

Mobile Source Certification and Compliance Fee Workshop

Off-Road Engines and Equipment

February 20, 2020
9AM

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Agenda

- Recap of California's Mobile Sources Categories and Fee Authorities
- CARB Funding Structure
- CARB Mobile Source Certification and Compliance Program costs
- Off-Road EO Categories – Application Costs
- Next Steps



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Recap

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Why a new fee?

- Only 1/3 of the mobile source (MS) executive order holders pay a fee
- Over 4,000 MS applications/Executive Orders received and issued each year from all categories
- Legislature moving toward certification activities funded by certification recipients



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HSC 43019.1

New Off-Road, Aftermarket Parts, Components Fees

- Authority provided by SB 854 in 2018
- CARB may adopt a schedule of fees to cover all or a portion of the state board's reasonable costs associated with the certification, audit, and compliance as authorized pursuant to HSC 38560*, 43013 and 43018, and subdivision (h) of Section 27156 of the Vehicle Code.

*Fee authority applies to both criteria and GHG Executive Orders.



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HSC 43019.1

New Off-Road, Aftermarket Parts, Components Fees (continued)

- Includes categories not covered by current mobile source fees (HSC 43019: on-road vehicles and engines)
- Such categories may include:
 - Off-road engines and equipment
 - Non-vehicular engines and equipment
 - Aftermarket parts
 - Emissions control components



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HSC 43019.1

New Off-Road, Aftermarket Parts, Components Fees (continued)

- Fee assessment considers:
 - impacts on manufacturers
 - company size
 - number of certifications requested and consistency with prior-year certifications
 - category complexity
 - product's potential impact on emissions
 - potential change in number of certifications issued
 - impacts on processing time, etc., if fee doesn't cover CARB's costs



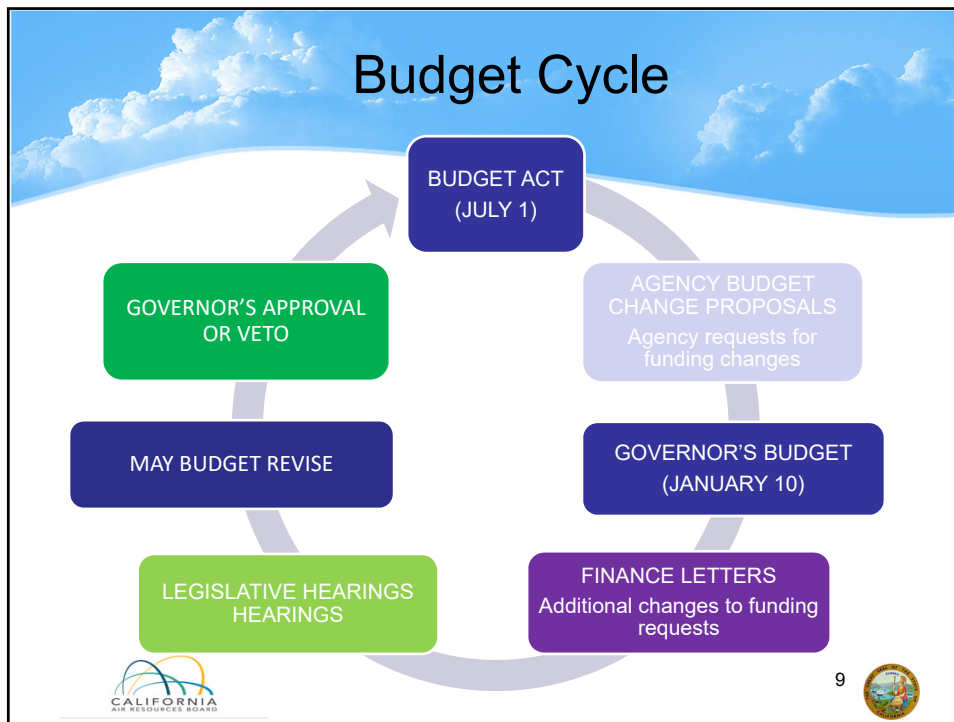
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CARB Funding Structure

