

**PROPOSITION 1B:  
GOODS MOVEMENT EMISSION REDUCTION PROGRAM**

*2015 Funding Awards*

**STAFF REPORT**

Board Meeting: September 24, 2015

California Environmental Protection Agency

 **Air Resources Board**

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### **DOCUMENT AVAILABILITY**

Electronic copies of this document and related materials can be found at: <http://www.arb.ca.gov/gmbond>. Alternatively, paper copies may be obtained from the Air Resources Board's (ARB) Public Information Office, 1001 I Street, 1<sup>st</sup> Floor, Visitors and Environmental Services Center, Sacramento, California, 95814, (916) 322-2990.

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## EXECUTIVE SUMMARY

The movement of freight throughout California results in emissions of diesel particulate matter (diesel PM) which is a major component of black carbon, oxides of nitrogen (NO<sub>x</sub>), carbon dioxide (CO<sub>2</sub>), and other pollutants. Freight movement involves the use of a variety of mobile emission sources, such as heavy duty trucks, locomotives, ocean-going vessels, harbor craft, cargo handling equipment, and transport refrigeration units (TRUs). The Air Resources Board (ARB or Board) has identified diesel PM as a toxic air contaminant, and NO<sub>x</sub> contributes to regional ozone and PM levels that exceed State and federal air quality standards. The emissions from these mobile sources result in significant human health risks and adverse environmental effects, particularly when such sources release emissions near already heavily-impacted communities located in California's trade corridors where these sources operate.

Proposition 1B, approved by voters in 2006, authorizes \$1 billion in bond funding to ARB to reduce air pollution emissions and health risk from freight movement along California's four priority trade corridors. In addition, these emission reductions also provide co-benefit reductions in greenhouse gas emissions, including short-lived climate pollutants like black carbon, helping California meet its climate change goals.

The Proposition 1B: Goods Movement Emission Reduction Program (Program) is a partnership between ARB and local agencies (e.g., air districts and ports). ARB develops the *Program Guidelines for Implementation* (Program Guidelines) and awards Program funding to local agencies; those agencies then use a competitive process to provide incentives to equipment owners to upgrade to cleaner technology.

On June 25, 2015, the Board approved updated Program Guidelines, including the previously-adopted funding targets for each trade corridor. The updated Program Guidelines describe priorities for Year 5 funding (summarized below), which reflect stakeholder input and incorporate the goals of the Sustainable Freight: Pathways to Zero and Near-Zero Emission Discussion Draft as well as the Draft Heavy Duty Technology and Fuels Assessment.

- Truck projects to upgrade equipment to zero emission and hybrid vehicles capable of zero emission miles, as well as vehicles certified to the lowest optional NO<sub>x</sub> standard of 0.02g/bhp-hr.
- Truck projects to assist small fleets to upgrade to cleaner technology.
- Projects to upgrade trucks, TRUs, commercial harbor craft, ships at berth, and cargo handling to zero and near-zero emission equipment.
- Locomotive projects meeting the most stringent national emission standards (Tier 4).

Out of the \$1 billion authorized for the Program, \$980 million is allocated for Program project implementation, including ARB's administration costs, while the remaining \$20 million is allocated to cover bond issuance and oversight costs incurred by the control agencies. All funding is contingent on appropriation by the Legislature and

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access to bond funds. To date, ARB has received and awarded approximately \$740 million to implement various projects and cover ARB's administration costs.

On July 6, 2015, ARB released a Notice of Funding Availability for the Fiscal Year (FY) 2015-16 (Year 5), the last round of funding, to solicit applications to administer emission reduction projects. Five local agencies submitted 19 project proposals, requesting over \$469 million to upgrade more than 6,600 pieces of equipment. ARB staff evaluated each proposal to ensure that they met the Program requirements and ranked any competing proposals within each corridor and funding category. There are proposals in each corridor that can successfully achieve the objectives of the Program, consistent with the Program Guidelines.

On July 16, 2015, Governor Brown issued Executive Order B-32-15, which directed State agencies to improve the efficiency and competitiveness of California's freight transportation system while transitioning to zero and near-zero technologies. The Executive Order also recognized the need for investments integrating advanced technologies, alternative fuels, freight and fuel infrastructure, and local economic development opportunities. The Year 5 Program objectives are consistent with and will help meet the goals of the Executive Order.

ARB staff is recommending the Board approve approximately \$221 million for local agency projects made up of Year 5 (\$220 million) and reverted funds (\$0.7 million), and reserve \$20 million for ARB's administration costs for the remaining years of the Program.

ARB staff is also recommending that the Executive Officer reallocate \$46.2 million of funds from previously awarded local agency projects and State agency loan assistance projects. Of this amount, staff is proposing that \$37.6 million be reallocated to the local agencies where the funds were originally awarded, and \$7.6 million of the loan assistance funds be reallocated to the local agencies based on the trade corridor target percentages and \$1 million be reallocated to the multi-corridor filter substrate replacement program. The latter would supplement a \$6.3 million award approved in July 2013 to fund the cost of the installation of a new substrate for a limited population of trucks that meet the Program's eligibility criteria. This program has received a strong response to the notification that funding is available and as a result, staff anticipates that additional funds are needed for this project.

ARB staff's recommendation for Program funds of approximately \$267 million for local agency projects within California's four priority trade corridors is as follows:

- \$166.1 million for truck projects.
- \$ 69.6 million for locomotives.
- \$ 20.2 million for ships at berth/cargo handling equipment.
- \$ 10.4 million for transportation refrigeration units.
- \$ 0.6 for harbor craft projects.



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ARB staff's recommendations are based on:

- Achieving emission reductions that are early or extra.
- Achieving the previously adopted corridor funding targets for each region.
- Implementing the Board's funding priorities.
- Responding to local agency requests for funding and their priorities within each trade corridor.
- The protocols for reallocating funds per the Program Guidelines.

