

State devising sprawl solution

Local officials fear they might lose control of housing, land use issues

by Eric Stern, Bee Capitol Bureau

Modesto Bee, Monday, Dec. 13, 2004

SACRAMENTO - Last Monday, on the opening day of the legislative session, Senate President Pro Tem Don Perata, D-Oakland, talked about the phenomenon of California homeownership.

Parents are chasing that dream to cheaper, distant towns, then wasting time in cars commuting to work, which hurts families, burdens roads and produces pollution, he said.

Perata has sprawl, the poorly planned placement of housing and population, at the top of his agenda.

The senator and administration officials are looking at a bold, "anti-dumb growth" plan aimed in part at slowing the number of Bay Area residents crossing the mountains and heading to San Joaquin Valley farmland in search of cheaper homes.

The idea is to squeeze in cheaper homes, apartments and condominiums closer to the urban core and suburbs.

"We might have to look at something as revolutionary as having the state itself decide on land-use zones and land uses," Perata said.

An ambitious series of bills and constitutional amendments expected to be introduced next year will propose usurping the decision-making power of local planning boards, curbing state environmental regulations to lower housing costs, spurring housing on old industrial sites, and offering state money for parks or roads to communities that participate more willingly.

Perata said he expects many city officials to have knee-jerk reactions of, "Oh, no, no one's going to tell us how to build a house."

And he's right.

"Thoughts like that really scare me," said Los Banos Mayor Michael Amabile, whose boomtown in Merced County is helping absorb the Bay Area spillover.

"To think that anyone up in Sacramento can tell us what's best for our community is really not the way it should be done," Amabile said.

In another valley bedroom community, Patterson Mayor David Keller said local control over planning decisions is a "right that has been held sacred by every community."

Valley leaders say they're acting responsibly - and reacting to the reality that cheaper housing is driving the area's growth.

"The marketplace is what it is," said Kyle Kollar, community development director in Manteca.

State could face a revolution

Stanislaus County Planning Director Ron Freitas predicted an uproar.

"For them to be presumptuous enough to zone land and tell us we have to do that, I think you'll see a huge revolution of local officials," Freitas said.

Freitas fears if the state orders new housing, communities will get stuck with the bill for new sewers, water systems, streets, and police and fire protection. Financial incentives from the state won't be enough, he said.

"A carrot is a drop in the bucket to what they're ramming down our throats," he said.

Former Modesto Mayor Carol Whiteside said it's not too late to do something about Bay Area sprawl, questioning the nature of the housing shortage.

"They'd like us to believe they're full now, but I think they have more capacity," she said.

However, Whiteside said the best approach for the state isn't to strong-arm city officials.

"For the state to point at other jurisdictions before they have their own house in order might complicate, rather than help solve, the problem," said Whiteside, who heads the Modesto-based Great Valley Center, a policy group working to preserve farmland.

Push to bring jobs to valley

Amabile, the mayor of Los Banos, doubts whether plans to keep housing contained and prices lower in the Bay Area could last more than six months before the market pushes prices up and people out again, he said.

"There's no stopping it," Amabile said. "What we should be concentrating on is moving jobs to the San Joaquin Valley, and that's how our people can stop commuting." Amabile said.

Sen. Tom Torlakson, a Democrat from Antioch who will take the lead on sprawl proposals, said adding jobs to the San Joaquin Valley is part of the plan.

Too many rules, critics claim

He's been working with Assemblywoman Barbara Matthews, D-Tracy, to create tax incentives to lure businesses to San Joaquin and Stanislaus counties. Assemblyman Greg Aghazarian, R-Stockton, has been pushing a similar "enterprise zone" bill for Stanislaus County.

Torlakson, who is chairman of a new Transportation and Housing Committee, believes much can be done in the Bay Area to build housing.

"We're squandering opportunities almost weekly with land that is available," he said.

The culprits, he said, include neighborhood groups that intimidate city officials into blocking apartments or cheaper housing. Or they take advantage of the California Environmental Quality Act, CEQA for short, by calling for environmental studies that can delay and add costs to projects, he said.

Torlakson said the state needs to consider pre-empting more local decisions and, "we should look at adjusting CEQA."

Home builders contend that state lawmakers also need to recognize the long-term consequences of too many regulations.

"Are they contributing to more efficient use of land or are they simply excluding and forcing people to move farther and farther away?" asked Tim Coyle, senior vice president of government affairs for the California Building Industry Association.

The effort to coordinate a statewide housing policy is backed by the California Performance Review, Gov. Schwarzenegger's top-to-bottom report on streamlining state government.

"Housing efforts are increasingly under siege from other statewide mandates, regulations and requirements, such as water standards, transportation constraints and prevailing wage requirements," according to the 2,500-page report.

"In addition, housing is often thwarted by local opposition from anti-sprawl and not-in-my-back yard groups," the report says. "NIMBYism will always be an obstacle to building multi-family housing, so long as people believe (it) is a threat to their property values and quality of life."

Poor planning in Bay Area

Sunne Wright McPeak, Schwarzenegger's secretary of the Business, Transportation and Housing Agency, has been meeting with home builders, local officials, and policy, labor and environmental groups to help shape a statewide plan she calls "anti-dumb growth."

McPeak, who grew up on a Livingston farm, wants cities and counties to look ahead 20 years to accommodate population growth by building more housing units per acre, preserving farmland and protecting wildlife habitat.

"The sprawl that is happening is because housing is not being accommodated closer in, so it gets forced out into Modesto - and Turlock, Ceres, Livingston - because the 101 jurisdictions in the

Bay Area are not planning for and accommodating (the) housing they need for their natural population increase and jobs generation," McPeak said.

Torlakson acknowledges the controversy of the state taking on local planning officials, and some suggestions are likely to be met with opposition from environmental groups.

Perata, the Senate leader, said he's determined the state can get its hands around sprawl.

"There's something wrong," he said. "We can fix it."

New global climate pact elicits cheers, and concern

With U.S. on the sidelines, delegates from nearly 200 nations gather to hail Kyoto treaty.

The New York Times (published in the Orange County Register)

Monday, December 13, 2004

BUENOS AIRES, ARGENTINA - With the United States keeping to the sidelines, delegates from more than 190 countries have gathered both to celebrate the enactment of the Kyoto Protocol, the first treaty requiring cuts in greenhouse gases linked to global warming, and to look beyond 2012, when its terms expire.

Many delegates and experts concede that the pact, negotiated in 1997, is deeply flawed and that years of delays in finishing its rulebook mean that many adherents may have trouble meeting their targets for emissions cuts.

Its effect also will be limited because it exempts developing countries, including fast-industrializing giants such as China and India, from restrictions on emissions, and lacks the support of the United States, the world's dominant source of the heat-trapping gases.

Nonetheless, delegates and U.N. officials said the treaty, which has been ratified by 130 countries and international blocs, and takes effect Feb. 16, is an important step - the first time industrialized countries have agreed to mandatory constraints on carbon dioxide, the leading greenhouse gas and a byproduct of fossil fuels.

The treaty commits the three dozen industrialized countries taking part to cut combined emissions of the gases by 2012 to at least 5 percent below levels measured in 1990. It also establishes an international trading system allowing countries to earn credits toward their treaty targets by investing in emission clean ups outside their borders.

For example, European investors agreed last month to buy credits from a project that will produce electricity at a Brazilian dump by burning 31,000 tons of methane a year emanating from rotting trash. Methane is a powerful greenhouse gas.

The meeting opened last Monday with informal discussions and culminates Thursday and Friday with rounds of public debate among senior government officials.

