



PUBLIC HEARING TO CONSIDER THE PROPOSED

**Proposed  
Community Air Protection Funds  
Supplement to the Carl Moyer Memorial Air  
Quality Standards Attainment Program 2017  
Guidelines**

**STAFF REPORT**

**Date of Release: March 12, 2018  
Scheduled for Consideration: April 27, 2018**

Location:

**California Environmental Protection Agency  
California Air Resources Board  
Sacramento County Administration Building  
700 H Street, Sacramento, California 95814**

This report has been reviewed by the staff of the California Air Resources Board and approved for publication. Approval does not signify that the contents necessarily reflect the views and policies of the California Air Resources Board, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.

This page intentionally left blank

## 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 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.

This first-of-its-kind statewide effort established by AB 617 includes community air monitoring and local emissions reduction programs. AB 617 also includes new requirements for accelerated retrofit of pollution controls on industrial sources, increased penalty fees, and greater transparency and availability of air quality and emissions data that will help advance air pollution control efforts throughout the State. This new authority enhances and strengthens existing clean air programs, and improves our ability to achieve equity in the delivery of clean air benefits to all Californians.

In advance of Community Air Protection Program development, the Governor and legislature took action last September to establish an early action component to AB 617 – to use existing incentive programs to get immediate emission 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 (GGRF) to reduce mobile source emissions (criteria pollutants, toxic air contaminants, and greenhouse gases) in those communities. These funds will be used to implement projects under the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program, or Program), and optionally under the Proposition 1B Goods Movement Emission Reduction Program (Proposition 1B). Spending the funds through these programs will facilitate immediate emission reductions in disadvantaged and low-income communities that suffer from poor air quality.

The Moyer Program is a partnership between CARB and the air districts that provides air quality benefits by replacing old, high-polluting vehicles and equipment ahead of regulatory requirements or beyond those requirements by paying for the incremental cost of cleaner replacements. Since 1998, Moyer Program grants have enabled fleet turnover beyond regulatory requirements by retrofitting, repowering, or replacing high-pollution engines and vehicles.

Similarly, the Proposition 1B Program is a partnership established in 2008 between CARB and local agencies, including air districts and seaports, to quickly reduce air pollution emissions and health risk from freight movement along California's trade corridors. Local agencies receive funding from CARB in order to offer financial incentives that facilitate accelerated fleet turnover to cleaner technologies, providing immediate air quality benefits. Projects funded under the Proposition 1B Program must achieve early or extra emission reductions not otherwise required by law or regulation.

Communities are at the forefront of the implementation of AB 617, and with that in mind CARB staff has taken the guidance received from communities and other stakeholders through a public workshop process and developed this proposed Community Air Protection Supplement to the Carl Moyer Program 2017 Guidelines, to better direct funds to the communities that need them. Staff proposes several broad changes from the Moyer Program 2017 Guidelines to support the Community Air Protection Program:

- Reduce cost of participation in the Program by increasing the percentage of eligible costs that can be funded and reducing the cost-share required;
- 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.

Staff is not proposing any changes to the existing Goods Movement Emission Program Guidelines or the Moyer Program 2017 Guidelines as they apply to other funds at this time. The Community Air Protection Supplement is proposed for the express and limited purpose of expediting projects allocated through AB 134, projects that are supported by and deliver reductions to pollution-burdened communities. If approved, these proposed modifications will better enable the Moyer Program to effectively support the needs of AB 617 by enabling projects that will provide immediate emission reductions in impacted communities.

Staff recognizes, however, that this is only a first step. The Governor's Budget proposes \$250 million in additional funds for Community Air Protection in Fiscal Year 2018-19. If the legislature appropriates those funds, the Guidelines may be adjusted further, or, if the funds are not restricted to the Carl Moyer program, an independent set of guidelines may be developed to better address the broader range of emission sources that affect community air quality in response to the mandate and the promise of AB 617.

## Table of Contents

I.	PROGRAM BACKGROUND .....	1
A.	Community Air Protection Funds.....	1
B.	Carl Moyer Memorial Air Quality Standards Attainment Program .....	2
C.	Proposition 1B: Goods Movement Emission Reduction Program (Proposition 1B) .....	3
D.	California Climate Investments.....	4
II.	ADVICE AND GUIDANCE FROM COMMUNITIES AND STAKEHOLDERS .....	5
III.	STAFF PROPOSAL TO ADDRESS COMMUNITY NEEDS THROUGH A SUPPLEMENT TO THE MOYER PROGRAM GUIDELINES .....	8
A.	Support Advanced Technology in the Vehicles, Equipment and Infrastructure that Operate in Impacted Communities .....	9
B.	Reduce Barriers to Participation in the Moyer Program .....	9
C.	Protect Sensitive Receptors .....	11
D.	Help Clean Up Freight-Related Activities in Impacted Communities.....	13
IV.	CALIFORNIA ENVIRONMENTAL QUALITY ACT .....	14
V.	SUMMARY AND RECOMMENDATIONS.....	15
	APPENDIX A: COMMUNITY AIR PROTECTION FUNDS SUPPLEMENT TO THE CARL MOYER PROGRAM 2017 GUIDELINES.....	A-1
A.	Guideline Modifications to Reduce the Cost of Participation in the Program .....	A-1
B.	Guideline Modifications to Add Greater Flexibility for School Buses .....	A-3
C.	Guideline Modifications to Clarify Eligibility Requirements and Provide a Larger Funding Share for Transport Refrigeration Units .....	A-4
D.	Guideline Modification to Ensure Approved Proposition 1B Locomotive Projects are not Eligible to Receive Community Air Protection Funds .....	A-4
	APPENDIX B: MAXIMIZING BENEFITS TO DISADVANTAGED COMMUNITIES AND LOW-INCOME COMMUNITIES AND HOUSEHOLDS .....	B-1
	APPENDIX C: PROPOSITION 1B EQUIPMENT PROJECT OPTIONS FOR TRUCKS.....	C-1

This page intentionally left blank

## **I. PROGRAM BACKGROUND**

### **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. The focus of this new program is to reduce emissions and exposure in the communities most impacted by air pollution.

