

Mobile Source Certification and Compliance Fee Workshop

On Road Engines, Vehicles and Motorcycles

July 31, 2020

9 AM

Agenda

- Recap
 - Fee Authority
 - California's Mobile Sources Categories
 - Mobile Source Certification and Compliance Program cost calculations
- Information review by EO Series Category
 - CARB Total Costs
 - Proposed Fees and Discounts
 - Other SRIA Data inputs
- Next Steps
 - SRIA comments by August 14th; other September 11th

HSC 43019

Current On-Road Vehicle/Engine Certification Fee

- Authorized CARB in 1988 to adopt a schedule of fees for the certification of motor vehicles and engines sold in CA to cover the costs of state programs
- Annual fee cap was \$9,679,312 in 2018 (increases yearly by CPI)
- Current procedures located at 13 CCR 1990-1994

HSC 43019

Updated On-Road Vehicle/Engine Certification Fee

- Authority updated in 2019 (AB 85)
- Authorizes CARB to adopt a schedule of fees for the certification of motor vehicles and engines sold in CA
- The fee “shall be in an amount sufficient to cover” the state board’s reasonable costs
- Fee cap removed
- Consumer Price Index (CPI) annual fee increase
- Fees to be directed to new mobile source certification and compliance fund

HSC 43202.5 and 43202.6

New On-Road Vehicle/Engine Fees

- Authority provided by AB 2381 in 2018
- Requires CARB to enhance its certification, audit, and compliance activities for new motor vehicles to detect defeat devices or other software used to evade emissions testing
- Provides for recovery of costs to implement
 - Capped at \$5,000,000
 - allowed to adjust annually with CPI

CARB Mobile Source Certification and Compliance Program Costs

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/Engines	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 / ZEP	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

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

CARB's Costs Calculation

- Labor
 - FY labor values times the percentage of staff time working in program by classification
 - Surveyed first line managers and staff conducting certification and compliance activities
 - Plus 26% of labor cost for management, administrative, legal and IT overhead
- Operating Costs
- Equipment Costs
 - Annual value = 10 year amortization of cost
- Facility Costs (utilities, rent, housekeeping, etc)
Based on square footage of laboratory space

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.



CARB Costs Proposed Fees SRIA Inputs

Light Duty Vehicle Executive Order Series

CARB Costs
Proposed Fees
SRIA Inputs

CARB LD On Road Engine and Vehicle Program Costs*

(A and P E.O. Series)

	2018	2022
Total Costs:	\$18,644,000	\$22,650,000
Labor Costs (All)	\$14,718,000	\$15,655,000
Direct Labor	\$11,681,000	\$12,424,000
Indirect Labor Cost (26%)	\$3,037,000	\$3,230,000
Operational Costs	\$2,128,000	\$3,699,000
Equipment Costs	\$1,256,000	\$2,842,000
Facility Costs	\$542,000	\$455,000
# EOs issued	487	487
Average \$/EO	\$38,284	\$46,509
Total PYs	67.7	69.5

*Cost rounded to nearest \$1000

Light Duty EO Series (A/P EO Series)

Application Type	Proposed Fee
New	\$46,509
Zero Emissions	\$11,627
Partial Carry-over	\$23,254
Carry-over	\$11,627

Fee Phase-in for New and Partial Carry Over Applications*

Fee	21/22	22/23	23/24	24/25	202? **
Light Duty, Medium Duty A series	Current Fee Reqs	50% of Proposed Fees	75% of Proposed fee	100% of Proposed fee	100% of Cost Recovery
% of Cost recovery	41%	48%	71%	95%	100%
Total \$ recovery	\$9,287,000	\$10,918,000	\$16,173,000	\$21,429,000	\$22,650,000

*Proposed zero emission and carry-over application fees start in 22/23 and fee levels are not phased in. 100% recovery includes CCPI changes.

** Other means will be sought to balance out full cost recovery.

Slide Updated 9/30/20

Light Duty On-Road California Production/Sales Trends used for SRIA

SRIA Input Category	Source	Input Value
2018 CA Production/Sales	EMFAC2017	1,697,767
2018-2031 Trends	EMFAC2017	1.2% increase
Sales Split		
Individual		91.34%
Business		7.94%
Local Government		0.55%
State Government		0.17%

Heavy Duty Vehicle Executive Order Series

CARB Costs
Proposed Fees
SRIA Inputs

CARB HD On Road Engine and Vehicle Program Costs*

(A,N and GHG E.O. Series)

	2018	2022
Total Costs:	\$6,530,000	\$9,521,000
Labor Costs (All)	\$5,615,000	\$7,996,000
Direct Labor	\$4,456,000	\$6,346,000
Indirect Labor Cost (26%)	\$1,159,000	\$1,650,000
Operational Costs	\$742,000	\$1,165,000
Equipment Costs	\$64,000	\$87,000
Facility Costs	\$110,000	\$279,000
# EOs issued	199	342
Average \$/EO	\$32,814	\$27,840
Total PYs	25.1	34.0

