Community Air Protection Funds
Supplement to the
Carl Moyer Program 2017 Guidelines

Approved by the Board: April 27, 2018
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EXECUTIVE SUMMARY

In 2017, Governor Brown signed into law Assembly Bill (AB) 617 (Chapter 136, Statutes of 2017) which directed the California Air Resources Board (CARB), in conjunction with local air quality management districts and air pollution control districts (air districts) to establish the Community Air Protection Program. AB 617 provides a new community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in the communities most impacted by air pollution. The bill recognizes that while California has seen tremendous improvement in air quality, some communities still suffer greater impacts than others. It is these communities that require special attention and accelerated action. AB 617 builds on the foundation of existing air quality legislation and programs providing additional tools to target actions in communities that bear the greatest burdens.

In advance of Community Air Protection Program development, the Governor and Legislature took action in September of 2017 to establish an early action component to AB 617 – to use existing incentive programs to get immediate emissions reductions in the communities most affected by air pollution. Governor Brown signed into law AB 134 (Chapter 14, Statutes of 2017), which appropriated $250 million from the Greenhouse Gas Reduction Fund to reduce mobile source emissions (criteria pollutants, toxic air contaminants, and greenhouse gases (GHGs)) in those communities. These Community Air Protection Funds will be used by air districts to implement projects under the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) and optionally under the Proposition 1B Goods Movement Emission Reduction Program (Proposition 1B Program). Spending the funds through these programs will facilitate immediate emissions reductions in disadvantaged and low-income communities subject to poor air quality.

The Community Air Protection Funds are part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities. Community Air Protection Funds are subject to the requirements for California Climate Investments established in statute and set forth in the Funding Guidelines for Agencies that Administer California Climate Investments (Funding Guidelines). In April 2018, CARB published Draft Revised Funding Guidelines and participated in a series of community meetings, held a public workshop with a webcast and audio in English and Spanish, and collected written comments as part of soliciting feedback on the draft document. The Board approved the Proposed 2018 Funding Guidelines in July 2018. Projects funded with Community Air Protection Funds align with the goals and requirements of the Funding Guidelines,
which prioritize the importance of targeting California Climate Investments to communities in a way that meaningfully addresses community needs.

With communities at the forefront of the implementation of AB 617, CARB staff sought guidance from them for the first year of these funds through public workshops in early 2017. Staff then developed this Supplement to the Carl Moyer Program 2017 Guidelines to better direct funds to projects in the areas that need them most. The Board approved the Supplement in April 2018, making several broad changes to the Moyer Program 2017 Guidelines for Community Air Protection Funds:

- Reduce the cost of participation in the Moyer Program by increasing the percentage of eligible costs that can be funded and reducing the cost-share;
- Increase the percentage of costs that will be paid for infrastructure projects in general, and provide an additional 10 percent increase for infrastructure projects near a port, railyard, or other freight facility;
- Add greater flexibility to enable more school bus projects to be funded; and
- Clarify the funding opportunities available for transport refrigeration units.

The Community Air Protection Funds Supplement (Guidelines Supplement or Supplement) has the express and limited purpose of expediting projects allocated through AB 134, projects that are supported by and deliver reductions to pollution-burdened communities. It does not change requirements applying to projects funded under the Moyer or Proposition 1B Programs, but supplements those requirements as they apply to eligible projects. The Supplement thus better enables these programs to effectively support the needs of AB 617 communities with projects that will provide immediate emissions reductions.

In approving the Guidelines Supplement, the Board added further direction for air districts. The Board’s direction includes (a) targeting funds to prioritize communities identified in initial submissions from air districts and communities by April 30, 2018 so that no less than 70 percent of funding benefits disadvantaged communities, while focusing on vehicles and equipment actually operating in those communities; (b) funding projects according to feedback received during AB 617 community outreach, and (c) prioritizing zero emission vehicles or infrastructure whenever feasible (See Resolution 18-15 at https://ww2.arb.ca.gov/board-resolutions). This final Guidelines Supplement also clarifies how air districts will apply Moyer Program cost-effectiveness calculation methods given new State funding caps and maximum percentages of eligible cost, and how districts may appropriately consider Community Air Protection priorities when applying Proposition 1B Program truck evaluation criteria.

CARB staff recognizes that this Guidelines Supplement is only a first step. Senate Bill (SB) 856 (Chapter 30, Statutes of 2018), approved by the Governor in June 2018,
appropriates another $245 million in Community Air Protection Funds for Fiscal Year 2018-19. CARB staff is considering the need for additional guidelines for the broader set of project types envisioned by SB 856, including stationary source incentive projects and community-level programs developed by air districts through AB 617 implementation. For the funds from both 2017-18 and 2018-19 fiscal years, support from pollution-burdened communities will continue to be a central consideration as air districts make project and program decisions.
# Table of Contents

I. PROGRAM OVERVIEW

A. Community Air Protection Funds

B. Carl Moyer Memorial Air Quality Standards Attainment Program

C. Proposition 1B: Goods Movement Emission Reduction Program

D. California Climate Investments

II. COMMUNITY AIR PROTECTION FUNDS SUPPLEMENT TO THE CARL MOYER PROGRAM 2017 GUIDELINES

A. Guideline Modifications to Reduce the Cost of Participation in the Program

B. Guideline Modifications to Add Greater Flexibility for School Buses

C. Guideline Modifications to Clarify Eligibility Requirements and Provide a Larger Funding Share for Transport Refrigeration Units

D. Guideline Modification to Ensure Approved Proposition 1B Program Locomotive Projects are not Eligible to Receive Community Air Protection Funds

E. Guideline Modifications to Clarify Necessary Changes to Cost-Effectiveness Calculation Methodology for Community Air Protection Funds Projects

III. PROPOSITION 1B PROGRAM CLEAN TRUCK EVALUATION GUIDANCE

APPENDIX A: TARGETING INVESTMENTS TO AB 1550 POPULATIONS AND MAXIMIZING BENEFITS TO DISADVANTAGED COMMUNITIES AND LOW-INCOME COMMUNITIES AND HOUSEHOLDS
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I. PROGRAM OVERVIEW

A. Community Air Protection Funds

In 2017, Governor Brown signed into law Assembly Bill (AB) 617 (Chapter 136, Statutes of 2017) which directed the California Air Resources Board (CARB) in conjunction with local air quality management districts and air pollution control districts (air districts) to establish the Community Air Protection Program, with the intention of benefiting communities affected by high cumulative exposure burdens for toxic air contaminants and criteria air pollutants.

