

Public Meeting to Consider Near-Term Revisions to the Lower-Emission School Bus Program Guidelines and the Carl Moyer Incentive Program Guidelines



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 **Air Resources Board**
California Environmental Protection Agency

In memory of Dr. Carl Moyer
(1937 - 1997)

The Carl Moyer Program is named in honor of the late Dr. Carl Moyer, whose extraordinary dedication, hard work, vision and leadership made this program possible. He created and masterminded this program, in a noble effort to unite business and government in the name of public interest to improve California's air quality.

This update was a collaborative effort and has benefited from the valuable contributions of the participating air districts. The ARB appreciates the considerable efforts of air district staff both in the development of these guidelines as well as the day-to-day implementation of the Lower Emission School Bus Program and the Carl Moyer Program.

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EXECUTIVE SUMMARY

California's air pollution control program is one of the most effective in the world. Coordinated state, regional, and local efforts have steadily improved our air quality. As a result, the air is the cleanest in years. Despite these improvements, California continues to face the nation's greatest air quality challenge. Every year more than 90 percent of all Californians breathe unhealthy polluted air. This harms our health and the economy.

The California Air Resources Board (ARB), together with the 35 local air districts, is responsible for developing and implementing strategies to reduce air pollution and achieve health-based ambient air quality standards. Emission standards on new vehicles and engines help to reduce air pollution as older engines are retired and replaced by newer, cleaner vehicles and engines. However, regulations are only one strategy to reduce air pollution. Since 1998, the Carl Moyer Memorial Air Quality Standards Attainment Program (CMP) has filled a critical niche in California's strategy to achieve clean air, by providing financial incentives to reduce emissions. Similarly, the Lower-Emission School Bus Program (LESBP) has played a pivotal role reducing children's exposure to diesel exhaust.

In October and December 2009 and January 2010, five workshops were held to provide an opportunity for stakeholders to share broad input on issues that staff should consider in guideline revisions. As a result of feedback received from stakeholders, staff proposes changes to the CMP Guidelines and the LESBP Guidelines. The proposed changes include:

- Expanding the Voucher Incentive Program (VIP) to include Medium-Duty Vehicles and vehicles with lower mileage
- Expanding VIP to simplify the funding of on-road retrofits
- Extending project life for farm equipment
- Continuing flexibility for off-road retrofits
- Updating calculations for Locomotive projects
- Streamlining requirements for air districts, including reducing requirements for small and rural air districts implementing the program
- Raising the emissions requirement for replacement school buses
- Streamlining disbursement of LESBP funds
- Extending the deadline for retrofitting of school buses

These proposed near-term revisions to the current Guidelines are designed to increase program participation and increase funding eligibility across several categories including both on-road and off-road projects. Program administration updates are designed to be easily integrated into air districts' day-to-day operations and may be incorporated immediately.

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1. Introduction and Background

The Carl Moyer Program (CMP) encourages the voluntary purchase of cleaner-than-required engines, equipment, and emission reduction technologies and provides grant funding to the regulated community and interested stakeholders as an incentive. Emission reductions achieved through the CMP are an important component of the California State Implementation Plan, the State's federally-required plan aimed at meeting clean air goals. The CMP has proven to be very cost-effective in reducing emissions with the demand for grants, routinely surpassing the amount of available funding.

Over its first nine years, the CMP provided over \$360 million to clean up approximately 17,700 engines throughout California. This achieved emission reductions of about 41 tons per day of oxides of nitrogen and 1.5 tons per day of toxic diesel particulate matter. While the legislative focus of the CMP has been on achieving reductions of criteria and toxic pollutants, recent funding provided to alternative fuels and electrification projects, such as pier-side shore power projects, have had a beneficial impact on greenhouse gas emissions as well.

