

CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER APPROVAL OF THE PROPOSED FISCAL YEAR 2018-19 FUNDING PLAN FOR CLEAN TRANSPORTATION INCENTIVES

The California Air Resources Board (CARB or Board) will conduct a public meeting at the time and place noted below to consider the approval of the *Proposed Fiscal Year 2018-19 Funding Plan for Clean Transportation Incentives* (FY 2018-19 Funding Plan).

DATE: October 25, 2018

TIME: 9:00 a.m.

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

This item will be considered at a meeting of the Board, which will commence at 9:00 a.m., October 25, 2018, and may continue at 8:30 a.m., on October 26, 2018. Please consult the agenda for the meeting, which will be available at least ten days before October 25, 2018, to determine the day on which this item will be considered.

Background

The proposed FY 2018-19 Funding Plan covers a total of \$483 million in clean transportation investments from two related funding sources appropriated to CARB in budget bills passed by the Legislature and signed by the Governor in 2018:

- \$455 million for Low Carbon Transportation investments funded with Cap-and-Trade Auction Proceeds appropriated to CARB in the Budget Act of 2018 as amended by Senate Bill (SB) 856 (Committee on Budget and Fiscal Review, Chapter 30, Statutes of 2018).
- \$28.64 million for the Air Quality Improvement Program (AQIP) appropriated to CARB in SB 840 (Mitchell, Chapter 29, Statutes of 2018), the Budget Act of 2018.

The proposed FY 2018-19 Funding Plan describes CARB's policy drivers and vision for these advanced technology mobile source investments, eligible project categories and criteria, project funding allocations, program implementation details, grant administration procedures, and the justification for these investments. CARB staff has developed a joint plan for these funding sources to ensure synergistic investments among these related programs while ensuring that statutory requirements applicable to each are met.

Background on both of these funding sources covered in the proposed FY 2018-19 Funding Plan is provided below, followed by a summary of the proposed investments.

Low Carbon Transportation: The Low Carbon Transportation Investments program is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas (GHG) emissions, strengthening the economy, and improving public health and the environment—particularly in disadvantaged communities. CARB’s Low Carbon Transportation Program is designed to accelerate the transition to low carbon freight and passenger transportation with a priority on providing health and economic benefits to California’s most disadvantaged communities.

The Legislature has appropriated nearly \$1.2 billion to CARB for its Low Carbon Transportation Program over the past five budget cycles. This is being used to fund: zero-emission and plug-in hybrid passenger vehicles through the Clean Vehicle Rebate Project (CVRP); transportation equity projects to increase access to the cleanest vehicles in and near disadvantaged communities and for low-income Californians; clean trucks and buses using zero-emission, hybrid, and low nitrogen oxides (NOx) technologies through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP); and advanced demonstration and pilot commercial deployment freight equipment projects.

For FY 2018-19, the Legislature appropriated \$455 million for the Low Carbon Transportation Program to continue and build on investments from previous years. The budget appropriation specifies that the funding be invested in the following categories:

- \$200 million for the CVRP, with the stipulation that \$25 million be used to fund increased rebates for low-income recipients.
- \$75 million for the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus-up Pilot Project (Clean Cars 4 All), replacement of school buses, and light-duty equity projects authorized pursuant to a previous statute, SB 1275 (Chapter 530, Statutes of 2014).
- \$125 million for clean truck and bus vouchers through HVIP.
- \$55 million for the Freight Equipment Advanced Demonstration and Pilot Commercial Deployment Project, including projects for ships at berth.

Additional direction from the Legislature on the use of these funds is described in the proposed FY 2018-19 Funding Plan.

AQIP: AQIP is a mobile source incentive program that focuses on reducing criteria pollutant and diesel particulate emissions with concurrent GHG reductions. CARB

investments started under AQIP provide the foundation for the Low Carbon Transportation Investments that now make up the vast majority of the proposed FY 2018-19 Funding Plan. AQIP has provided funding for CVRP, HVIP, and advanced technology demonstrations and pilots since 2009. In recent years, these projects have been primarily funded with Low Carbon Transportation appropriations, and the majority of AQIP funds have been directed to the Truck Loan Assistance Program and other diesel emission reduction projects. For FY 2018-19, the Legislature appropriated \$28.64 million to CARB for AQIP. Staff proposes to allocate the funds to the following projects:

- \$25.64 million for the Truck Loan Assistance Program.
- \$3 million for diesel truck particulate filter retrofit replacements.

Additional information on these two projects is described in the proposed FY 2018-19 Funding Plan.

