CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER THE REALLOCATION OF FUNDING WITHIN THE FISCAL YEAR 2012-13 ASSEMBLY BILL 118 AIR QUALITY IMPROVEMENT PROGRAM (AQIP) FUNDING PLAN TO ADDRESS INCREASED PROJECT DEMAND

The Air Resources Board (ARB or Board) will conduct a public meeting at the time and place noted below to consider the reallocation of funding within the Fiscal Year 2012-13 Assembly Bill 118 Air Quality Improvement Program Funding Plan to address increased project demand.

DATE: March 21, 2013

TIME: 9:00 a.m.

PLACE: California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium
1001 I Street
Sacramento, California 95814

This item may be considered at a two-day meeting of the Board, which will commence at 9:00 a.m., March 21, 2013, and may continue at 8:30 a.m., on March 22, 2013. This item may not be considered until March 22, 2013. Please consult the agenda for the meeting, which will be available at least 10 days before March 21, 2013, to determine the day on which this item will be considered.

Background:

AQIP is a voluntary incentive program created under the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Assembly Bill 118, Statutes of 2007). AQIP provides funding through 2015 for clean vehicle and equipment projects that reduce criteria pollutant and air toxics emissions, often with concurrent climate change benefits. AQIP expands ARB's portfolio of air quality incentives, providing the opportunity to fund projects not covered by other incentive programs which focus on near-term emission reductions. AQIP is ARB's only incentive program structured to enable investments in technology-advancing projects that also provide immediate emission reductions.

AQIP investments to date support deploying hybrid and zero-emission trucks, advanced clean cars, and other advanced technologies critical to meeting California's long-term air quality and climate change goals. These investments are an important first step in the fundamental transformation of the California vehicle fleet to one with widespread use of zero- and near-zero emission vehicles.

A Board-approved annual funding plan, developed with public input, serves as each year's blueprint for expending AQIP funds appropriated to ARB in the annual State Budget. Each year, between $30 and $40 million is allocated to ARB for AQIP. Each funding plan describes the projects ARB intends to fund, establishes funding targets for each project, and provides the justification for these decisions. Part of every funding plan includes contingency provisions that allow the Executive Officer to move funding between projects within the Funding Plan for the fiscal year(s) specified.

Additionally, in the first year of the program, Fiscal Year 2008-09 AQIP funds were directed by the California Legislature (AB 1338; Chapter 760, Statutes of 2008) for use in establishing a loan assistance program to aid small business truck owners affected by ARB's In-Use Truck and Bus Regulation and the Tractor-Trailer Greenhouse Gas Regulation. In response, the Truck Loan Assistance Program was created, and is implemented in partnership with the California Pollution Control Financing Authority.

On June 28, 2012, the Board approved the AB 118 AQIP Funding Plan for Fiscal Year 2012-13. As with previous years, three projects were allocated funding in the plan:

- Clean Vehicle Rebate Project - $15 million
- Hybrid and Zero-Emission Truck and Bus Voucher Project - $10 million
- Advanced Technology Demonstration Projects - $2 million

In addition to the above amounts, the Clean Vehicle Rebate Project received funding from two other sources: the California Energy Commission and the Truck Loan Assistance Program, bringing that Project's total funding available during Fiscal Year 2012-13 to $22.5 million. The California Energy Commission committed $4.5 million in funding from their AB 118 funds for Fiscal Year 2012-13. At the beginning of the 2012-13 fiscal year $3 million was reallocated from the Truck Loan Assistance Program because the projected funding need in the Clean Vehicle Rebate Project outweighed the projected need identified for the Truck Loan Assistance Program.

To address potential demand shortfall in the Hybrid and Zero-Emission Truck and Bus Voucher Project, the 2012-13 Funding Plan identified funding contingency measures to allow funding reallocation between AQIP projects as needed. Specifically, the approved Funding Plan allows unused funds from the Hybrid and Zero-Emission Truck and Bus Voucher Project to be reallocated to other Fiscal Year 2012-13 AQIP projects if remaining project funding exceeds $10 million as of January 1, 2013. As of that date, roughly $14 million in previous year allocations remained available.

As with each year since the project's inception, the Clean Vehicle Rebate Project has continued to increase in popularity. Demand for rebates hit a record high in the Fall of 2012, with close to 2,000 rebates issued each month from October through December. Because of increased demand, remaining funds are expected to be depleted before the start of the next Fiscal Year. To help close the funding gap between fiscal cycles for the Clean Vehicle Rebate Project, it is expected that the Executive Officer will reallocate a

portion of unused funds from the Hybrid and Zero-Emission Truck and Bus Voucher Project, consistent with existing contingency provisions within the approved Funding Plan.

Description of proposal:

Over the course of the past year, the Truck Loan Assistance Program has grown much more rapidly than anticipated. Although the program began in mid-2009, over half of the total loans issued by the program occurred within the last year. This activity trend is expected to continue throughout 2013, which will result in the depletion of available funding prior to the start of the 2013-14 Fiscal Year. Interruption of funding prior to Board approval of the 2013-14 Fiscal Year Funding Plan will be disruptive to participants, both borrowers and lenders. Therefore, staff proposes to reallocate available 2012-13 Fiscal Year AQIP funding from the Hybrid and Zero-Emission Truck and Bus Voucher Project and the Clean Vehicle Rebate Project identified above to the Truck Loan Assistance Program, as needed, to ensure the program continues uninterrupted past the start of the 2013-14 Fiscal Year. However, the Truck Loan Assistance Program is not identified in the Fiscal Year 2012-13 AQIP Funding Plan as an AQIP project, and the Executive Officer does not have the authority to direct available AQIP funding to the Truck Loan Assistance Program. Therefore, staff requests that the Board approve the authority for the Executive Officer to reallocate available AQIP funding to the Truck Loan Assistance Program as needed.

ARB staff will present a written report at the meeting. Copies of the report may be obtained from ARB's Public Information Office, 1001 I Street, First Floor, Environmental Services Center, Sacramento, California, 95814, (916) 322-2990, on March 11, 2013. The report may also be obtained from ARB's website at http://www.arb.ca.gov/msprog/aqip/aqip.htm

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 12:00 noon, March 20, 2013**, 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

You can sign up online in advance to speak at the Board meeting when you submit an electronic board item comment. For more information go to: http://www.arb.ca.gov/board/online-signup.htm.

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 Lisa Macumber, Air Pollution Specialist, 916-323-2881 or Krista Fregoso, Air Pollution Specialist, at 916-445-5035.

SPECIAL ACCOMMODATION REQUEST

Special accommodation or language needs can be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- 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 hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Comodidad especial o necesidad de otro idioma puede ser proveído para alguna de las siguientes:

- Un intérprete que esté disponible en la audiencia.
- Documentos disponibles en un formato alterno u otro idioma.
- 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 envíe 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

James N. Goldstene
Executive Officer

Date: February 19, 2013