

CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER REVISIONS TO THE CARL MOYER MEMORIAL AIR QUALITY STANDARDS ATTAINMENT PROGRAM GUIDELINES

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

DATE: April 28, 2011

TIME: 9:00 a.m.

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

This item will be considered at a one-day meeting of the Board, which will commence at 9:00 a.m., Thursday, April 28, 2011. Please consult the agenda for the meeting, which will be available at least 10 days before April 28, 2011, to determine the schedule 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 extra of what is required by regulation. Participation in the Carl Moyer Program is completely voluntary.

In its first 12 years, the Carl Moyer Program provided over \$680 million in State and local funds to clean-up approximately 24,000 engines. This reduced approximately 100,000 tons of oxides of nitrogen and 6,000 tons of toxic diesel particulate matter throughout California. For fiscal year 2010/2011, approximately \$69 million of State funding is available through the Carl Moyer Program, with an additional \$50 million of local funds that can be spent on similar projects.

California Health and Safety Code section 44287 authorizes ARB to revise the Carl Moyer Program Guidelines (Guidelines) when necessary to improve the ability of the program to achieve its goals. This section of the Health and Safety Code also instructs ARB to work with California's air pollution control and air quality management districts (air districts), provide a 45 day public comment period, and hold at least one public meeting to consider public comments prior to adopting any revisions to the Guidelines. Increased regulatory

activity and changes in the economy have had a noticeable impact on the Carl Moyer Program. For example, small fleet participation has declined substantially due to the declining availability of obtaining the credit necessary to help offset the incremental costs required by the Carl Moyer Program. As a result, stakeholders have requested changes to the Guidelines. In recognition of these concerns, staff has undertaken revising the Guidelines. Through public workshops, workgroup meetings, and an advisory group chaired by ARB Board Member Sandra Berg, staff gathered valuable input on possible changes. As a result of these collaborative efforts, ARB staff is proposing the following revisions to the Guidelines.

Major Proposed Revisions:

The following sections highlight the major revisions proposed for the Guidelines. In general, staff expects the proposed changes to increase funding opportunities and participation, and to simplify program administration.

Off-Road Voucher Incentive Program

Staff is proposing to add a Voucher Incentive Program as a new, stand-alone funding option to replace off-road equipment. Modeled after the On-Road Voucher Incentive Program, this funding option would streamline the existing off-road equipment replacement program. Funding would be available to reduce the cost of replacing older, uncontrolled agricultural tractors, construction tractors, loaders, and backhoes with engines less than 175 horsepower with newer, cleaner equipment.

New Source Categories: Emergency Vehicles (Fire Apparatus) and Lawn & Garden Equipment Replacement

Staff is proposing to add two new source categories that would be eligible for Carl Moyer Program funds. First, staff proposes to fund replacement of older fire apparatus with newer, cleaner fire apparatus. Some examples of fire apparatus include, but are not limited to, pumper trucks, ladder trucks, and tankers.

The second new source category staff is proposing to add would provide incentives to owners to replace their older, gasoline fueled lawn and garden equipment with newer, zero-emission electric equipment. Adding this source category will allow air districts the ability to either enhance existing replacement programs or develop new replacement programs. Staff is proposing that the category be initially limited to residential lawn mowers. As electric lawn and garden technology improves in the future, staff will consider the feasibility of adding other types of equipment for replacement.

Allow Greenhouse Gas Reduction Incentives to be Combined with Carl Moyer Program Incentives

Staff is proposing to align the Guidelines with the provisions of Assembly Bill 1507 that allow for the use of greenhouse gas funds from federal sources or the Alternative and Renewable Fuel and Vehicle Technology Program in conjunction with Carl Moyer Program funds without those funds being included in the cost-effectiveness calculation.

On-Road Sources

Staff is proposing to allow air districts to implement the Fleet Modernization funding option without requiring an ARB approved implementation plan, and to allow usage verification to include hours of operation on a case-by-case basis. In addition, the proposed revisions include an update to reflect the Board's December 2010 actions to the Truck and Bus Regulation, as well as new funding opportunities for fleets with up to 10 vehicles.