While California has seen tremendous improvements in air quality, some communities still suffer greater pollution impacts than others. It is these communities that require special attention and accelerated action. AB 617 includes a variety of strategies to address both toxic and criteria pollutants, including community-level monitoring, uniform emissions reporting, stronger regulation of emission sources, and adoption of both statewide plans and community-level emissions reduction programs. The legislation also emphasizes the key leadership role played by communities in developing the strategies and measures to improve the air that they breathe.

Even in advance of Community Air Protection Program development, the Governor and legislature took action via the Fiscal Year 2017-18 budget to establish an early action component to AB 617 – to use existing incentive programs to get immediate emissions reductions in the communities most affected by air pollution. Governor Brown signed into law AB 134 (Chapter 14, Statutes of 2017), which appropriated $250 million from the Greenhouse Gas Reduction Fund to reduce mobile source emissions (criteria pollutants, toxic air contaminants, and greenhouse gases (GHGs) in those communities.

Under AB 134, first-year Community Air Protection Funds will be used to implement projects under the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) and to target funding within air basins to achieve the maximum public health and air quality benefits. Implementing air districts may also choose to direct up to 40 percent of their funds to clean truck projects in accordance with CARB’s Proposition 1B Goods Movement Emission Reduction Program (Proposition 1B Program) 2015 Guidelines. AB 134 distributed the funds as follows:

- $107.5 million to the South Coast Air Quality Management District;
- $80 million to the San Joaquin Valley Air Pollution Control District;
- $50 million to the Bay Area Air Quality Management District; and
• $12.5 million to other California air districts, as determined by CARB in consultation with the districts.  

This Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines is intended to expedite funding of vehicle and equipment engine replacement, focusing on criteria and toxic emissions reductions in disadvantaged and low-income communities that suffer poor air quality. For these and future Community Air Protection Funds, all air districts receiving grants are required to engage in a public outreach process with those priority areas and to select and fund projects in accordance with feedback received during community outreach, in order to respond effectively to the mandate and promise of AB 617.

The Board approved the Guidelines Supplement on April 27, 2018. In addition to approving the Supplement, the Board added additional policy direction for air districts selecting projects to meet AB 617 objectives. See Board Resolution 18-15 for more information on the Board’s policy at https://ww2.arb.ca.gov/board-resolutions. The Board’s direction includes:

• Targeting funds to prioritize communities identified in initial submissions from air districts and communities by April 30, 2018 so that no less than 70 percent of funding benefits disadvantaged communities, while focusing on vehicles and equipment actually operating in those communities;
• Funding projects according to feedback received during AB 617 community outreach; and
• Prioritizing zero-emission vehicles or infrastructure whenever feasible.

Following Board approval of the Guidelines Supplement, CARB staff has clarified requirements of the Board-approved Funding Guidelines for Agencies that Administer California Climate Investments (Funding Guidelines) and included additional minor clarifying language to provide direction to air districts when applying the existing Moyer Program cost-effectiveness and emissions reduction methodology to Community Air Protection Funds projects.

B. Carl Moyer Memorial Air Quality Standards Attainment Program

The Moyer Program is a grant program that funds vehicles and equipment to complement California’s regulatory program by providing incentive funds to obtain early

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1 CARB staff worked with the California Air Pollution Control Officers Association to target additional districts for these grants, including districts with disadvantaged communities. Since Board approval of the Guidelines Supplement, the following air pollution control and air quality management districts have been offered and accepted grants for Community Air Protection funds: Antelope Valley, Butte County, Eastern Kern, Feather River, Imperial County, Mojave Desert, Monterey Bay, Placer County, Sacramento, San Luis Obispo County, San Diego County, Santa Barbara County, and Ventura County.
or extra emissions reductions. Incentives encourage customers to purchase cleaner technologies and stimulate the marketplace to manufacture these technologies. Although the Moyer Program has grown in scope, it retains its primary objective to obtain cost-effective and surplus emissions reductions that are creditable toward California’s legally-enforceable obligations in the State Implementation Plan (SIP) – California’s road map for attaining health-based national ambient air quality standards.

The Moyer Program is implemented through the cooperative efforts of CARB and California’s air districts. CARB oversees the Moyer Program by managing and distributing funds; developing and revising guidelines, protocols, and criteria for covered vehicle projects; providing oversight of local Moyer Program implementation, and determining methodologies to evaluate emissions reductions and project cost-effectiveness. Air districts follow the Board-approved Guidelines to select, fund, and monitor specific clean air projects, providing grants to public and private entities for those projects. Air districts may select projects from a wide variety of source categories for replacement or repower projects, including heavy-duty trucks, off-road engines in equipment used for construction and agriculture, marine vessels, and locomotives. Air districts can also fund infrastructure projects such as electric charging stations and natural gas fueling stations.

The Moyer Program has been a successful and popular air pollution reduction program since 1998. Moyer Program grants have provided emission benefits by funding projects that go beyond regulatory requirements. More than $900 million in Moyer Program grants have cleaned up over 50,000 engines, reducing oxides of nitrogen (NOx) and reactive organic gases by 178,000 tons and toxic diesel particulate matter (PM) by 6,500 tons. Many of the projects funded under the Moyer Program also provide co-benefits by reducing greenhouse gases and black carbon emissions that contribute to climate change. In the five largest air districts, at least 50 percent of Moyer Program incentive funds since 2001 have been used to reduce toxic pollution in the “communities with the most significant exposure to air contaminants... including communities of minority or low-income populations” (Health and Safety Code (H&SC) § 43023.5).

