

# **Incentive Program**

## **PROGRAM REVIEW REPORT**

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**San Joaquin Valley Air Pollution Control District  
Fiscal Years 2006-07 through 2009-10**

**Prepared by: Air Resources Board  
Mobile Source Control Division, Incentives Oversight Section  
January 2, 2013**

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## 1. Introduction

The Air Resources Board (ARB) is responsible for overseeing a number of voluntary State incentive programs that are implemented through California's 35 local air pollution control districts and air quality management districts (air districts), and other local agencies. As part of this oversight responsibility, ARB staff conducted a program review of the San Joaquin Valley Air Pollution Control District's (San Joaquin Valley APCD or District) implementation of the following incentive programs:

- The Air Quality Improvement Program (AB 118), two projects:
  - Lawn and Garden Equipment Replacement Project (Lawn and Garden Project)
  - Zero-Emission Agricultural Utility Terrain Vehicle Rebate Project (Agricultural UTV Project)
- The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program)
- The Proposition 1B Goods Movement Emission Reduction Program (Goods Movement Program)
- The Lower-Emission School Bus Program (School Bus Program)

ARB program reviews serve the public interest for transparency and accountability, helping to ensure that expenditures of State funds achieve intended outcomes and are within legal requirements. Projects are selected for review following a risk evaluation. These projects represent a percentage of the funds expended during the years within the overall scope of the review. Unless noted, issues and findings reported here pertain to the individual circumstances described and do not apply to other projects, although they may be indicative of similar issues occurring with projects not reviewed.

The San Joaquin Valley APCD is one of the largest of California's local air districts and is responsible for air quality in Fresno County, Kings County, Madera County, Merced County, San Joaquin County, Stanislaus County, Tulare County, and western Kern County. The District's incentive programs are crucial components of the District's efforts to reduce emissions and meet requirements of Federal Clean Air Act Amendments and the California Clean Air Act.

The Air Quality Improvement Program (AQIP) was established by the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Assembly Bill 118) to fund clean vehicle and equipment projects that reduce criteria and toxic air pollutants. AQIP is funded by smog abatement, vehicle registration, and vessel registration fees. ARB develops statewide implementation guidelines, distributes funds to air districts, and conducts periodic oversight. Statute lists 8 broad categories for project types, of which the District has implemented a Lawn and Garden Project that encourages the replacement of gas-powered lawn mowers with electric lawn mowers and an Agricultural UTV Project that provides funds towards

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purchase of zero-emission utility vehicles used in agriculture. The District agreed to provide matching funds for the Lawn and Garden Project. The District's Agricultural UTV Project was open to purchasers throughout the State. This is the first ARB incentive program review report to include AQIP-funded projects.

The Carl Moyer Program funds the extra capital cost of cleaner-than-required vehicles and equipment to help achieve air pollution reductions that are both early and surplus to regulations. Funds for the Carl Moyer Program include tire replacement and vehicle registration (smog abatement) fees. ARB develops statewide implementation guidelines, distributes funds to air districts, and conducts periodic oversight. Air districts choose which project types to fund from a variety of eligible categories, including on-road and off-road vehicles and equipment, marine, shore power, locomotives, stationary agriculture pumps, emergency equipment, lawn and garden equipment, and light duty vehicle scrap. Funded projects must achieve early or extra emission reductions not otherwise required by law or regulation. The San Joaquin Valley APCD (like other large and medium-sized air districts) contributes match funds as required by the Carl Moyer Program.

The Goods Movement Program offers grants to owners of equipment used in freight movement to fund the purchase of cleaner technologies to quickly reduce air pollution emissions and health risk from freight movement along California's trade corridors. The Goods Movement Program is funded by bonds authorized by Proposition 1B, and is implemented by local agencies that apply to ARB for grants to fund specific project categories. At the discretion of the implementing agency, the project categories may include heavy duty trucks used in goods movement through specific corridors or serving seaports or railroad intermodal transportation hubs, locomotives, ships at berth and commercial harbor craft, and cargo handling equipment. ARB develops guidelines, awards grants to fund projects proposed by air districts and seaports, and conducts periodic oversight. As with the Carl Moyer Program, projects funded must achieve early or extra emission reductions that are not otherwise required by law or regulation. The Goods Movement Program does not require the District to contribute match funds toward this program.

The School Bus Program is designed to help clean up the aging school bus fleet that serves California's public schools in order to reduce school children's exposure to diesel exhaust. The School Bus Program is funded by bonds authorized by Proposition 1B and through a grant of federal Diesel Emission Reduction Act (DERA) funds. The program provides grants to purchase new school buses that replace older, high-emitting buses or to retrofit existing diesel bus engines with ARB-verified diesel emission control systems. ARB develops statewide implementation guidelines, distributes State and federal funds to air districts, and provides oversight of program implementation. Air districts select and fund school bus projects with public school districts and transportation providers in their areas. The School Bus Program does not require the District to contribute match funds towards the program.

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This review was conducted in accordance with ARB's policies and procedures for review of incentive programs, which are viewable at the following ARB website: <http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>. The scope of the review includes grant agreements between ARB and the District made in fiscal years 2006-07 through 2009-10. The review began with an entrance conference held on September 12, 2011, at the District office. The results of the program review were presented during an exit meeting held with the District on January 23, 2012.

