilized for more active uses such as on-campus housing, academic and research facilities, and green infrastructure. Freeing up on-campus land for active uses is especially important at campuses which cannot physically expand due to existing development or other constraints around the campus. -End-



## Basics of Advanced Planning for Access to Universities

HAPA suggests the following ideas to implement the above policies:

### **1. *Overview: Efficiencies of step increases of ridership to concentrated destinations with flattened peak hours***

Automobiles dominate access to CSU campuses in California because the economics in the whole country subsidize car travel. Economics used here includes external costs of free parking, congestion, pollution, accidents, greenhouse gases, tax subsidies, and many other factors that are not incorporated into the prices that people pay. The economy as measured by money is disconnected from real economic values.

Nevertheless, CSU campuses have an advantage that helps them move toward sustainable access. That advantage is a large number of destinations concentrated on a small area. With the automobile, access is attained through trips by single individuals. Transit requires a larger number of riders per vehicle to be cost effective. While automobile access can go up by one or two people per vehicle, transit access needs to go up by 20 to 40 people per vehicle, a large step increase compared to the automobile. Transit works poorly along a route of lower volume with high peak hour traffic and works better along a high volume route with travelers spread out across the day. Because of student and faculty schedules, campuses have this combination of a concentrated location, high volume, and trips across the day.

Transit works better when ridership is spread out during the day rather than peaking, which requires transit vehicles used during the peak that are not used during off-peak. Campuses have spread out trips because of many different arrival and departure times based on class schedules, student schedules, and faculty schedules; only staff usually arrives and departs at peak hours.

Therefore, the most potential for increasing transit ridership is on high volume routes and where a gateway route can have parking that supports changing to transit.

### **2. *The real economics of parking structures: concepts***

Parking structures are anti-economic unless there is a charge for each use based on the full cost of the parking. If a parking structure charges full cost, it is so high that few drivers if any will park there.

Many of these costs are monetary: land, all-in construction, and operations. In the CSU system, the land is assumed to be free but that is not useful for economic analysis.

Many of the costs are non-monetary: induced traffic and congestion, safety, health, pollution, greenhouse gases, and auto dependency.

The analysis of costs has to be applied only to the upper levels of the structure minus the spaces used at ground level to support the structure. Analysis of surface parking is a different question. Parking structures only increase parking over the surface potential minus spaces used on the surface. Parking structures are expensive because of the cost of holding very heavy objects up in the air and the necessity of having a lot of the paved area for access lanes to the parking.

How the parking is paid for is also very important. If permits are sold, parking is a sunk cost with no incentive to reduce use. Paying for each use preserves the incentive to find other means of access also, it is not economically sound to increase the cost of surface parking well above its

real cost in order to subsidize the cost of structured parking. Using surface charges to pay for structure is a cross-subsidy and reduces the incentive to find other means of access to campus.

Based on the above, HAPA's analysis of a cost per day of structured parking is so expensive that few people will not park there.

### ***3. Real economics: measurement. Cost effective?***

Looking at parking structures alone does not explain the choice that people have to make to reach a campus. They might pay a high cost for structured parking if it were the only means to reach campus. The analysis requires estimating the cost of alternative modes of access, primarily transit because walking and bicycling are not workable for most people. Also we can assume that those living on or next to the campus do not face the question of whether to drive or take transit.

The economics of alternatives then needs to focus on transit access and car plus transit access, and also can initially start on the high volume gateway route to campus.

This analysis is very complex because of the great variety of situations and because of the need to include both monetary cost and travel time in the analysis. Nevertheless, the analysis can determine a realistic dual elasticity for access which is the elasticity of driving compared to the elasticity of transit.

### ***4. The primacy of time in personal travel time budgets for work and education trips***

With few exceptions, travel time is the most important consideration for choosing mode of travel. In general, the exceptions are when a trip has unusually high monetary cost due to bridge tolls and high parking charges. People have about 20 different purposes for travel and these purposes have varying acceptable travel times. For example, shopping trips and meals out have a shorter personal travel time budget, and trips to work and for education have longer acceptable travel times. Also, when a trip for one purpose takes too long for the personal budget, a number of trips are accumulated so that all combined become worth the travel time.

In the U.S., given the free parking and poor transit, travel time by transit with few exceptions is slower, often very much slower, than driving. Therefore, improving transit access to campuses must reduce travel time using advanced technologies which so far are little used in this country.

### ***5. Rapid bus: fast is necessary***

If transit is to compete with the automobile, the total travel time by transit has to be as fast as by car. This is difficult because the transit vehicle generally can travel only as fast as a car but has added stages of walk to transit, wait for transit, and walk to building after transit. The car has some similar travel stage issues which we will discuss later.

To make transit fast it has to combine everything we know about advanced transit.

- The motor of the heavier bus must be powerful enough to keep up with traffic including climbing hills as fast as cars, e.g. a 12 percent grade at 40 mph fully loaded.
- The bus should be small, probably about 30 feet long as compared to a typical urban bus of 40 feet or longer. A 30-ft bus can carry 25-30 passengers. It needs to be smaller for maneuverability in traffic and for lighter weight for acceleration and hill climbing.
- For purposes of sustainability the motor should be all electric or a dual mode diesel-electric motor. A dual mode motor will use regenerative braking so that to slow the vehicle the rotation of the motor is reversed so that it acts as a generator, recharging the batteries. The

resistance of the generator slows the bus as it generates electricity to replace much of the energy lost otherwise.

- The dwell time of the bus needs to typically be no more than a few seconds. The bus stop platforms need to be sidewalks raised to the level of the floor of the bus. The low floor bus needs to have a floor at the level of the bus stop. The guidance system needs to have controlled docking to park the vehicle within a quarter of an inch of the bus platform.

- The bus driver does not collect fares. Using eco-pass, class pass and similar concepts most passengers ride without paying an individual fare. An inspector checks for fares occasionally, primarily for the purpose of education to encourage people to pay and fines a rider only for persistent violations. A combination of fast boarding and no fare collection speeds up the bus.

- The bus needs to have red light pre-emption so the driver can push a button and turn the light green.

- The bus needs to have right lane queue jumping which involves the driver turning all the lights red and going through the intersection in the right hand lane. This takes only a few seconds in practice.

- The bus stops have to be spaced optimally to not be too close together, which would slow the bus down, and still have reasonable walking distances to destinations.

- The route of the bus needs to be as direct as possible, such as cars use. In addition, if possible, the route can involve special construction to give it an advantage over cars by having a special bus lane access to a central campus location. Such a location can give the bus a time advantage relative to walking in from a car especially as the day wears on and people spend more time hunting for a parking spot and more time walking into their building.

## **6. *Rapid bus: frequency***

In addition to a faster bus, frequency is important. The time between buses is called headway. If the headway is five minutes or less, people don't think about it; you essentially have a bus bridge. If the headway is 15 minutes or more, people have to plan when to leave a location to catch the bus to avoid an annoying wait time. 15-minute headway discourages ridership. A ten minute headway is ambiguous. Many people are willing to wait more than five minutes if they miss a bus; others are so put off if they miss the bus they don't want to ride. The problem with a five-minute frequency is the cost of running more buses. The number of buses is affected by the length of the route. For example, a one-mile route could be served by one bus while a two mile route could require two buses with the same frequency. It is therefore important, for example, to get the route distance below 2.5 miles in order to get a ten minute frequency with a two bus system.

Obviously a five minute frequency is the most desirable, but it also has higher cost and requires greater ridership to justify, which in turn requires greater density for adequate parking for park and ride. These systems of park and ride for transit have been very well developed for parking at airports and using air transit.

While travel time budgets and individual trip needs are variable, the greater the frequency of the bus and the faster speed of the bus are essential for attracting riders.

### **7. *Rapid bus: free is necessary, at least free to the rider***

The mantra for successful ridership is fast, frequent, and free. Assuming the route corridor has the capacity to provide ridership, then not charging for the ride is very important for attracting riders. The transit ride can be a bit slower than driving, but if it saves enough money it will attract riders.

Students who typically have little income are much more price-sensitive than staff and faculty and also provide the bulk of the ridership. The parking fee of \$130 per semester can easily be enough to persuade a student to take a bus for free with a class pass.

The free ride combines with how a person is charged for using a parking structure. A free ride on transit can compete well against a high cost for each use of a structure. A person who might have to use a parking structure sometimes would have an incentive to ride the bus when they could.

### **8. *Rapid bus: capital costs***

The buses, signal equipment, sidewalk platforms, access lane to campus, and possibly a bus maintenance and office facility will cost in the neighborhood of five to ten million dollars for a 2.5 mile route and 2 buses. These capital costs can be financed by borrowing based on parking fees on existing campus parking. This financing is especially feasible as a first stage where the increase in cost is relatively small. However, as the shuttle system is expanded, other financing needs to be found.

### **9. *Current economics of parking: fee and fine revenue, financial model, campus shuttle budget***

Under California law the CSU must charge the costs of constructing parking. The parking fee may also be used for alternative transportation, mostly shuttle bus access managed by the campus. Campuses are also able to use parking fine revenue to pay for buses. Typically a campus will have a transportation manager and contract with a bus operator to operate buses based on a request for proposal. This same system can be used to operate an advanced rapid bus system.

### **10. *What should be cross-subsidized – parking structures or rapid bus?***

On many campuses, simply charge all students either through registration fees or through special class pass fee so that all students have paid even though only some use the bus. This financing clearly subsidizes transit by charging drivers and other people who don't use the bus, which is a policy decision made in the context of the importance of improving sustainability. Properly implemented, the subsidy has some benefit to drivers by reducing congestion on the last mile of the route to campus.

### **11. *Analyzing the destination: buildings, class schedules, enrollment, days of the week***

The analysis of advanced transit access feasibility requires a careful study of the people who will be using the system, mostly students. Several types of quantitative information need to be put into a spreadsheet and analyzed. The campus map should be studied to see how the main route comes onto the campus for purposes of an extension going into the main campus as opposed to the parking areas. The walking distances from on-campus bus stops to the nearest building entrances need to be measured as well as the mid distance walking distance from parking areas to the nearest buildings.

The class schedules and enrollment in each class needs to be analyzed by building, time of day, and days of the week. The analysis needs to calculate for each building hour by hour the number of people who need to reach it. The travel time can then be calculated for a typical bus rider compared to a typical drive on a Monday and on a Tuesday, which tend to be the two high enrollment days of the week. A graph can illustrate very clearly the number of people on campus as it varies across the day from roughly 7:45 a.m. until 10:15 p.m., depending on class schedules. The relative smoothness of the graph compared with other destinations that have peak hours indicates the spread-out travel needs that are supported by transit.

### ***12. Analyzing the destination: projections of enrollment, faculty and staff, and on-campus housing***

The analysis of advanced access requires projecting future needs based on enrollment, which also drives increases in faculty and staff. Also, increases in on-campus housing can reduce the needs for driving or transit to campus. Master plans consider these factors but typically plan for parking structures instead of for transit. Campuses should plan for transit access instead, including coordinating with host cities to improve smart growth policies that provide more housing and reduce the need to use cars. Campuses are parts of larger urban systems, so that the transition of a city to less car dependency can be coordinated with a similar evolution by campuses.

### ***13. Gateway corridor analysis: student origins***

Access to campus may come from many different directions so it is important to establish the most important general route that is used and needs to be used by transit. While students have work as well as home origins the home origin is the most feasible available data for analysis based on student home zip codes. Even the zip codes can be misleading if the student has moved from a distant home to a near-campus or on-campus location. Zip codes which are an impractical distance away from the campus can be ignored. The closer zip codes can be queried with a statistical sample to test their accuracy. This data indicates the primary route of travel students probably take and the number using that route. Students may start from dispersed locations and converge on major routes close to the campus, which can be called gateways. The gateway count is the one that should be used for planning transit access, as it will have a shorter distance with more riders and fewer buses needed to serve it

### ***14. Gateway corridor analysis: travel analysis zones in CMA computer models for peak and 24-hour traffic***

Every county has a congestion management agency with a sophisticated computer model of major highways. Where these highways connect is a node and the road between nodes is a link. Special links connect the highway network to land uses. Land uses are divided into small travel analysis zones. Campuses are travel analysis zones so that we know the number of trips going to and from a campus for morning peak, afternoon peak, and 24 hours. The campus traffic indicates the best opportunities for transit to replace auto access.

### ***15. Gateway corridor analysis: city rubber hose vehicle counts***

Additional information on travel to campus is available from city traffic counts using rubber hose trip counters. The most important ones are located on the routes closest to the campus. This data is often reported in 15-minute or half hour intervals, indicating how flat the access

pattern is compared to peaking. This information should have specific counts that are comparable to the traffic volumes reported by the computer model and to the number of students using a gateway based on their zip code origins. These various sources of data provide a pretty good idea of the route and numbers of people that could transition to using a bus. The analysis can estimate how much of that travel would need to switch to bus to make the bus feasible. For example, one-third of a campus access might come through one particular gateway, and the bus might be feasible if one-third of those trips changed to the bus.

The analysis of potential bus ridership needs to consider those along the route who can walk to the bus stops and those who can drive and park to catch the bus. A second phase of analysis for a more sophisticated analysis of future bus trips examines the potential for developments along the route with minimized parking. A second phase analysis also looks at the potential for lifestyle changes so that a student could live in a place without owning a car and afford expensive rapid transit like BART and use the bus to get to campus.

### ***16. Rapid bus patronage: total travel time***

In order to estimate the elasticity of transit we need to estimate the travel time of all the stages of the bus trip, which may consist of driving to a parking spot, walking to the bus stop, waiting for the bus, in-vehicle travel time, and walking to the destination building. The monetary cost also needs to be estimated.

### ***17. Drive-alone access: total travel time***

In order to estimate the elasticity of driving we need to estimate the travel time of all stages on the bus trip. The stages start at the same point of the previous analysis, which is driving to a parking spot, but then considering just the driving time to the parking lot, search time for parking spot, and walking to the destination building. The monetary cost also needs to be estimated. In this case in two ways: the marginal cost which is mostly the cost of oil and gasoline, and the average cost, which includes the depreciation of the car, insurance, maintenance, tires, batteries, and oil and gasoline. Accidents and the time spent on owning and using a car add to the cost.

### ***18. On-campus surface parking supply related to parking demand***

The current culture believes that if a parking supply is filled to capacity, then the supply should be increased. This thinking is usually based on not charging for parking, but the CSU system does charge for parking, so the demand does reflect better the economic cost of providing supply. The difficulty is that the charge does not include the value of the land, certain overhead costs, and external costs so the price that students pay is still below the real cost. Also, parking demand usually occurs in the absence of cost effective transit alternatives.

Often in the CSU system full surface parking lots are used to justify parking structures, but the cost of the structured parking is spread to the surface parking which results in a subsidy to the structured parking, as discussed in lesson 2.

### ***19. Shuttle ridership analysis: why the students ride the shuttle and their personal time budgets***

On many campuses, students ride shuttles which in that sense are successful. Research on travel behavior shows that when a shuttle trip meets a students' travel time budget and willingness to pay requirements, they will take the shuttle. A travel time budget is the amount of

time a person is willing to spend on a given trip purpose, typically spending more time to reach work or the campus and less time for errands and routine shopping.

The challenge then is to make a shuttle that can compete with auto access which requires that transit be fast, frequent, and free. Students, for example in Hayward can take BART or city bus to shuttle to reach campus. Students can also park their cars along the shuttle route and not have to pay for parking which is now \$130 dollars for the Hayward campus. Already some students are doing this to catch the shuttle.

The next step after competing with auto access is to provide a combination of housing and transit that meets a student travel needs so well that they no longer need to own a car. Then a student can use a public car (Lyft/Uber services, taxi, car share, car rental). This lifestyle has enormous cost savings and environmental benefits.

### ***20. Involving students in the planning process***

How do student riders think the existing shuttle can be improved? Most campuses have shuttles so the student riders can be a valuable source of information about what they like and don't like about the shuttle. Since the students will be paying for and using improved transit they should be involved in the decision about whether a proposal should be implemented or not. Any proposal will have some risk and student involvement can help develop a better plan.

### ***21. The crux of the matter: cross-elasticities in the primary corridor***

A proposal for improved transit based on the above analysis culminates in the comparison of auto access and transit access. The dual elasticity compares travel time of auto access with travel time of transit access. If the travel time is competitive, the transit project is viable. The analysis also compares the monetary cost of travel which in the CSU system can easily be the deciding factor in getting students to ride transit. If transit is faster, or only a few minutes slower, and a student can save \$130 or more per quarter, they may well choose to take the transit. Furthermore, if phase 1 hits its ridership targets there would be a basis for developing additional phases. With increased ridership transit can be made more frequent and more competitive. This process can be reinforced by the campus working with its host city to develop the kinds of housing and reduced auto dependency that make housing more affordable which is a critical factor for enrollments.

These ideas have been further developed for CSU East Bay. A PowerPoint, spreadsheets, and detailed discussions can be found at:

Link to PowerPoint

<https://www.dropbox.com/s/zp8yf5rx5xxjw1v/Beeline%20Bus%20powerpoint.pdf?dl=0>

Link to spreadsheet

<https://www.dropbox.com/s/pvyf7lg3vthk8qn/Beeline%20Bus%20data.xlsx?dl=0>

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Sherman Lewis, President, Hayward Area Planning Association

# **AGENDA QUESTIONS & ANSWERS**

**Items 8, 9, and 10**



**AGENDA QUESTIONS & ANSWERS**  
**MEETING DATE: April 17, 2018**

**Item #8: Approval of Route 238 Tenant Transfer Assistance Program and Appropriation of Program Funding**

1. Would you please send me/Council a map of the Parcel group 5, 7 and 9? If at all possible, I'd like to have this information by 9am tomorrow so that I can visit/view the site prior to the Council Meeting.

Maps were provided via email this morning.

2. While not ideal, is it possible to demolish the currently vacant properties on parcel group 5?

Public Works has drafted a Request for Proposals for Hazardous Materials Abatement Testing on all (53) of the properties that the City has and/or will acquire from Caltrans. This testing is required prior to going out to bid for the building demolition. This RFP will be released this week.

Considering the urgency of the work, staff is asking consultants to respond in two weeks instead of the standard three weeks. The City will ask the consultant to proceed with their sampling and testing on the first twelve properties (ten in the Bunker Hill neighborhood and two in the SOHAY development area), which are currently vacant, as soon as possible. The City will bid the demolition of the first twelve homes following receipt of their abatement reports.

3. Is the following factual?

a. There was not enough existing infrastructure for people to buy the homes in question without more investment than any of the parties had available at the time the settlement and disposition was finalized.

Tenants who were part of the settlement agreement had the option of purchasing their home or receiving a stipend. Some of the tenants could not get financing or were not in a position/ did not desire to purchase their homes and opted for a cash payment. Some of the properties, particularly in Parcel Group 5, are on septic and need infrastructure improvements

b. Units were rented to new tenants after the 238-affected tenants moved.

Correct, as part of the settlement agreement Caltrans had to rent the units to keep the units in circulation. They were rented but were advised that they were not eligible for relocation benefits.

c. There was no requirement for people to use the settlement dollars for relocation.

Correct, they were merely required to relocate once Caltrans, the City, or subsequent purchaser provided notice

d. Existing tenets are not currently receiving Section 8 or other housing assistance programs

Staff does not have any information on this. It can be determined when the relocation agent interviews tenants.

**Item #9: Approval of FY 2019 Community Agency Funding Recommendations**

What is the estimated allocation from HUD for FY19?

The estimated allocation for FY 19 is \$1.2M. Because Congress has not yet adopted the budget, this estimate is based on the FY 18 \$1.2 M allocation.

Of that \$1.2M, \$933,393 is disbursed for services and programs (\$345,999 to programs within the Economic Development and Infrastructure Funding Category and \$587,394 to City operated programs and HUD-required Fair Housing activities) and the remaining \$255,000 (or \$20%) is for CDBG Administration.

**Breakdown of FY2019 \$1.2M CDBG Funding Allocation**

Estimated FY 2019 Allocation	\$1,200,000
Community Agency Econ Dev and Infrastructure Allocation	(\$345,999)
City Operated Programs and HUD-Required Fair Housing	(\$587,394)
CDBG Administration	(\$255,000)
	\$11,607
<i>Remaining funds to be used for construction change-orders</i>	

Is there a reason that Rebuilding Together, Habitat for Humanity or other contractors cannot be part of the competitive process for home rehabilitation services?

No. There is no reason that the work that these two agencies cannot be part of the competitive process for home rehabilitation services.

By way of background, the \$350,000 allocation for the City-operated Housing Rehabilitation Program, the City funds \$100,000 to **Rebuilding Together** and **Habitat for Humanity** respectively, and has done so since FY 2015. **Rebuilding Together** provides minor home and fall prevention repairs to owner-occupants of single family homes. **Habitat for Humanity** provides deferred loans for substantial improvements to owner-occupants of mobile home units. Both programs exclusively serve low-income seniors and people with disabilities.

The remaining \$150,000 of the Housing Rehabilitation Program is administered by City staff who process individual residential applications and oversee contracts for various home improvements, including ADA improvements, code enforcement issues, or systems improvements.

**Item # 10: Presentation of Proposed FY 2019 Operating Budget and Update on Five-Year Plan**

Why are the Cost Allocation Plan Update and Fleet Utilization Study annual items?

The work will not be done annually per se; however, the effects will have an annual impact. For instance, currently, the cost allocation plan does not allocate costs to all funds that utilize General Fund services. When the plan is updated, these funds will begin to provide an allocation of costs from the General Fund to allow the General Fund to appropriately recover its cost of service provision. Similarly, with the Fleet Utilization Study, a possible reduction in use and/or size of the fleet would have a lasting impact.

Were there additional items that were brought forward from the Staff outreach conversations that have been or will be incorporated?

Many of the options included in Management Partners report coincided with recommendations offered during the outreach to staff and are incorporated into the model (e.g. RPTT increase & Fleet Utilization Study). Staff is in the process of finalizing action plans from each department to implement staff recommendations for savings opportunities, revenue generating ideas, and process improvements. Not all of the staff recommendations have been quantified but we can report back on significant budget impacts as the action plans are implemented.

Also, is it an option to use 2-3 million of the Russell City UUT dollars to pay the UAL portion of the OPEB ARC instead of General fund dollars?

This is absolutely an option given that if/when the time comes that these funds are no longer involved in ongoing litigation they will be unrestricted funds that Council has discretion over. The revenues, although for previous fiscal periods, are in fact General Fund revenues.

