State of California
AIR RESOURCES BOARD

UPDATES TO PROP 1B: GOODS MOVEMENT EMISSION REDUCTION PROGRAM GUIDELINES

Resolution 15-20

June 25, 2015

Agenda Item No: 15-5-7

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 non-vehicular 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 (freight transport) 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, 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 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(a)(1) of the Health and Safety Code requires the Board to develop guidelines, in consultation with stakeholders, to implement the Program;

WHEREAS, on February 28, 2008, in Resolution 08-12, the Board directed 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;

WHEREAS, on May 28, 2009, the Board adopted Resolution 09-40, which amended the Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation (Program Guidelines), to support effective Program implementation, affirmed the existing authority of ARB staff to interpret or clarify the Program Guidelines, and delegated to the Executive Officer, or his or her designee, the authority to adopt changes to the Program Guidelines that he or she deems necessary to enable effective implementation of the Program, provided that such changes are consistent with statute and the goals established by the Board. Resolution 09-40 also directs staff to identify those changes when the Board considers the next comprehensive update to the Program Guidelines;

WHEREAS, on January 25, 2013, in Resolution 13-5, the Board adopted updated Program Guidelines, priorities for the use of Fiscal Year (FY) 2012-13 and later funds, project specifications, and project implementation deadlines;

WHEREAS, in April 2015, ARB staff released the Sustainable Freight: Pathways to Zero and Near Zero Emissions Discussion Draft (Discussion Draft). This document recognizes the need for incentives to encourage and support the use of transformational technologies;

WHEREAS, on April 15, 2015, ARB staff released the Proposition 1B: Goods Movement Emission Reduction Program Update to Program Guidelines Staff Draft Concept Paper to share staff's preliminary ideas for changes to the Program, and subsequently conducted three public workshops throughout the State to receive and consider public comments;

WHEREAS, on June 12, 2015, ARB staff released the Proposed Update to the Proposition 1B: Goods Movement Emission Reduction Program Guidelines (Updated

Program Guidelines) for Implementation, and accompanying Staff Report that describes the basis for the proposed changes; and

WHEREAS, in consideration of the staff presentation and public testimony, the Board finds that the Updated Program Guidelines and staff report:

1. Reflects the current state of technology;
2. Expands the project options for near-zero and zero emission technologies;
3. Increases access for equipment owners to grants;
4. Supports the goals set forth in the Sustainable Freight Discussion Draft; and
5. Maintains transparency and public accountability.

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the Updated Program Guidelines, which include changes to the project specifications and additional modifications, as outlined in Attachments A and B.

BE IT FURTHER RESOLVED that the Staff Report released June 12, 2015, with the additional modifications, as outlined in Attachment B shall serve as an additional supplemental reference to aid in interpreting the Updated Program Guidelines.

BE IT FURTHER RESOLVED that the Updated Program Guidelines are comprehensive and replace the Program Guidelines adopted on January 25, 2013; however, the Staff Reports released in January 2008, March 2010, and January 2013 remain in effect as supplemental references that describe the basis for the Program structure and requirements.

BE IT FURTHER RESOLVED that the Board adopts the following funding priorities for the Fiscal Year 2015-2016 (Year 5) funds as shown in the Updated Program Guidelines:

1. Truck projects to upgrade equipment to zero-emission and hybrid vehicles capable of zero emission miles, as well as vehicles certified to the lowest optional nitrogen oxides (NOx) standard. These projects receive priority and enhanced funding, which will provide an added incentive to applicants and promote the transition to the cleanest technology. These projects will continue to reduce the health risk in communities statewide, especially those near freeways, freight facilities, and border crossings. In addition, these projects represent a vital investment to help attain federal and State health-based air quality standards.

2. Truck projects to assist small fleets with upgrading to cleaner technology, which is consistent with previous Board direction to provide funding for small fleets that can still achieve early or extra emission reductions relative to the Statewide Truck and Bus Regulation.

3. Projects to upgrade trucks, transport refrigeration units, commercial harbor craft, ships at berth, and cargo handling to zero and near-zero emission equipment through replacement, repower, and retrofit, as applicable. A broader deployment of these technologies will be needed in the South Coast and San Joaquin Valley Air Basins to attain health-based air quality standards as well as attain future long-term greenhouse gas reduction goals.

4. Locomotive projects based on engines meeting the most stringent national emission standards. These projects will further reduce the health risks near railyards and assist in the attainment of federal PM2.5 and ozone air quality standards for the South Coast and San Joaquin Valley Air Basins.

BE IT FURTHER RESOLVED that the Board finds that the Updated Program Guidelines will ensure that funds are allocated in a manner that gives priority to emission reduction projects that achieve a 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 Updated Program Guidelines will ensure Proposition 1B funds are supplemented and matched with funds from federal, local, and private sources to the maximum extent feasible.

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 15-20 as adopted by the Air Resources Board.

Tracy Jensen

Tracy Jensen, Clerk of the Board

Resolution 15-20

June 25, 2015

Identification of Attachments to the Board Resolution

Attachment A: Proposition 1B: Goods Movement Emission Reduction Program, Proposed Update to Program Guidelines for Implementation, dated June 2015. (Updated Program Guidelines)

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

ATTACHMENT B
STAFF'S SUGGESTED MODIFICATIONS TO THE ORIGINAL PROPOSAL

Presented at the June 25, 2015 Meeting of the Air Resources Board

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

Shown below are the staff's suggested modifications to the original proposal in the Proposition 1B: Goods Movement Emission Reduction Program, Proposed Guidelines for Implementation, released June 12, 2015 ("proposed Program Guidelines") and the related Staff Report. Staff will release a final version of the Updated Program Guidelines and Staff Report that reflects all modifications made by staff pursuant to the Board's direction.

Staff Report – fix the following typos

Proposed Equipment Project Options for Truck Infrastructure, Table 2b, page 9

Change: infrastructure for electric charging station (L) and fuel cell fueling station (M) each have a ~~10~~ 5 year project life.

Program Changes for Class 6 Trucks, page 10

Change: Remove the 1997 and ~~1998~~ 1996 engine model year trucks from the Class 6 funding options.

Program Guidelines

Truck equipment project specifications, page A-1

Change: delete under ineligible equipment - trucks subject to ARB's Drayage Truck Rule.

Transportation refrigeration unit specifications, page F-1

Change: clarify that eligible costs in Option 1 includes the transportation refrigeration unit and an electric power plug.

General corrections

Change: minor corrections and modifications to ensure internal consistency, and fix any spelling or grammatical errors.