ARB's programmatic review was supplemented by a fiscal review conducted by the California Department of Finance Office of State Audits and Evaluations (Department of Finance). Department of Finance presented their observations and recommendations at a separate exit meeting on August 6, 2012, and will issue a separate report posted on the Department of Finance and ARB websites.

This report describes the scope of the review, the projects selected for review and site inspection, a resulting finding, and discussion of commendable efforts. Note that ARB program review reports were formerly titled audit reports; this change in terminology does not reflect a change in process. Under established policies and procedures for program reviews, the District has 30 days from the date of this report's cover letter to submit its comments. ARB's report and the District response will then be posted on ARB Incentive Program Audits and Program Reviews website at <http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>.

## **2. Overall Assessment**

The District's incentive programs are efficiently and effectively achieving their emission reduction objectives. The single finding in this report identifies a condition with one Carl Moyer Program agriculture pump electrification project that the District and grantee fully remedied during the course of the review.

The report also commends the District for voluntarily implementing the 2007-08 School Bus Program for school districts in 18 other air districts in addition to implementing their own program for school districts within the District.

### AQIP Lawn and Garden and Agricultural UTV Projects

The District reports that its 2009-10 AQIP Lawn and Garden Project experienced strong demand and resulted in the replacement of 1,670 high-polluting lawn mowers with zero-emission mowers using \$464,000 in funding from ARB. To participate in this program, applicants living in the District submitted applications to the District (typically via phone) and received a voucher. The voucher was validated by District-approved scrap contractors upon receipt of the old mower and subsequently redeemed by the manufacturer via mail order for a new zero-emission electric mower. In addition, the AQIP Lawn and Garden Project grant required the District to provide a one-to-one funding match. The terms of the agreement allowed the match to be a combination of

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funds already expended in an established mower exchange program and new funds. The District exceeded this requirement with grandfathered funds from the District's own pre-existing mower exchange program and the commitment of additional new District funds. The new funds resulted in the replacement of an additional 235 mowers in 2009-10.

For the Agricultural UTV Project, the District was selected by ARB to implement a state-wide program after a competitive solicitation. ARB designated \$1.1 million to accelerate the use of zero-emission work vehicles for use in California agricultural operations. Eligible applicants were initially provided rebates of 15 percent of manufacturer suggested retail price (MSRP) up to \$2,500 to offset the incremental cost of the farm utility vehicle purchased. In response to initially weak demand, ARB and District staff modified the rebate amount early in the program to 25 percent of MSRP (prior applicants were offered the additional funds). No District matching funds were required for this project; successful applicants paid the entire cost of the utility vehicle against which the rebate was applied.

Despite the large amount allocated to the UTV program and the changes made to stimulate interest, ultimately there were few applicants. The District expended \$134,584 for rebates on 56 vehicles as of December 31, 2011, the close of the District's solicitation for this project. Pending submittal to ARB of the final report for this project, the District must return to ARB any unexpended project and administration funds, and any interest earned on those funds. Those funds will be combined with the balance of this project's unused funds held at ARB and redirected to enhance funding of other future AQIP projects.

ARB identifies no findings or recommendations for the District's implementation of either of the AQIP projects.

#### Carl Moyer Program

The District's Carl Moyer Program (including Multi-district grants) funded over 1,350 engine replacements and/or retrofits of diesel engines with \$56,672,896 in State and District match funding during the scope of the review. ARB identifies one finding regarding the District's implementation of the Carl Moyer Program. A project to replace agriculture pump diesel engines with electric motors had two motors without dedicated electricity hour usage meters as required (see detail in section 5, Review Findings).

#### Goods Movement Program

Within the scope of the review, the District accepted two 2007-08 Goods Movement Program grants totaling \$47,004,197 and one 2008-09 grant for \$44,727,303. The District reports that the 2007-08 grants funded the replacement of 899 heavy duty diesel trucks and the installation of ARB-certified Level-3 Retrofit devices on 22 diesel trucks. During the review, the District was evaluating project applications for the 2008-09

grants. ARB identified no findings or recommendations for the District’s implementation of the Goods Movement Program.

School Bus Program

The District participated in two School Bus Program funding cycles over the period of this review, accepting Proposition 1B bond-funded grants in 2007-08 and a DERA grant in 2009. For the 2007-08 Proposition 1B bond-funded School Bus Program, the District was granted \$39,817,727 for implementation of its own School Bus Program and accepted an additional \$25,007,696 to implement the School Bus Program for an additional 18 air districts. The District also accepted \$205,000 in 2009 DERA grant funds for projects to retrofit school bus diesel engines.

In total for the years within the scope of this review, the District reports funding 175 school bus replacements. In addition, there were 1,188 retrofits using over \$65 million in State and federal funds. This met intended School Bus Program goals for 19 of California’s 35 air districts and reduced exposure to diesel exhaust for thousands of schoolchildren.

ARB identifies no findings or recommendations associated with the District’s implementation of the School Bus Program. ARB commends the District for their assistance to ARB and the successful implementation of the School Bus Program for eighteen other air districts (see detail in section 6, Commendable Efforts).

