

LEGISLATIVE COUNCIL INTERIM COMMITTEE ON
PUBLIC TRANSPORTATION AND AIR QUALITY
AUGUST 3, 2004
East Conference Room, J.R. Williams Bldg, Boise, Idaho

MINUTES

(Subject to Approval of the Committee)

The meeting was called to order at 9:00 a.m. by Cochairman Senator Curt McKenzie. Other committee members present were: Representative JoAn Wood, Co-chair, Senators Hal Bunderson, John Andreason, Stan Williams, John Goedde, Marti Calabretta, Elliot Werk, and Representatives Dolores Crow, Ann Rydalch, Gary Collins, Clifford Bayer, David Langhorst, and Elaine Smith. Staff member present was Maureen Ingram.

Others present included: Larry Falkner, Janet Weaver, Steve O'Neal, Charles Rountree, Julie Pipal, Idaho Transportation Department (ITD); Jim Brooks, Public Transportation Advisory Council (PTAC); Joe Herring, Region IV Development Agency & Public Transportation Advisory Council; Mark Carnopis and Kelli Fairless, Valley Ride; Cleo Cline, American Association of Retired Persons (AARP); Paul Mann, J. R. Simplot Company; Molly Steckel and Clair Bowman, COMPASS; Skip Smyser, Connolly & Smyser, Chartered; Rob Sterling and Mike Reynoldson, Micron; Brent Olmstead, Milk Producers of Idaho (MPI); Warren Bean and Dennis Turner, Ada County Air Quality Board; Dick Rush, Idaho Association of Commerce and Industry (IACI); Russ Hendricks, Judy Bartlett and Dustin Miller, Idaho Farm Bureau; John Eaton, Idaho Association of Realtors; Cheryl Robinson, Robinson Env. Cons., LLC; Ralph Groschen, Minnesota Department of Agriculture; Dean C. Delorey, Amalgamated Sugar; Andrea Mihm, Shoshone-Bannock Tribe; Patrick Riceci, Mike Wilson for Ada County Commissioner; Carlos Bilbao, candidate for District 11 House B seat; Mark Duffin, Idaho Sugarbeet Growers Association; Jane Gorsuch, Intermountain Forest Association (IFA); John Crockett, Idaho Energy Division; Justin Ruen, Association of Idaho Cities; Steve (illegible), City of Boise; Elaine Clegg, Idaho Smart Growth; Ron Binggeli, City of Pocatello; Jess Byrne, Leonard Herr and June Ramsdell, Department of Environmental Quality (DEQ); Krista McIntyre, Stoel Rives, LLP; Ken McClure, Givens Pursley; Gayle Batt; Della Johnson; and Robert Rogero.

Co-chair Senator McKenzie called the meeting to order at 9:00 a.m. and informed the committee that many groups have previously studied public transportation issues in Idaho and each has reported a need above the level Idaho currently has. What is Idaho willing to do to improve transportation? The funding question has been before the legislature before and has not passed, so it is a complex issue with many possibilities for funding. This committee has a difficult job to address transportation issues and decide a cost benefit to the state.

Mr. Larry Falkner, Administrator, Division of Public Transportation, Idaho Transportation Department, expressed appreciation for the opportunity to share information on public transportation in Idaho and the role the state plays in administering federal funds. **Mr. Falkner** pointed out that public transportation is just one of the many components that make up the transportation system, so from highways to rail to bicycles and airplanes, ports to buses, Idaho's

transportation system is responsible for transporting people, vehicles and goods around the state. Transportation funding in Idaho is estimated to be \$715,600,000 comprised of \$107.1 million in local funds, \$282.4 million in federal funds, and \$326.1 million in state funds. By combining federal funds with state and local dollars, transportation is kept working for Idaho. **Mr. Falkner** distributed a folder entitled "Idaho Transportation Department 2004 Presentation to the Interim Committee on Public Transportation and Air Quality" which is available in Legislative Services Office. In that folder is a chart showing for FY 2005 the fund source and distribution of dollars in millions - actual appropriation (S.B. 1381). The numbers in this chart are estimates of the total dollars anticipated coming in, state funds in blue, federal funds in red, local funds in yellow, other funds in green. The right side of the chart shows the distribution of those estimated incoming funds. The Division of Public Transportation oversees \$4,217,100 of federal and state funding and these programs include the Consolidated Planning Grant 29.0% or \$1,220,000, Elderly & Disabled Transit 9.7% or \$410,000, Vehicle Investment Program 7.4% or \$312,000 and Rural Public Transit 39.3% or \$1,656,700. In addition, the division is responsible for oversight of federal highway programs including federal transit administration grant programs and programs for the elderly and persons with disabilities. Idaho receives over \$2.2 million for these two programs and when this money was passed on to local agencies, the division becomes responsible for the fiscal monitoring of those funds. They do program oversight and help their grantees stay in compliance. There are some intricate regulations in terms of procurement, and much of the documentation with regard to compliance is established through the application process where they require copies of financial audits, organizational policies and processes. Follow up is done by site visits and technical assistance is also provided. The funds received from the federal transit administration for public transportation services fall into five categories: Urbanized Area (communities over 50,000 but under 200,000 population); Metropolitan Planning; Rural Area; Intercity Programs; and Elderly and Persons with Disabilities.

Ms. Janet Weaver, Senior Planner, Idaho Transportation Department (ITD), explained a chart entitled "US Department of Transportation - Federal Transit Administration History of Funding to Idaho 1994-2004." **Senator Goedde** asked about a formula the Governor had to allocate money to the metropolitan planning organizations (MPO's) and asked for elaboration on that. **Ms. Weaver** responded that it is a federal formula for the urbanized area 5307 funds and the smaller numbers are based on the population/population density in the urbanized area. It is published in the federal register. **Senator Andreason** commented that in 2002 Coeur d'Alene and Nampa did not receive funding and Idaho Falls and Pocatello received funding from the beginning, yet in 2003 both Coeur d'Alene and Nampa received more funding than Idaho Falls and Pocatello and asked why that was. **Ms. Weaver** answered that was when the federal definition for a new census for urbanized areas was announced in May of 2002 (fiscal year 2003) so that's why it automatically started in 2003; again, the funding is that federal formula based on population/population density. Idaho Falls actually started their funding in 1993 after the census information and Pocatello in 1980. As things grow, they get new money, when census findings are announced.

Ms. Weaver was asked by **Representative Rydalch** to explain the transit coalition and what is comprised of that. She answered that they are a group of local transit providers around the state who wish to participate in a program and they must be government or local government sponsored; there

are no state tax dollars going into that; they provide their own funding to work with representatives from Washington, D.C. ITD did help them plan a format which would work so that it could be set up, but beyond the regional technical support, they do not provide funds. If there is a question on how funds should be used, they will work with federal transit administration counterparts in Seattle to get an answer on how the funds should be used or what procurement requirements there are to meet procurement standards, so they do help in that way, but that is the limit.

Mr. Falkner added that the whole reauthorization process starts in Washington, D. C. and money is put there nationally, 80% for highways, and 20% for transit and other items. **Mr. Falkner** recognized the Idaho Transportation Board for all the support they have given to transit over the years. The investment program has been very successful over the years; they have been supportive of the interagency working group, ride-share programs, state-wide and regional planning and of the congestion mitigation and air quality programs which they give 50% of that money under transit for capital purchases. They are looking for additional ways to bring in funding for transit also.

Mr. Charles Rountree, Administrator, Transportation Planning Division, ITD, stated that over the past 18 months, the Idaho Transportation Board directed ITD to look at the vision for transportation for the state of Idaho, not just for ITD, but what do their constituents want in the way of transportation. ITD conducted a 600-person telephone poll to start this vision process and asked multiple questions about transportation and specific ones regarding public transportation. The initial comments were that the current public transportation system is a significant weakness that has a lower funding priority overall. Transit is not meeting community mobility needs. Lack of local transit options and insufficient transit were #1 and #2 causes of access and mobility problems among 60% of those polled. Mobility-oriented solutions at community-level favored 1/3 road improvements and 1/3 public transit improvements, with 1/3 not reporting. State system-level solutions favored road improvements by 2 to 1 over public transit improvements. Citizens prefer more public transportation options and open spaces over heavy-handed land-use solutions.

Representative Wood asked how the citizens for the survey were chosen and the reply was that it was a state-wide randomly generated survey of 100 people in each of ITD's six regional districts. **Senator Calabretta** inquired whether the survey asked the individuals if they used public transportation on a daily, monthly or annual basis and/or would they be willing to change their behavior if certain systems were put into place, and would they use them? The response was that ITD did ask, but not in such detail. **Senator Werk** asked if the actual survey questions and results were available to the committee. **Mr. Rountree** responded that ITD will get the survey results to the committee, and stated that ITD had seven workshops around the state with 750 participants and in those workshops ITD learned additional information about private transportation. ITD learned that public transportation was not readily available across the state; Idaho is in need of system development actions (e.g., more access, coordination, predictability, availability, etc.); Idaho is in need of applications and solutions scaled to communities and populations; is in need of dedicated funding which is needed for all populations, including those with low incomes, people with disabilities and the young and aging populations and which is key to a functional, multi-modal transportation system.