The success and popularity of the CMP paved the way for the creation of other incentive programs such as the Lower-Emission School Bus Program (LESBP). Since 2001, the LESBP has protected vulnerable populations, particularly California's school children, from the harmful effects of air pollution. Similar to the CMP, the success of the LESBP is in part due to the collaborative efforts and strong partnership developed between the ARB and local air districts and school districts that implement the program. The LESBP provides incentive grants to reduce emissions from school buses through purchases of replacement buses and the installation of retrofit technologies on existing buses.

When the LESBP began in 2001, staff estimated that approximately 6,600 pre-1987 model year buses were operating within California's public school fleet. Of these, nearly 1,900 buses, or approximately 30 percent, pre-dated the minimum federal motor vehicle safety standards that went into effect in 1977. Today, staff estimates less than 2,800 pre-1987 model year buses remain in use and fewer than 100 are of the oldest vintages, a reduction of 95% of the pre-1977 model years.

Previous State funds, totaling over \$100 million, replaced 600 of the oldest, most polluting public school buses, and equipped about 3,800 other diesel buses with ARB-verified pollution control equipment that significantly reduce toxic particulate matter emissions. An additional \$200 million has been allocated to the LESBP through Proposition 1B, approved by voters in November 2006. Thus far, ARB has received 75 percent of those funds and will continue the mission of replacing old and dirty school buses and retrofitting middle aged buses in California's public school fleet.

2. Staff Proposal

As the Carl Moyer Program enters its twelfth year and the Lower-Emission School Bus program enters its ninth year since its inception, ARB staff seeks to improve all aspects of the Programs; updating technical data, streamlining administrative requirements, and enhancing customer service through increased transparency. ARB staff recognizes the need to update the current Program Guidelines to respond to a changing landscape as a result of increased regulatory activity, the recent changes in the economic environment and their impact on the eligibility and feasibility of projects, and feedback received from the regulated community and interested stakeholders.

In October and December 2009 and January 2010, five workshops were held to provide an opportunity for stakeholders to share broad input on issues that staff should consider in the guideline revisions. As a result of feedback received from stakeholders, staff proposes changes to the Carl Moyer Program Guidelines and the LESBP Guidelines, which are summarized below, with the specific proposed language contained in the Attachments.

a. Lower-Emission School Bus Program

In response to the legislative impacts on funding and feedback received from stakeholders, ARB staff proposes modifications to the 2008 LESBP Guidelines with near-term changes designed to provide additional funding opportunities. The proposed modifications include changes to the engine emission requirements, retrofit installation deadline changes, and revisions to the funding distribution process. Additionally, staff evaluated the cost cap for replacement school buses and determined that there is no need to raise the cost cap at this time.

1. Raise Emission Requirement for Replacement School Buses in 2010

Currently, the LESBP requires an emission standard of 0.2 g/bhp-hr NO_x for 2010 MY replacement school buses funded through the program. Staff recommends changing the required NO_x emission standard from 0.2 g/bhp-hr for 2010 model year buses to a standard of 0.50 g/bhp-hr FEL for any model year engine funded in the 2010 calendar year. This proposed change is due to the limited number of school buses that are being manufactured and certified at or below the 0.2 g/bhp-hr NO_x emission levels, and would allow continued funding for the cleanest school buses available. The emission standard for LESBP funding will be evaluated and, if necessary, updated at the staff level by the end of the first quarter of each year.

2. Streamline Disbursement Process

When originally written, the 2008 LESBP guidelines required disbursements to be provided to the air districts in limited installment amounts in an effort to evenly supply the market with requests for new school buses and retrofits. Now, the economy has

slowed such that the bond sales intended to fund this program are not predictable. For these reasons, staff proposes to modify the disbursement process to allow air districts the opportunity to request funds as they become available as long as the currently required documentation has been provided by the local air district.

In addition, the 2008 LESBP guidelines specified that any liquidated damages will be administered through a withhold by the ARB of five percent of the total grant fund award to each air district until after April 1, 2011. Because of the slow release of bond funds and current contract requirements that safeguard school districts, staff proposes to eliminate this five percent withhold of air district funds.

