



JOINT LEGISLATIVE AUDIT COMMITTEE DAVID A. ALVAREZ, CHAIR

May 3, 2023

REVISED 5/26/2023

Members

Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95818

Dear Members of the Committee,

I respectfully request the Joint Legislative Audit Committee approve an audit of the California Air Resources Board's (CARB) recent regulatory actions regarding zero-emission vehicle (ZEV) requirements as they pertain to operations at the land ports of entry at the California/Mexico border. I have concern that these land ports were not adequately considered in the recent regulatory process and may result in major economic damage.

In 2020, CARB enacted Advanced Clean Trucks (ACT) rules mandating the number of zero-emission trucks that manufacturers must sell from 2024 through 2035. Building upon this regulation, CARB just recently adopted Advanced Clean Fleet (ACF) regulations banning the sale of new diesel big rigs by 2036 and requiring the conversion of large companies' existing trucks to ZEVs by 2042. Under the ACF rule, 100 percent of new sales of medium-duty and heavy-duty trucks must be zero emissions by 2036. The rule also forces companies that operate 50 or more trucks to gradually convert their fleets into electric or hydrogen models, reaching 100 percent zero-emissions by 2042.

The trade industry on the California-Mexican border provides over \$60 billion worth of imports/exports to California and supports over 566,000 jobs. The ports of entry in Otay Mesa, San Ysidro, and Imperial are all vital to this trade. In fiscal year 2019, 958,766 cargo trucks were processed at Otay Mesa. In 2021, these trucks imported more than \$37 billion in goods. Charging and fuel cell re-fueling infrastructure is currently non-existent or unable to support a smooth and successful transition to zero emission vehicles. ACF could therefore create serious disruptions to the commercial movement of goods at the border and could lead to a supply chain crisis and serious economic damage, most acutely in south San Diego County.

ACF and ACT regulations are important means for reducing greenhouse gas emissions and improving air quality both locally and throughout the State. These regulations can also negatively impact thousands of Californians' jobs and the economy. This is why it is important

to make sure we get it right. We need to improve air quality after all appropriate due diligence and analyses have been duly performed. My hope is that this audit will bring more transparency and ensure that due diligence has taken place in regards to the operations at the land port of entry at the California/Mexico border.

Scope

This audit is mainly focused on having the California State Auditor review the application of the Advanced Clean Fleets program to operations at the land ports of entry at the California/Mexico border, including the land ports at Otay Mesa, San Ysidro, and Imperial. Specifically, this audit would include the following scope:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review the Advanced Clean Fleets program as it applies to the land ports of entry on the California/Mexico border.
 - a. Review the impact it may have on drayage from one side of the border to the other.
 - b. Identify and review the adequacy or inadequacy of economically feasible charging or fueling infrastructure on both sides of the border.
 - c. Identify efforts by CARB to facilitate the timely transition as well as the infrastructure and equipment needed to successfully implement the Advanced Clean Fleets program without significantly and negatively impacting operations.
 - i. Identify incentives, infrastructure (e.g., charging stations), and investments provided to USA and Mexican owned drayage and trucking/fleet operations at land ports of entry in San Diego and Imperial Counties.
 - ii. Identify incentives, infrastructure (e.g., charging stations), and investments provided to USA and Mexican owned drayage and trucking/fleet operations at land ports of entry on the Mexican side of the California border. If none are provided, assess the potential negative impact to the feasibility of implementing the program as well as companies' drayage operations.
 - d. Provide thoughts on the current overall feasibility of the program for drayage operations at the border.
 - e. To the extent practical, assess the advantages and disadvantages of having more time to implement the Advanced Clean Fleets.
3. Review CARB's efforts to study, evaluate, plan, and implement the Advanced Clean Fleets program, as it applies to the land ports of entry on the California/Mexico border.
 - a. Evaluate the information, data, feasibility and other studies, and analyses that went into the creation of the Advanced Clean Fleets program.
 - b. Evaluate the basis and feasibility of the timelines associated with the Advanced Clean Fleets program.

- c. Identify efforts by CARB to facilitate a smooth and successful transition to zero emission vehicles.
 - d. Review the extent to which the unique circumstances regarding drayage at the California/Mexico border were considered.
 - e. Review the factors considered and the feasibility analyses' conclusions related to drayage at the border. Further, evaluate CARB's assumptions regarding the cost and viability of medium and heavy duty ZEV trucks, including assumptions regarding long-term costs, operational capabilities (range, capacity, etc.), and the production and supply of ZEV trucks. See SANDAG report titled "Zero Emission Freight Transition at the California-Baja California Border."
4. Determine the charging and fueling infrastructure necessary to support a successful transition from carbon fueled trucks to ZEVs.
 5. Review the rule making process associated with the regulations for the Advanced Clean Fleets program to ensure they complied with various requirements. Further, determine whether public comment was adequately taken and considered.
 6. Identify the amount of economic activity and jobs associated with drayage at the border. Further, estimate the potential economic and job impact resulting from the swift implementation of the Advanced Clean Fleets program.
 7. Conduct a survey of businesses involved in drayage at the land ports at Otay Mesa, San Ysidro, and Imperial to obtain information and understanding regarding their challenges, their preparedness for implementing Advanced Clean Fleets program requirements, and the potential economic impact for the region and state.
 8. Review and assess any other issues that are significant to the audit.

Thank you for your consideration of this audit request. If you have any questions, please do not hesitate to contact me.

Sincerely,



David Alvarez, Chair
Joint Legislative Audit Committee
Assemblymember, 80th District



Susan Talamantes Eggman
Senator, 5th District



Josh Hoover
Assemblymember, 7th District



Jim Patterson
Assemblymember, 8th District



Blanca Rubio
Assemblymember, 48th District



Scott Wilk
Senator, 21st District