Senator McKenzie asked if there were a need for dedicated funding and was there follow-up to that and what types of funding people would be willing to pay for or where they thought funding would come from. **Mr. Rountree** did not specifically request that information, but rather was focused on what was their vision for transportation and not necessarily how to achieve it. As far as the workshop findings, ITD compiled a list of principles and priorities for the state. The principles were: mobility for all users; compatibility with the environment; preservation of community assets; and flexibility and responsiveness. The priorities were: integrate the transportation system; support quality of life through endorsement and acceptance of the vision; provide flexible funding; integrate transportation and land-use planning at state and local levels; and support choices for all individuals. Challenges that ITD sees is reauthorization of the Transportation Act. ITD does not know yet what that will bring to funding and ITD does anticipate there will be more funding and new transportation programs coming out of that bill and potential savings on formulas and ITD is optimistic that these changes will yield more money for transportation in Idaho and in particular public transportation. Most programs that ITD oversees are federally funded. **Senator Goedde** asked how transportation such as buses and taxis fit into the formulas and ITD's vision. **Mr. Rountree** pointed out that this is not ITD's vision, this is the people's vision around the state, and they talked about buses, taxis, personal aircraft, planes, trains and that is a choice.

Senator Andreason asked if ITD's study brings out the fact that in order to have a successful public transportation system such as Portland, do any areas of the state meet that kind of criteria and if so, where are they? If not, what do those criteria require? **Mr. Rountree** responded that the processing of the vision did not necessarily address specific solutions; they were asking what people envision 25 years and beyond in the way of public transportation. Public transportation is important to everyone and funding will be an issue for any system. The vision process did not cover a specific locale; in the most rural portions of the state, there is a desire for public transportation as well as the most urban areas even though they have very different needs. **Senator Andreason** commented that in order to establish a public transportation system, certain criteria must be met in terms of population, etc. and asked ITD if they identified any of the criteria that would enable the committee to see how far into the future they might be looking to consider public transportation. **Mr. Rountree** answered that this is the work that is ahead of us; ITD knows what people want, but how do we provide that and what is the vision for 25 years from now? This is one of ITD's challenges.

Representative Wood asked when looking at future federal funding, what is the requirement to match on any of these projects for public transportation? **Mr. Rountree** responded that it varies by program; it can be as much as a 50% match and as small as 20%. One thing ITD is trying to do in the authorization is to get all the federal transit programs at our state's sliding scale match which is about 93%/7%. ITD has been successful in getting language in both bills that addresses some of the programs, but not all. **Representative Wood** asked approximately what the proportion would be on the two bills and what can be expected and **Mr. Rountree** answered that ITD can only speculate, but it appears there may be more money available for public transportation.

Senator Bunderson stated that the committee needs to project what the needs are going to be in the future. The utility companies have projections and some figures are quite staggering; if ITD has information on future projections for metropolitan areas, could ITD come back and share that with

the committee at a future date so they have a feel where the state's need may be and how the state can resolve those issues? **Mr. Rountree** answered that ITD can get back to the committee regarding future projections.

Representative Wood asked if ITD were planning for access and corridors and is ITD using those figures in planning for future highway or inter-modal traffic? **Mr. Rountree** answered that ITD does use projections for things as specific as design and to do corridor analyses on the major corridors in the state to get an idea of what the state needs to accommodate traffic growth and commercial traffic volumes and how they might have to go about protecting access on some facilities; ITD is looking at that. **Representative Wood** inquired if ITD is planning and looking forward, do they anticipate what ITD's responsibility will be as opposed say to the highway districts in larger cities? How much is ITD going to be responsible for, e.g. in the Ada County area? **Mr. Rountree** responded that ITD's responsibility resides with those systems that are designated on the state highway system and ITD is working very closely with communities, particularly in high growth areas to plan the impact that their decisions have on ITD's systems and vice versa. ITD is working specifically in Treasure Valley with all constituents encompassed in surrounding counties to look at regional impact on transportation, land use decisions and local transportation decisions so ITD can get answers to some of these questions.

Senator Stan Williams shared his observation that in looking at the vision for the future there may be three things that could affect a need for better public transportation: culture, convenience and cost. The culture now is that most people live close enough to a city so they can get in a car and drive to work; this will probably continue until the cost gets prohibitive or the convenience is not there, so sometime public transportation may become cheaper and more convenient, as it is in New York. **Senator Andreason** agreed that by the time a need is identified, it may be prohibitive to acquire the corridor (for rail) if you're trying to bring people in and not use a highway. If a corridor needs to be identified, the sooner the better; this is a critical problem. **Senator Bunderson** expressed agreement and added that we have air problems, we have quality of life problems when traffic is at a standstill on freeways, so federal laws must be adhered to as well, and cost continues to be a consideration.

Representative Langhorst asked how much of Idaho's state and local funding goes to public transportation and how does Idaho compare with other states? **Ms. Weaver** responded that her research shows there are six other states besides Idaho that do not have state-level funding for public transportation: Alaska, Hawaii, Colorado, New Mexico, Alabama, and Mississippi. Those states, though, have local option taxes. The other model is having federal/state money running it or a combination thereof. Idaho is unique in that we do not have local option abilities for transit nor do we have state funding beyond the vehicle investment program and the small amount they use to run the ITD division.

Representative Rydalch asked how long there has been a Division of Public Transportation at ITD and the answer was, since 1991. **Representative Rydalch** expressed concern that, if since 1991 there has been a Division of Public Transportation, and in talking about local control, it perplexes her that ITD has no parameters as to what the requirements are to implement public transportation;

since 1991 has that not concerned ITD or is it up to locals to solve their own problems? **Mr. Rountree** expressed ITD's concern about public transportation and they are not trying to get people out of their cars, but rather giving people a choice. **Representative Rydalch** pointed out she was not just talking about the funding at this point, but was concerned that there are no parameters for establishing what needs there are for public transportation. **Mr. Rountree** confirmed that ITD has completed studies that demonstrate the need and also covered how to preserve what Idaho has and also covered costs to upgrade that to the next service level and also a scenario showing if Idaho had all the money in the world, what public transportation would look like in Idaho. **Representative Rydalch** asked if those needs encompass requirements as well, and the response from **Mr. Rountree** was that ITD would develop those basic requirements through the ITD Board but those requirements are not in place now.

Senator Goedde inquired about ITD's public opinion survey and expressed concern about whether the survey supports public transit improvements. A failure of other public transit opportunities nationwide is that people who say they want improvements actually want the other guy to ride the bus so they can get on the freeway and find a parking place easier. Did ITD's survey try to segregate that group at all? **Mr. Rountree** answered that no, it did not.

Representative Elaine Smith commented that since Greyhound is leaving so many communities in Idaho, has ITD had communities contact them asking how can people be transported. What is ITD's Public Transportation Division going to do since Greyhound's withdrawal? **Mr. Rountree** answered that ITD is concerned about that and since the census came in, rural areas have moved into urban status and thousands of people no longer have door to door service; this problem is exasperating on different fronts. ITD is working with congressional people and ITD's interagency working group will be addressing some of these problems.

Senator Williams asked if there were any federal funding available for corridor rights-of-way for future use, or is it all state and local? **Mr. Rountree** responded that there are choices about how local communities can use federal funds, and it is not an easy process. They would have to go through an environmental analysis, study for alternatives would have to be done, and then commitments of those funds to that particular corridor preservation could be done. Typically, those corridor preservations are in urbanized areas and fall under planning processes. ITD has acquired as a state, abandoned railroad rights for future uses for transit, so it would depend on the project and the scale of the project and whether the state and local entity would be involved in the acquisition and preservation.

Senator Werk commented that Idaho has a great bus system, but sometimes people cannot get to the bus stops safely; he asked ITD if, after their surveys, they had a definition as to what ITD considers to be public transportation? **Mr. Rountree** responded that in the envisioning process, people want choices regarding future transportation systems. There are not enough resources or funds to do all that is needed to do and local jurisdictions and districts are working with ITD and planning as they look at a full multi-modal scope at how to move people; this has a high priority as we move forward, with regard to preservation, enhancing and improving on everything.

Mr. Larry Falkner, Administrator, Division of Public Transportation, informed the committee regarding the Interagency Working Group and stated there is a statutory charge at section 40-514(3), Idaho Code, which created the Interagency Working Group (IWG) to analyze public transportation needs. A handout listed the members of IWG which consists of eight state agencies directly involved in providing either client or public transportation services, and a representative from the governor's office. The ex-officio members who have been appointed are also very helpful and play a critical role. There are definitions for public transportation and client transportation. Public transportation: transportation services open and available to the general public; anyone may ride for a standard fare. Client transportation is arranged transportation for clients of specific health and human services programs where an agency basically pays for transportation for services; many rules, regulations and criteria apply to those. If public transportation were combined with client transportation, looking at those eight state agencies, \$100 million per year funds those. IWG pulled these state agencies together, building trust, to address this mandate.

