


FROM:

Matt Rodriquez   
Secretary for Environmental Protection

Richard W. Corey  
Executive Officer  
California Air Resources Board 

TO: Greenhouse Gas Reduction Fund (GGRF) Program File

DATE: September 17, 2018

SUBJECT: GREENHOUSE GAS REDUCTION FUND: CALIFORNIA AIR  
RESOURCES BOARD REVISED EXPENDITURE RECORD FOR  
FISCAL YEARS 2017-18 AND 2018-19 – COMMUNITY AIR  
PROTECTION FUNDS

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This Attestation Memorandum documents that the California Environmental Protection Agency and California Air Resources Board (CARB) completed the attached Expenditure Record on September 17, 2018 for the Community Air Protection (CAP) funds. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 and with CARB's 2017 Draft *Funding Guidelines for Agencies that Administer California Climate Investments* to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: [www.arb.ca.gov/caclimateinvestments](http://www.arb.ca.gov/caclimateinvestments). Questions on this Attestation Memorandum or Expenditure Record may be directed to Mr. Kyle Goff, Air Pollution Specialist, at (916) 322-6922, or by email at [kyle.goff@arb.ca.gov](mailto:kyle.goff@arb.ca.gov), or Ryan Atencio, Staff Air Pollution Specialist at (626) 450-6109, or by email at [ryan.atencio@arb.ca.gov](mailto:ryan.atencio@arb.ca.gov).

Attachment

cc: Kyle Goff  
Air Pollution Specialist  
California Air Resources Board

Ryan Atencio  
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California Air Resources Board

**Greenhouse Gas Reduction Fund: Expenditure Record**

California Air Resources Board (CARB)

Community Air Protection Funds under the Carl Moyer Memorial Air Quality Standards  
Attainment Program and Goods Movement Emission Reduction Program

**Authorizing legislation:** Item 3900-101-3228 of the Budget Act of 2017, as amended by Assembly Bill (AB) 134 (Chapter 254, Statutes of 2017) appropriates to CARB \$250 million for early actions to support AB 617 (Garcia, Chapter 136, Statutes of 2017). These funds are to be used to implement projects pursuant to the Carl Moyer Memorial Air Quality Standards Attainment Program (Chapter 9 (commencing with Section 44275), Part 5, Division 26, Health and Safety Codes). Up to 40 percent of the funds may be used to implement clean truck projects under the Proposition 1B: Goods Movement Emission Reduction Program Guidelines. Additionally, AB 134 appropriates \$5 million to CARB to provide technical assistance grants to community-based organizations to participate in the implementation of AB 617. Additionally, Item 3900-101-3228 of the Budget Act of 2018, as amended by Senate Bill (SB) 856 (Chapter 30, Statutes of 2018) appropriates \$10 million to provide technical assistance grants to community-based organizations to participate in the implementation of AB 617.

**Element (1) A description of each expenditure proposed to be made by the  
administering agency pursuant to the appropriation.**

<input type="checkbox"/> Agency that will administer funding	<ul style="list-style-type: none"><li>CARB will administer the funding and will provide guidance to air districts, who will implement projects at the local level in consultation with community organizations.</li></ul>
<input type="checkbox"/> Amount of proposed expenditure and appropriation reference	<ul style="list-style-type: none"><li>The expenditure is \$255 million per Item 3900-101-3228 of the Budget Act of 2017, as amended by AB 134. Per AB 134 the money will be distributed to the air districts as follows: \$107.5 million to the South Coast Air Quality Management District, \$80 million to the San Joaquin Valley Air Pollution Control District, \$50 million to the Bay Area Air Quality Management District, and \$12.5 million will be distributed to other air districts as determined by CARB in consultation with the air districts. Additionally, the expenditure is for \$5 million of \$10 million per Item 3900-101-3228 of the Budget Act of 2018, as amended by SB 856, to fulfill funding for projects selected in the first solicitation. A total of \$10 million will be used for technical assistance grants for community-based organizations to fund activities that assist in their participation in the implementation of the community emission reduction programs established pursuant to AB 617.</li></ul>