## **ITEM #4**

**ADOPTION OF RESOLUTION APPROVING THE  
AMENDMENT AND EXTENSION OF  
MEMORANDA OF UNDERSTANDING BETWEEN  
THE CITY OF HAYWARD AND THE HAYWARD  
FIREFIGHTERS, LOCAL 1909 AND HAYWARD  
FIRE OFFICERS ASSOCIATION**



# CITY OF HAYWARD

Hayward City Hall  
777 B Street  
Hayward, CA 94541  
www.Hayward-CA.gov

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**File #:** CONS 18-217

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**DATE:** April 17, 2018

**TO:** Mayor and City Council

**FROM:** Director of Human Resources

**SUBJECT**

Adoption of Resolution Approving the Amendment and Extension of Memoranda of Understanding between the City of Hayward and the Hayward Firefighters, Local 1909 and Hayward Fire Officers Association and Authorizing Staff to Execute the Agreements

**RECOMMENDATION**

That the City Council adopts a Resolution approving the amendment and extension of the Memoranda of Understanding between the City of Hayward and the Hayward Firefighters, Local 1909 and Hayward Fire Officers and authorizing staff to execute the agreements.

**SUMMARY**

The current MOUs with Hayward Firefighters, Local 1909 (“Local 1909”) and the Hayward Fire Officers Association (“HFOA”) expire on December 31, 2018. The attached Resolution will allow staff to execute Memoranda of Understanding with Local 1909 and HFOA that amend and extend the current agreements through December 31, 2023. The amendments allow for administrative and legal language updates and modest salary and benefit adjustments, resulting in an estimated General Fund savings of approximately \$822,000 when compared to the budget model for the same five-year contract period (FY 2019 - FY 2024).

**ATTACHMENTS**

Attachment I	Staff Report
Attachment II	Resolution



**DATE:** April 17, 2018

**TO:** Mayor and City Council

**FROM:** Director of Human Resources

**SUBJECT:** Adoption of Resolution Approving the Amendment and Extension of Memoranda of Understanding between the City of Hayward and the Hayward Firefighters, Local 1909 and Hayward Fire Officers Association and Authorizing Staff to Execute the Agreements

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### **BACKGROUND**

The City of Hayward, like other cities throughout the nation, was severely impacted by the Great Recession and continues to face challenges with expenditure growth that is outpacing revenue growth in the General Fund budget. While the City is experiencing positive economic improvement in many of its key General Fund revenues, such as Property Tax and Sales Tax, the City continues to experience an astronomical rise in employee benefit costs, particularly pension and healthcare costs. Recent changes to the CalPERS discount rate to 7% and modification to the mortality and investment risk assumptions have only exacerbated the already steep growth in retirement benefit rates. These increases will make it even more challenging for cities to fund ongoing operations and services to the communities we serve while continuing to provide our employees with a sustainable retirement and quality healthcare benefit options.

The City of Hayward has worked hard to continue to provide quality services to the community and preserve employee benefits while taking significant steps toward attaining

fiscal sustainability. This has included partnering with employees who have stepped up to help address the budget gap by reducing expenses related to salaries and benefits such as waiving salary increases and sharing the cost of benefits including retirement and medical. During the October 2017 Fiscal Sustainability Worksession, the Council identified several budget balancing strategies and directed staff to explore potential revenue enhancements and to continue partnerships with labor groups to address the increasing costs of employee benefits including retirement and health care through cost sharing and other strategic initiatives to reduce personnel costs.

The City entered into negotiations with Local 1909 and HFOA in January 2018. Over the last five years, these groups have acknowledged the need for reduced costs associated with salaries and benefits and, in the last contract, relinquished salary increases that they were otherwise entitled to and contributed 6% of earnings toward the City's share of retirement costs, saving nearly \$5 million in the General Fund over the contract period. The proposed agreement reflects a continued commitment to addressing the structural budget gap and offsetting increased costs of retirement and healthcare. The parties reached a tentative agreement on March 21, 2018 and the agreement was ratified by the bargaining unit members on April 15, 2018.

## **DISCUSSION**

Throughout the negotiations, both sides agreed that to address the growing budget gap, a continued partnership between the City and its employee groups is essential and success would be the result of compromise from both sides.

The proposed changes include benefit cost sharing in the form of the continued 6% contribution toward the City's share of retirement costs and a 1% contribution to OPEB (Other Post Employment Benefits). Recognizing that health care costs continue to increase, Local 1909 and HFOA agreed to eliminate the highest cost plan, United Health, as an option for their members. This plan currently costs up to \$3,566.78 per month, which is nearly \$1,000 more than the next highest plan. There is a City contribution of \$2,400 per year to the deferred compensation account for all PEPRAs members and \$600 per year to the VEBA account of all members.

Another key part of the proposal is salary adjustments. Recent total compensation surveys show that Local 1909 and HFOA employees are between eleven and thirteen percent below market and the City is contractually obligated to compensate this group at the average of the top four survey agencies. The City's budget model for the extended contract period (FY 2020-FY 2024) calls for a 2% salary increase each year. The proposed MOUs call for no salary increase in FY 2020, a 2% increase in fiscal years 2021-2023, and a 3% increase in FY 2023, for a total of 9% in salary increases over the contract period, which is 1% less than what is budgeted in the City's financial model. This results in an overall savings to the City during the MOU period, which is maximized by the group taking no increase in the early year of the MOU and taking the largest increase in the last year. Other salary adjustments are administrative in nature and include rolling incentive pay into base pay and renaming the current longevity pay. Currently, employees receive 8% Paramedic Certification Pay and 2% for Emergency Medical Technicians, for a total of 10%. Having the emergency medical technician

certification is a requirement for the paramedic certification. The paramedic certification is a minimum requirement for the firefighter position and all new hires must have it. Therefore, it is no longer appropriate to pay as an incentive and this will be rolled into salary.

Other MOU changes are generally administrative and include language changes to reflect changes in law and policy. The table below summarizes the key proposed changes:

**Table 1: Key Proposed Changes**

<b>MOU TERM</b>	<b>PROPOSED LANGUAGE</b>	<b>EFFECTIVE DATE</b>
Retirement/Cost Sharing	Continue to contribute 6% of the employer's share of CalPERS contribution	January 1, 2019 (no interruption to current contribution)
OPEB Contribution	Employees contribute 1% of salary to OPEB	July 1, 2018
Salaries	FY 2020 - 0% FY 2021 - 2% FY 2022 - 2% FY 2023 - 2% FY 2024 - 3%	The beginning of the fiscal year, which is the pay period that includes July 1, for FY 2020 – FY 2024.
EMT Certification Pay	Eliminate incentive pay and roll 2% into salary	July 1, 2018
Paramedic Certification Pay	Eliminate incentive pay and roll 8% into salary	July 1, 2018
Sick Leave	Add 24 hours vacation to the balance of all employees who have a sick leave balance of 600 hours or more and have used less than 48 hours in one calendar year.	Leave awarded for period beginning January 1, 2019-December 31, 2019 and each calendar year through December 31, 2023.
Other Benefits	Contribute \$200 per month to the deferred compensation account of PEPRAs Members (\$2,400 annually)	January 1, 2019
Other Benefits	Contribute \$50 per month to the VEBA account of participating members or to the deferred comp account of members that don't have a VEBA account (\$600 annually)	January 1, 2019
Medical Insurance	Eliminate highest cost plan (United Health)	July 1, 2018
Long Term Disability	Eliminate City paid disability plan for HFOA employees	July 1, 2018
Service Awards & Receptions	Eliminate City payments	July 1, 2018



Overtime	Pay Fire Officers FLSA overtime	July 1, 2019
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**FISCAL IMPACT**

The proposed changes result in an estimated savings of approximately \$822,000 in comparison to projections in the General Fund budget model over the MOU period (FY 2019-FY 2024).

**STRATEGIC INITIATIVES**

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

**NEXT STEPS**

Staff will finalize the agreements and obtain the necessary review by the City Attorney and approval by the City Manager to execute them. HR will also work with Finance to implement the changes.

*Prepared and Recommended by:* Nina S. Collins, Director of Human Resources

Approved by:



---

Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 18-\_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

Resolution Approving the Amendment and Extension of the Memoranda of Understanding between the City of Hayward and Hayward Firefighters, Local 1909 and the Hayward Fire Officers Association and Authorizing Staff to Execute the Agreements

WHEREAS, the current Memoranda of Understanding between the City of Hayward and the Hayward Firefighters, Local 1909 (“Local 1909”) and Hayward Fire Officers (“HFOA”) will expire on December 31, 2018;

WHEREAS, the City, Local 1909 and HFOA entered negotiations in January 2018; and

WHEREAS, the City of Hayward has experienced some positive economic improvement and costs related to employee salaries and benefits, primarily retirement and healthcare continue to increase substantially; and

WHEREAS, Local 1909 and HFOA recognize the City’s fiscal challenges and continue to contribute toward the cost of CalPERS retirement and currently pay fifteen percent (15%) of which six percent (6%) is a cost share of the employer’s contribution rate; and

WHEREAS, the City, Local 1909 and HFOA have reached a tentative agreement to extend the Memoranda of Understanding that provides continued cost sharing of an additional 6% of the employers contribution rate, 1% contribution to OPEB, salary adjustments, and language changes; and

WHEREAS, the membership of Local 1909 and HFOA ratified the agreement as of April 15, 2018; and

WHEREAS, the proposed changes will save the City approximately \$822,000 more than projected in the City’s budget model for the contract period of FY 2019 through FY 2024;

NOW, THEREFORE, BE IT RESOLVED THAT THE City Council hereby approves the Memoranda of Understanding between it and Local 1909 and HFOA for the period of January 1, 2018 through December 31, 2023 and authorizes staff to execute said agreements, a copy of which will be on file in the Office of the City Clerk.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2018

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

## **ITEM #8**

**MAPS FOR APPROVAL OF ROUTE 238 TENANT  
TRANSFER ASSISTANCE PROGRAM AND  
APPROPRIATION OF PROGRAM FUNDING**

---

**From:** Colleen Kamai  
**Sent:** Tuesday, April 17, 2018 8:11 AM  
**To:** List-Mayor-Council <List-Mayor-Council@hayward-ca.gov>  
**Cc:** John Stefanski <John.Stefanski@hayward-ca.gov>  
**Subject:** Item 8 - Parcel Maps

Good morning,

At the request of a councilmember and on behalf of City Manager McAdoo, I am sharing the attached maps related to tonight's agenda item #8 Approval of Route 238 Tenant Transfer Assistance Program and Appropriation of Program Funding.

The first attachment is a full map of all parcel groups, the second attachment are focused maps of parcel groups 5, 7, & 9.

Please let me know if you have any questions.

Regards,  
Colleen

Colleen Kamai | Executive Assistant  
City of Hayward | Office of the Mayor & City Council  
777 B St., 4<sup>th</sup> Floor | Hayward, Ca 94541  
ph. 510-583-4340 | fax 510-583-3601  
[colleen.kamai@hayward-ca.gov](mailto:colleen.kamai@hayward-ca.gov)

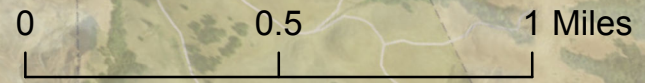
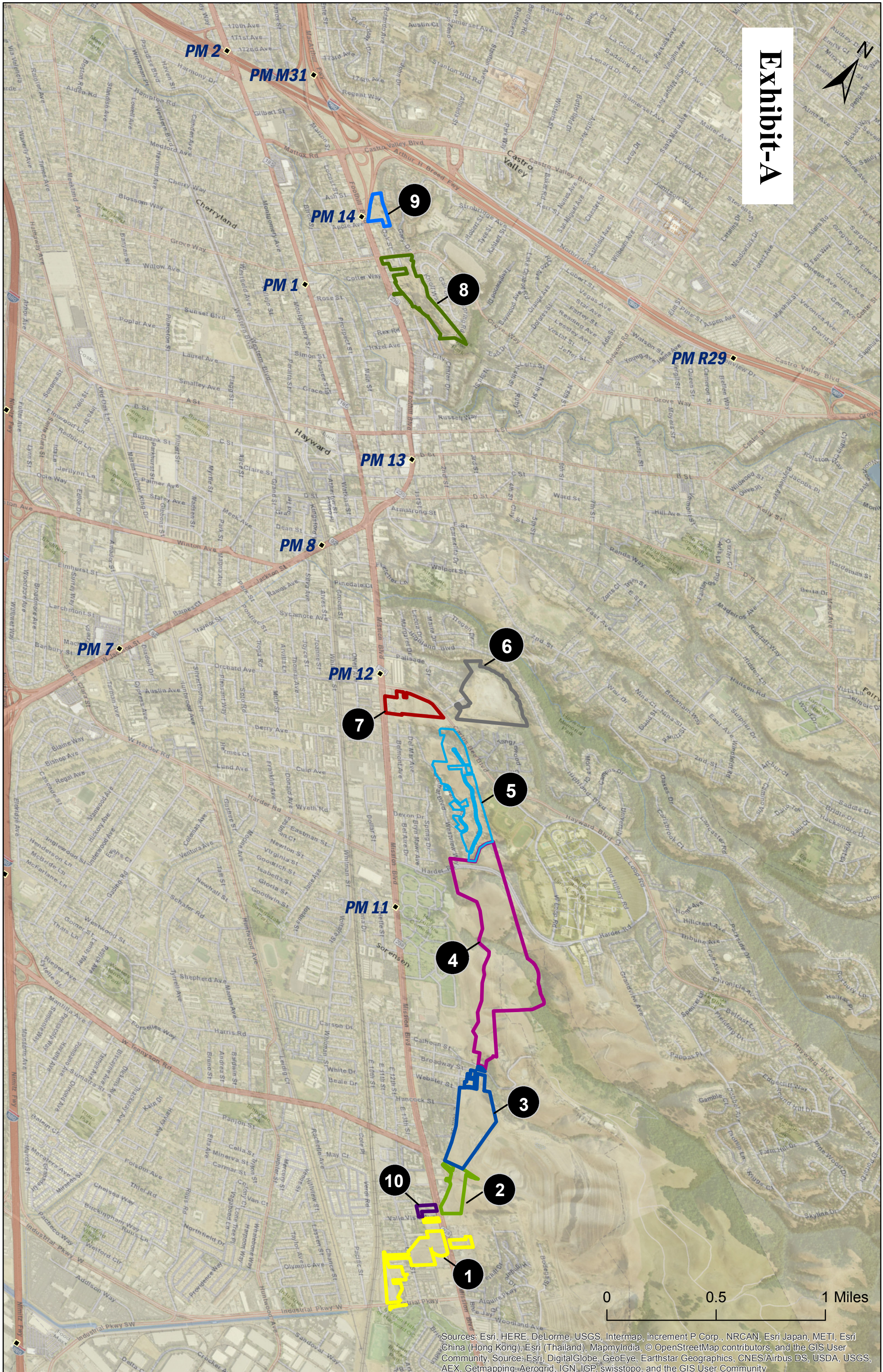


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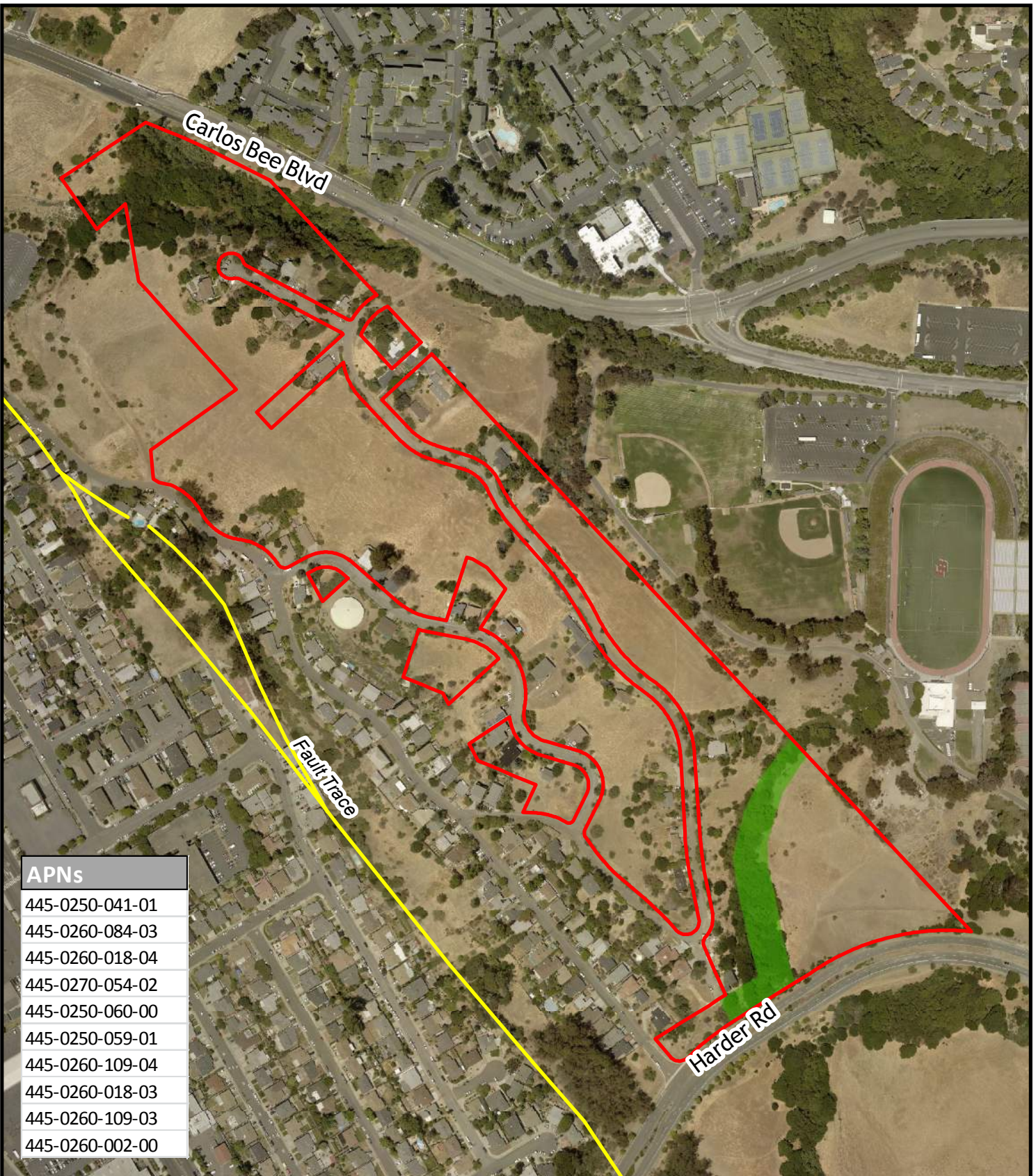
attachments. Opinions, conclusions and other information in this message that do not relate to the official business of the City of Hayward shall be understood as neither given nor endorsed by it.

**REPLY ADVISORY:** Please be advised that messages sent to me on the City of Hayward e-mail system are not confidential and may be reviewed by other persons without my knowledge. Please do not send messages or attachments that may violate the City of Hayward e-mail policy.

# Exhibit-A



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community, Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

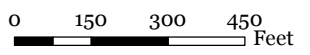


APNs
445-0250-041-01
445-0260-084-03
445-0260-018-04
445-0270-054-02
445-0250-060-00
445-0250-059-01
445-0260-109-04
445-0260-018-03
445-0260-109-03
445-0260-002-00

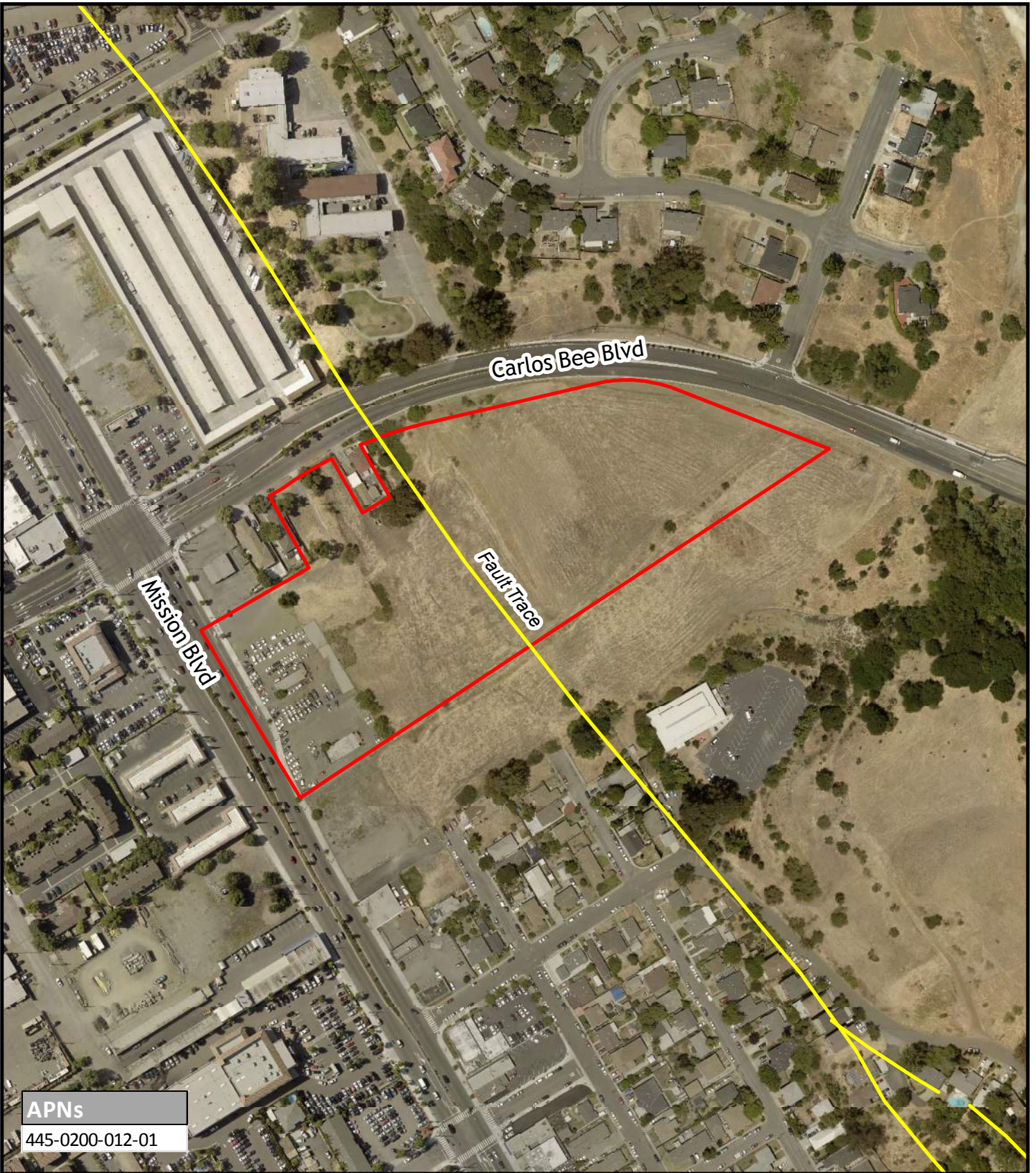
Location: Bunker Hill Blvd/Maitland Dr/Harder Rd

**Total Acres: 37.22**

**Open Space Acres: 1.7**







**APNs**

445-0200-012-01

Location: Mission Blvd/Carlos Bee Blvd

**Total Acres: 9.75**

**Open Space Acres: 0**





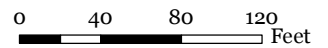
# PARCEL GROUP 9- APPLE/OAK



APNs
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415-0160-002-00
415-0160-003-00
415-0160-004-00
415-0160-005-00
415-0160-006-00
415-0160-007-00
415-0160-008-00
415-0160-009-00
415-0160-010-00
415-0170-002-00
415-0170-003-00
415-0170-004-00
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415-0170-006-00
415-0170-007-00
415-0170-008-00
415-0170-009-00
415-0170-010-00
415-0170-011-00
415-0170-012-00

**Total Acres:** 4.26  
**Total County Acres:** 1.59

Location: North of Apple



**ITEM #10 – LB 18-010**

**REPLACED ATTACHMENT VIII –  
PRESENTATION OF PROPOSED FY 2019  
OPERATING BUDGET AND UPDATE ON FIVE-  
YEAR PLAN**



## Memorandum

**DATE:** April 17, 2018  
**TO:** Mayor and City Council  
**FROM:** City Manager  
**SUBJECT:** Legislative Business Item No. 10 (LB 18-010): Corrected Table and Chart

---

The accompanying document replaces Attachment VIII and the chart labeled "Ending Fund Balance Comparison" found on page 5 of the staff report for agenda item no. 10 (LB 18-010) for the April 17, 2018 meeting of City Council. An error in this information was identified after publication of the agenda packet on April 13, 2018.

