



Air Resources Board



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TO: All Interested Parties

SUBJECT: RURAL DISTRICTS DEADLINE TO DESIGNATE CARL MOYER
PROGRAM FUNDS TO THE RURAL DISTRICT ASSISTANCE
PROGRAM

Guideline Provision

This advisory is to inform districts of specific implementation requirements related to the recently adopted 2008 Carl Moyer Program Guidelines concerning contributions to the rural district assistance program (RAP). The deadline to contribute Carl Moyer Program funds (Program) to the RAP is the November application due date of the fund's second year. This provision can be found in Part III (Program Administration), section 17, (e)(2), on page 19 of the 2008 Carl Moyer Program Guidelines.

Air Resources Board (ARB) strongly encourages rural districts that want to participate in the Carl Moyer Program, but yet have a difficult time spending Program funds by the expenditure deadlines, to contribute the Program funds to the RAP on their annual application for new funds. Rural districts that contribute in this manner will be providing emission reductions both regionally and statewide, and projects within your air district and basin are preferentially funded. Through a grant from ARB, the California Air Pollution Control Officers Association (CAPCOA) will continue to solicit, evaluate and select projects, reducing the amount of resources a rural district contributes to the Program. A district's status and their funding for the next program cycle are not affected by a contribution to the RAP. However, as discussed below, the district's status and/or funding is impacted by a failure to spend funding or to allocate the funding to the RAP in a timely basis.

Background

ARB instituted the RAP program beginning in Program Year 7 (FY 2004/2005), allowing rural districts the option to designate their unspent funds to the RAP. ARB entered into a grant with CAPCOA to solicit and select projects for the RAP in accordance with ARB guidelines. ARB then provided RAP funds to air districts to enter into contract with applicants selected by CAPCOA through its solicitation process. Based on the RAP program's initial success and rural district interest, ARB and CAPCOA continued

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: <http://www.arb.ca.gov>.

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offering rural districts the option of participating in the RAP program on an annual basis for future funding years.

However, with Year 7 and Year 8 RAP programs, some rural air districts contributed funds to the RAP during the second half of the second fiscal year, making the RAP program extremely difficult to administer. The late timing of rural district participation in the program led to difficulty expending RAP program funds by the applicable expenditure deadline. To minimize this situation from occurring on an ongoing basis, ARB guidelines require earlier allocation of funds. ARB will implement that requirement with the deadlines explained below.

Expenditure Options for Rural Districts

Since last year, rural districts have had the option to accept funds and contribute them to the RAP on the initial November application. Through the RAP, rural districts will receive emission reductions in their district or air basin without the workload of soliciting projects, determining surplus, or working cost-effectiveness calculations. Rural districts that attempt to fund their own projects initially but then later determine they may not expend all their funds by the June 30 deadline, can partner with another district to expend the funds by the deadline or contribute to the RAP by the November deadline of the second year.

ARB will be implementing the November deadline to contribute funds to the RAP with some additional flexibility provided to the districts. In this first year of implementation, funds will continue to be accepted past November through March 1, 2009. Districts that contribute in this period will not be able to achieve "good standing" status, but are otherwise not impacted. Starting next year, districts will also be able to contribute during this November-March period but will be placed on probation as a result of their late submittal. This is explained in detail below.

- *For Program Year 9 (Fiscal Year 2006/2007 Carl Moyer Program Funds)*
 - 1) Districts contributing unspent Year 9 funds to the RAP by November 19, 2008 (program YR 11 application deadline) will result in no change to the districts status. Designating funds to the RAP program early provides ARB and CAPCOA with sufficient time to award funds to additional projects in rural regions.
 - 2) Districts contributing funds between November 19, 2008 and March 1, 2009, district will not be deemed "in good standing", although RAP program funds will be awarded to eligible projects. The late timing of rural district participation in the program will lead to difficulty for the awarded air districts to expend the RAP program funds by the applicable expenditure deadline.
 - 3) ARB will NOT accept funds to the RAP after March 1, 2009. This does not allow sufficient time for expenditure of funds by the June 30 deadline, and the funds would revert to the state's general fund if unspent.

- 4) If by June 30, 2009, a district has unspent Year 9 program funds, those funds must be returned to ARB and the district will be put on probation.
- *For Program Year 10 (Fiscal Year 2007/2008) and subsequent*
 - 1) Districts contributing unspent funds to the RAP by the November 2009 (program YR 12) application deadline will result in no change to the districts status.
 - 2) Districts contributing funds to the RAP between the November 2009 (Program Year 12) application deadline and March 1, 2010 will result in the district being put on probation, although RAP funds will be awarded to eligible projects.
 - 3) ARB will NOT accept funds to the RAP after March 1, 2010.
 - 4) If by June 30, 2010, a district has unspent Year 10 program funds, those funds must be returned to ARB and the district will be put on probation.

For further information, please contact Warren Hawkins, rural lead, at (916) 324-6771, or at whawkins@arb.ca.gov.

Sincerely,

/s/

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