More than 6,000 attendees are milling in convention halls that resemble a kind of greenhouse bazaar, where businesses are promoting the merits of everything from windmills to nuclear power that does not add to the atmosphere's greenhouse-gas burden.

Governor Considers a Power Play

Schwarzenegger might seek a rule change that would make it hard for Democratic legislators to block his plans for a government shakeup.

By Peter Nicholas, Los Angeles Times

Monday, Dec. 13, 2004

SACRAMENTO - Gov. Arnold Schwarzenegger, whose ambitious plans to overhaul state bureaucracy face opposition in the Legislature, is considering a change that would make it far more difficult for lawmakers to reject his ideas.

If successful, the move would amount to a dramatic shift in power toward the Republican governor, helping him surmount resistance in a Legislature controlled by the opposition.

Currently, Schwarzenegger's call for revamping government can be rejected by the Legislature through a simple majority vote of either the Senate or Assembly.

Under the change that the governor's aides have privately discussed, a two-thirds vote of both houses would be necessary to scuttle a proposed government shakeup. So the governor could pass a reorganization plan into law with one-third of the votes in the Assembly and Senate, where Republicans account for more than a third.

"It'd make it an awful lot harder for the Legislature to turn down a plan," said William Houck, co-chairman of a commission that advised Schwarzenegger on government restructuring.

At issue is the California Performance Review, a proposed top-to-bottom restructuring of state government that would consolidate power within the executive branch. The plan released by Schwarzenegger-appointed panel in August would eliminate 118 of the 339 state boards and commissions, while moving many of their responsibilities to the executive branch. New departments would be created with a view toward minimizing the overlap and duplication in California's government.

Schwarzenegger has a couple of options. He could enact the new voting requirements through a bill that the Legislature would need to adopt. Or he could go to the ballot and get approval from voters, a strategy that has worked for him in the past.

Schwarzenegger has not yet decided to press for the new voting threshold, and he ultimately may decide to leave the current rules intact. "We're not going to comment on internal discussions," said Ashley Snee, a spokeswoman for the governor.

Schwarzenegger's aides are now formulating his overall 2005 policy strategy, which could involve a special election in which voters would be asked to approve a strict spending cap and a new method of carving legislative and congressional districts, as well as a revamping of California's 200,000-person government.

Having promised to shake up Sacramento, the governor would package and promote the ballot as his defining attempt at reform - an assault on the entrenched interests in Sacramento and a bid to discipline an unwieldy bureaucracy.

But Schwarzenegger also may push at least some parts of his reorganization plan through the Legislature, in which case the voting rules in place could spell success or failure.

Schwarzenegger's intentions are expected to be laid out publicly in his State of the State speech, set for Jan. 5.

"The power that the special interests have consolidated in Sacramento will be taken from them ultimately," Rob Stutzman, communications director for Schwarzenegger, said in a recent interview. "Will the elected representatives of the people participate in that? Or will the people and this governor do it without them? It's soul-searching time - whether the legislators here want to be part of the solution or part of obstructing an ultimate solution."

Schwarzenegger has called for "blowing up the boxes" of state government. And the California Performance Review is his main vehicle for making that happen.

The governor and his aides are now combing through the 2,500-page report, deciding how much of it to discard and how much to push.

One panel targeted for elimination is the Air Resources Board, which has led efforts to cut air pollution - running afoul of automakers and other industry interests in the process. Another

recommendation is to combine tax collecting powers - now divided among three agencies - into a single office.

Democratic legislative leaders seem cool to Schwarzenegger's plans. In the Capitol's partisan atmosphere, the governor would have a tough time ushering in changes under the present rules, since 41 members of the Assembly are enough to torpedo his plans. Forty-eight Assembly members are Democrats.

"If you accept the premise that the governor ought to be able to organize the executive branch to carry out his responsibilities in the way he wants, I suppose you could make an argument" for making it harder for the Legislature to say no, Houck said. "It's the difference between what a Legislature does and what a governor does. A Legislature has all kinds of authority and absolutely no responsibility for any execution. A governor has a lot of authority and total responsibility . for every program."

Senate President Pro Tem Don Perata (D-Oakland) recently described the California Performance Review as a hodgepodge of every good and bad idea floated in the Capitol in recent decades.

Assembly Speaker Fabian Nuñez (D-Los Angeles) said in an interview that he could support about 40 of the report's proposals. There are a total of 1,200 recommendations.

"I have no idea where the governor is headed with CPR," he said. "We can work with some of the proposals that make government more efficient. It's going to be critical that there is input by the Legislature in this process. And I'm hopeful the governor takes that to heart and doesn't try to circumvent the Legislature."

Bush nominating Leavitt to head HHS

Mark Sherman, Associated Press Writer

in the S.F. Chronicle, Monday, Dec. 13, 2004

WASHINGTON (AP) -- President Bush chose Environmental Protection Agency chief Michael Leavitt on Monday to be secretary of Health and Human Services, filling one of the last two openings in his second-term Cabinet.

Bush praised Leavitt as a "fine executive" and "a man of great compassion." "He's an ideal choice to lead one of the largest departments of the United States government."

Leavitt, Utah's governor before joining the Bush administration in late 2003, would succeed Tommy Thompson, who recently resigned.

Bush also has to name a new head of the Homeland Security Department to take the place of Bernard Kerik, who abruptly withdrew his nomination Friday night, citing immigration problems with a family housekeeper.

Leavitt, 53, thanked Bush for showing confidence in him. "I feel a real sense of understandable regret" about leaving the EPA, he said.

He said the department of Health and Human Services plays a vital part in the lives of every American.

"I look forward ... to the implementation of the Medicare prescription drug program in 2006, medical liability reform and finding ways to reduce the cost of health care," Leavitt said. "I am persuaded that we can use technology and innovation to meet our most noble aspirations and not compromise our other values that we hold so dear."

The HHS secretary oversees Medicare and Medicaid, the mammoth government health programs for the elderly, poor and disabled, as well as the FDA, the Centers for Disease Control and Prevention, the National Institutes of Health and the Indian Health Service.

The agency has a budget of more than \$500 billion and 67,000 employees.

Leavitt served as Utah's governor for 11 years before Bush appointed him to lead the Environmental Protection Agency last year. As a three-term governor, he chaired the National Governors Association.

As recently as last week, Dr. Mark McClellan, the administrator of the Centers for Medicare and Medicaid Services, had the inside track for the HHS job, White House officials and many health care analysts said.

But McClellan is overseeing the new Medicare prescription drug law, which takes full effect in 2006, and Bush was said to have been reluctant to take McClellan from his post during this critical period.

Thompson, a former governor of Wisconsin, announced his resignation Dec. 3, using the occasion to issue a warning about the vulnerability of the nation's food supply to terrorist attack.

Leavitt, in the EPA job only a year, quickly won a reputation as a Bush loyalist. He also shares Bush's enthusiasm for technological and market-based approaches to fixing problems.

At EPA, most of Leavitt's focus has been on crafting strategies to reduce air pollution. While in Utah, he had cut several environmental deals with the Bush administration, including settling a long-standing dispute over ownership of roads across federal land. He also negotiated exchanges of state and federal land, some of them questioned by Interior Department auditors.

He also had advocated a major highway extension through wetlands and wildlife habitat near the Great Salt Lake, a project halted by the 10th Circuit U.S. Court of Appeals because of concerns about wildlife needs.

Leavitt, a father of five and devout Mormon, moved to Washington in the past year with his wife, Jacalyn, and a son in high school. Before becoming governor, he was chief operating officer of the Leavitt Group, an insurance firm.

