



Air Resources Board



Linda S. Adams
Secretary for
Environmental Protection

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Arnold Schwarzenegger
Governor

December 14, 2010

Larry Greene
Executive Director
Sacramento Metropolitan Air Quality Management District
777 12th Street, Third Floor
Sacramento, California 95814-1908

Dear Mr. Greene:

As you are aware, the Air Resources Board (ARB) recently conducted an audit of the Sacramento Metropolitan Air Quality Management District's (District) implementation of the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) and the Lower-Emission School Bus Program (School Bus Program). In conjunction with that audit, ARB performed an evaluation of the District's related use of funds collected under Assembly Bill 923 (AB 923). Per the 2008 Carl Moyer Program Guidelines, Program Administration Chapter, sections 9(c) and 22(b)(2), our evaluation was limited to assessing project eligibility and is reported via this letter, separate from the main audit report

Eligibility determination. The audit sample consisted of a school bus retrofit project funded with \$30,400 of AB 923 fees. ARB audit staff has determined that the project, San Juan Unified School District, number VET-05-0057, was not eligible to receive AB 923 funds.

Discussion. State law limits how AB 923 funds can be spent; such funds can be spent on four types of projects listed in Health and Safety Code section 41081(d)(2). One of the four allowable project types listed is the school bus replacement projects pursuant to the School Bus Program; however, school bus retrofit projects are not listed. Because the project reviewed was a school bus retrofit project, it is ineligible for AB 923 funding pursuant to Health and Safety Code section 41081(d)(2).

The Health and Safety Code section cited above also allows projects that are eligible for Carl Moyer Program funding to receive AB 923 funds; therefore, staff also evaluated the project for eligibility under Carl Moyer Program criteria. Audit staff determined that the project is ineligible under those criteria for reasons that include the following: it exceeded

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California Environmental Protection Agency

Mr. Larry Greene
December 14, 2010
Page 2

the allowed cost-effectiveness threshold, the project file did not contain numerous pieces of key information needed to establish eligibility, there was no evidence in the file that the project was pre- or post-inspected by the District, and the project included ineligible fuel costs.

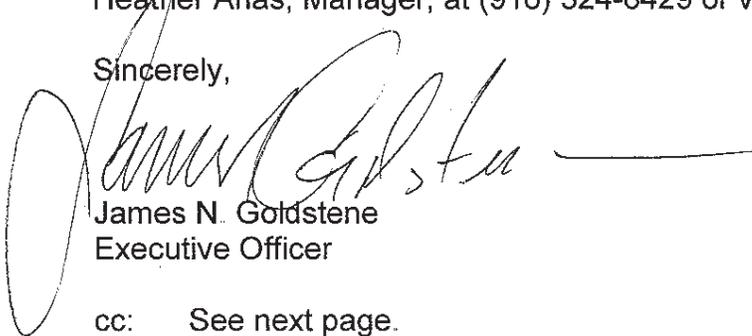
Required actions. The District has fully mitigated this error. The District withdrew AB 923 funds from the project and substituted local construction mitigation funds that do not have the same eligibility restrictions. The District then redirected the \$30,400 AB 923 funds to another project - an off-road repower (Independent Construction, number VET-05-0052). Audit staff has determined that this project meets Carl Moyer Program eligibility criteria and is thus eligible to be funded under AB 923.

Because the District has already provided full mitigation, no further action is required.

The District has 30 days from the date of this letter to submit comments. After that, ARB's evaluation (this letter) and the District's written responses will be posted on the ARB website. We encourage you to make this information public within the District.

Thank you for your partnership in implementing State incentive programs. We look forward to working in cooperation with you to ensure the continued success of these important programs to improve air quality. If you have any questions, please contact Liz Ota, Air Pollution Specialist, at (916) 327-9435 or via email at eota@arb.ca.gov, or Heather Arias, Manager, at (916) 324-6429 or via email at harias@arb.ca.gov.

Sincerely,



James N. Goldstene
Executive Officer

cc: See next page.

Mr Larry Greene
December 14, 2010
Page 3

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