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 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 budget last September to establish an early action component to AB 617 – to use existing incentive programs to get immediate emission 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 (GGRF) to reduce mobile source emissions (criteria pollutants, toxic air contaminants, and greenhouse gases) 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, or Program). Implementing air districts may also choose to direct up to 40 percent of the funds to clean truck projects in accordance with CARB's Proposition 1B Program 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 proposed Community Air Protection Funds Supplement to the Moyer Program 2017 Guidelines is intended to expedite funding of vehicle and equipment engine replacement, focusing emission reductions in disadvantaged and low income

communities that suffer poor air quality. The Moyer Program and Proposition 1B Program projects supported through these funds will enable reductions in pollution and exposure that begin to realize the promise of AB 617.

### **B. Carl Moyer Memorial Air Quality Standards Attainment Program**

The Moyer Program is a grant program that funds cleaner-than-required engines, equipment, and other sources of air pollution. The Moyer Program complements California's regulatory program by providing incentives to obtain early or extra emission 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 emission 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 Program by managing and distributing funds; developing and revising guidelines, protocols, and criteria for covered vehicle projects; providing oversight of local Program implementation, including fiscal audits; 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 to help fund engine clean-up 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 program grants have cleaned up over 50,000 engines, reducing oxides of nitrogen (NOx) and reactive organic gases (ROG) 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 2017 Moyer Program Guidelines, approved by the Board on April 27, 2017, updated the Program 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. These changes not only enabled the Moyer Program to fully support emission 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 (Proposition 1B)**

A district may allocate up to 40 percent of the funds it receives to incentivize clean trucks in accordance with the Proposition 1B 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 emission 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 emission 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 emission 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 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 and cost effectiveness to determine funding priority;
- There is a fixed grant amount for each type of project. The grant amounts are shown in Appendix C;
- To qualify, at least 50 percent of a project's mileage must be in the four trade corridors noted above; and
- Projects must move goods for sale a majority of the time.

#### **D. California Climate Investments**

The funds allocated through AB 134 are GGRF funds from California's Cap-and-Trade Program. GGRF funds are administered through the California Climate Investments (CCI) program. CCI is the overarching statewide program that puts all Cap-and-Trade allowance auction and sale proceeds to work reducing greenhouse gas (GHG) emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities.

The statutes governing CCI establish a two-step process for allocating funds to State agencies to invest in GHG-emissions reducing projects. The Department of Finance, in consultation with CARB, is required to submit to the Legislature a three-year Investment Plan identifying proposed investments of auction proceeds, which are placed in the GGRF. Funding is then appropriated to State agencies from the GGRF by the Legislature through the annual Budget Act, consistent with the Investment Plan.

The purpose of the Community Air Protection funds is to provide immediate emissions reduction 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 govern GGRF 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 communities for the focus of near-term Community Air Protection funding decisions.

AB 1550 requires that at least 25 percent of GGRF funds go to projects located within and benefitting disadvantaged communities, and that at least an additional 10 percent to projects located within and benefitting low-income households or communities. However, the Community Air Protection funds will be held to a higher standard; overall, at least 80 percent of the Community Air Protection funds must be used for projects located within the AB 1550 communities, and a minimum of 50 percent must be used for projects located within disadvantaged communities.

In August 2017, CARB published draft CCI Funding Guidelines to update requirements for all GGRF funds consistent with recent legislation, and instructed agencies that spend GGRF funds to meet the requirements of the draft Funding Guidelines as feasible. In response to 2017 legislation and appropriations, a 2018 Funding Guidelines Discussion Document was issued in February 2018, and final Funding Guidelines are expected this summer. Additional detail on how Community Air Protection funds are being administered in accord with the requirements of the draft CCI Funding Guidelines is provided in Appendix B.

Finally, 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 transitions 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 align well with 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.

## **II. ADVICE AND GUIDANCE FROM COMMUNITIES AND STAKEHOLDERS**

To gather advice from community members on how the Moyer Program can assist in meeting the goals of AB 617, CARB staff held four public workshops in cooperation with local air districts and the California Air Pollution Control Officers Association. To facilitate community and public participation as much as possible, staff scheduled evening workshops February 20 in Fresno (with videoconference connections to

Bakersfield and Modesto), February 22 in the City of Commerce, and February 26 in Oakland. A daytime workshop with live webcast was held February 21 in Sacramento. About 170 people attended the four workshops, not counting attendance via webcast.

The workshops served as a platform for community members, potential grant applicants, and others to express concerns and suggest direction on addressing those concerns. CARB staff provided overviews of AB 617, the Moyer Program, and ideas for a Community Air Protection Funds Guidelines Supplement, while air district representatives spoke about local implementation of the Moyer Program and Community Air Protection funds in the context of AB 617. At least half of each workshop was devoted to questions and comments from the public. Several of the themes that emerged in public comment are summarized below.

