



# Air Resources Board



Matthew Rodriguez  
Secretary for  
Environmental Protection

Mary D. Nichols, Chairman  
1001 I Street • P.O. Box 2815  
Sacramento, California 95812 • [www.arb.ca.gov](http://www.arb.ca.gov)

Edmund G. Brown Jr.  
Governor

August 6, 2012

Barry R. Wallerstein, D.Env.  
Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, California 91765

Dear Dr. Wallerstein:

As you are aware, the Air Resources Board (ARB) has concluded a program review of the South Coast Air Quality Management District's (District) implementation of State sponsored incentive programs, including the Lower-Emission School Bus Program (School Bus Program), the Diesel Emission Reductions Act, the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program), and the Proposition 1B Goods Movement Emission Reduction Program (Goods Movement Program). In addition, ARB contracted with the Department of Finance (DOF) to conduct a fiscal review of the District's uses of these funding sources. For each of these reviews, the scope included grants made in fiscal years 2005-06 through 2008-09.

During the period of time covered by this program review, the District administered the largest State-sponsored air quality incentive program in California, implementing over \$416 million in State grants and District-provided matching funds to reduce emissions through the purchase of:

- over 390 new school buses,
- over 1000 retrofits of school bus engines,
- over 2600 engine replacements and/or retrofits in the Carl Moyer Program, and
- over 2700 truck replacements and 60 engine retrofits in the Goods Movement Program.

The ARB program review report is enclosed. Our review confirmed that the District's incentive programs achieve early and surplus reductions of ozone precursor and toxic emissions. The report presents no findings (concerns) in the Goods Movement Program, and commends the District for continuing to fund Goods Movement Program early grant projects from December 2008 through March 2009 with District funds during

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

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a State-mandated freeze of Proposition 1B funds, achieving emission reductions up to four months earlier than they would otherwise have occurred.

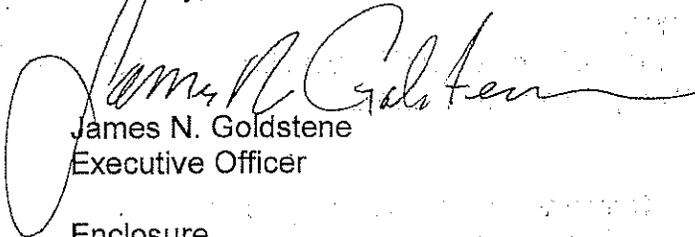
The report also presents findings for the School Bus Program and the Carl Moyer Program. The report describes actions taken by the District during the review to correct issues quickly, lists District actions needed to fully correct several issues, and makes recommendations on how the District can further improve its incentive programs. Since the findings were initially shared and discussed with the District, I understand the District has taken the necessary actions to address the issues identified in the DOF fiscal review report, and has already begun addressing the findings noted in ARB's report.

Under established program review guidelines, the District has 30 days from the date of this cover letter to respond to the attached reports. The District's response to the program review report, once received, will be posted together with the program review report on the ARB website. We encourage you to also make this information public within the District.

I want to thank you and your staff for working with both DOE and ARB to conduct these reviews, and sincerely appreciate the District's patience with the extended time required to complete the process. There is no doubt that the District's incentive programs have significantly contributed to air quality improvement in the South Coast Air Basin. With your cooperation the review has resulted in steps that, once completed, will help improve the fiscal and administrative foundation of the District's incentive programs implementation, and will help us move closer to our mutual goal of clean air for all Californians.

We look forward to working further with you and your staff. If you have any questions about the reviews, please contact Tim Hartigan, Air Pollution Specialist, at (916) 324-0202 or via email at [thartiga@arb.ca.gov](mailto:thartiga@arb.ca.gov), or Scott Rowland, Chief, On-Road Controls Branch, at (626) 350-6518 or via email at [growland@arb.ca.gov](mailto:growland@arb.ca.gov).

Sincerely,



James N. Goldstene  
Executive Officer

Enclosure

cc: See next page.

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