State of California
AIR RESOURCES BOARD

Resolution 08-12

February 28, 2008

Agenda Item No: 08-2-7

WHEREAS, sections 39600 and 39601 of the Health and Safety Code authorize the Air Resources Board (ARB or Board) to adopt standards, rules, and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

WHEREAS, section 39003 of the Health and Safety Code charges the Board with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles, which is the major source of air pollution in many areas of the state;

WHEREAS, sections 39666 and 39667 of the Health and Safety Code authorize the Board to adopt regulations and measures to reduce emissions of toxic air contaminants from vehicular and nonvehicular sources;

WHEREAS, sections 43013 and 43018 of the Health and Safety Code direct the Board to achieve the maximum degree of emission reduction possible from vehicular and other mobile sources, including marine vessels to the extent permitted by federal law, to attain state air quality standards by the earliest practicable date;

WHEREAS, the ships, harbor craft, trucks, locomotives, and equipment that move international and domestic goods ("goods movement") throughout California are substantial contributors to transportation-related emissions in the State;

WHEREAS, these emissions are a public health concern at both regional and community levels, and contribute to adverse health effects such as cardiac and respiratory diseases, a greater number of asthma and bronchitis episodes, increased risk of cancer, and premature death;

WHEREAS, in November 2006, the voters approved the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, also known as Proposition 1B, that, among other things, provides one billion dollars ($1,000,000,000) to reduce emissions associated with the movement of freight along California's trade corridors;

WHEREAS, Proposition 1B requires that these funds be made available, upon appropriation by the Legislature and subject to the conditions and criteria provided by

the Legislature, to the Board in order to reduce the emissions associated with goods movement;

WHEREAS, tremendous growth in goods movement activity has created a public health crisis in communities located adjacent to ports and along trade corridors, and it is the intent of the Legislature, in enacting Senate Bill 88 (SB 88) (Stats. 2007, ch. 181) and Assembly Bill 201 (AB 201) (Stats. 2007, ch. 187), for the Board to implement Proposition 1B such that these funds are expended in a manner that reduces the health risk associated with the movement of freight along California's trade corridors;

WHEREAS, it is the intent of the Legislature in enacting SB 88, as codified in chapter 3.2 (commencing with section 39625), part 2, division 26 of the Health and Safety Code, that the Board maximize emission reduction benefits, achieve the earliest possible health risk reduction in heavily impacted communities, and provide incentives for the control of emission sources that contribute to increased health risk in the future;

WHEREAS, Governor Schwarzenegger issued Executive Order S-02-07 in January 2007, which imposes transparency and accountability requirements on all State government entities responsible for expending proceeds from the bonds approved by voters in 2006, including Proposition 1B;

WHEREAS, section 39625.01 of the Health and Safety Code establishes the Goods Movement Emission Reduction Program (Program), administered by the Board pursuant to the conditions and criteria provided by the Legislature, to implement the provisions of Proposition 1B;

WHEREAS, Proposition 1B, as specified in section 39625 of the Health and Safety Code, requires that these funds be made available for emission reductions not otherwise required by law or regulation to supplement existing funds used to finance strategies that reduce emissions and public health risk associated with the movement of freight commencing at the state's seaports and land ports of entry and transported through California's trade corridors;

WHEREAS, section 39625.5(a)(1) of the Health and Safety Code requires the Board to allocate funds on a competitive basis for projects that are shown to achieve the greatest emission reductions from each emission source identified in subdivision (c) of Section 39625.1, not otherwise required by law or regulation, from activities related to the movement of freight along California's trade corridors, commencing at the state's airports, seaports, and land ports of entry;

WHEREAS, section 39625.5(b)(1) of the Health and Safety Code requires the Board to allocate funds in a manner that gives priority to emission reduction projects that achieve the earliest possible reduction of health risk in communities with the highest health risks from goods movement facilities;

WHEREAS, section 39626 of the Health and Safety Code requires the Board to develop guidelines, in consultation with stakeholders, to implement the Program;

WHEREAS, section 39625.3 of the Health and Safety Code allows for Program funding mechanisms to include grants, loans, and loan guarantees;

WHEREAS, section 39625.5(c) requires that the Board ensure that Proposition 1B funds are supplemented and matched with funds from federal, local, and private sources to the maximum extent feasible;

WHEREAS, ARB staff conducted five public workshops in October 2007 and regularly met with stakeholders to solicit input on Program development;

WHEREAS, ARB staff released a Staff Report describing the proposed Guidelines on January 3, 2008 and conducted five additional public workshops in January 2008 to receive and consider public comments;

WHEREAS, ARB staff released Proposition 1B: Goods Movement Emission Reduction Program Proposed Guidelines for Implementation (Program Guidelines) on February 4, 2008 and held an additional workshop to receive and consider public comments;

WHEREAS, ARB staff, in consultation with stakeholders, developed the proposed Program Guidelines, which include, among other requirements and provisions:

1) The local agency application process and limits for administrative costs;
2) Requirements for the contribution of funds leveraged from other sources or in-kind contributions toward projects;
3) Project selection criteria;
4) Accountability and auditing requirements;
5) The method by which the Program will consider the air basin's status in maintaining and achieving state and federal ambient air quality standards and the public health risk associated with goods movement-related emissions and toxic air contaminants; and
6) Requirements for agreements between applicants and recipients of Program funds;