**3. Scope of the Program Review**

The scope of the review covered the District’s implementation of incentive programs associated with grants awarded from fiscal year 2006-07 through 2009-10.

For AQIP, the scope of the review covered a Lawn and Garden Project and an Agricultural UTV Project awarded in 2009-10. Table 1 lists the project and administration funding that the District received to implement the programs, and lists the District’s match funding associated with the Lawn and Garden Project.

<b>Grant Number</b>	<b>Project Name</b>	<b>Project Funds</b>	<b>Administration Funds</b>	<b>Total Grant</b>	<b>Required Match</b>	<b>Total</b>
G09-AQIP-08	Lawn and Garden Project	\$417,600	\$46,400	\$464,000	\$464,000	\$928,000
G09-AQIP-03	Agricultural UTV Project	\$990,000	\$110,000	\$1,100,000	No District Match Required	\$1,100,000
<b>Totals</b>		<b>\$1,407,600</b>	<b>\$156,400</b>	<b>\$1,564,000</b>	<b>\$464,000</b>	<b>\$2,028,000</b>

<sup>1</sup> Interest earned by the District is not included in table.

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For the Carl Moyer Program, the scope of the review covered grants awarded in 2006-07 through 2009-10. Table 2 lists the project and administration funding (including Carl Moyer Program Multi-district funds) that the District received to implement the program and lists the District's match funding commitment for each grant.

<b>Table 2: Carl Moyer Program Funds<sup>1</sup></b>						
<b>Fiscal Year</b>	<b>Grant Number</b>	<b>Project<sup>2</sup></b>	<b>Administration</b>	<b>Total Grant</b>	<b>Matching Funds<sup>3</sup></b>	<b>Total</b>
<b>Carl Moyer Program</b>						
2006-07	G06-M20	\$11,090,380	\$536,105	\$11,626,485	\$1,569,106	\$13,195,591
2007-08	G07-M019	\$11,456,944	\$565,714	\$12,022,658	\$1,711,507	\$13,734,165
2008-09	G08-M024	\$9,218,646	\$488,504	\$9,707,150	\$1,700,489	\$11,407,639
2009-10	G08-M023	\$8,266,444	\$425,962	\$8,692,406	\$1,245,267	\$9,937,673
<b>Carl Moyer Program—Multi-District</b>						
2006-07	G06-M033	\$1,047,646	\$77,384	\$1,125,030	-	\$1,125,030
2007-08	G07-M031	\$2,054,861	\$102,743	\$2,157,604	-	\$2,157,604
2008-09	G08-M038	\$1,276,637	\$69,363	\$1,346,000	-	\$1,346,000
2009-10	G08-M036	\$3,578,854	\$190,340	\$3,769,194	-	\$3,769,194
<b>Total</b>		<b>\$47,990,412</b>	<b>\$2,456,115</b>	<b>\$50,446,527</b>	<b>\$6,226,369</b>	<b>\$56,672,896</b>
<sup>1</sup> Interest earned by the District is not included in table. <sup>2</sup> Project amounts for Carl Moyer Program grants include funds the District recaptured from liquidated Carl Moyer Program projects and inter-district transfers of Carl Moyer Program funds to the District from Antelope Valley AQMD and Mojave Desert AQMD. <sup>3</sup> ARB waived the match requirement for the multi-district grants.						

For the Goods Movement Program, the scope of the review covered the fiscal year 2007-08 and 2008-09 funding cycles. Table 3 lists the project and administration grant amounts for the District to implement the program.

<b>Table 3: Goods Movement Program Grants<sup>1</sup></b>					
<b>Fiscal Year</b>	<b>Grant Number</b>	<b>Grant Name</b>	<b>Project</b>	<b>Administration</b>	<b>Total Grant</b>
2007-08	G07-GMCT1	Early Grants Other Trucks	\$5,430,000	\$271,500	\$5,701,500
2007-08	G07-GMCT3	Main Grants Other Trucks	\$39,335,902	\$1,966,795	\$41,302,697
2008-09	G08-GMCT1	Heavy Duty Diesel Trucks	\$42,597,431	\$2,129,872	\$44,727,303
<b>Total</b>			<b>\$87,363,333</b>	<b>\$4,368,167</b>	<b>\$91,731,500</b>
<sup>1</sup> Interest earned by the District is not included in table.					



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For the School Bus Program, the review covered fiscal year 2007-08 Proposition 1B bond-funded grants for diesel engine retrofit and bus replacement projects and a federal fiscal year 2009 DERA grant for diesel engine retrofit projects. For the 2007-08 School Bus Program, the District initially agreed to implement the program for 5 rural air districts in addition to their own program, using the other districts' grant funds to solicit, evaluate, and contract projects in those districts. In addition, in November 2009 the District agreed to assume ARB's implementation responsibilities for an additional 13 air districts. Table 4 lists the School Bus Program grants the District implemented during the scope of the review.

See table on the next page.