The Carl Moyer Program 2017 Guidelines were updated with cost-effectiveness limits that recognized technology and regulatory costs, the ability to leverage Moyer dollars with project co-funding, and added eligibility for infrastructure projects. Approved by the Board in April 2017, these changes not only enabled the Moyer Program to fully support emissions reductions within the changing landscape of clean air technology, but improved its ability to respond to communities seeking to reduce harmful mobile source emissions.
C. Proposition 1B: Goods Movement Emission Reduction Program

A district may allocate up to 40 percent of its Community Air Protection Funds to incentivize clean trucks in accordance with the Proposition 1B 2015 Program Guidelines. Proposition 1B, approved by voters in 2006, authorized $1 billion in bond funding to CARB to cut freight emissions in California’s four priority trade corridors. These corridors consist of the Los Angeles/Inland Empire; the Central Valley; the Bay Area; and the San Diego/Border area. Health and Safety Code section 39625 et seq. establishes the Proposition 1B Program and directs CARB to maximize the emissions reduction benefits while achieving the earliest possible health risk reduction in communities heavily impacted by goods movement.

Like the Moyer Program, the Proposition 1B Program is a partnership between CARB and local agencies (e.g., air districts and ports) to reduce air pollution emissions and health risk from freight movement along California’s priority trade corridors. CARB awards Proposition 1B Program funding to local agencies; those agencies then use a competitive process to provide incentives to equipment owners to upgrade to cleaner technology.

The Proposition 1B Program supplements CARB’s diesel regulations by funding early compliance or providing extra emissions reductions beyond those required by applicable rules or specifically mandated by enforceable agreements. By statute (H&SC § 39625.5(a)(1)), it can fund only emissions reductions “not otherwise required by law or regulation.” The pollutants targeted include diesel PM and NOx. The projects funded also provide co-benefits by reducing greenhouse gases and black carbon emissions that contribute to climate change.

The Board adopted the first Proposition 1B Program Guidelines in February 2008 and has updated them three times since, most recently in June 2015. The Proposition 1B Program Guidelines were developed in consultation with stakeholders including: air districts, metropolitan planning organizations, port authorities, railroad and trucking companies, harbor craft owners, and community organizations including local port community advisory groups. Emphasis is on funding qualifying projects that reduce emissions and health risks, incorporate simplicity and efficiency, ensure cost-effectiveness, leverage other funding sources, and provide transparency and accountability.

The Proposition 1B 2015 Program Guidelines are generally consistent with the Moyer Program principles; however, there are some notable differences that will affect truck projects that districts choose to pursue under this option:
• Projects are ranked according to emissions reductions, cost-effectiveness, and other funding priorities such as zero-emission technology to determine project selection;
• There is a fixed grant amount for each type of project. The grant amounts are shown in Section III;
• To qualify, at least 50 percent of a project’s mileage must be in the four trade corridors noted above;
• Projects must move goods for sale a majority of the time; and
• The new truck must operate at least 90 percent of the time in California.

While observing the truck project evaluation criteria of the Proposition 1B 2015 Program Guidelines, air districts using Community Air Protection Funds should incorporate the priorities of AB 617 as part of their ranking process. Section III provides further guidance on what air districts could consider in their project screening processes.

D. California Climate Investments

As Greenhouse Gas Reduction Fund moneys, the funds allocated through AB 134 must facilitate the achievement of GHG emission reductions, further the purposes of AB 32 and related statutes, and benefit priority populations. These Community Air Protection Funds are part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities.

The purpose of the Community Air Protection Funds is to provide immediate emissions reductions in the communities most burdened by air pollution as early actions to support AB 617. Specific AB 617 communities of concern will be designated later this year as the legislation is implemented, but disadvantaged and low-income areas have already been designated through the implementation of Senate Bill (SB) 535 (Chapter 830, Statutes of 2012) and AB 1550 (Chapter 369, Statutes of 2016), which are among the statutes that govern California Climate Investments. Thus, the disadvantaged communities specified through SB 535 implementation and the low-income communities and households defined in AB 1550 will serve as the focus for near-term Community Air Protection Funds. An interactive map of California displaying boundaries of both disadvantaged and low-income communities is available online at www.arb.ca.gov/cci-communityinvestments.

AB 1550 requires that at least 25 percent of California Climate Investments go to projects located within and benefitting individuals living in disadvantaged communities and that at least an additional 10 percent to projects located within and benefitting low-income households or individuals living in low-income communities. However, these
Community Air Protection Funds will be held to a higher standard. Overall, the first-year funds must be distributed in a way that prioritizes communities most impacted by cumulative pollution burden as identified in initial submissions from air districts and communities by April 30, 2018, so that at least 80 percent of the Community Air Protection Funds are invested in and benefit AB 1550 communities (including low-income areas) and at least 70 percent are invested in and benefit disadvantaged communities specifically.

Community Air Protection Funds are subject to the requirements for California Climate Investments established in statute and set forth in the Funding Guidelines for Agencies that Administer California Climate Investments. In April 2018, CARB published Draft Revised Funding Guidelines and participated in a series of community meetings, held a public workshop with a webcast and audio in English and Spanish, and collected written comments as part of soliciting feedback on the draft document. The Board approved the Proposed 2018 Funding Guidelines in July 2018. Projects funded with Community Air Protection Funds align with the goals and requirements of the Funding Guidelines, which prioritize the importance of targeting California Climate Investments to communities in a way that meaningfully addresses community needs.

Additional detail on how Community Air Protection Funds are being administered in accordance with select requirements of the Funding Guidelines promoting community-based solutions is provided in Appendix A. The Funding Guidelines (found at www.arb.ca.gov/cci-fundingguidelines) also address requirements related to facilitating GHG emission reductions, targeting investments in and benefiting priority populations, maximizing economic, environmental, and public health co-benefits, fostering job creation and job training, coordinating investments and leveraging funds, avoiding potential substantial burdens to disadvantaged and low-income communities, ensuring transparency and accountability, and conducting outreach.