3. Extend Retrofit Funding Deadline

Current Guidelines require that retrofit projects be expended by June 30, 2010. Due to the slow release of Proposition 1B funds in 2009 for the LESBP, many school districts and local air districts have expressed concerns about meeting the June 30, 2010 deadline. In response, ARB staff proposes adjusting the retrofit deadline to allow expenditure through June 30, 2012.

4. Retain Current Cost Caps

In response to requests from school bus manufacturers, staff considered increasing the current replacement school bus cost cap and CNG infrastructure cost cap. In 2007, the price for a basic diesel-fueled school bus was \$115,000. Since then, the emissions standards have changed and inflation has led to an increase in cost. The price for a basic 2010 model year diesel-fueled school bus is approximately \$140,000 before taxes and slightly below \$165,000 with taxes. Because of this increase, staff considered an increase to the current \$140,000 cost cap for replacement school buses as well as the CNG infrastructure cost cap. However, the impact of this change would be that fewer school buses and retrofits could be purchased with the school bus program funding, reducing the effectiveness of the emissions reduction program. Furthermore, the remaining 1977-1986 model year school buses require a \$25,000 match, so the current \$140,000 LESBP funding plus the \$25,000 match is sufficient to purchase replacement school buses. Therefore, staff recommends retaining the current \$140,000 cost cap as well as the CNG infrastructure cap.

b. Carl Moyer Program

In response to recent legislation as well as feedback received from stakeholders, staff proposes near-term changes to three source categories of the CMP: On-Road Vehicles, Off-Road Equipment, and Locomotives. In addition, staff proposes modifications to the Administrative requirements of the program.

1. On-Road Vehicles

The Voucher Incentive Program (VIP) was launched in 2009 to provide a quick and streamlined funding option for small fleet truck owners throughout the State. VIP funding is available throughout California, and complements the Fleet Modernization program that is available in several participating air districts. Staff has closely monitored the implementation of the new VIP program and received feedback from stakeholders on how it could be improved to increase participation among truck owners and create a more streamlined truck replacement program.

Staff's recommendations:

- (1) Open VIP to Medium Heavy-Duty Vehicles (MHDV): Currently, the VIP allows only heavy heavy-duty vehicles (i.e. with a declared Gross/Combined Gross Vehicle Weight Rating greater than 60,000 pounds (lbs.)) to participate. This proposed change would also allow medium heavy-duty vehicles, with a gross vehicle weight rating of 19,501 lbs or greater, to participate at specified funding levels. Staff expects this change to increase participation because there is a large potential market of small fleets that operate medium heavy-duty vehicles.
- (2) Expand available VIP funding options: The VIP currently allows trucks to qualify for funding if they meet minimum usage requirements of 30,000 miles per year or 4,700 gallons of diesel fuel per year. Staff is recommending new funding levels that have a range of usage thresholds (i.e. 15,000 miles, 20,000 miles, 30,000 miles, etc.). This would allow trucks with lower usage to have the opportunity to participate, and trucks with higher usage would qualify for higher funding amounts.
- (3) Increase the maximum VIP funding available per truck to \$45,000: Staff proposes to increase the maximum funding amounts from the current \$35,000 per truck to \$45,000 per truck. Actual funding amounts would depend on usage increments, weight class, and whether the replacement truck is new or used.
- (4) Expand eligibility of old engines from 1993 and older to 2002 and older: The current VIP and CMP Fleet Modernization Programs require the old truck to have a 1993 or older engine. Staff recommends increasing eligibility up through model year 2002. This modification will help to increase participation in the program while also achieving additional emission reductions. In addition, this recommendation would help to streamline these programs for air districts and applicants by aligning these programs more closely with the Proposition 1B Goods Movement program.
- (5) Expand VIP to fund retrofits: Staff proposes to add a new retrofit funding option that would complement the existing replacement grants available through VIP. Grants of up to \$5,000 would be available for ARB-verified retrofit devices. Trucks with engine model year 2004 through 2006 in small fleets (1-3 vehicles) would be eligible for funding, consistent with existing CMP retrofit funding criteria. Staff expects this new funding option to help small fleets achieve emission reductions before regulatory

deadlines, while ensuring that retrofits are not installed on trucks destined for short term replacement.