*Cost rounded to nearest \$1000

2022 Costs by HD E.O. Series

Program Costs*

	Engine	Vehicle Evap	GHG Vehicle	Trailer/ Areo	ZEP**
Total Costs:	\$6,427,000	\$299,000	\$2,162,000	\$563,000	\$70,000
Labor (All)	\$4,902,000	\$299,000	\$2,162,000	\$563,000	\$70,000
Direct	\$3,891,000	\$237,000	\$1,716,000	\$447,000	\$56,000
Indirect	\$1,012,000	\$62,000	\$446,000	\$116,000	\$14,000
Operational	\$1,165,000	-	-	-	-
Equipment	\$87,000	-	-	-	-
Facility	\$273,000	-	-	-	-
# EOs issued	53	20	126	143	18
Average \$/EO	\$121,265	\$14,935	\$17,162	\$3,936	\$3,908
PYs	25.6	1.7	4.5	2	0.3

*Cost rounded to the nearest \$1000

**Zero Emissions Powertrain

Proposed Fees Heavy Duty E.O. Series

Application Type	Proposed Fee	
	Engine	Vehicle Evap
New	\$121,265	\$14,935
Partial Carry-over	\$60,632	-
Carry-over	\$30,316	\$3,734
New – N Series (exempt engine)	\$98	
New – Fuel Fired Heaters	\$293	

Proposed Fees

Heavy Duty GHG EO Series

Heavy-Duty On-Road Vehicles (GHG EO series)

Application Type	Proposed Fee		
	GHG Vehicle	Trailer/ Aerodynamic	ZEP
New	\$17,539	\$3,936	\$3,908
Low CA Production MFG [Production Limit]	\$13,154 [301]	-	-
Electric	\$4,385	-	-
Carry-over	\$4,385	-	-

Fee Phase-in for New, Partial Carry-Over and GHG Low CA Production Applications*

Fee	21/22	22/23	23/24	24/25	202?***
Heavy Duty, GHG, Aero/Trailer A, AL, AT series	Current Fee Reqs	50% of Proposed fee	75% of Proposed fee	100% of Proposed fee	100% of Cost Recovery
% of Cost recovery	2%	48%	72%	95%	100%
Total \$ recovery	\$168,000	\$4,612,000	\$6,824,000	\$9,036,000	\$9,521,000

*Proposed zero emission, carry-over N series, and fuel fired heater application fees start in 22/23 and fee levels are not phased in. 100% recovery includes CCPI changes.

**Other means will be sought to balance out full cost recovery

Slide Updated 9/30/20

Heavy Duty California Production/Sales Trends used for SRIA

SRIA Input Category	Source	Input Value
2018 CA Production/Sales	EMFAC2017	41,508
2018-2031 Trends	EMFAC2017	2.4% increase
Sales Split		
Individual		12.43%
Business		87.57%
Local Government		1.28%
State Government		4.57%

On-Road Motorcycle Executive Order Series

CARB Costs
Proposed Fees
SRIA Inputs

CARB HD On Road Motorcycle Program Costs* (M E.O. Series)

	2018	2022
Total Costs:	\$2,669,000	\$4,030,000
Labor Costs (All)	\$2,029,200	\$2,100,000
Direct Labor	\$1,610,000	\$1,666,000
Indirect Labor Cost (26%)	\$419,000	\$433,000
Operational Costs	\$239,000	\$259,000
Equipment Costs	\$203,000	\$1,429,000
Facility Costs	\$197,000	\$243,000
# EOs issued	231	231
Average \$/EO	\$11,554	\$17,447
Total PYs	9.5	9.5

*Cost rounded to 1000

Proposed Fees On-Road Motorcycle E.O. Series

Application Type	Proposed Fee
New	\$17,447
Low CA Production MFG [Production Limit]	\$13,085 [300]
Partial Carry-over	\$8,724
Carry-over	\$4,362

Fee Phase-in for New and Low CA Production Applications*

Fee	21/22	22/23	23/24	24/25	202?***
Motorcycle M series	Current Fee Reqs	50% of Proposed fee	75% of Proposed fee	100% of Proposed fee	100% of Cost Recovery
% of Cost recovery	6%	37%	54%	71%	100%
Total \$ recovery	\$224,000	\$1,489,000	\$2,170,000	\$2,851,000	\$4,030,000

*Proposed carry-over application fees start in 22/23 and fee levels are not phased in. 100% recovery includes CCPI changes.

**Other means will be sought to balance out full cost recovery

Slide Updated 9/30/20

Motorcycle California Production/Sales Trends used for SRIA

SRIA Input Category	Source	Input Value
2018 CA Production/Sales	EMFAC2017	32,808
2018-2031 Trends	EMFAC2017	1.2% increase
Sales Split		
Individual		99.57%
Business		0%
Local Government		0.37%
State Government		0.06%

Next Steps

Information Requests

Please provide your feedback by August 14th

- Regulatory cost
 - Fee schedule: For any changes, please include business information which can be handled as confidential if requested. Subject to limitation under the California Public Records Act.
 - Model cost inputs

Please provide your feedback by September 11th

- Regulatory
 - Definitions for small business
 - Phase in process
 - Other Fee information for regulation development

Timeline

- First Workshop (April 30, 2019)
- Second Workshop (November 21, 2019)
- Third Workshop (February 21, 2020)
- Fourth Workshop (July 31, 2020)
- Fifth Workshop (3rd Quarter, 2020)
- Additional work groups or meetings, as needed
- Board Hearing date (Spring, 2021)

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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Questions?