CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER A MODIFICATION TO THE FISCAL YEAR 2015-16 FUNDING PLAN FOR LOW CARBON TRANSPORTATION INVESTMENTS AND THE AIR QUALITY IMPROVEMENT PROGRAM

The Air Resources Board (ARB or Board) will conduct a public meeting at the time and place noted below to consider approving a modification to the *Fiscal Year 2015-16 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program* (FY 2015-16 Funding Plan).

DATE: October 22, 2015

TIME: 9:00 a.m.

PLACE: South Coast Air Quality Management District
Auditorium
21865 E. Copley Drive
Diamond Bar, California 91765-4182

Or Via Videoconference:
California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium, 2nd Floor
1001 I Street
Sacramento, California 95812

This item will be considered at the October 22, 2015 Board meeting. Please consult the agenda for the meeting, which will be available at least 10 days before October 22, 2015, to determine which order this item will be considered.

Background

At the June 25, 2015 Board meeting, the Board approved the proposed FY 2015-16 Funding Plan which described how ARB would spend $350 million in Low Carbon Transportation funding from the Greenhouse Gas Reduction Fund and $23 million for the Air Quality Improvement Program (AQIP). The FY 2015-16 Funding Plan is available on ARB's website at:
http://www.arb.ca.gov/msprog/aqip/fundplan/proposed_fy15-16_funding_plan.pdf

At the time of the June 2015 Board action, the Legislature had appropriated FY 2015-16 AQIP funds to ARB as part of the Budget Act of 2015, Assembly Bill (AB) 93 (Weber, Chapter 10, Statutes of 2015). However, the Legislature had deferred action on Cap-and-Trade auction proceeds, including the $350 million in Low Carbon Transportation funds for ARB in the Governor's May Revision Budget proposal. Hence, the Low Carbon Transportation elements of the Board-approved FY 2015-16

Funding Plan were contingent on appropriation of these funds.

In September 2015, the Legislature approved an appropriation of $90 million in Low Carbon Transportation project funding and associated State operations funding to ARB in Senate Bill (SB) 101 (Committee on Budget and Fiscal Review, Chapter 321, Statutes of 2015). The Legislature has deferred action on appropriating the remaining Cap-and-Trade auction proceeds funding, including any additional Low Carbon Transportation funds to ARB, until a later date. At the October Board meeting, staff will propose to the Board how to implement the partial $90 million Low Carbon Transportation appropriation. Implementation of the approved $23 million in AQIP funding is not impacted because ARB has received its full AQIP appropriation. Staff's proposal is presented below.

Staff Proposal

The $90 million appropriation of Low Carbon Transportation funds is intended to provide continued funding for existing projects in order to avoid implementation disruptions while the Legislature considers the rest of the Governor's Cap-and-Trade auction proceeds budget proposal. Staff proposes funding the following three vehicle rebate and voucher projects started in previous budget cycles:

- Clean Vehicle Rebate Project (CVRP)
- Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)
- Enhanced Fleet Modernization Program (EFMP) Plus-Up Pilot Project to Benefit Disadvantaged Communities (car scrap and replacement)

Each of these projects continues receiving applications from consumers and needs additional funding to continue operating without interruption. Implementing the remaining nine projects in the FY 2015-16 Funding Plan would be deferred until the Legislature appropriates additional funds.

Staff proposes to allocate the $90 million among these three projects as shown in Table 1. These allocations represent a proportional share of each project's full allocation from the Board-approved FY 2015-16 Funding Plan. These allocations should enable each of the projects to continue for approximately six months.

Table 1: Proposed FY 2015-16 Project Allocations for $90 Million Partial Low Carbon Transportation Appropriation

	Low Carbon Transportation Project Category	FY 2015-16 Funding Plan Allocations (in millions)	Proposed Allocations For $90M Appropriation (in millions)	Pending Further Legislative Action (in millions)
Light-Duty Vehicles	CVRP	$160	$75	$85
	EFMP Plus-Up	$20	$10	$10
	Increased Incentives for Public Fleets	$5	Defer Implementation	$5
	Car Sharing and Mobility Options	$5		$5
	Financing Assistance	$4		$4
	Agricultural Worker Vanpools in San Joaquin Valley	$3		$3
Heavy-Duty Vehicles	HVIP	$10	$5	$5
	Low NOx Truck Incentives	$5	Defer Implementation	$5
	Zero-Emission Truck Pilot Commercial Deployment Projects	$20		$20
	Zero-Emission Bus Pilot Commercial Deployment Projects	$45		$45
	Advanced Technology Demonstration Projects	$59		$59
	Zero-Emission Freight Equipment Pilot Commercial Deployment Projects	$9		$9
	Low Carbon Transportation Project Funding Total	**$345**[1]	**$90**	**$255**

[1] In addition to $345 million for projects, $5 million for State operations brings the Low Carbon Transportation total in the FY 2015-16 Funding Plan to $350 million.