<input type="checkbox"/> Estimated amount of expenditures for administering agency administrative costs	<ul style="list-style-type: none"><li>▪ No funding was appropriated to CARB for State Operations. Air districts are permitted to use up to 6.25 percent of funds received for project administration and outreach costs consistent with AB 134 and the 2017 Moyer Program Guidelines. Under the Guidelines, administrative costs include air district staff time, consultant fees, printing and mailing costs, travel expenses and indirect costs.<sup>1</sup> The Proposition 1B Guidelines allow administration funds to be used for tasks associated with program outreach and marketing, implementation, and program review or fiscal audit and oversight.<sup>2</sup></li></ul>
<input type="checkbox"/> If applicable, identify laws or regulations that govern how funds will be used	<ul style="list-style-type: none"><li>▪ AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.</li><li>▪ AB 398 (E. Garcia, Chapter 135, Statutes of 2017) prioritized air toxic and criteria air pollutants from stationary and mobile sources for expenditures from the Greenhouse Gas Reduction Fund.</li><li>▪ The Budget Act of 2017, as amended by AB 134, establishes that these funds will be spent pursuant to the Moyer Program and up to 40 percent may be spent for clean truck projects pursuant to the Proposition 1B Program, among other requirements.</li><li>▪ AB 1571 (Brulte, Chapter 923, Statutes of 1999) established the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program), commencing with Health and Safety Code section 44275, Chapter 9, Part 5, Division 26. Projects will follow the 2017 Moyer Program Guidelines.</li><li>▪ SB 88 (Senate Budget and Fiscal Review Committee, Chapter 181, Statutes of 2007) and AB 201 (Assembly Committee on Budget, Chapter 187, Statutes of 2007) set forth the implementing legislation for the Goods Movement</li></ul>

<sup>1</sup> 2017 Carl Moyer Program Guidelines Volume I: Program Overview, Program Administration and Project Criteria, released June 20, 2017.

[https://www.arb.ca.gov/msprog/moyer/guidelines/2017gl/2017\\_cmp\\_gl\\_volume\\_1.pdf](https://www.arb.ca.gov/msprog/moyer/guidelines/2017gl/2017_cmp_gl_volume_1.pdf)

<sup>2</sup> 2015 Goods Movement Emission Reduction Program Guidelines, released June 2015.

[https://www.arb.ca.gov/bonds/gmbond/docs/prop\\_1b\\_goods\\_movement\\_2015\\_program\\_guidelines\\_for\\_implementation.pdf](https://www.arb.ca.gov/bonds/gmbond/docs/prop_1b_goods_movement_2015_program_guidelines_for_implementation.pdf)

Emission Reduction Program in the Health and Safety Code, commencing with section 39625 et seq. Each air district may allocate up to 40 percent of the funds it receives to incentivize clean truck projects in accordance with the Proposition 1B Guidelines, relative to eligible projects, funding amounts, and truck evaluation. <sup>3</sup>	
<input type="checkbox"/> Continuation of existing Expenditure Record	<ul style="list-style-type: none"> <li>This is a new program that does not have an existing Expenditure Record.</li> </ul>
<input type="checkbox"/> Project category	<ul style="list-style-type: none"> <li>Low-carbon transportation</li> </ul>
<input type="checkbox"/> Type of projects that will be eligible for funding	<ul style="list-style-type: none"> <li>Projects types are those eligible under Moyer Program criteria. Types of projects include, but are not limited to: on-road and off-road heavy-duty diesel vehicle replacements, marine vessel engine repowers, locomotive repowers and retrofits, and electric charging or alternative-fuel infrastructure. A full listing of eligible project types can be found in the 2017 Moyer Program Guidelines.</li> <li>Each air district may allocate up to 40 percent of the funds it receives to incentivize replacement of diesel trucks with cleaner zero emission and alternative fuel trucks to reduce emissions in the four priority trade corridors in accordance with the Proposition 1B Guidelines.</li> <li>For the \$10,000,000 technical assistance grants, eligible expenditures include, but are not limited to, hiring consultants and technical experts, and travel and other associated meeting costs.</li> </ul>
<input type="checkbox"/> Intended recipients	<ul style="list-style-type: none"> <li>Businesses</li> <li>Public and private fleets</li> <li>Consumers</li> <li>Community-based organizations</li> </ul>