*Prepared and Recommended by:* Dustin Claussen, Director of Finance

Approved by:

---

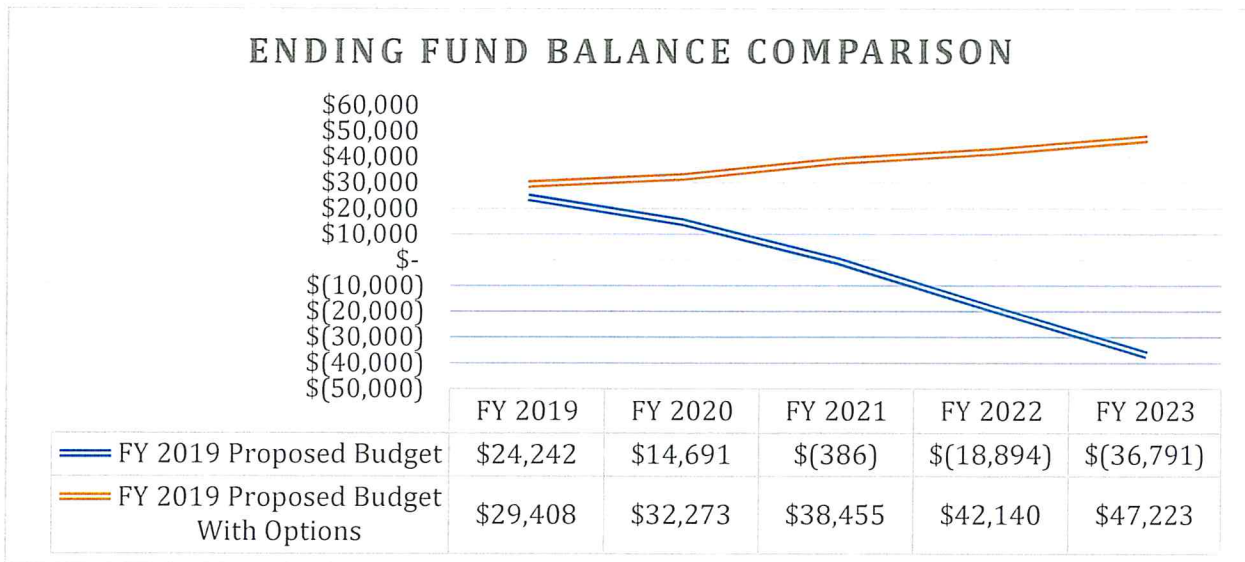
Kelly McAdoo, City Manager

Attachment:  
Attachment Table VIII and Chart page 5

## Attachment VIII

FIVE-YEAR GENERAL FUND SUMMARY - FY 2019 PROPOSED BUDGET With City Council Directed Options <i>in thousands</i>		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
		Year 1	Year 2	Year 3	Year 4	Year 5
Revenues		\$163,693	\$173,931	\$186,454	\$193,631	\$201,059
Expenditures		163,997	171,065	180,273	189,946	195,976
<b>Beginning Balance</b>		<b>\$29,713</b>	<b>\$29,408</b>	<b>\$32,273</b>	<b>\$38,455</b>	<b>\$42,140</b>
<i>Change in Reserve - Surplus / (Shortfall)</i>		<i>(\$305)</i>	<i>\$2,865</i>	<i>\$6,182</i>	<i>\$3,685</i>	<i>\$5,083</i>
<b>Ending Balance</b>		<b>\$29,408</b>	<b>\$32,273</b>	<b>\$38,455</b>	<b>\$42,140</b>	<b>\$47,223</b>
Target to maintain 20% GF Reserves in Operating Expenses		\$32,799	\$34,213	\$36,055	\$37,989	\$39,195
General Fund Reserve Level as % of Total Expenses		17.9%	18.9%	21.3%	22.2%	24.1%
Amount Above or (Below) Target 20%		(\$3,391)	(\$1,940)	\$2,401	\$4,151	\$8,028
Percentage Above or (Below) Target 20%		(10%)	(6%)	7%	11%	20%

### Ending Fund Balance Comparison





**DATE:** April 17, 2018

**TO:** Mayor and City Council  
Redevelopment Successor Agency Board  
Housing Authority Board

**FROM:** Director of Finance

**SUBJECT** Presentation of Proposed FY 2019 Operating Budget and Update on Five-Year Plan

**RECOMMENDATION**

That Council receives and comments on the Proposed FY 2019 Operating Budget and the Update to the Five-Year Plan.

**SUMMARY**

The Proposed FY 2019 Operating Budget is presented to the City Council in advance of the April 28, 2018 Saturday work session. Council will receive and comment on the Proposed FY 2019 Operating Budget and the updated Five-Year Plan.

**BACKGROUND**

The FY 2019 Operating Budget process began earlier than previous fiscal years in January of 2018. Over the last several months, Finance staff and the various departments met to review the respective FY 2019 department budget proposals before presenting them to the City Manager. On March 7, the FY 2019 Operating Budget Process was presented to the Council Budget and Finance Committee.

[In October 2017, the City held a Fiscal Sustainability work session](#), where City Council was presented with the new General Fund Long Range Financial Model (Model), as well as options for revenue generating, cost shifting, expenditure control, and changes in provision of services to assist in closing the City’s long term structural budget gap. City Council supported exploration of options primarily from revenue, expenditure control, and cost shifting.

**DISCUSSION**

Proposed FY 2019 Operating Budget

The purpose of this agenda item is to present Council with the Proposed FY 2019 Operating Budget document in advance of the April 28, 2018 Saturday work session. The Council will

consider the annual budget over the coming weeks prior to the planned adoption on May 22, 2018. The City Manager’s Budget Message & Budget Overview provides Council with a summary of the various considerations, recommended changes, and highlights of the FY 2019 budget, included herein as **Attachment II** and **Attachment III**.

The full FY 2019 Proposed Budget document will be available on-line on the City’s web site after 5:00 pm, Monday, April 16, 2018 and in hard copy on April 17, 2018. The proposed FY 2019-2028 Capital Improvement Program budget is scheduled to be presented to and discussed by Council on May 8, 2018.

Update on Five-Year Plan

City Council reviewed the Model at the budget work session on October 14, 2017, and reviewed **Attachment IV**, which illustrated that, if the City took no action, the General Fund reserve level would fall below the City’s 20% General Fund Reserve Policy, to 14.9% in 2019, 8.2% in 2020, and depletion of all the City’s General Fund reserve by 2021, leaving a -1% General Fund ending fund balance.

**TABLE 1: FIVE-YEAR GENERAL FUND PROJECTION (OCTOBER 2017)**

<b>FIVE-YEAR GENERAL FUND PROJECTION OCTOBER 2017</b> <i>in thousands</i>	<b>FY 2019</b> <b>Year 1</b>	<b>FY 2020</b> <b>Year 2</b>	<b>FY 2021</b> <b>Year 3</b>	<b>FY 2022</b> <b>Year 4</b>	<b>FY 2023</b> <b>Year 5</b>
Revenues	\$158,113	\$160,690	\$164,181	\$170,353	\$176,909
Expenditures	163,266	170,963	180,068	189,690	195,683
<b>Beginning Balance</b>	<b>\$29,424</b>	<b>\$24,271</b>	<b>\$13,998</b>	<b>(\$1,890)</b>	<b>(\$21,227)</b>
<i>Change in Reserve - Surplus / (Shortfall)</i>	<i>(\$5,153)</i>	<i>(\$10,273)</i>	<i>(\$15,887)</i>	<i>(\$19,337)</i>	<i>(\$18,774)</i>
<b>Ending Balance</b>	<b>\$24,271</b>	<b>\$13,998</b>	<b>(\$1,890)</b>	<b>(\$21,227)</b>	<b>(\$40,001)</b>
Target to maintain 20% GF Reserves in Operating Expenses	\$32,653	\$34,193	\$36,014	\$37,938	\$39,137
General Fund Reserve Level as % of Total Expenses	14.9%	8.2%	-1.0%	-11.2%	-20.4%
Amount Above or (Below) Target 20%	(\$8,383)	(\$20,195)	(\$37,903)	(\$59,165)	(\$79,138)
Percentage Above or Below Target 20%	-26%	-59%	-105%	-156%	-202%

Mid-Year Adjustments and Impact on Five Year Forecast

During the mid-year review of the FY 2018 Adopted Budget, a mid-year expenditure adjustment of \$2.15 million in the General Fund was made in order to ensure the Model was updated to reflect the FY 2017 audited actuals, FY 2018 revised revenue projections, and FY 2018 mid-year expenditure adjustments. **Attachment V** shows the General Fund reserve level falling below the City Council’s 20% policy level to 12.6% in 2019, 4.5% in 2020, and an exhaustion of the City’s General Fund reserve in 2021, with -6% ending fund balance.

<b>FIVE-YEAR GENERAL FUND SUMMARY - FY18 MID-YEAR PROJECTION</b> <i>in thousands</i>	<b>FY 2019</b> Year 1	<b>FY 2020</b> Year 2	<b>FY 2021</b> Year 3	<b>FY 2022</b> Year 4	<b>FY 2023</b> Year 5
Revenues	\$158,150	\$160,700	\$164,161	\$170,353	\$176,909
Expenditures	166,163	173,924	183,093	192,779	198,838
<b>Beginning Balance</b>	<b>\$29,000</b>	<b>\$20,987</b>	<b>\$7,763</b>	<b>(\$11,168)</b>	<b>(\$33,595)</b>
<i>Change in Reserve - Surplus / (Shortfall)</i>	<i>(\$8,013)</i>	<i>(\$13,224)</i>	<i>(\$18,932)</i>	<i>(\$22,426)</i>	<i>(\$21,929)</i>
<b>Ending Balance</b>	<b>\$20,987</b>	<b>\$7,763</b>	<b>(\$11,168)</b>	<b>(\$33,595)</b>	<b>(\$55,524)</b>
Target to maintain 20% GF Reserves in Operating Expenses	\$33,233	\$34,785	\$36,619	\$38,556	\$39,768
General Fund Reserve Level as % of Total Expenses	12.6%	4.5%	-6.1%	-17.4%	-27.9%
Amount Above or (Below) Target 20%	(\$12,245)	(\$27,021)	(\$47,787)	(\$72,150)	(\$95,292)
Percentage Above or (Below) Target 20%	(37%)	(78%)	(130%)	(187%)	(240%)

During the October 14, 2017 budget work session, City Council identified several budget balancing strategies and directed staff to explore the following options for potential implementation beginning in FY 2019. These strategies are included in **Attachment VI**:

<b>Options</b>	<b>Estimated Annual Fiscal Impact</b>	<b>Additional Details</b>
<b>Revenue Generation Strategies</b>		
<i>Real Property Transfer Tax (RPTT)</i>	\$4,020,000 - \$16,890,000	Potentially Place on Ballot in 2018 (\$7-\$15 per \$1,000) FY 2020 could be first full year
<i>Transient Occupancy Tax (TOT)</i>	\$356,000 - \$1,370,000	Potentially Place on Ballot in 2018 (10%-14%) FY 2020 could be first full year
<i>Business License Tax (BLT)</i>	\$2,900,000 - \$4,000,000 increase	Potentially Place on Ballot in 2020 \$19.06-\$26.02 per capita
<i>Cannabis Tax</i>	\$750,000-\$2,500,000	Assume 2% growth annually FY 2019 is first full year
<b>Expenditure Controls and Cost Shifts</b>		
<i>Update Cost Allocation Plan</i>	\$100,000	
<i>Employee Cost Sharing</i>	\$1,000,000	
<b>Service Delivery Changes</b>		
<i>Prioritized Use of Measure C Revenue after Projects Completed - Transfer to GF</i>	\$7,000,000 - \$7,500,000	Beginning in FY2021
<i>Fleet Utilization Study</i>	\$121,975	

If the City does not implement any changes and only adopts the FY 2019 budget as proposed, **Attachment VII** shows the General Fund reserve level falling below the City Council's 20% General Fund Reserve Policy to 14.7% in 2019, 8.5% in 2020, and complete depletion of the City's General Fund reserve in 2021, leaving a -1% ending fund balance.



<b>FIVE-YEAR GENERAL FUND SUMMARY - FY 2019 PROPOSED BUDGET</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<i>in thousands</i>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Revenues	\$159,748	\$162,774	\$166,492	\$172,774	\$179,454
Expenditures	165,219	172,324	181,570	191,282	197,351
<b>Beginning Balance</b>	<b>\$29,713</b>	<b>\$24,242</b>	<b>\$14,691</b>	<b>(\$386)</b>	<b>(\$18,894)</b>
<i>Change in Reserve - Surplus / (Shortfall)</i>	<i>(\$5,471)</i>	<i>(\$9,551)</i>	<i>(\$15,078)</i>	<i>(\$18,508)</i>	<i>(\$17,897)</i>
<b>Ending Balance</b>	<b>\$24,242</b>	<b>\$14,691</b>	<b>(\$386)</b>	<b>(\$18,894)</b>	<b>(\$36,791)</b>
Target to maintain 20% GF Reserves in Operating Expenses	\$33,044	\$34,465	\$36,314	\$38,256	\$39,470
General Fund Reserve Level as % of Total Expenses	14.7%	8.5%	-0.2%	-9.9%	-18.6%
Amount Above or (Below) Target 20%	(\$8,802)	(\$19,773)	(\$36,700)	(\$57,151)	(\$76,261)
Percentage Above or (Below) Target 20%	(27%)	(57%)	(101%)	(149%)	(193%)

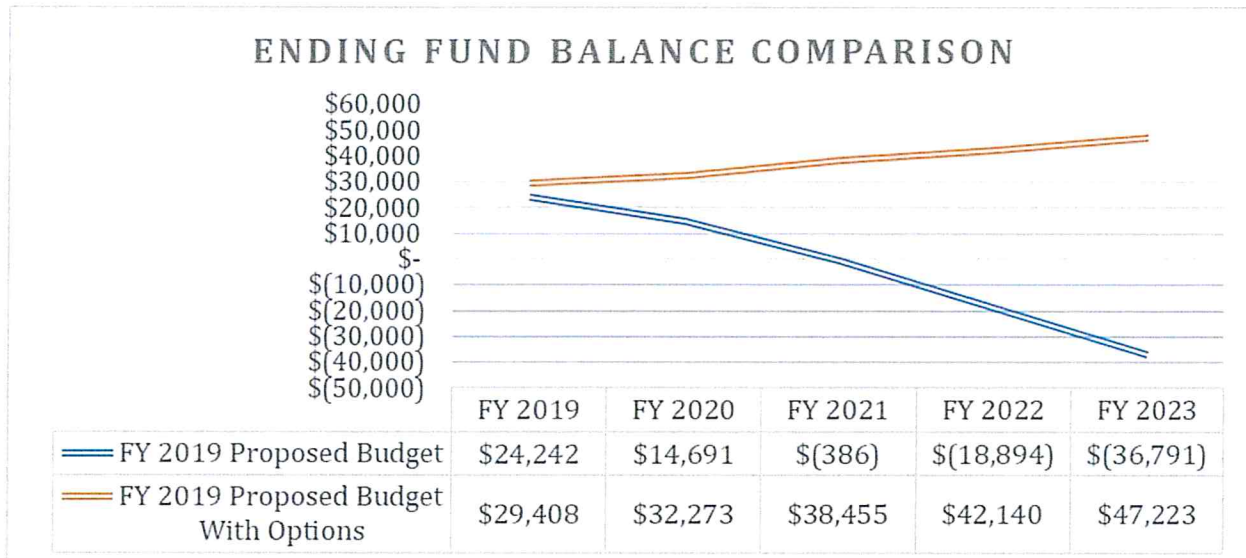
While the proposed FY 2019 General Fund budget is balanced with the reluctant use of \$5.5 million of General Fund reserves, achieving this balance is the result of some difficult choices. While the budget does not contain expenditure reductions, it maintains current service levels and includes limited growth in necessary areas. It also restores full funding to the City's internal fleet and information technology (IT) funds, consistent with FY2017 levels. In FY 2018, the Council made a one-time reduction to transfers to these internal service funds to balance the FY 2018 budget. These reductions are not sustainable long term as they prevented the City from making key investments and replacements of critical fleet and IT equipment. The ultimate adopted FY 2019 budget may again incorporate some one-time balancing measures to reduce this proposed use of General Fund reserves.

**Attachment VIII** shows the impacts on the five year forecast with the FY 2019 proposed budget and the Council directed options being implemented. In this model, the General Fund reserve level falls below the City Council's 20% General Fund Reserve Policy to 16.3% in 2019, 16.0% in 2020, 17.2% in 2021, 17.0 in 2022, and 17.7% in 2023. With the inclusion of the City Council directed options, there is very gradual restoration of General Fund reserves. This option includes the following changes in conditions:

- Increase Real Property Transfer tax to \$9.95/\$1,000 in 2019
- Increase Transient Occupancy Tax to 12% in 2019
- Increase the Business License Tax by 25% in 2021
- Cannabis Tax revenues at \$750,000 in 2019
- Cost Allocation Plan Update - \$100,000 annually
- Employee Cost Sharing - \$1,000,000 annually
- Prioritized Use of Measure C Revenue Transfer to GF in 2021 - \$7,500,000 annually
- Fleet Utilization Study - \$121,975 annually

FIVE-YEAR GENERAL FUND SUMMARY - FY 2019 PROPOSED BUDGET With City Council Directed Options <i>in thousands</i>		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	Year 1	Year 2	Year 3	Year 4	Year 5	
Revenues	\$163,693	\$173,931	\$186,454	\$193,631	\$201,059	
Expenditures	163,997	171,065	180,273	189,946	195,976	
<b>Beginning Balance</b>	<b>\$29,713</b>	<b>\$29,408</b>	<b>\$32,273</b>	<b>\$38,455</b>	<b>\$42,140</b>	
<i>Change in Reserve - Surplus / (Shortfall)</i>	<i>(\$305)</i>	<i>\$2,865</i>	<i>\$6,182</i>	<i>\$3,685</i>	<i>\$5,083</i>	
<b>Ending Balance</b>	<b>\$29,408</b>	<b>\$32,273</b>	<b>\$38,455</b>	<b>\$42,140</b>	<b>\$47,223</b>	
Target to maintain 20% GF Reserves in Operating Expenses	\$32,799	\$34,213	\$36,055	\$37,989	\$39,195	
General Fund Reserve Level as % of Total Expenses	17.9%	18.9%	21.3%	22.2%	24.1%	
Amount Above or (Below) Target 20%	<i>(\$3,391)</i>	<i>(\$1,940)</i>	\$2,401	\$4,151	\$8,028	
Percentage Above or (Below) Target 20%	<i>(10%)</i>	<i>(6%)</i>	7%	11%	20%	

As we continue to work toward exploration and implementation of the City Council directed options in pursuit of fiscal sustainability, work remains. If the structural gap cannot be resolved over the long-term, future budgets are likely contain recommendations for service reductions even without significant change to economic conditions.



## STRATEGIC INITIATIVES

The Proposed FY 2019 Operating Budget includes budget augmentations to fund projects that support the three Council Strategic Initiatives. These will be discussed further as part of the upcoming Saturday budget work session.

## NEXT STEPS

Upcoming opportunities for public input and comment are:

- April 28<sup>th</sup> All-day Special Work Session of Council, including Departmental budget presentations
- May 1<sup>st</sup> Budget Work Session #1 at regular Council meeting (if needed)

May 8<sup>th</sup> Presentation of FY 2019-2028 Capital Improvement Program Budget  
(regular City Council meeting – work session)

May 8<sup>th</sup> Budget Work Session #2

May 22<sup>nd</sup> Public Hearing and Adoption for FY 2019 Operating and Capital budgets

*Prepared by:* Nicole Gonzales, Budget Officer  
Monica Davis, Management Analyst II

*Recommended by:* Dustin Claussen, Director of Finance

Approved by:



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Kelly McAdoo, City Manager

**PUBLIC COMMENT**

**CHARLIE PETERS**

# Alhambra Woman Lost \$1,000 in Auto Repair Scam

*By Josh Haskell / KABC 7 TV / April 16, 2018*

ALHAMBRA, Calif. (KABC) -- Rita Ellis's 2017 Toyota Corolla had more damage after she had repair work done than before.

"He said I can fix that, all I need to do is pop out the dent and just get rid of a few of the scrapes and I charge \$200," said Ellis.

The scam happened when Ellis arrived at a South Pasadena Ralphs to go food shopping.

She was approached by a man named Daniel who gave her a fake business card. He worked on Ellis's vehicle three separate times and charged her \$1,000 in all. Ellis said he had a license and at the time, she didn't realize the documents provided were fake.

"He has vanished and the last time he said he would fix it, he covered it up with turtle wax. He said don't do anything until 24 hours and when I looked at it in 24 hours, it looked worse than the original dent," said Ellis.

Mobile auto repair shops do exist.