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<b>Table 4: Lower-Emission School Bus Grants<sup>1</sup></b>				
<b>2007-08 Proposition 1B Lower-Emission School Bus Program</b>				
<b>Grantee and Grant Number</b>		<b>Project</b>	<b>Administration</b>	<b>Total Grant</b>
1	San Joaquin Valley APCD G07-SB026	\$38,947,184	\$870,543	\$39,817,727
2	Calaveras County APCD G07-SB005	\$1,094,372	\$22,334	\$1,116,706
3	Eastern Kern APCD G07-SB012	\$1,385,303	\$28,271	\$1,413,574
4	Great Basin Unified APCD G07-SB010	\$697,256	\$14,229	\$711,485
5	Mariposa County APCD G07-SB015	\$1,194,419	\$24,375	\$1,218,794
6	Tuolumne County APCD G07-SB033	\$1,685,443	\$34,396	\$1,719,839
7	Amador County APCD G07-SB001	\$138,224	\$2,820	\$141,044
8	Antelope Valley AQMD G07-SB002	\$1,194,419	\$24,375	\$1,218,794
9	Colusa County APCD G07-SB006	\$498,186	\$10,167	\$508,353
10	Feather River AQMD G07-SB008	\$2,182,605	\$44,542	\$2,227,147
11	Lake County AQMD G07-SB013	\$1,891,675	\$38,605	\$1,930,280
12	Lassen County AQMD G07-SB014	\$597,210	\$12,187	\$609,397
13	Mendocino County AQMD G07-SB016	\$1,934,535	\$39,480	\$1,974,015
14	Modoc County APCD G07-SB017	\$467,763	\$9,546	\$477,309
15	Mojave Desert AQMD G07-SB018	\$3,279,024	\$66,918	\$3,345,942
16	San Luis Obispo County APCD G07-SB027	\$1,891,675	\$38,605	\$1,930,280
17	Santa Barbara County APCD G07-SB028	\$1,590,512	\$32,459	\$1,622,971
18	Siskiyou County APCD G07-SB030	\$1,491,488	\$30,439	\$1,521,927
19	Tehama County APCD G07-SB032	\$1,293,443	\$26,396	\$1,319,839
<b>Total 2007-08 Grant Awards</b>		<b>\$63,454,736</b>	<b>\$1,370,687</b>	<b>\$64,825,423</b>
<b>2009 DERA Lower-Emission School Bus Grant<sup>1</sup></b>				
<b>Grant Number</b>		<b>Project</b>	<b>Administration</b>	<b>Total Grant</b>
G08-DEA-04		\$190,650	\$14,350	<b>\$205,000</b>
<sup>1</sup> Interest earned by the District is not included in table.				

#### 4. Projects Selected for Review and Site Inspection

The process for choosing projects to review involved selecting a sample that reflected the diversity of project types funded by the District during the scope of the review. Thus, the funding sources considered in selecting the review sample included all grant and match funds listed in Tables 1 through 4 (above), and the interest earned on those grant funds and expended on projects.

The District also used \$2 Assembly Bill 923 motor vehicle fees to fund projects during the time span covered by the review. Such projects were considered in selecting the review sample and one project was selected for project review and on-site inspection (Cherokee Freightlines, N-0874, see Appendix 2, Table 2). The District claimed this project as part of its Carl Moyer Program match and it was evaluated for this report in the Carl Moyer Program sections. ARB did not select or evaluate any non-match \$2 Assembly Bill 923 funded projects and is not issuing a separate report per the 2011 Carl Moyer Program Guidelines, Program Administration Chapter, Section V.6.(B).

##### a. AQIP Lawn and Garden Project and Agricultural UTV Project

Table 5 summarizes the numbers of electric mowers funded by the District’s AQIP Lawn and Garden Project and the number of zero-emission agricultural utility vehicle rebates funded by the District’s Agricultural UTV Project funded during the scope of the review as reported by the District.

<b>Table 5: Air Quality Improvement Program</b>			
<b>Project</b>	<b>Grant Funded</b>	<b>Match Funded</b>	<b>Total Units</b>
Lawn and Garden Project	1,670	235	1,905
Agricultural UTV Project	56	-	56
<b>Total</b>	<b>1,726</b>	<b>235</b>	<b>1,961</b>

The program review team did not review individual recipients of Lawn and Garden Project vouchers but did review the list of successful applicants and rebates for adherence to the District’s policies and procedures and the ARB program guidelines. For the Agricultural UTV Project, the program review team selected three project files for in-depth review, as shown in Appendix 1. One of the reviewed projects was also inspected in the field by ARB program review staff. No findings were identified in the reviewed files or the inspected project.

##### b. Carl Moyer Program

The Carl Moyer Program project categories that the District funded during the scope of the review include the following: Agricultural Pumps, Off-Road Construction Equipment, Off-Road Mobile Agricultural Equipment, Locomotives, Off-Road Heavy-Duty Vehicles

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and On-Road Heavy Duty Vehicles. Table 6 summarizes the source category types and the number of engines and projects funded during the scope of the review.

