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TO: All Municipal and Utility Fleet Operators

SUBJECT: RECENTLY APPROVED CHANGES TO THE FLEET RULE FOR PUBLIC AGENCIES AND UTILITIES

At its December meeting, the Air Resources Board (ARB or Board) approved a number of clarifying and administrative changes to the Fleet Rule for Public Agencies and Utilities (Public Fleet Rule). The changes will be effective once they are approved by the Office of Administrative Law. The changes approved by the Board are summarized below:

I. Light Heavy-Duty Engines

Diesel engines used in heavy-duty vehicles are divided into service classes by gross vehicle weight rating (GVWR). Light heavy-duty vehicles are defined as vehicles of GVWR of above 14,000 through 19,500 pounds. As of January 1, 2009, municipalities and utilities must now include all heavy-duty vehicles, over 14,000 pounds GVWR including light heavy-duty vehicles, as part of their total fleet to meet the Public Fleet Rule compliance requirements, starting with the December 31, 2009, best available control technology (BACT) compliance date. If a municipality or utility already included all of its diesel vehicles over 14,000 pounds GVWR in previous records without seperately distinguishing those vehicles with light heavy-duty engines, then it does not have to do anything new. However, some fleets specifically excluded these vehicles, and now they are required to be included as part of their total fleet as of January 1, 2009.

A municipality or utility may apply for a one-year extension from the December 31, 2009, compliance deadline for all light heavy-duty engines provided that the fleet can demonstrate it cannot comply with the 2009 BACT compliance requirements through inclusion of their light heavy-duty vehicles. To qualify for such an extension, a municipality or utility must submit a letter and documentation to the Executive Officer by August 1, 2009. Documentation shall include, but is not limited to, budgeting schedules and proof of financial hardship, such as an analysis of cost of compliance, sources of available funds and shortfall between funds available and cost of compliance.

II. Vehicle Retirement Through Out-Of-State Sales

Under the Public Fleet Rule, a municipality or utility can satisfy BACT through vehicle retirement. Retirement is defined as a vehicle sold outside of California, scrapped, converted to low-usage, or sold in California if it already meets BACT.

With the approved changes to the Public Fleets Rule, for a vehicle to now qualify for retirement, a municipality or utility must:

1. submit to the Executive Officer a completed "Vehicle Identification Number – Stop" (VIN Stop) application, which can be done through ARB's website at: http://www.arb.ca.gov/msprog/publicfleets/vinstop/vinstop.htm ,

2. receive and maintain a VIN Stop submittal to the Department of Motor Vehicles in the municipality's or utility's records; and

3. if appropriate, obtain and maintain the out-of-state buyer's contact information, such as name, address and phone number for the vehicle sold outside of California and a statement of the out-of-state buyer's acknowledgement that the vehicle cannot be re-registered in California unless the vehicle is in compliance with BACT

In addition, when a municipality or utility uses a third party to sell its vehicle, it must include certain requirements in the vehicle sales contract. The sales contract must include a signed written statement from the third party vehicle seller who is responsible for:

1. ensuring that vehicle is sold outside of the State of California or if sold to an intermediate buyer in state, inform the intermediate buyer that the vehicle cannot be sold or operated within California unless the vehicle is in compliance with the BACT requirements of the Public Fleet Rule;
2. informing the buyer that the vehicle cannot be registered in California unless the vehicle is in compliance with the BACT requirements of the Public Fleet Rule; and
3. notifying the buyer that future buyers must be informed that the vehicle cannot be registered in California unless the vehicle is in compliance with BACT.

In addition, the municipality or utility must maintain a signed written statement from the third party vehicle seller, where the vehicle buyer acknowledges that the vehicle cannot be re-registered in California without meeting BACT.

III. Addition of Group 4 Engines

Because of flexibility provided new engine manufacturers in the engine certification program, some 2007 and newer model year engines do not meet the strict 0.01 gram per brake horsepower-hour (g/bhp-hr) Particulate Matter (PM) standard. However, when originally approved, the Public Fleet Rule exempted all 2007 and newer model year engines. To ensure that the Public Fleet Rule provides its anticipated PM emission reductions, the Board approved a new vehicle category, Group 4, for 2007 and newer model year engines that are certified above the 0.01 g/bhp-hr PM engine emission standard. Under the Board approved changes, Group 4 engines will have to comply with the Public Fleet Rule, including the application of BACT, vehicle labels, and record keeping requirements. 2007 and newer model year engines that meet the 0.01 g/bhp-hr PM emission standard will continue to not be subject to the Public Fleet Rule.