In addition, AB 398 (Chapter 135, Statutes of 2017) provided additional direction from the Legislature on priorities for investing auction proceeds. Those priorities are:

- Air toxic and criteria air pollutants from stationary and mobile sources;
- Low- and zero- carbon transportation alternatives;
- Sustainable agricultural practices that promote the transition to clean technology, water efficiency, and improved air quality;
- Healthy forests and urban greening;
- Short-lived climate pollutants;
- Climate adaptation and resiliency; and
- Climate and clean energy research.
Projects funded with Community Air Protection Funds address several of these priorities. In particular, funding engine replacement projects that assist the transition to clean technology and improve air quality will reduce community exposure to air pollution from mobile sources, promote low- and zero-carbon transportation alternatives, and reduce black carbon, a short-lived climate pollutant.

The Cap-and-Trade program creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. California Climate Investments projects include affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, more sustainable agriculture, recycling, and much more. At least 35 percent of these investments are located within and benefiting residents of disadvantaged communities, low-income communities, and low-income households across California. For more information, visit the California Climate Investments website at: www.caclimateinvestments.ca.gov.
II. COMMUNITY AIR PROTECTION FUNDS SUPPLEMENT TO THE CARL MOYER PROGRAM 2017 GUIDELINES

Except as specified below, the 2017 Revisions to the Carl Moyer Program Guidelines, adopted by the Board April 27, 2017, apply to all projects implemented pursuant to the Moyer Program with funds allocated by AB 134. Air districts choosing to allocate up to 40 percent of their funds to incentivize clean truck projects in accordance with CARB Proposition 1B Program will refer to the Proposition 1B 2015 Goods Movement Emission Reduction Program Guidelines and to Section III of this document, for information relating to funding amounts and truck evaluation criteria for those projects.

Project selection should prioritize zero-emission vehicles or infrastructure whenever feasible. When zero-emission technologies are not feasible, natural gas engines meeting the lowest optional NOx standard are preferred over diesel engines meeting current emissions standards. CARB’s GHG emissions reduction quantification methodologies, co-benefit assessment methodologies, priority population benefit criteria tables, and reporting templates will be used to track and report project benefits. These Supplemental Guidelines only apply to Proposition 1B Program projects and Moyer Program projects that are funded under the allocation specified in AB 134.

A. Guideline Modifications to Reduce the Cost of Participation in the Program

The changes shown in the table on the next page apply only to Community Air Protection Funds projects. Shown are the increases in Maximum Percentages of Eligible Cost that can be paid by the Moyer Program, as well as the elimination of State funding caps for zero-emission on-road projects. The cost-effectiveness limits in the 2017 Moyer Program Guidelines still apply. The current Moyer Program Cost Caps and Maximum Percentages of Eligible Cost listed in each chapter of the 2017 Moyer Program Guidelines apply as normal, except that the values for the vehicles and equipment technology types shown in the table take precedence for Moyer Community Air Protection Funds projects. For infrastructure projects, the Maximum Percentages of Eligible Cost have been increased, and an additional 10 percent may be added to those maximum values for projects that serve at ports, railyards, and other freight facilities.

For co-funded projects, the 15 percent Applicant Cost Share in the 2017 Moyer Program Guidelines is adjusted for projects funded with Community Air Protection Funds where the Maximum Percentage of Eligible Cost exceeds 85 percent. For example, a project with a Maximum Percentage of Eligible Cost of 90 percent would have a 10 percent Applicant Cost Share requirement.

School bus State funding caps, not included below, remain consistent with those found in Chapter 4: On-Road Heavy-Duty Vehicles in the 2017 Moyer Program Guidelines.
## Maximum Percentage of Eligible Cost and State Funding Caps for Projects Funded by the Carl Moyer Program and Community Air Protection Funds

### On-Road

<table>
<thead>
<tr>
<th>Category</th>
<th>Project Type</th>
<th>2017 Moyer Guidelines State Funding Cap</th>
<th>Community Air Protection Maximum* Eligible Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Buses</td>
<td>$ 80,000</td>
<td>80%/80%/50%</td>
<td>None</td>
</tr>
<tr>
<td>HHD Vehicles</td>
<td>$ 200,000</td>
<td>80%/80%/50%</td>
<td>None</td>
</tr>
<tr>
<td>MHD Vehicles</td>
<td>$ 150,000</td>
<td>80%/80%/50%</td>
<td>None</td>
</tr>
<tr>
<td>LHD Vehicles</td>
<td>$ 80,000</td>
<td>80%/80%/50%</td>
<td>None</td>
</tr>
<tr>
<td>Emergency Vehicles</td>
<td>None</td>
<td>80%</td>
<td>None</td>
</tr>
<tr>
<td>Transport Refrigeration Units</td>
<td>None</td>
<td>50%</td>
<td>None</td>
</tr>
</tbody>
</table>

### Off-Road

<table>
<thead>
<tr>
<th>Category</th>
<th>Project Type</th>
<th>2017 Moyer Guidelines State Funding Cap</th>
<th>Community Air Protection Maximum* Eligible Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel Repower</td>
<td>None</td>
<td>85%</td>
<td>None</td>
</tr>
<tr>
<td>LSI Repower</td>
<td>None</td>
<td>85%</td>
<td>None</td>
</tr>
<tr>
<td>Repower to Zero-Emission</td>
<td>None</td>
<td>85%</td>
<td>None</td>
</tr>
<tr>
<td>Mobile Equipment Replacement</td>
<td>None</td>
<td>80%</td>
<td>None</td>
</tr>
<tr>
<td>Portable Equipment Replacement</td>
<td>None</td>
<td>80%</td>
<td>None</td>
</tr>
</tbody>
</table>

### Locomotive

<table>
<thead>
<tr>
<th>Category</th>
<th>Project Type</th>
<th>2017 Moyer Guidelines State Funding Cap</th>
<th>Community Air Protection Maximum* Eligible Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1 / Class 2</td>
<td>None</td>
<td>75%</td>
<td>None</td>
</tr>
<tr>
<td>Class 3 and Passenger</td>
<td>None</td>
<td>85%</td>
<td>None</td>
</tr>
</tbody>
</table>