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## 1. PROGRAM BACKGROUND

The movement of freight throughout California results in emissions of diesel PM which is a major component of black carbon, NO<sub>x</sub>, CO<sub>2</sub>, and other pollutants. Freight movement involves the use of a variety of mobile emission sources, such as heavy duty trucks, locomotives, ocean-going vessels, harbor craft, cargo handling equipment, and transport refrigeration units. The Board has identified diesel PM as a toxic air contaminant, and NO<sub>x</sub> contributes to regional ozone and PM levels that exceed State and federal air quality standards. The emissions from these mobile sources result in significant human health risks and adverse environmental effects, particularly when such sources release emissions near already heavily impacted communities located in California's trade corridors where these sources operate. In addition, these emission reductions will provide co-benefit reductions in greenhouse gas emissions, including short-lived climate pollutants like black carbon, helping California meet its climate change goals.

California residents face serious health impacts from freight-related diesel pollution, especially in communities near ports, railyards, roads with high truck traffic, and distribution centers. The diesel engines that move freight are also a major cause of high regional ozone and fine particle levels that harm millions of Californians today.

Freight-related emissions are a public health concern at both the regional and community levels because they contribute to serious health effects, such as cardiac and respiratory diseases, increased asthma and bronchitis episodes, increased risk of cancer, and premature death.

### **Program Authority and Scope**

Proposition 1B, approved by voters in 2006, authorizes \$1 billion in bond funding to the ARB to cut freight emissions in California's four priority trade corridors. These corridors are: the Los Angeles/Inland Empire; the Central Valley; the Bay Area; and the San Diego/Border area. Health and Safety Code section 39625 et seq. establishes the Program and directs ARB to maximize the emission reduction benefits while achieving the earliest possible health risk reduction in communities heavily impacted by goods movement.

The Program is a partnership between ARB and local agencies (e.g., air districts and ports) to reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. ARB awards Program funding to local agencies; those agencies then use a competitive process to provide incentives to equipment owners to upgrade to cleaner technology. The Program supplements ARB's diesel regulations by funding early compliance or providing extra emission reductions beyond those required by applicable rules or specifically mandated by enforceable agreements.

Out of the \$1 billion authorized for the Program, \$980 million is allocated for Program project implementation, including ARB's administration costs, while the remaining

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\$20 million is allocated to cover bond issuance and oversight costs incurred by the control agencies. All funding is contingent on appropriation by the Legislature and access to bond funds. To date, ARB has received and awarded approximately \$740 million in funds under its FY2007-08 (Year 1) through FY2013-14 (Year 4) appropriation authority for local agency projects and ARB's administration costs over multiple years.

The Board adopted the Program Guidelines for Implementation on February 28, 2008, and the updated Program Guidelines in March 2010, January 2013, and June 2015. The previously approved funding targets for each trade corridor and major source categories eligible for Program funds are shown below.

### **Trade Corridor Funding Targets**

In February 2008, the Board adopted the following funding targets for each trade corridor, to be achieved over the course of the \$1 billion Program:

<u>Percent</u>	<u>By Trade Corridor</u>
55	Los Angeles/Inland Empire (South Coast Air Basin and Port of Hueneme)
25	Central Valley (San Joaquin Valley Air Basin and Sacramento Federal Nonattainment Area)
14	Bay Area (San Francisco Bay Area Air Basin)
6	San Diego/Border (San Diego County and Imperial County).

### **Category Funding Targets**

In February 2008, the Board also adopted overall funding targets by source category and adopted updated targets (shown below) in March 2010. These funding splits, which include ARB and local agency administration costs, are not intended to be directly applied in each funding cycle; the Board retains the discretion to fund the mix of projects that best meets the Program needs.

<u>Dollars</u>	<u>By Funding Category</u>
\$700 million	Heavy duty diesel trucks that haul goods, plus any truck electrification infrastructure projects
\$100 million	Freight locomotives and railyards
\$160 million	Cargo ships at berth, plus cargo handling equipment used at a port or intermodal railyards
\$ 40 million	Commercial harbor craft.

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## **Priorities for FY2015-16 (Year 5) Funds**

Priorities for Year 5 funds were adopted by the Board in June 2015. In determining priorities, ARB staff considered stakeholder input and incorporated the goals of the Sustainable Freight: Pathways to Zero and Near-Zero Emission Discussion Draft as well as the Draft Heavy Duty Technology and Fuels Assessment. These priorities (shown below) signal the State's initiative to foster zero and near-zero technologies, and to continue the Program's commitment to small truck fleets:

- Truck projects to upgrade equipment to zero emission and hybrid vehicles capable of zero emission miles, as well as vehicles certified to the lowest optional NOx standard of 0.02g/bhp-hr. These projects receive priority and enhanced funding, which will provide an added incentive to applicants and promote the transition to the cleanest technologies. These projects will continue to reduce the health risk in communities statewide, especially those near freeways, freight facilities, and border crossings. In addition, these projects represent a vital investment to help attain federal and State health-based air quality standards.
- Truck projects to assist small fleets with upgrading to cleaner technology, which is consistent with previous Board direction to provide funding for small fleets that can still achieve early or extra emission reductions relative to the Statewide Truck and Bus Regulation.
- Projects to upgrade trucks, TRUs, commercial harbor craft, ships at berth, and cargo handling equipment to zero and near-zero emission equipment through replacement, repower, and retrofit, as applicable. A broader deployment of these technologies will be needed in all trade corridors to attain health-based air quality standards as well as attain future long-term greenhouse gas reduction goals in all trade corridors.
- Locomotive projects based on engines meeting the most stringent national emission standards (Tier 4). These projects will further reduce the health risks near railyards and assist in the attainment of federal air quality standards for the South Coast and San Joaquin Valley Air Basins.