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Funding Sources for Mobile Source Certification and Compliance Program

- Manual of State Funds
http://www.dof.ca.gov/budget/Manual_State_Funds/Find_a_Fund/
- Current Funding Sources
 - Motor Vehicle Account (MVA; Fund 0044)
 - Air Pollution Control Fund (APCF; Fund 0115)
 - Vehicle Inspection and Repair Fund (VRIF; Fund 0421)
- Future mobile source fees for the certification and compliance program will be placed in a single fund
 - Certification and Compliance Fund
 - Can only be used for certification, audit, and compliance activities

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CARB Mobile Source Certification and Compliance Program Costs

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Mobile Source (MS) Program Executive Order (EO) Categories

EO Number Series	Topic	EO Number Series	Topic
	On-Road Vehicles and Engines		Off-Road Vehicles and Engines (Cont'd)
A	New Cars, Light/Medium/Heavy-Duty Vehicles	U-U	New Small Off-Road Spark - Ignition Engines/Equipment
M	New Street-Use Motorcycles	U-W	New Spark - Ignition Marine Engines/Watercraft
N	New On-Road Heavy-Duty Exempt Engines		Evaporative Components
P	New Federal AB965 Cars & Light-Duty Trucks	G	Portable Fuel Containers (PFCs) Certified For Use In California
	GHG Phase 2	RM	Evaporative components for Spark-ignited Marine Water Craft
A	P2 GHG Vehicle	Q	Small Off-Road Engines - Evaporative Components
AT	GHG Trailer		Aftermarket Parts
AD	GHG Aerodynamic Components	B	Alternative Fuel Retrofit Certification
	Off-Road Vehicles and Engines	C	Experimental Permits
U-G	Electric Golf Carts	D	Aftermarket Part Exemptions
U-L	New Off-Road Large Spark-Ignition (LSI) Engines/Equipment	K	Aftermarket Critical Emission Control Parts for Highway Motorcycles.
U-M	New Emission Compliant ("Green Sticker") Off-Road Motorcycles, All-Terrain/Utility/Sport Vehicles, Sandcars		Retrofits
U-N	New Emission Non-Compliant ("Red Sticker") Off-Road Motorcycles & All-Terrain Vehicles	DE	Verification of Diesel Emission Control Strategies (On/Off Road, SS, Harbor Craft, TRU, RTG) for In-Use Diesel Engine Regulations
U-R	New Off-Road Compression - Ignition Engines	AB	Alternative Control Technologies (e.g. Bonnets) verification/approval for At-Berth regulation



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Types of Activities Used to Determine Costs for the Purposes of This Fee Regulation

- Staff labor, operational cost, and equipment to conduct certification activities and audits
 - Review and approval of applications with the issuance of an Executive Order or authorization letter
 - Testing and confirming product in production or before, includes testing for defeat devices
- Staff labor, operational cost, and equipment to conduct compliance activities
 - Warranty and in-use manufacturer reporting requirement
 - In-use and defeat device testing product after sale to meet durability and emission criteria

Does not include costs for regulatory development, research, or enforcement activities



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How did we calculate CARB's costs?

- Labor
 - Labor budget values X percentage of staff time working in program
 - Plus management, administrative and IT overhead
 - 26%
- Operating Costs
- Equipment Costs
 - Annual value = 10 year amortization of cost
- Facility Costs
 - Based on square footage of laboratory space



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CARB MS Fee Program Costs (all categories)

Costs	2018*	2022**
Total	\$38.6 M	\$48.5 M
Direct Labor	\$25.8 M	\$29.1 M
Indirect Labor	\$6.7 M	\$7.6 M
Operational Costs	\$3.5 M	\$5.7 M
Equipment Costs	\$1.7 M	\$5.1 M
Facility Costs	\$0.9 M	\$1.1M
PYs	150	163

* 2018 labor costs based on 18/19 FY mid range labor costs and does not include additional PYs for program growth received in 18/19 FY through 21/22 FY funding cycles.