<b>Table 6: Carl Moyer Program Engines and Projects<sup>1</sup></b>									
Fund Source	Source Category	2006-07		2007-08		2008-09		Total	
		Engines / Projects	Engines / Projects	Engines / Projects	Engines / Projects	Engines / Projects	Engines / Projects		
Carl Moyer Program	Ag Pump	325	134	398	151	72	25	795	310
	Off-Road Construction	24	6	1	1	1	1	26	8
	Off-Road Mobile Ag Equipment	12	1	29	7	15	8	56	16
	Locomotives	0	0	0	0	5	1	5	1
Carl Moyer Program - Multi District	Ag Pump	4	3	0	0	0	0	4	3
	Off-Road Construction	3	1	0	0	0	0	3	1
	Off-Road Mobile Ag Equipment	0	0	7	1	0	0	7	1
	Locomotives	0	0	2	1	0	0	2	1
	On-Road Heavy-Duty Vehicles	19	1	0	0	0	0	19	1
	On-Road VIP vehicles	0	0	0	0	31	31	31	31
Match	On-Road Heavy-Duty Vehicles	73	3	79	4	0	0	152	7
	Ag Pump	0	0	27	9	192	107	219	116
	Off-Road Mobile Ag Equipment	0	0	15	5	0	0	15	5
	On-Road VIP vehicles	0	0	0	0	21	21	21	21
<b>Total</b>		<b>460</b>	<b>149</b>	<b>558</b>	<b>179</b>	<b>337</b>	<b>194</b>	<b>1355</b>	<b>522</b>

<sup>1</sup>Projects for which funding is split between multiple funding sources have been split accordingly and project

<b>Table 6: Carl Moyer Program Engines and Projects<sup>1</sup></b>					
<b>Fund Source</b>	<b>Source Category</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>Total</b>
		<b>Engines / Projects</b>	<b>Engines / Projects</b>	<b>Engines / Projects</b>	<b>Engines / Projects</b>
numbers have been rounded.					
Source of Data: Executed contracts reported in CARL current as of 08/02/11					

The program review team selected 13 project files for in-depth review, as shown in Appendix 2, Table 1. The table also identifies that five of the reviewed projects were also inspected in the field by ARB program review staff. No findings were identified in the reviewed project files and one finding was identified from the inspected projects.

c. Goods Movement Program

The Goods Movement Program project categories within the review scope included “Other Heavy-Duty Diesel Trucks.” Table 7 summarizes the Goods Movement Program grants with the number of trucks ranked as of the entrance conference held on September 12, 2011.

<b>Table 7: Goods Movement Program Projects Ranked and Funded</b>			
<b>Grant Number Grant Name</b>	<b>Retrofits</b>	<b>Replacement Diesel</b>	<b>Total Projects</b>
G07GMCT1 Early Grants Other Trucks	10	93	103
G07GMCT3 Main Grants Other Trucks	12	806	818
<b>2007-08 Total</b>	<b>22</b>	<b>899</b>	<b>921</b>
G08-GMCT1 Heavy Duty Diesel Trucks	Solicitation occurring as of the entrance conference—no rank list		

From the ranked and funded projects, the review team selected 40 project files for evaluation while at the District during the first week to conduct a quick review for completeness of documentation, timely completion of project milestones, and general eligibility, as shown in Appendix 3, Table 1. An additional 20 projects were selected and scanned for a more in-depth eligibility review conducted over the course of the review, as shown in Appendix 3, Table 2. Of those projects, two were inspected in the field by ARB program review staff. No findings were identified from the project file reviews or the inspected projects.

d. School Bus Program

The School Bus Program projects in the review sample were selected to include the different sources of funding and the two school bus project types (retrofits of school bus diesel engines and replacements of old school buses) funded by the District over the scope of the review. Table 8 summarizes the School Bus project types, the number of projects, and individual buses funded by the District during the scope of the review.

<b>Table 8: Lower-Emission School Bus Program Projects and Number of Buses Funded<sup>1</sup></b>				
<b>Grant Number Grant Name</b>	<b>Project Type</b>	<b>Retrofits</b>	<b>Replacements</b>	<b>Total</b>
<b>2007-08 District Projects</b>	<b>Buses</b>	<b>920</b>	<b>134</b>	<b>1054</b>
	<b>Projects</b>	<b>104</b>	<b>41</b>	<b>145</b>
<b>2007-08 Other District Projects</b>	<b>Buses</b>	<b>258</b>	<b>41</b>	<b>299</b>
	<b>Projects</b>	<b>62</b>	<b>30</b>	<b>92</b>
<b>2009 DERA Projects<sup>2</sup></b>	<b>Buses</b>	<b>10</b>	<b>0</b>	<b>10</b>
	<b>Projects</b>	<b>2</b>	<b>0</b>	<b>2</b>
<b>Total</b>	<b>Buses</b>	<b>1,188</b>	<b>175</b>	<b>1,363</b>
	<b>Projects</b>	<b>168</b>	<b>71</b>	<b>239</b>

<sup>1</sup> Each contract with a public school or transportation provider is counted as a project; one project may include multiple buses  
<sup>2</sup> Current as of 8/4/11 (from Proposition 1B bond database)

From these projects, the program review team selected six School Bus Project files for in-depth review and one for on-site inspection by program review staff, as identified in Appendix 4, Table 1. No issues were identified in the reviewed files or inspected projects.

**5. Review Findings**

The review has one finding regarding the District’s implementation of the Carl Moyer Program, listed below. Note that the results of the Department of Finance’s independent fiscal review are included in their report, which will be posted on the ARB’s incentive program review website at

<http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>.

