

CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER NEAR-TERM REVISIONS TO THE LOWER-EMISSION SCHOOL BUS PROGRAM GUIDELINES AND THE CARL MOYER INCENTIVE PROGRAM GUIDELINES

The California Air Resources Board (ARB or Board) will conduct a public meeting at the time and place noted below to consider near-term revisions to the Lower-Emission School Bus Program (LESBP) and Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) Guidelines.

DATE: March 25, 2010

TIME: 9:00 a.m.

PLACE: California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium, 2nd Floor
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., Thursday, March 25, 2010, and may continue at 8:30 a.m., Friday, March 26, 2010. This item may not be considered until March 26, 2010. Please consult the agenda for the meeting, which will be available at least 10 days before March 25, 2010, to determine the day on which this item will be considered.

Background:

Since 1998, the Carl Moyer Program has filled a critical niche in California's strategy to achieve clean air. The Carl Moyer Program provides grant funding for the incremental cost of cleaner-than-required engines, equipment, and emission reduction technologies. 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. Participation in the Carl Moyer Program is voluntary. The success and popularity of the Carl Moyer Program has 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 through the replacement of school buses and the installation of retrofit technology on existing buses. Since its inception, state funds totaling over \$100 million have 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 reduces toxic particulate matter emissions. Over its first nine years, the Carl Moyer Program provided over \$360 million to clean up approximately 19,600 engines throughout California. This achieved emission reductions of about 44 tons per day of oxides of nitrogen and 1.5 tons per day of toxic diesel particulate matter.

State law (Health & Safety Code §44287) authorizes ARB to revise the Carl Moyer Program Guidelines when necessary to improve the ability of the program to achieve its goals. This section of the Health & Safety Code also instructs ARB to work with the implementing air districts and hold at least one public meeting to consider public comments. The LESBP and Carl Moyer Program Guidelines were last updated in February and March of 2008, respectively. Increased regulatory activity and changes in the economy have had a noticeable impact on implementation of both the Carl Moyer Program and the LESBP. To respond to the changing climate and stakeholder feedback, ARB staff held five public workshops in October and December 2009 and in January 2010, to provide interested stakeholders an opportunity to share broad input on issues that staff should consider in guideline revisions. ARB staff also held seven work group meetings to solicit input and comment from air districts to develop changes to the Carl Moyer Program and LESBP. These workgroup meetings were held between September 2009 and January 2010. As a result of these collaborative work group meetings and public workshops, ARB staff is proposing revisions to both the LESBP Guidelines and Carl Moyer Program Guidelines.

Proposed Revisions:

The following sections highlight the major revisions proposed for the LESBP and Carl Moyer Program Guidelines.

LESBP

In response to the budgetary 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, 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.

Carl Moyer Program

On-Road Source Category

The Fleet Modernization program targets existing on-road heavy-duty trucks, replacing them with cleaner newer trucks. The Voucher Incentive Program (VIP) was launched in 2009 as an alternative to the Fleet Modernization program to provide a quicker, more streamlined funding option to assist small fleet owners of on-road heavy-duty trucks throughout the State. Staff is proposing changes to expand current VIP eligibility to: a) include medium heavy-duty trucks (GVWR >19,501lbs), b) increase the maximum funding per truck to \$45,000 from \$35,000, c) include a matrix for varying funding options based on the applicant's usage with higher mileage/usage trucks eligible to receive higher funding amounts, and d) create a new option to fund ARB-verified retrofits up to an amount of \$5,000 per retrofit. Staff also proposes to include model year engines 2002 and older in the VIP as well as the Carl Moyer Program Fleet Modernization program. Some additional minor changes to the VIP are being proposed to provide guidance and clarity. Staff expects these proposed changes to increase funding and participation in the current VIP.

Off-Road Source Category

In accordance with SBX2_3 (Florez), staff recommends the Carl Moyer Program Guidelines be revised to update the criteria for portable and mobile farm equipment allowing for a ten year project life and for projects to be funded up to any applicable regulatory compliance date.