WHEREAS, ARB staff, in consultation with stakeholders, identified in the Staff Report and the proposed Program Guidelines recommended funding targets by category and trade corridor, inclusive of all Program administration funds, to create an overall vision for the $1 billion Program and ensure that all of the statutory criteria can be effectively implemented;

WHEREAS, the proposed Program Guidelines specify provisions for projects eligible for funding, which include the projects specified in section 39625.5(a)(2);

WHEREAS, the Legislature directed that not more than twenty-five million dollars ($25,000,000) of the funds appropriated in Item 3900-001-6054 of the Budget Act of

2007 be made available to the Board for the purpose of executing grant agreements directly with ports, railroads, or local air districts for eligible projects to achieve the earliest possible health risk reduction specified sources ("early grant"), such early grants to be distributed pursuant to the Program Guidelines;

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the proposed Program Guidelines and funding targets and priorities, as set forth in Attachment A hereto, with the modifications shown in Attachment B and Attachment C hereto (collectively referred to hereinafter as "adopted Program Guidelines"), for ARB staff to use in implementing the Program.

NOW, THEREFORE BE IT RESOLVED, the following category and trade corridor funding targets shall be established for the purposes described in the adopted Program Guidelines:

Category Funding Targets:

1) $400 million for heavy-duty trucks serving ports and intermodal rail yards;
2) $360 million combined for other heavy-duty trucks and electrification infrastructure to reduce engine idling and use of internal combustion auxiliary power systems at truck stops, intermodal facilities, distribution centers, and other places where trucks congregate;
3) $100 million for freight locomotives;
4) $100 million combined for shore power for cargo ships and cargo handling equipment that operates at seaports and rail yards; and
5) $40 million for commercial harbor craft;

Trade Corridor Funding Targets:

1) $550 million for the Los Angeles/Inland Empire corridor;
2) $250 million for the Central Valley corridor;
3) $140 million for the Bay Area corridor; and
4) $60 million for the San Diego/Border corridor.

BE IT FURTHER RESOLVED that the Board finds that the adopted Program Guidelines prioritize funding for truck projects that achieve the greatest emission reductions in California. The greatest reductions will come from upgrading high emitting trucks—either those with high annual mileage from travel in multiple corridors or those old, dirty trucks that make frequent, short trips.

BE IT FURTHER RESOLVED that the Board directs staff to monitor the expenditure of funds for truck retrofit, repower, and replacement administered by local agencies in each corridor, along with the reported corridors where those trucks travel. The Board further directs staff to report back to the Board on the program's effectiveness in reducing emissions statewide and regionally as part of the update to the adopted Program Guidelines.

BE IT FURTHER RESOLVED that the Board adopts the staff's recommendations, as set forth in Attachment C hereto, for partial funding of the "early grant" projects submitted by local air districts for the total amount of $25 million to achieve the earliest possible health risk reduction in impacted communities.

BE IT FURTHER RESOLVED that the Board adopts the following funding priorities for Fiscal Year (FY) 2007-08 funds as shown in the adopted Program Guidelines set forth in Attachment A hereto:

1) Eligible projects that can begin implementation quickly and deliver air quality results;
2) Truck retrofit projects to add diesel particulate filters for immediate, broad scale, cost-effective risk reduction in many communities; and
3) Port truck replacement projects in the Los Angeles/Inland Empire corridor to support the Port of Los Angeles and the Port of Long Beach clean truck tariff programs.

BE IT FURTHER RESOLVED that, until the next noticed Board hearing to consider changes to the adopted Program Guidelines for FY 2008-2009 funds, the Board delegates to the Executive Officer, and his or her designee, the authority to adopt such additional conforming modifications as may be appropriate or as necessary to ensure consistency with the modifications approved by the Board, and shall bring the proposed changes to the Board for further consideration if the Executive Officer determines that this is warranted.

BE IT FURTHER RESOLVED that the Board finds that the adopted Program Guidelines will ensure that funds are allocated in a manner that gives priority to emission reduction projects that achieve the earliest possible reduction of health risk in communities with the highest health risks from goods movement facilities.

BE IT FURTHER RESOLVED that the Board finds that the manner in which ARB staff identified the recommended funding targets by category and trade corridor in the adopted Program Guidelines was reasonable, based on a sound and deliberative consideration of the multiple factors and other criteria as specified in SB 88 and AB 201, and consistent with all other conditions and criteria provided by the Legislature for the Program, other provisions of law, and the requirements specified in Executive Order S-02-07.

BE IT FURTHER RESOLVED that the Board finds that implementation of the Program pursuant to the adopted Program Guidelines and all other actions adopted by the Board as part of the Program will ensure that funds are allocated on a competitive basis for projects that are shown to achieve the greatest emission reductions from each emission source identified in subdivision (c) of Section 39625.1, not otherwise required by law or regulation, from activities related to the movement of freight along California's trade corridors, commencing at the state's airports, seaports, and land ports of entry.

BE IT FURTHER RESOLVED that the Board finds that the adopted Program Guidelines will ensure Proposition 1B funds disbursed under the Program are supplemented and matched with funds from federal, local, and private sources to the maximum extent feasible.

BE IT FURTHER RESOLVED that the Board finds that implementation of the Program pursuant to the adopted Program Guidelines, funding targets and priorities, and all other actions adopted by the Board as part of the Program will collectively ensure that the Proposition 1B funds are expended in a manner that reduces the health risk associated with the movement of freight along California's trade corridors.