On July 17, 2015, shortly after the adoption of the Year 5 priorities, Governor Brown issued Executive Order B-32-15, which directed State agencies to improve the efficiency and competitiveness of California's freight transportation system while transitioning to zero and near-zero technologies. The Executive Order also recognized the need for investments integrating advanced technologies, alternative fuels, freight and fuel infrastructure, and local economic development opportunities. ARB staff will continue to use freight transport strategies, and particularly the Year 5 project objectives, to help meet the goals of the Executive Order.

## **Leverage Funding**

Consistent with clear directives in the implementing legislation, the Program uses State bond funding to leverage other monies to achieve the greatest emission reductions per State dollar. By limiting the amount of Program funds available for each project, the number of individuals, businesses, and ports able to access those funds are maximized, as well as the resulting air quality benefits.

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While the Program Guidelines cap the maximum amount of bond funding for each project type, they do not require a fixed leverage ratio and they do not specify who must pay the remainder of the project cost. The local agencies implementing the Program are not required to contribute any of their own monies. To provide flexibility, projects can be co-funded through a combination of private, federal, other State, and/or local sources.

### **Accountability and Transparency**

Executive Order S-02-07 issued in January 2007 highlighted the importance of transparency and accountability in administering the over \$40 billion in bond funding approved by voters in 2006. ARB staff conducted the solicitation and review of applications consistent with the Program Guidelines and three-part accountability structure required by the Executive Order. This accountability structure was approved by the Department of Finance on February 27, 2008, and is available on the Program website.

ARB staff has also made additional Program materials available on the website, including:

- The Program Guidelines and Board Resolutions.
- Each Notice of Funding Availability and application instructions.
- Complete applications submitted by local agencies.
- Tables summarizing those applications received.
- Preliminary recommendations for funding.
- Materials for the public workshops to discuss those recommendations.

### **Next Steps**

Following the Board's approval of funding for specific local agency projects, ARB will enter into grant agreements with local agencies this fall. Local agencies will also begin implementing the Program and are expected to hold public solicitations for truck projects this fall. ARB staff will work with local agencies to coordinate outreach efforts to ensure that all interested parties have the opportunity to compete for funding.

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## **2. EVALUATION OF APPLICATIONS**

On July 6, 2015, ARB staff released the Notice of Funding Availability (Appendix A) announcing the application period for \$240 million in Year 5 funds, consistent with the Program Guidelines. The Notice and supplemental materials described the process to register as a qualifying local public entity and to submit applications for Program funding. The final due date for applications was August 7, 2015.

### **Registration**

The first part of the application process was an on-line registration (or re-registration for local agencies that previously participated in the Program)—applicants submitted evidence that they are a local public entity involved in freight transport or air quality, with the ability to run a regional scale incentive program. Five local air districts re-registered for Year 5 funding.

### **Application Content and Submittal**

Once ARB staff verified that a local agency was eligible to participate in the Program, the agency submitted an application that included a project narrative document explaining how the proposed project would be administered, plus data on the project details.

The project narrative document included:

- A proposal for how the local agency would implement the project to meet each of the requirements of the Program Guidelines, including any permitted project alternatives like geographic restrictions or use of consultants.
- A description of how the proposed project is consistent with air quality and freight transport plans for the region.
- The local agency's experience with incentive programs.
- Highlights on planned project outreach, as well as project schedules and milestones.
- Documentation of the required community consultation meeting.
- A resolution from the governing board or commission of the local agency authorizing that agency to participate in the Program.

In the project details section of the application, local agencies used ARB's Goods Movement On-Line Database (Database) to enter information on the funding category, the Program funds requested (for both equipment upgrades and administration), the leverage funds, and source of those funds. This information was used to calculate emission reductions, cost-effectiveness, and an estimate of the number of pieces of equipment that could be funded under each category.

## Applications Received

As shown in Table 1 below, ARB received 19 proposals from five local agencies. Appendix B provides an expanded summary on the leverage funding source(s), anticipated emission reductions, and cost-effectiveness for each of the proposals.

**Table 1: Summary of Local Agency Applications**

Trade Corridor	Local Agency (Air Districts)	Funding Category	Estimated Number of Equipment	Bond \$ Requested <sup>1</sup> (millions)	Total Corridor \$ (millions)
LA/Inland Empire	South Coast	Trucks	3,777	\$178.5	\$225.0
		Locomotive	15	\$30.9	
		Ships/Equipment	9	\$10.3	
		TRUs	115	\$5.3	
Central Valley	San Joaquin Valley	Trucks	1,111	\$52.5	\$182.2
		Locomotive	21	\$41.2	
		TRUs	231	\$10.5	
	Sacramento Metro	Trucks	444	\$21.0	
		Locomotive	28	\$56.7	
		TRUs	6	\$0.3	
Bay Area	Bay Area	Trucks	507	\$24.0	\$47.0
		Locomotive	7	\$15.0	
		Ships/Equipment	4	\$5.0	
		TRUs	66	\$3.0	
San Diego/ Border	San Diego	Trucks	275	\$13.0	\$15.0
		Locomotive	1	\$0.5	
		Ships/Equipment	1	\$0.5	
		Harbor Craft	3	\$0.5	
		TRUs	1	\$0.5	
<b>Total</b>			<b>6,622</b>	<b>\$469.2</b>	<b>\$469.2</b>

<sup>1</sup>Request does not include reallocated funds.

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## **ARB Staff Evaluation**

ARB staff evaluated each application for completeness and consistency with Program requirements.

ARB staff contacted local agencies in accordance with the Program Guidelines, to discuss any missing elements and any conflicts with Program requirements. As a part of this communication (e-mail/phone), the local agencies were asked to confirm, correct, clarify, or replace the information in question.

The next step included an assessment of each proposal for such requirements as:

- The capacity of existing staff and any proposed additions to complete the number of projects proposed, and to do so within the schedules identified in the Program Guidelines.
- The experience and ability of the local agency to administer the proposed projects based upon past performance.
- The proposed use of acceptable project alternatives, such as geographic restrictions.