Company says fire logs burn hotter, cleaner

By Gwen Mickelson - Santa Cruz Sentinel
Monday, Dec. 13, in the Stockton Record

WATSONVILLE -- With the approach of winter, many people are stacking firewood or stocking up on those convenient, easy-light fire logs in preparation for warm evenings by the fire.

But Watsonville-based Summit Views LLC (www.goodwoodproducts.com) thinks it has a better idea. The company has developed fire logs out of compressed wood chips, which it says burn hotter and cleaner than firewood without the use of the petroleum or chemical binders used in other commercial fire logs.

Summit Views' product, the Goodwood fire log, is better for the environment than either firewood or many other fire logs, according to co-founder Jennifer Young.

"Most other manufactured fire logs are made of up to 60 percent low-grade petroleum by-products or recycled plastic," Young said. "These are nonrenewable fossil fuels that contribute to global warming when burned."

That petroleum derivative "puts out emissions that are harmful to people's health, particularly under weather conditions that cause a steep buildup," said Terry Lee, director of public information for the Bay Area Air Quality Management District in San Francisco.

Young said air-quality agencies have encouraged wood burners to switch to gas and other fossil fuel-based products to help reduce particulate-matter pollution, and the global community is trying to lower carbon dioxide emissions that contribute to global warming.

Lee said her agency recommends using modern technologies that will reduce emissions as much as possible.

"Put in an Environmental Protection Agency-certified wood stove, or use fireplace inserts that meet the EPA standard for emissions, or retrofit your fireplace to burn natural gas," Lee said.

For Young and her husband and business partner, Gregg Weissman, the journey to densified fire log manufacturing came by way of high-tech careers. Young had been designing Web applications for high-powered tech companies like Hewlett-Packard, Oracle and General Motors while working for a design group in San Francisco. Weissman was chief operating officer of a software company in San Jose.

"At that point, I had so much diverse, strong executive background, and Gregg did, too, and we thought we should put it toward something that meant something to us," Young said.

They often saw roadside cleanup crews go by laden with wood waste, which sparked the idea of chasing down where the waste was going. Meanwhile, while researching business ideas, Weissman had become interested in densified fuel, which burns more efficiently and cleanly than firewood.

The couple started their company in 2001 and spent several months in their garage researching and developing their product, experimenting with packaging and design using densified fire logs from a manufacturer in Oregon.

"We wanted to do that before taking on the endeavor of manufacturing," said Young.

The couple settled on packaging the logs in a bag made of jute, fiber from a plant that grows in Asia and West Africa. The company uses food-grade jute, meaning it's processed without chemicals or mineral oils. Consumers simply put the package on their fireplace grate and light the burlap bag, which ignites wood chips inside that then ignite the larger fire log chunks.

They test-marketed the product in 2002 and put it on the market in 2003. Now they're building more manufacturing capability at their plant in Watsonville.

Their raw materials come from local tree trimmers and woodworkers, and they work with Vision Recycling, based in Fremont, which contracts with Buena Vista Landfill west of Watsonville to do wood waste separation.

The company is growing quickly, according to Young.

"We're adding distributors and expanding into supermarkets as well as hospitality and recreational facilities," she said. Young expects the business to break even next year.

Young and Weissman used savings to start the business. The large equipment they're installing now -- a huge grinding and drying mill that will ensure the company can work year-round -- has been funded with a loan from Santa Cruz Community Credit Union.

Young and Weissman contract with a network of broker teams who sell their products in various regions including the Northwest, Southern and Northern California, the Rockies and the Northeast. They also employed five developmentally disabled workers learning work and life skills through Santa Clara-based Hope Services through most of this year, and Young said they hope to be able to provide employment opportunities to other disabled people.

The company already has grown past its warehouse space and is expanding into adjacent space, adding 2,000 square feet. As its dryer operation gets going, likely in the spring, Young said the company will be able to expand its clean wood-waste suppliers to include construction and woodland cleanup operations.

As for other plans, Young would like to continue to add markets throughout the United States, meaning she'll likely have to find another plant.

"And we'd like to explore future technologies that can help solve the problem of excess waste," Young said.

But for now, Young said she'd like to continue to raise awareness about environmental issues surrounding wood burning and the recycling of woodland waste products.

"There's more and more attention being brought to wood burning as a problem," said Young. "It's a smaller issue than diesel-burning heavy equipment and other polluting entities, but it's something individuals can do something about."

In San Joaquin County

Stockton is home to the company that invented the manufactured fire-log business. Duraflame Inc. has sold millions of logs over the past 30 years. They are made of recycled biomass products, such as wood sawdust and ground nut shells, held together by combustible petroleum-based waxes.

This fall the company introduced its All Natural Firelog, which company officials say produces little smoke and a three-fourths drop in particulate emissions compared with an open-hearth firewood fire. This compares with about a two-thirds drop from firewood emissions with Duraflame's traditional petroleum wax-based fire logs.

U.S. Seen as Laggard at U.N. Climate Change Meeting

As signatories to the Kyoto pact adopt ways to cut gas emissions, America is increasingly shut out, having balked at ratifying the accord.

By Héctor Tobar, Los Angeles Times

Sunday, Dec. 12, 2004

BUENOS AIRES - The United States is the big odd man out as diplomats, scientists and environmentalists from more than 190 countries gather here at the 10th meeting of the United Nations' Framework Convention on Climate Change.

The focus of the convention is the 1997 Kyoto Protocol, which mandates reduction of greenhouse gases that cause global warming and will take effect next year.

Discussions of new limits are expected to begin here when official delegations arrive Wednesday, near the end of the 12-day conference.

Among major industrial countries, only the U.S. and Australia have failed to ratify the accord, which commits signatory nations to reduce their emissions of carbon dioxide, methane and other gases to 5.2% below 1990 levels by 2012.

Observers here say the U.S. is increasingly being shut out as the rest of the world adopts global mechanisms by which each country will meet its targeted reductions, including one that allows companies to trade reductions in carbon emissions in a kind of global pollution market.

The U.S., which accounts for about a third of the world's greenhouse gas emissions, pulled out of the agreement in 2001.

U.S. officials last week acknowledged a global rise in temperatures caused by human activity but said the increase had not yet reached the "dangerous" levels that required drastic action.

They reiterated that the Bush administration would not push for U.S. ratification of the accord.

"The Kyoto Protocol was a political agreement," said Harlan L. Watson, President Bush's senior climate negotiator and head of the U.S. delegation to the conference. "It was not based on science."

Watson, a physicist, is playing the role of spoilsport at the conference, enduring the private criticism of fellow delegates and the thinly veiled hostility of environmentalists who have come to the conference in large numbers as observers.

"I'm not sure why we are considered the 'bad boys,' " Watson said at a news conference last week. "We believe we match or exceed what any other country in the world is doing to address the issue."

Watson and other U.S. officials here point out that the Bush administration has set aside billions

to fund climate research and weather-monitoring programs around the world.

In 2002, Bush committed to reducing greenhouse gas emissions by 18% by 2012 but linked those reductions to growth in gross domestic product.

However, U.S. officials at the conference said emissions would probably be 15% above 1990 levels, far higher than mandated in the Kyoto pact.

The U.S. plan is based chiefly on voluntary measures, because administration officials believe that mandatory limits would hinder economic growth.

At another session, Watson took questions from environmentalists and acknowledged the scientific consensus on global warming: that the global temperature had risen 1.1 degrees Fahrenheit in the last century and that the increase was linked to human activity.