### Marine

<table>
<thead>
<tr>
<th>Category</th>
<th>Project Type</th>
<th>2017 Moyer Guidelines State Funding Cap</th>
<th>Community Air Protection Maximum* Eligible Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels Subject to Commercial Harbor Craft (CHC) Regulation</td>
<td>Tier 0/1 Repower to Tier 3</td>
<td>None</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Tier 0/1 Repower to Tier 4</td>
<td>None</td>
<td>85%</td>
</tr>
<tr>
<td></td>
<td>Tier 2 Repower to Tier 3</td>
<td>None</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Tier 2 Repower to Tier 4</td>
<td>None</td>
<td>85%</td>
</tr>
<tr>
<td>Vessels not Subject to CHC Regulation</td>
<td>Tier 0/1/2 Repower to Tier 3</td>
<td>None</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Tier 0/1/2 Repower to Tier 4</td>
<td>None</td>
<td>85%</td>
</tr>
<tr>
<td>Installation of EPA Verified Hybrid System</td>
<td>None</td>
<td>85%</td>
<td>None</td>
</tr>
<tr>
<td>Shore Power - Ship Side</td>
<td>None</td>
<td>100%/50%</td>
<td>None</td>
</tr>
</tbody>
</table>

### Infrastructure

<table>
<thead>
<tr>
<th>Category</th>
<th>Project Type</th>
<th>2017 Moyer Guidelines State Funding Cap</th>
<th>Community Air Protection Maximum* Eligible Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any Infrastructure Project</td>
<td>None</td>
<td>50%</td>
<td>None</td>
</tr>
<tr>
<td>Any Infrastructure Project Located at a Sensitive Receptor**</td>
<td>None</td>
<td>50%</td>
<td>None</td>
</tr>
<tr>
<td>Publicly Accessible Projects</td>
<td>None</td>
<td>60%</td>
<td>None</td>
</tr>
<tr>
<td>Projects with Solar/Wind Power Systems</td>
<td>None</td>
<td>65%</td>
<td>None</td>
</tr>
<tr>
<td>Publicly Accessible Projects with Solar/Wind Power Systems</td>
<td>None</td>
<td>75%</td>
<td>None</td>
</tr>
<tr>
<td>Public School Bus Battery Charging and Alternative Fueling</td>
<td>None</td>
<td>100%</td>
<td>None</td>
</tr>
<tr>
<td>Additional Incentive for Projects Also Serving a Port/Railyard/Freight Facility</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
</tbody>
</table>

* For on-road, percentages are for fleets of 1-3 vehicles, 4-10 vehicles, and over 10 vehicles, respectively. For shore power projects the percentages are for the retrofit costs required to allow a vessel to plug into shore-side power and any necessary transformer costs on board the vessel, respectively.

** Sensitive receptors include schools, hospitals, day care centers, and such other locations as the air districts or CARB may determine (H&SC § 42705.5(a)(5)).
B. Guideline Modifications to Add Greater Flexibility for School Buses

Changes to school bus eligibility for projects funded with Community Air Protection Funds require the following Moyer Program Guideline modifications for projects funded with Community Air Protection Funds.

- Modification to allow private transportation contractors that transport school children to be eligible for funding

Chapter 4, Section C.2.(B)(2) is modified to read as follows:

(2) Eligible Applicants: Public school districts in California that own their own school buses are eligible for funding. Where a Joint Powers Authority (JPA) has been formed by several public school districts and the JPA holds ownership of the school buses, then the JPA is also eligible for funding. Private transportation providers that own their own school buses and contract with public school districts to provide transportation services for public school children are also eligible for funding under the complete requirements of Section C.2.(B). Private schools and any private company or non-profit agency not providing transportation services to public school children are not eligible to receive funding for school bus projects. Following public outreach to affected communities and consideration of public input, air districts may give priority to unfunded project applications from eligible applicants submitted through the Rural School Bus Pilot Project or other school bus incentive programs regardless of their existing procedures for Moyer project application review and selection. CARB staff will provide assistance upon request for assessment of such projects relative to Moyer Program requirements.

- Modification to allow average fleet usage to be used when determining potential grant amounts

Add new sub-section (10) to Chapter 4, Section C.2.(B), which reads as follows:

(10) Annual usage for school bus projects will be determined as outlined in Chapter 4, Section B.5, except that air districts may allow for grant amounts to be based on the minimum of two 12-month periods of the school bus fleet's average California usage during the previous 24 months. Only school buses with a gross vehicle weight rating greater than 14,000 pounds that are utilized to transport students to and from school will be included in the average usage value. In recognition of the school bus fleet's overall displacement of usage that will occur with the replacement of an old, low-usage school bus with a new school bus that
will be used considerably more often, grant amounts for school buses complying with the Truck and Bus Regulation via the low-use exemption may still be based on the average usage value as described in this section.

C. Guideline Modifications to Clarify Eligibility Requirements and Provide a Larger Funding Share for Transport Refrigeration Units

Changes to transport refrigeration unit eligibility and an increase in funding share require the following guideline modification for projects funded with Community Air Protection Funds.

Chapter 4, Section C.2.(G)(3) is modified to read as follows:

(3) Transport Refrigeration Units (TRUs): Replacement of diesel transport refrigeration units with zero-emission or hybrid electric units is an eligible Moyer Program project type. These projects are handled on a case-by-case basis.

   a. Funding can be made available for zero emission and hybrid electric replacement projects only.
   
   b. Alternative technologies such as pure cryogenic systems are not required to be verified, but CARB must review and approve such systems as part of the project case-by-case evaluation.
   
   c. The unit installed must include an hour-meter or other means to measure usage, and such usage information will be provided to the air district or CARB upon request.
   
   d. The maximum State funding percentage is 75 percent.