The California Bureau of Automotive Repair says you should look for the business name, license number, and telephone number on the repair shop's vehicle. The business should also be searchable in the BAR database.

Frankie Gonzalez owns the repair shop who fixed Ellis's car following the scam.

"It happens every day," Gonzalez said. "Somebody chases you down in the parking lot and says I can fix that scratch or that dent for a really low price and I can do it on the spot or we can go to your house and then they ruin your car from there."

BAR says from 2016 to 2017, it received 18,000 complaints resulting in \$5.4 million in restitution, settlements, rework and refunds.

Rita Ellis is in the process of filing a police report, hoping she can prevent this from happening to someone else.

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[http://abc7.com/alhambra-woman-out-\\$1000-in-auto-repair-scam/3352995/](http://abc7.com/alhambra-woman-out-$1000-in-auto-repair-scam/3352995/)

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## **With new CEO, Volkswagen shifts focus from scandal to future tech**

*By AP / Arab News / April 13, 2018*

FRANKFURT: Volkswagen's new CEO said Friday that the automaker must "significantly step up the pace" as it develops electric and self-driving vehicle technologies and offers transportation as a digitally driven service.

Herbert Diess said a new management structure bundling the company's dozen brands in just three divisions would mean faster decisions as the company keeps up with sweeping change in how people use cars. And it will help make decisions more transparent to avoid a repeat of the disastrous diesel emissions scandal that has cost Volkswagen billions in fines.

The 59-year-old Diess was named Thursday as the German automaker's new CEO, replacing Matthias Mueller. The handover carries some symbolism as Mueller had been the executive tasked in September 2015 to lead the company through its scandal over cheating on US diesel car emissions tests.

As CEO, Diess will also be responsible for the company's mass market brands Volkswagen, SEAT and Skoda, as well as digital services and vehicle software. Luxury group Audi will be placed in a separate premium division and high-end brands Porsche, Bentley, Bugatti and Lamborghini in a super-premium group.

Chairman Hans Dieter Poetsch said Diess would have a chief operating officer to oversee day to day issues at the volume segment so that he would not lose focus on the company as a whole. That executive has not been named.

Speaking at a news conference at the company's headquarters in Wolfsburg, Germany, Diess said the company's goal would be "to forcefully and with focus press ahead" with the company's Strategy 2025. The plan involves adding 30 battery-powered vehicles by 2025 and tapping new revenue possibilities by focusing on offering temporary use of autos as a service.

The strategy also includes building a more open, values-based culture to avoid the cheating that took place under Martin Winterkorn, who resigned when the scandal broke in 2015. Eight managers were charged with criminal offenses in the United States and the company paid more than \$20 billion in fines, settlements and penalties. In Europe, the scandal dealt a serious blow to sales of cars with diesel engines, as the heightened scrutiny revealed that other manufacturers also sold cars that polluted far more during regular driving than

during testing, although not necessarily using the same illegal methods that Volkswagen did.

Despite the high costs in reputation and fines, the company under Mueller's two-year stewardship achieved record sales of 10.74 million vehicles in 2017 and made 11.6 billion euros (\$14.3 billion) in profit.

Poetsch said that the company has "to a great extent put the diesel crisis behind us."

As an outsider who didn't come up through the Volkswagen ranks as did Mueller, Diess must master the company's unique and sometimes unwieldy corporate culture, which includes a major government stakeholder in the state of Lower Saxony and strong employee representation that has tended to hinder cost-cutting.

Diess came to Volkswagen in 2015 as head of the core nameplate from competitor BMW, where he was head of vehicle development. His first job was hammering out a 2016 cost-cutting agreement with the company's powerful labor representatives.

The deal foresees raising German factory productivity by 25 percent and dropping 23,000 jobs through attrition but expressly rules out layoffs.

The management shakeup included appointing an employee representative, Gunnar Kilian, as chief human resources manager. Analyst Max Warburton at Sanford C. Bernstein said the Kilian appointment had the appearance of concession to powerful employee representatives in return for agreeing to naming investor-friendly cost-cutter Diess as CEO.

Warburton said, however, that despite fears that Volkswagen's insular culture might reject Diess's hardnosed approach, "instead of being squeezed out he has been pushed upward and made CEO," calling that "a sign of real change at VW."

<http://www.arabnews.com/node/1284086/business-economy>

## ***VW, Shell Oil, Parsons & EPA Partners?***

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# Toyota temporarily suspends U.S. public AV testing after Uber fatality

*By Hans Greimel / Automotive News / March 20, 2018*

TOKYO — Toyota Motor Corp. said it was temporarily suspending public road testing of its advanced autonomous driving technology after a self-driving Uber test car killed an Arizona pedestrian in the first known fatality involving a fully autonomous vehicle.

The pause in testing affects vehicles operating in chauffeur mode — Toyota's in-house term for fully autonomous driving — a Toyota spokesman said Tuesday.

The decision suspends only operations in the U.S. and was ordered by the Toyota Research Institute, the Silicon Valley-based unit researching autonomous driving and robots. Toyota did not say when it would resume public road tests.

"We are intentionally waiting to see what the investigation reveals," Toyota spokesman Brian Lyons said of the ongoing police probe into Sunday night's Uber accident.

"We just want to give our drivers time to reflect about how important their jobs are."

Public testing of fully autonomous vehicles will continue in Japan, another spokesman said.

Toyota said it suspended U.S. public road trials out of consideration for the human drivers who sit behind the wheel with the duty of overriding the autonomous system if something goes wrong. The pause was not triggered by concerns about the technology, Toyota said.

It is ironic — but true — that automakers are racing to develop a new generation of vehicles that will utterly destroy the traditional auto industry.

"We cannot speculate on the cause of the incident or what it may mean to the automated driving industry going forward," the company said in an emailed statement to Automotive News.

"Because we feel the incident may have an emotional effect on our test drivers, we have decided to temporarily pause our Chauffeur mode testing on public roads."

Uber's decision

The Uber vehicle, which was supervised by a human safety driver at the time of the accident, struck the woman March 18 as she was walking her bike across the street outside a crosswalk.

Uber has suspended pilots in all cities following the deadly crash.

The police chief of Tempe, Ariz., where the crash took place, said an early investigation found that the collision would have been difficult to avoid. "I suspect preliminarily it appears that the Uber would likely not be at fault in this accident, either," said Chief Sylvia Moir. The statement appeared in a report by the San Francisco Chronicle.

Toyota has been doing on-road testing in Michigan and California. The Japanese carmaker declined to say how many fully autonomous vehicles it tests on public roads.



"TRI has historically not disclosed the size of our test fleet. TRI can say our number of test vehicles is intentionally small to allow for flexibility as our technology and capability rapidly advances."

#### Childhood trauma

As a boy, TRI head Gil Pratt witnessed his best friend being run down and killed in the street by a car. The tragic experience stayed with Pratt, who was hired by Toyota in 2015 after working as program manager for robotics at the U.S. Defense Advanced Research Projects Agency.

Pratt is credited with convincing Toyota CEO Akio Toyoda that self-driving cars have the potential to make such accidents a thing of the past.

Japan's next-biggest automakers, Nissan and Honda, were largely quiet on the accident.

Nissan spokesman Nicholas Maxfield declined to say whether Japan's No. 2 automaker is reviewing testing protocols or considering a suspension of in the wake of the Uber accident.

Nissan Motor Co., which is making autonomous driving a key pillar of its growth strategy, issued a statement reaffirming its commitment to safety.

#### Nissan commitment

"Autonomous vehicle testing protocol includes a trained safety driver at the controls constantly engaged with the vehicle and a test engineer in the rear seat to operate the system," Nissan said in the statement. "Nissan is committed to the safety and security of our customers and their passengers."

As of late 2017, Nissan and its alliance partner Renault had a seven-vehicle fleet for testing on local roads around their Silicon Valley research center: three Nissan Leaf electric vehicles, two Infiniti Q50 sedans and two Renault Zoe EVs.

This month, Nissan began a two-week trial of a robotaxi service in downtown Yokohama, Japan. That trial used two modified Nissan Leafs.

Nissan did not respond to a query about how many cars it currently has in public trials.

Honda spokeswoman Sanae Tanaka declined to comment on measures Honda might be taking in the aftermath of the Uber accident. Honda said it does not disclose the location of its public testing of autonomous driving vehicles nor the number of how many vehicles it has.

<http://www.autonews.com/article/20180320/MOBILITY/180329975/toyota-suspends-us-autonomous-vehicle-testing>

*Department of Consumer Affairs, Bureau of Automotive Repair Director (916-574-8200)*

***The DCA-BAR does not seem to care if Smog Check faults get fixed.***

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# *Mr President: VW Smog Check game*

*By Charlie Peters, cc: Eagle Forum of California, March 21, 2017*

*Honorable President Trump: Voice (202) 456-1111 / fax: 395-1051*

In a 1992 visit to Washington DC Environmental Protection Agency (EPA) upper management, EPA ask for an opinion of Smog Check test performance, can the IM 240 generate desired results?

The opinion provided was NO, even Federal Test Procedure (FTP) could not, NOT, control cheating results.

EPA was provided the opinion that the ethics of regulator and regulated with a proper audit system could perform superior to the modeled technology only results.

So what does it take to consider a audit pilot study concept demonstration?

A California Department of Consumer Affairs (DCA) / Bureau of Automotive Repair meeting in 1993 resulted in an “agreement” to start a pilot study to demonstrate proof of concept within 45 days.

Is it time to consider a California Air Resources Board (CARB) / Environmental Protection Agency (EPA) Attorney General Review For The Rest of The Story?

People matter.

Respectfully, Clean Air Performance Professionals (CAPP) an award winning coalition of motorists



Charlie Peters

CAPP

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cc: interested parties

<http://www.foxbusiness.com/features/2017/03/05/german-chancellor-angela-merkel-to-testify-on-volkswagen-emissions-scandal.html>

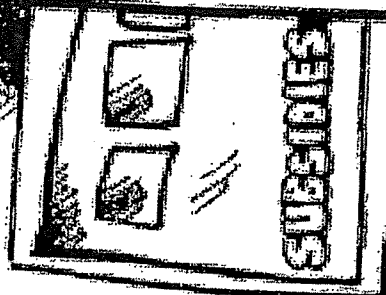
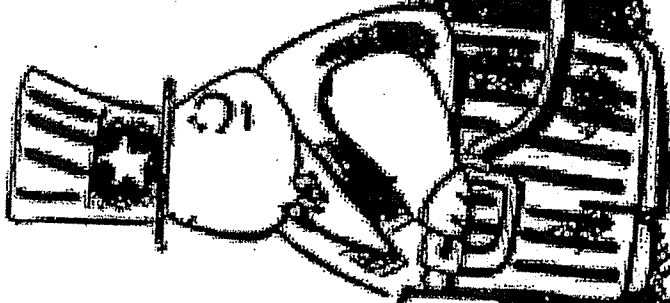
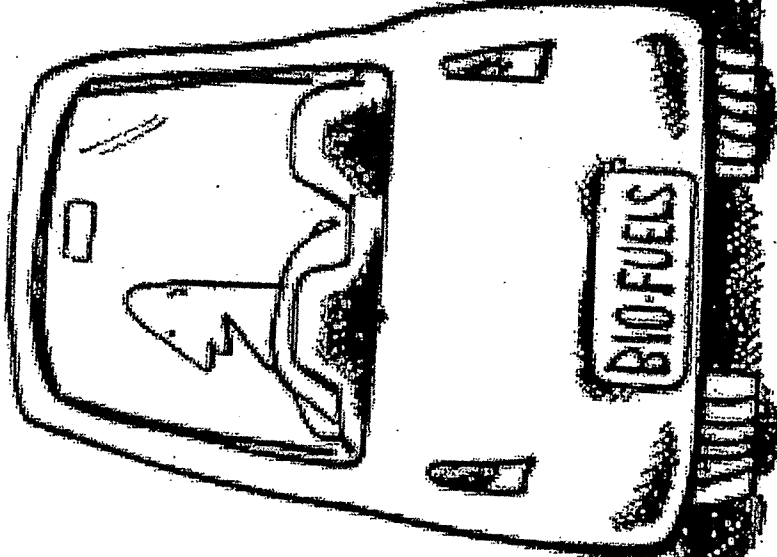
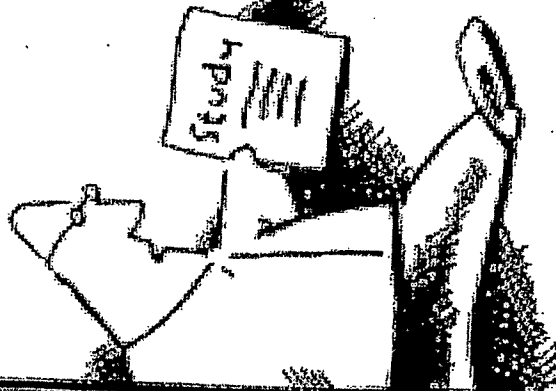
## *VW-Shell-Parsons-EPA Partners?*

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WAIT!

IT TURNS OUT BIOFUELS  
MAY BE WORSE FOR  
GLOBAL WARMING!

TOO  
LATE!



FULL  
SERVICE

50

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ABOUT THE SCIENCE? - GLENN

# Retired mechanic may be driving ethanol concerns of Maine governor

*(AP) / The Grand Island Independent / July 9, 2016*

PORTLAND, Maine (AP) — A retired mechanic concerned that ethanol in gas is contributing to Maine's opioid crisis may have inspired Republican Gov. Paul LePage's recent move to study ethanol's effect on health.

The Portland Press Herald is reporting that a Republican state legislator has been studying the issue with 77-year-old Ralph Stevens, of South Berwick, for more than six years.

Republican Rep. Beth O'Connor had sent LePage a letter signed by 85 legislators and a copy of Stevens' written testimony to urge him to take action.

LePage last week issued an executive order requiring state agencies to fuel vehicles with gasoline that has less than 5 percent ethanol, if possible and not cost prohibitive.

The Press Herald reports that O'Connor asserts the additive exacerbates post-traumatic stress disorder and causes depression and anger.

[http://www.theindependent.com/news/ag\\_news/retired-mechanic-may-be-driving-ethanol-concerns-of-maine-governor/article\\_915c58e8-4490-11e6-8d26-c3b3540d35c2.html](http://www.theindependent.com/news/ag_news/retired-mechanic-may-be-driving-ethanol-concerns-of-maine-governor/article_915c58e8-4490-11e6-8d26-c3b3540d35c2.html)

***Trump-Obama-Clinton Love (ADM-Poet-BP-Shell-DuPont-Monsanto-Sunoco) GMO Corn Mandate?***

***CAPP contact: Charlie Peters (510) 537-1796 cappcharlie@earthlink.net***

**State Capitol, Room 5066 / (916) 651-4015 / Fax: (916) 651-4915**  
**By Senator Jim Beall / San Jose California / March 15, 2016**

*We have a gentleman from the public who would like to say a few words.*

**We will give you a minute or two at the most, if you will give us your name and affiliation and your thoughts.**

**Yes I am Charlie Peters, Clean Air Performance Professionals, we are a coalition of motorists.**

**And we are very interested in this subject mater.**

**And I think the issue here that comes to mind to me very significantly is what has not been said here today.**

**An issue of the process being an appropriate oversight. And People to correct the problem. Seems to be the part that maybe needs a little more of your consideration.**

**As an example in California we have something called a PZEV, Partial Zero Emissions vehicle, I have in my hand my testimony at the Air Resources Board in 2003 indicating this was a free service by the car manufacturers and it was going to get done perfect every time with every car and it is going to be a perfect world because it was free.**

**Our experience is that we have never found an instance ware a car has**

<http://senate.ca.gov/media/joint-hearing-senate-transportation-and-housing-and-judiciary-committee?type=video>

**had a problem that was a PZEV vehicle that failed a Smog Check with the check engine light on that required a repair, that is guaranteed by the manufacturer for diagnosis and repair at no charge, where that has been done correctly ever never been done ever.**

**So the issue is who is responsible and how do you get a complaint so it can be even considered. In our system the complaint the oversight is California Air Resources Board, CARB will not take a complaint unless it has a written rejection by the manufacturer stating this particular car of this this customer than needs a PZEV repair they are refusing to do the repair.**

**They are never going to do that. The consumer will take the car to the dealer or aftermarket. The car never gets fixed.**

**These problems are absolutely solvable they can be done today we can start fixing this now but somebody needs to pay attention to what are we doing here.**

**Is this an argument over who gets to do the business or do people matter?**

**CAPP contact: Charlie Peters / (510) 537-1796 / [cappcharlie@earthlink.net](mailto:cappcharlie@earthlink.net)**

# Hawaii enters national debate over future of ethanol in gas

*By Cathy Bussewitz, (AP), Hawaii News Now, May 6, 2015*

HONOLULU (AP) - Hawaii lawmakers have put the state at the front of a national discussion over the future of ethanol in gasoline by passing a bill that puts an end to a requirement that the corn-based additive be mixed into fuel sold in the state.

The move comes as Congress faces pressure to review a federal mandate that calls for ethanol and other renewables in the nation's fuel supply.

Hawaii has required a 10 percent ethanol blend in its gas since 2006. The order was intended to support alternative energy and boost local agriculture.

Opponents, however, say those benefits haven't come, since Hawaii has been importing blended fuel. "Hawaii embarked on a grand experiment to figure out if we can help establish a local renewable ethanol industry, producing ethanol from locally grown feed stocks," Rep. Chris Lee said. "Unfortunately, it just never materialized."

Lee's proposal cleared the Legislature late Tuesday.

Gov. David Ige hasn't made a decision on the bill, but he indicated support Wednesday, saying no one invested in ethanol in Hawaii despite tax credits. The Democrat called it a "lesson learned."

The bill passed amid support from an odd coalition of environmentalists, fuel manufacturers and poultry farmers who blamed ethanol for cutting into their profits

by raising the cost of feed.

"Diversion of corn for ethanol is causing corn prices to skyrocket," Rep. Angus McKelvey said.

More than a dozen states have ethanol mandates, according to the National Conference of State Legislatures, which tracks state government activity. No similar bills have been introduced elsewhere this year, the group said Wednesday, making Hawaii the second state to pass such a bill.

Florida ended its mandate in 2013, the same year the Environmental Protection Agency proposed reducing the amount of ethanol in fuel, acknowledging that a federal push wasn't working as well as expected.

There have been no changes to federal law on the issue since the EPA report, but Pennsylvania Republican Sen. Pat Toomey and California Democratic Sen. Dianne Feinstein have introduced a bill seeking to repeal the corn ethanol mandate in the federal Renewable Fuel Standard.

A bi-partisan group of dozens of other U.S. senators, however, recently sent the agency a letter supporting the requirement that resulted in about 10 percent of fuel in the U.S. containing ethanol last year.

"It has strengthened agriculture markets and created hundreds of thousands of jobs in the new energy economy," the letter, signed by 37 senators, including Hawaii Democrats Brian Schatz and Mazie Hirono, stated, "many of which are in rural areas."

<http://www.hawaiinewsnow.com/story/28997158/hawaii-enters-national-debate-over-future-of-ethanol-in-gas>

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*Clean Air Performance Professionals*

# ***STOP***

## ***California Smog Check***

***Save Billions In "Wallet Flushing" Car Tax***

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# Bar Sunset Review

*BAR field offices, is it time for improved Smog Check Performance?*

*By Charlie Peters, Clean Air Performance Professionals, Mar 8, 2014*

*Money to repair not scrap, and.....*

How about a car at the referee that fails being refereed back to the Smog Check provider after the fail fault has been determined, for further action, without any instructions on fault analysis?

The BAR and the owner just ask the service and repair provider if the referee failed car should be provided with further opportunity to repair?

Can a historical 50% repair performance result be improved to 80%, 30% performance improvement?

A BAR previous motorist Smog Check partnership resulted in all failed cars that received further voluntary repair passed at the next referee inspection every time. Every time.

W. Edwards Deming audit Total Quality Management (TQM) reviews changed Japan to the #1 performing mfg. country in the world in 4 years flat.

About 1980 Ford, IBM, Harley-Davidson etc. with W. Edwards the Deming contributions made large progress in cost, quality & profit results.

Central Valley free inspection and repair program might prove an interesting audit study.

Who is Awet Kidane?

Can PZEV Smog Check failed car perform @ over 80% pass rate after repair, two years after previous test fail result? 2,000,000 PZEV's have been produced so far.

Data from BAR Chief Patrick Dorais United Parcel Service (UPS) performance study about 1995 might prove interesting. 90% fail became about 90% pass. Initial test result performance improvement without any factors other than a quality audit.

Union, licensed Smog Check providers at the start and no Smog Check license after 1 year. Just a little of the TQM methods.

Keith Smith, TQM guru, ask the Inspection and Maintenance Review Committee (IMRC) about improved Smog Check oversight methods at the only meeting held in the State Capitol.

Mike Vanderlaan, the UPS study manager, also ask IMRC if the committee would support the Deming method

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# AAA Wants Washington to Ease Ethanol Mandate

*By Tennille Tracy, Wall Street Journal, October 28, 2013*

The motor club AAA waded into the battle Monday over renewable transportation fuels, asking the Environmental Protection Agency to reduce the amount of ethanol that has to be blended into gasoline in 2014.

AAA President Bob Darbelnet said the ethanol requirement, if left unchanged, will push up gas prices and force consumers to use ethanol blends that are potentially dangerous.

"The EPA should lower ethanol targets immediately," Mr. Darbelnet said.

Ethanol producers, represented by the Renewable Fuels Association, said Monday that the AAA had become a "puppet of Big Oil." Most ethanol is made from corn.

The EPA is close to releasing its 2014 renewable fuels mandate, an annual exercise in which it identifies how many gallons of ethanol have to be blended into gasoline. Refiners are largely responsible for ensuring the standard is met and have to obtain credits for ethanol use, either by using it themselves or buying credits from others who did.

Congress passed a law in 2007 that says the requirement for renewable fuels in 2014 should be 18.1 billion gallons. But oil companies and refiners say that for the first time, the ethanol standard has become impossible to meet.

Most gasoline includes 10% ethanol. Consumer and industry interest in E15 blends, with 15% ethanol, has been limited amid concerns about possible damage to cars that aren't designed to

handle more ethanol. What's more, gasoline consumption is lower than Congress anticipated because of a sluggish economy and more fuel-efficient cars.

Refiners say the congressional mandate has run up against a "blend wall," which they say makes it physically impossible to blend any more ethanol into the nation's fuel supply.

There is evidence the EPA agrees. A draft copy of the 2014 standard, reviewed by The Wall Street Journal and other media outlets, suggests the EPA will propose a standard of 15.2 billion gallons, about 16% below the law's mandate.

Both Republicans and Democrats in the House are reviewing the renewable fuels law to determine whether a permanent fix is required.