There is also widespread agreement that climate science is not yet able to predict with precision what the long-term consequences of global warming will be.

"There's a lot of uncertainty, and we'll leave it at that," Watson told the environmentalists. He said the U.S. would not revisit its goals for greenhouse gas reduction until 2012, when it would reassess a new round of climate studies.

In the meantime, much of the rest of the developing world will begin implementing the Kyoto Protocol. The agreement passed its final hurdle in November when Russia ratified the treaty.

Yvo de Boer, the chief negotiator on climate issues for the European Union, said the political atmosphere had changed considerably in favor of worldwide action to combat global warming.

"There was a great reluctance before the Russian ratification to begin any change toward the future," De Boer said. "That situation has clearly changed."

Environmental groups such as the World Wide Fund for Nature are pushing the signatories to move toward even stricter limits.

Although no major agreements are expected as the convention reaches a close this week, the officials will probably make progress on many of the agreement's technical details.

During a series of meetings and workshops last week, businesspeople, environmentalists and U.N. scientists and officials debated the new global regulations, standards and bureaucracy that would be created to monitor greenhouse gas emissions and ensure compliance with the Kyoto reduction targets.

"What you're seeing here is the very early stages of the creation of a kind of central bank," one European delegate said after sitting through a two-hour question-and-answer session with the Clean Development Mechanism Executive Board, one of many entities created by the Climate Convention.

Among other things, the board is establishing the standards for a potentially lucrative market in "emissions trading," whereby an electric plant in Europe might pay an electric plant in China to reduce its emissions of carbon dioxide, and thus avoid cutting its own emissions.

Several U.S., European and Asian utility companies sent representatives to the gathering. Neil Cohn of Natsource, a New York-based company, came to the convention with an extensive Power Point presentation on "carbon trading."

"We're creating a tool to reach the Kyoto objectives," Cohn said.

Environmentalists hope that in the long run, U.S. companies will pressure Washington to play a greater role in the worldwide effort to reduce global warming.

Many utility companies believe that strict controls on emissions are inevitable in the future.

"They know something is coming and they want to be able to plan for it," said Lee Hayes Byron of the U.S. Climate Action Network. "They want to be able to tell their shareholders they're ready."

Air board clamps down on heavy-duty diesel trucks

Smog-defeating devices to go by end of 2005

By Edie Lau and Tony Bizjak, The Sacramento Bee

in the Modesto Bee, Sunday, Dec. 12, 2004

Frustrated by the slow progress of a voluntary diesel engine cleanup program, the California Air Resources Board has made engine retrofits on heavy -duty trucks mandatory by the end of next year.

"Some companies had barely moved" on the voluntary measures, said board spokesman Jerry Martin. "The real victims (have been) the drivers. They're the ones who have had to breathe three times as much pollution as they should have."

The board's strong step comes just nine months after California air regulators and industry representatives negotiated the voluntary upgrade program.

That voluntary agreement called for 35 percent of the state's estimated 60,000 diesel vehicles equipped with "defeat devices" to be retooled by now.

As of November, however, only about 18 percent of the trucks had been upgraded, board officials said.

Defeat devices incorporate computer software into many heavy -duty trucks that allow trucks to save on fuel by bypassing smog controls at cruising speeds.

Martin said 60,000 trucks registered in California use the software, and another 300,000 to 400,000 similarly equipped trucks drive in the state intermittently.

Board members earlier this year said they felt engine companies had betrayed the public trust by installing the defeat devices.

Representatives with the Engine Manufacturers Association and the California Trucking Association could not be reached for comment.

News service reports, however, indicated that officials of the manufacturers association are considering suing the state, arguing that they do not feel they should have to pay for upgrades.

State and local regulators have become increasingly concerned in recent years about the smog-producing effects of old diesel engines.

Sacramento-area transportation planner Pete Hathaway said Thursday that heavy -duty trucks are expected to overtake cars in the next few years as the main vehicular air pollution problem in the Sacramento region.

Truck turnover slow

Unlike cars, which are constantly being replaced by newer generations of cleaner cars, large trucks with older, higher-polluting engines often remain in use for decades.

The board-mandated change should remove an estimated 30 tons of smog-forming nitrogen oxides per day from the air, equivalent to the output of 1 million cars, air board spokesman Martin said.

The issue between regulators and truck manufacturers has been going on for years.

California and the federal Environmental Protection Agency sued truck manufacturers over the software in a case that was settled in 1998. Manufacturers agreed to spend \$1 billion as part of retrofit program, without admitting guilt.

State regulators decided earlier this year that the program was moving too slowly and struck the voluntary agreement.

Martin said six companies that use the smog-defeat software represent more than 80 percent of the American truck market.

Of those, one company, Detroit Diesel, has made the change in 30 percent to 35 percent of its affected vehicles. That company was exempted by air regulators from the mandatory program and will be allowed to continue making the changes voluntarily.

The companies obligated to comply are Renault-Mack, Volvo, International, Caterpillar and Cummins.

Martin said a second class of smaller trucks, such as those used by United Parcel Service and other delivery companies, also is affected. Those vehicles must be upgraded by the end of 2006.

The board also placed a provision in its regulation to ensure that manufacturers would bear the cost of making the upgrades and not pass the expense to truck drivers or independent dealers.

Don Anair, clean vehicles engineer for the Union of Concerned Scientists, an environmental advocacy group based in Massachusetts, noted that the problem is national, and the air board's act could be influential beyond California.

AP Exclusive: White House outlines air pollution strategy

John Heilprin, Associated Press Writer

in the S. F. Chronicle, Saturday, Dec. 11, 2004

WASHINGTON (AP) -- President Bush will make air pollution a top priority in Congress early next year, starting with "an aggressive push" to build support for his pollution-cutting plan, senior administration officials said Saturday.

At the same time, the administration will hold off until no later than March on a rule to cut pollution from power plants that would accomplish some of the same ends as Bush's anti-pollution plan, the officials told The Associated Press.

The White House on Saturday told the Environmental Protection Agency of its game plan, which is meant to allow time for Sen. James Inhofe, R-Okla., sponsor of Bush's "Clear Skies" initiative, to hold hearings on it in January.

"The president decided to make a strong push at the start of next year to complete his clean air and clean energy agenda," said EPA Administrator Mike Leavitt, who met with Bush to discuss the strategy earlier in the week.

"The centerpiece will be 'Clear Skies' legislation and/or the 'Clean Air Interstate Rule,'" Leavitt added in an interview. "Both of those will provide a 70 percent reduction of nitrogen oxides and of sulfur dioxide. It would be a \$50 billion investment in clean air; it would take more tons of pollution out of the air."

The Clean Air Interstate Rule would call for reducing pollution according to a timetable and strategy that closely mirror the proposals the administration offered nearly three years ago in a Clear Skies initiative that stalled in Congress.

Environmentalists, however, say the Bush legislative proposal carried by Inhofe goes further than the rule, weakening parts of the Clean Air Act.

"The Bush administration is now staking its money on a bill in Congress that weakens and delays public health protections already provided under the current Clean Air Act, while forcing the EPA to delay public health protections under current law," said John Walke, director of clean air programs for the Natural Resources Defense Council.

Administration officials now hope Inhofe, chairman of the Senate Environment and Public Works Committee, can get the bill onto the Senate floor soon. The interstate rule on power plant pollution was to have been made final by the end of this year, but doing that could detract from the need for the legislation.