Where local agencies proposed projects in the same funding category and the same trade corridor (e.g., Central Valley Trade Corridor), ARB staff completed the competitive scoring process described in the Program Guidelines. The competition was based on two primary factors – emission reductions and a measure of cost-effectiveness. Appendix C summarizes the inputs and the final score for each proposed project subject to this competitive process.

## **Process for Developing Funding Recommendations**

ARB staff used the process and Board priorities described in the Program Guidelines to develop recommendations for funding local agency proposals, including:

- Trade corridor and source category funding targets.
- Results of a competitive process.
- The Board's funding priorities for the cycle.
- Local agency readiness.
- Public input.

The Program Guidelines direct ARB staff to recommend whether the most competitive local agency project in each corridor and funding category should be funded in whole, in part, or not at all in that funding cycle. The Program Guidelines provide ARB with the option to pro-rate the requested Program funding and the estimated performance measures (pieces of equipment, emission reductions, etc.) based on the available dollars and funding priorities.



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### **3. ARB STAFF RECOMMENDATIONS**

In response to the NOFA, ARB received proposals from local agencies in each of California's four priority trade corridors for over \$469 million. All applicants demonstrated the capability to implement the Program at some significant funding level.

ARB staff is recommending that the Board award approximately \$221 million in Year 5 and reverted funds for eligible local agency projects (as defined by the Program Guidelines) at the September 2015 Board meeting.

ARB staff is also recommending that Board direct the Executive Officer to reallocate approximately \$46 million of recaptured funds (from previously awarded local and State agency projects) for eligible projects.

#### **Approach**

The local agency proposals for Year 5 funds contain the necessary Program elements and can successfully achieve the objectives of the Program, consistent with the Program Guidelines. ARB staff's recommendations are based on:

- Achieving emission reductions that are early or extra.
- Achieving the previously adopted corridor funding targets for each region.
- Implementing the Board's funding priorities.
- Responding to local agency requests for funding and their priorities within each trade corridor.

#### **Public Outreach**

ARB staff conducted a series of four workshops around the State between August 25-28, 2015, to receive public input on preliminary recommendations to distribute Year 5, reverted, and reallocated funds among the eligible projects. The workshops were held in Sacramento, Fresno, Los Angeles, and San Diego to cover Northern, Central, and Southern California communities as required by State law. In addition, local agencies held at least one community meeting to solicit public comments on their proposed projects prior to application submittal.

#### **ARB Administration Costs**

State law allows ARB to reserve up to five percent of the funds for administration of the Program, which cover several years' costs. These costs cover Program development, implementation assistance for local agencies and equipment owners, oversight and audits, and outreach/marketing.

ARB staff is recommending the Board reserve \$20 million from the Year 5 appropriation for ARB's administration costs. As this is the final appropriation, ARB must set aside a portion to cover Program administration costs for the remaining years of the Program.

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## **Summary of Funding Recommendations**

Table 2 summarizes the recommended distribution of total funds of \$286.9 million: the award of \$220.7 million from Year 5 and reverted funds, the reallocation of recaptured funds of \$46.2 million, and reserving \$20 million for ARB's administration costs.

The \$46.2 million includes funds from previously awarded local agency projects (\$37.6 million) and State agency loan assistance projects (\$8.6 million). The Board has authorized the Executive Officer to recapture and reallocate funds awarded by the Board to a local or State agency, according to the terms and conditions defined in the Program Guidelines. Year 4 applications will be used to reallocate these funds. ARB staff recommends that the Executive Officer reallocate \$37.6 million to the local agencies where the funds were originally awarded, \$7.6 million of the loan assistance funds to the local agencies based on the trade corridor target percentages and \$1 million to the multi-corridor truck filter substrate replacement program.

The truck filter substrate replacement program was initially approved by the Board in July 2013 for \$6.3 million. This program pays for the replacement of the substrate of specific recalled diesel particulate filters on trucks meeting the Program eligibility requirements. These trucks have the filter housing, but without the desired diesel particulate matter control. This program has received a strong response to the notification that funding is available and as a result, ARB staff anticipates that additional funds are needed for the program.

As this is the last appropriation, ARB staff is also recommending that the Board reserve up to \$20 million for ARB's administration costs for the remaining years of the Program.

**Table 2: Summary of Funding Recommendations (All Funds)**

Trade Corridor	Target Corridor Percent	Percent Prior to Allocation	Funding Category	Local Agency (Air Districts)	Reallocated Funds <sup>1,2</sup> (millions)	Year 5/ Reverted Funds <sup>1,3</sup> (millions)	Final Corridor Percent <sup>4</sup>
LA/Inland Empire	55.0%	55.5%	Trucks	South Coast	\$20.4	\$79.0	55.0%
			Locomotives		-	\$22.5	
			Ships at Berth/Cargo Handling Equipment		-	\$14.5	
			Transport Refrigeration Units		-	\$1.5	
			<b>Corridor Total</b>		<b>\$20.4</b>	<b>\$117.5</b>	
Central Valley	25.0%	25.2%	Trucks	San Joaquin Valley	\$5.9	\$18.6	25.0%
				Sacramento Metro	\$1.9	\$1.2	
			Locomotives	San Joaquin Valley	-	\$19.5	
				Sacramento Metro	-	\$10.0	
			Transport Refrigeration Units	San Joaquin Valley	-	\$5.0	
				Sacramento Metro	-	\$0.3	
<b>Corridor Total</b>	<b>\$7.8</b>	<b>\$54.6</b>					
Bay Area	14.0%	12.9%	Trucks	Bay Area	\$9.6	\$15.5	14.0%
			Locomotives		-	\$15.0	
			Ships at Berth/Cargo Handling Equipment		-	\$5.0	
			Transport Refrigeration Units		-	\$3.0	
			<b>Corridor Total</b>		<b>\$9.6</b>	<b>\$38.5</b>	
San Diego/ Border Region	6.0%	6.4%	Trucks	San Diego	\$7.4	\$5.6	6.0%
			Locomotives		-	\$2.6	
			Ships at Berth/Cargo Handling Equipment		-	\$0.7	
			Commercial Harbor Craft		-	\$0.6	
			Transport Refrigeration Units		-	\$0.6	
			<b>Corridor Total</b>		<b>\$7.4</b>	<b>\$10.1</b>	
<b>Trade Corridor Total</b>					<b>\$45.2</b>	<b>\$220.7</b>	
Multi-Corridor			Truck Filter Substrate Replacement <sup>5</sup>	Sacramento Metro	\$1.0	-	
<b>Total Project Funds</b>					<b>\$46.2</b>	<b>\$220.7</b>	
ARB Administration <sup>6</sup>					-	\$20.0	
<b>Total All Funds</b>					<b>\$46.2</b>	<b>\$240.7</b>	

<sup>1</sup>Includes dollars for equipment projects, plus administration funds where permitted.

