

Ground-Level Ozone

A Negotiated Rule-Making Process on Varara's Air Pollution Crisis

Instructions for the MBTA Negotiator

From the Executive Board of the MBTA

As you know, the MicroBus Transport Association (MBTA) is a newly organized association of almost 3,000 independent microbus operators and 7 small microbus companies, based in Sandoa in the state of Mola. Our membership is on the rise. Our members' operations are informal and not concessioned, and the city's mostly poor laborers depend on our efficient and cheap service to commute between Sandoa and Varara. Despite financial constraints and an aging fleet, our members have done their best to serve their customers for six years, and have developed patronage and clientele relationships with several powerful politicians in Mola. With the current air pollution crisis in Varara, we are being unfairly targeted as one of the main sources of transboundary pollution.

Position on the Reduction of Ground-Level Ozone

Like our colleagues in this negotiation, we are worried about the smog and ground-level ozone problems. However, we do not believe that we are responsible for the situation in Varara. The "scientific" analysis claims that because the prevailing winds are westerly, pollution created in Sandoa can cause pollution in our neighboring city – an assertion that we believe will be dismissed with further study. Any restrictions and new standards placed on us should be accompanied by rigorous scientific analysis. Most importantly, previous "scientific" studies performed by other groups were done without our participation, and we have reason to doubt the validity of their analyses.

Primary Concerns

We are primarily concerned about our economic status, as well about as serving our customers – mostly poor and mid-income laborers. Equity is an important concern, and our economic analysis suggests that we will have to raise fares to adapt to more-stringent standards, unfairly imposing an added burden on those least able to pay it. Specifically, the MBTA has expressed public concern about the harmonization of the inspection and maintenance (I&M) programs between the two cities, as well as the expansion of the Metro into Sandoa. The MBTA is severely constrained financially, and is impacted disproportionately by I&M programs due to its aging bus fleet.

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Negotiating Strategies

To be frank, we are best off if no agreement is reached at all. However, the MBTA will benefit by hedging its bets and seeking an alliance with the Ministry of Finance (MOF) in the event that a costly implementation plan is adopted. Our best option is to stall the process by asking questions and pointing out areas that require further study.

Some of the information we have gathered suggests that:

- Microbuses are the primary way that millions of residents get around the metropolitan area, particularly from Sandoa, where no Metro service is available.
- The expansion of the Metro will be 20 to 30 times more costly than investing in improved microbus service, and will not efficiently provide service to residents living in low-density areas. The estimated completion time of an effective Metro system in Sandoa is approximately five years, and the service disruption caused during construction will be a huge inconvenience.
- Our average fleet age is approximately five years greater than the metropolitan-wide average, and emissions standards and I&M harmonization will place a burden on our fleet approximately twice that placed on less-efficient, single-occupancy vehicles.

We recommend that better analyses be done by other actors before our governments adopt foolhardy standards that will significantly worsen the lives of our poorest laborers.

We are willing to compromise on issues that are of less importance, primarily the decisions on fuel quality and emissions standards. These compromises may help to ensure that the Metro is not expanded, I&M is not harmonized throughout the metropolitan region, and that we are not treated differentially by environmental authorities.

Depending on their disposition towards the Metro, the Metropolitan Transportation Commission (MTC) may be an important ally. We should also seek an alliance with automobile and oil interests, who will be on the correct side of important issues. The MTC, the automobile association (CAIA), and the MOF all have considerable financial resources that we can use to comply with costly measures.

A final note of warning: The average age of our fleet is nearly 12 years and no new microbuses have been manufactured since 1996. If we do not get funding to retrofit our oldest vehicles, or we do not change vehicle type into other manufactured bus, we will find ourselves in a dire financial situation in a near future. An alternative route to a direct subsidy does not seem to exist, however: The CAIA may agree to supply the other vehicles in exchange for backing during the negotiation.

Decision Options

Guidance is provided regarding our top priorities only. Unacceptable policy options are also highlighted. You are to strive for these outcomes. If our first or second choice is impossible to achieve, we leave it to you to use your judgment as to what best meets the MBTA's needs.