** 2021-2022 labor costs based on 19/20 mid range labor costs and includes additional PYs for program growth. In addition, the increase in operational and equipment costs for the expanded services provided by the Riverside laboratory.



Off-Road Fee Categories Application Costs

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N	New On-Road Heavy-Duty Exempt Engines		Evaporative Components
P	New Federal AB965 Cars & Light-Duty Trucks	G	Portable Fuel Containers (PFCs) Certified For Use In California
	GHG Phase 2	RM	Evaporative components for Spark-ignited Marine Water Craft
A	P2 GHG Vehicle	Q	Small Off-Road Engines - Evaporative Components
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AD	GHG Aerodynamic Components	B	Alternative Fuel Retrofit Certification
	Off-Road Vehicles and Engines	C	Experimental Permits
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U-L	New Off-Road Large Spark-Ignition (LSI) Engines/Equipment	K	Aftermarket Critical Emission Control Parts for Highway Motorcycles.
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CARB Application Costs by EO Series

EO Series	Application Costs				
	New (100%)	Carry over (25%)	Partial Carry-over (50%)	Low CA Production Cost (75%)	Production MFG Limit
U-G: Electric Golf Carts	\$3,367	\$1,122	-	\$2,525	300
U-L: LSI Engines					
Exhaust	\$4,511	\$1,128	\$2,255	\$3,383	100
Evaporative	\$1,099	\$275	\$550	\$825	100
U-M: Off-Road Motorcycle	\$2,988	\$747	\$1,494	\$2,241	300
U-R: Off-Road CI engines	\$4,153	\$1,038	\$2,077	\$3,114	2,500



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CARB Application Costs by EO Series

EO Series	Application Cost				
	New (100%)	Carry over (25%)	Partial Carry-over (50%)	Low CA Production Cost (75%)	MFG Production Limit
U-U: SORE Engines					
Exhaust	\$2,603	\$651	\$1,301	\$1,952	20,000
Evaporative	\$1,212	\$303	\$606	\$909	10,000
U-W: Watercraft					
Exhaust	\$1,478	\$370	\$739	\$1,108	100
Evaporative	\$1,043	\$261	\$522	\$782	75



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Additional Considerations to Set Fee Levels

- CARB may adopt a schedule of fees **to cover all or a portion of the state board's reasonable costs** associated with the certification, audit, and compliance as authorized pursuant to HSC 38560*, 43013, and 43018, and subdivision (h) of section 27156 of the Vehicle Code
- Manufacturer impacts, company size, number of certifications, category complexity, potential impact on emissions, potential change in applications, impacts on processing time, etc., if fee doesn't cover CARB's costs.



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Standardized Regulatory Impact Assessment (SRIA)

- Regulatory cost analysis
 - Fee schedule
 - Model cost inputs
- Business information (CA Small business)
- Regulatory alternative analysis
- Production/sales for 2018, projected through 2031



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Alternatives

- No low cost alternatives
- By sales which requires reporting
- By program activity requiring multiple fees which requires additional CARB resources/costs
- Other?



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California Production/Sales Trends by EO Category

EO Number Series	Topic	Source	2018-2031 Trends
U-G	Electric Golf Carts	Implementation of Regulation	static
U-L	New Off-Road Large Spark-Ignition (LSI) Engines/Equipment	Off-road inventory model	increase
U-M	New Emission Compliant ("Green Sticker") Off-Road Motorcycles, All-Terrain/Utility/Sport Vehicles, Sandcars	Off-road inventory model	increase
U-N	New Emission Non-Compliant ("Red Sticker") Off-Road Motorcycles & All-Terrain Vehicles	Implementation of regulation	eliminated
U-R	New Off-Road Compression - Ignition Engines	Off-road inventory model	increase
U-U	New Small Off-Road Spark - Ignition Engines/Equipment	Off-road inventory model	Increase
U-W	New Spark - Ignition Marine Engines/Watercraft	Off-road inventory model	increase