(6) Make additional minor changes to the VIP: Based on feedback from air districts, dealerships, dismantlers, and truck owners during the launch of the program, staff recommends several minor changes to the VIP Guidelines that should help increase participation and add clarity for the participants.

2. Off-Road Equipment

(1) Update Off-Road Diesel Retrofit Waiver: Under the 2008 CMP Guidelines, air districts may allow off-road diesel applicants to opt-out of the default retrofit requirement. Applicants must sign a waiver acknowledging that due to existing or future regulations, they may be required to install a retrofit on the funded equipment at their own cost. Although this flexibility expired on March 27, 2009, ARB continued to allow air districts to offer the waiver after March 27, 2009.

Based on discussions with stakeholders, staff recommends continuing this flexibility indefinitely for equipment not subject to an in-use regulation. For equipment subject to an in-use regulation, the Board has determined that it is important to require retrofits for this equipment in order to protect the public's health.

For districts that previously offered the retrofit waiver to their applicants, staff proposes to allow a three month grace period for the processing of off-road applications. Applications received prior to the Board approval date may still be funded utilizing the retrofit waiver. However, to utilize the retrofit waiver, these projects must be committed to by the air district (as defined in the Guidelines, Section 15 of the Program Administration Chapter) no later than three months after Board approval of the proposed language. Off-road project applications received after the Board approval date would require retrofits as described in the revised language, Chapter 5, Section IV(b)(9) & (10) and Chapter 7, Section IV(c)(9) & (10) of the Guidelines.

(2) Modify Farm Equipment Project Life and Surplus Requirement: Under SBX2_3 (Florez), the Legislature required the CMP to be modified with regard to off-road farm equipment. The language directs that off-road farm equipment projects be allowed to have a minimum 10 year project life and that projects can be funded up until a regulatory compliance deadline. Off-road equipment includes portable and mobile equipment, but does not include stationary equipment. To implement SBX2_3 staff recommends revisions to the following CMP chapters: Off-Road Compression-Ignition Equipment, Off-Road Large Spark-Ignition Equipment, Off-Road Equipment Replacement, and Agricultural Sources. These chapters would be updated to allow for a maximum 10 year project life for mobile and portable farm equipment, and include a definition for farm equipment.

Project life affects the cost-effectiveness of a project, and many air districts rank and select projects for funding based on the cost-effectiveness of a project. As a result, the

project life for farm equipment would be capped at 10 years in order to reduce the ranking bias that would apply to farm equipment if a longer project life were to be allowed. Currently, the majority of non-farm projects have a five year project life for off-road compression-ignition and off-road large spark-ignition equipment, so allowing a project life greater than 10 years for farm equipment would further skew the ranking towards farm projects. Therefore, a 10 year cap for farm projects follows the direction of SBX2_3 while providing the most equity between allowable project life for farm equipment and other equipment eligible for CMP funding.

For off-road farm equipment which are subject to an in-use regulation, staff recommends the applicable chapters be revised to allow projects to be eligible for funding up to the compliance date. These include forklifts used for crop preparation, as well as portable equipment that falls under the definition of farm equipment.

(3) Expand Off-Road Equipment Replacement Program: The Off-Road Equipment Replacement Program was added to the 2008 CMP Guidelines. One of the basic requirements for the program was that equipment must have an uncontrolled (Tier 0) engine.

Staff recommends revising the Guidelines to allow equipment with Tier 1 or Tier 2 engines to participate in order to increase participation in the program. Replacement of these engines with newer engines or electric motors will achieve cost-effective emissions reductions and reduce exposure to Diesel particulates.

3. Locomotives

Staff proposes several technical changes to ensure that locomotive projects are evaluated appropriately.

(1) Update Locomotive Fuel Consumption Rate Factors (Table B-25): Staff is recommending the use of new factors consistent with the update released in April 2009 by the US Environmental Protection Agency (EPA) (EPA-420-F-09-025, *Emission Factors for Locomotives*.)