"The president wants to synchronize our strategy, and Senator Inhofe has asked that we allow his hearings to be concluded before we finalize CAIR (the interstate rule)," Leavitt told the AP. "We believe that it improves the possibility of passage of Clear Skies legislation, and of course we prefer to have legislation."

The EPA will still send the interstate rule to the White House Office of Management and Budget on Monday for a 90-day review, and it will be made final by March unless Congress passes Bush's legislative plan by then, said Leavitt and James Connaughton, chairman of the White House Council on Environmental Quality.

"We're looking forward to a strong, early and aggressive push that will guarantee massive pollution cuts from our old power plants," Connaughton said. "The legislation also allows us to have a national cap on pollution from power plants, whereas the regulation only allows us to deal with the Eastern states where transported pollution is the issue."

That rule covers hundreds of coal-burning power plants that EPA believes will "significantly contribute" to ozone and soot pollution in the East. It is designed to reduce long-distance, interstate pollution, which will help states meet the more stringent federal health-based air quality standards that are being put into place.

Next Friday, Leavitt said, EPA will designate which areas of the country are not meeting the more protective standards for fine particle pollution, or soot. States will have three years to come up with plans for meeting the new standards.

But to do that, they will rely heavily on significant reductions in pollution from power plants and other industrial sources, said Bill Becker, executive director of associations representing state and local air pollution control officials.

"It is disappointing that the Clean Air Interstate Rule is being delayed by as much as three months, especially given the controversy surrounding Clear Skies legislation and how it weakens the existing Clean Air Act," Becker said.

Democrats and some moderate Republicans blocked the bill because of disagreement over whether to regulate industrial emissions of carbon dioxide, a major gas produced from burning fossil fuels that is widely blamed for warming the atmosphere like a greenhouse.

After promising to regulate it during his 2000 election campaign, Bush since March 2001 has repeatedly said he opposes regulating carbon dioxide emissions.

Leavitt said he will issue in March the last part of EPA's five-part air pollution rules, one addressing mercury pollution.

Leavitt and Connaughton said they believe legislation is superior to a regulatory approach, cutting down on the possibility of lawsuits that could delay rules from going into effect from opponents who say they do too little or require too much.

"No regulation, no matter how well crafted, can come close to providing benefits that legislation can, both in terms of certainty for business and for the environment," said Dan Riedinger, a spokesman for the Edison Electric Institute, a trade group for utilities.

Report on Port Bids Cheers Clean-Air Activists

Harbor agency staff calls a shipper's plan to build a 'green terminal' environmentally sound.

By Deborah Schoch and Jack Leonard

Los Angeles Times, Dec. 11, 2004

In a move that surprised and delighted clean-air activists, the Port of Los Angeles staff on Friday backed London-based P & O Nedlloyd Container Line's bid in the acrimonious contest to build a so-called "green terminal" at the nation's largest port.

The firm's proposal is the most environmentally sound of five bids and would bring in the most revenue for the port, the staff concluded in a report to the Harbor Commission, which is scheduled to choose a shipping firm Wednesday.

P & O Nedlloyd became the favored bidder among some activists who considered its earlier attempts to win the terminal to be the most environmentally sound.

"P & O has shown a real willingness to go green in a big way, and it's terrific that the port has recognized it," said Julie Masters, senior attorney at the Natural Resources Defense Council.

Under P & O Nedlloyd's proposal, the port would receive \$57.1 million over five years. The firm also promised to install new smog-reducing technology for use with all its docked ships within three years.

The report is the latest step in the fierce contest for the four prime berths on Terminal Island. Several of the world's largest shipping lines have jockeyed for a five-year lease, in a stop-and-go selection process that has bewildered and angered the shipping firms.

Last month, attorneys for P & O Nedlloyd filed a court petition to halt the process, claiming that the port appeared to be favoring Evergreen Marine Corp.

On Friday evening, a P & O Nedlloyd official said he was relieved to learn that his company may win the lease.

"This is a very happy moment for us," said Robert A. Agresti, executive vice president of the firm's North American operations. "We will work as hard as we can to make this the greenest terminal on the planet."

The search for a tenant first drew widespread attention because of the port's promise that the new terminal would employ cutting-edge technology to reduce air pollution from ships and yard equipment. The Los Angeles-Long Beach port complex, the largest air polluter in Southern California, is facing growing community concerns about the health effects of diesel emissions and other air pollution.

In recent months, the bidding process has been tarnished by claims that it might be rigged to benefit Taiwan-based Evergreen or another competitor, Yusen Terminals Inc., a subsidiary of Tokyo-based NYK. In court papers, P & O Nedlloyd said it was close to signing a contract with the port nearly two years ago when a representative of Los Angeles Mayor James K. Hahn instructed port officials to meet with Evergreen instead.

City Controller Laura Chick announced in November that she would scrutinize interim port Executive Director Bruce Seaton's decision to throw out proposals from an earlier bidding process and start again.

P & O Nedlloyd promised to produce the most revenue for the port, followed by Orient Overseas Container Line at \$55.5 million, Evergreen at \$49.4 million and Pasha Stevedoring & Terminals at \$13.2 million, said the staff report, which did not include a figure for Yusen because the firm proposed consolidating the site with its adjoining terminal.

Environmental concerns overshadowed finances in negotiations over the site, and clean-air groups expressed outrage when Seaton halted the bidding process and started anew. They called P & O Nedlloyd's proposal the least polluting approach.

Central to plans for a "green terminal" is the notion that docked ships should be able to turn off their diesel-burning engines and plug into onshore electric power. The first such terminal in the nation, leased by China Shipping, opened earlier this year at the port.

Of the five bidders, only two clearly promised to meet the port's requirement that 70% of docked ships use electricity within three years, with P & O Nedlloyd vowing to exceed the requirements. By the end of the third year, the company said, all of its ships at the terminal would use electricity while docked.

Hong Kong-based Orient Overseas said it too could meet the port goals. Yusen said it hoped to comply but had to depend on customers retrofitting ships or building new ones.

Port of LA takes step toward approving bid to build 'green' terminal

in the S. F. Chronicle, Saturday, Dec. 11, 2004

LOS ANGELES (AP) -- The Port of Los Angeles could be going green.

In a move welcomed by clean-air activists, the port staff backed a bid on Friday to build a so-called "green" terminal.

London-based P&O Nedlloyd Container Line got the initial nod in the contentious bidding by five major shippers.

Port staff said P&O's proposal was the most environmentally sound and would bring in the most revenue for the port. The Harbor Commission is scheduled to make a final decision on a shipping firm Wednesday.

The Ports of Los Angeles and Long Beach comprise the largest port complex in the nation and generate the most air pollution in Southern California, facing growing community concerns about the health effects of diesel emissions and other air pollution.

"P&O has shown a real willingness to go green in a big way, and it's terrific that the port has recognized it," said Julie Masters, senior attorney at the Natural Resources Defense Council.

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Report questions motivation for reforming state government

Brian Melley, Associated Press Writer

in the S.F. Chronicle, Friday, Dec. 10, 2004

SACRAMENTO (AP) -- Improving government services, not saving money, should be the priority of Gov. Arnold Schwarzenegger's plan to streamline state government, a state advisory commission said in a report released Friday.

The Little Hoover Commission's skeptical view of the potential savings that could be generated by the California Performance Review made it the second independent analysis to question the projected savings that Schwarzenegger touted when he accepted the CPR report in August.

Schwarzenegger said the recommendations in the 2,500-page review would help the state save \$32 billion over a five-year period. But the Legislature's chief budget analyst said later that month that savings would only total \$15 billion during that period.