- **Communities of Concern:** There was broad agreement that disadvantaged communities and sensitive receptors sites are areas that need attention and assistance. There was repeat mention of the need to address emissions from facilities that serve freight transport, including ports, distribution centers, and warehouses. Participants worried about highways and hot spot areas with high diesel emissions.
- **Outreach:** Participants urged community engagement and leadership as key to successfully addressing AB 617 goals and funding meaningful projects. To increase modes of communication with the public and communities, some workshop participants recommended less formal forums and more one on one communication, such as creation of community task forces and workgroups, creation of social media accounts and cell phone apps to receive direct public input, and work with organizations such as Earth Justice and the Right to Zero campaign.
- **Project Types:** The public identified a variety of project types that were needed, with a common focus by community members on funding replacement vehicles that are zero emission wherever feasible (hydrogen or electric) and moving away from diesel. There was emphasis on replacing school buses, public transportation (e.g. transit buses, commuter vans), and heavy-duty diesel on-road vehicles (e.g. port trucks, refuse trucks). Participants highlighted the need to provide supporting infrastructure for new technologies to be successfully adopted, specifically mentioning electric vehicle charging stations (residential, non-residential, and rural communities), and hydrogen re-fueling stations.

Some changes in project eligibility that were suggested conflict with statutory requirements of the Moyer Program, or would take too long to develop for this round of funding. CARB staff will continue to work with community members and other stakeholders to develop the funding program to meet the needs of the broader AB 617 Community Air Protection Program.

- **Funding Amounts:** Funding amounts in the short term and long term were a topic of discussion. While it was noted that providing larger grant amounts would result in fewer overall projects, commenters generally favored higher grant amounts to enable participation by smaller entities not otherwise able to participate in grant programs like the Moyer Program. Other questions and comments were in regard to increasing the cost-effectiveness limit and lowering the project cost sharing amount in disadvantaged communities.
- **Eligibility and Application Process:** Questions arose in regards to who would be able to apply for grant funds. Small fleets? Large fleets? Small, independent businesses? Large businesses? Non-profits? Concern was expressed about multiple funding programs with varying levels of complexity, air agency staff in “silos,” and the need to reduce both confusion and the time involved in navigating the grant application process. Participants suggested providing application help would boost the number of applications from disadvantaged communities.
- **Checking Progress:** An overall concern was expressed through questions about the need to ensure that the promise of AB 617 bears fruit. Questioners asked: Why will Moyer projects have more impact on communities now? How is CARB going to measure and ensure that the goals of AB 617 are met? Is there a need for more monitoring when communities are already experiencing bad air quality? How will people in neighborhoods know whether they are receiving project benefits at the local level? Community representatives also expressed a desire for greater transparency in general, including a greater voice in selecting projects.
- **Doing More in the Future:** An important part of the discussions was acknowledging the limits of the current Moyer and Proposition 1B Programs and the broader vision of AB 617 beyond the immediate question of how to spend current-year Community Air Protection funds. Commenters pointed out the importance of characterizing the needs for future funds, provided guidance on additional refinements to district operation and outreach, and suggested ways to better support the overall implementation of AB 617. Ideas like the following emerged:
  - Future-year Community Air Protection funds must address stationary sources to fully support AB 617. Community organizations have previously spoken about the local impacts of refineries and other oil and gas facilities, and smaller industrial sources such as chrome platers and dry cleaners.
  - Do more about vehicle idling, including idling by law enforcement vehicles and by people waiting at schools. This suggests a future program may need to address behaviors, idle-limiting measure for engines, or both.

- For mobile sources, look beyond what current Moyer and Proposition 1B can currently address. Two examples: (1) Expand mass transit fleets to improve service and reduce single-occupant vehicle travel; (2) Replace marine vessels that are too old to be repowered, including university research vessels. Ideas like these deserve further consideration but could not be implemented immediately; fleet additions are not recognized by the U.S. EPA as providing SIP-creditable emissions reductions, and full replacement of marine vessels is unlikely to be cost-effective.
- Clean up lawn-and-garden equipment at schools. There was also discussion of a facilities-based “green schools” effort to address the full array of sources at schools along with efforts to minimize exposure in the classroom.
- Small businesses need more opportunity to replace equipment that may run occasionally, but runs for long periods when it is used. Total yearly usage does not reflect the impact of day-long use in a neighborhood.
- Look at technology; create phone applications to enable quicker reporting of pollution problems.
- Some participants expressed appreciation for the outreach effort and the ample opportunity to provide ideas, but others urged more “round table” meetings rather than workshops, as a way to get broader participation.

Participants recognized the need for a new funding program that responds to the full range of local emission sources. Support was unanimous for more funding over the long term to enable greater numbers of more diverse project types that reduce exposure to harmful pollution, and to meet the desire for greater community involvement and support that is central to AB 617. Staff recognizes these needs and will continue its dialogue with communities to develop a long-term Community Air Protection incentive funding program that provides greater flexibility to meet the community needs as identified through the AB 617 process.