D. Guideline Modification to Ensure Approved Proposition 1B Program Locomotive Projects are not Eligible to Receive Community Air Protection Funds

The guideline modification below is intended to ensure that locomotive projects that have already been approved for funding through the Proposition 1B Program are no longer eligible to receive Community Air Protection Funds.

Add new sub-section (K) to Chapter 6, Section D.1., which reads as follows:

(K) Locomotive projects that have already been approved for funding by the Proposition 1B Program are not eligible for funding with Community Air Protection Funds, even if the project under the Proposition 1B Program is later terminated.
E. Guideline Modifications to Clarify Necessary Changes to Cost-Effectiveness Calculation Methodology for Community Air Protection Funds Projects

For projects funded with Community Air Protection Funds, the Moyer Program Guidelines are modified to provide clarification and direction on how to account for changes that affect the cost-effectiveness calculation methodology, such as the removal of State funding caps and higher maximum percentages of eligible cost.

Appendix C, Section B.1. is modified to read as follows:

1. **Determining the Maximum Grant Amount**

The calculation methodology below must be applied in order to ensure final grant amounts meet the cost-effectiveness limit requirement and do not exceed incremental cost based on the maximum percentage or any other funding cap. For advanced technology projects that include a baseline vehicle dirtier than the cleanest required standard, the calculations in (A), (B), and (C)\(^2\) below must be applied twice. The project life may differ between the first and second series of calculations, depending on availability of surplus emissions reductions. The first series of calculations is made using the base cost-effectiveness limit and the emissions reductions going up to the cleanest required standard (including deterioration). The second series of calculations is made using the advanced technology cost-effectiveness limit and the emissions reductions beyond the cleanest required standard. The final maximum grant amount is equal to the combined total of the lowest values from each series. Note that school bus projects are subject to State funding caps and a separate cost-effectiveness limit as listed above in Table C-2. The maximum grant amount for any given project is the lowest of the three following calculations, using formulas C-1 through C-14 as applicable:

- The potential grant amount at the cost-effectiveness limit;
- The potential grant amount based on the maximum percentage of eligible cost; or
- The potential grant amount based on any maximum dollar amount or other funding cap specified in the relevant source category chapter.

Zero-emission on-road projects funded with Community Air Protection Funds have no State funding caps for either series of calculations. Note that the removal of State funding caps opens up considerably more opportunities to co-fund with other State-funded incentives programs, such as the Hybrid and

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\(^2\) For clarity, (A), (B), and (C) can be found on pages C-4 to C-10 of the Moyer Program 2017 Guidelines.
Zero-Emission Truck and Bus Voucher Incentive Project funded by the Greenhouse Gas Reduction Fund. Most Community Air Protection Funds projects have maximum percentages of eligible cost that differ from projects funded with Moyer Program funds. See Table C-3 below for examples of how removal of State funding caps can affect maximum grant amounts for zero-emission on-road projects.

### Table C-3
**Maximum Grant Amounts for Zero-Emission On-Road Projects, using Moyer Program Funds Versus Community Air Protection Funds**

<table>
<thead>
<tr>
<th>Application</th>
<th>Baseline EMY</th>
<th>Estimated Total Cost</th>
<th>Annual Mileage</th>
<th>Maximum Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Moyer Funds</td>
</tr>
<tr>
<td>HHD Drayage</td>
<td>2008</td>
<td>$300,000</td>
<td>40,000</td>
<td>$127,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>60,000</td>
<td>$186,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>100,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>MHD Warehouse Truck</td>
<td>2010</td>
<td>$180,000</td>
<td>35,000</td>
<td>$115,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>60,000</td>
<td>$144,000</td>
</tr>
<tr>
<td>HHD Warehouse Truck</td>
<td></td>
<td>$300,000</td>
<td>35,000</td>
<td>$126,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>60,000</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

Note: Currently available zero-emission trucks may not yet support high-mileage applications.

Appendix C, Section B.1.(C) is modified to read as follows:

(C) The potential grant amount based on any maximum dollar amount or other funding cap is specified in the relevant source category chapter. Note that zero-emission on-road projects funded with Community Air Protection Funds have no State funding caps for either series of calculations. Zero-emission school bus projects have a State funding cap of $400,000, but no restrictions on the percentage of cost that can be funded.
III. PROPOSITION 1B PROGRAM CLEAN TRUCK EVALUATION GUIDANCE

Under AB 134, an air district may choose to spend up to 40 percent of its Community Air Protection Funds on clean truck projects, relative to funding amounts and truck evaluation, in accordance with the Proposition 1B 2015 Program Guidelines. Under those Guidelines, truck evaluation includes a ranking process. In addition to the ranking process for Proposition 1B projects, the Board has historically prioritized on a yearly basis how Proposition 1B Program funds should be directed to best meet the State’s needs each year. As outlined in the Proposition 1B 2015 Program Guidelines, the Board’s most recent priorities include the following:

- Replacement projects for zero-emission trucks, hybrid trucks capable of zero-emission miles, and optional low-NOx trucks certified to the 0.02 g/bhp-hr emission level;
- Truck projects to assist small fleets;
- Projects to replace, repower, or retrofit trucks, transport refrigeration units, commercial harbor craft, ships at berth, or cargo handling equipment to zero-emission and near-zero-emission technologies; and
- Locomotive projects based on engines meeting the most stringent national emission standards.

Similarly to the above priorities, air districts should adopt the priorities of AB 617 as part of their ranking process. Districts should adopt relevant priorities such as the following in ranking projects for Community Air Protection Funds:

- The project is located in and benefits communities identified during the implementation of AB 617 as having a high cumulative exposure burden;
- The project is located in and benefits a disadvantaged or low-income community, or a low-income household;
- The project is zero-emission;
- The project directly serves a sensitive population;
- The project has received support from groups or individuals in one of the communities identified during the implementation of AB 617 as having a high cumulative exposure burden.

