

State of California
Air Resources Board

Resolution 10-19

March 25, 2010

Agenda Item No.: 10-3-4

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 39602 of the Health and Safety Code designates ARB as the air pollution control agency for all purposes set forth in federal law and gives ARB the responsibility for preparing the State Implementation Plan (SIP) for attaining and maintaining the national ambient air quality standards, and to coordinate the activities of the local air pollution control and air quality management districts (air districts); as necessary to comply with the federal Clean Air Act (42 U.S.C. section 7401 et seq.);

WHEREAS, section 39605 of the Health and Safety Code authorizes ARB to conduct public hearings and to provide assistance to the air districts;

WHEREAS, sections 44275 through 44299.2 of the Health and Safety Code establish the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) to provide grants to offset the incremental cost of projects that reduce emissions of oxides of nitrogen (NOx), particulate matter (PM), and reactive organic gases (ROG) from qualifying sources in California;

WHEREAS, sections 44299.90 through 44299.91 of the Health and Safety Code continue the Lower-Emission School Bus Program for the current funding cycle to help facilitate the replacement of older school buses and the retrofit of diesel particulate filters on applicable school buses;

WHEREAS, section 44287 of the Health and Safety Code requires ARB to establish grant criteria and guidelines for the Carl Moyer Program in consultation with the air districts and to revise the guidelines as necessary to improve the ability of the program to achieve the maximum amount of emission reductions feasible;

WHEREAS, section 44299.901 of the Health and Safety Code requires ARB to equitably distribute funds and adopt guidelines for the Lower-Emission School Bus Program;

WHEREAS, regulations adopted by ARB and the air districts are the primary mechanism to reduce emissions and achieve ambient air quality standards in California;

the Carl Moyer Program complements the regulatory strategy by providing monetary incentives to obtain surplus emission reductions earlier than required by rules and regulations;

WHEREAS, the emission reductions resulting from the Carl Moyer Program are critical to enable ARB and the air districts to fulfill their obligations under the SIP, to attain state and federal ambient air quality standards, and to reduce exposure to toxic air pollutants;

WHEREAS, the Health and Safety Code charges ARB with oversight responsibility and authority to audit the air districts' implementation of the Carl Moyer and Lower-Emission School Bus Programs and related emission reduction incentive programs to ensure that district programs achieve the expected emission reductions and are implemented in a manner consistent with program guidelines;

WHEREAS, recent legislation and regulations make it necessary to revise the State's incentive program Guidelines;

WHEREAS, section 44283(i) of the Health and Safety Code authorizes the Board to adjust the cost-effectiveness factors and threshold of the Carl Moyer Program to account for inflation;

WHEREAS, SBX2_3 (Stats. 2009, ch. 1) added section 44282.5 of the Health and Safety Code, which directs ARB to revise the Carl Moyer Program guidelines to provide farm equipment with a project life of ten years and funding eligibility up to a regulatory compliance date;

WHEREAS, it is important for ARB and local districts to increase opportunities for small businesses to participate in the Carl Moyer Program;

WHEREAS, in Resolutions 08-22 and 09-47, the Board delegated to the Executive Officer the authority to interpret or clarify, and to adopt changes to the Carl Moyer and Lower-Emission School Bus programs, provided that such changes are consistent with statute and the goals established by the Board;

WHEREAS, ARB staff has consulted with the air districts at numerous meetings; has held five public workshops on the proposed revisions to the Carl Moyer Program guidelines; has consulted with potential grant fund applicants, equipment suppliers, and the public; has complied with the requirements set forth in section 44287 of the Health and Safety Code; and has held one public workshop on the proposed revisions to the Lower-Emission School Bus Program guidelines;

WHEREAS, ARB staff held several work group meetings to refine the Carl Moyer Program's administrative procedures, expand eligibility criteria for the on-road Voucher Incentive Program (VIP), expand eligibility for the off-road equipment replacement program, continue flexibility for off-road retrofits, and extend project life for farm equipment;