IWG has three initiatives: Pocatello regional transit demonstration project, the Magic Valley initiative and North Central Idaho rural access. Regarding the Pocatello Regional Transit project, IWG determined they had a high quality manager in the Pocatello region that provided regional services in several counties. IWG got support from the Pocatello City Council and from the Mayor of Pocatello. IWG proceeded with their first pilot project with Pocatello. Coordination was key to having the funding go through one source. IWG had to leverage the funding they had, had to improve service quality, had to centralize the oversight and the management, so they pooled all resources and coordination took several forms, both local and regional. Pocatello Regional Transit was the single coordinator for all these funds and IWG is in the process of running all these state and federal funds at a local level.

Geographic Information Systems (GIS) is being used to track and communicate with vehicles. One of the big problems IWG faced is that 8 different state agencies are involved, 62 federal programs represented by this, all with different roles and regulations and at the end of the month have funds sorted out for reimbursement. IWG is finalizing with University of New Mexico, which received a grant to figure out this process, to obtain new software which will be incorporated, so at month-end, a button can be pressed and the proper state agencies will be asked for reimbursement. There will be significant use of the private sector by using taxis, etc. One phone call is all it should take to transport someone to work, to child care, to the hospital, to health care, or to get groceries. This can be replicated throughout the state.

Regarding the Magic Valley Initiative, regional people in the Twin Falls area came to IWG seeking some integrated regional transportation without duplication. There was one route that had three different vehicles transporting people, and, with coordination, \$50,000 per year is now being saved in Twin Falls alone. There is a problem with regard to access to jobs, training and medical services, particularly after hours and on weekends. IWG did a needs assessment and made recommendations; now there is a comprehensive plan and strategy in place. IWG has been able to respond to the plant closures at J.R. Simplot that displaced about 1,600 people who are no longer employed there. How are those ex-employees transported to Jerome and Twin Falls counties where employment opportunities exist? IWG is expanding service, reducing redundancy and working within the funding

sources available. An example was cited of one route in Burley that was going to be shut down due to lack of \$27,000 in funding that transported 15 people; there was no federal, state or local money available. Seven of those people said they could no longer be independent in their homes and would become wards of the state, at a huge expense, far more per person than it would have cost to keep that route open. IWG keeps those types of situations in mind as they progress. A centralized coordinator using technology necessary to pull everything together is key to communities providing efficient transportation.

In the North Central area, there are significant transportation challenges due to lack of providers. IWG is developing a project there using school buses to move Medicaid clients. The provider that was transferring people for \$25,000 to \$30,000 per month can now be done for about \$2000 per month using school buses. School superintendents have agreed to partner with IWG and transport will begin with Medicaid clients when the buses are not moving pupils, the goal being to transport everyone in school bus vehicles. IWG sees significant savings utilizing an asset that is already paid for. Bus drivers are now employed year around and dispatchers are in place and IWG will be providing public transportation before long also. This asset of school buses should be available for use statewide, providing significant savings. When IWG gave this presentation to the governor in December, he asked why buses were not used to deliver groceries to people during the day when buses were not in use. This is an example of where the use of buses could lead. State agencies, as they work together, are building trust, relationships, promoting effective use of taxpayer dollars, leveraging available funds and enhancing mobility for everyone. There is a concerted effort at the federal level to make things easier for the states. IWG's efforts may be used as a model for state agency coordination, in areas other than just transportation.

Senator Calabretta inquired as to the other staff members at IWG responsible for organization and **Mr. Falkner** answered that there are two, one of which is a facilitator who is a consultant to IWG. IWG is required to meet four times per year and they will be sure that the committee gets future information and the 2003 annual report is included in the handout.

Senator Bunderson asked if other states make use of school buses for purposes other than transporting students? **Mr. Falkner** answered that in Oregon they have set a precedent for multi-uses of buses; the Idaho Department of Education communicates with IWG and they hope other school districts will follow this example. **Senator Bunderson** asked if Idaho's statutes are adequate and can IWG function within the existing statutes and meet their objectives? **Mr. Falkner** responded that IWG, according to the mandate, is coordinating funds received, both client and public transportation, so they are not working with any additional funds at all. Should local funds become available, IWG could certainly capitalize on that and could be critically important. The statutes are currently sufficient for IWG's objectives.

Representative Wood asked for clarification on whether IWG was reimbursing the school districts for use of their buses with client funds and **Mr. Falkner** responded that was correct. Medicaid has money they would normally pay to a commercial client provider and the school districts are reimbursed through their program. Ultimately as IWG expands that into the public transit arena, public transportation through the federal side would be made available. The vehicle investment

program may be utilized also; the Department of Education is also open to suggestions for types of vehicles to design and order. **Representative Wood** commented that using a bus for several clients would appear to be more expensive than use of a taxi perhaps. **Mr. Falkner** answered that in more rural areas, a bus that is not full of students could possibly be transporting parents to a job site across the street from the school, but that IWG will make the most economical use of vehicles they can. IWG saved \$50,000 just on one route; ultimately \$250,000 per year paid to a provider could possibly be reduced to \$25,000 per year. Technically, IWG is not competing with the private sector; IWG will make use of every resource they can.

Senator Andreason stated that in IWG's annual report submitted to the legislature in 2003, there is a mission statement that reads "a safe, efficient and coordinated public transportation system accessible to all Idahoans" and asked if IWG had given any thought to changing that. **Mr. Falkner** responded that is still IWG's goal to provide transportation to anyone in Idaho who has a need; having choices is a lofty goal. There are counties with less than 2,000 people and there are challenges with regard to the elderly who choose to reside in their homes but need help. The mission statement has not been addressed since IWG started three years ago.

Senator Calabretta expressed hope that the rural communities will get the help for transportation for medical and other services and stated that volunteer efforts for rural communities are being challenged.

General James S. Brooks, Vice Chairman, Public Transportation Advisory Council, is a retired public servant who was responsible for the National Guard for Bureau of Disaster Services in Idaho. His interest in public transportation started in 1990 when then Mayor Kempthorne asked **Mr. Brooks** to chair his Public Transportation Advisory Committee for the city of Boise and to help establish an operating mode that was more effective for Boise; has been involved with public transportation ever since. The purpose of his presentation is to provide statutory history, and is not intended to comment on what has been done rightly or wrongly; it is a look at what has happened in public transportation in the last fourteen years.

Keeping in mind that **Mr. Falkner** distinguished between public transportation and client transportation, IWG addresses client transportation. **Mr. Brooks** is a member of the Public Transportation Advisory Council and their job is to advise the Idaho Transportation Department and its Board on public transportation issues. They are involved in client issues only as the need arises. On the issue of state versus local roles in public transportation: There is no statewide public transportation system; Idaho has a series of local transportation systems and each one is operated by a municipal organization or as a non-profit, private corporation, and they are the ones that plan for and determine what services are going to be provided. There is no edict from the state level as to what will be done at the local level in the way of providing services.

Prior to 1991, the communities of Boise and Pocatello that qualified for urban federal funding did their work directly with the Federal Transit Administration and ITD had very little to do with that. Idaho did administer a small program for the support of rural transportation services which was administered by the Department of Aeronautics. The Interim Committee of 1991 was formed

because a group of concerned citizens from the Idaho Falls area, the Idaho Collaboration Group, came to the legislature in 1991 with concerns for public transportation in their area. The new 1990 census was about to be released and they had it on good authority that they would become eligible for urban funding and did not have information on who to go to or how to get those funds. The Interim Committee of 1991 was formed to study public transportation in Idaho and three meetings were held. The first meeting gathered information from various agencies, the second from local providers on local needs, and the third meeting was to develop consensus and recommendations. The findings were as follows:

- , There is a need for public transportation services for all residents of the state.
- , Coordination of public transportation services is mandatory.
- , There is a need for a statewide public transportation policy.
- , Stable funding needs to be identified for public transportation.
- , Locals are in need of technical support and training assistance.

It was recommended to form a state-level Advisory Council and **General Brooks** still sits on the Council today as Vice-Chairman and has been on it for ten years, seven as Chairman. It was recommended that advisory committees be formed in each of the six districts of ITD, the purpose being to get local input on public transportation needs and services. It was recommended that an Interagency Working Group be formed to address coordination, designate ITD as the lead agency, develop a public transportation plan for Idaho, maintain a state commitment to improve public transportation, and to provide assistance to local public transportation organizations. That has been done very effectively by ITD.

In 1992 a legislative proposal was submitted and the proposed legislation became Section 40-514, Idaho Code, which is the only law that really pertains to ITD and public transportation. It provided for all the recommendations, called for a comprehensive data gathering effort which was never fully implemented because it was calling for data that simply did not exist, and required ITD to coordinate planning of all public transportation funds. This has been a difficult thing to accomplish because the implication is ITD should go to the city of Pocatello to coordinate the amount of money they want to spend on planning transportation services. Planning has been at a higher level and that portion of the law has been difficult to carry out.

What the law did not do: it did not define what the state commitment to public transportation was; it did not provide any funding mechanisms for the mandates that were in the law; nor did it give ITD any authority outside its own agency which means ITD has no authority to tell the Interagency Working Group what to do nor does it have any authority to tell Pocatello how to run things. It is a matter of cooperation. In 1994, legislation was submitted to enable the formation of regional public transportation authorities (RPTAs) and that came as an initiative of Boise city after a city-wide study that Mayor Kempthorne had conducted. The bottom line said "Public Transportation is a regional concern and one that cannot be addressed adequately just within city limits or within county boundaries." Therefore, a regional approach was necessary and the Mayor asked how this was to be done.