Clean truck grant amounts are shown in the table on the next page.
### Proposition 1B 2015 Program Guidelines: Clean Truck Grant Amounts

<table>
<thead>
<tr>
<th>Eligible Truck Options</th>
<th>Max Program Funding</th>
<th>Project life</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Fleets</td>
<td>Class 5</td>
</tr>
<tr>
<td>A</td>
<td>New MY 2016+ engine zero emission truck</td>
<td>$80,000</td>
</tr>
<tr>
<td>B</td>
<td>New MY 2016+ engine hybrid zero emission mile truck</td>
<td>$50,000</td>
</tr>
<tr>
<td>C</td>
<td>New MY 2016+ engine optional low-NOx truck (0.02 g/bhp-hr or less)</td>
<td>$40,000</td>
</tr>
<tr>
<td>D</td>
<td>New MY 2016+ engine hybrid truck</td>
<td>$35,000</td>
</tr>
<tr>
<td>E</td>
<td>New MY 2016+ engine natural gas truck</td>
<td>$25,000</td>
</tr>
<tr>
<td>I</td>
<td>Repower with a new MY 2016+ engine</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

(*“Small fleets” as defined in the Proposition 1B 2015 Program Guidelines means any fleet with three or fewer trucks with greater than 14,000 lbs GVWR.

(**) Project life is 5 years or 300,000 miles for class 5 & 6 trucks, whichever comes first; 5 years or 500,000 miles for Class 7 and 8 trucks, whichever comes first.
APPENDIX A:

TARGETING INVESTMENTS TO AB 1550 POPULATIONS AND MAXIMIZING BENEFITS TO DISADVANTAGED COMMUNITIES AND LOW-INCOME COMMUNITIES AND HOUSEHolds

In July 2018, the California Air Resources Board approved final Funding Guidelines for Agencies that Administer California Climate Investments (Funding Guidelines), which establish requirements and recommendations for agencies administering California Climate Investments. Community Air Protection Funds, administered according to the requirements of the Carl Moyer Program 2017 Guidelines, the Community Air Protection Funds Supplement to the Moyer Program 2017 Guidelines, and the Proposition 1B 2015 Goods Movement Emission Reduction Program (Proposition 1B Program) Guidelines, will also be administered in accordance with all requirements of the Funding Guidelines.3

Among other requirements and recommendations, the Funding Guidelines contain a set requirements for administering agencies to promote community-based solutions to meet our climate and air quality goals. This Appendix to the Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines summarizes the steps CARB staff is taking to address specific requirements related to targeting investments to benefit AB 1550 populations and maximizing benefits to disadvantaged communities.

Requirements for Targeting Investments to Benefit AB 1550 Populations

Funding Guideline Requirement: Assess program structure for potential opportunities to target investments to benefit AB 1550 populations (e.g., set-asides, scoring criteria for competitive solicitations)

Community Air Protection Funds Action: Since 2001, at least 50 percent of Moyer Program incentive funds in the five largest air districts have been used to reduce toxic pollution in the “communities with the most significant exposure to air contaminants...including communities of minority or low-income populations” (H&SC § 43023.5). Through its grant agreements for Community Air Protection Funds, CARB staff is requiring that at least 80 percent of funds be invested in projects benefitting AB 1550 populations. Statewide targets have been established for Community Air Protection Funds as follows:

- At least 70 percent of funds will go to projects that are located in and provide direct, meaningful, and assured benefits to individuals living in disadvantaged communities.

• An added 10 percent of funds will go to projects that are located in and provide direct, meaningful, and assured benefits to low-income households or individuals living in low-income communities.

Air districts are required to submit tentative project lists to CARB staff when requesting disbursement of their Community Air Protection Funds, beyond the initial 10 percent. This provides the opportunity to assess whether a sufficient number of those projects are in and benefit AB 1550 populations. Air districts must also submit documentation that demonstrates sufficient levels of community engagement and outreach, and shows that the air district is being responsive to the needs of their communities.

Districts can employ a variety of other design mechanisms to help target benefits to AB 1550 populations, including setting aside a percentage of funding or dollar amount that will be used only for projects that provide benefits to AB 1550 populations.

In addition to solicitation structures, the Community Air Protection Funds Supplement to the Moyer Program 2017 Guidelines includes changes to help reduce the portion of project costs paid by grant applicants. The Board has approved increasing the percentage of the total project cost that the Moyer Program can pay for most equipment, and removed State funding caps for zero-emission on-road projects.

Funding Guideline Requirement: Evaluate project types for potential benefits to priority populations using the criteria available at: www.arb.ca.gov/cci-resources.

Community Air Protection Funds Action: Staff reviewed the Clean Transportation and Equipment Benefit Criteria Table and determined that eligible project types will provide direct, meaningful, and assured benefits via incentives for vehicles, equipment, or renewable transportation fuel that reduce criteria air pollutant or toxic air contaminant emissions, such as diesel particulate matter.

Staff also reviewed the commonly identified needs of AB 1550 populations in the Funding Guidelines and identified the following needs applicable to Community Air Protection-funded projects:

• Reduce health harms suffered disproportionately by AB 1550 populations due to air pollutants.
  All Community Air Protection Funds projects will reduce criteria air pollutants and/or toxic air contaminants as co-benefits, thereby reducing health harms due to air pollutants.
• **Provide educational and community capacity building opportunities through community engagement and leadership.**
  Public workshops have informed the development of this Supplement. Continued public outreach by air districts will be a critical step in Community Air Protection Funds project selection and is required by grant agreements.

• **Reduce exposure to local environmental contaminants, such as toxic air contaminants, criteria air pollutants, and drinking water contaminants.**
  The purpose of Community Air Protection Funds is to directly reduce toxic and criteria pollutants in the communities most burdened by air pollution, as an early action in support of AB 617.

Districts will evaluate projects using the Clean Transportation and Equipment Benefit Criteria Table\(^4\) to ensure that projects counted toward the statutory investment minimums: 1) are located within a census tract identified as a disadvantaged community or low-income community, or directly benefit residents of a low-income household; 2) meaningfully address an important community or household need for the disadvantaged community, low-income community, or low-income household; and 3) identify at least one direct, meaningful, and assured benefit to priority populations, using the evaluation criteria in the table. Districts can fund projects that otherwise provide meaningful benefits, but do not meet these criteria; however, those projects will not be counted toward investment minimums.