The Little Hoover Commission report went a step further, saying that "most reorganizations in the public sector fail to result in cost savings and only about half do so in the private sector."

Instead, the commission said, government must focus on improving government services.

"I think they were trying not to kill the effort," said Bruce Cain, a University of California, Berkeley, political scientist who testified before the commission Wednesday. "But they were also raising some criticisms and some cautions and giving friendly advice, so to speak, and it's all delicately worded."

The commission also recommended that Schwarzenegger not try to do too much with the review's proposals and should start with the reforms that are most likely to produce results.

It singled out the state's troubled correctional system as a priority.

James Mayer, executive director of the commission, said the report offers advice on how the governor can effectively carry out some of the hundreds of CPR suggested reforms "buried in the phone book."

The report said the governor needs to provide consistent and persistent leadership in order to reform government and should appoint a czar to see that reform efforts are carried out.

Schwarzenegger should also set goals with clear outcomes that improve lives. Mayer pointed toward such goals as improving public safety, easing traffic congestion, and cleaning up air pollution.

The governor should also focus on improving the performance of state agencies, Mayer said. For example, the state spends \$2 billion a year to keep 115,000 children in foster care. He said the state should re-evaluate how to get those kids back to their families, and improve their health and education.

"What does it matter if the system's more accountable if it doesn't improve lives," Mayer said.

The governor would not comment on the report Friday because he is still reviewing it along with the CPR, advice from his administration and testimony taken at eight public hearings around the state on the CPR's recommendations, said spokeswoman Ashley Snee.

When the review is complete, Schwarzenegger could begin putting some of the recommendations into place through his budget proposal due next month, through bills introduced in the Legislature or through executive order, she said.

In many areas, the Little Hoover report agreed with the overall goals of the California Performance Review but not its specific recommendations.

For example, the review called for the elimination of 118 boards and commissions that run or advise government agencies. But the Little Hoover report cautioned against that, saying that some of those group's functions could be dropped or shifted while the groups remain in place.

"A comprehensive solution must go beyond deciding which boards California can live without," the Little Hoover report said.

Cain, who testified about commission consolidation, said the goal of eliminating some boards to save a buck is shortsighted because it costs money to provide public oversight.

The 34-page report was released only two days after the commission held its last public hearing.

"With Arnold, action, action, action was the command so I think they had to do something and not sit on it," said Cain.

Campbell Soup is accused of breaking air-pollution laws

Peter Loftus, Dow Jones Newswires

in the S. F. Chronicle, Friday, December 10, 2004

PHILADELPHIA (Dow Jones/AP) -- The federal Environmental Protection Agency has accused Campbell Soup Co. of violating clean-air provisions at a California plant, the company said.

The EPA alleged that nitrogen oxide emissions from Campbell Soup's tomato-processing plant in Stockton, Calif., exceeded allowable levels over a five-day period in 2002, the company said in a regulatory filing Thursday.

The Camden, N.J., food company, which makes Pepperidge Farm snacks and Prego sauces in addition to its signature soups, said it received an EPA finding and notice of violation in August. That was followed in September by an EPA complaint and notice of opportunity for hearing.

The EPA's complaint requested a penalty be assessed on the company.

Campbell Soup said in the filing that penalties in such administrative actions are generally limited to \$200,000 under the federal Clean Air Act.

The company said it doesn't expect the potential penalty to have a material impact on the company's financial results or financial position.

In its fiscal 2004 ended Aug. 1, Campbell Soup had net income of \$647 million, or \$1.57 a share, on sales of \$7.1 billion.

The company said it had incurred costs of about \$20,000 related to the evaluation and defense of the matter as of Oct. 31.

Campbell Soup spokesman John Faulkner said the company is cooperating with the EPA. Campbell hasn't had a hearing yet and it hopes that any potential fine would be significantly less than the \$200,000 limit, he said.

EPA officials couldn't immediately be reached.

In midday Friday trading, shares of Campbell Soup shares edged up 19 cents to \$29.50 on the New York Stock Exchange.

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High-speed rail project in trouble

Money uncertain, insider games frustrate backers

By Jake Henshaw, Sacramento Bureau
Visalia Times-Delta, Friday, Dec. 10, 2004

SACRAMENTO - California's ambitious \$35 billion high-speed rail project is struggling to get out of the station.

Money is uncertain at best, some ardent backers are frustrated at insider games, more cautious supporters have lots of questions and major state interests have yet to pay much attention.

"Clearly, my impression is this thing is on life support," said Richard Silver, executive director of the Rail Passenger Association of California, a supporter.

But Ron Diridon, a member of the board of the High-Speed Rail Authority that is overseeing the project, insisted that it offers too many economic, environmental and traveler benefits to die stillborn.

"I am convinced that high speed rail will be in California's future," Diridon said. "It is just a matter of when."

The 'when,' much less the 'if,' of the project could very well depend on whether the state gets its financial house in order, said Leon Panetta, former congressman, federal budget director and White House chief of staff.

"If you don't," Panetta said, "ultimately you can put on paper all the projects you want, but you are just not going to have the resources you want to do them."

At full development, the proposed 700-mile rail system is projected to carry 68 million passengers by 2020 between San Francisco and Los Angeles through the Central Valley at speeds of 200 miles per hour.

It would be one of the largest public works projects ever, producing hundreds of thousands of jobs and requiring, for example, the equivalent of two years of the world output of high quality steel, said Diridon.

Funding is uncertain for the next, more detailed environmental reviews of the other corridors, and the rail authority is waiting to see what the governor will propose for its operation in his 2005-06 budget to be released in January.

"We are putting forth our best effort to get it done with the resources we have," said Carrie Pourvahidi, authority deputy director, about having the rail system run through their boundaries.

Mike Cully, Visalia Chamber of Commerce president and chief executive, said Visalia city leaders are trying to come up with options that would allow the train to bypass those cities.

He also said Rail Authority board members are steadily showing interest in a local stop. Some board members have already visited Visalia.

A few made plans to re-visit the city, Cully said.

"If I were to have a crystal ball, I would have a tendency to tell you that I think they will eventually see the value in what we're proposing and why we're proposing it," Cully said. "Our recommendations are sound, they're based on fact, not fiction, and that's simply the way the Valley is going to grow."

"I think their eyes will open to that and I certainly hope they decide this is the best route for everyone involved."

Rail stop decision up in air City may have more time to request stop

By Percy Ednalino, Staff writer
Visalia Times-Delta, Friday, Dec. 10, 2004

Visalia city officials will likely receive additional time to convince members of the California High Speed Rail Authority Board that a local stop is needed for the long-proposed bullet train system.

Discussion of a possible stop on the bullet train system between Bakersfield and Fresno was on the agenda for the Rail Authority's Dec. 15 meeting in Los Angeles.

Visalia Mayor Bob Link said he believes a decision on a local stop will likely be postponed until early next year. Link said city officials are reviewing the Rail Authority's environmental impact reports to see if the city's proposal for a stop would fit into the bullet train plans.

"The city is also gathering support from other communities so that we can present a case for why we feel we need a stop in Tulare County," Link said.

Carrie Pourvahidi, the Rail Authority's deputy director, said it's unknown what the board will do regarding a stop in either Kings or Tulare counties.

"We're presenting the board with our staff recommendations for them to make a decision now," she said. "There might be some direction given to us that they'll make a decision on the majority of the system. But in the area between Fresno and Bakersfield, they may suggest holding off on that."

Calls to Fran Florez, the board's vice chairwoman and the mayor of Shafter, were not returned this week.

The bullet train system would be capable of transporting riders from San Francisco to Los Angeles in under two and a half hours.

