State of California
AIR RESOURCES BOARD

Proposition 1B Grants to Reduce Emissions from Goods Movement

Resolution 11-40

December 16, 2011

Agenda Item No: 11-10-3

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, chapter 3.2 commencing with section 39625 of the Health and Safety Code established the Proposition 1B: Goods Movement Emission Reduction Program (Program) to implement the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, also known as Proposition 1B, which authorizes one billion dollars ($1,000,000,000) in bond-funded incentives for ARB to reduce emissions associated with the movement of freight along California's trade corridors;

WHEREAS, section 39625.5(b)(1) of the Health and Safety Code requires the Board to allocate funds to local agencies 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 39626.5(b) of the Health and Safety Code requires the local agencies receiving grants from ARB to award contracts and liquidate funds within set timeframes or the funds revert back to the legislatively-controlled California Ports Infrastructure, Security, and Air Quality Improvement Account;

WHEREAS, section 39625.3 of the Health and Safety Code and the Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation (Guidelines) provide that the Board may make Program funding available for loan or loan guarantee programs to be administered by any State agency, including ARB;

WHEREAS, on March 25, 2010, in Resolution 10-18, the Board adopted updated Program Guidelines, including overall funding targets and priorities for future funding and a "priority reserve" funding concept that the Board directed staff to implement at the appropriate time to assist with the second phase of drayage truck upgrades;

WHEREAS, the Guidelines provide that the Board will hold a noticed public hearing to consider public testimony, written comments, and ARB staff's recommendations for funding local and State agency projects with the available Program monies;

WHEREAS, in Spring 2010, ARB staff released a Notice of Funding Availability for up to $475 million in anticipated monies, requested applications from local and State agencies involved in freight movement or air quality improvements associated with goods movement activities, evaluated the project applications, and developed a preliminary list of projects;

WHEREAS, on May 26, 2010, ARB released preliminary staff recommendations for the award of $200 million in FY2008-09 (Phase 1) funds and the tentative allocation of $275 million in additional (Phase 2) funds;

WHEREAS, on June 17, 2010, ARB staff released the *2010 Funding Awards Staff Report* (2010 Staff Report) for public review and comment; this report documents the required process for ARB evaluation of proposed agency projects for both Phase 1 and Phase 2 funding;

WHEREAS, on June 24, 2010, in Resolution 10-27, the Board adopted a list of primary local agency projects and corresponding Program funding award amounts that totaled $200 million for Phase 1 funding; and a list of backup local and State agency projects;

WHEREAS, in Resolution 10-27, the Board directed that if there are funds reserved for ARB administration that ARB staff determines are not needed for that purpose, the Executive Officer or his or her designee shall re-direct those funds to supplement existing grants in proportion to the corridor allocations;

WHEREAS, ARB staff determined there are $6.0 million in funds previously reserved for ARB administration that are not needed for that purpose; those funds are being re-directed to local air districts to supplement existing truck grants in proportion to the corridor allocations in accordance with Board direction in Resolution 10-27;

WHEREAS, the Legislature appropriated funds in the FY2011/12 budget that allows the Board authority to award funds;

WHEREAS, ARB received $100.8 million of the $275 million tentatively allocated for Phase 2 projects in upfront proceeds from the Fall 2011 bond sales;

WHEREAS, ARB may receive additional funding from a Spring 2012 bond sale;

WHEREAS, on November 10, 2011, ARB released a concept paper that identifies an updated preliminary list of projects to receive Phase 2 funding, including both the $100.8 million in available cash and any funds received in Spring 2012, and changes to the Program Guidelines;

WHEREAS, on November 14, 2011, ARB staff conducted a public workshop in Sacramento (and webcast) to discuss the updated preliminary list of recommendations and changes to the Program Guidelines;

WHEREAS, on December 5, 2011, ARB staff released the *2011 Funding Awards Staff Report* (2011 Staff Report) with its final list of projects for funding and proposed modifications to the Program Guidelines for public review and comment;

WHEREAS, the 2011 Staff Report and Attachments A and B hereto detail the final list of primary projects that ARB staff recommends the Board adopt for Phase 2 funding;

WHEREAS, the 2011 Staff Report and Attachment C hereto list projects that will serve as the backup projects to the primary projects; and

WHEREAS, in consideration of the 2010 Staff Report, the 2011 Staff Report, the staff presentation, and public testimony and comments, the Board finds that adoption of the final list of primary projects shown in Attachments A and B, and backup projects as shown in Attachment C:

1) Meets all applicable requirements and provisions of the adopted Guidelines, Resolution 10-18, Senate Bill 88 (Stats. 2007, ch.181), Assembly Bill 201 (Stats. 2007, ch. 187), all other conditions and criteria provided by the Legislature, all other applicable provisions of law, and Governor's Executive Order S-02-07;

2) Ensures 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;

3) Reduces an estimated 90 tons of diesel particulate matter (PM) and 14,500 tons of nitrogen oxides (NOx) that form ozone and fine particles (PM2.5) over the life of the projects utilizing $100.8 million in available bond cash with further benefits expected if additional Program cash is received in Spring 2012; and

4) Leverages approximately $118 million in match funding utilizing $100.8 million in available bond cash with further match funding if additional Program cash is received in Spring 2012.

WHEREAS, the Board further finds that it is necessary to delegate to the ARB Executive Officer, or his or her designee, the ability to implement the process described in the 2011 Staff Report to finalize the funding amounts for primary drayage truck projects and the funding amounts available for backup projects to ensure that bond monies can be expeditiously implemented to benefit air quality and the economy.

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the final list of primary local agency projects and corresponding Program funding amounts that total $34.2 million, as set forth in Attachment A hereto, and as further detailed in the 2011 Staff Report. The Board directs the Executive Officer, and his or her designee, to enter into grant agreements with these local agencies and take any other action the Executive Officer deems necessary to implement these projects.