Staff also proposes to update the Carl Moyer Program Guidelines to allow air districts the option to offer off-road diesel applicants the ability to opt-out, or decline, the required installation of a retrofit on their equipment. Staff proposes continuing this flexibility indefinitely solely for equipment not subject to an in-use regulation.

Additionally, staff proposes to expand the off-road equipment replacement program (ERP) to include Tier 1 or Tier 2 engines as eligible projects. The ERP is currently only eligible for equipment with uncontrolled, or Tier 0, engines. This proposal should increase participation in the program to replace older engines with newer engines or electric motors to help achieve cost-effective emission reductions and reduce exposure to diesel particulates.

Locomotive Projects

Staff proposes several technical changes to ensure that locomotive projects are evaluated appropriately. Staff proposes revising the locomotive fuel consumption rate factors and adding a new methodology for estimating fuel consumption. In addition, current Guidelines require locomotive project activity to be based on fuel consumption. Staff proposes to include the ability for air districts to propose an alternative project activity source, such as actual usage data logged electronically by one or more locomotives, for case-by-case approval.

Program Administration

Staff proposes numerous changes to the Carl Moyer Program administrative procedures to reflect ARB's and the local air districts' increasing experience with implementing the program. The proposed revisions clarify and simplify administrative requirements to the maximum extent possible, including reducing requirements specifically for small and rural air districts, while at the same time maintaining the program's core principles of achieving real, surplus, quantifiable and enforceable emission reductions that are creditable in the State Implementation Plan.

These near-term changes to the LESBP and Carl Moyer Program should provide immediate assistance to air districts implementing the programs with the intent of increasing program participation and project eligibility.

In past Guidelines revisions, the Board has directed the Executive Officer to develop technical amendments to the Guidelines (known as Program Advisories) as appropriate to ensure that the Guidelines remain up-to-date and reflect current ARB regulations. ARB staff proposes that the Board continue to delegate this authority to the Executive Officer or designee.

Availability of Documents:

The proposed revisions to the LESBP and Carl Moyer Program Guidelines will be presented by ARB staff at the Board meeting. Copies of the proposed revision may be obtained from the Board's Public Information Office, 1001 I Street, First Floor, Environmental Services Center, Sacramento, California 95814, (916) 322-2990. The proposed revisions will also be available electronically on ARB's website at www.arb.ca.gov/msprog/moyer/moyer.htm

Submittal of Comments and Agency Contact Person:

Interested members of the public may present comments relating to this matter orally or in writing at the meeting and may also be submitted by postal mail or electronic submittal before the meeting. To be considered by the Board, written comments submissions not physically submitted at the meeting must be received **no later than 12:00 noon, March 24, 2010**, 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 oral 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. Additionally, this information may become available via Google, Yahoo, and any other search engines.

The Board requests but does not require that 20 copies of any written statement be submitted and that all written and emailed statements be filed at least 10 days prior to the meeting so that ARB staff and Board Members have time to fully consider each comment. The Board encourages members of the public to bring to the attention of staff in advance of the hearing any suggestions for modification of the proposed Guideline revisions. Further inquiries regarding this matter should be directed to David Salardino, Manager, Carl Moyer Off-Road Section, at (626) 575-6679.

To request a special accommodation or language needs for any of the following:

- An interpreter to be available at the hearing.
- Have documents available in an alternate format (i.e. Braille, Large print) or another language.
- A disability-related reasonable accommodation.

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.

Para solicitar alguna comodidad especial o necesidad de otro idioma para alguna de las siguientes:

- Un intérprete que esté disponible en la audiencia
- Tener documentos disponibles en un formato alternativo (por decir, sistema Braille, o en impresión grande) u otro idioma.
- Una acomodación razonable relacionados con una incapacidad.

Por favor llame a la oficina del Secretario del Consejo de Recursos Atmosféricos al (916) 322-5594 o envíe un fax al (916) 322-3928 no menos de diez (10) días laborales antes del día programado para la audiencia. Para el Servicio Telefónico de California para Personas con Problemas Auditivos, ó de teléfonos TDD pueden marcar al 711.

CALIFORNIA AIR RESOURCES BOARD

/s/

James N. Goldstene
Executive Officer

Date: February 8, 2010