<sup>3</sup> Goods Movement Emission Reduction Program. <https://www.arb.ca.gov/bonds/gmbond/gmbond.htm>

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<input type="checkbox"/> Process for selecting projects for funding	<ul style="list-style-type: none"> <li>▪ Moyer Program project selection occurs at air district discretion according to each air district's Moyer Program policies and procedures, consistent with State-approved Moyer Guidelines. Districts may solicit and rank projects competitively or propose funding on a first-come, first-served basis. Projects must satisfy Moyer cost-effectiveness criteria.</li> <li>▪ Proposition 1B projects are ranked competitively based on emission reductions and cost effectiveness. Final ranking incorporates Proposition 1B funding priorities as described in the Proposition 1B Guidelines. Projects must comply with the project specifications provided in the Guidelines.</li> <li>▪ Districts will select projects following outreach and consultation with community organizations.</li> <li>▪ The CARB-directed portion of funds will be distributed to other air districts through agreement with the California Air Pollution Control Officers Association. Funds will be distributed in a manner that considers district populations as well as the opportunity to spend funds in and for the benefit of disadvantaged and low income communities to help meet AB 1550 investment targets.</li> <li>▪ Technical assistance grants will be awarded via a competitive selection process.</li> </ul>
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**Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.**

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<input type="checkbox"/> How the expenditure is reflected in the three-year Investment Plan and the Scoping Plan	<ul style="list-style-type: none"> <li>▪ <u>Consistent with Investment Plan:</u> Health and Safety Code section 39718 requires that all Greenhouse Gas Reduction Fund moneys be appropriated in a manner that is consistent with the Administration's three year Investment Plan. The <i>Cap-and-Trade Auction Proceeds Second Investment Plan: Fiscal Years 2016-17 through 2018-19</i> identifies the following investment concepts for clean transportation:<sup>4</sup> <ul style="list-style-type: none"> <li>- Support accelerated adoption and deployment of clean passenger vehicles and transit buses.</li> <li>- Support demonstrations, pilot projects, and deployment of zero and near-zero emission heavy duty trucks, freight and non-freight equipment (e.g., forklifts, agricultural equipment,</li> </ul> </li> </ul>
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<sup>4</sup>Cap-and-Trade Auction Proceeds Second Investment Plan: Fiscal Years 2016-17 through 2018-19.  
<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/16-17-final-second-investment-planii.pdf>

yard trucks, locomotives, ships, and other harbor craft), and airport equipment.

- Support further reductions in criteria pollutants, air toxics, and short-lived climate pollutants from the transportation sector.

Projects eligible under the Moyer Program and the Proposition 1B Program are consistent with these investment concepts.

- Technical assistance grants will focus on air toxics and criteria pollutants from stationary and mobile sources. This is also supported by the Investment Plan.
  - Many disadvantaged communities have interest in applying for funds, but some lack the awareness of available programs and/or the capacity to competitively engage in the application processes. There is a need to assist these communities to raise awareness, as well as to understand the range of funding opportunities and the Program application requirements.
- Implements Climate Change Scoping Plan Recommendations: *California's 2017 Climate Change Scoping Plan* identified key strategies and recommendations to continue reducing greenhouse gas (GHG) emissions and achieve the goals and purposes of AB 32. Key recommendations for the transportation system include:
  - Deploy ZEVs across all vehicle classes, including rail vehicles, along with the necessary charging infrastructure.
  - Promote research, development, and deployment of new technology to reduce GHGs, criteria pollutants, and toxics.
  - Continue to strengthen the State's existing criteria and toxic air pollutant programs and relationships with local air districts to ensure all Californians have healthy, clean air. This is especially true of disadvantaged communities.

Projects eligible under the Moyer Program and the Proposition 1B Program are consistent with these recommendations.<sup>5</sup>

- Consistent with Auction Proceeds Investment Priorities Identified in AB 398 (Garcia, Chapter 135, Statutes of 2017): The following investment priorities are established by the legislature, among others:
    - Reducing air toxics and criteria pollutants from stationary and mobile sources.
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<sup>5</sup> *California's 2017 Climate Change Scoping Plan: The strategy for achieving California's 2030 greenhouse gas target*, November 2017. [https://www.arb.ca.gov/cc/scopingplan/scoping\\_plan\\_2017.pdf](https://www.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf)



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– Low- and zero-carbon transportation alternatives.