BE IT FURTHER RESOLVED that the Board finds that the adopted Program Guidelines, funding targets and priorities, and all other actions adopted by the Board as part of the Program will collectively maximize emission reduction benefits, achieve the earliest possible health risk reduction in heavily impacted communities, and provide incentives for the control of emission sources that contribute to increased health risk in the future. The Board finds that the adopted Program Guidelines, funding targets and priorities, and all other actions adopted by the Board as part of the Program will collectively address the urgent need to protect public health from diesel pollution from current goods movement operations, especially in communities near ports, rail yards, distribution centers, and roads with high truck traffic.

BE IT FURTHER RESOLVED that the Board finds that the Program will target emission reductions effectively in heavily impacted communities and ensure that emission reductions are likely to occur in locations within California where emission sources in the area expose individuals and population groups to elevated emissions that result in adverse health effects and contribute to cumulative human exposures to pollution. The Board finds that the Program will achieve these effective reductions by allocating more funds to the corridors with the greatest impacts from goods movement and more funds to the source categories contributing to the highest health risks (predominantly trucks).

BE IT FURTHER RESOLVED that the Board finds that the adopted Program Guidelines, funding targets and priorities, and all other actions adopted by the Board as part of the Program collectively meet all of the requirements specified in Proposition 1B, SB 88, AB 201, all other conditions and criteria provided by the Legislature, all other applicable provisions of law, and the requirements specified in Executive Order S-02-07. This includes, but is not limited to, the criteria specifically identified in section 39625.5(b)(1) and (b)(2)(A) through (K).

BE IT FURTHER RESOLVED that the Board finds that the equipment project specifications contained in the adopted Program Guidelines appropriately identify those projects specified in section 39625.5(a)(2) that are eligible for Program funds at this time, and the adopted Program Guidelines clearly and reasonably explain why certain projects are not eligible for Program funds in FY 2007-2008 because of cost, technical, or other feasibility concerns but may become eligible as these concerns are adequately addressed in future phases of the Program.

BE IT FURTHER RESOLVED that the Board finds that grants distributed through grant agreements are the most efficient way to distribute Proposition 1B funds at this time, but the Board directs ARB staff to evaluate for future phases of the Program the viability of implementing a loan assistance or loan guarantee program to aid equipment owners with the replacement, repower, or retrofit of goods movement vehicles or equipment, as provided in section 39625.5(a)(2) of the Health and Safety Code.

BE IT FURTHER RESOLVED that the Board directs ARB staff to continue evaluating the viability and cost of requiring passive or active Global Positioning System (GPS) devices or similar technology to record equipment location and activity to provide alternative methods for ensuring the required level of operation in California.

BE IT FUTHER RESOLVED that the Board directs ARB staff, following each future appropriation of funds, to evaluate the adopted Program Guidelines including, but not limited to, the project specifications and to develop any necessary updates in a public process culminating in Board consideration at a noticed public hearing.

BE IT FURTHER RESOLVED that the Board delegates to the Executive Officer, and his or her designee, signing authority for all Program grant agreements and any other agreements necessary to implement the Program, except that this delegation shall not apply to any memoranda of understanding or similar agreements subject to Board approval pursuant to Board Resolution 05-40 (adopted July 21, 2005).

BE IT FUTHER RESOLVED that the Board delegates to the Executive Officer, and his or her designee, authority to enter into agreements with other State, local, or Federal agencies to access registration and other databases for compliance verifications.

BE IT FUTHER RESOLVED that the Board finds that it is necessary and appropriate for the efficient and fair implementation of the Program that ARB retain grant funds for executed grant agreements and equipment project agreements until the Executive Officer, or his or her designee, believes it is appropriate to release the funds to the local agency or other applicable fund recipient for the purchase of equipment, for the purpose of advancing the completion of an equipment project, or for the purpose of meeting liquidation deadlines set forth in State law, as specified in the Program Guidelines.

BE IT FURTHER RESOLVED that the Board directs ARB staff to continue fostering involvement with all interested parties – public and private – to gain input and to ensure continuing program transparency and accountability.

I hereby certify that the above is a true and correct copy of Resolution 08-12, as adopted by the Air Resources Board.

Lori Andreoni

Lori Andreoni, Clerk of the Board

Identification of Attachments to the Resolution

Attachment A: Proposition 1B: Goods Movement Emission Reduction Program, Proposed Guidelines for Implementation, dated February 4, 2008 (Proposed Guidelines)

Attachment B: Staff's Suggested Modifications to the Original Proposal

Attachment C: List of Recommended Early Grant Projects

ATTACHMENT A
PROPOSITION 1B: GOODS MOVEMENT EMISSION REDUCTION PROGRAM, PROPOSED GUIDELINES FOR IMPLEMENTATION, DATED FEBRUARY 4, 2008

ATTACHMENT B
STAFF'S SUGGESTED MODIFICATIONS TO THE ORIGINAL PROPOSAL

Presented at the February 28, 2008 Hearing of the Air Resources Board

Public Hearing to Consider Adopting the
Proposition 1B: Goods Movement Emission Reduction Program:
Proposed Guidelines for Implementation

Shown below are the staff' suggested modifications to the originally proposed text set forth in the Proposition 1B: Goods Movement Emission Reduction Program, Proposed Guidelines for Implementation, released February 4, 2008 ("proposed Program Guidelines"). Only those portions containing the suggested modifications are included. This document is printed in a style to indicate changes from the originally proposed Program Guidelines. All originally proposed guideline language is indicated by plain type. Staff's suggested modifications to the original proposal are shown in underline to indicate additions to the original proposal and ~~strikethrough~~ to indicate deletions. Final adoption of the Program Guidelines (Final Program Guidelines), which will include all modifications made by staff pursuant to the Board's direction, will occur when the adopted Program Guidelines are released to the public concurrent with the release of the Notice of Funding Availability.