At the time, Idaho had no legislation that enabled the formation of regional transit authorities, a common way that all transportation is addressed throughout the country. Legislation was submitted in draft form and the word came back that if you don't take out the funding paragraph, it won't be approved, so the funding paragraph was removed. (The funding portion had been patterned after Washington state which called for a personal property tax on vehicles.) In addition, the legislative leadership would not allow the legislation to create another new element of government; therefore, the directors of the regional public transportation authority are the existed elected officials within the region and there are no new hierarchies built with that legislation. The 1994 Act required a public vote in order to establish a regional transit authority; it had to be governed by existing local elected officials; it had the same duties and authority as other municipal corporations; it had jurisdiction over all publicly-funded public transportation services (not necessarily all public funds) directed toward public transportation services; and it was to try to carry out the mandate of the legislature, making regional coordination necessary. No provision for funding was included.

The first regional transit authority (RTA) was organized in Bonneville county in November, 1994. The election was favorable and the law required that RTAs be county wide. There was no provision in the law to let communities which did not want to be a part of the RTA to opt out, so an amendment was drawn to that legislation, and in 1996 it was brought to the legislature and was passed. It modified the way in which RTAs can be formed; now the boundaries can be adjusted so that those who don't want to participate don't have to.

The Treasure Valley Regional Transit Authority was voted on by the people in 1998 and passed by an overwhelming 70% margin in both counties; later the officials, through the joint powers agreement provisions in our law, put the two together into a single regional transit authority for Ada and Canyon counties which is now called ValleyRide. ValleyRide owns the bus system which used to be Boise Urban Stages, and contracts for services in Canyon county as well as other services in both Canyon and Ada counties.

In 1995 there was another interim legislative committee but its principal focus was on a proposed increase in the gas tax. They held hearings throughout the state and in each one, the public transportation interests came and testified that there was a need for public transportation. The final report of that interim committee had one statement on public transportation and said: "Consider funding methods that would allow ITD to participate in funding public transportation." In that report, it was difficult to determine who was supposed to "consider the funding", so ITD took it upon themselves to do the considering.

In 1995, a thorough study was done to ascertain available funding options. Our state Constitution restricts the use of gas tax and registration fees; there are few options for funding public transportation. One option that attorneys said would be legal would be to increase the title transfer fee which is currently \$8 when you transfer the title of a vehicle, whether you buy a new or old vehicle. The proposal was to add \$2 to that and dedicate it for state-level public transportation support. It would have raised \$850,000 per year; there was no success in getting that legislation out of committee.

In 1993, the legislature authorized a \$1 fee to be placed on the sale of each new tire; the program was to be administered by DEQ, the purpose being to have an environmentally acceptable method of disposing of old tires, and had a four-year sunset clause. By the end of four years, DEQ did not want any more of it. They could just not do it right. Here was an opportunity for public transportation. The \$1 tax was already there; the legislature asked if when it sunsets for DEQ, could it be kept for public transportation? It would have raised about \$1 million per year, but it did not happen. One reason it failed was because when the question was asked what the money was to be used for, there was not a definitive answer, but there was a long list of things it could be used for, so between 1996 and 1997, a public transportation policy statement was developed for Idaho which would define exactly what ITD was supposed to do whether or not they had any money.

The tire tax was combined with the policy and because the tire tax didn't go, the policy didn't go either and both were lost in 1997. In 1998 the two were separated and went back to the title transfer fee, this time for \$2.50, and address policy separately. Both bills got out of the House committee. The title transfer fee failed by a vote of 38-30 but the policy legislation passed in the House and went to the Senate. The Senate committee never had a hearing on the bill, supposedly because time ran out. In 1999 the policy legislation was proposed as a Senate bill to start where the previous year had left off; it was introduced in the first two weeks of the session and printed but never received a hearing. Therefore, there is no public transportation policy and no state funding.

As an independent effort in 1997, legislation was introduced to give regional transit authorities the power to impose a fee up to \$5 on all vehicles of 8,500 pounds or less registered within their region, with the revenue to be dedicated to public transportation. At that time there was only one transit authority in Bonneville county and \$1 would have raised \$75,000. That bill passed the House and that was the first local option tax for public transportation that had passed the House, but it did not get a hearing in the Senate. Although the legislation restricted the taxing authority of a regional transit authority, it did require a vote of the people. In 1994 when the regional transit authority legislation was written, there was a policy paragraph in it, general in nature. It was a good beginning effort to indicate and emphasize the need for coordination.

In 1997, legislation was submitted and it confirmed the fact that ITD was in a support role, not to become an operator of public transportation services; they were to do all things that could be done to support the local people in coordination, training and technical assistance, encouraging the formation of regional transit authorities, but did not put ITD in the operation environment.

In 1998, policy was separated from funding, maintaining the philosophy to keep ITD in a support role; again it passed the House and died in the Senate. In 1999, legislation again died in the Senate. In 2000, section 40-514, Idaho Code, was amended and there was much confusion. It expanded the Interagency Working Group and required reporting of more detail, most of which again did not exist. It required reporting to the Joint Finance Appropriations Committee and nobody could identify who at JFAC wanted the information. And, it eliminated the regional advisory committees. These advisory committees were the source of the public input gathered at the state level from the local level; these were the committees that were feeling the pulse of their own communities and expressing those needs for services. This legislation did away with those six committees. Three in

eastern Idaho were very active and very effective and now are gone. There is no ability now to feel the pulse at the local level other than with individual people. This put the Public Transportation Advisory Council in the planning business; however, they are not planners. ITD has a planning section, but they don't plan local public transportation services; that is a local challenge.

The landscape changed in the 21st century. Prior to the 2000 census, Idaho Falls, Twin Falls and Boise had been identified as three urban areas that qualified for federal funding. With the release of this new census 2000, Nampa, Lewiston and Coeur d'Alene were added. How will the funding pie be divided with 6 urban areas as opposed to 3 knowing it is not a function of ITD, but is arrived at by a federal formula? Suddenly there are 3 communities that have urban transportation funding; what are they going to spend it on and how are they going to match it?

In the first year they qualified for funding, the city of Nampa got \$1 million. If they wanted to put \$1 million in buses on the street, Nampa was going to have to match those funds, 20% for capital and 50% for operation. With the growth in Idaho, particularly in the north and in the Treasure Valley, the increase for demands for public transportation have been constant. Congestion is a problem and there is a cry for more services in all of Idaho, and with this comes the concern for air quality and now it is being talked about three times as much as it was five years ago. Public transportation is looked at as being one mitigating factor in improving air quality whether it is the factor or not, who knows? With the 21st century comes the need for local match of federal funding.

In summary, unlike highways and aeronautics, the state does not own any public transportation system or operate any public transportation services. The state of Idaho does not own any public transportation buses, vans or facilities or provide any state funds for public transportation services and does not regulate those who provide or fund public transportation services beyond federal requirements. Idaho does not have a state-wide public transportation system or policy. However, locals provide all of the public transportation services and some think this is just the way it ought to be because they know best what their own people need and want.

ITD does function in a support role and very effectively; they have organized programs to help all of these providers with technical assistance and training, which was greatly needed. ITD administers all of the federal funds and it helps these people cope with the bureaucracy that is connected with the use of federal funds. The Public Transportation Advisory Council reviews every one of the grants that ITD disperses to providers throughout the state. It has been recognized in the past few years that public transportation really is a regional challenge.

To date, three RPTAs have been formed, and there is optimism about others being formed throughout the state. It is a local concern. In the past 12 years, there have been three attempts to establish public transportation policy; there have been four attempts to address funding, 3 at the state level and 1 at the local level, there has been elimination of district citizen advisory committees, and changing conditions caused by growth, all of which led to the creation of a state-wide public transportation task force.

Senator McKenzie asked about matching funds at the local level and if federal funds are being lost

because they are not being matched. **General Brooks** answered “yes”, and gave an example that the city of Idaho Falls is getting close to losing funds. Obligated money sometimes goes unused for many years. The Federal Transit Administration has put the funds in a pipeline and there are three years to expend the funds; the money Idaho Falls got in 2001 has not been spent and they have three more years of funding. They could be sitting on a considerable amount of money that could be lost; once the funds leave the state they are gone forever. Idaho Falls only puts in about \$80,000 per year. In looking at that, there is flexibility; the Governor’s allocation has directed the Board that should those funds be in jeopardy of being lost, the Board would look at other 5307 programs and see if they could use it or match it, and if that doesn’t happen, then they look at the rural program, so this is becoming a problem.

Representative Wood asked how much federal funding is being used and if there are any matching funds for projects such as the bypass to address anti-congestion? **General Brooks** stated that the congestion mitigation and air quality program is about an \$4 million program per year and are allowed to use about \$2 million in the public transportation program. Those moneys are used to purchase vehicles which translate to 3.5 million rides. If those people were all in cars, it would compound congestion problems. There are no matching funds in that arena.