<sup>2</sup>Recaptured funds available for reallocation by the Executive Officer per Program Guidelines.

<sup>3</sup>Includes the \$220 million appropriation and \$0.7 million in reverted funds available for new projects.

<sup>4</sup>After all allocations including funds shown in "Reallocated Funds."

<sup>5</sup>The \$1.0 million is in addition to \$6.3 million previously awarded for the truck filter substrate replacement program.

<sup>6</sup>ARB administration funds are for the remaining years of the Program.

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## **Funding Recommendations by Trade Corridor**

ARB staff's recommendation for the award of funds by trade corridor and funding category is discussed below. The table also includes the funds that will be reallocated by the Executive Officer. In addition, the Program Guidelines allow the local agency to customize its proposal by incorporating project alternatives, which include technology alternatives, project implementation approaches and use of contractors, geographic operations, and procedure and process alternatives.

### **Los Angeles/Inland Empire Trade Corridor**

The South Coast Air Quality Management District (South Coast District) was the only applicant in this trade corridor. There is up to \$117.5 million in Year 5 and reverted funds available to award to local agencies in this trade corridor. The total funding request from the South Coast District was \$225 million for truck, locomotive, and ships at berth/cargo handling equipment, and TRU equipment projects.

After consultation with the South Coast District, ARB staff is recommending that the Board award up to \$117.5 million from the Year 5 and reverted funds and the Executive Officer reallocate \$20.4 million for the projects shown in Table 3 below.

**Table 3: Funding Details for the Los Angeles/Inland Empire Trade Corridor**

<b>Funding Category</b>	<b>Funding Recommended<sup>1,2</sup> (millions)</b>	<b>Reallocated Funds<sup>2,3</sup> (millions)</b>	<b>Project Alternatives</b>
Trucks	\$79.0	\$20.4	None
Locomotives	\$22.5		None
Ships at Berth/Cargo Handling Equipment	\$14.5		Option to limit eligibility to ports/facilities within the Los Angeles/Inland Empire Trade Corridor.
Transport Refrigeration Units	\$1.5		None
<b>Corridor Total</b>	<b>\$117.5</b>	<b>\$20.4</b>	

<sup>1</sup>Year 5 and reverted funds to be awarded by the Board.

<sup>2</sup>Includes dollars for equipment projects, plus administration funds where permitted.

<sup>3</sup>Funds to be reallocated by the Executive Officer.

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## Central Valley Trade Corridor

ARB received applications for projects from the San Joaquin Valley Air Pollution Control District (San Joaquin Valley District) and the Sacramento Metropolitan Air Quality Management District (Sacramento Metro District). There is up to \$54.6 million in Year 5 and reverted funds available to award to local agencies in this trade corridor. The total funding requested from both the San Joaquin Valley District and the Sacramento Metro District combined was \$182.2 million for truck, locomotive, and TRU projects.

Both local agencies submitted applications for truck, locomotive, and TRU projects, which triggered the competitive ranking process. The San Joaquin Valley District proposal requested funding for more projects overall, resulting in greater overall emission reductions (and thus a higher overall score). Consistent with the division of funds from previous funding awards, the San Joaquin Valley District would administer up to \$43.1 million of this trade corridor's share of funding, with the Sacramento Metro District administering up to \$11.5 million.

After consultation with both local agencies, ARB staff is recommending that the Board award up to \$54.6 million from the Year 5 and reverted funds and the Executive Officer reallocate \$7.8 million for the projects shown in Table 4 below.

**Table 4: Funding Details for the Central Valley Trade Corridor**

<b>Funding Category</b>	<b>Local Agency (Air Districts)</b>	<b>Funding Recommended<sup>1,2</sup> (millions)</b>	<b>Reallocated Funds<sup>2,3</sup> (millions)</b>	<b>Project Alternatives</b>
Trucks	San Joaquin Valley	\$18.6	\$5.9	None
	Sacramento Metro	\$1.2	\$1.9	None
Locomotives	San Joaquin Valley	\$19.5		None
	Sacramento Metro	\$10.0		None
Transport Refrigeration Units	San Joaquin Valley	\$5.0		None
	Sacramento Metro	\$0.3		None
<b>Corridor Total</b>		<b>\$54.6</b>	<b>\$7.8</b>	

<sup>1</sup>Year 5 and reverted funds to be awarded by the Board.

<sup>2</sup>Includes dollars for equipment projects, plus administration funds where permitted.

<sup>3</sup>Funds to be reallocated by the Executive Officer.

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## Bay Area Trade Corridor

The Bay Area Air Quality Management District (Bay Area District) was the only applicant in this trade corridor. There is up to \$38.5 million in Year 5 and reverted funds available to award to local agencies in this trade corridor. The total funding request from the Bay Area District was \$47 million for trucks, locomotives, ships at berth/cargo handling equipment, and TRU projects.

After consultation with the Bay Area District, ARB staff is recommending that the Board award up to \$38.5 million from the Year 5 and reverted funds and the Executive Officer reallocate \$9.6 million for the projects shown in Table 5 below.