PROJECT SPECIFICATIONS (Appendices A through G, unless otherwise noted)

Other Trucks (Appendix B)

Allow model year 1997 and older trucks to be eligible for bond funds in the first year. Allow model year 1997 and older truck to be upgraded 2 years prior to the regulatory requirement, rather than the 3 years originally proposed. In Appendix B, pages B-2, B-3, and B-4, modify first bullet to read, "For independent owner operators and owners of all eligible model year 1997 and older trucks, the equipment project shall be completed ...."

Locomotives (Appendix C)

Allow locomotive safety devices to be included as part of the total equipment project cost. In Appendix C, page C-2, remove "Remote Control Locomotive (RCL) Units" from the excluded funding components section of the table.

Modify the locomotive project specifications to permit the reuse of old locomotive parts such as the chassis, power assembly, traction assembly, and associated parts, but not reuse of the old engine block in California. Staff is not proposing any modification to the original proposal's requirement for participating locomotive owners to either destroy the old locomotive engine block or, if the owner chooses to continue using the old engine block, to cease operating that locomotive in California. Similarly, in the proposed

Program Guidelines (page 76, Table 3.1), remove the scrappage requirements for all locomotive components except the locomotive engine block, as follows:

First bullet:	replace "old locomotive" with "old locomotive engine";
Second bullet:	replace "destroyed engine block/locomotive chassis" with "destroyed engine block."
Third bullet:	modify to require dismantling and destruction only of the old locomotive engine within 60 days of receipt of that engine.
Fourth bullet:	modify to read "old locomotive engine"

In Appendix C, allow existing locomotives previously operating both inside and outside of California to compete for bond funding. If funded, the locomotive must still comply with the 100% California operation requirements. In Appendix C, page C-1, first bullet, remove the word "continuous" from "Continuous operation..."

Modify NOx emissions level requirement for a switcher locomotive with a new generator-set to better reflect available equipment. This would be done in Appendix C, page C-1, by revising only the NOx requirement from "3.0 g/bhp-hr" to "3.5 g/bhp-hr" and by modifying "...U.S. EPA engine certification levels with ARB verification" to "...U.S. EPA engine certification test results with ARB verification." Staff is not proposing any modifications to the original proposal's 0.1 g/bhp-hr or less requirement for PM.

Shore Power (Appendix D)

Provide access to bond funding for non-grid based shore power projects that is consistent with ARB's recently approved regulation for ships at dock. This would be done by updating the specific operational requirements and the maximum amount of bond funding. These changes only impact the non-grid power option. Specifically, Appendix D, page D-2, would be revised as follows:

- "Partial funding of up to ~~$210,000~~ $200,000 per megawatt..."
- "Program-funded non grid-based shore power shall be installed and in operation ~~at least 2 years prior to a regulatory requirement for that technology or level of emissions control~~ by January 1, 2010."
- "Commit to 7 years of 100% California operation at the following levels or greater:
  - ~~1,000 hours per year in 2011-2013.~~
  - 1,000 hours per year in 2010-2011
  - 2,000 hours per year in 2012-2013
  - 3,000 hours per year in 2014 and beyond."
- "Equipment owners may opt for a pro-rated alternative...the Program will pay up to ~~$150,000~~ $140,000 per megawatt for a 5 year commitment...."

Harbor Craft (Appendix E)

Provide prorated options for shorter project life with concurrent reduction in funding. Specifically, staff proposes to add a prorated alternative to Option 1 for tugs and tows on page E-1 so that equipment owners may, with a 7 year commitment of California home port operation in the trade corridors, opt to receive half the Program funds available for a 15-year commitment. All other requirements in the original proposal would apply to the prorated alternative.

Similarly, for Option 2 (other vessels) on page E-2, staff proposes to add a prorated alternative that would allow equipment owners to commit to 5 years of California home port operation in the trade corridors for half of the Program funding level available for a 10 year commitment. All other requirements in the original proposal would apply to the prorated alternative.

OTHER CHANGES

Project alternatives for local agencies

Emphasize original intent that local agencies solicit for multi-corridor projects by replacing the phrase "one or more trade corridors" with "the trade corridors" wherever it is referred to in the geographic operations section of the project alternatives for local agencies. Page 52, Section III.B.2(d).

Outreach

Enhance outreach efforts and program transparency by requiring local agencies to submit a website link and meeting announcements containing information on community meetings or public workshops held by the local agency for this Program. Meeting information shall be posted on ARB's Goods Movement Emission Reduction Program website. Page 61, Section III.D.1.

TECHNICAL CLARIFICATIONS AND CORRECTIONS

Correct typographical error by replacing the word "repower" with "replacement." Appendix B, page B-3, first bullet.