Senator Andreason asked for **General Brooks’** advice for this committee. **General Brooks** answered that he would first have to remove his ITD “hat” because he could not speak for the agency; he continued, saying that public transportation in Idaho has wandered for twelve years because there is no state policy, and he is not sure what that policy should be. By default, the operational aspects are at the local level and that makes a lot of sense because that is where the judgment is. If the state can offer support to those local elements who are doing a good job, it enhances the entire arena. In 1997 the Director of ITD came to the Council and asked what the state’s role in public transportation should be, and they spent one year on that question. They came to the conclusion that the state’s role should be a support role to do whatever they can to support the locals. **General Brooks** does believe the state needs a public transportation policy; how can you develop a plan if you don’t have a policy? The ITD Board has adopted internal policies that have given guidance. What has been tried in the past has been unsuccessful and maybe a new formula is needed.

Senator Bunderson stated previously-proposed legislation that did define a policy has failed, and he asked if that policy as written is still appropriate for the future. **General Brooks** replied that the proposed legislation should probably be reviewed again to be sure that it is current, and by review he means with the public transportation family as well as those in the legislature to see if it makes sense in 2005, but **General Brooks** thinks it is quite sound. **Mr. Falkner** pointed out that their Board has adopted every one of those policy pieces in their state board policy and normally when that policy is at the state level, there is usually state funding that comes along with that to direct the department in how to distribute those state funds. But because there is no constant state funding, it has been hard to get a policy developed. **Representative Wood** commented that the difficulty has been the concern on the part of the state not wanting to step on the toes of the regions, assuming this is a regional responsibility. **General Brooks** answered if future hearings of this committee take place where these providers spoken of would be invited, this would be a great question for them,

“Would you think you were being imposed upon if the state came up with a policy on public transportation?” The state doesn’t want to impose anything on the locals that doesn’t support their ability to provide these services.

Mr. Roy Eiguren, Legislative Counsel to ValleyRide, referred to the Idaho Task Force on Public Transportation and the report it made in February to members of the legislature sitting on transportation committees who received a copy of the report entitled “Idaho Task Force on Public Transportation, Report to the State Legislature, February, 2004.” A copy of the report was provided to committee members and is available in Legislative Services Office. The task force was set up by mutual agreement of a number of organizations; their purpose was to come from the local level up. Their view was that it was important to address public transportation from the actual local providers of transportation all across the state, so by agreement, the Association of Idaho Cities, the Association of Chambers of Commerce, the Kootenai Metropolitan Planning Organization, the Idaho Association of Counties, the Idaho Association of Highway Districts, and public and private transportation providers from across the state, formed this task force 1½ years ago. In addition, several members of the legislature participated.

In the report, there is a definition of public transportation: “*Public transportation* includes all multiple occupancy vehicle services designed to transport customers on local and regional routes. It is transportation by bus, or rail or other conveyance, either privately or publicly owned, providing to the public general or special service (not including school buses, charter or sightseeing service).”

At the local level, much is happening, some of which will be completed this fall. ValleyRide would hope to have the opportunity to bring that work back to this committee in order for the committee to hear from the four regions that are engaged in master planning activities for public transportation, as well as to hear from some of the providers across the state as to what the needs are for public transportation. A Portland, Oregon firm, exclusively focused on public transportation planning, is currently in the process of developing comprehensive plans for different parts of the state under contract in these four locations:

1. In Kootenai County, this consulting firm is conducting a feasibility study to look at organizational models, funding needs, and types of services needed, based on extensive research in that community. The study includes focus group meetings and information gathering, and that plan will be complete in November, 2004.
2. In Lewiston, there is a transit master plan for Valley Transit, reviewing existing programs as they currently operate, are looking at restructuring routes and funding needs, as well as integration of regional transportation systems. Their plan will be complete in the winter of 2005.
3. Idaho Falls undertook a similar project development plan which looks at the same sort of issues; that plan is complete and could be given to this committee for discussion.
4. Finally, in Ada and Canyon counties, ValleyRide has also retained the Portland firm and they are in the process of developing a very comprehensive plan for ValleyRide, including looking at their needs over a six-year time frame. That study will be complete in draft form in September, 2004. The other 3 plans are on twenty-year time frames.

All of these plans would give this committee a much better definition of many of the issues that have arisen in terms of what does and does not work, what are the needs for funding, for route restructuring and those types of things. They would like to bring all that back to this committee for consideration. Regarding the questions asked this morning relative to convenient public transportation and using a car, a survey was conducted in Ada and Canyon counties in 2002 with 600 respondents. The results were: 2% said they would always use public transportation, 15% would use public transportation some of the time, 48% would use public transportation most of the time, and 34% would always drive.

A survey of existing transportation systems in Idaho revealed there are approximately 56 general public transportation providers 10 of which are public, 34 are private for-profit and 12 are private non-profit. The types of services include fixed line, demand response, Medicaid, intercity, car pools and van pools. Taxi services are not included in the list. The breakdown on a regional basis is shown in the report. The six transportation districts are shown in Appendix C of the report.

One of the most significant problems faced is the lack of state or local funding for public transit. Various spending options considered by the task force (p. 25 under Funding Options of the report) were: employment tax, gasoline tax, impact fees, local sales taxes, local excise taxes on tobacco, beer and wine, personal income tax, personal property tax on vehicles, real property taxes, title transfer fees, and vehicle registration fees.

Idaho is one of only seven states that receives no state funds for public transportation, the others being Alabama, Hawaii, Colorado, Mississippi, New Mexico and Utah. The majority of states have opted to provide some type of local option tax for public transportation. After considerable debate and discussion within the task force as well as focus groups around the state, the task force concluded there were two viable options for local option tax and they are contained in the report as part of their recommendations to the legislature.

One recommendation is to place a personal property tax on vehicles (a percent of the assessed value that would be levied against the vehicle), this being the most viable option simply because it does not require an amendment to the constitution and provides for the largest amount of revenue possible for public transportation. The task force concluded that in order to be able to effectively achieve the matched funding from the federal government for various types of transportation services, the state probably needs about \$25 million in local match funds to operate the types of systems that are currently envisioned by various providers across the state.

The second option recommended was a title transfer tax. An additional dollar amount would be assessed on the transfer of titles and would produce amounts substantially smaller than the expectations in terms of the need to build a fully operational transit system in each of these communities. These assumptions are being tested in four different regions through master planning being conducted by the Portland, Oregon firm. In a future meeting, the task force will be able to provide to the committee the cost to build and operate the type of transit systems that the task force membership believes is necessary to meet the needs of particular locales.

Senator Bunderson stated that property tax as opposed to impact fee for example, reduces cost because it offsets the reduction in the federal income tax as well as state.

Senator McKenzie inquired about need versus funding levels and projections. **Mr. Eiguren** answered that the demand for transportation is not just an urban issue, but rather a uniform issue throughout the state, even though different in rural areas. There are different needs that need to be addressed in different ways, thus the funding and development of public transportation systems throughout the state really need to be done on a local basis.

Senator Callabretta asked what the role of ITD might be with regard to the issues brought up earlier regarding not having clear policy. **Mr. Eiguren** answered that he agreed with **General Brooks** in that there probably is a need for a specific policy in Idaho Code regarding specifically what ITD should provide and would include among other things technical support, data gathering and potentially disbursement of funds. The task force would say the policy from the legislature should be expressed in the form of providing to each locality on a local option growth basis the opportunity for local citizens to determine if they want to tax themselves to provide for public transit.

The committee recessed for lunch at 12 noon, reconvening at 1:30 p.m., **Co-chair Representative Wood** presiding.

Ms. June Ramsdell, Regional Air Quality Manager, Department of Environmental Quality (DEQ), began by explaining what “non-attainment” means. The federal Environmental Protection Agency (EPA) describes non-attainment as any area that does not meet federal standards for a regulated pollutant, or which contributes to the diminished air quality of any nearby area. The criteria for determining a potential air quality problem are based on the geography and pollutant sources in an area.

Representative Langhorst, asked if the Treasure Valley area meets the definition of a non-attainment area and is it also possible that other counties could be included in that definition. **Ms. Ramsdell** responded that DEQ includes Ada county and Canyon county in the air shed because they are areas with an air quality problem or contribute to the air quality problem. If you look at monitoring data for Ada and Canyon counties, throughout the Treasure Valley, what you see on those monitors is that they rise and fall regularly. Within that air shed is homogenous air, which is how they define the air shed, and that would lead to a definition of bad air or as the non-attainment area. If that actually happens, DEQ works with EPA.

Representative Wood asked about forest fires in the state and those type of calamities and how they affect the definition in those areas. **Ms. Ramsdell** answered that fires as well as high-wind events can occur and contribute to air quality standards being exceeded. At that point, DEQ looks back historically to see where fires were, where winds came from, and DEQ submits a report to EPA stating that DEQ had no control over this situation, that levels are usually this amount, and how this has impacted the air quality.