Implementation Timing: Section 15.13 of the State Budget Act of 2015 (AB 93) includes the restriction that:

> "No department shall encumber or commit more than 75 percent of any appropriation prior to the fourth cap and trade auction in the 2015–16 fiscal year. Upon determination of the final amount of auction proceeds after the fourth cap and trade auction, the Department of Finance shall make a final determination for the expenditure of the remaining auction proceeds."

Accordingly, ARB would enter into initial grants for 75 percent of the project allocations listed in Table 1 for each of the three projects. The remaining 25 percent will be awarded following Department of Finance's determination that funds are available.

Additional Implementation Provisions: These projects would be implemented as described in the Board-approved FY 2015-16 Funding Plan with the following provisions. The FY 2015-16 Funding Plan includes several changes to CVRP, including the introduction of an income cap to exclude higher-income consumers and higher rebate levels for lower income consumers most in need of financial incentives to purchase a CVRP eligible vehicle. The FY 2015-16 Funding Plan had noted that these new provisions would be implemented four to six months after Board approval to allow the CVRP project administrator time to make the necessary project changes. That implementation time frame was based on the expectation that funding would be available on July 1, 2015. With the delay in appropriating funds, a new CVRP grant agreement was not signed at the start of the fiscal year, so the project administrator could not start this development work. Staff still expects that the four to six month development timeline is needed. Accordingly, staff anticipates these new provisions to be implemented in February or March 2016.

The EFMP Plus Up pilot projects are currently being implemented in the South Coast and San Joaquin Valley regions only. The FY 2015-16 Funding Plan included provisions to expand the project to any air district that runs a vehicle scrap and replacement program meeting the minimum requirements established in the EFMP regulation and requests to participate in EFMP Plus-Up. Staff proposes to defer this expansion until additional funds are appropriated and continue limiting the project to the two air districts with established projects and ongoing consumer demand with half the available funding allocated to each of the two districts.

ARB will implement additional projects included in the FY 2015-16 Funding Plan if the Legislature appropriates additional Low Carbon Transportation funding later in the budget cycle. If the Legislature appropriates the full $350 million, all projects would be implemented as described in the FY 2015-16 Funding Plan. If the Legislature appropriates an amount less than the full $350 million, the Executive Officer already has the authority to scale all project allocations proportionally under contingency provisions of the FY 2015-16 Funding Plan. Staff proposes an additional contingency provision that would allow the Executive Officer to direct funding to CVRP, HVIP, and EFMP Plus-Up, up to the funding allocations established in the FY 2015-16 Funding Plan, if necessary to meet consumer demand. This would provide an additional mechanism to respond to a partial appropriation and avoid funding lapses.

This meeting notice serves as staff's proposal. Staff does not intend to release additional written materials before Board consideration. Staff will make a verbal presentation at the Board meeting.

Submittal of Comments and Agency Contact Persons

Interested members of the public may present comments orally or in writing at the meeting and may provide comments by postal mail or by electronic submittal before the meeting. To be considered by the Board, written comments not physically submitted at the meeting, must be received **no later than 5:00 pm October 19, 2015,** and addressed to the following:

Postal mail: Clerk of the Board, Air Resources Board
1001 I Street, Sacramento, California 95814

Electronic submittal: http://www.arb.ca.gov/lispub/comm/bclist.php

Please note that under the California Public Records Act (Government Code section 6250 et seq.), your written and verbal comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

ARB requests that written and email statements on this item be filed at least 10 days prior to the meeting so that ARB staff and Board members have additional time to consider each comment. Further inquiries regarding this matter should be directed to Ms. Graciela Garcia, Air Pollution Specialist, at (916) 323-2781, or Mr. Ali Koohestani, Air Resources Technician, at (916) 324-1590.

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the meeting;
- Documents made available in an alternate format or another language; and
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 10 business days before the scheduled Board meeting. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia;
- Documentos disponibles en un formato alterno u otro idioma; and
- Una acomodación razonable relacionados con una incapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envié un fax a (916) 322-3928 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

CALIFORNIA AIR RESOURCES BOARD

Richard W. Corey
Executive Officer

Date: October 9, 2015

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 at www.arb.ca.gov.