Replace "driver's license number" with "proof of identity" in the application information section for truck projects. Appendix A, page A-5 and Appendix B, page B-6.

Include "proof of identity" in the application information section for the remaining source categories. Appendices C through G at pages C-3, D-4, E-3, F-3, and G-4.

Add requirement for "current odometer reading (estimate total engine mileage if odometer is missing or broken)" in the application information section for all truck projects. Appendix A at page A-5 (Section F.2(a), "Truck data"), page A-6 (Section

F.3(a), "Truck data"), and page A-7 (Section F.4(a), "Truck data"), and Appendix B at page B-6 (Section F.2(a), "Truck data"), page B-7 (Section F.3(a), "Truck data"), page B-8 (Section F.4(a), "Truck data"), page B-9 (Section F.5(a), "Truck data"), and page B-10 (Section F.5(b), "Truck data").

Specify the last bulleted requirement that is listed in the locomotive equipment specification table as information to be collected in the application information for both switcher and line-haul locomotive project applications. Appendix C, page C-3, Section F ("Application Information").

Clarify the specific locomotive switcher and line haul operational requirements in the annual reporting section to be consistent with the equipment project specifications tables. Specifically, modify tenth bullet in annual reporting requirements to read, "Certification and documentation of ~~at least 50% of travel in trade corridors~~ 100% operation in trade corridors for switcher locomotives, 50% operation in trade corridors for line haul locomotives." Appendix C, page C-3, Section D.

Specify identification of the trade corridors in which the equipment is routinely operated as a requirement in the application information for all applicable source categories. Specifically, add a sub-bullet under the "vocation and activity data for the past 2 years" section of the "Current equipment and activity information" that reads, "Identify the trade corridors in which the equipment is routinely operated." Appendix A at pages A-5, A-6, and A-7; Appendix B at pages B-6, B-7, B-8, B-9, and B-10; Appendix C at pages C-4 and C-5; Appendix E at pages E-4 and E-5; and Appendix F at page F-3.

ATTACHMENT C
LIST OF RECOMMENDED EARLY GRANT PROJECTS

The following list replaces in its entirety Table 5, as originally shown on page 8 of the Staff Report.

Bond Funding (%)	Trade Corridor	Local Air District	Source Category and Equipment Project Option
$13.8M (55%)	Los Angeles/ Inland Empire	South Coast AQMD	• Replace 130 port trucks in lease-to-own program with new trucks meeting 2010 emission standards • Replace 130 other trucks
$5.7M (23%)	Central Valley	San Joaquin Valley APCD	• Retrofit 450 other trucks • Replace 60 other trucks
$0.8M (3%)	Central Valley	Sacramento Metro AQMD	• Replace 15 other trucks
$3.4M (14%)	Bay Area	Bay Area AQMD	• Install grid-based shore power at 2 ship berths at the Port of Oakland • Retrofit 75 port trucks
$1.3M (5%)	San Diego/ Border Region	San Diego APCD	• Retrofit up to 115 port trucks and/or replace 10 port trucks • Retrofit 115 other trucks in Imperial Valley
$25M			

The following supplements the provisions set forth in Appendix H of the original proposed Program Guidelines. ARB staff proposes to incorporate these provisions into the Final Program Guidelines:

In accordance with Senate Bill 88 (Statutes 2007, Chapter 181), implementation of the early grants shall be consistent with the Goods Movement Emission Reduction Program (Program) Guidelines. In addition to the provisions specifically mentioned in this attachment, Appendix H of the Guidelines specifies which Chapters and sections of the Guidelines apply to early grants as follows:

- Chapter III
  - Sections B.1 & 4
  - Section C
  - Sections D.1, 3-8, 10, 11-16
  - Sections E-G
- Chapter IV
- Appendices A-G

For all local agency projects funded as an early grant, no solicitation process is required. However, the competitive ranking process outlined in the Program Guidelines shall be used to select individual truck projects for funding based on the emission reductions to be achieved within California, and a competitively ranked list of trucks must be posted on a publicly available website prior to funding. Consistent with the Program Guidelines, the districts shall not limit the operation of trucks funded under the Program to a geographic area smaller than the State of California, except that 50% of travel shall be required within the four trade corridors combined.

In addition, the following deadlines apply:

- 100% of contracts with equipment owners shall be signed by July 31, 2008
- For all truck projects, a majority of the projects shall be completed by July 31, 2008, and the remaining projects shall be completed by December 31, 2008
- Grid-based shore power projects shall be completed by December 31, 2010

Consistent with the Program Guidelines, ARB authorizes air districts receiving early grant funds to use a portion of the early grant award for administration funds as follows: 5% of the total grant award for the administration of truck projects, and 2% of the total grant award for the administration of grid-based shore power projects.

The following pages of this attachment detail the ARB staff recommendations for early grant awards.

Goods Movement Emission Reduction Program – $25 Million Early Grants
STAFF RECOMMENDATION
South Coast Air Quality Management District

ARB staff recommends partial funding of $13,800,000 for the South Coast Air Quality Management District's (District) early grant proposal to replace 130 heavy-duty diesel trucks under one or more lease-to-own programs in the "Heavy Duty Diesel Trucks Serving Ports and Intermodal Rail Yards" source category, and to replace 130 heavy-duty diesel trucks under the "Other Heavy Duty Diesel Truck" source category in the Los Angeles/Inland Empire trade corridor.