Table 1. Implementation Schedule for a Municipality and Utility, 1960 to Newer MY Engines.

Group	Engine Model-Years	Percentage of Group to Use Best Available Control Technology	Compliance Deadline as of Dec. 31
1	1960 – 1987	20 **60** 100	2007 **2009** 2011
2	1988 – 2002	20 **60** 100	2007 **2009** 2011
3	2003 – 2006	**50** 100	**2009** 2010
4	2007 and newer certified above 0.01g/bhp-hr std.	100	2012

2009 compliance deadlines shown in bold.

Table 2. Implementation Schedule for a Municipality or Utility Located in a Low Population County or Granted Low-Population County Status

Group	Engine Model-Years	Percentage of Group to Use Best Available Control Technology	Compliance Deadline as of Dec. 31
1	1960 – 1987	**20**	**2009**
		40	2011
		60	2013
		80	2015
		100	2017
2	1988 – 2002	20	2008
		40	2010
		60	2012
		80	2014
		100	2016
3	2003 – 2006	20	2011
		40	2012
		60	2013
		80	2014
		100	2015
4	2007 and newer certified above 0.01g/bhp-hr std.	20	2012
		40	2013
		60	2014
		80	2015
		100	2016

2009 compliance deadlines shown in bold

IV. Optional Delay of Intermediate and Final Compliance Deadlines for Group 2 and Group 3 Privately-Owned Utility Vehicles

Privately-owned utility vehicles will be subject to the recently approved In-Use On-Road Diesel Vehicle Regulation (Truck and Bus Rule) after they comply with BACT for their entire fleet under the Public Fleet Rule. Since these vehicles ultimately must comply with 2010 Model Year Oxides of Nitrogen (NOx) Emissions Equivalent standards under the Truck and Bus Rule, approved changes to the Public Fleet Rule allow privately-owned utility companies an optional 2-year delay of the intermediate and final BACT PM requirement deadlines for their Group 2 and Group 3 vehicles. This change will allow privately owned utilities to purchase vehicles that meet the 2010 model year NOx emissions equivalent standard when they become available and satisfy requirements under both the Public Fleet Rule and the Truck and Bus Rule.

The 2010 model year NOx emissions equivalent standard requires vehicles are equipped with NOx exhaust emissions less than or equal to that of a 2010 model-year engine. This reduction is equivalent to 85 percent NOx reduction of pre-2004 model year engines and 75 percent NOx reduction of 2004 to 2009 model year engines.

To take advantage of the optional two-year delay of the intermediate and final BACT PM requirement deadlines in the Public Fleet Rule, privately-owned utilities are required, by December 31, 2013, to have 30 percent of their total fleet vehicles meet a 2010 Model Year NOx Emissions Equivalent, and have an additional 20 percent of their total fleet vehicles meet a 2007 Model Year NOx Emissions Equivalent.

To apply for the optional two-year delay, a privately-owned utility must:

1. submit a letter to the Executive Officer, by December 31, 2009, stating the utility's intent to comply with this section;
2. by December 31, 2009, submit records required by section 2022.1 (f)(1);
3. label each vehicle in its fleet according section 2022.1(f)(3)(G);
4. by December 31, 2011, submit records required by section 2022.1(f)(1); and
5. by December 31, 2013, submit records required by section 2022.1(f)(1).

To satisfy the December 31, 2011 and 2013 reporting requirements, a privately owned utility must provide documentation, such as, but not limited to, percent of fleet calculations and purchase records demonstrating the utility's compliance with the above conditions.

V. 2004-2006 Dual Engine Street Sweepers Sold in California Considered "Retired"

The Board's approved changes to the Public Fleet Rule included modifying the definition of "retirement" in section 2022(b)(8) to include the sale of dual-engine street sweepers with 2004-2006 model year propulsion engines within California to a buyer who must comply with the Truck and Bus Rule. This change should make cleaner used sweepers available for purchase by private fleets.

VI. Other Clarifying Changes

ARB revised and added new definitions for "dual engine street sweeper," "lease," "operate," "retirement," "sold outside of the State of California", "third party vehicle seller", "total fleet" and "VIN stop" to support the changes to the Public Fleet Rule.

Should you have any questions about this advisory, please contact Ms. Kathleen Mead, Manager, at (916) 324-9550, or email at kmead@arb.ca.gov.

Sincerely,

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