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Next Steps

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Information Requests

Please provide your feedback by March 14th

- Regulatory cost
 - Fee schedule
 - Model cost inputs
- Business information
 - will handle as confidential if requested. Subject to limitation under the California Public Records Act
- Regulatory alternatives
- Any other information to help CARB understand impacts on manufacturers/businesses



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Timeline

- First Workshop (April 30, 2019)
- Second Workshop (November 21, 2019)
- Third Workshop (February 21, 2020)
- Fourth Workshop (Second Quarter, 2020)
- Additional workshops or work groups, if needed
- Board Hearing date (Fall, 2020)



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Stay Informed

GovDelivery (List serve)

Sign on, search for name of topic “Mobile Source Certification and Compliance Fee Regulation,” check box, and hit the submit button (at bottom of page)

<https://public.govdelivery.com/accounts/CARB/subscriber/new>

Workshop notices and information

<https://ww2.arb.ca.gov/mobile-source-certification-and-compliance-fee-regulation-meetings-workshops>



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Contacts

Jackie Lourenco, Branch Chief

jackie.lourenco@arb.ca.gov

(626) 450-6152

Kathleen Mead, Lead

kathleen.mead@arb.ca.gov

(916) 324-9550

Kumar Muthukumar, Manager

kumar.muthukumar@arb.ca.gov

(626) 575-7040

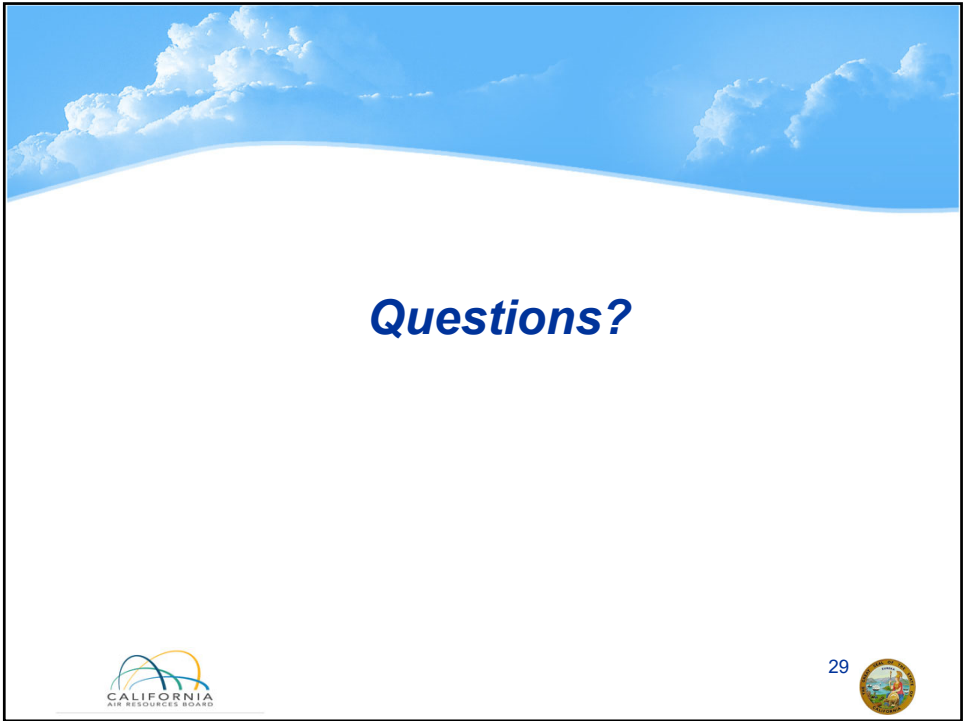
Off-Road Engine, RV and Equipment: Non Fee-payer Workgroup

U-L,U-U, and U-W series EO: Byron Ng (626) 459-4312 byron.ng@arb.ca.gov

U-R series EO: James Pang (626) 450-6127 james.pang@arb.ca.gov

U-G, U-M and U-N series EO: Steven Hada (626) 575-6641 steven.hada@arb.ca.gov





Questions?



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