WHEREAS, ARB continues to conduct biannual Advisory Group meetings, chaired by Board Member Sandra Berg, to address emerging policy issues relating to incentive programs;

WHEREAS, the California Environmental Quality Act and Board regulations require that no project which may have significant adverse environmental impacts be adopted as originally proposed if feasible alternatives or mitigation measures are available to reduce or eliminate such impacts;

WHEREAS, in consideration of the staff report and the oral and written comments received from the air districts, interested parties and the public, the Board finds that:

1. Changes to the programs guidelines, that are consistent with statute and the goals established by the Board, are needed to enable effective implementation of the programs;
2. The proposed revisions to the guidelines incorporate new legislation, new State regulations, and programmatic recommendations received in consultation with air districts to ensure that cost-effective emission reductions from funded projects continue to be real, surplus, quantifiable, and enforceable;
3. The proposed revisions to the Carl Moyer Program Guidelines correctly include an adjustment to the cost-effectiveness factors and threshold, as authorized by section 44283(i) of the Health and safety Code;
4. The proposed revisions to the Carl Moyer Program Guidelines properly include modifications to the project criteria affecting farm equipment, addressing SBX2_3, as incorporated in section 44282.5 of the Health and Safety Code;
5. The proposed revisions to the Carl Moyer Program Guidelines expand eligibility criteria to the Voucher Incentive Program, which will assist small fleets with on-road heavy-duty vehicles;
6. The proposed revisions to the Carl Moyer Program Guidelines properly include updates to project criteria for existing source categories to reflect updated and corrected emission rates;
7. The proposed revisions to the Carl Moyer Program Guidelines allow the continued flexibility to provide applicants of off-road compression-ignition equipment not subject to an in-use regulation to waive the requirement for installing a retrofit device;
8. The proposed revisions to the Carl Moyer Program Guidelines will clarify and streamline administrative procedures to ease use by the implementing air districts, while at the same time maintaining the program's core principles of achieving emission reductions that contribute to the attainment of ambient air quality standards and are creditable in the SIP;

9. A tiered transaction funding option in the Carl Moyer Program, in coordination with the Proposition 1B: Goods Movement Emission Reduction Program, will help small fleet owners in NOx exempt areas upgrade their older vehicles with cleaner vehicles;
10. The proposed revisions to the Carl Moyer Program Guidelines will increase program participation, increase funding eligibility, and be easily integrated into air districts' day-to-day operations;
11. The proposed revisions to the Lower-Emission School Bus Program Guidelines will accommodate the limited number of school buses being manufactured and certified at or below the 0.2 grams per brake horsepower-hour NOx emission level, streamline the disbursement process, and extend the retrofit funding deadline;
12. No significant adverse environmental impacts will occur from the proposed action; rather, this action will have a beneficial impact on the environment by supplementing the regulatory programs of ARB and the air districts to deliver emission reductions of criteria and toxic air pollutants that would not otherwise have occurred; and
13. Delegation of the authority to make changes to the Carl Moyer Program Guidelines and the Lower-Emission School Bus Program Guidelines that are consistent with statute and the goals established by the Board, to the Executive Officer or his or her designee, is necessary to provide a rapid response to changes in the economy, technology and regulatory environment and ensure effective implementation of the programs.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the revised Carl Moyer Program and Lower Emission School Bus Program Guidelines, as set forth in Attachment A hereto, with the modifications described in Attachment B hereto.

BE IT FURTHER RESOLVED that the applicable provisions of the revised guidelines shall immediately apply and be incorporated into contracts executed after Board approval date of these guideline revisions.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to continue coordinating ARB efforts with the air districts, grantees, and other interested persons to effectively implement ongoing and future projects.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to work with the U.S. Environmental Protection Agency to ensure that emission reductions from projects funded by the Carl Moyer Program are credited in California's SIP.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to continue to coordinate the Carl Moyer Program and Lower-Emission School Bus Program with

regulatory programs and other incentive programs to provide clarity to the Board and stakeholders of how regulatory actions impact financial incentives.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to update the cost-effectiveness factors and threshold annually, based on the Consumer Price Index and United States Treasury securities, once annual data is available, but no later than April 1 of each year, with implementation of the updated factors beginning July 1 of each year.