Trade Corridor	Air District	Equipment Project Option	Minimum Number of Trucks	Bond Funding per Truck	Recommended Program Funding	
					by Option	Total
LA/Inland Empire	South Coast	Other Truck Replacement	130	$50,000	$6,900,000	$13,800,000
		Port Truck Replacement	130	$50,000	$6,900,000	

The most significant requirements in the equipment project specifications are highlighted below. District implementation of the early grants shall follow these specifications, in addition to those contained in the applicable sections of the Guidelines and Appendices A and B. Where there are differences between these specifications and those in the Guidelines, the District shall follow the equipment project specifications listed below.

Eligible equipment
Class 8 (>33,000 lbs GVWR) heavy-duty diesel trucks used to move goods.

Equipment owner must demonstrate
- Continuous registration (California base-plated or International Registration Plan) in California for the past 2 years.
- Current ownership of the truck.
- At least 50 percent operation within trade corridor(s) for the past 2 years.
- At least 10,000 miles per year.

A. Trucks Serving Ports and Intermodal Rail Yards, Truck Replacement Option
Partial funding of up to $50,000/truck to replace an eligible MY2003 or older heavy duty diesel truck with a diesel or alternative fuel truck meeting MY2010 emission levels or lower. The District may not provide incentives in excess of $50,000 per truck from all sources of State funds as defined in the Program Guidelines.

The equipment owner shall commit to at least 8 years or 350,000 miles of 100% California-only operation and California base-plated registration, and at least 50% of travel in the trade corridors. The equipment owner shall also commit to at least 4 years of frequent port or intermodal rail yard service (150+ visits/year). No pro-rated

alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.

Program-funded truck replacement projects shall be completed and operational at least 3 years prior to a regulatory requirement for a truck meeting MY2007 emission standards. For independent owner operators, the equipment project shall be completed and operational at least 2 years prior to a regulatory requirement for a truck meeting MY2007 emission standards.

B. Other Heavy Duty Diesel Trucks, Truck Replacement Option
Partial funding of up to $50,000/truck to replace an eligible MY2003 or older heavy duty diesel truck with a diesel or alternative fuel truck meeting MY2007 emission levels or lower. The District may not provide incentives in excess of $50,000 per truck from all sources of State funds as defined in the Program Guidelines.

The equipment owner shall commit to at least 8 years or 500,000 miles of 100% California-only operation and California base-plated registration, and at least 50% of travel in the trade corridors. No pro-rated alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.

Program-funded truck replacement projects shall be completed and operational at least 3 years prior to a regulatory requirement for that level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks. In this 3 year period, a truck funded under this Program is not eligible to be included in any fleet averaging. For independent owner operators and all eligible model year 1997 and older trucks, the equipment project shall be completed and operational at least 2 years prior to a regulatory requirement for that level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks.

Goods Movement Emission Reduction Program – $25 Million Early Grants
STAFF RECOMMENDATION
San Joaquin Valley Air Pollution Control District

ARB staff recommends partial funding of $5,700,000 for the San Joaquin Valley Air Pollution Control District's (District) early grant proposal to replace 60 heavy-duty diesel trucks and retrofit 450 heavy-duty diesel trucks under the "Other Heavy Duty Diesel Truck" category in the Central Valley trade corridor.

Trade Corridor	Air District	Equipment Project Option	Minimum Number of Trucks	Bond Funding per Truck	Recommended Program Funding	
					by Option	Total
Central Valley	San Joaquin	Other Truck Replacement	60	$50,000	$3,300,000	$5,700,000
		Other Truck Retrofit	450	$5,000	$2,400,000	

The most significant requirements in the equipment project specifications are highlighted below. District implementation of the early grants shall follow these specifications, in addition to those contained in the applicable sections of the Guidelines and Appendix B. Where there are differences between these specifications and those in the Guidelines, the District shall follow the equipment project specifications listed below.

Transfer of funds between equipment project options
The District proposal requests the ability to transfer awarded funds from truck retrofit projects to truck replacement projects. This may only occur if the District attempts, and is unsuccessful in its effort to complete the 450 truck retrofit projects. The District must make a good faith effort to recruit 450 trucks for retrofit projects. It must fund all eligible trucks applying for retrofits up to the 450 truck minimum requirement. If the demand for retrofit projects is less than 450 trucks, the District must document its efforts and submit documentation to ARB. The District may then transfer any remaining dollars from truck retrofit projects to truck replacement projects.

Eligible equipment
Class 8 (>33,000 lbs GVWR) heavy-duty diesel trucks used to move goods.

Equipment owner must demonstrate
- Continuous registration (California base-plated or International Registration Plan) in California for the past 2 years, and traveling at least 10,000 miles per year.
- Current ownership of the truck.
- At least 50 percent operation within trade corridor(s) for the past 2 years.

For truck replacement only:
- At least 10,000 miles per year.

A. Other Heavy Duty Diesel Trucks, Truck Retrofit Option
Partial funding of up to $5,000/truck to retrofit an eligible MY2006 or older heavy duty diesel truck with an ARB verified Level 3 diesel particulate filter that reduces diesel PM by 85 percent or more.

Program-funded diesel particulate filter shall be installed and operational at least 6 months prior to a regulatory requirement for that level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks. In this 6 month time period, a truck funded under this Program is not eligible to be included in any fleet averaging.