"There is a real opportunity to put motorists first in what has been a very contentious disagreement between various industries," Mr. Darbelnet said.

Ethanol producers say the law's existing requirement would be possible to meet if E15 use spread. They accuse ethanol opponents of exaggerating the risk of the higher ethanol blend, which the EPA has approved for newer cars.

"If Big Oil—and AAA—would stop obstructing consumer choice, American drivers could have access to a choice of higher level ethanol blends that are less expensive, yet higher in octane," Renewable Fuels Association President Bob Dinneen said.

<http://blogs.wsj.com/washwire/2013/10/28/aaa-wants-washington-to-ease-ethanol-mandate/>

***The California Department of Motor Vehicles (DMV) collects \$billions\$ using "Wallet Flushing" car tax for BP-Shell welfare. Is it time for CA AG Kamala Harris EPA ethanol fuel waiver conversation?***

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Upcoming Event

# U.S. Navy Secretary Ray Mabus

*Commonwealth Club, Wednesday, September 18, 2013*

The U.S. Department of Defense is the largest single energy consumer in the world and boasts the longest military power. But it comes at a high price, with about \$15 billion spent on fuel each year. Worse still, fuel convoys cost lives – over 3,000 U.S. soldiers or contractors were killed in fuel supply convoys in Iraq and Afghanistan, and Americans are continuing to be killed in the name of oil.

Unlike many corporate executives hung up on the short-term costs of investing in alternative energy, U.S. Secretary of the Navy Ray Mabus is dedicated to them for the long haul. By 2020, he has committed to reducing onshore and maritime use of fossil fuels to 50 percent, and the Navy's Great Green Fleet is fueled in part by alternative energy sources, including nuclear. Transitioning to new propulsion fuels has always met resistance and some members of Congress are trying to derail the switch to low carbon fuels.

Can alternative energies meet the military's massive needs? Will they help the U.S. achieve energy independence and spur commercial markets? Join us for a conversation with Secretary Mabus on the future of fuels and energy security in the age of climate disruption.

Location: SF Club Office

Time: 5:30 p.m. check-in, 6 p.m. program, 7 p.m. networking reception

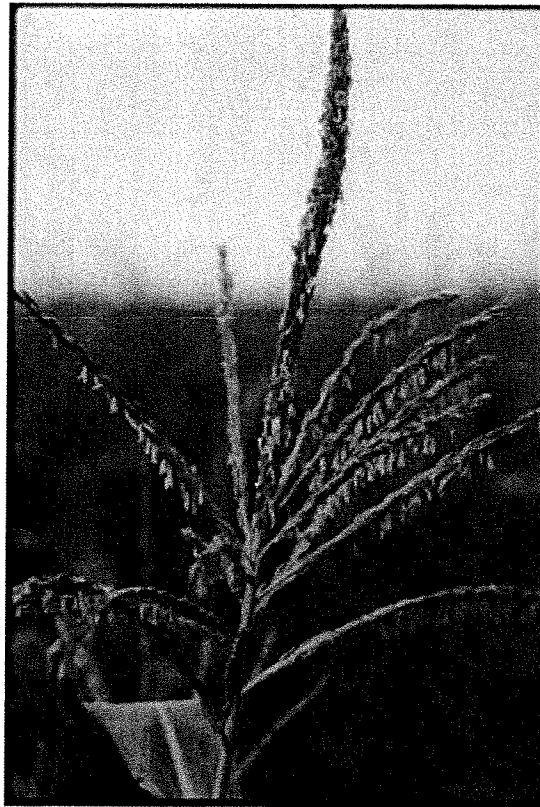
Cost: General admission: \$20 non-members, \$12 members, \$7 students (with valid ID). Premium (seating in first few rows): \$40 non-members, \$30 members.

Also know: The speakers and audience will be videotaped for future broadcast on the Climate One TV show on KRCB TV 22 on Comcast and DirecTV.

<http://www.commonwealthclub.org/events/2013-09-18/us-navy-secretary-ray-mabus>

# Shell and BP Halt Opposition to Renewable Fuel Standard

*By RP Siegel / Triple Pundit / Tuesday, August 6th, 2013*



The reason why is pretty clear. Right now, 10 percent of what would have been gasoline sales is now being diverted to biofuels, primarily ethanol. Oilmen particularly don't like the renewable fuel standard (RFS), which legally requires that gasoline producers include a minimum percentage of ethanol in every gallon sold, an amount that could grow to 15 percent in the near future, and eventually might go as high as 30 percent. By 2022, that means that 36 billion gallons will come from bio-based sources, though a maximum of 15 billion gallons can come from corn, a move intended to limit interference with the food supply.

That is why, both the American Petroleum Institute and the American Fuel and Petrochemical Manufacturers

group are pushing hard for a complete repeal of the RFS.

Two oil companies, BP & Shell, however, have broken ranks with these trade groups,

saying that they, "generally support" the legislation. Those are the words of John Reese, Shell's downstream policy and advocacy manager. He does feel that the mandate could use some revision. Likewise, according to spokesman Matt Hartwig, "BP supports the goals of the RFS program to stimulate the development and deployment of biofuels technologies. There are challenges with the standard that must be addressed, and we continue to work with regulatory authorities to address these issues."

This stands in fairly stark contrast with ExxonMobil, for example, whose VP of public and government affairs, Ken Cohen, said that “the RFS is broken beyond repair.” Cohen made this comment in a blog post in which he complained that the price of a Renewable Identification Number (RIN), a credit used to track each unit of renewable fuel, has been climbing rapidly due to a shortage of supply.

These comments were made at a two-day congressional policy briefing on the RFS, held last month by the House Committee on Energy and Commerce. Committee chairs Henry Waxman and Fred Upton issued the following statement.

We began this year with an understanding that the time had come for a review of the RFS and a belief that bipartisanship was our best path forward. We have spent the past four months conducting careful analysis, soliciting stakeholder feedback, and listening to expert testimony. The process has been a success, giving both members and the public an opportunity to better understand a policy that is both complex and far-reaching.

“We are going to use the August work period to discuss bipartisan solutions that take into account the broad range of concerns we have heard. Any reforms to the RFS will reflect our efforts to protect the interests of consumers, the environment, farmers, food and energy producers, and all of the American people. Building consensus will not be an easy task, and we are grateful for the members on both sides of the aisle who have stepped up to provide leadership

on this important issue. We will continue looking to them, along with other members from both parties, both on and off the Committee, to ensure the wide range of perspectives are taken into account. As we transition from reviewing the law to reforming it, our commitment to a collaborative, bipartisan process is stronger than ever.”

So, why the difference in opinion? It could be that both BP and Shell have invested heavily in biofuels. Shell has a partnership with Virent, aimed at developing biofuels in Houston while BP and DuPont have a joint project called Butamax Advanced Biofuels.

Virent produces a full spectrum of plant-based petroleum substitutes, including many petro-chemicals. They can process a variety of feedstocks ranging from conventional plant sugars such as beet, sugar cane, and corn, to cellulosic sources such as corn stover, grasses and wood.

Butamax produces bio-butanol, a fuel that boasts a higher energy density than ethanol. It is also approved for blending at higher ratios than ethanol, (16 percent vs. 10 percent).

Several fast food companies including White Castle and Wendy’s lobbied against the RFS, complaining that the standard would drive up food prices.

Many biofuel proponents claim that the RFS is essential to advance development of second-generation cellulosic biofuels which will provide far better energy yields with lower impact, compared with ethanol produced from co

<http://www.triplepundit.com/2013/08/shell-bp-halt-opposition-renewable-fuel-standard/>

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**Ethanol producer calls for overhaul of country's renewable energy policy**  
*by Christopher Doering, DesMoines Register, July 16, 2013*

The head of the third largest U.S. corn-ethanol producer told Senate lawmakers Tuesday the country's renewable energy policy should be scrapped and rewritten – the latest attack on the future of the controversial mandate.

Bill Klesse, chief executive of Valero Energy Corp., told a Senate panel the Renewable Fuel Standard — an 8-year-old law that requires refiners to produce alternative fuels to help reduce the country's dependence on foreign energy – is “out of control” and needs to be overhauled to better reflect today's marketplace.

“We support and believe that ethanol will be part of the fuel mix in this country, but the RFS is broken,” Klesse told members of the Senate Energy and Natural Resources Committee. “We should repeal it and start over. The situation has completely changed.”

Valero, based in San Antonio, has a big Iowa presence with four ethanol plants in the state – Hartley, Charles City, Albert City and Fort Dodge.

<http://blogs.desmoinesregister.com/dmr/index.php/2013/07/16/ethanol-producer-calls-for-overhaul-of-countrys-renewable-energy-policy/article>

***“Bob Dudley, who runs BP, told me that people don't realize how many resources his company has. The oil and gas industry is global and powerful and it's not something beholden to any particular president, Congress or well-meaning regulation.”***

***Washington Post, Friday, March 16, 2012***

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# Why Can't Wendy's and BP Get Along?

*James Flaherty, Wall St. Cheat Sheet, June 22, 2013*

As Congress considers scaling back or even abolishing U.S. government regulations mandating the use of renewable fuels, many in the petroleum industry are on cloud nine. That is, everyone except for British Petroleum (NYSE:BP).

## **Wait, what?**

The reason BP isn't happy is because their joint venture with Dupont Co. (NYSE:DD), set to start producing a new alternative fuel by the end of the year, would have its market evaporated before they could enter it should Congress repeal the Renewable Fuels Standard, the law in question.

"They don't need to change the law," Paul Beckwith, the chief executive of the venture, Butamax Advanced Biofuels, of Wilmington, Delaware, said in an interview. The program "as it's currently configured is working, and there are good opportunities for increasing renewable levels beyond where they are today."

The RFS started in 2007 amid concerns of foreign oil dependence, according to Bloomberg. Congress set quotas for the use of alternative fuels, like ethanol and biodiesel. Under the law, refiners like Exxon Mobil (NYSE:XOM) must blend a certain amount of renewable fuels

into their gasoline.

The Environmental Protection Agency say the mandate helps production of American made fuels. They also assert that it helps corn farmers by increasing demand, and cuts emissions.

Critics say that the use of corn to make ethanol pushes up cost of food. The National Council of Chain Restaurants, whose members include Wendy's (NYSE:WEN) and White Castle, is angry because their commodity costs are spiking because of the increased demand for corn. After hiring an outside research firm to conduct a study, "It was very clear that the RFS was a cause of it," said Robert Green, the executive director of the Washington-based group.

Lobbyists from Exxon and Tesoro (NYSE:TSO) have a different complaint. They say that falling U.S. fuel demand means that requirements for ethanol could force its use in gas higher than the 10 percent allowed under government regulations.

The next two weeks will prove crucial for the RFS, as lobbyists from both sides take turns catching Washington's ear. Whichever side is more persuasive could save billions for their customers.

[http://wallstcheatsheet.com/stocks/why-cant-wendys-and-bp-get-along.html/?](http://wallstcheatsheet.com/stocks/why-cant-wendys-and-bp-get-along.html/)

*(CAPP contact: Charlie Peters / (510) 537-1796 / cappcharlie@earthlink.net)*

## DuPont executive says company still enthusiastic about cellulosic ethanol

*The Des Moines Register, May 16, 2013 1:05 PM*

A DuPont executive said a push by critics to undermine the country's renewable fuels mandate has not deterred the company from investing in the next wave of ethanol production: cellulosic.

Jan Koninckx, DuPont's chief on cellulosic renewable fuel, said the company remains on track to open its 30 million gallon cellulosic ethanol plant in Nevada, Iowa, next year after investing nearly \$225 million in the project. While the facility is probably the last one DuPont will develop on its own, Koninckx said the company is in negotiations with "a number" of groups to license its technology and would consider investing in other plants. A deal is not imminent, he said.

"We are talking to a number of them, some of them are in fact major energy companies, major oil companies, some of them are smaller companies, some of them are agriculture companies, some of them are private equity," he said in an interview.

Cellulosic fuels, which are made with crop residue, grasses, wood chips and other materials have advanced more slowly than envisioned, but they are viewed by the industry as a critical source of growth.

DuPont has invested several hundred million dollars in cellulosic during the last decade. Koninckx said the company is better positioned to protect its investment after reducing its risk by improving its technology, improving the collection of cellulosic materials like leaves and stalks more efficiently and reducing capital costs.

Koninckx, echoing other ethanol supporters, said calls from critics such as the American Petroleum Institute to scale back or end the country's Renewable Fuel Standard are misguided and based on misinformation. Some opponents that have been the most vocal in attacking the RFS, he said, are those who have not taken the necessary steps to prepare for its growth.

"The RFS really works and that is why people are really paying attention and talking it down," he said. "If every law that came out of (Washington) was as impactful as the RFS this place would be pretty damn productive."

The steadily growing Renewable Fuel Standard requires the blending of advanced biofuels, cellulosic biofuel and ethanol made from corn. By 2022, 36 billion gallons of renewable fuels are required to be part of the nation's fuel supply.

In January, the EPA proposed the production of 2.75 billion gallons of advanced biofuels as part of a broader output of 16.55 billion gallons of renewable fuels this year. The hope from RFS opponents is that the advanced fuel component is lowered by the EPA in the final rule, pushing the overall renewable fuel volume lower and getting the mandate below the closely watched blend wall.

"I can't blame (the EPA) for feeling under pressure because there are a lot of people Monday-morning quarterbacking them and suing them and putting them under pressure for every decision that they make," said Koninckx.

<http://www.desmoinesregister.com/article/20130516/BUSINESS/130516023/DuPont-executive-says-company-still-enthusiastic-about-cellulosic-ethanol>

***Will Mary Nichols, John Wallaich, Kamala Harris, and Governor Brown support the UN, Bill Clinton, Gary Condit, Al Gore, Pete Wilson, Gray Davis, Dianne Feinstein, Barbara Boxer and the World Bank, BP, DuPont, Shell (GMO fuel) waiver?***

***Can CO2, ozone and pm (asthma) be reduced with a GMO (EPA) fuel waiver?***

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# Unhappy Ending for 'Erin Brockovich' Town

*By Chris Richard, Voice of America, May 06, 2013 12:52 PM*

HINKLEY, CALIFORNIA— The first and second graders at the Hinkley School gather in pairs to practice their vocabulary words. It seems business as usual for now, but with so many families leaving town, the school is scheduled to close forever in June.

"We're learning every day different areas the kids are moving to now and we've had many, many tears," said Sonja Pellerin, a teacher at the school. "Some people have lived here for generations, and it is turning families upside down."

Hinkley is the California town made famous by the movie, *Erin Brockovich*. Twenty years ago, the California-based energy company Pacific Gas & Electric paid hundreds of millions of dollars to settle legal claims by residents that PG&E had poisoned their well water by improperly dumping industrial waste into the ground. But that landmark legal victory, which was recounted in the Julia Roberts movie, was not the end of the story.

Since then, the plume of groundwater contaminated with toxic hexavalent chromium, also known as chromium 6, has continued to spread. Now, Hinkley residents are leaving, and the town's future is uncertain.

But Hinkley School's future is not. With enrollment falling sharply for several years, education officials say they can't afford to keep the school open.

Roberta Walker, who came to school to have lunch with her grandchildren, is angry that the PG&E energy company declined school officials' request to buy the campus in order to keep it open.

"The school was the biggest, biggest part of the community," Walker said. "And they refused to admit that they were at fault for the decline in enrollment."

In the 1990s, Walker was the lead plaintiff in a lawsuit by hundreds of Hinkley residents against PG&E for dumping cooling water from a natural gas compression plant south of town into unlined ponds. The waste, laden with toxic chromium 6, contaminated Hinkley's groundwater wells, and the suit blamed the company for the increased incidence of cancer and autoimmune disease that followed.

The company settled. With her share of the money, Walker built new homes for herself and her daughters several kilometers from the contamination site. Now, chromium 6 has turned up in her well water again. Walker and her daughters are negotiating with PG&E to buy their homes.

"There's still that little hope that the state will continue pushing along, but am I gonna do it?" she said. "And once I leave, and once I get out of here, am I going to? No. I'm not. I'm tired. I'm done."

PG&E has already agreed to buy out a third of Hinkley's residents. Company spokesman



Jeff Smith has said repeatedly over the years that PG&E wants to make sure Hinkley survives. But that's getting more complicated.

"We certainly remain committed to working with the people of Hinkley," Smith said. "If their preference is to have their property purchased and to depart from the community, we want to make sure we have that option available to them as well."

At the national level, the Environmental Protection Agency (EPA) has spent the past 5 years studying new limits on chromium 6 in the environment. The EPA released a draft assessment in 2010, but that study is still under scientific review. The agency says it would be inappropriate to revise national drinking water standards until the process is complete.

"Hinkley is an example of, even when you get a lot of attention, still we can be lacking, on a larger society level, standards that are protecting people," said Renee Sharp, with the Environmental Working Group, a private research and advocacy organization.

Under state orders, PG&E is still trying to clean up its mess. It's been pumping millions of liters of contaminated water onto nearby alfalfa fields each year, to let microbes in the soil break down the poison. The company also is pumping ethanol into the ground to trigger a chemical reaction designed to neutralize the chromium. At a public meeting in October, project engineer Kevin Sullivan offered this encouragement.

"We're making a lot of progress. We've cleaned up like 54 acres [22 hectares]," he said. "I understand that if it's not your property, you know, [you'll ask] 'What have you done for me lately?' But 54 acres is a lot of progress."

But it's only a fraction of the environmental damage. Three years ago, state water quality officials estimated the contamination plume was a little more than four kilometers long. According to the most recent state report, it may now stretch more than 11 kilometers, and the state water quality board says it's spreading more than half a meter per day.

"It seems like the more we look, the more we're finding, and it's something that is scary for folks," said the state water quality board's Lauri Kemper.

Frightening as the pollution is, Patsy Morris, 83, was determined to stay until recently. With Hinkley emptying out, she's decided she has no choice but to leave, too.

"You get a bitterness about the whole thing," Morris said. "They're just going to make this a big dustbowl, that's all I can say about it. My friends are leaving, one way or another. It gets you, you know?"

PG&E estimates it take could another 40 years to clean up all of the chromium 6 pollution. That draws grim laughter from people in Hinkley. They predict that within 10 years, their community will be a ghost town.

<http://www.voanews.com/content/unhappy-ending-for-erin-brockovich-town/1655514.html>

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# State sues BP West Coast Products over fuel storage

The state is suing BP and related firms for fuel tank and pipeline infractions. BP says it isn't hazardous

*By Debra Gruszecki, Press-Enterprise, Feb. 04, 2013*

Attorney General Kamala Harris has filed a civil lawsuit against BP West Coast Products, BP Products North America Inc. and Atlantic Richfield Co. for allegedly violating state laws by failing to properly inspect and maintain underground tanks used to store gasoline for retail sale at more than 780 gas stations in California.

"Safe storage of gasoline is not only common sense, it is essential to protecting the integrity of California's groundwater resources," Harris said in a statement Monday.

The complaint was filed Feb. 1 in Alameda County Superior Court and joined by prosecutors in Alameda, San Bernardino, Glenn, Merced, Nevada, Newell, Placer, Stanislaus and Yuba counties alleges that since October 2006, BP and ARCO improperly monitored, inspected and maintained underground storage tanks used to store gasoline for retail sale.

The lawsuit also asserted:

Leak detection devices were tampered with.

The company failed to test secondary containment systems, or line leak detection systems, train employees on proper protocol, conduct monthly inspections, keep proper reports or maintain operational alarm systems.

San Bernardino County facilities named in the lawsuit were 1702 Mentone Blvd., Mentone, 3008 North E St., San Bernardino and 920 W. Bloomington Ave. in Rialto.

Other Southern California sites were in Manhattan Beach, Beverly Hills, Compton, La Mirada, West Covina, La Puente and City of Industry in Los Angeles County.

BP spokesman Scott Dean said the state has been pursuing underground storage tank litigation with the refining industry for several years now.

"BP, like the companies before it, has been in negotiations with the Attorney General's office in an attempt to settle a number of alleged violations relating to underground storage tanks and hazardous waste management at retail sites," he said, noting that BP takes compliance issues seriously.

"The majority of these alleged incidents are procedural violations concerning documentation," he said. "A small number of the alleged violations relate to the monitoring of tanks. None of the alleged violations posed any harm to human health or the environment."

In January 2012, the attorney general's office filed a similar lawsuit against Phillips 66 and ConocoPhillips.

<http://www.pe.com/business/business-headlines/20130204-law-state-sues-bp-west-coast-products-over-fuel-storage.ece>

## ***Is GMO fuel Alcohol 'hazardous'?***

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## Monsanto plotting to wipe out genetic diversity of corn in Mexico with GMO corn

*By: J. D. Heyes / Natural News / December 04, 2012*

NaturalNews) If agri-giant Monsanto gets its way, the company will destroy all genetic diversity in Mexico's corn crops by replacing it with genetically modified (GM) corn.

Outgoing Mexican President Felipe Calderon is considering approval of a proposal by Monsanto, along with fellow agribusiness behemoths DuPont and Dow, to plant some 2.5 million hectares (about 6 million acres) of "transgenic or GM maize" in the country's heartland, *Digital Journal* reported recently, noting that the amount of land is approximately the size of the country of El Salvador.

"According to *ETC Group*, the consequences will be devastating for the heart of the center of origin and diversity for maize, and also globally," the online publication said.

If approved by Calderon, "this parting gift to the gene giants will amount to a knife in the heart of the center of origin and diversity for maize," said the *ETC Group*, an organization that works to address the socioeconomic and ecological issues surrounding new technologies that could have an impact on the world's poorest and most vulnerable people, in a statement published on its website.

The consequences of Calderon's decision "will be grave - and global," ETC Group warned, because planting so much GM maize would essentially wipe out all biodiversity, as well as the various local varieties of corn, developed over the course of the past 7,000 years.

The ETC Group says it has appealed to the *UN Food and Agriculture Organization* (FAO) and also to the *UN Convention on Biological Diversity* (CBD), because they "are mandated to support food security and biodiversity," DJ reported.

"If Mexico's government allows this crime of historic significance to happen, GMOs will soon be in the food of the entire Mexican population, and genetic contamination of Mexican peasant varieties will be inevitable," said Veronica Villa from ETC's *Mexico* office. "We are talking about damaging more than

7,000 years of indigenous and peasant work that created maize - one of the world's three most widely eaten crops."

"As if this weren't bad enough, the companies want to plant Monsanto's herbicide-tolerant maize [Mon603] on more than 1,400,000 hectares," she said. "This is the same type of GM maize that has been linked to cancer in rats according to a recently published peer-reviewed study."

Adds the *Union of Concerned Scientists* in Mexico:

"This is grave, as Mexico is not only the cradle of corn, the second most important commodity crop in the world, but it also stewards one of the few *Centers of Origin and Diversification*, from which the world derives the genetic diversity needed to maintain its production in the mist of new plagues, climatic challenges (Ureta et al., 2011), and consumption preferences."