### **III. STAFF PROPOSAL TO ADDRESS COMMUNITY NEEDS THROUGH A SUPPLEMENT TO THE MOYER PROGRAM GUIDELINES**

As a result of suggestions from community members, comments at the public workshops and discussion with air districts who will implement Community Air Protection funds, CARB staff have identified four objectives to be addressed in the Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines:

1. *Support Advanced Technology in the Vehicles, Equipment and Infrastructure that Operate in Impacted Communities.*
2. *Reduce Barriers to Participation in the Moyer Program;*
3. *Protect Sensitive Receptors; and*
4. *Help Clean Up Freight-Related Activities in Impacted Communities;*

These are discussed in turn below, and specific Guideline language is provided in the Community Air Protection Funds Guidelines Supplement (Appendix A).

#### **A. Support Advanced Technology in the Vehicles, Equipment and Infrastructure that Operate in Impacted Communities**

Community support for advanced technologies was strongly expressed at the public workshops. Participants cautioned against supporting cleaner diesel vehicles, instead favoring zero-emission technologies wherever feasible. Thus, zero-emissions technologies and supporting infrastructure are the primary focus of the proposed changes at this time.

Low NOx technologies do have a role, especially with regards to heavy-duty truck technology, where zero-emission technologies cannot currently compete and where a new natural gas engine is available. However, AB 134 already allows air districts to allocate up to 40 percent of their funds to the Proposition 1B program for on-road trucks, which currently has a low NOx natural gas focus and allows up to \$100,000 per vehicle.

In some categories, like locomotives, and marine vessels, neither zero-emission nor natural gas are viable options at the present. In those cases, significant community benefits can be achieved by moving to the cleanest diesel technologies, and CARB staff are proposing several changes to accelerate that transition.

The proposed Community Air Protection Supplement to the Carl Moyer Program 2017 Guidelines will increase support for vehicles that use the cleanest technologies through the elimination of funding caps and increases in the share of project cost that the Moyer Program can cover while remaining within the bounds of project cost-effectiveness. Additionally, staff proposes to increase the percentage of eligible cost the Program will provide towards infrastructure. As discussed below, these changes will also help reduce the barriers to participating in the Moyer program.

#### **B. Reduce Barriers to Participation in the Moyer Program**

Prospective applicants, including those who may live and work in disadvantaged and low-income areas, may face barriers of project cost and eligibility. There are several limiting factors that affect grant funding under the Moyer Program – statute dictates that

all projects must be held to a cost-effectiveness limit, but the desire to ensure that the Moyer funds have a further reach have led to the establishment of other limits including an overall funding cap and a cost-sharing requirement.

Per the community discussions, this approach may have had the unintended consequence of limiting participation in the Moyer Program, especially for smaller fleets. Thus, to best serve the needs of AB 617, a different priority is called for. Putting cleaner technologies in place demands a greater commitment of public resources. Comments at the February workshops clarified for CARB staff that current grant amounts, even where appropriate by Moyer Program standards, are often not sufficient incentive to commit to new vehicles and equipment, particularly when there is an element of risk perceived in accepting alternative fuels or equipment powered by electricity. Commenters made it clear that pollution-burdened communities need those advanced technologies, but often applicants, many of whom live and work in those communities, may not be able to afford them with current Moyer Program incentives.

As a result, staff proposes the elimination of funding caps and a reduction in the portion of project costs paid by grant applicants using the Community Air Protection funds, particularly for advanced technology projects. Per statute, the cost-effectiveness limits will remain in place as-is – adjusting cost-effectiveness limits requires a level of analysis and preparation that current time constraints do not allow -- thus CARB staff acknowledges the limits may remain a barrier for some applicants. However, they serve to ensure priority is given also to replacing the engines that operate the most in affected communities.

The proposed changes to cost percentage and the elimination of funding caps are shown in Appendix A, Table A-1. In addition, for co-funded projects, the 15 percent applicant cost share required in the 2017 Moyer Guidelines would be 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 only a 10 percent applicant cost share requirement.

School bus State Funding Caps remain consistent with those found in Chapter 4, On-Road Vehicles in the 2017 Moyer Program Guidelines. State Funding Caps were already adjusted to ensure adequate funding could be provided to school districts that lacked the funds to otherwise participate in the Moyer Program. CARB staff propose other areas, however, where added flexibility for school bus projects is warranted, as discussed below.



### **C. Protect Sensitive Receptors**

AB 617 defines sensitive receptor sites to include schools, hospitals, day care centers and other sites as later determined by CARB through AB 617 implementation. (H&SC § 42705.5(a)(5)). AB 617 specifically points out the need to focus on protecting sensitive receptors within communities that experience a high air pollution exposure burden, and community guidance so far suggests widespread public approval and support for that aspect of AB 617.

School buses are already an eligible equipment category and have been since the Moyer Program's inception, but until the implementation of additional statutory flexibility added by SB 513 (Chapter 610, Statutes of 2015) they were rarely seen as an attractive funding option in the Moyer Program. The passage of SB 513 introduced numerous changes to school bus eligibility, allowing CARB to increase the cost-effectiveness limit for school buses to enable to ensure most school buses would be eligible for a grant sufficient to enable replacement. Therefore, staff is proposing changes to work with this higher limit to provide greater flexibility and ease the process for school districts in impacted communities.

Staff has identified several potential changes to Moyer Program school bus eligibility:

- Extend school bus cost-effectiveness limits and eligibility to private school bus fleets servicing public schools;
- Allow average fleet usage to be used to determine potential grant amounts; and
- Ensure that the applicants from other oversubscribed school bus incentive programs are eligible for Community Air Protection funds wherever feasible.