**Table 5: Funding Details for the Bay Area Trade Corridor**

<b>Funding Category</b>	<b>Funding Recommended<sup>1,2</sup> (millions)</b>	<b>Reallocated Funds<sup>2,3</sup> (millions)</b>	<b>Project Alternatives</b>
Trucks	\$15.5	\$9.6	Option to require that the old truck travel at least 10 percent of its annual miles within the Bay Area Trade Corridor.
Locomotives	\$15.0		None
Ships at Berth/Cargo Handling Equipment	\$5.0		None
Transport Refrigeration Units	\$3.0		None
<b>Corridor Total</b>	<b>\$38.5</b>	<b>\$9.6</b>	

<sup>1</sup>Year 5 and reverted funds to be awarded by the Board.

<sup>2</sup>Includes dollars for equipment projects, plus administration funds where permitted.

<sup>3</sup>Funds to be reallocated by the Executive Officer.

## San Diego/Border Trade Corridor

The San Diego Air Pollution Control District (San Diego District) was the only applicant in this trade corridor. There is up to \$10.1 million in Year 5 and reverted funds available to award to local agencies in this trade corridor. The total funding requested from the San Diego District was \$15.0 million for truck, locomotive, ships at berth/cargo handling equipment, TRU, and harbor craft projects.

After consultation with the local agency, ARB staff is recommending that the Board award up to \$10.1 million from the Year 5 and reverted funds and the Executive Officer reallocate \$7.4 million for the projects shown in Table 6 on the following page.

**Table 6: Funding Details for the San Diego/Border Trade Corridor**

<b>Funding Category</b>	<b>Funding Recommended<sup>1,2</sup></b> (millions)	<b>Reallocated Funds<sup>2,3</sup></b> (millions)	<b>Project Alternatives</b>
Trucks	\$5.6	\$7.4	<ul style="list-style-type: none"> <li>• Option to customize operational deadline to be shorter than what is stipulated in the Program Guidelines.</li> <li>• Option to require that the old truck travel at least 10 percent of its annual miles within the San Diego/Border Trade Corridor.</li> </ul>
Locomotives	\$2.6		<ul style="list-style-type: none"> <li>• Option to customize operational deadline to be shorter than what is stipulated in the Program Guidelines.</li> </ul>
Ships at Berth/Cargo Handling Equipment	\$0.7		<ul style="list-style-type: none"> <li>• Option to customize operational deadline to be shorter than what is stipulated in the Program Guidelines.</li> <li>• Option to require that the old equipment travel at least 10 percent of its annual miles within the San Diego/Border Trade Corridor.</li> <li>• Option to limit eligibility to truck stops within the San Diego/Border Trade Corridor.</li> </ul>
Commercial Harbor Craft	\$0.6		<ul style="list-style-type: none"> <li>• Option to customize operational deadline to be shorter than what is stipulated in the Program Guidelines.</li> <li>• Option to limit eligibility to ports/facilities within the San Diego/Border Trade Corridor.</li> <li>• Option to allow 51 percent future operation in California waters.</li> </ul>
Transport Refrigeration Units	\$0.6		<ul style="list-style-type: none"> <li>• Option to customize operational deadline to be shorter than what is stipulated in the Program Guidelines.</li> </ul>
<b>Corridor Total</b>	<b>\$10.1</b>	<b>\$7.4</b>	

<sup>1</sup>Year 5 and reverted funds to be awarded by the Board.

<sup>2</sup>Includes dollars for equipment projects, plus administration funds where permitted.

<sup>3</sup>Funds to be reallocated by the Executive Officer.

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### **Summary of Program Guidelines Revisions**

In addition to the funding awards, ARB staff is proposing to revise the Program Guidelines to allow the reallocation and expenditure of reverted funds.

The ARB Executive Officer or his or her designee currently has the authority to recapture funds for reallocation and expenditure prior to reversion deadlines. ARB staff is proposing that the recapture of funds may also occur after the reversion deadline. Currently the award of these funds must be approved by the Board. This revision will provide the Program with flexibility for these funds to be reallocated more quickly. ARB staff anticipates that this would affect a minimal amount of funds since only \$0.7 million has previously met the definition of recaptured funds and has reverted. See Appendix D for the revision to the Program Guidelines.



## 4. CUMULATIVE FUNDING AND EMISSION REDUCTIONS

### Cumulative Program Funding

Based on ARB staff recommendations in this report, Table 7 shows the cumulative Program allocations for the approximately \$980 million in funds.

**Table 7: Cumulative Program Funding**

Funding Category	Trade Corridor (funding in millions) <sup>1</sup>					
	Los Angeles/ Inland Empire	Central Valley	Bay Area	San Diego/ Border	All Trade Corridors	Total
Trucks <sup>2</sup>	\$404.7	\$187.1	\$84.6	\$50.4	\$9.0	\$735.8
Locomotives	\$30.2	\$39.8	\$15.0	\$2.6	---	\$87.6
Ships/Equipment	\$74.5	---	\$27.4	\$0.7	---	\$102.6
Harbor Craft	---	---	---	\$1.5	---	\$1.5
TRUs	\$1.5	\$5.3	\$3.0	\$0.6		\$10.4
ARB Admin	---	---	---	---	\$41.4	\$41.4
<b>Total</b>	<b>\$510.9</b>	<b>\$232.2</b>	<b>\$130.0</b>	<b>\$55.8</b>	<b>\$50.4</b>	<b>\$979.3</b>

<sup>1</sup>Includes funds for equipment projects, plus administration, where permitted.

<sup>2</sup>Includes the truck filter substrate replacement and truck loan assistance funds (All Trade Corridors).

Table 8 on the following page provides the estimated maximum number of equipment that would be upgraded and the associated emission reductions from the Year 5, reverted, and reallocated funds. The actual number of equipment and emission reductions will depend upon the mix of equipment upgraded and the funding options chosen.