Unlike other nations, where corn production is generally controlled by corporations and corn is used primarily as a feed and industrial raw material, the organization said, thousands of different varieties of open-pollinated corn across Mexico are cultivated by millions of indigenous campesino families.

The campesinos produce "most of the corn for human consumption and Mexico's population ingests large amounts of corn directly, placing its entire population at an acute level of risk from the large-scale exposure to GM agriculture that uses hybrids that are nutritionally inferior to landraces (i.e., higher glycemic index, less fiber, less antioxidants, etc.), as well as to its associated agrotoxics and derived products," the scientist group said.

Not long ago Mexico was a net exporter of corn. But the erosion of the campesino economy and lack of central government support to agricultural production, have both generated a production deficit, the UCS said. This has been used as an excuse to introduce so much GM corn, though "well-established scientific evaluations show...that GM corn does not provide a solution to this problem," the group said.

[http://www.naturalnews.com/038204\\_Monsanto\\_Mexico\\_GM\\_corn.html#ixzz4J7bF2bU3](http://www.naturalnews.com/038204_Monsanto_Mexico_GM_corn.html#ixzz4J7bF2bU3)

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# EPA refuses to waive ethanol mandate

*By Ben Geman, The Hill, 11/16/12*

The Environmental Protection Agency is rejecting requests from states and meat industry groups to waive regulations that require the blending of ethanol into gasoline.

EPA rejected petitions from nearly a dozen states, including Texas, Virginia, and Maryland, for waivers of the federal Renewable Fuel Standard (RFS).

“[T]he agency has not found evidence to support a finding of severe ‘economic harm’ that would warrant granting a waiver of the Renewable Fuels Standard,” EPA said Friday.

Opponents of the RFS say drought-driven spikes in corn prices and reduced harvests should prompt the agency to relax the requirements, which require refiners to blend billions of gallons of ethanol into gasoline.

Livestock, poultry and food industry groups dismayed at the amount of corn used for ethanol have joined states in calling for EPA to back off the ethanol mandate. EPA also faced congressional pressure to ease the requirements.

But EPA tossed aside their arguments.

“We recognize that this year’s drought has created hardship in some sectors of the economy, particularly for livestock producers,” said Gina McCarthy, EPA’s top air regulator, in a statement. “But our extensive analysis makes clear that Congressional requirements for a waiver have not been met and that waiving the RFS will have little, if any, impact,” she said.

The ethanol industry applauded EPA’s decision.

Renewable Fuels Association President Bob Dinneen lauded EPA for “basing its decision on thoughtful analysis of the facts and not emotion or panic,” and said the fuel standard is working as designed.

“The flexibility that is built into the RFS allows the marketplace to ration demand, not the government. Indeed, the ethanol industry has responded to the market by reducing output by approximately 12%. Other users of corn have responded to a lesser degree,” he said in a statement.

EPA is requiring 13.2 billion gallons of ethanol to be blended into gasoline in 2012, rising to 13.8 billion next year.

The decision drew quick attacks from food groups and

environmentalists.

“This year’s catastrophic drought seriously reduced corn yields and has led to a situation where the RFS’ unsustainable mandates force ethanol fuel to commandeer a shrunken pool of available corn for food and livestock feed,” said Rob Green, executive director of the National Council of Chain Restaurants.

Said Michal Rosenoer, biofuels policy campaigner at Friends of the Earth: “If the worst U.S. drought in more than 50 years and skyrocketing food prices are not enough to make EPA act, it falls to Congress to provide relief from our senseless federal support for corn ethanol.”

But EPA largely disagreed with claims that waiving the ethanol mandate would affect prices.

“EPA’s analysis shows that it is highly unlikely that waiving the RFS volume requirements will have a significant impact on ethanol production or use in the relevant time frame that a waiver could apply (the 2012-2013 corn marketing season) and therefore little or no impact on corn, food, or fuel prices,” EPA said in a summary of its decision.

The ethanol mandate was first created in a 2005 energy law and expanded in 2007 legislation.

<http://thehill.com/policy/energy-environment/268453-epa-rejects-bids-to-waive-ethanol-mandate>

*Does California use 1500 gallons of water to grow corn to produce 1 gallon of GMO corn fuel ethanol? Does California water providers check for ethanol in the supply water for public consumption? Should California request a waiver of the “Wallet Flushing” ethanol mandate so fuel ethanol ozone is in federal EPA compliance?*

**CAPP contact: Charlie Peters (510) 537-1796 [cappcharlie@earthlink.net](mailto:cappcharlie@earthlink.net)**

*Honorable Congressman Jim Costa (Fax: 202-225-9308), your former friends Gary Condit & Chris Cox introduced HR 52 in the opening days of the 107<sup>th</sup> congress. California already meets Environmental Protection Agency requirements for reducing emissions of toxic air pollutants and ozone-forming compounds. Yes Jim we shared our opinion with EPA in Sacramento this week.*

## **Coalition Wants Renewable Fuels Standard Reform**

### ***Food Product Design, July 20, 2012***

WASHINGTON—In response to a new economic study on the impact of corn ethanol production on food prices and commodity price volatility, a coalition of livestock and poultry groups is asking Congress to reform the federal Renewable Fuels Standard (RFS) that mandates the amount of ethanol that must be produced annually.

The study, conducted by Thomas Elam, Ph.D., president of FarmEcon LLC, an agricultural and food industry consulting firm, found federal ethanol policy has increased and destabilized corn, soybean and wheat prices to the detriment of food and fuel producers and consumers.

The RFS, first imposed in 2005 and revised in 2007, this year requires 15.2 billion gallons of ethanol to be produced. Most of that amount is blended into gasoline at 10%.

"The increases we've seen in commodity prices are strongly associated with the RFS mandate," Elam said. "At the same time, we haven't seen the promised benefits on oil imports or gasoline prices. This means that while Americans are forced to pay more for food, they're also not seeing lower prices at the pump; it's a lose-lose situation."

As a Senate Biofuels Investment and Renewable Fuels Standard Market Congressional Study Group examines several aspects of the RFS, the study will provide critical facts needed to reform the current standard.

In urging reform of the RFS, the coalition cited the Elam study's conclusion that the mandate should be revised to allow automatic adjustments to reduce incentives for ethanol production when corn stocks are forecast to reach critically low levels.

The coalition supports the "Renewable Fuels Standard Flexibility Act" (HR 3097), sponsored by Reps. Bob Goodlatte (R-Va.) and Jim Costa (D-Calif.) that would require a biannual review of ending corn stocks relative to their total use. If the ratio falls below 10%, the RFS could be reduced by 10%. If it falls below 7.5%, the mandate could shrink by 15%; below 6%, it could be reduced by 25%; and if the ratio falls below 5%, the ethanol mandate could be cut by 50%.

The coalition said relief is extremely urgent because the recent spike in corn prices prompted by drought conditions in much of the Corn Belt has analysts predicting the United States will run short of corn this summer. Another short corn crop would be extremely devastating to the animal agriculture industry, food makers and foodservice providers, as well as consumers. Because of the RFS, however, corn-based ethanol manufacturers are protected from sharing the full burden of a corn harvest shortfall.

<http://www.foodproductdesign.com/news/2012/07/coalition-wants-renewable-fuels-standard-reform.aspx>

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## EPA: Lodi bakery cited for ethanol emissions

*The Sacramento Bee, The Associated Press, June 28, 2012*

LODI, Calif. -- The Environmental Protection Agency says a San Joaquin Valley bakery was emitting more than just good odors during the bread baking process.

Cottage Bakery in Lodi has been cited for allegedly releasing ozone-producing ethanol as well. The EPA says the commercial bakery failed to obtain permits for new ovens and install air pollution controls.

The bakery must pay a \$625,000 penalty as part of a settlement filed in federal court this week. The settlement still requires the court's approval.

Cottage Bakery's parent company, Ralcorp Frozen Bakery Products, Inc., says the violations occurred before it acquired the bakery, and it has since invested more than \$1.4 million to ensure the bakery is in compliance with environmental regulations.

<http://www.sacbee.com/2012/06/28/4596854/epa-lodi-bakery-cited-for-ethanol.html>

**NO** on CA / AB 523 & SB 1396 unless the ethanol mandate is changed to voluntary.

CAPP contact: Charlie Peters (510) 537-1796 [cappcharlie@earthlink.net](mailto:cappcharlie@earthlink.net)

# **Lodi bakery cited for ethanol emissions**

***Associated Press / The Sacramento Bee / June 28, 2012***

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<http://www.sacbee.com/2012/06/28/4596854/epa-lodi-bakery-cited-for-ethanol.html>

***Trump-VW-Shell-Parsons love (ADM-Monsanto) GMO Corn Mandate?***

***CAPP contact: Charlie Peters (510) 537-1796 [cappcharlie@earthlink.net](mailto:cappcharlie@earthlink.net)***

# BAR Meeting with Charlie Peters / Doug Balatti

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**From:** "Balatti, Douglas@DCA" <Douglas.Balatti@dca.ca.gov>

**To:** "cappcharlie@earthlink.net"

**Cc:** "Wallauch, John@DCA" <John.Wallauch@dca.ca.gov>, "Sherwood, Larry@DCA" <Larry.Sherwood@dca.ca.gov>, "Bilotta, Jon@DCA" <Jon.Bilotta@dca.ca.gov>, "Corcoran, Tim@DCA" <Tim.Corcoran@dca.ca.gov>, "Bilotta, Jon@DCA" <Jon.Bilotta@dca.ca.gov>

**Subject:** BAR Meeting with Charlie Peters / Doug Balatti

**Date:** Jun 8, 2012 11:39 AM

---

Hi Charlie,

Just wanted to provide you a list of people who will be attending our meeting:

Brian Newman - Our new over Field Operations & Enforcement

Larry Sherwood - Supervising AQE over Engineering & Research

Jon Billota - Program Manager with our Doc Lab & our Interim Deputy Chief Field Operations (prior to Brian Newman's appointment)

Tim Corcoran - Our new Program Manager over CAP (previously our Manager over Case Management)

Gary Hunter - Retired Annuitant who answers to Chief Wallauch

John Wallauch is a possibility. There is a conflict on his calendar, so there are no guarantees on his attendance. He was supportive in setting up this meeting & was instrumental in selecting the attendees. We value your input & want to provide you with the opportunity to meet some of our key people so that you can express your thoughts & ideas.

Sincerely,

Doug Balatti

**CAPP contact: Charlie Peters (510) 537-1796 [cappcharlie@earthlink.net](mailto:cappcharlie@earthlink.net)**



# Clean Air Performance Professionals

21860 Main Street Ste A  
Hayward, California 94541  
June 20, 2011

Dear Dr. Armstrong,  
Dep. Secretary of the State and Consumer Services Agency  
915 Capitol Mall, Suite 200  
Sacramento, CA 95814  
(916) 653-3815 fax

Good morning Dr.

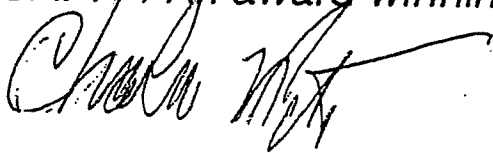
RE: PZEV emissions performance.

California has the best car emissions system but we need support to improve.

Will you consider a letter in support of the California Air Resources Board (CARB) efforts to improve compliance with the California Partial Zero-emissions (PZEV) standards.

Improved toxic impact from the car fleet will provide better health and economic performance for California.

*(CAPP / An award winning coalition of motorists)*



Charlie Peters  
(510) 537-1796  
cc: interested parties

CAPP contact: Charlie Peters (510) 537-1796 [cappcharlie@earthlink.net](mailto:cappcharlie@earthlink.net)

# Judge Halts California's Plan For Trading Pollution Credits

*By Elizabeth Hsing-Huei Chou, EGPNews / May 2011*

Members of environmental justice groups who contend cap and trade is a "terrible idea," especially for low-income communities of color, have stopped the California Air Resources Board from moving forward with this emissions reduction method as part of its implementation of AB 32.

## *READ THIS STORY IN SPANISH: Juez de California Detiene Plan de Vender Créditos de Contaminación [1]*

Last Friday, a San Francisco Superior Court Judge Ernest Goldsmith ordered CARB to study other ways of implementing AB 32, a bill requiring greenhouse gas emissions be reduced to 1990 levels by the year 2020, before the state agency could continue to work on its cap and trade plan.

Goldsmith writes in his order to the state, "ARB committed a prejudicial abuse of discretion when it failed to proceed in a manner required by law by inadequately describing and analyzing Project alternatives sufficient for informed decision making and public participation."

Executive Director of Communities for a Better Environment Bill Gallegos says cap and trade would allow "the most entrenched polluters" to buy credits on the market to continue polluting next to poor communities of color.

Oil refineries, power plants, and industrial factories are among those that may consider buying credits to offset the emissions produced as part of their operations.

A group calling themselves the Association of Irrigated Residents, together with members of CBE and the Center on Race, Poverty, & the Environment, sued CARB in 2009 after the agency ignored "hundreds of pages of comments" and recommendations made by the Environmental Justice Task Force formed to oversee the implementation of AB 32, Gallegos said.

The task force raised concerns that CARB was favoring the free market cap and trade approach over other methods. "We want CARB to really look at the other alternatives. The most effective reduction of bad pollution in California happened when we adopted thoughtful industrial regulations," he said.

Gallegos has said cap and trade is "not effective in reducing greenhouse gases, increases pollution in heavily polluted low-income communities and communities of color, and misses the opportunity to create jobs."

He added implementation of cap and trade programs in places like the European Union has shown that “hedge funds got rich, there is an enormous amount of fraud, and its makes the pollution situation worse in low income communities of color.”

Even though cap and trade was widely supported in the past, leading to the “zeal” that helped to promote this method as part of AB 32, there has been less support in recent years, says CBE’s attorney Adrienne Bloch.

There have been questions as to whether the method has worked in the European Union. She views cap and trade as a “terrible idea” and says “more people are starting to see it doesn’t work,” including the Sierra Club which recently urged Governor Jerry Brown to reconsider the use of cap and trade methods to reduce air pollution.

Environmental justice groups are supportive of AB 32 in general, however, and came out to protect it when a proposition to kill AB 32 was put onto the ballot last November.

Bloch says they are “extremely happy” their lawsuit against CARB only blocks the state agency from moving forward with the cap and trade portion of AB 32.

CARB spokesperson Stanley Young says they filed a notice of appeal on Monday. “We respectfully disagree with the court’s determination that ARB did not adequately analyze alternatives to cap and trade program in the Scoping Plan,” he said.

Even so, Young says they are now working on a “revised Scoping Plan alternatives analysis that will fully address the issues raised in the court’s decision.”

<http://egpnews.com/2011/05/judge-halts-california%E2%80%99s-plan-for-trading-pollution-credits/>

***A random ‘Smog Check’ inspection & repair  
‘secret shopper’ audit, ethanol cap and elimination  
of dual fuel CAFE credit can cut California  
“Wallet Flushing” car tax. (Prevent 2000 tons per  
day of sulfur, PM, HC, O3, NOx, CO & CO2.)***

***Improve performance of AB32 by \$billions***

***CAPP contact: Charlie Peters (510) 537-1796 cappcharlie@earthlink.net***

# Carlyle to Acquire Booz Allen Unit for \$2.54 Billion

By Jason Kelly, Bloomberg, May 16, 2008

May 16 (Bloomberg) -- Carlyle Group, the private-equity firm run by David Rubenstein, agreed to acquire Booz Allen Hamilton Inc.'s U.S. government-consulting business for \$2.54 billion, its biggest buyout since the credit markets collapsed in July.

Booz Allen, based in McLean, Virginia, will split off its corporate-consulting unit into a separate company, Carlyle said today in an e-mailed statement. Booz Allen Chief Executive Officer Ralph Shrader will run the Carlyle-owned entity focused on government clients. Carlyle and Booz Allen had been in talks since at least January.

The purchase would be Carlyle's biggest since it agreed to buy nursing-home operator Manor Care Inc. last July for \$6.3 billion. Deal-making may be rebounding from a 68 percent decline in the first quarter as investment banks begin writing new commitments for private-equity transactions. Buyouts ground to a halt last year because of a global credit freeze triggered by record U.S. subprime-mortgage defaults.

"The private-equity firms are not going away," said Steven Kaplan, a professor of finance at University of Chicago Graduate School of Business. "They have too much capital."

The Booz Allen government-consulting unit has more than 18,000 employees and annual sales of more than \$2.7 billion. Its clients include branches of the U.S. military, the Department of Homeland Security and the World Bank.

## Government Ties

Carlyle, based in Washington, manages \$81.1 billion in assets. Rubenstein founded the firm in 1987 with William Conway and Daniel D'Aniello. The trio initially focused on deals tied to government and defense.

Carlyle and closely held Booz Allen have attracted high-level officials from the government. Carlyle's senior advisers have included former President George H.W. Bush, former British Prime Minister John Major, and

Arthur Levitt, the ex-chairman of the U.S. Securities and Exchange Commission.

R. James Woolsey, who led the U.S. Central Intelligence Agency from 1993 to 1995, is a Booz Allen executive. Mike McConnell, the U.S. director of national intelligence, is a former senior vice president with the company.

Carlyle last year sold a minority interest in itself to Mubadala Development Co., an investment fund affiliated with the government of Abu Dhabi, capital of the United Arab Emirates.

Carlyle said today it will have no management role or access to any classified information at Booz Allen.

## More Deals

Carlyle had turned real estate investments as the market for large leveraged buyouts waned. The company acquired a Manhattan building last month for \$650 million and is set to buy a stake in the retail portion of another for \$525 million. Carlyle raised \$3 billion for a U.S. real estate fund last year.

Private-equity executives are increasingly optimistic about doing more buyouts. The firms are eyeing transactions around the size of Carlyle's, as well as minority stakes that require less debt, said Chip MacDonald, a partner with Jones Day in Atlanta.

"There is a lot of pent-up demand," MacDonald said in an interview. "People will move down market because there's a huge need that's unmet."

Blackstone Group LP Chief Executive Officer Stephen Schwarzman told investors yesterday the financial markets were showing "signs of recovery."

Credit Suisse Group AG and Latham & Watkins LLP advised Booz Allen on the sale. Debevoise & Plimpton LLP provided legal advice to Carlyle.

To contact the reporter on this story: Jason Kelly in New York at [jkelly14@bloomberg.net](mailto:jkelly14@bloomberg.net)

Last Updated: May 16, 2008 13:39 EDT

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aa9gcBDBo03g&refer=home>

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# State phases out some emissions testing locations

By Chris Coates, Edwardsville Journal, May 15, 2008

State workers at five Metro East vehicle emissions testing sites have been shifted to new locations after the facilities were shuttered earlier this month as part of state plan to reduce costs and offer more options.

The shift was prompted by Chicago-based Applus Technologies, which in October received a five-year contract with the Illinois Environmental Protection agency to run the state's emissions testing facilities.

Richard Fitzherbert, a program manager for Applus, said the company decided to keep testing facilities in Swansea and Pontoon Beach and cease operations at the rest owned by previous contractor, Envirotest. Testing centers in Belleville, Collinsville, East St. Louis, Columbia and Wood River were closed May 1.

Applus also inked agreements with Meineke Car Care Centers locations in Collinsville, Belleville, Fairview Heights, Granite City and O'Fallon to offer testing, he said.

The shift is part of a plan to give motorists more locations to have emissions tests and cut costs.

Previously, tailpipe tests were used to measure exhaust. Tests now rely on on-board computer diagnostic systems plugged into the car, which requires far fewer devices and space, Fitzherbert said.

"We don't need a lot of sophisticated equipment," he said.

Testing will cost about \$7, down from the \$14 charged by Envirotest.

It will also save the state about \$30 million a year, said Maggie Carson, an agency spokeswoman.

"The technology is much less costly," he said. "We're expanding the work and doing it at a lower cost."

State employees in the centers were transferred to new operations, Carson said.

Only motorists in Metro East counties and the Chicago area are required to have emissions testing, part of an effort to decrease pollution levels in urban areas. Tests are required every two years for cars four years and older.

Carson said the agency mailed motorists notices about the phase-out. They'll also be reminded about the new sites when they renew license plates.

Fitzherbert said he wasn't aware of what would happen with the shuttered buildings, and calls to officials at the corporate parent of Envirotest, Connecticut-based Environmental Systems Products, were not immediately returned.

## New testing facilities

- Collinsville: 411 Belt Line Road
- Belleville: 2307 Old Collinsville Road and 3608 North Belt West
- Fairview Heights: 10712 Lincoln Trail
- Granite City: 2250 Madison Ave.
- O'Fallon: 720 Cambridge Road

<http://edwardsvillejournal.stltoday.com/articles/2008/05/15/news/sj2tn20080515-0514edw-emissions.i1.txt>

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# **The GOP's Star Behind The Star - Bob White Gets Things Done--Just Don't Call Him A Lobbyist**

*By Dion Nissenbaum / Monterey County Herald / May 20, 2005*

SACRAMENTO - California's capital is packed with more than 1,000 lobbyists, but when people want to make something happen in Sacramento, they often turn instead to Bob White, a genial Republican maestro who helped elect Gov. Arnold Schwarzenegger.

White has an advantage lobbyists don't. While registered influence peddlers must reveal whom they work for, White calls himself a strategist who doesn't directly push for changes in state policy. That legal distinction allows White to conceal who his corporate clients are, even though he and members of his consulting firm, California Strategies, go to bat for them by exploiting a loophole in state lobbying laws to influence the Schwarzenegger administration.

White's business dealings are raising questions about whether his close relationship with Schwarzenegger's administration is tilting major state decisions in favor of his clients. And they could pose a political conundrum for Schwarzenegger, who ran on a pledge to bring a new level of integrity to the state Capitol.

Since Schwarzenegger took office in November 2003, White has met at least 19 times with top Schwarzenegger officials, taking part in discussions on everything from timber policy and major land deals to Medi-Cal reform and state computer contracts, according to interviews and appointment calendars obtained by the San Jose Mercury News.

White, who served as chief of staff to Gov. and U.S. Sen. Pete Wilson for nearly three decades, stepped in at key points to help media powerhouse Hearst Corp. seal a controversial land deal. He advises the California Hospital Association on one of the most politically charged issues facing the new governor -- hiring more nurses. And he helped a Virginia health care firm with a dicey track record that has since won more business from the new governor.

California Strategies partner Rusty Areias also urged California's massive pension fund, CalPERS, to retain its \$67 million investment in the Philippines, work that may have required the firm to register as an agent for a foreign government.

Another California Strategies partner, Jared Ficker, began talking to state officials on behalf of the timber industry at least eight months before registering as a lobbyist.