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“Findings” are district practices found to be inconsistent with one or more of the following:

- State requirements including those under Health and Safety Code sections as follows:
  - 39625 through 39627.5—Goods Movement Program.
  - 44275 through 44299.2—Carl Moyer Program.
  - 44299.90 through 44299.91—School Bus Program.
- Governor’s Executive Order S-02-07.
- Carl Moyer, School Bus, and Goods Movement Program Guidelines (2006 and newer versions) (<http://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>) (<http://arb.ca.gov/bonds/schoolbus/guidelines/2008lesbp.pdf>) ([http://www.arb.ca.gov/bonds/gmbond/docs/prop\\_1b\\_goods\\_movement\\_2010\\_fi nal\\_guidelines.pdf](http://www.arb.ca.gov/bonds/gmbond/docs/prop_1b_goods_movement_2010_fi nal_guidelines.pdf)).
- Carl Moyer and School Bus Program advisories, Mail-outs, and other written communications.
- Carl Moyer and School Bus Program Grant Award and Authorization requirements.
- Goods Movement Program Local Agency Grant Agreements.
- District policies and procedures and forms, including contracts with the engine owners/grant recipients.

“Conditions” are detailed descriptions of the District’s practices that resulted in findings as revealed by the review.

“Required Actions” are the minimum actions the District must take to mitigate the findings.

Under established incentive program review policies and procedures, the District is provided thirty days from the date of the report’s cover letter to submit comments on this report.

### **Carl Moyer Program Finding**

Two agriculture pump motors without dedicated electricity usage meters.

#### Condition:

On-site project inspection by ARB of one project (Gallo C-2369) revealed two electric agriculture pump motors that did not have dedicated electricity usage meters. The two motors each shared a utility meter with another well-pump motor. Thus, measurement of electricity usage by the motors funded by the Carl Moyer Program could not be determined. The condition resulted in no change in emission reduction (diesel to electric provides a reduction regardless of usage level).

#### References:

- *2005 Carl Moyer Program Guidelines*, Program Administration, VIII. Minimum Contract Requirements, E. Maintenance of the Engine/Vehicle.

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- *2005 Carl Moyer Program Guidelines*, Program Administration, IX. Districts' Monitoring Requirements, C. Annual Reports (page II-37), and D..
- *2005 Carl Moyer Program Guidelines*, Project Criteria, III. Potential Zero-Emission Projects, A. Electrically-Driven Agricultural Equipment, Project Criteria for Electrically Driven Agricultural Equipment.
- Similar citations found in 2008 and 2011 Carl Moyer Program Guidelines.

Required Actions:

No further actions are required. This finding was quickly addressed by the District and the grantee. ARB reviewed and approved District mitigation actions as of February 13, 2012. The District took the following actions:

- Required the grantee to install individual hour meters and conducted a post-inspection when completed.
- Modified post-inspection monitoring form to include a utility company meter identification number, hour meter reading, and verification of anticipated installation.

**6. Commendable Efforts**

A commendable effort is an exceptional practice that goes beyond the basic requirements for implementing an incentive program. ARB commends the District for the successful implementation of School Bus Program grants for 18 other air districts in addition to their own program. The District's School Bus Program staff and management deserve recognition for taking responsibility for the use of over \$25 million of School Bus Program funds that resulted in the replacement of 41 buses and the retrofit of 258 buses in the other air districts, thus providing cleaner transportation for schoolchildren throughout much of the State.

**7. Resources**

1. Air Resources Board Lower-Emission School Bus website  
<http://www.arb.ca.gov/msprog/schoolbus/schoolbus.htm>
2. Air Resources Board Carl Moyer Program website  
<http://www.arb.ca.gov/msprog/moyer/moyer.htm>
3. Air Resources Board Goods Movement Emissions Reduction Program website, <http://www.arb.ca.gov/bonds/gmbond/gmbond.htm>
4. Air Resources Board Incentives Program Audit and Program Reviews website (includes previous reports and Policies and Procedures)  
<http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>



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5. *Lower-Emission School Bus 2008 Guidelines* (April 15, 2008), Air Resources Board
6. *Lower-Emission School Bus 2006 Guidelines* (March 2, 2006), Air Resources Board
7. *Carl Moyer Program 2005 Guidelines* (January 6, 2006), Air Resources Board
8. *Carl Moyer Program 2008 Guidelines* (April 21, 2008), Air Resources Board
9. *Proposition 1B: Goods Movement Emission Reduction Program, Final 2008 Guidelines for Implementation* (February 28, 2008)
10. *Proposition 1B: Goods Movement Emission Reduction Program, Final 2010 Guidelines for Implementation* (March 2010)
11. Governor's *Executive Order S-02-07*

## Appendix 1

### Air Quality Improvement Program Projects Reviewed

<b>Table 1 Projects Reviewed Air Quality Improvement Program 2009-10 Agricultural UTV Project</b>		
<b>Rebate Grantee</b>	<b>Contract Number</b>	<b>Project Inspected by ARB</b>
Locavore LLC	C-4353	
Frank Areias	C-5724	√
Dennis Bunning	C-7270	