Rail Authority board members already have been given two options for the system between Fresno and Bakersfield, and neither suggestion includes a stop in Visalia.

The first option would be to run the rails along the Burlington-Northern Santa Fe alignment west of Hanford. The second option would be to build the rail system without stops or stations between Fresno and Bakersfield.

Mike Cully, Visalia Chamber of Commerce president and chief executive, said the lack of a stop between those two cities would mean the train would run uninterrupted for 120 miles - 17 percent of the bullet train's entire system.

"There are four stops between Stockton and Fresno, and no stops in between Fresno and Bakersfield," Cully said. "For a system that is supposed to serve the population, you're certainly ignoring a large portion of that by choosing an alternate alignment and no stop."

Cully said several cities north of Visalia - including Selma, Fowler and Kingsburg - were among those that expressed reservations about having the rail system run through their boundaries.

Cully said Visalia city leaders are trying to come up with options that would allow the train to bypass those cities.

He also said Rail Authority board members are steadily showing interest in a local stop. Some board members have already visited Visalia.

A few made plans to re-visit the city, Cully said.

"If I were to have a crystal ball, I would have a tendency to tell you that I think they will eventually see the value in what we're proposing and why we're proposing it," Cully said. "Our recommendations are sound, they're based on fact, not fiction, and that's simply the way the Valley is going to grow.

"I think their eyes will open to that and I certainly hope they decide this is the best route for everyone involved."

Shell refinery may have a buyer

Report says company now in discussions with private equity firm in New York

By Erin Waldner, Californian staff writer
Bakersfield Californian, Thursday, Dec. 10, 2004

Shell Oil is in exclusive talks to sell its Bakersfield refinery to a group led by a New York investment firm, Kelso & Co., according to a Thursday report from a leading industry observer.

The New Jersey-based analyst, Oil Price Information Service, said in a published report that the move puts Shell closer to closing a deal.

Shell spokesman Stan Mays declined to comment on the report. Kelso representatives did not return calls or respond to e-mails Thursday night.

OPIS, citing sources it declined to name, also reported that if Shell does not sell the Rosedale Highway refinery, the company will probably have to start slowing down operations toward the end of the first quarter of 2005.

The refinery generates 2 percent of the state's gasoline supply and 6 percent of the diesel. Industry experts have warned the refinery's demise would bring higher fuel prices.

Shell announced Monday that it had reached a deal with the U.S. Environmental Protection Agency and Justice Department to operate the refinery until March 31. Shell said at the time it will close the refinery if it doesn't sell by then.

Shell originally planned to shutter the plant on Oct. 1. Mays said Thursday that Shell planned to start slowing down production two weeks before Oct. 1.

Reached Thursday in Florida where he's on vacation, Tom Kloza, director of editorial content at OPIS, said "we wouldn't have written the story if we weren't sure they (Kelso) had a memorandum of understanding that gave them exclusive rights of negotiating."

Kloza said he did not know if Kelso and Shell would close on the deal.

Kelso is a private equity firm on Park Avenue that, according to its Web site, structures each transaction, negotiates with the seller and arranges financing.

The company describes itself as a long-term investor, typically retaining its equity ownership for five to seven years.

OPIS said that although Kelso usually targets consumer product firms, it has some experience in downstream petroleum, which includes refining and transporting.

According to OPIS, Kelso holds a stake in a Northeast heating oil retailer and, along with oilman Oscar Wyatt Jr., was part of a consortium that bid on an Enron natural gas pipeline company in June.

Kloza said that beyond what he learned on the Internet, he knows little about Kelso. The private equity firm did not return his calls.

If the refinery does sell, Kloza said he thinks it will happen before March, when gas prices traditionally spike.

"If I would have picked the most inappropriate and the most difficult time to shut down a refinery, it would be March," he said.

Bob van der Valk, bulk fuels manager for Cosby Oil in the Los Angeles area, said "my good business sense tells me it will be done by Jan. 1, sooner than later. These things tend to go really fast."

Van der Valk previously worked in Bakersfield and maintains a gas prices Web site.

Kloza said he did not know if Kelso was interested in running the refinery for the long term.

Shell critic Jamie Court of the Foundation for Taxpayer and Consumer Rights said Thursday he'd heard that Shell had entered into an exclusive negotiating agreement with someone but didn't know who it might be.

The OPIS report "means they're very close to a deal," Court said. "But the devil is always in the details."

Ed Huhn, secretary-treasurer of the local union that represents workers at the refinery, said he had heard "there's a new player in the game."

Huhn said he would be more comfortable with an oil company negotiating to buy the refinery than an investment firm because the former has more experience in petroleum.

OPIS said a number of refiners -- including Flint Hills, Holly Corp., Frontier and, most recently, Flying J and Paramount Petroleum Corp. -- had expressed interest in the refinery.

Shell has kept the sales process close to the vest.

"As usual, I can't say who may or may not be involved in discussions at this point, but I can say that discussions continue with a short list of bidders," spokesman Mays said Thursday.

Tom Dresslar, a spokesman for California Attorney General Bill Lockyer, said his office is not commenting on the specifics of any negotiations between Shell and potential buyers.

Voluntary effort fails, regulators require diesel emission upgrades

Don Thompson, Associated Press Writer

in the S.F. Chronicle, Friday, Dec. 10, 2004:

SACRAMENTO (AP) -- California air pollution regulators, frustrated with the failure of a voluntary plan promoted by the trucking industry, instituted mandatory requirements to clean up illegal diesel engines.

Air quality groups hope California's decision Thursday once again ripples across the country, as the U.S. Environmental Protection Agency struggles with the same nationwide enforcement problem. The decision applies to an estimated 300,000 to 400,000 vehicles licensed in other states that drive through California, as well as 58,000 California-licensed trucks.

But the Engine Manufacturers Association suggested it will sue on behalf of its members, who believe they shouldn't have to pay for diesel engine upgrades as required under the state Air Resources Board ruling.

The action is the latest round in a battle that state and federal regulators thought they had won more than six years ago with a \$1 billion settlement with truck manufacturers.

The settlement required manufacturers to replace so-called "smog defeat" devices that regulators said illegally bypassed emissions equipment in trucks, buses and recreational vehicles at highway speeds.

But it required replacement only when heavy-duty engines built between 1993 and 1999 underwent major overhauls, something that happens far less frequently than regulators had expected.

The Air Resources Board estimated only about 18 percent of roughly 58,000 California-licensed vehicles had the upgrades since the settlement.

In March, the air board agreed to a voluntary plan that called for the industry to reach 35 percent compliance by Nov. 1, with 100 percent compliance phased in by 2008.

But that resulted in an increase of only about a half-percent per month, said board spokesman Jerry Martin.

"Some companies had barely moved, and most of them were in the teens or less" in percentage of compliance, he said. The exception was Detroit Diesel Corp., which testified Thursday it had reached or was near 35 percent and was exempted from the mandatory regulations by the air board.

The rest of the industry now faces legal deadlines that, based on model year, will phase in the retrofits by the end of next year for all heavy duty trucks. Medium duty trucks have until the end of 2006. The other major manufacturers are Caterpillar, Cummins, Mack-Renault, Navistar and Volvo.

"It finally ends six years of delay by the engine manufacturers. There's an enormous benefit for air quality," said Don Anair, a clean vehicles engineer with the Union of Concerned Scientists environmental group. "Hopefully CARB's decision sets a nationwide precedent for manufacturers to clean up their trucks."