Projects eligible under the Moyer Program and the Proposition 1B Program are consistent with these priorities.

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**Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

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<input type="checkbox"/> Describe how expenditures will achieve GHG emission reductions or net GHG benefits	<ul style="list-style-type: none"> <li>▪ Some expenditures will achieve GHG emission reductions by funding the purchase of zero or near-zero emission vehicles or equipment which emit less GHG emissions than comparable, conventionally fueled vehicles or equipment.</li> <li>▪ Other expenditures will achieve GHG emission reductions by funding electrification of infrastructure in freight corridors, ports, and railyards, thus displacing higher-emitting sources of GHG emissions in those sectors. Shore power and locomotive switcher electrification are examples of projects that may be selected by air districts.</li> <li>▪ Other expenditures will achieve GHG emission reductions by accelerating the introduction of fuel efficiency improvements, particularly for heavy-duty trucks.</li> <li>▪ Other expenditures will facilitate current or future GHG reductions by accelerating the commercialization of advanced technologies that emit fewer GHG emissions compared to conventionally fueled vehicles or equipment.</li> <li>▪ Technical assistance grants will help communities participate in the development and implementation of the community emission reduction programs established pursuant to AB 617, including potentially accessing the funds for early action emission reductions covered in this expenditure record, thereby facilitating the reduction of GHGs.</li> </ul>
<input type="checkbox"/> Expected period for which reductions will be estimated and how expenditure will maintain GHG emission reductions or net GHG benefits	<ul style="list-style-type: none"> <li>▪ Emission reductions will occur as soon as projects are completed, beginning in mid-2018. Each project is assigned a project life (three to 14 years), based on the remaining useful life of replaced engines and other factors. GHG emission reductions will be estimated over each project life when the reductions are directly applicable to the project. Where GHG reductions are not directly attributable to projects, CARB staff will assess net GHG benefits quantitatively or qualitatively by project category, to show how the project set facilitates reductions.</li> </ul>

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**Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

<p><input type="checkbox"/> Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency</p>	<ul style="list-style-type: none"> <li>▪ <u>Air Quality and Public Health Benefits:</u> As per the Moyer Program and the Proposition 1B Program Guideline requirements, these projects will reduce criteria pollutant forming emissions of nitrogen oxides (NOx), reactive organic gases (ROG), and particulate matter that contribute to ozone formation and increased exposure to air toxics. Elevated ambient levels of these pollutants have been linked to a variety of negative health effects, particularly in sensitive individuals such as the elderly, children, and people with compromised immune systems. By reducing NOx, ROG, and particulate matter emissions through replacement and scrappage of older, high-polluting vehicles and equipment, these projects help California meet health-based air quality standards and air toxics reduction goals and avert early deaths. Diesel particulate reductions also reduce black carbon in support of California's Short-Lived Climate Pollutant Reduction Strategy.</li> <li>▪ <u>Economic Benefits:</u> The Moyer Program and Proposition 1B Program help reduce vehicle purchase costs for both private and public fleets, and in many cases may reduce the overall cost of operation in those fleets. In addition, several companies that manufacture eligible vehicles and equipment are located in California. The Moyer and Proposition 1B incentives that enable the purchase of these vehicles provide an economic benefit to these companies and support California jobs.</li> </ul>
<p><input type="checkbox"/> How the project will support other objectives of AB 32 and related amendments</p>	<ul style="list-style-type: none"> <li>▪ As noted above, the projects eligible under the Moyer Program and the Proposition 1B Program Guidelines provide criteria pollutant and air toxics emission reductions thereby complementing the State's efforts to improve air quality.</li> <li>▪ As per the requirements of AB 617, investment of these funds is directed towards disadvantaged communities in California and provides economic benefits to both private and public fleets.</li> <li>▪ Both private and public fleets statewide are eligible for these funds to purchase qualifying vehicles, thereby providing an opportunity for small businesses, schools, and other community institutions to participate in and benefit from</li> </ul>