Taken together, the activities lead critics to question whether California Strategies executives are in fact lobbying the Schwarzenegger administration.

"Bob White's previous role with both Wilson and Schwarzenegger suggest that when he's hired as a consultant, it is for much more than just providing strategy, it's for providing access," said Kathay Feng, executive director of California Common Cause.

White, Areias and Ficker declined repeated requests for comment. Instead, White issued a two-sentence statement, saying his firm takes "seriously our responsibility to our clients and to the public to strictly adhere to every applicable law and reporting requirement."

## **Letter of the law**

While the partners talk to administration officials about a variety of issues, California Strategies partner Jason Kinney said that none of the discussions are covered by California's narrowly crafted lobbying laws.

"To the outside world, some of it may sound like lobbying," said Kinney, who served as chief speechwriter for former Democratic Gov. Gray Davis. "It may walk like a duck and talk like a duck to the outside world, but in the eyes of the law it's not."

California's Political Reform Act requires those attempting to influence state rules and regulations to register as a lobbyist if they receive, or are entitled to receive, \$2,000 a month for talking to lawmakers or administration officials. Some attempts to influence state officials, such as helping a client win contracts, are not considered lobbying. Anyone found guilty of breaking the law can be barred for four years from lobbying or running for office.

Political reformers said California Strategies may be exploiting a loophole that needs to be closed.

"Bob White has clearly been someone who has had extraordinary access," said Feng. "He provides his clients with specific access to administrative and elected officials that he has developed relationships with. That ought to fall within the scrutiny of coverage of rules by the Fair Political Practices Commission."

## **Rising star**

Over the past 30 years, White, 63, has mastered the art of subtle persuasion. In 1997, after serving for decades as Wilson's chief confidant, White set up California Strategies, a bipartisan consulting firm that now has 10 partners.

Corporate clients have long turned to White, but his cachet skyrocketed after he served as campaign co-manager for Schwarzenegger in the historic 2003 recall.

"The perception is that Bob's the guy to see," said Michael Deaver, a Republican lobbyist who served as deputy chief of staff to Ronald Reagan in the White House.

"He understands that it's the second and third level of people who get things done," said Deaver, who has known White since they worked in Sacramento in the 1960s. "Bob has always been very good about nurturing and cultivating those relationships."

White's ties to the governor are still strong. He is one of three board members of the special committee set up to pay for Schwarzenegger's hotel room when he's in Sacramento and to find a permanent home for California's governor. White is still owed \$150,000 from his work on the governor's 2003 campaign. And he counts many of the governor's top aides among his friends.

White's offices are often Sacramento's best restaurants, where he brings clients together with friends in the administration. While lobbyists are barred from spending more than \$10 a month on state officials, White pays for \$100 dinners without breaking the law because he is a consultant.

Administration officials said they never discuss business with White during the dinners, but calendars and interviews show White has set up and taken part in several business meetings with his clients and top Schwarzenegger aides.

## **Price of San Simeon**

One of the biggest deals was the controversial agreement last year by the Schwarzenegger administration to pay Hearst \$95 million to protect 82,000 acres of the newspaper and magazine publisher's prized coastal property in San Luis Obispo County.

On at least two occasions, White stepped in to talk directly with Schwarzenegger aides at the center of the deal.

The first was March 10, 2004, when talks between Hearst, which owns the San Francisco Chronicle, and the state were hung up on who would manage the property.

White met for lunch across the street from the Capitol with state Resources Secretary Mike Chrisman and Nita Vail, executive director of the California Rangeland Trust, an open space group run by ranchers.

Also joining them was Ryan Broddrick, the Department of Fish and Game director, who said they spoke about the trust's role in the project.

Three months after the lunch, the Schwarzenegger administration unveiled its proposal, one that sparked intense opposition from environmentalists who argued that Hearst was getting a sweetheart deal.

In early August, the state's nonpartisan fiscal watchdog called on the state to delay the project because of concerns that the official \$235 million appraisal of the property was wildly overinflated.

Four days later, White took part in an Aug. 9 conference call about the appraisal with a Hearst attorney, the head of the State and Consumer Services Agency, Fred Aguiar, and Ron Joseph, director of the Department of General Services, which reviewed the estimate.

In the end, the Schwarzenegger administration agreed with the disputed estimate and bought the property for \$95 million, a deal that allowed Hearst to seek a federal tax write-off for \$140 million -- the difference between the sale price and the appraisal.

## **Meals and deals**

Environmental activists who long suspected that White played an influential role said the meetings offered the first evidence that the administration was swayed by the strategist.

"It was apparent to us that the fix was in and that there were some high-level back-room meetings going on," said Tarren Collins, an attorney and past chair of the Sierra Club chapter in San Luis Obispo County. "Learning more about Bob White's influence helps explain a lot about the process."

Apart from the meeting, Aguiar had dinner with White at least three times last year, with White picking up the bill each time. A month before the conference call, records show, Aguiar had dinner with White, who paid \$100 for the secretary's meal, a perk that registered lobbyists are barred from offering under state law.

Aguiar emphatically denied he discussed business during the dinners, and Rob Stutzman, the governor's communications director, said White has no special influence.

"We don't tilt decisions in favor of anyone's clients," said Stutzman. "You don't need to hire anyone to get a meeting with the administration."



## **Bay Bridge bid**

White has also stepped in to help other clients.

He has helped the California Hospital Association with what has proved to be one of the most politically charged issues of the Schwarzenegger administration: a requirement that hospitals hire more nurses.

Schwarzenegger sided with the group by putting a freeze on the new law, a move quickly overturned by the courts.

Four days after Schwarzenegger dethroned Davis, CHA President C. Duane Dauner and White got together for a small dinner with Pat Clarey, Schwarzenegger's campaign manager, who now serves as the governor's chief of staff. But Dauner said they didn't discuss the issue.

Chrisman and Aguiar aren't the only Schwarzenegger officials to meet with White.

Last summer, Health and Human Services Agency Secretary Kim Belshe had lunch with White and Kathryn Lowell, then an executive with Maximus, a private consulting company that is being investigated for possibly defrauding the federal health-care system.

Maximus, which lost a New Jersey health-care contract last year after a wave of complaints about its operation, has a \$400 million contract to run California's Healthy Families and Access for Infants and Mothers programs.

At the time of the meeting, another \$200 million state health-care contract with Maximus was set to expire. Agency spokeswoman Nicole Kasabian Evans said the state decided in March 2004 to extend the contract for one year and, three days before the lunch, a top health official signed off on the extension. Two weeks after the lunch, the Department of Health Services gave final approval.

Lowell adamantly rejected any link between the contract and the lunch.

Along with extending the contract, Schwarzenegger unveiled a new budget in January that includes policy changes that would expand the company's work in California.

California Strategies also sought to help a client with one of the biggest challenges facing the Schwarzenegger administration: whether to scrap plans to use a costly design to replace the Bay Bridge.

Last fall, Peter Kiewit Sons, a losing competitor for the project, hired White's firm as the administration was weighing plans to shelve the original design -- a move that would have created a new opening for the company to win the multibillion-dollar project.

Ten days before the Schwarzenegger administration announced its decision to shelve the design, White had dinner with the Cabinet official at the center of the debate: Business, Transportation and Housing Secretary Sunne Wright McPeak.

Although White's firm had been hired by Kiewit, McPeak said the issue didn't come up at their dinner.

The only time someone from his firm approached her, McPeak said, was at a farmer's market near the Capitol when California Strategies partner Rusty Areias urged her to put the bridge design back out to bid.

### **CalPERS and Philippines**

Areias, a former Democratic assemblyman, was instrumental last year after the Philippines enlisted White's firm to persuade CalPERS to hold onto its investments in the island nation.

Cora Guidote, the former investment relations officer for the Philippines who worked with California Strategies at the time, said White and Areias were hired "to do some lobby work and educate members about the importance of the investment."

Areias spoke with CalPERS members, including State Controller Steve Westly, who also sat down at the consultant's request with the Philippine ambassador.

Federal law requires people who do political work for foreign nations to register with the federal government.

Kinney said California Strategies contacted the U.S. Department of Justice for advice and was told the work would fall under an exemption for commerce issues. The firm is now seeking a written opinion from the department.

While White and Areias are not registered lobbyists, their firm opened a lobbying branch earlier this year. California Strategies hired three lobbyists, including Jared Ficker, a Democrat who specializes in environmental work.

Appointment calendars and interviews show that Ficker started talking about policy issues months before he became a registered lobbyist. Between March 2004 and January, when he was cleared by state officials to lobby, records show Ficker met at least a half-dozen times with Resources Secretary Chrisman and Broddrick at Fish and Game.

At the time, the Fish and Game Commission was debating whether to list coho salmon as an endangered species, a move timber companies represented by California Strategies opposed.

Broddrick said Ficker spoke to him about the listing, but Kinney said his partner discussed watershed permits for timber operations, not the listing -- which was eventually approved by the Fish and Game Commission.

Kinney defended Ficker and said the firm has no special access.

"We're not in the business of exerting unique or undue influence over this or any other administration or trading on our relationships with anyone who works for this administration," he said. "We never have, and we never will."

<http://www.freerepublic.com/focus/f-news/1407414/posts>

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# STATE OF CALIFORNIA

## MEETING OF THE INSPECTION & MAINTANCE REVIEW COMMITTEE

Tuesday, April 26, 2005 / California Department of Consumer Affairs / 400 R Street,  
First Floor Hearing Room / Sacramento, California

(snip) go to page 170

**MR. PETERS:** Yes, now that the private conversations have ended, I'll continue. This is Charlie Peters, Clean Air Performance Professionals. What we've got here, it appears to me, as though to be making a business effort to make some money off of providing industry to the State of California. Going back to 1991 when I went to the Air Resources Board for the IM Review Committee meetings: there, the Tom and Tom Show, EPA was there and making their presentations as to why we had to go to the enhanced program, and talked all of the improvements in hydrocarbon by the program were from the fuel evap testing proposal.

We went for many years never did anything because it was all baloney because it wouldn't work. Nobody was able to make it work at all.

I see no real evidence that anything here - there's some strong questions as to whether any of this is still going to work, but we are still bound and determined to get a whole lot of money from the people that provide the program without necessarily making any benefits.

I would say to you, sir, that we've been proposing an audit of the program to find out if what's broken gets fixed, and you can look at the fuel evap hoses and find probably most of the faults that you'll find with the equipment and fix them, and find

out if in any of the problems that we got by knowing which cars should fail and finding out if in fact they got fixed, and if they didn't, finding an opportunity to get them fixed, which would probably double, triple, maybe a lot better the effectiveness of the CAP dollars being spent, improve the performance of the program, cut the fraud, improve the failure rate and benefit in excess of 1,000 tons a day.

So, but of course, you can't consider that because I'm not here with a huge pile of money that I'm ready to pay anybody to help me get my job done. To hell with the consumer, to hell with the air. We're going to take care of the contractors who wish to make money here and not look at something that's a real possibility that I have said to you, Mr. Chairman, probably a thousand times, and you sit there with a look on your face that, oh, gee, Charlie doesn't have any money here, so we don't care about him, we don't care about the air, we don't care about the customer, we just care about making some money for our contractor friends, and I'm tired of it, Mr. Chairman.

**CHAIR WEISSER:** I hope that felt good, Charlie. Next question.

**MR. PETERS:** I'll continue if you like, sir.

**CHAIR WEISSER:** No, I wouldn't. Sit down.

[http://www.imreview.ca.gov/meetings/transcripts/transcript\\_april2605.pdf](http://www.imreview.ca.gov/meetings/transcripts/transcript_april2605.pdf)

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# Today's Trucking

## Newspaper reports more Ontario Drive Clean loopholes

HAMILTON, Ont. (Dec. 6, 2004) -- A week after being criticized in a provincial audit for widespread fraud, Ontario's controversial Drive Clean emissions testing program has been found to contain compliance loopholes, the Hamilton Spectator reports.

The newspaper has learned that hundreds of U-Haul Rental trucks operating in Ontario are not required to undergo testing -- and there could be thousands more vehicles.

All 1,840 trucks in the fleet bear Arizona licence plates and international agreements on commercial truck fleets mean that all of the trucks are thus exempt from the province's mandatory emissions testing program, the Spectator reports.

Under a continent-wide system, the home jurisdiction for a fleet collects registration fees and taxes on behalf of all of the provinces and states where trucks will operate. In the case of Phoenix-based U-Haul, the state of Arizona collects the fees, and forwards Ontario a proportion based on the mileage the vehicles accumulate in this province.

Ministry of Transportation spokesperson Bob Nichols could not readily comment on the total number of apportioned vehicles in the province.

The vehicles, however, are still subject to roadside testing by environment ministry staff who look for heavily-smoking vehicles.

An analysis of motor vehicle registrations by the Spectator shows that since Drive Clean started, there has been an increase in passenger vehicle registrations in areas north of the Drive Clean area -- Muskoka, Haliburton, and Parry Sound, for example.

Many people from Drive Clean areas have cottages in these fringe northern areas, and provincial law does not prohibit using a seasonal address to register a motor vehicle.

Environment Minister Leona Dombrowsky has moved up a review of the program after the provincial auditor found evidence of widespread fraud, with Drive Clean certificates being used multiple times to certify different vehicles.

-- from the Hamilton Spectator, via Canadian Press

# Cleaning the air at very little cost

*DAILY PRESS, Tuesday, May 11, 2004*

A number of bills are now pending in the California Legislature to try to put together an ambitious anti-smog program aimed mainly at automobiles. All of them involve spending more money — \$200 million to \$400 million a year, according to those writing bills and putting together coalitions to support them. And the question is where to get it. Among the proposals are a higher fuel tax, higher car-registration fees, or higher Smog Check fees.

The intention behind this effort is commendable, given the large share of responsibility that autos bear for poor air quality. But before the Schwarzenegger administration signs on, it would do well to look into a simpler approach.

California already has a Smog Check program under which motorists are required to have their car's emissions tested every other year.

## **Cheating is rampant**

The trouble is that it isn't very reliable and cheating is rampant. As writer Tom Elias reported last year, the Bureau of Automotive Repair conducted undercover checks at 1,500 of 8,000 testing stations, and found discrepancies — from testing a clean car in place of one that's dubious to charging for fixes that are never made — at most of them.

Clean Air Performance Professionals, a smog check provider industry and motorist group, estimates that at least some cheating goes on at 80 percent of Smog Check stations. But the group has a proposal to fix things.

CAPP president Charlie Peters has for years been proposing a quality audit of all Smog Check stations. It would be simple. Send in a car with a known problem. If the known problem is identified and fixed, fine.

If it isn't fixed, the Bureau of Automotive Repair regulators would inform the operator and give him the opportunity to make the fix properly — and let him or her know another test vehicle would be coming through soon, and three or four failures to fix things properly would lead to a loss of Smog Check license.

## **Changing the procedure**

"That would change behavior in the direction of doing the job right," Mr. Peters said. "Considering how much bad work is done now, we figure this approach would reduce toxic emissions by 50 percent in a year. It wouldn't cost more, it would just involve changing how Smog Check is administered."

Before embarking on a program to scrap more old cars or barge onto a hydrogen highway, the governor should consider CAPP's relatively simple fix.

If it works, we'll have cleaner air and a more honest Smog Check program.

If it doesn't show results within a couple of years, then we can consider more ambitious and more expensive approaches.

*The Orange County Register*

<http://archive.vvdailypress.com/>

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**BOARD MEETING STATE OF CALIFORNIA AIR RESOURCES BOARD**

**JOE SERNA, JR. BUILDING**

**CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY**

**CENTRAL VALLEY AUDITORIUM, SECOND FLOOR / 1001 I STREET  
SACRAMENTO, CALIFORNIA**

**THURSDAY, APRIL 24, 2003 9:00 A.M. Item 03-3-2**

**Chairperson Dr. Lloyd / Executive Officer Witherspoon / Mr. Charlie Peters (pg 152)**  
(snip)

<http://www.arb.ca.gov/board/mt/mt042403.txt>

**MR. PETERS: Excuse me. I'll try to help that a little bit.**

**I'm Charlie Peters, Clean Air Performance Professionals. We represent motorists. And for about the last seven or eight years we have had a letter most every month in Hemming's Motor news, which is considered the Bible of the old car hobby. And Matthew brought up the issue of concerns of some of the hobbyists. So we have been trying to contribute to that and trying to report on that.**

**We're quite concerned that there are significant opportunities to improve how the public's being treated, to increase their options, to improve performance of cars, and to significantly improve the environmental performance of cars by some appropriate supportive credit and support for the providers of service in the marketplace to enhance and improve compliance and improve how the public's being treated.**

**I've heard many times here today talking about how, "Gee, we got this**

**great program called PZEVs and 15 year, 150,000 mile emissions warranties, and that's just going to make all the flowers bloom and make it a great day and make it a better world." Just because those are free, all the car manufacturers are just going to be there and just do it right every time. And every one of those cars is going to get fixed every time just right.**

**Let me say to you there are currently downloadable free programs where you can go in and say every monitor on the car is happy and just right when, in fact, there's nothing on the car that's right. And that warranty situations in the dealer depends upon having options to the public where they can get their cars to get a second opinion. And we have a market that's supported by a regulatory process to improve performance.**

**So I believe that this -- what I've been hearing here today, the technology and huge amounts of money and huge costs, enforcing technology is the solution to all the problems in the world, that maybe we need to consider**

the possibility of this particular subject that huge opportunities to improve air quality in California by appropriate support and credit for an industry that serves the public to see it gets done right more often.

The I&M Review Committee, yesterday the subject came up -- customer goes to one place, gets a smog check. Fails. Goes someplace else, and it passes. We take care of that complaint. Well, who's going to get the complaint? The guy that failed the car. Who gets addressed by the regulatory agency? The guy that got the complaint. Who's the guy that did the job right? The guy that got the complaint. Who's the guy that said it was okay? In this case it happened to be the new car dealer. The car never got fixed.

So without a regulatory support, without some credit, without starting to be concerned about the breathers out here, the people that drive cars, and the air, then all we're going to do in California is continue to exacerbate the loss of credibility for our Governor, the loss in opportunities to improve the air quality, and we're not going to get where we should be able to responsibly go.

We can cut fraud in half in the Smog Check program in a year. We can cut the failure rate in half by a year and reduce fleet emissions 2,000 tons a

day. Oh, gee, that would be expensive. We need to start by maybe going out and finding out if we can improve performance with one shop with a best guy in the state or the worst guy in the state.

Do a little pilot study to find out if there is, in fact, a quantifiable real benefit to the public that can take place by reduced fraud and improved performance by the most important technology that has not been discussed here at all today, that's the stuff between people's ears. Empowering that to work and serve the public. I would appreciate your consideration of a possibility of accomplishing that.

We have an appointment to see a Senator who's thrown his hat in the ring to be the pro tem of the Senate on Tuesday. We have heard that the Air Resources Board and the Department of Consumers Affairs have been invited to that meeting. That's extremely exciting. We've already met with the founder and author of "Smog Check for California," Senator Presley. He was fantastic. And we've met with the Secretary of State and Consumer Services and the Chief of the Bureau of Automotive Repair.

Maybe it's time for us to consider the motoring public and the air and create some support to do it better.

*(Clean Air Performance Professionals (CAPP), Award winning Coalition of Motorists)*

Thank you.

Charlie Peters

Cc: interested parties

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# The Bait and Switch

*Hemmings Motor News / Clean Air Performance Professionals, August 2002*

In January 2001, California introduced legislation (AB-1058) to require the state Air Resources Board (CARB) to develop and adopt regulations to achieve the maximum feasible and cost effective reductions of greenhouse gasses emitted by motor vehicles.

As of June 28, 2002, AB-1058, also known as the global warming bill, was stalled in the Assembly. Many residents of California had let their representatives know that they didn't want a bill that could take away vehicle choice, impose taxes and subject them to regulations from a bureaucracy. But as the public prepared for their fourth of July vacations, the Legislature found an innocuous bill entitled Assembly Bill 1493, which originally dealt with state audits and had nothing to do with emissions. They then proceeded to do what is called a "gut and amend" and remove all the existing language of AB-1493 and replace it with the language of AB-1058, the bill authored by ex-school teacher Fran Pavley to limit CO2 emissions from cars and trucks.

But the public was sidestepped by effectively renaming the bill AB-1493 and rushing it through the Legislature in a matter of two business days. After Friday's "gut and amend," the bill was sent to the Senate floor Saturday night, where it passed in a matter of minutes without any discussion, debate or the customary committee oversight, as the big topic of controversy was the California budget with its \$24-billion deficit.

It came back to the Assembly on Monday morning, July 1, and was referred to the Transportation Committee, which held a non-noticed public hearing (effectively non-public hearing) in a room the size of your average dining room. It wasn't in the open; it was in a closed room that was inaccessible to the general public. The public didn't have a chance to make their views known. It passed out of committee, then it was brought to the floor under another procedure called a WOLF (without reference to file). A WOLF allows a bill to be brought to the floor without public notice that it was going to be heard. It was brought to the floor where it passed with the



minimum vote required. There has been much mis-information as to the bill going to the Governor's desk to await his signature. The bill is still sitting at the Assembly desk.

CAPP President Charlie Peters reported that, "Senator Quentin Kopp informed him in January of 1993 that Remote Sensing technology was in the wings to replace the current Smog Check inspections. June 26th, CARB held a workshop for another "Pilot Study" on remote sensing. Will this affect the old cars? You Bet! Old cars are NOT exempt from remote sensing."

"Last month, the Speaker of the Assembly's Chief of Staff John Stevens also mentioned that a deal with the Global Warming Bill and the bill to place San Francisco motorists into the Smog Check II Program was under consideration by Senator Burton. It will be interesting to see what happens regarding support for the Smog Check II Bill (AB-2637) now that AB-1493 has moved."

"In my opinion, the 'big' global

More next month ... **Stella**

<http://clubs.hemmings.com/clubsites/capp/aug02.html>

warming game is a shift from oil and internal combustion engines to bio-fuels and fuel cells. Oil is quick and cheap to bring to market and therefore the market cannot easily be controlled. Bio-fuels and fuel cells, however, are the result of government funded public/private partnerships which can control who gets to be a player and how much fuel is available."

"The Pew Charitable Trust's global warming partnerships with business <http://www.pewclimate.org/belc> appear to support the credit trading money game that can, if it is allowed to continue to develop along its present course, eliminate any market competition, in effect confiscating the market. Bio-fuel/fuel-cell carbon tax games may very possibly generate a privatized rapid transit business that can make the devastation of ENRON's energy activities look like a Sunday school picnic."

Sources say it is prophetic that AB-1493's passage by the Legislature occurred during the week of July Fourth, Independence Day!

