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June 6, 2016

Mary Nichols, Chairperson
California Air Resources Board (ARB)
1001 I Street
Sacramento, CA 95814

**RE: CAPCOA comments on the proposed ARB FY2016-17 Funding Plan for
Low Carbon Transportation (LCT) Investments and the Air Quality
Improvement Program (AQIP)**

Dear Chairperson Nichols,

The California Air Pollution Control Officers Association (CAPCOA) is a non-profit association of air pollution control officers from all 35 local air quality agencies throughout California. As partners in the regulation and reduction of greenhouse gases, CAPCOA is providing the following comments on the proposed FY2016-17 Funding Plan for LCT and AQIP Investments.

• **Rural school bus pilot project funding**

We are in full support for the proposed \$10 million FY2016-17 LCT funds for the Rural School Bus Pilot project. This much needed funding will assist school bus operators in small and medium air districts upgrade their school bus fleet while reducing criteria pollutants, air toxics, and greenhouse gas (GHG) emissions. The North Coast Unified Air Pollution Control District will be administering this program, and has already received considerable interest in this program.

• **Enhanced Fleet Modernization Program (EFMP) Plus-up expansion**

We support the proposal to expand the EFMP Plus-up program to other areas of the state. The initial EFMP Plus-up programs in the South Coast and San Joaquin air basins have successfully demonstrated that the program can effectively award funds to lower-income consumers living in or near disadvantaged communities to retire older, high-polluting vehicles and replace them with lower-polluting, advanced technology vehicles. We believe the success of these programs can be replicated in other areas of the state, and the continuation of the existing programs and the proposed expansion is aligned with the direction provided by SB1275.

• **Air district assistance with future administration of LCT funding**

We request ARB work closely with CAPCOA over the next year to incorporate greater air district involvement in the administration of Cap & Trade funds in the FY2017-2018 investment plan. This will help improve the efficiency and effectiveness of the program. Over the last decade, ARB and the local air districts have collaborated to successfully manage the investment of approximately \$1.5

billion in incentives to reduce emissions from goods movement equipment, heavy-duty diesel engines, school buses, and other similar sources of pollution. In addition, local air districts have further provided nearly \$1 billion in local incentive funds to reduce motor vehicle pollution since the early 1990s. ARB should rely more on these existing locally-administered air district programs to improve the effectiveness and efficiency of Cap & Trade funding allocations. Air districts have:

- Decades of experience administering efficient, accountable, and effective grant and voucher programs;
- Oversight of local funding sources that could supplement, and be locally bundled with LCT/GGRF funds to provide a greater incentive for clean equipment and infrastructure;
- Extensive local community and industry knowledge;
- Years of experience with the LCT/GGRF & AQIP funding sources and developing technologies; and,
- Experience team-building and coordinating on complex projects and funding programs.

• **Need for continued funding to develop and deploy advanced truck technologies**

We support the initial allocation of funding for the early deployment of low-NO_x engines and zero-emissions equipment. However, as this technology becomes more commercially available we would like to see future funding for these technologies go through existing incentive programs that have an equipment replacement component that will take older equipment out of service and replace it with the low-NO_x or zero-emissions equipment. This would maximize both GHG emission reductions and co-benefits including criteria pollutant and air toxic emission reductions. As mentioned above, air districts are positioned well to help administer funds to support the development and deployment of advanced technology truck projects.

The transition of the on-road truck fleet to zero and near-zero technologies is critical to achieving the Governor's key climate change strategy objectives and public health, air quality, environmental justice, employment and GHG reduction goals statewide. Continued funding is needed for this sector to support the objectives of SB1204, and for the following reasons.

- Emissions reductions are needed from California freight movement to address equity, health and air quality disparities throughout the State;
- 90% of mobile source emissions need to be reduced to achieve local Air Quality goals;
- A critical source of funding for cleaning up California's on-road trucks is going away; and,
- All parts of the State would benefit from investment cleaning up the on-road trucking fleet.

CAPCOA appreciates your consideration of these comments and we look forward to our continued collaboration as we pursue California's climate and public health goals. Thank you for your attention and please feel free to contact me with any questions.

Yours sincerely,



Richard Stedman
President

CC: Richard Corey, Executive Officer, California Air Resources Board