

EXECUTIVE SUMMARY

Since 1998, the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) has filled a critical niche in California's strategy to achieve clean air. The Carl Moyer Program provides funding to encourage the voluntary purchase of cleaner-than-required engines, equipment, and emission reduction technologies. While regulations continue to be the primary means to reduce air pollution emissions, the Carl Moyer Program plays a complementary role to California's regulatory program by funding emission reductions that are surplus, i.e., early and/or in excess of what is required by regulation. The Carl Moyer Program accelerates the turnover of old highly-polluting engines, speeds the commercialization of advanced emission controls, and reduces air pollution impacts on environmental justice communities. Emission reductions achieved through the Carl Moyer Program are an important component of the California State Implementation Plan, the State's federally-required plan to meet the ambient air standards.

In its first 12 years, the Carl Moyer Program provided over \$680 million in state and local funds to clean-up over 24,000 engines. This reduced about 100,000 tons of ozone precursor pollutants, which include oxides of nitrogen (NOx) reactive organic gases (ROG), and 6,000 tons of toxic diesel particulate matter (PM) throughout California. . For fiscal year 2010/2011, approximately \$69 million of State funding is available through the Carl Moyer Program, with an additional \$50 million of local funds that can be spent on similar projects.

The Carl Moyer Program is implemented through a partnership between the California Air Resources Board (ARB) and local California air pollution control/air quality management districts (air districts). The Health & Safety Code directs ARB to oversee the Carl Moyer Program by managing program funds; developing and revising guidelines, protocols, and criteria for covered vehicle projects; and determining methodologies used for evaluating project cost-effectiveness. ARB also distributes State funds to participating air districts for program implementation each year. Air districts follow the Carl Moyer Program Guidelines (Guidelines) to select, fund, and monitor specific clean air projects in their areas.

These Guidelines spell out basic requirements for administrative procedures, eligibility criteria for projects in different source categories, cost-effectiveness criteria, and reporting practices. The Guidelines also include requirements for administering the Voucher Incentive Programs and the Agricultural Assistance Program. While the Guidelines incorporate criteria specified in State law and provide basic standards for program implementation, air districts may impose additional and/or more stringent criteria in order to tailor their programs to meet local needs (except in the Voucher Incentive Programs). This affords air districts with considerable flexibility in Carl Moyer Program implementation while ensuring the proper and responsible use of State funds.

As a result of the current economic climate, ongoing implementation of existing regulations, and changes mandated by statute, stakeholders have asked ARB to

consider changes to allow greater flexibility and expand opportunities to fund emissions reduction projects. Through public workshops, workgroup meetings, and the advisory group chaired by ARB Board Member Sandra Berg, staff has taken this valuable input and used it to develop the proposed revisions in this document.

The staff's proposal increases eligibility for funding of projects to achieve surplus emissions reductions and streamlines the administrative processes while adhering to all statutory requirements. Staff's proposal includes the addition of two new source categories: Emergency Vehicles (Fire Apparatus) and Lawn and Garden Equipment Replacement. In addition, the proposed Guidelines include a new Off-Road Voucher Incentive Program, a streamlined Off-Road Equipment Replacement Program, and a revised methodology for determining surplus emission reductions. Finally, the proposed 2011 Guidelines also incorporate changes that have been previously approved under the Executive Officer's authority granted by the Board, such as the inclusion and modifications of the Voucher Incentive Programs, providing additional flexibility in the replacement programs, streamlining administrative requirements, and include legislatively directed updates.

These 2011 Guidelines affect Carl Moyer Program projects beginning with those funded with fiscal year 2011/2012 funds. Air districts may also opt to utilize these Guidelines for projects funded with fiscal year 2010/2011 funds.

Over the years, the Carl Moyer Program has played a crucial role by offering financial incentives for companies to reduce emissions by upgrading engines and equipment sooner than required by regulations. The revisions presented in this latest version of the Guidelines look to adapt to new challenges facing businesses and public agencies. Looking ahead, ARB will continue to monitor the effectiveness of the Carl Moyer Program, including listening to stakeholder feedback, while recognizing that the health of our society, the changes in our economy, and the need to improve air quality are inseparable.