Santa Margarita Water District

June 16, 2026

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95812-0100

RE: Response to Advanced Clean Fleets Second 15-Day Modifications

Dear Chair Sanchez and Members of the Board:

The Santa Margarita Water District (SMWD/District) appreciates the opportunity to provide comments regarding the recent amendments to the Advanced Clean Fleets (ACF) regulation, specifically, the interpretation and implementation of provisions concerning contracted fleets.

The District supports the State's long-term goals of reducing transportation emissions and continues to actively evaluate opportunities to transition fleet assets to zero-emission technologies where operationally feasible. However, we are deeply concerned that the revised contracting language fundamentally alters the scope of public fleet compliance obligations in a manner that was not clearly communicated to regulated entities, and non-regulated entities, during the original rulemaking process nor during the first 15-day comment period for amendments. This creates significant implementation challenges for public agencies throughout California.

The recently amended language released June 1, 2026, establishes that a fleet owner includes any person or entity that owns, rents, leases, operates, or contracts for the operation of vehicles comprising a fleet. Consequently, vehicles owned and operated by contractors performing work on behalf of a public agency may now be considered part of that agency's regulated fleet. While CARB has characterized this interpretation as a clarification, SMWD believes it constitutes a substantive expansion of compliance obligations for both public and private fleets. By effectively assigning compliance responsibility for contractor-owned vehicles to public agencies, the amendment introduces implementation concerns and significant uncertainty regarding fleet accountability, reporting requirements, verification obligations, and enforcement responsibilities. As a result, the comment period for these proposed amendments should have been 45 days in order for public agencies to have the statutorily required time to review compliance impacts.

The amendment significantly expands the compliance universe for public agencies. Many public entities, including SMWD, routinely utilize contractors, engineering firms, construction companies, maintenance providers, emergency response contractors, and on-call service providers whose vehicle fleets may fluctuate frequently based on project needs. Service examples include and are not limited to hauling of biosolids for environmentally sustainable disposal, capital project contractors, landscaping services, chemical delivery in support of safe drinking water, furniture and supply vendors, and more. These contracted relationships often involve temporary assignments, intermittent service calls, and rapidly changing fleet compositions. The regulation currently provides little clarity regarding which contracted vehicles must be counted, how long a contractual relationship must exist before vehicles become subject to reporting, or how public agencies should treat on-call or intermittent service agreements.

In addition, the amendment creates substantial administrative and reporting burdens that were not contemplated under the original framework. Public agencies may now be required to identify, track, document, verify, and report information regarding vehicles that they neither own nor directly control. Questions remain regarding the extent to which agencies must independently verify contractor-reported information, whether audits are required, what documentation must be maintained, and how agencies are expected to maintain the accuracy of data provided by third parties. For many agencies, these new obligations could require the development of entirely new administrative processes and contractual requirements.

The amendment also introduces significant uncertainty regarding compliance accountability in situations where contractors perform services for multiple public agencies simultaneously. The regulation does not clearly define how contracted vehicles should be allocated among agencies, how overlapping service relationships should be treated, or how enforcement responsibility would be applied if a contractor's fleet compliance status changes after reporting has occurred. As a result, public agencies lack clear guidance on whether they may be held responsible for compliance deficiencies associated with vehicles over which they have no ownership, operational control, or management authority.

It is important to note that privately owned fleets are not currently subject to the Advanced Clean Fleets (ACF) High-Priority Fleet requirements due to CARB's inability to obtain the necessary Clean Air Act waiver from the U.S. Environmental Protection Agency. The practical effect of the proposed June 1, 2026, amendment, however, appears to extend ACF compliance obligations beyond public agencies and into the private fleets that conduct business with them.

As currently interpreted, the revised language could effectively compel private contractors to comply with ACF requirements as a condition of maintaining business relationships with public agencies, despite the fact that those same fleets are not otherwise subject to the regulation. This outcome would represent a substantial expansion of the rule's reach, effectively accomplishing through public procurement what CARB has been unable to impose directly on the private sector. The implications for public agencies, contractors, and regulated entities are significant, creating new compliance burdens, increasing costs, limiting competition, and disrupting long-standing business relationships.

Stakeholders are likely to view this result as an extraordinary regulatory overreach that exceeds the original intent and scope of the ACF regulation. Moreover, it appears fundamentally inconsistent with CARB's January 2025 decision to withdraw its waiver request and abandon enforcement of the High-Priority Fleet requirements for private fleets. Attempting to reintroduce those same obligations indirectly through contracting requirements raises serious concerns regarding regulatory authority, implementation, and enforceability, and will undoubtedly invite heightened scrutiny from affected industries and public agencies alike.

Given the magnitude of these consequences and the strong concerns already being expressed by stakeholders, this amendment warrants substantially more stakeholder engagement, legal and policy review, and economic impact analysis before any implementation is considered.

Accordingly, the District respectfully requests that CARB:

1. Revert to the contracting language contained in the initial 15-day modification package and defer implementation of the revised contracting interpretation until additional stakeholder engagement can occur;

2. In the alternative, if CARB proceeds with the current regulatory framework, clarify that public agency fleet compliance obligations apply only to vehicles directly owned, leased, operated, dispatched, or otherwise under the direct operational control of the public agency in the performance of its governmental functions;

3. Meaningfully address the substantial concerns raised in the hundreds of comment letters submitted during the initial rulemaking comment period as well as the first proposed amendments' 15-day comment period, including, but not limited to, concerns related to CARB's authority, procurement disruption, increased costs, administrative burdens, audit exposure, emergency-response impacts, and the absence of clear implementation guidance.

Until these issues are fully evaluated and resolved, CARB should not proceed with adoption or implementation of the proposed amendments or the full rule. Moving forward without addressing these unresolved concerns would impose significant uncertainty on public agencies and private contractors alike and would create substantial legal, operational, and procurement consequences that have not been adequately analyzed through the current rulemaking record.

Thank you for your consideration of these comments. We appreciate CARB's continued engagement with stakeholders and look forward to participating in future discussions regarding implementation of the Advanced Clean Fleets regulation.

Sincerely,

Robert S. Grantham
General Manager
Santa Margarita Water District