BE IT FURTHER RESOLVED that the Board delegates to the Executive Officer, or his or her designee, the authority to adopt changes to the Carl Moyer and Lower-Emission School Bus Program Guidelines that he or she deems necessary and consistent with Statute and the goals established by the Board, including incorporating a tiered transaction funding option for on-road vehicles into the Carl Moyer Program, and to ensure that the Guidelines remain effective and up-to-date, pursuant to section 44287 of the Health and Safety Code. The Executive Officer is directed to identify changes made under this authority when the Board considers the next comprehensive update to the Program Guidelines.

BE IT FURTHER RESOLVED that the Board extends its appreciation to the air districts, environmental groups, industry groups and other interested parties that have worked with ARB staff to propose revisions to the guidelines and improve the Carl Moyer Program and the Lower-Emission School Bus Program.

I hereby certify that the above is a true and correct copy of Resolution 10-19, as adopted by the Air Resources Board.


Sandra Bannerman, Clerk of the Board

Resolution 10-19

March 25, 2010

Identification of Attachments

ATTACHMENT A: 1) Summary of Proposed Revisions; 2) Proposed Lower Emission School Bus Program Language; 3) Proposed Voucher Incentive Program Guideline Language; 4) Proposed Carl Moyer Program Guideline Language; 5) Proposed Locomotive Revisions

ATTACHMENT B: Staff's Suggested Changes to the Original Proposal

ATTACHMENT B - STAFF'S SUGGESTED CHANGES TO THE ORIGINAL PROPOSAL

This attachment contains additional modifications to staff's originally proposed revisions. Additional modifications to the proposed language are indicated by underlined text. Deletions to the proposed language are indicated by ~~strikeout~~. Where indicated, chart and graph modifications will be incorporated as shown in this attachment. Only those sections containing the suggested modifications are included. All other portions remain unchanged and are indicated by the symbol "****" for reference.

#2 - MODIFY FARM EQUIPMENT PROJECT LIFE AND SURPLUS REQUIREMENT

Chapter 5: Off-Road Compression Ignition Equipment Page V-5. IV(a). Project Criteria.

(a) General Off-Road CI Equipment Project Criteria

- (1) Maximum project life:
 - (A) Repower Only (no retrofit) 7 years
 - (B) Repower + retrofit 5 years
 - (C) Retrofit 5 years
 - (D) Farm equipment (all projects) 10 years

A longer project life may receive case-by-case approval if applicants provide justifying documentation. The maximum project life does not consider regulatory requirements and may be shorter. Districts are required to offer a 10 year project life for farm equipment; however, applicants may request a project life less than 10 years.

Chapter 6: Off-Road Large-Spark Ignition Equipment Page VI-3. IV(a). Project Criteria.

(a) General Off-Road LSI Equipment Project Criteria

- (1) Maximum project life:
 - (A) New electric purchase 10 years
 - (B) Retrofit 5 years
 - (C) Farm equipment (all projects) 10 years

A longer project life may receive case-by-case approval if applicants provide justifying documentation. The maximum project life does not consider regulatory requirements

and may be shorter. Districts are required to offer a 10 year project life for farm equipment; however, applicants may request a project life less than 10 years.

* * * * *

Chapter 7: Off-Road Equipment Replacement
Page VII-4. IV(a)(3). Project Criteria.

(3) Project Life

(A) The maximum project life for non-farm off-road CI equipment replacement projects is five years with the following exceptions:

1. Three years: excavators, skid steer loaders, and rough terrain forklifts as defined in Section VI of this chapter.
2. Seven years: crawler tractors, off-highway tractors, rubber tired dozers, and workover rigs as defined in Section VI of this chapter.

