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September 18, 2023

Honorable Steven S. Cliff, Ph.D.  
Executive Officer  
California Air Resources Board  
1001 "I" Street #2828  
Sacramento, CA 95814

Dear Dr. Cliff:

This letter is submitted on behalf of Municipal Maintenance Equipment ("MME") to identify and propose a resolution to a significant problem facing State and Local Government Agency ("SLGA") fleets.

## Overview

As more fully discussed below, this problem arises from the convergence of CARB's Advanced Clean Fleets ("ACF") Regulation and Heavy-Duty Engine and Vehicle Omnibus ("Omnibus") Regulation. The Omnibus Regulation amendments limit the sales volume of legacy internal combustion engines ("ICEs") in model years 2024 through 2026 to a specified percentage of the manufacturer's total actual California sales. Meanwhile, CARB's current interpretation of ACF Regulation §2013(s)<sup>1</sup> requires that new ICE vehicles purchased for California SLGA fleets must be certified to Omnibus Regulation emissions standards. The combined result of these provisions is an immediate and perilous shortage of SLGA fleet vehicles because manufacturers are limiting ICE sales for the California market, and SLGAs are prohibited from adding vehicles not certified to Omnibus emissions criteria to their fleets.

SLGA fleet vehicles provide essential emergency response and other services protective of the environment and public health and safety throughout California.<sup>2</sup> In order to assure the availability of SLGA fleet vehicles, we ask that CARB: 1) suspend the application of the Omnibus Regulation with respect to critical SLGA fleet vehicles for model years 2024, 2025, and 2026; and 2) delay the application of ACF Regulation §2013(s) to allow for the addition and certification of non-offset legacy ICE vehicles to SLGA fleets for model years 2024, 2025, and 2026.

## Discussion

MME is a California business that provides fleet vehicles to municipalities, counties, special service districts, and other governmental customers throughout California. MME is a family owned and operated business and has served SLGA customers since 1992. As one of approximately forty distributors of heavy

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<sup>1</sup> Section 2013(s) of the ACF Regulation for State and Local Government Agency Fleets states: "ICE Vehicle Purchases. Any new ICE vehicle purchased for the California fleet on or after January 1, 2024, must be certified to the California emissions standards and emissions related requirements applicable to that vehicle. Any used ICE vehicle purchased must have a 2010 or newer model year engine."

<sup>2</sup> SLGA vehicles include street sweepers, sewer cleaners, trash trucks, fire suppression trucks, and other emergency response vehicles.

duty maintenance vehicles for SLGA fleets, MME has an active interest in the ACF and Omnibus Regulations because the current engine shortage directly impacts MME and its customers. MME's work with SLGAs over the past 31 years allows it to bring a timely and important perspective to CARB regarding the predicament MME and its customers currently face.

MME and other similarly situated dealers cannot obtain a sufficient quantity of vehicles for SLGA fleets because engine manufacturers are limiting the sale of both Omnibus emissions-compliant engines and Omnibus-permitted legacy engines (engines that do not meet exhaust emissions standards for model years 2024 through 2026) for the California market. The Omnibus Regulation limits the percentage of legacy engines that can be sold in California, imposes additional offset costs on the sale of these engines, and subjects the OEMs to a potential recall of engines sold in excess of the allowable percentage. Due to these constraints, MME has seen a drastic increase in the asking price of available Omnibus-compliant engines in California. Outside of California, manufacturers have limited the availability of Omnibus-compliant engines to reduce the potential for violation of proposed sales volume restrictions.

The economic ramifications of this shortage are significant to both SLGAs and dealers like MME because the engine shortage drastically reduces service and support capabilities for SLGA fleets. If MME and other dealers cannot keep employees, stock parts, or answer phones because we do not have new equipment to sell, our SLGA customers will not be able to provide critical services to their communities.

MME understands that CARB may have addressed this engine shortage problem with respect to High Priority and Federal Fleets under the ACF Regulation. We believe that, pursuant to CARB's July 5, 2023, agreement with the Truck and Engine Manufacturers Association and selected heavy-duty on-highway manufacturer members of EMA, CARB agreed not to enforce its interpretation of §2015(r)<sup>3</sup> for High Priority and Federal Fleets for model years 2024, 2025, and potentially 2026. CARB apparently did this in order to ensure that a sufficient volume of ICE vehicles remain available for these regulated fleets.

## **Recommendation**

In light of the above situation facing SLGAs and dealers like MME, MME recommends that CARB consider a two-pronged approach to resolve the engine shortage problem as follows:

- 1) suspend the application to engine manufacturers of the Omnibus Regulation ICE sales restriction for SLGA fleet vehicle engines, whether inside or outside of California, for model years 2024, 2025, and 2026; and
- 2) allow for ICE vehicles with legacy engines whose emissions are not offset under the Omnibus Regulation to be purchased inside or outside of California, added to SLGA fleets, and certified for use by SLGA fleets for model years 2024, 2025, and 2026.

## **Conclusion**

MME supports CARB's commitment to accelerate California's transition to zero-emission medium- and heavy-duty vehicles. However, it believes the ICE shortage problem presents an urgent and significant threat to the SLGA fleets' ability to provide and maintain environmental protection and public health and

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<sup>3</sup> Section 2015(r) of the ACF Regulation for High Priority and Federal Fleets states: "ICE Vehicle Additions. Any ICE vehicle added to the California fleet on or after January 1, 2024 must have a 2010 through 2023 model year engine or a 2024 model year or newer engine certified to applicable California emissions standards and emissions related requirements. Any new ICE vehicle added to the California fleet must be certified to applicable California emissions standards and emissions related requirements."

safety services. Additionally, as noted, the current situation imposes substantial economic hardship on dealers like MME and their customers.

MME requests that CARB consider and adopt the recommendations in this letter. MME also asks for the opportunity to meet with CARB Staff as soon as possible to find a shared solution to this problem. MME looks forward to working with CARB to ensure that it can provide SLGA customers with a sufficient number of vehicles to meet their environmental and public health and safety service obligations. I may be reached at 916 768 1717 or [jwheeler@source-mme.com](mailto:jwheeler@source-mme.com) for any questions concerning this request.

Very truly yours,



James Wheeler  
General Manager  
Municipal Maintenance Equipment