The immediate result of these changes is the potential for additional projects that will invariably reduce air pollution and air toxics exposure to a vulnerable population served by aging, high-polluting fleets that have historically been limited in the number of viable funding options available to them.

Extend school bus project eligibility to private school bus fleets servicing public schools. Under the 2017 Moyer Program Guidelines, privately owned school buses that transport public school children are eligible for funding only under the general on-road provisions, and as such are not currently an attractive option for funding. Staff recognizes that replacing an aging, high-polluting school bus used to transport public school children will serve to reduce exposure to those children and support the goals of AB 617, regardless of whether the school bus is privately or publicly owned. Staff recommends that private transportation providers that own school buses and contract with public school districts to provide transportation services for public school children be granted eligibility for Community Air Protection funds.

Allow average school bus fleet usage to be used when determining potential grant amounts. Staff has identified that many school districts struggle to replace the oldest, highest-polluting vehicles in their fleets. The oldest school buses are typically used the least relative to other vehicles in a fleet and are often only eligible for Moyer Program grant amounts that are prohibitively low, resulting in funds being spent to replace newer, more frequently-used school buses instead. These oldest buses will remain indefinitely in fleets with few other funding options besides the Moyer Program, continually exposing school children to high levels of pollutants even as the rest of the fleet's school buses are cleaned up. In recognition of the difficulties faced by many school districts in replacing their oldest school buses, and in light of the need to reduce exposure to sensitive receptors in impacted communities as identified in AB 617, staff recommends that eligible applicants be allowed to substitute the average annual mileage of their school bus fleet in place of the historical usage of the individual school bus to be replaced.

Ensure that applicants from other oversubscribed school bus incentive programs are eligible for Community Air Protection funds wherever feasible. There are a growing number of incentive programs that can support school bus projects, but school districts often lack the resources to invest time and effort into focusing on more than one such program, or even into determining which programs are best to focus on in the first place. Furthermore, the need for school bus incentives often far outstrips the availability of funds. To ease this challenge, staff proposes working with other incentive programs, air districts, and the applicant school districts themselves to ensure connectivity among the programs.

As an example of how this issue may be approached on a program-by-program basis, staff points to the potential interplay between the Moyer Program and the Rural School Bus Pilot Project. In 2017, CARB provided GGRF funds to North Coast Air Quality Management District to administer the Rural School Bus Pilot Project. School districts could apply to replace their old school buses with new diesel, compressed natural gas, or propane school buses provided they would be using renewable fuel, or they could apply to expand their fleets with the purchase of new electric school buses. The Pilot Project was significantly oversubscribed, and the funds were exhausted with over 400 applications remaining. The Rural School Bus Pilot Project will continue in 2018 with a new solicitation and injection of funds, but demand will still far outstrip the amount of funding that will be available. Many of the projects in these applications will still be eligible for funding under the Moyer Program using Community Air Protection funds with only moderate structural changes, and CARB staff can work with the air districts and the oversubscribed applicants to ensure that as many of them as possible can shift their focus to Community Air Protection funds. Differences that may impact the eligibility of

Rural School Bus Pilot Project applications submitted to air districts for Community Air Protection funds include:

- Moyer Program projects are subject to cost-effectiveness limits, and may not be eligible for the full funding amount as determined by the Rural School Bus Pilot Project;
- The Moyer Program requires a scrappage component, and so applications for electric school buses will need to include a baseline school bus to scrap; and
- The Moyer Program does not require the use of renewable fuels for conventional diesel or alternative fuel replacements.

This proposal will require both CARB and air district staff resources in the form of outreach and program support to the school districts. Districts may need to collect some added information to move Pilot Project applications into their Moyer Programs, as applications made to other incentive programs may require additional information to attain eligibility for Community Air Protection funds.

Increased opportunity to fund infrastructure near sensitive receptors. Included is a new category of funding for electric and alternative fuel infrastructure located at sensitive receptor sites. For the sites specified in AB 617, CARB staff proposes the Moyer Program could cover the full cost of new infrastructure, extending the decision made in the Moyer Program 2017 Guidelines to cover school bus fueling and charging infrastructure in full.

#### **D. Help Clean Up Freight-Related Activities in Impacted Communities**

Many ports, railyards, warehouses and distribution centers operate in or near disadvantaged and low-income communities, and the Moyer Program has historically provided a great deal of funding over the years to support efforts to cleanup freight-related operations. However, at the workshops, community groups specified that diesel engine operation at these freight hubs is an ongoing, and in some cases, a growing concern.

The ability to fund vehicles under the Proposition 1B Program Guidelines will help address this concern. As mentioned above, the Proposition 1B Program ranks projects to ensure the most cost-effective are funded first, but provides a fixed grant amount for each eligible project. This method provides even lower-usage applicants greater opportunity to replace high-polluting trucks.

Vehicles themselves are not the only source of concern, however. Transport Refrigeration Units (TRUs) operate in large numbers at distribution centers, cold storage warehouses, truck stops, packing houses, and other types of freight facilities. Although these engines are relatively small, they currently meet much less stringent emission

standards than the trucks that haul them, and TRUs operate for extended periods of time while at these locations. TRU emissions contribute to increased excess cancer risk in surrounding communities, impacting the health of those communities and adding considerable risk to sensitive receptors. Although CARB is currently developing a regulation to reduce residual public health risk caused by TRUs over the next decade, funding zero-emission TRUs, hybrid-electric TRUs, and infrastructure ahead of these future regulatory compliance dates will reduce TRU emissions at these locations. Staff's proposed changes clarify TRU project eligibility and increases TRU funding by up to 75 percent of the project cost rather than 50 percent, within cost-effectiveness limits. These changes are intended to generate interest in TRU projects that can immediately reduce emissions of concern in impacted communities.