**Funding Guideline Requirement:** Target funding, to the extent feasible, to projects that are located within and benefit residents of AB 1550 communities and low-income households.

**Community Air Protection Funds Action:** As discussed above, the existing program structure will help ensure the targets identified for Community Air Protection Funds are met. The grant agreements also require that air districts “target funds to prioritize emissions reductions in communities most impacted by cumulative pollution burden, focusing in particular on vehicles and equipment that actually operate in any AB 617 communities identified to CARB by the (air district) by April 30, 2018.”

CARB considers the investment targets to be a floor and strives to exceed them. In project implementation, CARB and air districts will consider, in particular, advice and guidance from residents of disadvantaged communities, especially disadvantaged

\(^4\) The Clean Transportation and Equipment Benefit Criteria Table is found at [https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/ccidoc/criteriatable/criteria-table-cte.pdf](https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/ccidoc/criteriatable/criteria-table-cte.pdf).
communities that are identified as particular areas of concern through the AB 617 (Chapter 136, Statutes of 2017) process.

**Funding Guideline Requirement:** Create or modify program guidelines or procedures to meet or exceed AB 1550 program targets.

**Community Air Protection Funds Action:** CARB staff has developed the Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines, approved by the Board on April 27, 2018. This Supplement is intended to add flexibility to Moyer Program Guideline requirements and project opportunities in ways that are responsive to AB 617, the comments made at public workshops, and the guiding principles for California Climate Investments. This will help the expenditure of Community Air Protection Funds to meet or exceed AB 1550 program requirements.

**Funding Guideline Requirement:** Design programs and select projects that avoid substantial burdens to residents of disadvantaged and low-income communities, such as increased exposure to toxics or other health risks.

**Community Air Protection Funds Action:** The Community Air Protection Funds Supplement to the Moyer Program 2017 Guidelines includes changes to further incentivize the adoption of zero-emission equipment to maximize reductions in criteria air pollutants and toxic air contaminants by removing State funding caps for zero-emission on-road projects. The Board stipulated that any funding incentives should prioritize zero emission vehicles or infrastructure whenever feasible. Additionally, grant agreements require the air districts to “hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects” and to “select and fund projects in accordance with feedback received during community outreach in support of AB 617.” Community input may include identification of potential substantial burdens.

**Funding Guideline Requirement:** Implement outreach efforts that seek to directly engage and involve local community residents and community-based organizations in disadvantaged and low-income communities. These actions should begin in the early stages and continue through project implementation, as feasible.

**Community Air Protection Funds Action:** In cooperation with local air districts and the California Air Pollution Control Officers Association, CARB has held and is continuing to hold workshops and public meetings on Community Air Protection Funds. To ensure as much community and public participation as possible, as the Moyer Guidelines Supplement was being drafted, staff scheduled evening...
workshops on February 20, 2018, in Fresno (with videoconference connections to Bakersfield and Modesto), February 22, 2018, in the City of Commerce, and February 26, 2018, in Oakland. A daytime workshop with live webcast was held on February 21, 2018, in Sacramento. About 170 people attended the four workshops, not counting attendance via webcast.

Outreach by air districts is ongoing. Grant agreements require the air districts to “hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects” and to “select and fund projects in accordance with feedback received during community outreach in support of AB 617.” A list of over 80 air district public meetings attended by over 1,900 people was compiled for climate investments reporting in June 2018. Some districts are also using both online and paper surveys to collect public advice on the kinds of projects that will make a difference in their communities. In addition, CARB is now working with the districts to begin planning outreach on the opportunities possible with the second year of Community Air Protection Funds.

**Requirements for Maximizing Benefits to Disadvantaged Communities**

**Funding Guideline Requirement:** When selecting projects for a given investment, give priority to those that maximize benefits to disadvantaged communities (e.g., use scoring criteria that favors projects that provide multiple benefits or the most significant benefits, as defined by the administering agency) and provide clarity in how that priority is given.

**Community Air Protection Funds Action:** Per Moyer Program and Proposition 1B Program guideline requirements, air districts have the ability to select projects according to their local priorities and concerns, within the constraints of the project evaluation and ranking criteria in the case of the Proposition 1B Program. When requesting disbursements of funds from CARB, air districts must submit documentation that demonstrates that they are being responsive to the needs of communities disproportionately affected by air pollution, as well as a project list demonstrating sufficient funding is going to disadvantaged communities.

**Funding Guideline Requirement:** Provide direct outreach to groups of potential applicants in disadvantaged communities to increase awareness of funding opportunities and the ability of applicants to seek funding and benefit from projects. Conduct outreach in or near disadvantaged communities to seek input on important community needs from local residents and community-based organization.

**Community Air Protection Funds Action:** In cooperation with local air districts and the California Air Pollution Control Officers Association, CARB has held and is continuing to hold workshops and public meetings on Community Air Protection Funds, reaching out to both disadvantaged and communities and to potential Moyer
Program grant applicants for equipment they operate in those communities. Outreach by air districts is ongoing. Grant agreements require the air districts to “hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects.” Air districts have established or are setting up Community Air Protection websites, including information on CAP funds and projects under consideration. Additionally, CARB has developed a website to promote the Community Air Protection Funds and increase awareness of funding opportunities for eligible projects at https://www.arb.ca.gov/msprog/cap/capfunds.htm.

Funding Guideline Requirement: Publicly identify an agency or program point of contact or liaison to provide program-specific information, including funding opportunities, program application requirements, eligibility determinations, and application or technical assistance.

Community Air Protection Funds Action: Agency points of contact for Community Air Protection Funds have been designated by both CARB and local air districts. There is also a Community Air Protection Funds contact responsible for outreach events and updating the consolidated California Climate Investments Calendar on a regular basis.