The equipment owner shall commit to at least 4 years of 100% California-only operation and California base-plated registration, and commit to at least 50% of travel in the trade corridors. No pro-rated alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.

B. Other Heavy Duty Diesel Trucks, Truck Replacement Option
Partial funding of up to $50,000/truck to replace an eligible MY2003 or older heavy duty diesel truck with a diesel or alternative fuel truck meeting MY2007 emission levels or lower. The District may not provide incentives in excess of $50,000 per truck from all sources of State funds as defined in the Program Guidelines.

The equipment owner shall scrap the old truck, commit to at least 8 years or 500,000 miles of 100% California-only operation and California base-plated registration, and commit to at least 50% of travel in the trade corridors. No pro-rated alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.

Program-funded truck replacement projects shall be completed and operational at least 3 years prior to a regulatory requirement for that level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks. In this 3 year period, a truck funded under this Program is not eligible to be included in any fleet averaging. For independent owner operators and all eligible model year 1997 and older trucks, the equipment project shall be completed and operational at least 2 years prior to a regulatory requirement for that level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks.

Goods Movement Emission Reduction Program – $25 Million Early Grants
STAFF RECOMMENDATION
Sacramento Metropolitan Air Quality Management District

ARB staff recommends partial funding of $800,000 for the Sacramento Metropolitan Air Quality Management District's (District) early grant proposal to replace 15 heavy-duty class 8 diesel trucks under the "Other Heavy Duty Diesel Truck" category in the Central Valley trade corridor.

Trade Corridor	Air District	Equipment Project Option	Minimum Number of Trucks	Bond Funding per Truck	Recommended Program Funding
Central Valley	Sac Metro	Other Truck Replacement	15	$50,000	$800,000

The most significant requirements in the equipment project specifications are highlighted below. District implementation of the early grants shall follow these specifications, in addition to those contained in the applicable sections of the Guidelines and Appendix B. Where there are differences between these specifications and those in the Guidelines, the District shall follow the equipment project specifications listed below.

Eligible equipment
Class 8 (>33,000 lbs GVWR) heavy-duty diesel trucks used to move goods.

Equipment owner must demonstrate
- Continuous registration (California base-plated or International Registration Plan) in California for the past 2 years, and traveling at least 10,000 miles per year.
- Current ownership of the truck.
- At least 50 percent operation within trade corridor(s) for the past 2 years.

Other Heavy Duty Diesel Trucks, Truck Replacement Option
Partial funding of up to $50,000/truck to replace an eligible MY2003 or older heavy duty diesel truck with a diesel or alternative fuel truck meeting MY2007 emission levels or lower. The District may not provide incentives in excess of $50,000 per truck from all sources of State funds as defined in the Program Guidelines.

Program-funded truck replacement projects shall be completed and operational at least 3 years prior to a regulatory requirement for that level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks. In this 3 year period, a truck funded under this Program is not eligible to be included in any fleet averaging. For independent owner operators and all eligible model year 1997 and older trucks, the equipment project shall be completed and operational at least 2 years prior to a regulatory requirement for that level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks.

The equipment owner shall scrap the old truck, commit to at least 8 years or 500,000 miles of 100% California-only operation and California base-plated registration, and commit to at least 50% of travel in the trade corridors. No pro-rated alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.

Goods Movement Emission Reduction Program – $25 Million Early Grants
STAFF RECOMMENDATION
Bay Area Air Quality Management District

ARB staff recommends partial funding of $3,400,000 for the Bay Area Air Quality Management District's (District) early grant proposal to retrofit 75 heavy-duty diesel trucks in the "Heavy Duty Diesel Trucks Serving Ports and Intermodal Rail Yards" category, and to install grid-based shore power at 2 ship berths under the "Shore Power" category at the Port of Oakland.

Trade Corridor	Air District	Equipment Project Option	Minimum Number of Trucks and Berths	Bond Funding per Truck and Berth	Recommended Program Funding	
					By Option	Total
Bay Area	Bay Area	Shore Power (Grid Based)	2 (Berths)	$1,500,000	$3,000,000	$3,400,000
		Port Truck Retrofit	75	$5,000	$400,000	

The most significant requirements in the equipment project specifications are highlighted below. District implementation of the early grants shall follow these specifications, in addition to those contained in the applicable sections of the Guidelines and Appendices A and D. Where there are differences between these specifications and those in the Guidelines, the District shall follow the equipment project specifications listed below.

A. Grid-based Shore Power Option

Eligible equipment
Existing cargo ship berth or existing cargo ship terminal at a seaport located in a trade corridor.

Partial funding of the lower of $2.5 million/berth or 70% of the covered shore-side costs of installing permanent, grid-based electrical power at a cargo ship berth.

Program-funded grid-based shore power shall be installed and in operation at least 2 years prior to a regulatory requirement for that technology or level of emissions control.

The equipment owner shall commit to at least 20 years of the use of grid-based shore power at the berth at the following levels or greater:

- 25 percent of ship visits in 2011-2013.
- 60 percent of the ship visits in 2014-2016.
- 70 percent of the ship visits in 2017-1019.
- 90 percent of the ship visits in 2020 and beyond.

B. Trucks Serving Ports and Intermodal Rail Yards, Truck Retrofit Option

Eligible equipment
Class 8 (>33,000 lbs GVWR) heavy-duty diesel trucks used to move goods.