BE IT FURTHER RESOLVED that the Board adopts the final list of primary local and State agency projects and corresponding Program funding amounts that total $66.6 million, as set forth in Attachment B hereto and as further detailed in the 2011 Staff Report. The Board directs the Executive Officer, and his or her designee, to determine the funding amount for each agency and enter into grant agreements with these agencies as appropriate and take any other action the Executive Officer deems necessary to implement these projects.

BE IT FURTHER RESOLVED that the Board adopts the final list of backup projects, or portions of those projects, as set forth in Attachment C hereto and as further detailed in the 2011 Staff Report. The Board directs the Executive Officer, and his or her designee, to determine the funding amount for each agency and enter into grant agreements with these agencies as appropriate and take any other action the Executive Officer deems necessary to implement these projects.

BE IT FURTHER RESOLVED that the Board directs that if there are funds reserved for ARB administration that ARB staff determines are not needed for that purpose, the Executive Officer or his or her designee shall re-direct those funds to supplement existing grants in proportion to the corridor allocations.

BE IT FURTHER RESOLVED that the Board delegates to the Executive Officer, and his or her designee, the authority to select the projects to be funded from any recaptured funds to Board-approved primary or backup projects consistent with Program funding priorities and to enter into grant agreements as appropriate with the agencies.

BE IT FURTHER RESOLVED that in any other case where additional funding becomes available for agency projects, the Board delegates to the Executive Officer the authority to select the projects to be funded from the backup list set forth in appendix C hereto and to enter into grant agreements as appropriate with the agencies.

BE IT FURTHER RESOLVED that the Board directs ARB staff to closely monitor local agency implementation of grant agreements to ensure funds are being used effectively and expeditiously, and to implement the recapture provisions of the Program Guidelines if staff believes that the grants cannot be fully utilized by the specified deadlines.

BE IT FURTHER RESOLVED that the 2011 Staff Report shall serve as an additional supplemental reference to aid in interpreting the Program Guidelines.

BE IT FURTHER RESOLVED that the Board approves the staff's proposal to reuse drayage trucks that are already equipped with particulate matter filters and being replaced with Program funds, to replace old trucks with the longest compliance deadlines under ARB's Truck and Bus Regulation on the condition that those old trucks are then scrapped. Recognizing that the majority of the targeted old trucks are associated with agricultural operations and environmental justice concerns in the San Joaquin Valley, this truck reuse program should be focused on the Valley, as described in the Staff Report.

BE IT FURTHER RESOLVED, in the next funding action considered by the Board, that the Board directs staff to recommend trade corridor allocations that would restore each area to the overall corridor funding targets established by the Board.

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 11-40, as adopted by the Air Resources Board.

Mary Alice Morency, Clerk of the Board

Resolution 11-40

December 16, 2011

Identification of Attachments to the Resolution

Attachment A: Final List of Primary Local Agency Projects to be Awarded $34.2 Million (FY2011-2012 Funds)

Attachment B: List Final List of Primary Drayage Priority Reserve Projects to be Awarded up to $66.6 Million (FY2011-2012 Funds)

Attachment C: Final List of Backup Projects (FY2011-2012 Funds)

Attachment A - Final List of Primary Local Agency Projects to be Awarded $34.2 Million (FY2011-2012 Funds)

Fiscal Year	Grant #	Recipient Agency	Awarded Funds	Funding Category
11-12	G11GMLT1	South Coast Air Quality Management District	$21,200,000	Heavy Duty Diesel Trucks
11-12	G11GMCT1	San Joaquin Valley Air Pollution Control District	$5,400,000	Heavy Duty Diesel Trucks
11-12	G11GMST1	San Diego County Air Pollution Control District	$3,800,000	Heavy Duty Diesel Trucks
11-12	G11GMST2	Imperial County Air Pollution Control District	$3,800,000	Heavy Duty Diesel Trucks
		Grand Total	$34,200,000	

Attachment B - Final List of Primary Drayage Priority Reserve Projects to be Awarded up to $66.6 Million (FY2011-2012 Funds)

Fiscal Year	Grant #	Recipient Agency	Bond Funds	Funding Category
11-12	G11GMLP1	South Coast Air Quality Management District	Up to $14,003,124	Heavy Duty Diesel Trucks; Drayage
11-12	G11GMBP1	Bay Area Air Quality Management District	Up to $47,610,620	Heavy Duty Diesel Trucks; Drayage
11-12	--	Air Resources Board – Truck Loan Assistance	Up to $5,005,112	Heavy Duty Diesel Trucks; Drayage
		Grand Total	Up to $66,618,856	

Attachment C - Final List of Backup Projects (FY2011-2012 Funds)

Fiscal Year	Grant #	Recipient Agency	Bond Funds	Funding Category
11-12	G11GMLT1	South Coast Air Quality Management District	Up to $436,800,000	Heavy Duty Diesel Trucks
11-12	G11GMCT1	San Joaquin Valley Air Pollution Control District	Up to $315,000,000	Heavy Duty Diesel Trucks
11-12	G11GMCT2	Sacramento Metropolitan Air Quality Management District	Up to $15,800,000	Heavy Duty Diesel Trucks
11-12	G11GMBT1	Bay Area Air Quality Management District	Up to $45,000,000	Heavy Duty Diesel Trucks
11-12	G11GMST1	San Diego County Air Pollution Control District	Up to $22,100,000	Heavy Duty Diesel Trucks
11-12	G11GMST2	Imperial County Air Pollution Control District	Up to $8,400,000	Heavy Duty Diesel Trucks
11-12	---	Air Resources Board – Loan Assistance	Up to $50,000,000	Heavy Duty Diesel Trucks