### Benefits of Proposed Year 5 Recommendations for Funding to Local Agencies

- The proposed allocation of funding would direct the majority of the total dollars to clean and new technology equipment and infrastructure in multiple trade corridors.
- The recommended projects would reduce over 667,000 pounds of PM and over 65 million pounds of NOx that form ozone and fine particles.
- The \$267 million of Program funds could leverage over \$220 million in additional funding.

**Table 8: Estimated Emission Reductions and Equipment for Recommended Projects**

Trade Corridor	Funding Category	Local Agency (Air Districts)	Total Funds <sup>1</sup> (millions)	Estimated number of equipment <sup>2</sup>	PM (lbs)	NOx (lbs)
LA/Inland Empire	Trucks	South Coast	\$99.4	1,657	NA <sup>3</sup>	31,112,200
	Locomotives		\$22.5	12	198,000	3,284,300
	Ships at Berth/Cargo Handling Equipment		\$14.5	16	19,400	1,773,700
	Transport Refrigeration Units		\$1.5	33	3,500	111,600
	<b>Corridor Total</b>		<b>\$137.9</b>	<b>1,718</b>	<b>220,900</b>	<b>36,281,800</b>
Central Valley	Trucks	San Joaquin Valley	\$24.5	408	NA <sup>3</sup>	7,668,500
		Sacramento Metro	\$3.1	52	NA <sup>3</sup>	970,300
	Locomotives	San Joaquin Valley	\$19.5	10	171,600	2,846,400
		Sacramento Metro	\$10.0	5	88,000	1,459,700
	Transport Refrigeration Units	San Joaquin Valley	\$5.0	116	11,500	372,000
		Sacramento Metro	\$0.3	7	700	22,300
	<b>Corridor Total</b>	<b>\$62.4</b>	<b>598</b>	<b>271,800</b>	<b>13,339,200</b>	
Bay Area	Trucks	Bay Area	\$25.1	418	NA <sup>3</sup>	7,856,300
	Locomotives		\$15.0	8	132,000	2,189,600
	Ships at Berth/Cargo Handling Equipment		\$5.0	40	6,700	611,600
	Transport Refrigeration Units		\$3.0	69	6,900	223,200
	<b>Corridor Total</b>		<b>\$48.1</b>	<b>535</b>	<b>145,600</b>	<b>10,880,700</b>
San Diego/Border Region	Trucks	San Diego	\$13.0	217	NA <sup>3</sup>	4,069,000
	Locomotives		\$2.6	1	22,900	379,500
	Ships at Berth/Cargo Handling Equipment		\$0.7	6	900	85,600
	Commercial Harbor Craft		\$0.6	4	3,500	93,600
	Transport Refrigeration Units		\$0.6	14	1,400	44,600
	<b>Corridor Total</b>		<b>\$17.5</b>	<b>242</b>	<b>28,700</b>	<b>4,672,300</b>
<b>Total</b>			<b>\$265.9</b>	<b>3,093</b>	<b>667,000</b>	<b>65,174,000</b>

<sup>1</sup>Includes dollars for equipment projects, plus administration funds where permitted.

<sup>2</sup> Estimate of the number of equipment to be upgraded. Actual number of equipment that will be upgraded depends upon which equipment option is chosen by the equipment owner.

<sup>3</sup>PM reductions are no longer possible in this category due to regulatory deadlines.

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## **5. RECOMMENDATIONS FOR BOARD ACTION**

ARB staff recommends that the Board adopt Resolution 15-43 that includes:

- The Program's funding awards for the \$221 million from Year 5 and reverted funds.
- Reserving \$20 million for ARB's administration costs to cover the remaining years of the Program.
- The revisions to the Program Guidelines, allowing the ARB Executive Officer or his or her designee to recapture funds for reallocation and expenditure after the reversion deadlines.
- Directing the Executive Officer to proceed with the reallocation process for approximately \$46 million in recaptured funds, as well as any funds recaptured in the future.

## **APPENDIX A**

### **NOTICE OF FUNDING AVAILABILITY – July 2015**

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## *Notice of Funding Availability*

### Proposition 1B: Goods Movement Emission Reduction Program

## **NOTICE OF FUNDING AVAILABILITY – July 2015**

The California Air Resources Board (ARB or Board) is soliciting applications from eligible local agencies to administer funding to reduce emissions and health impacts from diesel equipment used to move freight in California's four priority trade Corridors—the Los Angeles/Inland Empire, the Central Valley, the Bay Area, and the San Diego/Border region. The applications must include proposals to implement incentive projects in one of five categories: heavy-duty diesel trucks, freight locomotives and railyards, cargo ships at berth and cargo handling equipment, commercial harbor craft, and transport refrigeration units. A local agency may submit applications for more than one category. This Notice describes the types of agencies eligible to apply and the two-step application process that includes online registration and application submittal.

Proposition 1B authorized a total of \$1 billion to ARB for the Goods Movement Emission Reduction Program (Program), with \$980 million allocated for Program project implementation and \$20 million to cover bond issuance and oversight costs incurred by the control agencies. All funding is contingent on bond sales by the State and appropriation by the Legislature.

To date, ARB has received approximately \$740 million from bond sales for the Program, which has been awarded to implement various projects. The remaining \$240 million appropriation is available for local agency projects and ARB's administration costs.

As required by State law, the Board adopted the initial Program Guidelines in February 2008 and approved three subsequent updates most recently, in June 2015. The Program Guidelines define the responsibilities of ARB, local agencies, and equipment owners, as well as the technical specifications and funding amounts for eligible projects. In the event of a conflict between this Notice and the Program Guidelines, the Program Guidelines shall control. The Program Guidelines are available on the Program website at <http://www.arb.ca.gov/gmbond>.

### **FUNDING PRIORITIES**

To select local agency project proposals for funding, ARB considers the following factors: the availability of Program funds, the trade corridor and category funding targets, priorities established by the Board for each funding cycle, the emission reductions and cost-effectiveness of each proposed project, and public input.