The air board estimated that removing the bypass devices from state-licensed vehicles would prevent an estimated 30 tons a day of diesel pollution from entering the atmosphere, the equivalent of removing 1 million cars from California highways. Out-of-state vehicles produce another six- to nine tons of diesel pollution each day.

Engine Manufacturers Association representatives could not immediately be reached, and California Trucking Association officials did not return repeated telephone messages left by the Associated Press over two days.

Burn advisory

Modesto Bee, Sunday, Dec. 12, 2004

The San Joaquin Valley Air Pollution Control District is asking people in Stanislaus County not to light their fireplaces today because of expected poor air quality. The restriction is voluntary.

Burn advisory

Modesto Bee, Saturday, Dec. 11, 2004

A burn advisory is in effect today in San Joaquin, Stanislaus, Merced and four counties to the south, with the San Joaquin Valley Air Pollution Control District asking people to refrain from using fireplaces and older wood stoves.

Burn advisory

Modesto Bee, Friday, Dec. 10, 2004

People in Stanislaus County are being asked to refrain from using fireplaces and older wood stoves today because of concerns about air quality. The "burning discouraged" advisory comes from the San Joaquin Valley Air Pollution Control District, which has a two-step burn advisory program. Today's advisory for Stanislaus County is the first step: a voluntary request. The next step is a mandatory prohibition.

[Fresno Bee editorial, Friday, Dec. 10, 2004:](#)

Cross purposes

A lawsuit by automakers cuts against the grain of cleaner air.

It's unfortunate that a number of San Joaquin Valley auto dealers — acting as surrogates for the U.S. auto industry — have chosen the path of litigation against the state's efforts to clean up the air.

The court battle will no doubt consume taxpayer dollars that could be used for other, more useful purposes. And even if the dealers win, what will be their principal prize? They'll have the proud distinction of standing foursquare in favor of dirty air.

In September, following landmark legislation, the California Air Resources Board adopted new, more stringent rules governing emissions of greenhouse gases. Beginning in 2009, the rules are expected to cut emissions in new cars and light trucks by 25% and in larger trucks and sport utility vehicles by 18%. Serendipitously, the rules are also expected to increase fuel efficiency.

Automakers say the changes will drive the cost of vehicles so high that buyers will rebel. But the core of their legal argument is that California cannot pre-empt the federal government's authority to set fuel efficiency standards. They're right, but the new rules are not about mileage, they're about emissions. And California is permitted to impose stricter standards in that area.

Don't apologize if that makes you scratch your head. You're not alone. The issue apparently will be settled in court. The suit will proceed despite much evidence that a large majority of consumers are willing to pay more for cleaner vehicles.

There will be more to say on this matter. For now, it's just disappointing that the engine of reaction to cleaner air measures should be fueled by local institutions. We have known that cleaning the air will not be free, or even cheap. Most of us are willing to live with that. Most, but not all.

[S.F. Chronicle editorial, Friday, Dec. 10, 2004:](#)

The drive for clean air

THE COUNTRY'S biggest automakers won't accept reality, but they can try to dodge it. This week they filed a lawsuit against the California Air Resources Board for approving a landmark plan that will drastically reduce greenhouse gas emissions. It was a predictable reaction for an industry that has resisted guidelines aimed at producing a new generation of fuel-efficient vehicles.

The Alliance of Automobile Manufacturers and some Central Valley car dealers filed the lawsuit charging that the new state rules limiting carbon dioxide and other greenhouse gases from new cars pre-empts federal law regulating fuel-economy standards.

Yet the new guidelines don't directly set fuel economy standards, which is why the legal shell game is so infuriating. The agency already gave carmakers two years longer than originally intended to meet reduced emissions goals and now the manufacturers are clogging up the courtroom rather than concentrating on producing cleaner cars -- legitimate health concerns be damned.

California needs to reverse a trend that has seen sales of pickups and sport-utility vehicles soar despite rising gasoline prices. The auto industry may hate the fact that California has the authority to set its own air-quality rules, but that's no reason to continuously fight the drive for tougher emissions standards.

Lower emissions technologies are already being used by carmakers in Japan and Europe, and the increasing popularity of hybrid cars in the United States shows that there is a clear demand for cleaner cars. Automakers have until 2009 to come into compliance with the state's tough clean-air standards. But they won't get there as long as they pour their resources into lawsuits instead of smarter engineering.

[L.A. Times commentary, Sunday, Dec. 12, 2004:](#)

Why Gas Prices Are So High

By Peter Navarro

\$2.19: That's how much a gallon of gasoline cost the average California driver last week. Yes, it's down from an all-time high of \$2.40 in October. But some experts think we're still paying as much as 20 cents a gallon too much.

Who's to blame for high prices? There's enough blame to go around.

It's partly the collusion of a car culture and the state's pollutant-trapping geography.

Californians use a "boutique" gasoline formulated to satisfy federal air pollution standards. That means we can't import just any gasoline when market shortages hit. And state and local gasoline taxes, which fund the transportation infrastructure, are the nation's fourth-highest.

But so-called Big Oil plays a big part. Since 1982, the number of California refineries has dropped from 44 to fewer than 20, and more than 90% of capacity is controlled by a small handful of refiners. By squeezing the supply, oil companies guarantee steady profits and goosed-up gas prices - especially during the summer driving season, or whenever there's a refinery fire or pipeline explosion.

Independent stations used to keep the market honest. But the oil companies have strategically used price fixing, rent gouging, the withholding of credit card reimbursements and other schemes to dramatically reduce the number of independent stations.

In tough times, the remaining independents are now the first to be cut off.

Still, blaming Big Oil for its monopolistic practices is like blaming a coyote for eating your pet: It's

not the coyote's fault, but rather its nature. And politicians, regulators and judges have left the gate open.

Example: The merger of Texas-based Valero Energy and Ultramar Diamond Shamrock, which the Federal Trade Commission approved in 2001.

"We're going to create more competition in California, and we're going to reduce the cost of gasoline to the consumer," gushed Valero Chairman Bill Greehey.

The marriage gave Valero about 20% of California's refining market. Pre-merger, Ultramar was the state's low-price leader.

As gas prices soared, Valero became the refinery industry's profit king, and its prices are about average.

Oil and gas prices go up like a rocket and float down like a parachute. For the industry, it guarantees a soft landing.

For the rest of us, it means a bumpy ride.
Peter Navarro is a business professor at UC Irvine.

[Letter to the Fresno Bee, Sunday, Dec. 12, 2004:](#)

'The auto industry has to wake up and smell the air'

I do not understand why automakers are balking at using technology that will decrease carbon dioxide emissions from our cars. They say consumers do not want this because it will increase the cost of cars. Even if it cost \$1,000 extra for large pickups and SUVs, the cost in gas savings would be made up very quickly. I would gladly pay a one-time extra cost on buying a vehicle if I could save every day on gas.

Emissions from cars not only cause smog, but the carbon dioxide emissions contribute to global warming. If our Valley's temperatures rise, even a little bit, warmer summers will mean more smog, losses to crops, a smaller winter snowpack that dramatically affects our water supplies, as well as continued health problems related to bad air quality.

Isn't it time the auto industry and those of us who drive cars step up to the plate and do our part to help clean our air?

If the federal government won't do something about emission standards, then states should be allowed to protect our air.

Automakers are doing everything they can to fight this. The industry contends that the state's greenhouse gas emission standards won't make a difference because it is a global issue. But there are many other states that want to duplicate what California is doing, so what we start can turn into something that will affect things globally. Someone has to start. The auto industry has to wake up and smell the air.

Sara Savary

Fresno