Decision 1: Sulfur Content in Regular Gasoline

We are willing to compromise on this issue if we can generate support for other decision items in exchange for our backing. We nominally oppose Option 3 (fast phase-in), but are willing to hear arguments in its support.

Decision 2: Emission Standards for New Vehicles

The MBTA is not opposed in principle to the issue of emissions standards if financing is available to retrofit our existing fleet. Nonetheless, no agreement means we do not have to worry about financing the measure. Again, we are opposed to the strictest option but are willing to negotiate.

Decision 3: Enhanced Inspection and Maintenance Program

Harmonization of the I&M programs (Option 1), and a program of differential treatment for older vehicles (Option 4), will be disastrous to our financially strapped organization, and will reduce the availability of public transportation to poor workers in Sandoa. We recognize that our fleet is not as environmentally friendly as it could be, but if we are forced to raise prices, workers will increasingly switch to single-occupancy vehicles, often with even worse emission profiles. These two programs must be avoided at all costs.

We suggest instead that data be better integrated (Option 3) and that public audits be performed (Option 2) at no expense to our organization. Our support of these positions is flexible, however.

Decision 4: Public Transportation

Studies of neighborhoods in Varara have shown that Metro expansion (Option 1) is a patently bad idea. In the neighborhood of Wavala, for example, the new Metro station was not properly integrated with the existing microbus service, and the total use of

public transportation actually declined by 30%, while microbus use fell to near zero. We oppose Metro expansion at all costs.

Regulated competition of minibuses (Option 5) is another idea that sounds good but is actually detrimental. Research shows that unless deference is paid to existing, established services, routing and service provisions by newly created government monopolies are at best chaotic, at worst nonexistent. Unless the contract is given to our organization, or the regulations are explicitly favorable to the operators already in our organization, we oppose regulated competition. We are also opposed to bicycle lanes (Option 3) and congestion pricing (Option 4), but are willing to negotiate these positions.

Instead, we suggest that minibuses be given a subsidy to improve the quality of our service and to continue to serve the workers that maintain the city's economic and environmental health. Construction of a ring road (Option 2), favored by the MTC, is another viable idea, and if we provide backing at this juncture we may be able to secure preferential access to this route once built.

Decision 5: Assigning Enforcement Responsibility and Financing

Money that does not go to us to improve service should first go to improved data collection and road construction. We are requesting a US\$2 billion subsidy to retrofit our fleet, and are unconcerned about where this money comes from. In particular, the CAIA may be willing to supply us with new vehicles at low cost.

Summary of the MBTA's Positions

Priorities

- (1) Secure a subsidy for microbus operators
- (2) Oppose Metro expansion
- (3) Oppose differential treatment and I&M harmonization

Constraints

- (1) Need funding to support costly measures
- (2) In addition to support for implementation, we must secure money for fleet renewal or face bankruptcy
- (3) Can support regulated competition if explicitly favorable to operators already in organization

Decision 1: Sulfur Content in Regular Unleaded Gasoline

Little interest; support the most politically favorable option

Decision 2: Emission Standards for New Vehicles

- 1st Choice: no agreement
- 2nd Choice: Option 1 (slow phase-in)
- 3rd Choice: Option 2 (moderate phase-in)

Decision 3: Enhanced Inspection and Maintenance Program

- 1st Choice: Integration of the Inspection and Registration Databases (Option 3)
- 2nd Choice: Public Audits (Option 2)
- Oppose: Harmonization of I&M, Differential Treatment (Options 1, 4)

Decision 4: Public Transportation

- 1st Choice: Subsidy for Microbuses (Option 6)
- 2nd Choice: Ring Road Construction (Option 2)
- 3rd Choice: Congestion Pricing (Option 4)
- Oppose: Metro Extension to Sandoa, Regulated Competition for Microbuses (Options 1, 5)

Decision 5: Assigning Enforcement Responsibility and Financing

We are requesting a US\$2 billion subsidy. Other funds should go first to planning and data collection, then to road construction, and finally to fuel standards.