## Appendix 2 Carl Moyer Program Projects Reviewed

<b>Table 2                      Projects Reviewed                      Carl Moyer Program</b>				
<b>Fiscal Year</b>	<b>Project Number</b>	<b>Grantee</b>	<b>Source Category</b>	<b>Project Inspected by ARB</b>
2006-07	N-0874	Cherokee Freight Lines	On-road-HD vehicle	√
2006-07	S-1273	ECCO Equipment Corporation	Off-road equip-construction	
2006-07	N-0957	West Coast Grape Farming, Inc.	Ag pump	
2006-07	C-2288	Dhatt Farms	Ag pump	
2007-08	N-1077-A	Albertoni Land Co. Ltd.	Ag pump	
2007-08	S-1392	CMS Custom Spreading, Inc.	Off-road mobile agricultural	√
2007-08	C-4112	Maddox Farms	Ag pump	
2008-09	C-2369	Gallo Vineyards, Inc.	Ag pump	√
2008-09	C-3948	Alcala Farms	Ag pump	
2008-09	C-4063	California Valley Land Company	Ag pump	
2008-09	S-1699-A	Jeff Alexander DBA Big n Deep Ag Development	Off-road mobile agricultural	
2008-09	1XP50B9X9KD270182	Jack Lane Trucking	On-road VIP	
2009-10	1FRUEYCYB5FP263387	Gnech Farm	On-road VIP	

## Appendix 3 Goods Movement Program Projects Reviewed

Table 1, On-site Broad Eligibility Project Review  
 Table 2, In-depth Project Review

<b>Table 1: Projects Reviewed—Goods Movement Program On-site Broad Eligibility Project Review</b>					
	<b>Grant</b>	<b>ARB Equipment Project ID</b>	<b>Local Agency ID</b>	<b>Project Name</b>	<b>Project Type</b>
1	G07GMCT1	Doby Trucking	G07GMCT1_00002	N-1113.5	Retrofit
2	G07GMCT1	Dunn's San Inc.	G07GMCT1_00078	S-1310.2	Replacement
3	G07GMCT1	Mountain Valley Express Co., Inc.	G07GMCT1_00103	N-914.1	Replacement
4	G07GMCT1	Rosenbalm Rockery, Inc.	G07GMCT1_00034	C-2317.2	Replacement
5	G07GMCT1	Steven R. Kephert	G07GMCT1_00071	N-1150.1	Replacement
6	G07GMCT3	Agri Valley Irrigation	G07GMCT3_00609	P-0236.1	Replacement
7	G07GMCT3	Arthur Roach	G07GMCT3_00024	P0123.1	Retrofit
8	G07GMCT3	Bobby Express Inc	G07GMCT3_00031	P-0370.1	Retrofit
9	G07GMCT3	Buford Oil Co. Inc.	G07GMCT3_00130	P-0035.1	Replacement
10	G07GMCT3	Correa Pallet Inc.	G07GMCT3_00094	P-0486.4	Replacement
11	G07GMCT3	Cristobal Ramirez Ortiz	G07GMCT3_01430	P-0468.1	Replacement
12	G07GMCT3	Del Mar Farms	G07GMCT3_00535	P-0196.2	Replacement
13	G07GMCT3	EMH Trucking	G07GMCT3_00676	P-0289.1	Replacement
14	G07GMCT3	Fernandez Trucking	G07GMCT3_00484	P-0160.1	Replacement
15	G07GMCT3	GCU Trucking, Inc.	G07GMCT3_00278	P-0078.35	Replacement
16	G07GMCT3	Harris Ranch Beef Company	G07GMCT3_00846	P-0366.4	Replacement
17	G07GMCT3	Honorio Orozco (d.b.a. Orozco Trucking)	G07GMCT3_00532	P-0193.9	Replacement
18	G07GMCT3	J & E Express	G07GMCT3_01114	P-0426.1	Replacement
19	G07GMCT3	J&R Farms Transportation Inc.	G07GMCT3_01897	P-0591.5	Replacement
20	G07GMCT3	J&L Olveria Transportation	G07GMCT3_00094	P-0028.1	Replacement

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**Table 1: Projects Reviewed—Goods Movement Program  
On-site Broad Eligibility Project Review**