**Table 1
Locomotive Fuel Consumption Factors**

Old Fuel Consumption Rate Factor Table B-25 (2008 CMP Guidelines)		New Fuel Consumption Rate Factor Table 3 (EPA-420-F-09-025)	
Application	bhp-hr/gal	Application	bhp-hr/gal
≥ 750 hp	20.8	Line-Haul and Passenger (Class I/II)	20.8
< 750 hp	18.5	Line-Haul and Passenger (Class III)	18.2
		Switcher	15.2

(2) Correct Example Locomotive Emission Calculation (Example 2, Appendix E) and Add Supplemental Document, “Method for Estimating Fuel Consumption of New Locomotive”: Staff has determined that the project activity is not consistent between the baseline locomotive and the locomotive using alternative switcher technology, and this is not correctly reflected in the current Guidelines example calculations. Since the new locomotive will move approximately the same number of freight cars the same distance, it is not appropriate that the calculations show less work performed by the new engine(s). Therefore, staff is recommending that the calculation of emissions for the replacement locomotive be made by assuming that the total work performed is the same for both locomotives. Detailed instructions for estimating the fuel consumption of the new locomotive for contract purposes is described in the proposed new supplemental document, “Method for Estimating Fuel Consumption of New Locomotive.” Air districts may propose an alternate method of estimating the fuel consumption of a new locomotive for case-by-case approval.

(3) Accept Non-Fuel Based Project Activity: The 2008 CMP Guidelines currently require that locomotive project activity be based on fuel consumption (page VIII-5 (IV)(a)(4)). Staff proposes including the ability for air districts to propose an alternate project activity source, such as actual usage data logged electronically by one or more locomotives, for case-by-case approval.

4. Administrative Changes

Staff proposes a number of changes to the Guidelines regarding the ARB and air district administration of the program to better reflect the current economic situation and to streamline the process. These proposed changes include:

(1) Modify the Usage Requirement in Contracts: Under the 2008 CMP Guidelines, all project contracts must specify the amount an engine is required to operate within California, or the air district, each year based on hours, miles, or fuel usage. However,

with the unforeseen disruptions in typical activity experienced by many businesses, staff recommends that air districts be allowed to waive the usage requirement in existing projects where the grant recipient demonstrates to the satisfaction of the Air Pollution Control Officer that the equipment currently subject to the usage requirements was idled (or significantly underutilized) due to unforeseen conditions beyond the control of the participant.

To be considered for a waiver of the minimum annual usage requirement, the participant must provide a written request to the air district along with documentation that substantiates the unforeseen conditions leading to the lower usage rate. The participant must also demonstrate that the equipment for which a waiver is being requested is not being idled (or significantly underutilized) in favor of operating other, higher-polluting equipment.

Air districts would clearly define the types of acceptable documentation and incorporate it into their policies and procedures manuals, which would be subject to ARB approval at ARB's request. In granting a waiver of the minimum annual usage requirement, the air district shall specify the length of time for which the waiver is valid. The waiver will not excuse the participant from any contract requirement to provide annual usage reports.

In addition, staff recommends that future contracts need not include usage requirements, if robust historical documentation is provided by the applicant. The types of acceptable documentation for establishing historical annual usage will be clearly defined and incorporated into each air district's policies and procedures manual, and will be subject to ARB approval at ARB's request. The requirement that owners submit annual usage reports would be retained, to ensure that actual project usage would be tracked.