(B) The maximum project life for all off-road non-farm LSI equipment replacement projects is three years.

(C) The maximum project life for replacement of an LSI forklift with a zero emission forklift is ten years.

(D) The maximum project life for all off-road farm equipment replacement projects is 10 years.

(E) A longer project may receive case-by-case approval if applicants provide justifying documentation. The maximum project life does not consider regulatory requirements and may be shorter. Districts are required to offer a 10 year project life for farm equipment; however, applicants may request a project life less than 10 years.

* * * * *

Chapter 10: Agricultural Equipment
Page X-4. IV(a). Project Criteria.

(a) General Agricultural Sources Project Criteria

(1) The maximum project life for agricultural use engine projects is as follows:

- | | | |
|-----|--|----------|
| (A) | Diesel engines | 7 years |
| (B) | Spark-ignited engines | 7 years |
| (C) | Electric motors | 10 years |
| (D) | Portable Farm equipment (all projects) | 10 years |

A longer project life may receive case-by-case approval if applicants provide justifying documentation. The maximum project life does not consider regulatory requirements and may be shorter. Districts are required to offer a 10 year project life for farm equipment; however, applicants may request a project life less than 10 years.

* * * * *

NOTICE OF PUBLIC MEETING TO CONSIDER NEAR-TERM REVISIONS TO THE LOWER-EMISSION SCHOOL BUS PROGRAM GUIDELINES AND THE CARL MOYER INCENTIVE PROGRAM GUIDELINES

The following section includes additional modifications to charts and graphs from the originally proposed revisions for Appendix A, specifically the "Voucher Program - Application" section. The "Application" section modifications will be incorporated in their entirety as presented here. Appendix A can be found in Attachment A-3.

**ARB VOUCHER PROGRAM
Application**

Date Received:
(For office use only)

Applicant Information

Owner Name:		Company Name:	
Mailing address:			
City:	State:	Zip Code:	
Physical address:			
City:	State:	Zip Code:	
Owner E-mail:		Owner Phone:	

Third Party Information

This box needs to be filled out if application is completed by anyone being paid to complete the application on the owner's behalf. Dealers do not need to complete this section.			
Third-Party Name:		Company Name:	
Mailing address:			
City:	State:	Zip Code:	
Physical address:			
City:	State:	Zip Code:	
Phone:		E-mail:	
Third Party Signature:		Date:	

Existing Vehicle and Engine Information

Two-for-One Option

VEHICLE INFORMATION:			
Vehicle Make:	Vehicle Model:	Vehicle Model Year:	
Vehicle Identification Number:	License Plate Number:	Date of Manufacture:	
Odometer Reading:	Vehicle operational? <input type="checkbox"/> Yes <input type="checkbox"/> No		
DOT Number (if interstate):	CHP number (if applicable):	Fleet ID:	
Cab Style: <input type="checkbox"/> Conventional <input type="checkbox"/> Cab-over	Manufacturer GVWR:	GVW or CGW:	
Engine Information:			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Serial Number:	Engine Family Number:	Horsepower:	
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other:		

NOTICE OF PUBLIC MEETING TO CONSIDER NEAR-TERM REVISIONS TO THE LOWER-EMISSION SCHOOL BUS PROGRAM GUIDELINES AND THE CARL MOYER INCENTIVE PROGRAM GUIDELINES

Replacement Vehicle and Engine Information (If Applicable)

VEHICLE INFORMATION:			
Vehicle Make:	Vehicle Model:	Vehicle Model Year:	
Vehicle Identification Number (if available):	License Plate Number (if available):	Date of Manufacturer:	
Odometer Reading:	Vehicle operational? <input type="checkbox"/> Yes <input type="checkbox"/> No		
DOT Number (if interstate):	CHP number (if applicable):	Delivery Date:	
Cab Style: <input type="checkbox"/> Conventional <input type="checkbox"/> Cab-over	Manufacturer GVWR:	GVW or CGW:	
Engine Information:			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Serial Number (if available):	Engine Family Number:	Horsepower:	
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other:	CARB Executive Order Number:	