Finally, staff proposes that infrastructure projects located at a port, railyard or other freight facility would receive an additional ten percent increase to the Maximum Percentages of Eligible Cost cover by the program. Combined with the funding available for cleaner vehicles, this should encourage transformative action at these facilities.

#### **IV. CALIFORNIA ENVIRONMENTAL QUALITY ACT**

CARB conducts any environmental review required by the California Environmental Quality Act (CEQA) under its program certified by the Secretary of Natural Resources Agency (title 17, California Code of Regulations, §§ 60001-60007). Staff has determined that the proposed Community Air Protection Funds Supplement to the 2017 Moyer Program Guidelines are not a "project" subject to CEQA review because the 2017 Moyer Program Guidelines are a government funding mechanism or other government fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (title 14, California Code of Regulations, § 15738(b)(4)). Even if the 2017 Moyer Program Guidelines constituted a CEQA "project," CARB's approval of the Guideline supplement would be exempt from CEQA review under title 14, California Code of Regulations, § 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposed revisions may have a significant adverse impact on the environment. Modifications to the 2017 Moyer Program Guidelines are primarily to project eligibility and funding opportunities that achieve emission reductions or enable emission reductions beyond what is required by existing regulations. The revisions do not result in any significant adverse impacts on the environment; rather, they have the potential to result in beneficial air quality impacts by reducing emissions of criteria and toxic air pollutants.

## **V. SUMMARY AND RECOMMENDATIONS**

AB 617 calls for increased community air monitoring, local emissions reduction programs concurrent with and resulting from that increased monitoring, accelerated retrofit of pollution controls on industrial sources, expanded enforcement activities for emissions violations, and greater transparency and availability of air quality and emissions data. The current Community Air Protection funds represent only a small part of the overall mission of the Community Air Protection Program. However, that role is vital in providing an immediate first step in addressing the concerns of heavily-burdened communities.

Staff recommends the Board approve the proposed Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines. The Guideline supplement will enable Moyer Program projects funded with Community Air Protection funds to better support the goals of AB 617 and achieve immediate emissions reduction in impacted communities.

CARB and the air districts have just begun to implement the Community Air Protection Program, and are committed to working with community groups to maximize immediate air quality benefits in a manner both meaningful and impactful to them, and to utilize future incentive funds to support the program's goals as its broader structure takes shape.

This page intentionally left blank

## APPENDIX A:

### 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 (Chapter 14, Statutes of 2017). Air districts choosing to allocate up to 40 percent of their funds to incentivize clean truck projects in accordance with CARB Proposition 1B Program Guidelines will refer to the Proposition 1B 2015 Goods Movement Emission Reduction Program Guidelines for information relative to funding amounts and truck evaluation. The Moyer Program Guideline modifications for Community Air Protection funds shown below do not apply to Proposition 1B Program projects.

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

The changes shown on the next page in Table A-1 apply only to projects funded with Community Air Protection funds. 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 continue to 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 listed in Table A-1, for the vehicles and equipment technology types shown in the table, take precedence for Moyer Community Air Protection 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 also 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 remain consistent with those found in Chapter 4: On-Road Heavy-Duty Vehicles in the 2017 Moyer Program Guidelines.

Sensitive receptors include schools, hospitals, day care centers, and such other locations as the district or CARB may determine (H&SC § 42705.5(a)(5)).

**Table A-1  
Maximum Percentage of Eligible Cost Requirements and State Funding Caps**

Category	Project Type		2017 Guidelines		Community Air Protection	
			State Funding Cap	Maximum* Eligible Cost	State Funding Cap	Maximum* Eligible Cost
On-Road	Zero-Emission Replacements or Conversions	Transit Buses	\$ 80,000	80%/80%/50%	None	95%/90%/60%
		HHD Vehicles	\$ 200,000	80%/80%/50%	None	95%/90%/60%
		MHD Vehicles	\$ 150,000	80%/80%/50%	None	95%/90%/60%
		LHD Vehicles	\$ 80,000	80%/80%/50%	None	95%/90%/60%
	Emergency Vehicles	None	80%	None	90%	
Off-Road	Diesel Repower		None	85%	None	95%
	LSI Repower		None	85%	None	95%
	Repower to Zero-Emission		None	85%	None	95%
	Mobile Equipment Replacement		None	80%	None	90%
	Portable Equipment Replacement		None	80%	None	90%
Locomotive	Class1 / Class 2		None	75%	None	85%
	Class 3 and Passenger		None	85%	None	95%
Marine	Vessels Subject to Commercial Harbor Craft (CHC) Regulation	Tier 0/1 Repower to Tier 3	None	50%	None	60%
		Tier 0/1 Repower to Tier 4	None	85%	None	95%
		Tier 2 Repower to Tier 3	None	80%	None	90%
		Tier 2 Repower to Tier 4	None	85%	None	95%
	Vessels not Subject to CHC Regulation	Tier 0/1/2 Repower to Tier 3	None	80%	None	90%
		Tier 0/1/2 Repower to Tier 4	None	85%	None	95%
	Installation of EPA Verified Hybrid System		None	85%	None	95%
Shore Power - Ship Side		None	100%/50%	None	100%/65%	
Infrastructure	Any Infrastructure Project		None	50%	None	60%
	Any Infrastructure Project Located at a Sensitive Receptor		None	50%	None	100%
	Publicly Accessible Projects		None	60%	None	70%
	Projects with Solar/Wind Power Systems		None	65%	None	75%
	Publicly Accessible Projects with Solar/Wind Power Systems		None	75%	None	85%
	Public School Bus Charging/Alt. Funding		None	100%	None	100%
	Additional Incentive for Projects Also Serving a Port/Railyard/Freight Facility		None	N/A	None	+10%

\* 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.