Ms. Ramsdell referred to a map showing the non-attainment areas throughout the entire country and non-attainment occurs in areas where there are lots of people and lots of topographical features, such as mountain ranges, valleys, etc. What that is telling us is that we need to have sources in order to put the chemicals in the air to create pollution and we need to have the geography similar to that in the Treasure Valley where that air and pollutants get trapped. That causes the pollutants to build up and an air quality problem results. Pinehurst and Sandpoint had non-attainment problems due to PM10 which is large particulate matter, dust and windblown dust. The biggest emission problem up north is wood smoke in the valleys.

Pocatello has a wide variation of emission sources, secondary aerosol formula which is very fine particulate matter, gases, fine dust and particles. They are in non-attainment for PM10 as well. They are preparing a maintenance plan to get out of non-attainment.

Ada County was in non-attainment previously for PM10 and carbon monoxide; the biggest problem with PM10 in our area was road dust and wood smoke. Ordinances were passed in the 1980's to reduce wood smoke and were very successful. Carbon monoxide is a product of combustion from cars and an emission testing program has helped. Regulations at the federal level also changed the way engines were being built.

Representative Wood asked how air quality was being handled with regard to construction, particularly by ITD. **Ms. Ramsdell** stated that usually DEQ gets a complaint and then works with a contractor to use best-management practices, such as watering the roads or covering a truck load. Local ordinances usually cover those type of situations. DEQ is there to educate the community with regard to problems. Ada County in September, 2003, was declared a maintenance area for PM10 and in December, 2002, for carbon monoxide. What that means is that the plans put into place in the 1980's locally worked and the problems were reduced. The plan in ten years is to submit another plan to show that what DEQ said they were going to do was accomplished; good, clean air was maintained. Hopefully this will result in having the non-attainment designation removed.

Senator Bunderson asked how DEQ gets cooperation and if it is voluntary. Ada County has emission testing and Canyon County does not. The high percentage of people coming to Ada come from Canyon county so what is the solution for this type of issue? **Ms. Ramsdell** stated that in the 1980's when Ada County was designated as non-attainment, there were not the same issues that we have today. Canyon County has exploded in growth and there is much traffic to and from both counties. The problem today in the Treasure Valley is fine particulate matter, PM25 and ozone caused by chemicals that come from different things, much from transportation. If Ada and Canyon counties became linked together as one large non-attainment area, there would have to be a meeting of local municipalities; everyone would have to get on board with ordinances similar to emission testing. DEQ is concerned with three chemicals causing pollution from vehicles: Nitrogen (NOx) caused by any process of combustion; volatile organic compounds (VOC) caused by process of evaporation when refueling a motor vehicle as well as when it's hot and your vehicle sits and the gas in the tank expands; and primary PM2.5 (very fine particulate matter) directly emitted when a car is started.

Senator Werk asked if there were any quantification of how much VOC emission there was in the Treasure Valley from vehicle fueling? **Ms. Ramsdell** said DEQ does have this information in their emission inventory, and agreed to provide that information to the committee.

Senator Bunderson asked what impact congestion has on air quality since it takes 2-3 times longer to get somewhere than it did ten years ago and engines are running for a much longer time. **Ms. Ramsdell** responded that congestion is significant when looking at air pollution. People who move away to escape the urban areas then travel twice as far to work, so that becomes an issue.

Portneuf Valley presents different pollution sources and different problems; their transportation contribution for VOC is about 47%. They have a higher transportation contribution when it comes to volatile organic compounds (VOC) and fueling sources and it is just the nature of their air shed. With NO_x, VOC, and primary PM_{2.5} in the air, why does that matter when talking about regulating pollutants? When you have inversion conditions in the wintertime, you get VOCs from different sources, oxides of nitrogen and sulfur and stagnant cold conditions go through a chemical conversion and form secondary fine particulate matter. That is what you see in the air during those inversion periods. In 2002, 65% was secondary due to chemical reactions and not directly emitted. Why is this a problem? When you have dust and dirt in the air, you cough or sneeze, cleaning out your body to clear out your lungs. Secondary fine particulate matter is in gas form and a body cannot sneeze to get that out; it passes directly into your lungs and bloodstream, and health is affected. DEQ is starting to believe that the levels need to be reduced due to the health effects that come with these levels.

Representative Wood commented that one would think pollution would be greater in the summer when more cars are traveling than in winter, and is cold, stagnant air the cause of the problem being worse in winter? **Ms. Ramsdell** confirmed this was true. When the valley has polluted air in the wintertime, the cold air almost puts a lid on top, trapping it in the valley, and the buildup gets greater day by day. In the summer, the pollution is lower in the morning, increases throughout the day, and once the sun goes down it drops off and that is constant through the summer when you look at the ozone levels. There is more fluctuation in the summer and sunlight causes the chemical reaction. Ozone is not directly emitted; it is created by chemical reactions.

In response to a question about the mitigation value of bike paths and bus lanes, it is only common sense that they do help reduce congestion, but there is no way to measure their contribution.

Representative Wood stated that is difficult for the legislature to make decisions for public transportation when there are no statistics to confirm whether those federal and state moneys invested in bike paths and bus lanes resulted in any return. Is there no quantification? Any information DEQ can give to this committee would be helpful. **Ms. Ramsdell** said DEQ has the potential to do those studies funded with congestion mitigation air quality grants, and it is a possibility for future planning.

Also, regarding alternative fuels, they are very specifically defined as part of the Department of Energy's (DOE) Energy Policy Act. In the Treasure Valley and Twin Falls, B20 is available, which

is 20% bio-diesel. DEQ is working with the Idaho Energy Division, Idaho Farm Bureau and the Department of Agriculture to try to get an 85% ethanol and E85 pump in the Treasure Valley so people who may not even know this is an option for their vehicle can take advantage. This would significantly reduce daily pollution with regard to air quality. DEQ is working with the city of Boise on a clean cities partnership which would allow DEQ to compete for grant funds throughout the Treasure Valley, at least to be able to further develop an alternative fuel infrastructure. Idaho Falls is doing that right now as part of the Greater Yellowstone Coalition. DEQ can provide information regarding alternative fuels and will get that to the committee.

Ms. Ramsdell mentioned that one of the big problems for DEQ is volatile organic compounds and the vapors that escape when the tanker trucks fuel up. Vapor recovery would benefit the consumer and the gas station owners because we would use more of the product rather than losing amounts as escaped vapors. Emission testing programs in Ada County are another control which will reduce the air pollutant problems.

Senator Werk questioned the vapor recovery process and asked if DEQ was encouraging this or do regulations mandate it? **Ms. Ramsdell** answered that DEQ does not have the ability to mandate it; it would have to be by local ordinance for DEQ to be involved, or it could be legislated. California as a state requires vapor control, as do other cities. Additionally, it is very expensive to retrofit existing vehicles; 1996 and newer vehicles have a charcoal cannister which controls vapor release. If you have the boot that fits over the gas tank itself, then the benefit is lost because the car is not working as efficiently as it was designed. As fleets get newer, this will be less of a problem. As a followup, **Senator Werk** asked how long it takes for a charcoal filter to get used up? **Ms. Ramsdell** answered that when a car is maintained, the filter is also maintained.

Representative Wood commented that the committee has not spent enough time on subdivision development and population density in certain areas and whether they have adequate egress routes with regard to transportation. Air pollution could be magnified by the people in a particular development just trying to get out of a subdivision. The legislature should possibly look more closely at integrating air quality into land use decisions. **Ms. Ramsdell** noted that DEQ works with local entities to integrate air quality into land use decisions as far as where subdivisions are going in; it is an education process.

Representative Clifford Bayer asked about the federal factor **Ms. Ramsdell** referenced on automobile efficiency. Have vehicle emissions improved compared to ten or twenty years ago, and by how much more is the state better off now with regard to emissions? **Ms. Ramsdell** answered there has been a significant improvement, many times over, in accordance with federal mandates. Carbon monoxide in the Treasure Valley has basically been done away with through emission testing locally and also through the federal emission standards. Now federal regulations are starting to target diesel engines, but since they run for twenty years, you're always playing catch-up. **Representative Bayer** commented that there are many variables with regard to Ada and Canyon counties, and asked for an estimate of the percentage of vehicles responsible for the majority of the emissions, and if those vehicles fall into a certain age category. **Ms. Ramsdell** answered that a generality is the dirtiest 10% of the vehicles are responsible for 50% of the emissions causing

transportation pollution. Older, less efficient vehicles contribute, but a 1996 vehicle or newer with onboard diagnostics computer system tells you if there is a failure in your emission system. Emissions from these failures not being repaired can be 50 times higher than the older polluting vehicle, and this is not just particulate matter but rather oxides and nitrogen which cause significant problems.

Senator Andreason asked for the statistics for the value of the emission systems testing in Ada County. What if we did not have emission testing here and how has it improved air quality? He also requested figures for what the result would be if the entire Treasure Valley was required to test emissions. **Ms. Ramsdell** answered that an analysis has been done with regard to pollution and was prepared by COMPASS; and offered to get that information for the committee.

Senator Bunderson mentioned that older cars are driven by the less affluent and asked what happens if they fail an emission test. **Ms. Ramsdell** responded that there is a provision in the ordinance that if you cannot financially make the changes required, there is a waiver available. That option is exercised less than 1% of the time.

