

DATE: September 13, 2017

Mail-Out #MSC 17-17

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP ON THE FISCAL YEAR 2017-18 FUNDING PLAN FOR  
CLEAN TRANSPORTATION INCENTIVES

---

The California Air Resources Board (CARB or Board) invites you to participate in a public workshop on the Fiscal Year (FY) 2017-18 Funding Plan for Clean Transportation Incentives. The FY 2017-18 Funding Plan will describe CARB's proposed investments from the following clean transportation incentive funding sources:

- The \$28.64 million Air Quality Improvement Program (AQIP).
- \$25 million Volkswagen settlement funding for the zero-emission vehicle (ZEV) aspects of vehicle replacement programs.
- The new \$50 million Zero/Near-Zero Emission Warehouse Program created by Senate Bill (SB) 132 (Committee on Budget and Fiscal Review, Chapter 7, Statutes of 2017).
- The \$560 million proposed appropriation for Low Carbon Transportation Program using Cap-and-Trade auction proceeds currently pending before the Legislature.

Additional proposed Cap-and-Trade auction proceeds funding for two new CARB incentive programs is also pending before the Legislature: one to reduce agricultural sector emissions and another for air districts to reduce emissions to achieve early actions for the community emission reduction programs developed pursuant to Assembly Bill (AB) 617 (Garcia, Chapter 136, Statutes of 2017). These new programs are outside of the scope of this workshop and the FY 2017-18 Clean Transportation Incentives Funding Plan. CARB will launch separate public processes focused for these new programs shortly.

The meeting will be held at the following time and place:

Date: Wednesday, October 4, 2017  
Time: 9:30 am to 4:30 pm  
Place: Cal/EPA Headquarters Building  
Sierra Hearing Room, Second Floor  
1001 I Street  
Sacramento, California 95814

This meeting will be webcast for those unable to attend in person. The broadcast can be accessed on the day of the workshop at <https://video.calepa.ca.gov/>. Information on submitting comments will be provided during the webcast for remote participants.

Staff plans to post a draft Funding Plan outlining its proposals on project categories, funding allocations, and project criteria for this funding about a week before the workshop on CARB's Low Carbon Transportation/AQIP website at <https://www.arb.ca.gov/aqip/>. The draft document will include a workshop agenda. Staff's presentation will be posted on this website the morning of the workshop.

This is the final planned public workshop for the FY 2017-18 Funding Plan, building on input received at a previous public workshop and 15 public work group meetings held earlier this year. Staff will release a proposed Funding Plan, incorporating input received at this workshop, later this year. The Board will consider the proposed Funding Plan at a public meeting after a 30 day public comment period.

## **Background**

AQIP: AQIP is a voluntary, mobile source incentive program that focuses on reducing criteria pollutant and diesel particulate emissions with concurrent reductions in greenhouse gas emissions. The FY 2017-18 State Budget includes \$28.64 million for AQIP. AQIP has provided funding for the Clean Vehicle Rebate Project (CVRP), truck and bus vouchers, and advanced technology demonstrations since 2009. In recent years, these projects have been primarily funded with Low Carbon Transportation appropriations, and the majority of AQIP funds have been directed to the Truck Loan Assistance Program and other diesel emission reduction projects.

Volkswagen Settlement Funds for ZEV-Aspects of Vehicle Replacement: CARB has entered into several partial consent decrees with Volkswagen to resolve claims against the company for equipping its diesel vehicles with illegal defeat devices. One of the partial consent decrees requires Volkswagen to pay CARB \$25 million to fund the ZEV-related aspects of the EFMP Plus Up Program or the ZEV-related aspects of similar vehicle replacement programs. In the Budget Act of 2017, the Legislature appropriated \$25 million to CARB to implement this part of the settlement and provided additional direction to CARB on how these funds should be spent. The Legislature specified that a portion of these funds shall be used to support the expansion of EFMP Plus-up statewide including developing a tool to improve program efficiency and verify participant eligibility. The Legislature also specified that a portion may be used to increase community outreach efforts.