Retrofit Device Information (If Applicable)

Retrofit device make:	Retrofit device model:
Retrofit device ARB executive order #:	Retrofit device serial # (if available):
ARB-verified PM reduction (%):	ARB-verified NOx reduction (%):
Retrofit device cost:	Cost of retrofit device with installation:

Dealership/Retrofit Installer Information (or attach business card)

Contact Person:	Business Name:		
Phone:	Address:		
City:	State:	Zip Code:	

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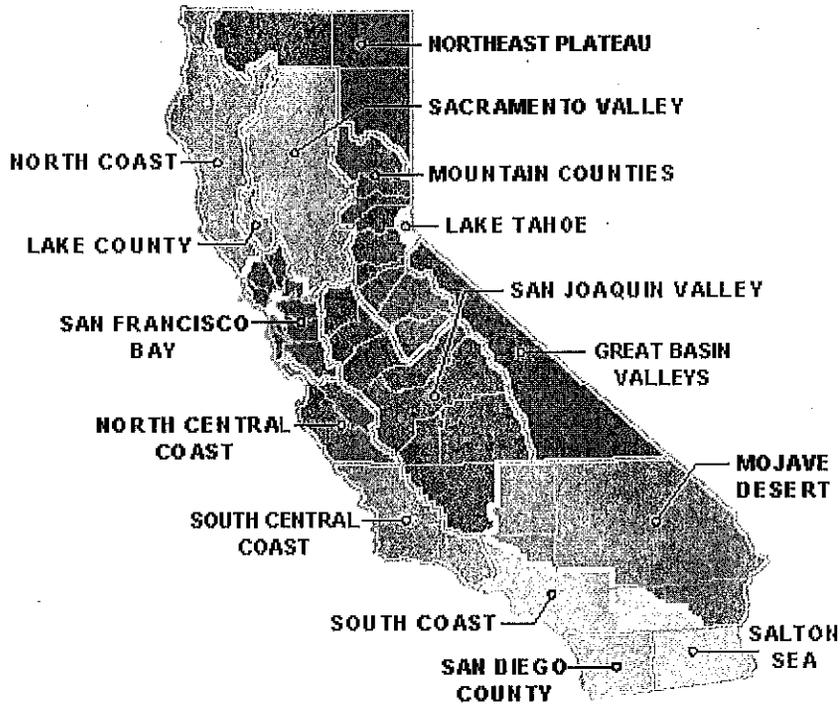
Operational Area

Using the map below, estimate the percentage of your annual mileage or usage that will occur in each area. *This information is required, but will NOT affect your eligibility or potential funding amount.*

North Coast	Northeast Plateau
Lake County	Sacramento Valley
San Francisco Bay	Mountain Counties
North Central Coast	Lake Tahoe
South Central Coast	San Joaquin Valley
South Coast	Great Basin Valleys
San Diego County	Mojave Desert
	Salton Sea

Note: The total of all percentages must equal 100.

California Air Basins



NOTICE OF PUBLIC MEETING TO CONSIDER NEAR-TERM REVISIONS TO THE LOWER-EMISSION SCHOOL BUS PROGRAM GUIDELINES AND THE CARL MOYER INCENTIVE PROGRAM GUIDELINES

By submitting this application, I certify under penalty of perjury that the information on this application is accurate and true:

- I am the owner of the existing vehicle(s);
- The company is a small fleet, owning no more than three heavy-duty diesel-fueled vehicles;
- The information provided in this application and all supporting documentation are true and correct and meet the minimum requirements of the Voucher Incentive Program;
- The existing vehicle(s) must have operated at least 75% of the time in California during each twelve (12) month period for the previous twenty four (24) months;
- I have not and will not apply for additional grant funds from any other entities or programs for this vehicle;
- The purchase of this low-emission vehicle or retrofit device is NOT required by any local, state, and/or federal rule or regulation, including the Drayage Truck Regulation;
- For a period of three years from delivery date, I will not engage in any activities that are subject to the Drayage Truck Regulation, including accessing any regulated port or intermodal rail facility;
- If receiving funding according to heavy heavy-duty funding levels, I understand that I must register the replacement vehicle with the California Department of Motor Vehicles with a declared Gross/Combined Vehicle Weight range greater than 60,000 lbs;
- I understand that I must be in compliance and remain in compliance with all applicable federal, state, and local air quality rules and regulations;
- I understand that an incomplete or illegible application, or if any required documentation is missing, this application will be immediately rejected and returned to me;
- I understand that I can reapply for project funding if this application is rejected because it was incomplete, illegible, or missing required documentation;
- I understand as an applicant that incentive programs have limited funds and shall terminate upon depletion of program funding;
- I have the legal authority to apply for incentive funding for the entity described in this application; and
- I agree to the above statements by signing below.

Owner Signature:

Date:

Printed Name:

Title:

Please attach all documentation listed on the application checklist

Please submit this application to the air district below. If you have any questions in completing your application, please contact:

<Air District Contact Information>

NOTICE OF PUBLIC MEETING TO CONSIDER NEAR-TERM REVISIONS TO THE LOWER-EMISSION SCHOOL BUS PROGRAM GUIDELINES AND THE CARL MOYER INCENTIVE PROGRAM GUIDELINES

The following section includes additional modifications to charts and graphs from the originally proposed revisions for Appendices N and O. Appendix N includes modifications that will be incorporated in their entirety as presented here. These appendices can be found in Attachment A-3.

Appendix N

**VOUCHER INCENTIVE PROGRAM
Usage Survey**

Thank you for participating in the Carl Moyer Voucher Incentive Program. Please fill out this usage survey and return to the address below within 5 business days.

Participant Information:

Name: _____
Address: _____

Vehicle Information:

Make: _____
Model/Year: _____
VIN: _____

I still own the vehicle and have (please print legibly):

- driven _____ miles in California in 20__ ; **AND/OR**
- consumed _____ gallons of fuel in California in 20__ .

The odometer reading is:

--	--	--	--	--	--	--	--	--	--

I operated the vehicle about _____% of the time in California in 20__ .

Using the map at right, estimate the percentage of your annual mileage or fuel usage that occurred in each area.	
North Coast:	Northeast Plateau:
Lake County:	Sacramento Valley:
San Francisco Bay:	Mountain Counties:
North Central Coast:	Lake Tahoe:
South Central Coast:	San Joaquin Valley:
South Coast:	Great Basin Valleys:
San Diego County:	Mojave Desert:
	Salton Sea:
<i>Note: The total of all percentages must equal 100.</i>	



I certify under penalty of perjury that the information provided above is accurate and true.

Signature: _____
Name: _____
Date: _____

Return this survey in postage paid envelope or mail to: _____ _____ _____
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Appendix O

VIP Retrofit Funding Matrix – HHD, Retrofits in operation by December 31, 2010			
Engine Model Year	Minimum Annual Usage		Funding Amount
	Miles	Gallons	
2004-2006	31000	4859	\$5,000
	32,000	5,016	\$5,000
	39,000	6,114	\$6,000
	45,000	7,054	\$7,000
	51,000	7,995	\$8,000
	58,000	9,092	\$9,000
	64,000	10,032	\$10,000

VIP Retrofit Funding Matrix – MHD, Retrofits in operation by December 31, 2010			
Engine Model Year	Minimum Annual Usage		Funding Amount
	Miles	Gallons	
2004-2006	36000	3503	\$5,000
	38,000	3,697	\$5,000
	45,000	4,378	\$6,000
	52,000	5,059	\$7,000
	60,000	5,838	\$8,000
	67,000	6,519	\$9,000
	75,000	7,297	\$10,000