## **B. Guideline Modifications to Add Greater Flexibility for School Buses**

The proposed changes to school bus eligibility for projects funded with Community Air Protection funds require the following Moyer Program Guideline modifications.

- 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). Non-profit agencies, private schools, and other private companies are not eligible to receive funding for school bus projects. 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**

The proposed clarification to transport refrigeration unit eligibility and increase in funding share requires the following guideline modification.

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 Locomotive Projects are not Eligible to Receive Community Air Protection Funds**

The proposed guideline modification will 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.

## APPENDIX B:

### MAXIMIZING BENEFITS TO DISADVANTAGED COMMUNITIES AND LOW-INCOME COMMUNITIES AND HOUSEHOLDS

CARB's August 2017 Draft Funding Guidelines for Agencies that Administer California Climate Investments (Draft CCI Funding Guidelines) establish requirements and recommendations for maximizing AB 1550 benefits for California Climate Investments.<sup>1</sup> Although these guidelines only apply to programs funded with Cap-and-Trade auction proceeds, CARB is also striving to maximize disadvantaged community, low-income community, and low-income household benefits for the other investments included under the Community Air Protection Program.

This appendix summarizes the steps CARB staff is taking to meet these requirements. CARB is now in the process of updating the CCI Funding Guidelines to address legislation passed in 2017 and FY 2017-18 appropriations. On February 2, 2018, CARB released a discussion document to provide an overview and solicit comments on anticipated changes.<sup>2</sup> 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 Goods Movement Emission Reduction Program 2015 Guidelines will be administered in accordance with all requirements of the CCI Funding Guidelines.

The specific requirements within the Draft CCI Funding Guidelines for State agencies related to evaluating investments for AB 1550 benefits and maximizing these benefits, particularly for disadvantaged communities, are summarized below, along with the actions CARB is taking to address them.

Draft CCI Funding Guideline Requirement: Assess overall program structure for opportunities to target investments to benefit AB 1550 populations and evaluate projects for potential benefits to AB 1550 populations, using the criteria contained in Appendix 2.A of the Draft CCI Funding Guidelines.

CARB 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

---

<sup>1</sup>See Climate Changes Investments Guidelines, Volume II, Investments to Benefit AB 1550 Populations, Draft for Public Comments, August 4, 2017.

[https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/2017\\_draft\\_funding\\_guidelines.pdf](https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/2017_draft_funding_guidelines.pdf).

<sup>2</sup> <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/funding-guidelines-discussiondoc-2018.pdf>.

least 80 percent of funds be invested in projects meeting one of the AB 1550 criteria. Targets have been established for Community Air Protection funds as follows:

- At least 50 percent of funds for projects located within a disadvantaged community census tract;
- At least 25 percent of funds for projects located within a low-income community census tract;
- At least 5 percent of funds for projects located outside of a disadvantaged community but within ½ mile of a disadvantaged community and within a low-income community census tract.

The subset of Community Air Protection funds meeting each of the targets above will be reported in future *Annual Reports to the Legislature on California Climate Investments Using Cap-and-Trade Proceeds*. 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 communities that are later designated as communities of concern through the AB 617 process. As a result, CARB expects to exceed the 50 percent target for disadvantaged community census tracts. This may result in a reduction in share of funds for projects in low-income community census tracts outside of disadvantaged communities, where it does not prove feasible to exceed the overall 80 percent investment by equal measure.

Draft CCI Funding Guideline Requirement: Target funding, to the extent feasible, for projects that are located within and benefit residents of AB 1550 communities and low-income households. When selecting projects, give priority to those that maximize benefits to disadvantaged communities.

CARB Action: As discussed above, the existing program structure and Community Air Protection funds grant agreements will help ensure the targets identified for Community Air Protection funds are met. The grant agreements require that air districts “select projects for funding in a manner that emphasizes localized reductions of criteria and toxic emissions in communities of high cumulative exposure burden,” and that “projects provide immediate and near-term emission reductions in disadvantaged and low-income communities as defined in SB 535 and AB 1550.”

Draft CCI Funding Guideline Requirement: Provide direct outreach to disadvantaged communities and identify an agency point or contact to provide the information on funding opportunities and to coordinate with other State agencies on California Climate Investments.

CARB Action: In cooperation with local air districts and the California Air Pollution Control Officers Association, CARB recently held workshops on Community Air Protection funds to reach out to disadvantaged and low income communities, as well as potential Moyer Program grant applicants for equipment they operate in those communities. To ensure as much community and public participation as possible, staff scheduled evening workshops February 20 in Fresno (with videoconference connections to Bakersfield and Modesto), February 22 in the City of Commerce, and February 26 in Oakland. A daytime workshop with live webcast was held February 21 in Sacramento. About 170 people attended the four workshops, not counting attendance via webcast.