Zero/Near-Zero Emission Warehouse Program: SB 132 amended the Budget Act of 2016 to appropriate \$50 million to CARB in one-time funding for a new Zero/Near Zero-Emission Warehouse Program. Per SB 132, these funds are to be used for a competitive funding program to advance implementation of zero- and near zero-emission warehouses and technology with a requirement for a one-to-one match resulting in \$100 million for projects. The Legislature directed CARB to develop criteria for implementing this program using the AQIP funding plan process.

California Climate Investments Low Carbon Transportation Funding: The Low Carbon Transportation program is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy and improving public health and the environment, particularly in disadvantaged communities. CARB's Low Carbon Transportation Program is designed to accelerate the transition to low carbon freight and passenger transportation with a priority on providing health and economic benefits to California's most disadvantaged communities. These investments support the Governor's climate change strategy pillars of a 50 percent reduction in petroleum use in vehicles by 2030 and reducing short-lived climate pollutants and the Governor's goal to deploy 1.5 million ZEVs by 2025. These investments also reduce ozone precursor emissions and toxic diesel particulate emissions, supporting the State's goals in these areas.

The Legislature has appropriated nearly \$700 million to CARB for Low Carbon Transportation projects over the past four budget cycles. This is being used to fund zero-emission and plug-in hybrid passenger vehicles through CVRP, light-duty vehicle equity projects to increase access to clean transportation in disadvantaged communities and for lower-income Californians, deployment incentives for clean trucks and buses using zero-emission, hybrid, and low nitrogen oxides (NOx) technologies, and advanced technology demonstration projects for freight trucks and equipment.

A \$560 million proposal for Low Carbon Transportation Program funding is pending before the Legislature.

Annual Funding Plan: The annual funding plan is each year's blueprint for expending Low Carbon Transportation and AQIP funds appropriated to CARB in the State budget. This year's Funding Plan will include two additional one-time funding sources: (1) the Volkswagen settlement funding for the ZEV aspects of vehicle replacement programs; and (2) the Zero/Near Zero-Emission Warehouse Program. The plan describes CARB's policy drivers and vision for advanced technology mobile source investments, eligible project categories and criteria, project funding allocations, and program implementation details, and provides the justification for these investments. If CARB is appropriated Low Carbon Transportation funding, the Funding Plan will also address the new requirements of AB 1550 (Gomez, Chapter 369, Statutes of 2016) related to disadvantaged and low-income community investments.

## **Meeting Information**

At this workshop, CARB staff will discuss and seek input on:

- Recommended funding allocations and project categories for FY 2017-18 AQIP funds and the Low Carbon Transportation Program if the Legislature appropriates CARB funding for that purpose.

- Recommendations for allocating the \$25 million Volkswagen settlement funds for ZEV-related aspects of vehicle replacement programs consistent with the consent decree and the Legislature's directions.
- Recommendations on the program design and criteria for the new Zero/ Near Zero-Emission Warehouse Program.
- A three-year investment strategy for heavy-duty vehicle and off-road equipment that staff has developed to guide its heavy-duty project proposals. The three-year strategy includes the status of heavy-duty technology development and the funding needs for advancing these technologies.

### **Contact**

If you have questions regarding the workshop, please contact Mr. Andrew Panson, Staff Air Pollution Specialist, at (916) 323-2809 or by email at [andrew.panson@arb.ca.gov](mailto:andrew.panson@arb.ca.gov).

### **Special Accommodations**

If you require a special accommodation or need this document in an alternate format (i.e. Braille, large print) or another language, please contact Ms. Stella Ling-Taylor, Air Pollution Specialist, at (916) 322-6369 or by email at [stella.lingtaylor@arb.ca.gov](mailto:stella.lingtaylor@arb.ca.gov) as soon as possible, but no later than 10 business days before the scheduled meeting. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia.
- Documentos disponibles en un formato alternativo u otro idioma.
- Una acomodación razonable relacionados con una incapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 324-0342 o envíe un fax a (916) 327-8524 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

Sincerely,

/s/

Jack Kitowski, Chief  
Mobile Source Control Division

cc: Andrew Panson  
Staff Air Pollution Specialist  
Mobile Source Control Division

Stella Ling-Taylor  
Air Pollution Specialist  
Mobile Source Control Division