	<p>statewide efforts to reduce GHGs, air toxics, and criteria pollutants.</p> <ul style="list-style-type: none"> <li>AB 32 requires, to the extent feasible, directing investments toward the most disadvantaged communities in California and providing an opportunity for community institutions to participate in and benefit from statewide efforts to reduce GHG emissions. Technical assistance grants will support community participation in the implementation of AB 617, including efforts to identify and reduce air toxics, and criteria pollutants.</li> </ul>
<input type="checkbox"/> Percentage of total funding that will be expended for projects that benefit AB 1550 populations, per the criteria in Volume 2 of CARB's Funding Guidelines	<ul style="list-style-type: none"> <li>At least 80 percent of funds must benefit residents of AB 1550 communities. The investment targets for these funds are 50 percent spent in and benefiting disadvantaged communities, 25 percent spent in and benefiting low-income communities throughout the state, and an additional 5 percent spent in and benefiting low-income communities within half a mile of a disadvantaged community.</li> </ul>
<input type="checkbox"/> Describe the AB 1550 benefits, per the criteria in Volume 2 of CARB's Funding Guidelines	<ul style="list-style-type: none"> <li>These expenditures will reduce air pollution in AB 1550 communities by providing incentives for cleaner vehicles and equipment registered in, domiciled in, or operating in a disadvantaged or low-income community. Projects located in and benefiting AB 1550 populations will meet the criteria listed in CARB's Funding Guidelines including addressing an important community need such as reducing exposure to local environmental contaminants and reducing health harms.</li> </ul>
<input type="checkbox"/> Explain strategies the administering agency will use to maximize benefits to disadvantaged communities	<ul style="list-style-type: none"> <li>Consistent with the objectives of AB 617, the administering agency will coordinate with local and regional entities to host workshops and meetings for public input on the projects that would be funded. Public outreach will be focused in disadvantaged communities and low-income communities. The program selection criteria will emphasize projects located within and providing benefits to disadvantaged communities and low-income communities in order to reach AB 1550 investment targets.</li> <li>Technical assistance grants to community-based organizations will help AB 1550 communities and populations participate in the development and implementation of the community emission reduction programs established pursuant to AB 617.</li> </ul>

**Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.**

<input type="checkbox"/> How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB's Funding Guidelines	<ul style="list-style-type: none"> <li>Under the terms of its grant agreements each air district will require funding recipients to maintain records and submit regular status reports consistent with California Climate Investments guidance. In addition, the air districts will conduct periodic reviews of selected projects and will be required to submit project-level data to CARB. If a funding recipient does not perform in accordance with Moyer Program Guidelines and the air district's Policies and Procedures, the recipient will be subject to the remedies for non-performance, as identified in the Moyer Program Guidelines and Proposition 1B Guidelines.</li> </ul>
<input type="checkbox"/> Approach that will be used to document GHG emission reductions, net GHG benefits, or co-benefits before and after project completion. Include citations for references that support methodology	<ul style="list-style-type: none"> <li>CARB will both prospectively estimate project GHG benefits and co-benefits, and retrospectively document the results achieved from its expenditures.</li> <li>The air districts will coordinate with CARB to estimate GHG emission reductions and co-benefits (e.g., criteria pollutant and air toxics emissions), using CARB standardized methodologies.</li> <li>CARB will collect all data necessary to document the emission reductions achieved. CARB will include data collection and reporting requirements for the air districts as part of its grant agreements. This will also include all information necessary to document the benefits for AB 1550 populations, consistent with CARB's Funding Guidelines.</li> </ul>
<input type="checkbox"/> Type of information that will be collected to document project results, as described in CARB's Funding Guidelines	<ul style="list-style-type: none"> <li>CARB will collect all data necessary to document emission reductions achieved. This includes location data, the technology funded, the funding amount for each project, and other data as specified in CARB's Funding Guidelines, the Moyer Program Guidelines and Proposition 1B Guidelines.</li> </ul>
<input type="checkbox"/> How the administering agency will report on program status	<ul style="list-style-type: none"> <li>CARB will provide regular updates on expenditures, project status, and benefits in reports prepared according to CARB's Funding Guidelines. The reports will include expenditure amounts, current estimates of GHG emission reductions, and assessment of other applicable co-benefits (e.g., criteria pollutant and air toxics emission reductions).</li> </ul>