	Grant	ARB Equipment Project ID	Local Agency ID	Project Name	Project Type
21	G07GMCT3	Kroeker, Inc.	G07GMCT3_01329	P-0461.2	Replacement
22	G07GMCT3	Lange Trucking, Inc.	G07GMCT3_01074	P-0412.18	Replacement
23	G07GMCT3	LTS Rentals	G07GMCT3_01372	P-0462.59	Replacement
24	G07GMCT3	Maria C. Rodriguez	G07GMCT3_01111	P-0424.1	Replacement
25	G07GMCT3	New Bern Transportation Corporation	G07GMCT3_01390	P-0463.11	Replacement
26	G07GMCT3	Producers Dairy Foods Inc.	G07GMCT3_01321	P-0460.27	Replacement
27	G07GMCT3	R. Puente Trucking, Inc.	G07GMCT3_00622	P-0249.3	Replacement
28	G07GMCT3	Ralph Panella Leasing, Inc.	G07GMCT3_01181	P-0436.1	Replacement
29	G07GMCT3	Ralph Z Deits dba Zac's Transport	G07GMCT3_00831	P-0358.1	Replacement
30	G07GMCT3	Richard Iest Dairy, Inc.	G07GMCT3_00759	P-0330.16	Replacement
31	G07GMCT3	Ron Koehn Trucking Inc.	G07GMCT3_00452	P-0138.1	Replacement
32	G07GMCT3	Scan Vino, (LLC dba Cherokee Freight Lines)	G07GMCT3_01207	P-0437.11	Replacement
33	G07GMCT3	Scannavino Leasing LLC	G07GMCT3_01222	P-0438.2	Replacement
34	G07GMCT3	Stanley Dale Alles	G07GMCT3_01113	P-0425.2	Replacement
35	G07GMCT3	Sunny Gem LLC	G07GMCT3_00625	P-0250.1	Replacement
36	G07GMCT3	Unified Growers, Inc.	G07GMCT3_01007	P-0407.21	Replacement
37	G07GMCT3	V.S.A., Inc. Trucking	G07GMCT3_01444	P-0476.8	Replacement
38	G07GMCT3	Vanessa Quiroz	G07GMCT3_01914	P-0597.1	Replacement
39	G07GMCT3	W.S. Emerian Trucking, Inc.	G07GMCT3_00136	P-0037.7	Replacement
40	G07GMCT3	Weststar	G07GMCT3_01616	P-0541.7	Replacement

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**Table 2: Projects Reviewed—Goods Movement Program  
In-Depth Project File Review**

	Grant	ARB Equipment Project ID	Local Agency ID	Project Name	Project Type	Project Inspected by ARB
1	G07GMCT1	Gazelle Transportation, Inc.	G07GMCT1_00088	S-1131.4	Replacement	√
2	G07GMCT1	George Kishida, Inc.	G07GMCT1_00003	N-1121.3	Retrofit	
3	G07GMCT1	Sam Freitas Trucking, Inc.	G07GMCT1_00063	N-1135.2	Replacement	
4	G07GMCT3	Apex Bulk Commodities, Inc	G07GMCT3_01874	P-0585.4	Replacement	√
5	G07GMCT3	Associated Feed & Supply	G07GMCT3_01777	P-0568.19	Replacement	
6	G07GMCT3	Bertolotti Transfer Station, Inc.	G07GMCT3_01424	P-0465.11	Replacement	
7	G07GMCT3	Britton Trucking Co., Inc.	G07GMCT3_00068	P-0014.4	Replacement	
8	G07GMCT3	Eladio Madera	G07GMCT3_01434	P-0473.1	Replacement	
9	G07GMCT3	Foster Poultry Farms	G07GMCT3_01679	P-0552.26	Replacement	
10	G07GMCT3	Fresno Valves & Castings, Inc.	G07GMCT3_00836	P-0362.1	Replacement	
11	G07GMCT3	J&D Recycling	G07GMCT3_00451	P-0136.1	Replacement	
12	G07GMCT3	Jim Rice Trucking (Cascade Sierra Solutions)	G07GMCT3_00581	P-0225.5	Replacement	
13	G07GMCT3	Lamb Chops Inc.	G07GMCT3_00956	P-0389.47	Replacement	
14	G07GMCT3	M&M Transport	G07GMCT3_00983	P-0402.1	Replacement	
15	G07GMCT3	NightCrawler Transport	G07GMCT3_00559	P-0213.1	Replacement	
16	G07GMCT3	Sekhon Trucking	G07GMCT3_01279	P-0454.1	Replacement	

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**Table 2: Projects Reviewed—Goods Movement Program  
 In-Depth Project File Review**

	<b>Grant</b>	<b>ARB Equipment Project ID</b>	<b>Local Agency ID</b>	<b>Project Name</b>	<b>Project Type</b>	<b>Project Inspected by ARB</b>
17	G07GMCT3	Stevens Transportation Inc	G07GMCT3_00426	P-0117.71	Replacement	
18	G07GMCT3	Stockton Ag Transport	G07GMCT3_00004	P-0058.4	Retrofit	
19	G07GMCT3	Victor J. Cruz	G07GMCT3_00724	P-0318.1	Replacement	
20	G07GMCT3	Williams Tank Lines	G07GMCT3_00475	P-0154.1	Replacement	

## Appendix 4

### Projects Reviewed Lower-Emission School Bus Program

<b>Projects Reviewed—Lower-Emission School Bus Program</b>				
	<b>Year</b>	<b>Project Number</b>	<b>Grantee</b>	<b>Project Type</b>
<b>San Joaquin Valley APCD—In-District Projects</b>				
1.	2007-08	C-2629-A	Chowchilla Elementary School District	Replacement
2.	2007-08	S-1635-B	Oak Valley Union School District	Retrofit
<b>San Joaquin Valley APCD—Other District Projects</b>				
3.	2007-08	V-0007-A	Calaveras Unified School District	Retrofit
4.	2007-08	M-0001B	Mariposa School District	Replacement
5.	2007-08	C-3969A	Granada School District	Replacement
<b>Diesel Emission Reduction Act</b>				
6.	2009	S-1642	Lamont Elementary School District	Retrofit