Equipment owner must demonstrate
- Continuous registration (California base-plated or International Registration Plan) in California for the past 2 years, and traveling at least 10,000 miles per year.
- Current ownership of the truck.
- At least 50 percent operation within trade corridor(s) for the past 2 years.

Partial funding of up to $5,000/truck to retrofit an eligible MY2006 or older heavy duty diesel truck with an ARB verified Level 3 diesel particulate filter that reduces diesel PM by 85 percent or more.

Program-funded diesel particulate filter shall be installed and operational at least 6 months prior to a regulatory requirement for that technology or level of emissions control.

The equipment owner shall commit to at least 4 years of 100% California-only operation and California base-plated registration, at least 50% of travel in the trade corridors, and at least 4 years of frequent port or inter-modal rail yard service (150+ visits/year). No pro-rated alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.

Goods Movement Emission Reduction Program – $25 Million Early Grants
STAFF RECOMMENDATION
San Diego County Air Pollution Control District

ARB staff recommends partial funding of $1,300,000 for the San Diego County Air Pollution Control District's (District) early grant proposal to retrofit 110 or replace 10 heavy-duty diesel trucks in the "Trucks Serving Ports and Intermodal Rail Yards" source category, and retrofit 110 heavy-duty diesel trucks under the "Other Heavy Duty Diesel Truck" category in the San Diego/border trade corridor.

Trade Corridor	Air District	Equipment Project Option	Minimum Number of Trucks	Bond Funding per Truck	Recommended Program Funding	
					By Option	Total
San Diego/ Border	San Diego	Port Trucks	110 retrofits and/or 10 replacements	$5,000/ retrofit $50,000/ replacement	$650,000	$1,300,000
		Other Truck Retrofits	110	$5,000/ retrofit	$650,000	

The most significant requirements in the equipment project specifications are highlighted below. District implementation of the early grants shall follow these specifications, in addition to those contained in the applicable sections of the Guidelines and Appendices A and B. Where there are differences between these specifications and those in the Guidelines, the District shall follow the equipment project specifications listed below.

Transfer of funds between equipment project options
The District proposal requests the ability to transfer awarded funds from truck retrofit projects to truck replacement projects. This may only occur if the District attempts, and is unsuccessful in its effort to complete the 450 truck retrofit projects. The District must make a good faith effort to recruit 450 trucks for retrofit projects. It must fund all eligible trucks applying for retrofits up to the 450 truck minimum requirement. If the demand for retrofit projects is less than 450 trucks, the District must document its efforts and submit documentation to ARB. The District may then transfer any remaining dollars from truck retrofit projects to truck replacement projects.

Eligible equipment
Class 8 (>33,000 lbs GVWR) heavy-duty diesel trucks used to move goods.

Equipment owner must demonstrate
- Continuous registration (California base-plated or International Registration Plan) in California for the past 2 years.
- Current ownership of the truck.
- At least 50 percent operation within trade corridor(s) for the past 2 years.

For truck replacements only:

- At least 10,000 miles per year.

A. Trucks Serving Ports and Intermodal Rail Yards, Truck Retrofit Option
Partial funding of up to $5,000/truck to retrofit an eligible MY2006 or older heavy duty diesel truck with an ARB verified Level 3 diesel particulate filter that reduces diesel PM by 85 percent or more.

Program-funded diesel particulate filter shall be installed and operational at least 6 months prior to a regulatory requirement for that technology or level of emissions control.

The equipment owner shall commit to at least 4 years of 100% California-only operation and California base-plated registration, at least 50% of travel in the trade corridors, and at least 4 years of frequent port or inter-modal rail yard service (150+ visits/year). No pro-rated alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.

B. Trucks Serving Ports and Intermodal Rail Yards, Truck Replacement Option
Partial funding of up to $50,000/truck to replace an eligible MY2003 or older heavy duty diesel truck with a diesel or alternative fuel truck meeting MY2007 emission levels or lower. The District may not provide incentives in excess of $50,000 per truck from all sources of State funds as defined in the Program Guidelines.

Program-funded truck replacement projects shall be completed and operational at least 3 years prior to a regulatory requirement for a truck meeting MY2007 emission standards. For independent owner operators, the equipment project shall be completed and operational at least 2 years prior to a regulatory requirement for a truck meeting MY2007 emission standards.

The equipment owner shall scrap the old truck, commit to at least 8 years or 350,000 miles of 100% California-only operation and California base-plated registration, commit to at least 50% of travel in the trade corridors, and commit to at least 4 years of frequent port or intermodal rail yard service (150+ visits/year). No pro-rated alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.

C. Other Heavy Duty Diesel Trucks, Truck Retrofit Option
Partial funding of up to $5,000/truck to retrofit an eligible MY2006 or older heavy duty diesel truck with an ARB verified Level 3 diesel particulate filter that reduces diesel PM by 85 percent or more.

Program-funded diesel particulate filter shall be installed and operational at least 6 months prior to a regulatory requirement for that level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks. In

this 6 month time period, a truck funded under this Program is not eligible to be included in any fleet averaging.

The equipment owner shall commit to at least 4 years of 100% California-only operation and California base-plated registration, and at least 50% of travel in the trade corridors. No pro-rated alternative is available for early grants, and dual plates, IRP, and any other out-of-state registrations are prohibited.