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Arnold Schwarzenegger
Governor

November 22, 2010

Mail-Out #MSC 10-52

TO: All Interested Parties

SUBJECT: PUBLIC MEETING TO CONSIDER CHANGES TO OFF-ROAD
EQUIPMENT REPLACEMENT PROGRAM OF THE CARL MOYER
PROGRAM GUIDELINES

The California Air Resources Board (ARB) invites you to participate in a public meeting to consider proposed changes to the Off-Road Equipment Replacement Program (Equipment Replacement Program) of the Carl Moyer Program Guidelines (Guidelines). The proposed changes include a simplified method of determining the maximum grant amount, simplified usage documentation requirements, clarified criteria to determine engine availability when purchasing replacement equipment and a streamlined process for districts starting implementation of the Equipment Replacement Program. The meeting will be held at the following time and place:

DATE: Wednesday, December 8, 2010
TIME: 2:00 – 3:00 p.m.
PLACE: California Environmental Protection Agency
Air Resources Board
7th Floor, Room 720
1001 I Street
Sacramento, California 95814

This meeting will also include a teleconference call-in number for members of the public who wish to participate by telephone. The call-in number, available only at the time of the meeting, is 866-917-4579 and the passcode is 7167787.

For the convenience of stakeholders, this meeting will be combined with a public meeting to discuss proposed changes to the on-road components of the Carl Moyer Program described in Mail Out #MSC 10-50. Combining these items into one public workshop will provide an opportunity for stakeholders to comment on proposed changes to both the on-road and off-road elements of the Carl Moyer Program at one time.

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

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>.

California Environmental Protection Agency

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/or in excess of what is required by regulation.

The Equipment Replacement Program is part of the Carl Moyer Program. The Equipment Replacement Program is intended to obtain emission reductions by replacing old, high polluting equipment with new cleaner equipment and is tailored for the unique characteristics of off-road equipment.

State law (Health & Safety Code Section 44287) authorizes ARB to revise the Guidelines when necessary to improve the ability of the program to achieve its goals. When considering proposed revisions to the Guidelines, this section of the Health and Safety Code also instructs ARB to work with the implementing air districts and hold at least one public meeting to consider public comments.

ARB is in the process of a broader retooling effort for the entire Guidelines, with proposed retooling changes expected to be presented to the Board for consideration in the spring of 2011. However, from time-to-time, additional minor changes to the Guidelines are needed, which may be approved and implemented by the Executive Officer or designee after a public meeting and consideration of public comments. The purpose of the public meeting in this notice is to explain such proposed minor changes and receive public comments for consideration. The public comment period for these revisions will be 45 days from the date of this notice. If approved, the changes will be implemented through the issuance of a Mobile Source Mailout posted on the following ARB website: <http://www.arb.ca.gov/msprog/mailouts/mailouts.htm>

Proposed Revisions: The following sections highlight the proposed revisions to the Equipment Replacement Program, within the Carl Moyer Program. All of the proposed changes are intended to further reduce emissions by expanding eligibility and/or encouraging participation.

1. Method to determine maximum equipment replacement grants.

Currently, off-road equipment replacement projects are eligible for a maximum of 80 percent of the total equipment costs or the eligible cost of repower, whichever is less, up to the weighted cost-effectiveness limit. ARB is proposing to change how the maximum funding limit is determined by allowing the maximum eligible funding amount to be 80 percent of the total new equipment costs, up to the cost-effectiveness limit. This will simplify the evaluation process when determining the maximum funding amount.

2. Simplify usage documentation requirements.

At this time, participants must submit documentation of annual usage of the existing equipment for the previous two years. This usage is used to determine project cost-effectiveness and is included as a requirement in the project contract. In March 2010, the Board approved changes to the Carl Moyer Program administrative requirements which eliminated the requirement to specify usage in the project contract if usage documentation is provided with the application. Staff proposes to change the Equipment Replacement Program guideline criteria regarding usage documentation to align with the earlier revised administrative requirements. This will eliminate the need for additional usage documentation if usage is specified in the project contract.

3. Clarify criteria for replacement equipment.

At this time, most replacement equipment must have an engine meeting the current emission standards. However, if a specific piece of equipment cannot be purchased that meets these emission standards, a process currently exists that allows funding of replacement equipment that meets the previous tier of emission standards. Staff proposes to modify the existing criteria to clarify the definition of when an engine is "available" to ensure a smooth transition when new emission standards are introduced. This proposed change will provide clarity for districts and participants while ensuring that a good faith effort is made to use the cleanest engine available in replacement equipment.

4. Eliminate advance approval of district equipment replacement plan.

As part of the current Equipment Replacement Program administrative requirements, districts must obtain ARB approval of their equipment replacement plan prior to implementation of the program. Staff proposes to eliminate the requirement that districts seek ARB approval prior to implementing an equipment replacement program. Instead, districts must establish an equipment replacement plan and maintain it as part of their existing district policies and procedures. This change will streamline the process for districts to implement an equipment replacement program.

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Submittal of Comments and Agency Contact Person: Interested members of the public may present comments either in person at the meeting, via telephone, or in writing. All comments on this matter must be received no later than January 6, 2011 (45 days after the date of this Mail-Out).

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Please note that under the California Public Records Act (Government Code section 6250 et seq.), written and oral comments, attachments, and associated contact information (e.g., 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.

Special Accommodations: If you have a disability-related accommodation need, please go to <http://www.arb.ca.gov/html/ada/ada.htm> for assistance, or contact the ADA Coordinator at (916) 323-4916. If you need assistance in a language other than English, please contact the Bilingual Coordinator at (916) 324-5049.

Sincerely,

/s/

Robert H. Cross, Chief
Mobile Source Control Division

cc: Rhonda Runyon
Air Pollution Specialist
Mobile Source Control Division