Off-Road Sources

Staff is proposing changes that will expand funding opportunities for small fleets in all off-road components of the Carl Moyer Program by reducing the minimum project life from three years to two years. Funding opportunities for the upcoming introduction of Tier 4 engines are also addressed. The proposed revisions also include an update to reflect the Board's actions to the In-Use Off-Road Diesel-Fueled Fleets Regulation in December 2010.

Carl Moyer Program Administration

Staff is proposing numerous changes to the administrative procedures that will further streamline air district administration and applicant participation in the Carl Moyer Program while still ensuring a robust program. These proposed revisions include a) allowing air districts that track projects cumulatively to easily close out older years, b) adding further flexibility to air districts' ability to adjust contracts based on the economy's impact on usage, c) new language to assist air districts implementing projects on a case-by-case basis, d) streamline air district auditing requirements of projects and grantees, and e) an outline of progressive corrective steps to help assist air districts in the event that the programmatic and fiscal elements of program implementation are not being met.

Methodology Used to Determine Surplus Emission Reductions

By law, Carl Moyer Program funded projects are required to reduce surplus emissions. Staff is proposing to revise the current methodology used to determine surplus emission reductions by using compliance deadlines as the benchmark rather than the emission inventory analysis. Staff believes this change will help increase project eligibility while ensuring all statutory requirements are still being met.

Expand Funding Opportunities to Fleets that are in Compliance with In-Use Regulations

Currently, fleets that are within an in-use regulatory compliance schedule are allowed only one opportunity to receive incentive funds. Staff is proposing to remove this restriction and allow more than one funding opportunity for fleets that can demonstrate compliance with any applicable in-use regulations.

Executive Officer Authority

Previously, the Board directed the Executive Officer to develop amendments to the Guidelines (known as Mail-outs) 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 his or her designee.

In addition, ARB staff will update the Board on the changes made by the Executive Officer under this authority since the last update.

All proposed changes including those listed above are outlined in the proposed 2011 Carl Moyer Program Guidelines.

AVAILABILITY OF DOCUMENTS AND AGENCY CONTACT PERSONS

The proposed revisions to the Carl Moyer Program Guidelines will be presented by ARB staff at the Board meeting. Copies of the proposed revisions may be obtained from ARB's Public Information Office, 1001 I Street, First Floor, Environmental Services Center, Sacramento, California 95814, (916) 322-2990, at least 45 days prior to the scheduled hearing on April 28, 2011. The proposed revisions will also be available electronically on ARB's website at www.arb.ca.gov/msprog/moyer/moyer.htm.

Inquiries regarding this matter should be directed to Ms. Heather Arias, Manager of the Planning and Regulatory Development Section, at (916) 324-6429 or to Mr. Sam Gregor, Air Pollution Specialist, at (916) 323-0005.

SUBMITTAL OF COMMENTS

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 not physically submitted at the meeting must be received **no later than 12:00 noon, April 27, 2011**, 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 all written and emailed statements be filed prior to the hearing 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.

SPECIAL ACCOMMODATION REQUEST

Special accommodation or language needs can be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format (i.e. Braille, large print) or another language;
- 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 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 comodidade especial o si por su idioma necesita cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia.
- Documentos disponibles en un formato alternativo (es decir, sistema Braille, letra grande) u otro idioma.
- Una acomodación razonable relacionados con una incapacidad.

Por favor llame a la officina del Consejo a (916) 322-5594 o envíe un fax a (916) 322-3928 lo mas pronto possible, pero no menos de 10 dias de trabajo antes del el dia programado para la audencia del Consejo. TTY/TDD/ Personas que nesessitan este servicion pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

CALIFORNIA AIR RESOURCES BOARD

/s/

James N. Goldstene
Executive Officer

Date: March 10, 2011

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.