Representative Langhorst noted that a number of questions have been raised and suggested that a public hearing in the future is indicated.

Mr. Russ Hendricks, Regional Manager, Southwest Idaho, Idaho Farm Bureau, stated that air quality across the state is a complex issue and hopes to offer beneficial information to the committee in deciding how best to address this situation. There are primarily four different ways to reduce auto emissions: (1) conservation, which asks for a change in the way people live; (2) increase the efficiency of vehicles, reducing weight of vehicles by using lighter components and size of vehicles which reduces the utility; (3) cleaner vehicles and there is promise in this area with electric and gas/electric hybrids and fuel cell vehicles, which may give reduced performance and smaller range of travel and are more expensive; and (4) through renewable fuels made from agricultural products such as ethanol and bio-diesel which are much cleaner than traditional fuels. A 10% ethanol and 90% gasoline blend referred to as "E10" can reduce emissions; E10 is compatible with all makes and models of vehicles and all manufacturers allow this in their vehicles today. There is no problem whatsoever using this fuel. The renewable fuel component adds oxygen to the fuel so a 10% blend adds 3.5% by volume oxygen to the fuel and this additional oxygen allows for a more complete combustion in the engine which therefore reduces emissions. Clean fuels are the only choice that provide immediate results and don't require changes in culture, cost or convenience.

Renewable, domestically-produced fuels do not require any change in consumer habits. The product at the pump changes only and there is no added cost. Several stations in the Treasure Valley (Stinker and Sinclair) sell E10 at a penny or two less than other fuel. There is no cost to the state or the consumer to have these alternative renewable fuels. These renewable fuels provide significant air quality benefits and are immediately beneficial. If everyone were to use these renewable fuels, the reduction in emissions would be equivalent to instantly taking 25-30% of the vehicles off the road. These fuels can be produced right here in Idaho with our own Idaho agricultural products. And those consumers who prefer to buy Idaho products and support local businesses could do so.

Just recently the Energy Division of the Idaho Department of Water Resources commissioned and completed a feasibility study on the opportunity to produce ethanol in Idaho. **Mr. John Crockett** from the Energy Division distributed information on study results. In general, it shows that in Idaho under current grain production, there is enough to readily supply four ethanol plants strategically located around the state with total annual capacity of over 100 million gallons. Under Idaho's current consumption of gasoline, it would require 65 million gallons of ethanol per year to provide a 10% blend. Idaho certainly has the ability to do this with grain products.

There is another exciting development. Recent advancements in enzyme technology have allowed the cost of converting straw and other agricultural byproducts into starches that can be fermented into ethanol at much more competitive prices. In Canada, Iogen Corporation has done a terrific job in reducing the cost of ethanol. ("IOGEN - Brief Focus on a Potential Idaho Falls Project" is available in Legislative Services Office.) The company searched nationwide looking for the best place to locate a commercial straw-to-ethanol plant and have determined that eastern Idaho is the best place in the United States to locate that plant. Building such a plant would be a real boost to Idaho's economy as well as to air quality.

Another significant benefit to these clean renewable fuels is that they reduce our dependence on foreign oil. Every drop of fuel that is used in Idaho has to be imported and there are no reserves of petroleum here in Idaho. All of those Idaho dollars are leaving the state, whereas if we were to produce our own fuel in Idaho, we could add value to those products and those Idaho dollars could stay here and continue to boost the economy as well as create jobs. Ethanol extends our gasoline supply. There was a recent economic analysis which determined that without the more than 3 billion gallons of ethanol produced nationwide, we would all be paying at least 30 cents more per gallon.

These are not speculations; this is theory being tried and proven across the nation as others have adopted ethanol blended fuels as part of their EPA clean air programs. The state of Minnesota has taken this a step further, and rather than limiting it to their metropolitan area where there were clean air concerns, they decided to require use of ethanol fuel statewide. They have had this in place for ten years, with tremendous results.

Mr. Ralph Groschen, Minnesota Department of Agriculture, was invited by the Idaho Farm Bureau to present the Minnesota experience to the committee. **Mr. Groschen** is a Senior Marketing Specialist with the Minnesota department where he has worked since 1986, and is the staff expert on ethanol, bio-diesel and related value-added products. He staffs the Minnesota Governor's Bio-diesel Task Force established in 2003 to encourage Minnesota bio-diesel production and to help create a smooth transition in 2005 to statewide use of "B2" (2% bio-diesel, 98% diesel fuel).

Senator Goedde asked about the effect of ethanol fuels on engine life. The short answer is no, it does not shorten engine life; ethanol is compatible with automobile engines.

Mr. Groschen stated that ethanol fuels are used in high performance race cars because it burns cooler than gasoline. Ethanol will not shorten engine life. Legislators in Minnesota were also concerned about the available supply of ethanol, but running out of gasoline is a more common

occurrence. California was concerned about not having access to enough ethanol. There will be ethanol available if there is a market for it. Minnesota is the only state that has a statutory requirement for the ethanol blend.

Senator Andreason inquired if other states are looking at similar legislation in the near future. **Mr. Groschen** said there are several: Iowa, North Dakota, Missouri, Nebraska, South Dakota, but none has been successful. He speculated that the lack of action might be due to fact that the petroleum industry may not be anxious for states to switch to ethanol.

Mr. Groschen explained that United States ethanol production in 1980 was 175 million gallons and in 2003 had risen to 2.8 billion gallons. The ethanol industry in the country has expanded dramatically. In 1987, Minnesota had 1.6 million gallons of ethanol production and by 2003 they were producing 379 million gallons. The program in Minnesota started in 1980 with a state pump tax credit; anybody that would sell 10% ethanol blended gasoline got tax credit that began with 4 cents per gallon. This boosted farm/rural economy and reduced reliance on foreign energy sources. It also cleaned up the environment by reducing toxic auto emissions. In 1991, Minnesota's oxygenated fuel requirement program got started in response to a federal program that said Minnesota had too much carbon monoxide and they must use at least 2% oxygen in gasoline. In anticipation of that federal tax credit, policy makers in Minnesota in 1991 looked at this issue and in 1995 the law stated that it had to be used all year round in the Twin Cities. Finally, after October 1, 1997, all gasoline sold or offered for sale in all of Minnesota had to contain at least 2.7% oxygen by weight statewide, year around. In 2003, additional legislation refined Minnesota's ethanol program to require "... all gasoline sold or offered for sale in Minnesota must contain 10.0 percent denatured ethanol by volume." (2003 Laws, MN Ch. 107, Sec. 30)

Policymakers in Minnesota became concerned about the fact that corn products being shipped out of Minnesota were being turned into ethanol and being shipped back, which was not very efficient and not profitable. The legislature established a production goal for the state to attain a total annual production level of 240 million gallons. Considering that at the time the state was using 2.4 billion gallons of gasoline, this would replace 10% of the gasoline being used. In 1986 there was one production plant; in 1999 the fourteenth plant was built. Of those plants, 12 were built by farmers with their own equity. There were at one time 8,000 farmers who invested in ethanol plants in Minnesota. Their equity participation was a tremendous political factor affecting the enactment of the 10% mandate.

Senator Werk asked if the economic incentive were a goal directed by the state. **Mr. Groschen** responded that there was an incentive by Minnesota amounting to a cash payment of 20 cents per gallon up to \$15 million gallons production for a plant. Anybody who would build an ethanol plant in Minnesota to make ethanol out of agricultural products will be paid cash on the barrel head up to \$3 million if you build a 15 million gallon plant and produce 15 million gallons, but if you produce 30 million gallons, you will still only get paid on the first 15 million. There was something very important that allowed this to pass the legislature and that was the fact that many programs are introduced without money to fund that program. This did not happen that way. No payment was made until the plant was built and the production actually used agricultural feed stocks to produce

ethanol, so the farmers had to raise the equity. It might cost \$20 million to build a plant. The farmers in the area raised \$10 million and found a long-term creditor to give them a loan for another \$10 million before they could qualify to receive the cash payment. If they produced 5 million gallons, they got \$1 million and it was a very generous incentive. The bankers and the farmers would not have built these plants without this incentive because nobody was sure if a 20 million gallon ethanol plant with 500 farmer members could compete with a larger company making ethanol. During 17 years of development, Minnesota has gone from 1.5 million gallon production in 1987 to 400 million gallons produced in 14 plants in 2004.

In 1994 Minnesota produced about 24 million gallons of ethanol, but they used 125 million gallons, presenting an obvious problem. Today, in 2004, they use 240 million gallons and they produce 240 million gallons. They achieved their basic goal to replace 20% of the gasoline use in Minnesota with ethanol made in Minnesota.

There was much uncertainty in the beginning. Such questions were asked: Is the federal tax credit still going to be there by the time legislation is passed? What will happen to ethanol prices or corn prices? What is the market forecast for gasoline? There are many concerns about what could go wrong, but farmers eventually had to make a decision about the risk versus benefits. More than 8000 farmers decided that they could not depend on the federal programs forever and should make the investment in ethanol plants.

Senator Andreason asked if straw was the best source to produce ethanol, and if other products can be used, what are they? **Mr. Groschen** responded that in Minnesota most of their ethanol is made from corn. There is a plant that makes 2 million gallons out of dairy whey and ethanol can be made from any sugar or any starch such as wheat, and with advancements in technology, from cellulose.