(2) Update Cost-Effectiveness Limit and Capital Recovery Factor: The CMP Guidelines currently include a cost-effectiveness limit of \$16,000 per weighted ton of emissions reduced and capital recovery factors (CRFs) based on a discount rate of four percent. Health and Safety Code Section 44283(a) authorizes the Board to update cost-effectiveness criteria to reflect consumer price index adjustments. Staff recommends updating the cost-effectiveness limit from the current \$16,000, to \$16,400 based upon inflation reflected in the California Consumer Price Index (CA CPI). The \$16,400 limit is based upon the annual CA CPI through the 2009 calendar year, adjusting for changes in inflation since the CMP Guidelines were approved. Staff also recommends updating the CRFs to account for a revised discount rate of two percent. Health and Safety Code Section 44283(d) requires that the cost-effectiveness of Carl Moyer Projects be annualized using a time value of public funds. As has been done in previous CMP guideline revisions, the proposed updated CRF is based upon the average annual yields for U.S. Treasury securities, averaged over 2009 calendar year, with a 3-year, 5-year, 7-year, and 10-year maturation. The methodology to determine the cost-effectiveness of CMP projects remains unchanged from the CMP Guidelines

(see Appendix C Cost-Effectiveness Calculation Methodology). Local air districts may continue to set lower cost effectiveness limits to maximize program effectiveness.

(3) Update Match Fund Formula: Participation in the CMP requires a \$1 match for every \$2 in program funds received with the current match fund formula designed to cap funds required of air districts at \$12M statewide. Due to the manner and timing in which fees that contribute to CMP funds are collected, the total program allocation may change after the original allocation. The current match formula does not work well with changes to the allocation amount and can contribute to a delay in fund distribution. Staff proposes modifying the air district match fund commitment to equal 15 percent of each air district's grant allocation. Fifteen percent is based on previous average match requirements for air districts.

(4) Streamline Air District Applications: Staff recommends two modifications to streamline the air district application process. First, staff proposes removing the requirement that the air district submit a policies and procedures (P&P) manual each year for ARB approval as part of their application. Under the staff's proposal, air districts must submit a P&P manual for the current 2008 Guidelines and obtain approval from ARB before they can receive any fund disbursement under the 2008 Guidelines. However, once an air district has received ARB approval for the current Guidelines (i.e. 2008 CMP Guidelines), it would not be required to annually re-submit a P&P to receive subsequent years fund disbursements. In lieu of submitting the P&P manual, air districts would submit a statement by a district representative (e.g. program staff) that an updated P&P manual is maintained on-site at the air district.

Additionally, under H&SC Section 44299.2(a), air districts are entitled to a minimum allocation of \$200,000 annually. Currently, air districts requesting only the minimum allocation can submit with their application a request that the match requirement be waived. Staff recommends that the match requirement automatically be waived for air districts taking only the minimum allocation of funding, thereby deleting the requirement to submit a waiver request.

(5) Streamline Fund Disbursements: As currently implemented, all air districts must submit disbursement requests a minimum of two times for full fund disbursements. Staff proposes to simplify this process to aid the air districts in efficiently implementing the program. Under the staff's proposal, all air districts would receive the entirety of administrative funds upfront in the initial disbursement. Additionally, air districts requesting the minimum allocation could receive the entirety of their project funds upfront in a single disbursement (i.e. \$200,000 including administrative funding). Air districts requesting more than the minimum allocation could receive at least \$200,000, and up to 10 percent of their project funds in their initial disbursement. Documentation of project commitment or of previous fiscal year expenditures would not be required to receive the initial disbursement.

For air districts to receive subsequent fund disbursements, the following criteria would have to be met: a) the most recent required yearly report must demonstrate on-time

expenditures consistent with H&SC Section 44287(k); b) program staff must submit documentation listing eligible projects and intent to fund, equal to the disbursement amount; c) air district program staff must certify that an executed contract will not be entered into prior to any project being approved by the Air Pollution Control Officer or Board approved designee (for those air districts not requiring Board action) or air district board (for those air districts requiring Board approval of projects) as consistent with their P&P manual.

(6) Simplify Earned Interest Reporting and Tracking: Air districts have expressed concerns regarding the lack of clarity and flexibility in the procedures outlined in the 2008 CMP Guidelines for tracking interest earned on CMP funds. In response to those concerns, staff proposes to simplify the procedures used for interest by aligning them with existing procedures used for the principle (i.e., CMP funds).