Summary of the Proposed FY 2018-19 Funding Plan

California has important goals to reduce GHG and short-lived climate pollutant emissions, improve air quality and reduce toxics risk, deploy ZEVs, and reduce petroleum dependency. Staff proposes using these incentives to accelerate development and deployment of the cleanest feasible mobile source technologies and to improve access to clean transportation. This would support the key emission reduction goals identified in *California's 2017 Climate Change Scoping Plan*, the *Revised Proposed 2016 State Strategy for the State Implementation Plan*, the *California Sustainable Freight Action Plan*, and it would also support the recommendations of CARB's SB 350 (De León, Chapter 547, Statutes of 2015) *Low-Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access for Low-Income Residents*.

These projects are designed to both achieve immediate emission reductions and, equally important, support the transformation of California's vehicle and equipment fleet to one that is largely zero-emitting where feasible and as clean as possible where zero-emissions are not feasible. In designing these investments, CARB strives to maximize the benefits for disadvantaged communities, low-income communities, and low-income households.

The proposed projects for the FY 2018-19 cycle in most cases continue and build on investments from previous budget cycles that were envisioned as multi-year investments. All proposed projects are designed to meet the Legislature's specific direction on the use of these funds in various budget bills. Staff determined project allocations by evaluating anticipated demand and technology readiness; reviewing the long-term planning elements of previous Funding Plans such as the Three-Year Investment Strategy for Heavy-Duty Vehicles and Off-Road Equipment and the Long-Term Plan for CVRP and Light-Duty Vehicle Incentives; considering other available funding sources; and considering stakeholder input. Staff's proposed funding

allocations are shown in Table 1, and the rationale for the proposal is described in the proposed FY 2018-19 Funding Plan.

Table 1: Proposed Project Allocations for FY 2018-19 Funding Plan

Project Category	Allocation* (millions)
Low Carbon Transportation Funding	
Light-Duty Vehicle and Equity Investments	
CVRP (standard rebates and increased rebates for lower income consumers)	\$200
Transportation Equity Projects EFMP Plus-up / Clean Cars 4 All - \$16M Financing Assistance for Lower-Income Consumers - \$10M Clean Mobility Options - \$15M Agricultural Worker Vanpools - \$3M Rural School Bus Pilot - \$15M Clean Mobility in Schools - \$10M Funding Reserve - \$6M	\$75
Heavy-Duty Vehicles and Off-Road Equipment Investments	
Clean Truck and Bus Vouchers Hybrid Zero-Emission Low NOx with Renewable Fuel	\$125
Freight Equipment Demonstration and Pilot Commercial Deployment	\$55
Low Carbon Transportation Funding Sub-Total	\$455
AQIP Funding	
Truck Loan Assistance Program	\$25
Diesel Emission Retrofit Replacement Filters	\$3
AQIP Sub-Total	\$28
TOTAL	\$483

Proposed Action

CARB staff will present the proposed FY 2018-19 Funding Plan for the Board’s approval at the meeting. Copies of the report may be obtained from CARB’s Public Information Office, 1001 I Street, First Floor, Environmental Services Center, Sacramento, California, 95814, at least 30 days prior to the scheduled meeting on October 25, 2018. The report may also be obtained from CARB’s website at <http://www.arb.ca.gov/aqip/>.

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 5:00 p.m., October 22, 2018**, and addressed to the following:

Postal mail: Clerk of the Board, California 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.

CARB requests that written statements on this item be filed at least ten days prior to the meeting so that CARB staff and Board members have additional time to consider each comment. Further inquiries regarding this matter should be directed to Jason Crow, Air Pollution Specialist, at (916) 323-7525 or (designated back-up contact) Stella Ling-Taylor, Air Pollution Specialist, at (916) 322-6369.

ENVIRONMENTAL ANALYSIS

CARB, as the lead agency under the California Environmental Quality Act (CEQA), has reviewed the proposed FY 2018-19 Funding Plan and determined it is not a “project” subject to CEQA because it constitutes the creation of a government funding mechanism or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. A brief explanation of the basis for reaching this conclusion is included in the Executive Summary of the FY 2018-19 Funding Plan.

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the meeting;
- Documents made available in an alternate format or another language; and
- 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 ten business days before the scheduled Board meeting. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia;
- Documentos disponibles en un formato alternativo u otro idioma; y
- 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 diez 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



Richard W. Corey
Executive Officer

Date: *September 21, 2018*

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at www.arb.ca.gov.