Outreach by air districts is continuing. 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 Moyer projects, and provide documentation showing how the received input was considered in project selection.” The three largest air districts, recipients of 95 percent of Fiscal Year 2017-18 Community Air Protection funds, have additional public meetings scheduled. Bay Area and San Joaquin Valley districts are using both online and paper surveys to collect public advice on the kinds of projects that will make a difference in their communities.

*Points of Contact:* 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 CCI Calendar on a regular basis.

*Websites:* 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>. The three largest air districts have also established websites for their Community Air Protection Programs and these incentive funds.

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

CARB Action: CARB staff has drafted this Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines, to be considered 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 and the comments made at the February workshops. This will help the expenditure of Community Air Protection funds to meet or exceed AB 1550 program requirements.

Draft CCI Funding Guideline Requirement: Track and report emissions relative to AB 1550 requirements.

CARB Action: CARB Moyer Program staff will be working with air districts to develop, collect and report the data required to assess Community Air Protection projects as required to determine AB 1550 benefits. This includes all information necessary to complete the evaluations specified in CARB's California Climate Investments (CCI) Funding Guidelines for Greenhouse Gas Reduction Funds (GGRF).

Community Air Protection funds administered through Carl Moyer Program grants are intended to reduce emissions beginning this year, to support the goals of AB 617. The Moyer program is a criteria pollutant emission reduction program that emphasizes reducing oxides of nitrogen and diesel particulate matter through cleaner vehicles and equipment. For GGRF, however, there is need to focus on also reducing or facilitating reductions of climate change pollutants, especially greenhouse gases specified under AB 32. Under AB 1550 these funds must also maximize benefits to disadvantaged and low-income communities. Some of these communities will also be designated communities of concern under AB 617, and some will be areas the Moyer Program must continue to benefit under AB 1390 requirements (H&SC § 43023.5). Given these various program missions, reporting must address an array of data needs.

Reporting requirements set forth in the Moyer Program Guidelines will apply to Moyer projects funded with the new Community Air Protection funds, with the overlay of flexibility enabled with the Moyer Guidelines Supplement. Reporting requirements set forth in the Proposition 1B Program Guidelines will apply to clean truck projects for the portion of Community Air Protection Funds designated by air districts as Proposition 1B Program projects. To the extent feasible the existing Clean Air Reporting Log (for Moyer projects) and Goods Movement Online Database (for Proposition 1B Program projects) will be used to collect project information. CARB will need to develop and provide additional tools for districts to address other requirements for Community Air Protection funds, including those specific to both the Moyer Guidelines Supplement and to CCI.

Thus, the reporting requirements for GGRF under the CCI Funding Guidelines are new and additional to those under existing Moyer and Proposition 1B Program reporting frameworks. For CCI reporting, CARB and local air districts will work together to identify (a) how each project satisfies criteria for benefiting disadvantaged and low-income communities, as specified in Table 2.A-1 of CCI Funding Guidelines, (b) project location information to document criteria and toxic emissions benefits by census tract in those communities, and (c) other information to

support the calculation of reduction in greenhouse gases from Community Air Protection projects. CARB will work with districts to address these and other reporting procedures specified for low carbon transportation incentives in Volume 3 of the CCI Funding Guidelines.

Draft CCI Funding Guideline Requirement: Assess how projects benefiting AB 1550 populations meet a community or household need.

CARB Action: Staff reviewed the commonly identified needs of AB 1550 populations in the Draft CCI Funding Guidelines.<sup>3</sup> The needs to be met by Community Air Protection-funded projects are listed below.

- **Reduce health harms suffered disproportionately by AB 1550 populations due to air pollutants.**  
As discussed above, CARB grant agreements require that at least 80 percent of Community Air Protection funds be invested in projects that meet AB 1550 criteria. All Community Air Protection-funded 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.**  
As discussed above, public workshops have informed the development CARB guidelines. 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. This will reduce exposure to air contaminants. Projects selected must provide “direct, meaningful and assured benefits to residents of AB 1550 communities,” per Community Air Protection funds grant agreements.

---

<sup>3</sup> For list of Examples of Common Needs of AB 1550 Populations (as identified by community advocates), refer to Table 2-2 of the Draft California Climate Investments Guidelines.

This page intentionally left blank



**APPENDIX C:**

**PROPOSITION 1B EQUIPMENT PROJECT OPTIONS FOR TRUCKS**

2015 Program Guidelines

Eligible Truck Options		Max Program Funding				Project life
All Fleet		Class 5	Class 6	Class 7	Class 8	
<b>A</b>	New MY 2016+ engine zero emission truck	\$80,000	\$100,000	\$200,000	\$200,000	5 Years*
<b>B</b>	New MY 2016+engine hybrid zero emission mile truck	\$50,000	\$65,000	\$150,000	\$150,000	
<b>C</b>	New MY 2016+ engine optional low-NOx truck (0.02 g/bhp-hr or less)	\$40,000	\$50,000	\$100,000	\$100,000	
<b>D</b>	New MY 2016+ engine hybrid truck	\$35,000	\$45,000	\$80,000	\$80,000	
<b>E</b>	New MY 2016+ engine natural gas truck	\$25,000	\$40,000	\$65,000	\$65,000	
<b>Available to Small Fleets Only</b>			<b>Class 6</b>	<b>Class 7</b>	<b>Class 8</b>	
<b>I</b>	Repower with a new MY 2016+ engine		\$10,000	20,000	\$20,000	

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