Under the staff's proposal, in the 2010 Yearly Report, air districts would report on all interest liquidated on projects and expended on program administration through June 30, 2010. Air districts would also report any unspent interest as of June 30, 2010, and would have the option of either returning such unspent interest to ARB, or retaining it and expending it on the same timetable (i.e., with the same contract execution and expenditure targets) as Year 13 CMP funds.

Beginning with the 2011 Yearly Report, the proposed revisions would require air districts to report annually regarding interest earnings and expenditures during the previous fiscal year. Air districts would have the option of returning unspent interest to ARB or adding it to the next year's CMP funds. Such interest funds would be treated the same as CMP funds, including having the same expenditure milestones.

The proposed revisions would retain the current Guideline provision that allows five or ten percent of interest (depending on the number of inhabitants in an air district) to be used on administrative expenses. A more restrictive and cumbersome calculation method for determining allowances for administrative expenses is proposed for deletion. That method is based on the amount of interest that accrues in a segregated administration fund account.

(7) Streamline Air District Reporting Requirements: Staff proposes Sections 17 and 19 be revised to reflect the changes as discussed in Mail-Out #MSC 09-05 which is already in effect. As discussed in the Mail-Out, the Status Report, Annual Report, and Final Report will be combined into one Yearly Report to help simplify air district reporting requirements. Section 17 outlined the requirements for air district submittal of the Annual Report. Section 19 outlined the requirements for air district submittal of the Final Report. Since these reports have been combined for simplicity into one document, the Yearly Report, those requirements outlined in Sections 17 and 19 are being combined into one section.

(8) Improve Tracking of Cumulative Progress: To assist with cumulative progress tracking, staff proposes that each air district submit to ARB the following pieces of information:

- Fiscal Year (FY) Grant amount (ARB provides)
- FY Disbursement amount (ARB provides)
- FY amount contracted
- FY amount expended

Staff proposes that the information be submitted in April and December to ARB by an air district program representative (e.g. program staff). The intent of this form is to ensure the overall progress of fund expenditure. In combination with the Yearly Report, the proposed form reporting dates are designed to get coverage of the required information throughout the year while minimizing overlap and extraneous reports. As an alternative, air district staff may contact ARB via e-mail or written response that the required information is updated in Clean Air Reporting Log (CARL) in which case ARB will generate the requested information.

(9) Reduce Requirements for Minimum Allocation and Rural Air Districts: Feedback received from several rural air districts stated it is overly cumbersome to require an application tracking system if the number of applications received is relatively small and easily manageable. Staff recommends deleting the requirement of an application tracking system for minimum allocation and rural air districts, as well as clarifying that, as an option, an air district may use CARL as the air districts application tracking system if all the CMP applications received by the air district are entered into CARL (i.e. whether the application is provided funding or not). Additionally, staff proposes to reduce the project pre-inspection requirement for minimum allocation and rural air districts. These air districts would need to pre-inspect only 25 percent of the total number of projects for that fiscal year's funding cycle, rather than 100 percent as currently required.

(10) Codify additional miscellaneous modifications made to the program: Several modifications and clarifications were made and explained in the CMP Advisory 08-009, also known as Mail-Out #MSC 09-05. In some cases, a revision was explained but no new language (strikeout/underline) was given. For these instances, staff has included new language reflecting those changes. These changes pertain to sections 5, 8, and 17 of the Program Administration chapter.

3. Implementation

Staff proposes that these modifications become effective upon Board approval, applicable to contracts fully executed after the Board approval date.

4. Conclusion

The proposed near-term changes, intended to increase program participation and project eligibility, should provide immediate assistance to air districts implementing the LESBP and Carl Moyer Program. However, long-term changes are also needed to address stakeholder concerns and ensure the program's continued success in reducing emissions. Within the framework of Health & Safety Code requirements and statutory limitations, staff will continue to monitor and evaluate the Carl Moyer Program. Potential updates and revisions will be vetted through the public process, as necessary, in consideration of the most cost effective use of public funds.