Senator Bunderson inquired if there is a reason why the blend is at 10% blend. **Mr. Groschen** responded that to get the federal tax credit, the IRS requires a 10%, 7.7% or 5.7% blend; EPA has a 3.5% oxygen standard. The blend also has to be low enough that it will not be used for human consumption. Also, there are also automobile manuals that state their vehicles can use up to 10%. Initially it was an arbitrary figure, now it is fairly standard.

Representative Langhorst asked about cause and effect, citing the example in one chart that showed Minnesota's consumption was always high and the production was low and so because of that they increased production. He wondered what caused the increase in consumption - was the law requiring the 10% or were there non-attainment issues? **Mr. Groschen** responded that ethanol in gasoline is profitable; there is money to be made in blending ethanol. In Minnesota there were federal and state tax credit incentives: One gallon of ethanol blended with 9 gallons of 87 octane increases the market value of those ten gallons by six cents or ten cents per gallon. Ethanol in Minnesota generally costs less per gallon than gasoline.

Representative Langhorst wondered why Idaho does not use ethanol since it is so economically beneficial. **Mr. Groschen** answered that there is no local plant production, and for some reason

ethanol nationwide is not happening, making it difficult to import. The petroleum industry's presence in a state, with oil wells, oil refineries, pipelines and stations probably has an effect, as in less gas to sell. It is a very good question to explore.

Mr. Groschen stated that in 2002 Minnesota produced 300 million gallons of ethanol and the total economic impact according to the Department of Agriculture was \$587 million using local corn grown and processed in Minnesota. The cash incentive payments totaled \$34 million. Ethanol does amazing things to the economy.

Original ethanol production capacity in 1987 was 160 million gallons and in 2004, 410 million gallons will be produced. Even after the incentive was used up, farmers expanded their plants, some 3-4 times, so that shows the farmers who invested in plants were making money. There were dire predictions for state-wide ethanol use, prompting the Department of Agriculture to set up a hot line to address questions and potential problems. However, nothing bad materialized; there was no catastrophe.

Minnesota's ethanol program resulted in economic benefits to farmer-stockholders; corn prices boosted up to 30 cents per bushel; air quality improved in the Twin Cities; millions of gallons of foreign oil are no longer needed; virtually all gasoline in Minnesota is blended with 10% ethanol. In 1970 there was a peak of U.S. oil production. Since then, U.S. oil production has gone down and now over 60% of the oil we use is being imported. Policy makers should look at this and realize that we are heading in the wrong direction.

Mr. Hendricks concluded by saying that the results of Minnesota's program have been very impressive. They have cleaned up their air and at the same time provided significant economic benefits to their rural economies and to their state. Based upon studies of the options that are available, clean, Idaho-produced renewable fuels are the best alternative to deal with the situations Idaho faces today. A Power Point copy of **Mr. Hendricks and Mr. Groschen's** remarks is available in Legislative Services Office.

Mr. Dick Rush, Vice President for Natural Resources, Idaho Association of Commerce and Industry (IACI), addressed the issue from an industry perspective. IACI's membership includes companies of all sizes and types throughout the state and they have not taken any position on the proposed solutions to this issue, but they do think that business and industry need to be part of this process. In general, manufacturing is a highly regulated operation and it is questionable the degree to which manufacturing contributes to poor air quality. Statistics show there has been a 23.2% increase in Idaho's growth rate in the last ten years; Ada County has grown 37.5% and Canyon County has grown 49.9%. Manufacturing jobs statewide account for 11% of the jobs, but is 21% in Canyon County. Statewide, Idaho manufacturing wages are about \$10,000 more per year than the average of all wages. IACI would like to give some suggestions to this committee.

Mr. Rob Sterling, Corporate Manager for Environment and Safety, Micron, has been involved in air quality issues for a decade. As DEQ mentioned earlier, vehicles are increasingly a source of pollution problems, one reason being more vehicle miles traveled, and specifically in the Treasure

Valley, vehicles contribute 15% to VOC emissions and 50% to NOx emissions. The other 50% of the equation for VOCs is a variety of sources including wood burning, non-road and biogenics. There is not a single solution for VOCs or NOx emissions; federal standards are beyond local control and alternative fuels might be one solution. Public transportation offers a potential solution, but the question remains, "How much of an impact do those changes have?" We do not know what the answer is. It would be difficult to estimate how many people would take advantage of public transportation, even though there are a large number of people who like the idea. It is difficult to estimate the actual benefits of possible solutions. If the solutions do not come to pass, what is the cost of non-attainment in the future? The Treasure Valley has been in non-attainment since the 1980s.

Mr. Sterling questioned the value of certain air quality enhancement investments, citing Amalgamated Sugar's investment of \$12 million after entering into agreements with DEQ for emissions control, which resulted in a mere 1% reduction in emissions. The committee needs to look at where Idaho can get the most for its money. The problem statewide is that there are many factors contributing to pollution, some of which have been addressed more than others. Vehicle technology continues to improve but more vehicle miles are being traveled.

The potential for non-attainment exists; it is in our best interest to stay out of non-attainment for economic, air quality and health benefit reasons. One of the options could include emissions trading, a concept where if one person reduces emissions (a truck stop could decide not to allow trucks to sit in idle) then that person has created an asset that can be traded. Using a free market system, it enables the cheapest controls to be implemented without causing undue expense to a business like Amalgamated Sugar which invested a considerable amount of money for little reduction in emissions. These kinds of trading programs have been implemented across the country with great success and from a pro-active standpoint, this should be considered in the Treasure Valley and possibly elsewhere in the state.

Senator Bunderson asked if states that have these trading programs have passed legislation and how does it work; what has been achieved from a cost benefit standpoint in other states; and do you have recommendations for this committee? **Mr. Sterling** responded that there are many examples. The costs and benefits are very clear and they have seen a reduction in emissions. The mechanism that each of the states or regulatory authorities may use does vary so it is a matter of finding one that is most suitable for Idaho or a certain area. **Senator Bunderson** further inquired if industry would support a law if that is what it would take. **Mr. Sterling** responded that there is controversy where trading takes place and a cap is established, because growth is limited, and it requires a community to accept the inevitable impacts on quality of life, loss of local control and the impact on manufacturing, citizens, and schools. Micron supports much of this philosophy on placing a cap in order to avoid the worse consequences of non-attainment.

Senator McKenzie inquired about the places that have a cap and if it is tied directly to threshold for non-attainment or do they set the cap at a specific number that won't fluctuate if non-attainment changes in the future. **Mr. Sterling** explained that the caps have typically been set based on non-attainment. Usually the environmental agency in the area decides at what point a certain category

of emissions contributes to concentrations in the area and what is an appropriate level to set that cap. Conclusions were that industrial emissions are highly regulated and are a diminishing source of meaningful reductions. Economic development in Idaho goes hand in hand with maintaining quality of life and promoting jobs through industrial growth. An emissions trading program would allow market forces to reduce air emissions while allowing for economic development.

Senator Williams asked if industries across Idaho would be willing to contribute by giving incentives to car pooling or people who use public transportation? **Mr. Sterling**, answering only for Micron, said Micron currently provides many incentives for employees on a monthly basis. They have drawings for gifts for people who commute, discounted bus passes, and other options. Ultimately it is a personal choice and it becomes difficult legally to try to force employees to not drive to work. Attempts to force resulted in minimal benefit; EPA actually repealed parts of the Clean Air Act.

A copy of “Non-attainment: Economics and Strategies” distributed by **Mr. Rush** is available in Legislative Services Office.

Senator McKenzie reminded the committee of the accomplishments of the 1991 interim committee, and stated this 2004 committee is meeting to build on the information that has become available since 1991. Their task according to Senate Concurrent Resolution 132, 2004, is three-fold:

1. Fact finding; and
2. Submit recommendations in three categories:
 - , Strategies for methods to coordinate public transportation services.
 - , Strategies for providing private and public funding for public transportation services.
 - , Strategies for maintaining and enhancing air quality in regions of the state threatened by potential federal clean air non-attainment designations.
3. Submit or recommend legislation if necessary.

Senator McKenzie pointed out that at the next meeting the committee will consider potential recommendations. Members should refer to the materials distributed by today’s presenters, the packet of information provided by Legislative Services Office, and any other materials that are forwarded to members prior to the next meeting.

Senator Bunderson asked from whom the recommendations would come. **Representative Wood** responded that the committee members should take into consideration all the information received and there should be discussion bringing forth possible recommendations.

Representative Langhorst inquired further regarding his suggestion for a public hearing since several specific issues were discussed and additional information might be forthcoming. He expressed interest in obtaining more information from ValleyRide, and from the Ada County Air Quality Board about mass transit and emission testing. **Representative Wood** offered that answers are contained in the Public Transportation Task Force Report. If additional questions arise after reading all the material provided, the committee should address those specifically. It is not

anticipated this committee will have more than two meetings; recommendations can be formulated at the second meeting.

After announcing the committee will meet again on **September 14, 2004**, the meeting was adjourned at 3:40 p.m.