**NOTE**



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# California Scheming

*By Christopher C. Horner, Protectural Scotland, 25 April 2002*

The Washington Post first reported internal memos revealing that the vocal "global warming" movement and its 1997 Kyoto Protocol were fruit of a stealthy and extensive corporate lobbying campaign. The ringleader? Enron (surprise!). The memos disclosed that "green" groups were courted, funded and even created to spread the gospel that man is killing the planet by burning fossil fuels, a malady Enron offered to mitigate through its natural gas, windmill and solar ventures.

Now similar schemes, cloaking issues in green to garner political influence and economic advantage, are arising in the market for fueling America's automobility.

In California, which excluded coal from its electricity mix thus leading to its embarrassing, expensive, and dangerous summer of 2001, corporate interests are seeking to exploit green values to set a heightened, specific requirement for a particular gasoline additive, notwithstanding its well-documented environmental (and economic) downsides.

Incredibly, California's legislature again is lending a helping hand.

The Post's initial revelation of the corporate-funded Kyoto campaign involved a torrent of internal memos, including Enron's dictation of the need and content for an international treaty restricting energy use emissions. Among them was the 1996 internal Enron memo which included the sub-heading: "Making sure there is a treaty," detailing high-level meetings with Clinton administration officials. Oval Office meetings followed soon thereafter.

Enron's chief "warming" salesman, John Palmisano, provided a damning post-Kyoto assessment in another internal memo, in which he wrote: "If implemented, this agreement will do more to promote Enron's business than will almost any other regulatory initiative outside of restructuring of the energy and natural gas industries in Europe and the United States." The memo went on that the Kyoto deal was "exactly what I have been lobbying for," "it seems like we won," "again, we won," and "another victory for us". It closed: "This agreement will be good for Enron stock!!"

Well, Enron, for obvious reasons doesn't have the clout it used to. But riding in the "global warming" wake it helped create, the ethanol lobby is riding on, led by the all-time political influence and corporate pork king, Archer Daniels Midland (ADM).

Sniffing the potential of what wooed legislators and regulators can award them but actual competition never would provide, this special interest appears to have scored big in California. And it smacks of Enron's exposed campaign of fronting "green" groups to fuel its greedy agenda.

In the waning hours of the recently concluded legislative session, the Assembly passed AB 1058. That bill required California's Air Resources Board to adopt regulations yielding the

"maximum feasible" reduction in carbon dioxide (CO<sub>2</sub>) emissions from passenger cars and trucks. CO<sub>2</sub> is a naturally occurring gas. A small percentage (approximately .03) of the world's total is produced by releasing fossil-based energy through combustion.

The principal component of human breath, CO<sub>2</sub> is also consumed by plants to produce oxygen. As such it obviously has no ill human health effects as long as, like with any ambient gas, you don't try breathing it exclusively. It does, however, pose tremendous business opportunities for new, high cost boutique fuels. But because of their higher energy costs, which hit seniors and the poor particularly hard, related fuel interests appreciate environmental claims such as "catastrophic global warming" being accepted. Hence industry's stealth green campaigns. There is a lot of money to be made by making the world a poorer place through energy suppression policies.

And that's where ethanol, the highly toxic gasoline additive derived from corn, comes into play.

Ethanol has serious fuel performance, production, logistical, and price problems dwarfing even those of the demonized MTBE. According to a 1994 affidavit sworn and filed in federal litigation, then-California Secretary of Environment Don Strock said that by "[a]dding ethanol to gasoline ... the State would suffer increases in ozone, particulate matter, oxides of nitrogen (NO<sub>x</sub>), and a loss of carbon monoxide (CO) emission reduction benefits."

No objective environmental assessment of ethanol supports its use.

Yet, the California Senate is poised to consider the "climate" legislation desired by the ethanol lobby, currently rushing it through committees. Until cars requiring no hydrocarbons become "feasible" (quite possibly never), AB 1058 would seemingly require that gasoline contain a hefty dose of the "oxygenate" produced from corn.

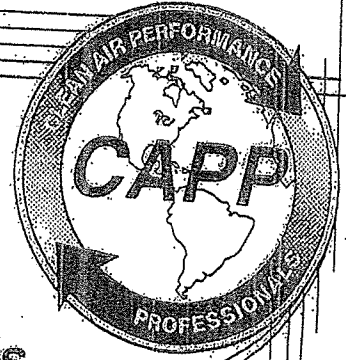
Why? Well, according to energy trade reporters in California, those wacky ethanol boys are up to their "ears" in this.

As bad as the corporate scheming is the environmental groups that stand behind the effort. According to the Associated Press, a group calling itself Bluewater Network is this bill's green face. Who are they? Well, Bluewater is a self-described "project of the Earth Island Institute" (EII). And as some readers may recall, EII on its website dismissed overly mourning the 9/11 tragedies in this fashion: "The majority of the victims were, unfortunately, working for the Pentagon and various elements of multinational financial empires." Bet you never knew those people deserved it.

It is time that legislators and regulators stop adopting fashionable eco-scare campaigns, until they at least learn what interests are actually behind each one. There is a good reason elected citizens, not corporate CEOs, make policy.

<http://www.protectruralscotland.com/kyoto1.htm>

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## *Clean Air Performance Professionals*

# Smog shops have vested interest in clean air

*By Charlie Peters / San Bernardino Sun, pg A6 / April 8, 1996*

After reading the three part series "Consumer Nightmare?" by Steven Church (March 17 - 19). I find it amazing that more Californians are not aware of what is really happening with the state's Smog Check program.

For the past five years a poor economy has plagued California. The money starved California government and regulatory agencies have found their pot of gold at the end of the rainbow via the Smog Check program.

Financial relief for the poor economy will be generated by contracts such as the smog testing contract signed with the Parsons Co. (via Engineering Science) and Envirotest.

The Environmental Protection Agency's demands for clean air (through the 1990 Clean Air Act amendments) will generate the largest tax increase in history. Behind the effort is Dr. Don Stedman, patent holder of the remote sensing technology to detect "gross polluters," the state's worst polluting vehicles. Stedman works out of the University of Denver.

A long list of international government and big business interests, led by the federal EPA, have provided funding for Stedman's work.

Pollution credit trading is at the core of this money tree.

Numerous buy back programs project that 50,000 cars a day will be scrapped to meet the state's clean-air standards, generating approximately \$1,000.00 a car. This moves money from small business and the public to government and big business.

Parsons (Engineering Science) is also the referee for Smog Check II, the latest rendition of Smog Check, and Envirotest is the quality auditing service that takes all the information

from the smog testing equipment in California. These two international companies are providing government and big business the opportunity for increased revenue.

At the heart of these efforts are monopoly contracts to inspect vehicles on the road and in "state" test stations. Remote sensing studies by California and Arizona are reported to "false fail" more than 50 percent of identified cars. State test stations in Colorado are reported by some to have false-failures in excess of 50 percent.

So the question is: Are clean-air mandates about clean air – or money?

If the goal of scrapping 50,000 vehicles per day is met, the incentives to provide privatized rapid transit may be next. An additional party to this tax increase strategy, some say, will be privatizing roads and charging for parking. This will help with incentives to make privatized rapid transit economically feasible.

Is the American love affair with the automobile at risk because of funding demands of government and big business's desire for profits (and thus its partnership with government)?

These policies are being questioned by an expanding group, including academics from state universities and many groups across the country.

Money and power generated from command and control policies that have possibilities of changing the face of America are a raging debate in many quarters. One voice is demanding that responsible government "manage what it mandates."

Promotion of responsible government to promote competitive market inspection and quality maintenance is getting consideration as an option to the money trading strategy. The Clean Air Performance Professionals has requested a pilot study to change management techniques to improve mechanics' Smog Check performance. CAPP maintains that the study will demonstrate a reduction in mobile emissions in excess of 1 million tons per year. Such a result promotes continuation of America's love affair with the automobile.

The strategy of the proposed pilot study is that government and the private sector can work together toward common goals to provide the public with services that are superior to those provided by government monopoly efforts.

America is making big decisions that affect the very air we breathe. But only private citizens can decide the final direction and results by lobbying for improved performance.

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*Peters of Loma Linda is President of Clean Air Performance Professionals. Point of view is an occasional column of commentary by local citizens. Send material to point of view, The Sun, 399 N. D St., San Bernardino, Calif. 92401. Or fax it to (909) 885-8741.*

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**AIR RESOURCES BOARD**

John D. Dunlop III  
Chairman

December 28, 1995

Mr. Charlie Peters  
Clean Air Performance Professionals  
25694 Redlands Boulevard  
Loma Linda, California 92354

Dear Mr. Peters:

Thank you for your valuable participation in the California Environmental Protection Agency's Regulatory Improvement Initiative Public Meetings held on October 30 to November 3, 1995. We appreciate your comments and recognize your continuing interest to improve the effectiveness of California's Smog Check program.

The California Air Resources Board (ARB) reviewed your comments and provides the following response

**Comment: Regarding Inspection and Maintenance (I/M) issues. Believes stationary sources are carrying more burden than necessary**

The 1990 Clean Air Act Amendments call for emission reductions from mobile sources as well as stationary sources. Accordingly the 1994 California State Implementation Plan contains basically two elements, the ARB's comprehensive mobile source control plan and the District's attainment plan for stationary sources. We maintain that the solution to California's air pollution problem will require the cooperation of all segments of society and should address all sources of pollution. A major share of the pollution problem is due to mobile sources. Given this fact, the mobile source control plan includes a combination of advanced technology measures and aggressive market-based measures designed to optimize emission reductions from virtually every mobile source category. Our mobile source strategy and its component control measures, including the I/M program are exhaustive yet reasonable. Our new enhanced I/M program is designed to meet the federal I/M performance requirements and does not seek additional reductions from stationary sources to make up for any shortfall. The ARB's mobile source control strategy in combination with the District's plan ensures the only feasible way of complying with federal law and attaining State and federal air quality standards.

**Comment: Proposing quality management study by the Bureau of Automotive Repair (BAR) on what is expected of automotive technicians**

Mr. Charlie Peters  
December 28, 1995

-2-

We support the implementation of a credible quality assurance program to protect the integrity of the I/M program. It is our understanding that the BAR has participated in a pilot pro-active quality assurance enforcement program called "Partners in Clean Air". This new program is designed to set quality standards for the automotive technicians and the repair industry. Central to the success of this program is the recognition that each smog technician must be empowered and motivated to do reliable vehicle testing and repair. Based on the results of this pilot program which was presented to the I/M Review Committee in March 1995, the BAR may consider the need for your proposed study.

**Comment: Better communication between the BAR and the ARB**

Without question, effective communication among the different collaborating agencies involved in the State's Smog Check program is key to its success. As we have demonstrated in the past, we will in good faith continue to coordinate with the BAR in carrying out our mandated responsibilities under the new I/M legislation. This is part of our shared commitment to comply with the Federal Clean Air Act's enhanced I/M performance requirements in a timely manner and in a way that reflects California's unique situation.

Thank you again for your efforts to help improve California's Smog Check program. Should you have any questions or further concerns, please contact Mr. Tom Cackette, Chief Deputy Executive Officer, at (916) 322-2892.

Sincerely,

John D. Dunlap, III  
Chairman

*(Note: retyped from poor quality original)*

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# EPA says centralized emissions inspection program still on schedule

## *FuelLine, April 1994*

Congress likes to tell people what to do, and when. As to "how," that's usually up to un-elected bureaucrats. Which is a main reason ...consequential issues like, for example the formulation on new vehicle emissions programs, can remain so foggy for such long periods of time..

Case in point: Through the Clean Air Act of 1990, the federal lawmakers mandated that vehicular emissions must be reduced. The exact declines to achieve the desired reductions, however, weren't so explicitly spelled out. Congress handed the ball to the U.S. Environmental Protection Agency, which then devised a package of regulations that, in essence, decrees that the states must begin doing a much better job of detecting smoggy autos and keep them off the roads. The best way to ensure that mandate is met. EPA officials then pretty much completely overhaul the vehicle inspection and maintenance (I/M) programs run by various states.

### EPA: 'Same-site test/repair doomed'

EPA quickly asserted that I/M programs which allow vehicle testing and vehicle repair at the same site are doomed to inaccuracy and fraud, and therefore, doomed. The testing setup v in place in California, which has been copied by regulators in several other states, is a good example of a flawed program, according to EPA. "I basically view the California program and others like it as a consumer ripoff," said Gene Tierney, chief on EPA's Inspection and Maintenance, and the individual generally identified as the agency's guru. It hasn't achieved the quality objective, and it forces people to go into the garages and spend money on a test that isn't very effective."

Consumer research has confirmed EPA's

suspensions about the incidence of consumer fraud and general mistrust American motorists have for so-called decentralized inspection programs, which, like the California plan, allow independent garages to both test and repair vehicles according to Tierney.

"The man on the street impulse is that it's a rip-off," he said. "Go to any state that has a decentralized safety inspection program, and everybody will tell you all about being asked to buy new windshield wipers, new tires, get headlight alignments and all sorts of stuff they don't need. You simply can't have testing and repair at the same site. And we've seen surveys that show the overwhelming percentage of Americans don't like that system, don't like being forced to be tested by people who also fix cars. That's a conflict-of-interest situation, and people just don't like getting pinched."

The results of one such survey, which portended to show just how opposed Californians were to their decentralized testing program, were promoted by the American Lung Association in that state. However, proponents of California's current I/M setup quickly claimed that those findings were incurably tainted, alleging the pro-health group was merely a front for the research effort. The real sponsor of the survey, claimed the conspiracy theorists, was the Washington based Coalition for Safer, Cleaner Vehicles. That group has long been accused by independent repair shops of being a mouthpiece for large corporations, including computer equipment analyzers, who are hoping to get a bigger piece of the I/M pie.

Gary Huggins, CSCV's executive vice president, vehemently denied his organization was in any way behind the



California survey.

"We didn't give any money to the American Lung Association," Huggins said. "We've never given money to anybody. We don't know anyone at the Lung Association."

Regardless of how consumers truly feel about present testing programs, EPA designed a prototype testing scheme that it says will reduce both vehicular pollution and consumer fraud. Beginning next year, several states are tentatively scheduled to start fazing in the so-called I/M 240 testing methodology conceived by EPA engineers.

As currently drawn up, the I/M 240 program (which takes its name from the amount of time a tested vehicle will stay on a treadmill while its emissions are analyzed by computer: four minutes, of 240 seconds) will not have independent repair shops as participants.

That aspect, not surprisingly, outraged owners of shops currently participating in I/M programs. The most vocal opposition to the advent of the enhanced smog check schemes came from California. And the most vocal Californian is Charlie Peters, owner of a repair shop in Loma Linda.

Opponent: 'No centralized system!'

"The centralized I/M 240 program absolutely will not work, and we will absolutely not allow it here in California," said Peters, who founded a group called Clean Air Performance Professionals (CAPP) specifically to lobby against the fed's centralized approach. "That test won't do anything to clean up the air. It's poorly conceived."

Tierney fumed when asked to respond to allegations by Peters and others that the treadmill test used in I/M 240 programs doesn't give a "real world" view of an automobile's performance level.

"Treadmill testing has been used in I/M programs for more than a decade," he said. "So people who say it's not a real world test don't know what the real world looks like. This isn't difficult to do, and several states have been doing it for more than a decade. We wouldn't have signed off on this test if we didn't think it was a real-world test."

After giving that rebuttal, the EPA official admitted being a bit tired of being asked to counter cavalcade of critics that the I/M programs promulgated by his agency have met with. He seemed particularly tired of Peters gripes.

"I've been working on this for 15 years, and I've pretty much heard it all at this point," he said. "There's probably nothing I haven't heard. As for Charlie Peters, I guess he was bored doing repairs on cars, and this issue has given him an interesting diversion. He doesn't agree with EPA much, and he wants to keep a version of the status quo going. The problem with that is it's just not working, not in California."

What did work in California, however, was the lobbying effort Peters and the rest of the anti-I/M 240 crowd launched last year, the pressure applied on lawmakers in Sacramento resulted in Gov. Wilson signing into law a bill that prevented the institution of a centralized I/M program in the state.

Tierney conceded his agency was taken aback by the California statute's passage.

"The bill that California passed is not an acceptable bill as EPA is concerned," he said.

But, the California move gave independent shops now participating in inspection programs in their states a glimmer of hope that their smog check operations might not be made obsolete anytime soon by federal mandate.

"We, really thought this was a dead issue," said Ralph Bombardier, executive director of the New York State Association of Service Stations and Repair Shops, many of whose members own inspection stations. The centralized tests were thought to be a sure thing. But then, boom! Along comes what California did, which came as a terrific surprise. That opened a crack for us, gave us a chance."

Bombardier told FuelLine that a main reason he is opposed to the I/M 240 mandate is its expense. If that test became the law of the land, he said, only those garages willing to invest "between \$100,000 and \$140,000 in new inspection equipment would be able to participate in I/M programs." We don't think that much money needs to be spent to get a good inspection program," Bombardier said. Our cost estimates are that shop equipment that costs something between \$15,000-\$30,000 can be used to do the job, but that's not for the I/M 240, obviously, that would absolutely eliminate the little guy from ever doing inspections again. Really, anything costing over \$50,000 would mean the average shop couldn't compete, couldn't participate.

Tierney dismissed all complaints about the equipment costs associated with I/M testing as trivial to the big picture, saying it's far more important to emphasize the air will be cleaner and consumer expenses should be reduced if the new inspection process is put into effect.

"The cost of equipment here, how is that relevant?" he said. "Why does that even matter? The thing that matters is how much does it cost to do the entire [I/M] program in this fashion? The most expensive estimate we've gotten is from New York, and that came in at \$21 a car. Other estimates from other states take that down to \$15 a car.

"And remember, that's on a biennial basis we're talking about." He continued. "So, it's going to cost from \$15-\$21 for motorists every two years to get these tests performed on their vehicles, while current average costs in a decentralized I/M program is almost \$19 and that is paid every year. The bottom line is, motorists will see a decrease in their I/M costs, and that's a decrease in their cost, and that's what matters."

Tierney also issued a prediction that the California move won't in any way impede the arrival of centralized I/M programs in that state or other areas of the U.S.

"We know other states are hoping that California is going to browbeat EPA into letting them off scot-free," he said, "but from our perspective, that's not going to happen. There are people who are absolutely hoping the centralized programs are repealed by each state after California, but that's a fruitless hope. They can hope all they want, because the reality is that California is going to be doing a test-only I/M program, just like everybody else, in the end. And the I/M 240 test, that's going to be a part of it."

Bombardier, for one, Isn't so convinced that the rebellious action taken by California lawmakers presented merely a minor hurdle for EPA's goal of a national expansion of centralized programs.

"EPA can say that nothing's going to change," he said, "but people all over are starting to rebel, and well, there's a whole lot of electoral votes out there. If I had to predict, I'd probably say that, yes, I/M will eventually go forward. But six months ago, there wasn't any 'probably.' I didn't think there was a chance things would change. Now, I'm not so sure."

*(Retyped from poor quality original)*

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# MOTOR

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## Challenging Enhanced I/M

States have generally gone along with EPA guidelines for enhanced I/M, drawing up state implementation plans (SIPs) to put test-only stations into operation by the beginning of 1995.

The holdout has been California. The state has a well-established network of test-and-repair stations. It has allowed these stations to raise test fees to the point where they actually make a profit on emissions testing. These businesses will be hurt if they lose emissions testing to state-sponsored centralized test stations.

Their response? Lobby like hell. Smog Check shops, with help from a group called Clean Air Performance Professionals, pressured state politicians to resist the EPA's demand that California implement a test-only enhanced I/M program.

Some of this is clearly self-interest. California is in the midst of a major recession—the defense spending that helped fuel a 50-year economic boom in the state is drying up, real estate prices are softening and the computer industry is scrambling. So you can hardly blame smog shops for wanting to hold on to a profitable business.

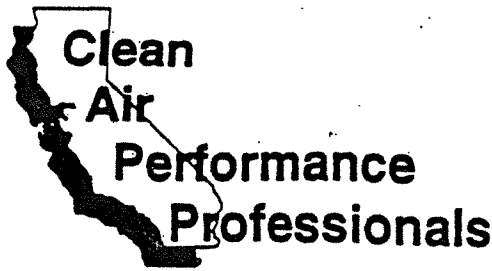
But the rebels also raise some serious questions as to whether a new, more complex I/M program will work significantly better than the existing one.

EPA studies show that decentralized systems, such as the one in California, produce only about half the emissions reductions of centralized, test-only programs. But a recent Rand Corp. study concluded that there was no evidence that a centralized I/M system would work better than the current one.

A political showdown seemed certain when the EPA threatened to withhold up to \$700 million a year in federal highway funds if the California legislature didn't pass an acceptable I/M program before it adjourned Sept. 10.

Cooler heads prevailed—for now. The legislature took no action for or against enhanced I/M. The EPA agreed to hold off on sanctions until after Jan. 1, 1994, giving the legislature time to craft an acceptable program and pass it when they reconvene for the new year.

The EPA retreat was potentially a brilliant move. The delay means that other states will have their SIPs filed and their enhanced I/M programs in the works before the California legislature reconvenes. That way, even if California maneuvers the EPA into allowing the state to continue a test-and-repair system, the revolt won't spread. The rest of the states will be well on their way to implementing the test-only programs the EPA really wants.—T.W.



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THE MAGAZINE FOR THE RESPONSIBLE AUTOMOTIVE TECHNICIAN  
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# Emissions Repair Shop of the Future

## An I/M240 Alternative?

The goal of enhanced I/M is an honorable one—to find polluting cars and force their owners to have them fixed. But not everyone agrees that a new network of high-tech, test-only stations is the only way to pursue this goal.

Clean Air Performance Professionals (CAPP) of Loma Linda, California, an organization of Smog Check shops, is lobbying for an alternative approach. CAPP wants to beef up California's existing network of test-and-repair shops, arguing that better management of the current program can yield as much improvement as a massive switch to I/M240.

CAPP is convinced that problems with California's I/M program result from a failure to set and enforce quality control standards. CAPP proposes a multi-point program that would tighten up the current system. Expanded use of undercover cars would help clean up dishonest or incompetent shops, while a menu of modern quality-control strategies build professionalism in the Smog Check network.

A 2500-rpm standard test would be used for all vehicles, and standards for the initial timing check would be tightened to keep technicians or their customers from retarding timing to squeak a car through the test. Repair waivers would be eliminated, and the Smog Check program would be expanded to cover all vehicles in California, including diesels and vehicles with out-of-state registrations.

California has so far refused to adopt I/M240, and the state and the EPA are struggling to find a compromise. One possibility: The EPA could allow California to try something like the CAPP program as an experiment. If it doesn't reduce emissions as much as comparable I/M240 programs, the state would then have to make the switch.—T.W.

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