## *Notice of Funding Availability*

ARB has established the following funding allocations for the trade corridors:

<u>Percent</u>	<u>By Trade Corridor</u>
55%	Los Angeles/Inland Empire
25%	Central Valley
14%	Bay Area
6%	San Diego/Border region

While ARB maintains the allocations by trade corridor, it does not rely on a formula to calculate the specific funding by category within each trade corridor. The awards are determined based on the competitiveness of the proposals submitted by agencies for each corridor, along with other factors described in this section.

The Board adopted these priorities for the FY2015-16 (Year 5) funds:

- Truck projects to upgrade equipment to zero emission and hybrid vehicles capable of zero emission miles, as well as vehicles certified to the lowest optional nitrogen oxides (NOx) standard of 0.02g/bhp-hr. These projects receive priority and enhanced funding, which will provide an added incentive to applicants and promote the transition to the cleanest technology. These projects will continue to reduce the health risk in communities statewide, especially those near freeways, freight facilities, and border crossings. In addition, these projects represent a vital investment to help attain federal and State health-based air quality standards.
- Truck projects to assist small fleets with upgrading to cleaner technology, which is consistent with previous Board direction to provide funding for small fleets that can still achieve early or extra emission reductions relative to the Statewide Truck and Bus Regulation.
- Projects to upgrade trucks, transport refrigeration units, commercial harbor craft, ships at berth, and cargo handling to zero and near-zero emission equipment through replacement, repower, and retrofit, as applicable. A broader deployment of these technologies will be needed in all trade corridors to attain health-based air quality standards as well as attain future long-term greenhouse gas reduction goals in all trade corridors.
- Locomotive projects based on engines meeting the most stringent national emission standards (Tier 4). These projects will further reduce the health risks near railyards and assist in the attainment of federal air quality standards for the South Coast and San Joaquin Valley Air Basins.

## **AGENCY AND PROJECT ELIGIBILITY**

### **Local Public Entities:**

Applicants must satisfy three criteria to be considered a local agency eligible for funding in this Program. First, applicants must be a “local public entity,” which is defined to include a county, city, district, public authority created by statute, public agency, and any other political subdivision in the State. Second, local public entities must be involved in the movement of freight through trade corridors or involved in air quality improvements associated with freight transportation. Third, local public entities must have the legal authority and resources to run a regional scale incentive program that includes sources outside their geographic jurisdiction.

California State agencies interested in and capable of implementing a large scale truck loan or loan guarantee program to finance truck upgrade projects are also eligible to apply for funding.

### **Project Eligibility:**

Appendices A-F of the Program Guidelines detail the equipment project options within each category for FY 2015-16 (Year 5 ) funds, including upgrade specifications, funding caps, minimum project life, and key operating conditions. Local agencies can choose to propose projects for one or more funding categories, and must offer all of the equipment project options within that category. Local agencies may also choose to propose allowable project alternatives as specified in Chapter III - Section C of the Program Guidelines.

## **APPLICATION PROCESS**

### **Local Public Entities:**

The application process requires two steps: registration as a local public entity **and** submission of the project proposal. Information for each step is provided below. More detailed information can be found in Chapter III - Sections A and E of the Program Guidelines.

#### **Registration**

The application process begins with e-mail registration to gain access to ARB’s Goods Movement Online Database (Database). Local public entities must complete a user account registration form, as specified below, and e-mail this form to [gmbond@arb.ca.gov](mailto:gmbond@arb.ca.gov) no later than 5:00 p.m., **July 20, 2015** to receive a username and password to access the Database.



## *Notice of Funding Availability*

### Previous Applicants

Local public entities that have previously successfully registered as local agencies may use an abbreviated set of registration instructions, which can be found on the Program website at <http://www.arb.ca.gov/gmbond>.

### New Applicants

Local public entities that are new applicants to the Program must submit information described in the new applicant registration instructions, which can be found on the Program website at <http://www.arb.ca.gov/gmbond>.

### **Project Proposal**

After having successfully registered as a local agency, both new and previous applicants must complete the application process by submitting a project proposal, which includes information, submitted to the Database and a separate proposal narrative as described below.

The data to be entered by the applicant into the Database must include:

- Local agency contact information
- Project details (project funds requested)
- Funding demonstration
- Air quality benefits (emission benefits)
- Project schedule

The proposal narrative must include:

- General information
- Project description
- Provisions to customize proposal
- Staff resources
- Local agency pre-application meeting information
- Certification to comply with Program requirements
- Board/commission resolution

For detailed descriptions of the elements listed above, please consult Chapter III – Section E, of the Program Guidelines, or contact ARB staff for assistance. (See page 5 of this Notice for contact information.)

*Notice of Funding Availability*

**APPLICATION DEADLINE AND SUBMITTAL**

Two completed paper copies of each local agency's application along with completion of the electronic submittal as described in this notice **must be received by ARB no later than 5:00 p.m. on August 7, 2015.**

Applications postmarked or received after 5:00 p.m. on **August 7, 2015** will not be accepted and will be returned to the applicant. Only mailed or hand-delivered applications and supplemental information will be accepted. No faxed or emailed applications will be considered.

Please mail hardcopy applications and supplemental information to:

Ms. Barbara J. Van Gee  
Goods Movement Emission Reduction Program  
Transportation and Toxics Division  
Air Resources Board  
Standard U.S. Mail: P.O. Box 2815, Sacramento, CA 95812  
Other Delivery Services: 1001 I Street, Sacramento, CA 95814

All application information shall be provided or the application shall be considered incomplete. Updates to any application information after the submittal deadline shall only be allowed on a case-by-case basis, at the sole discretion of ARB.

**FOR ASSISTANCE AND CONTACT INFORMATION**

ARB staff is available to assist applicants as needed. Please contact staff by e-mail or phone as described below.

E-mail question(s) to [gmbond@arb.ca.gov](mailto:gmbond@arb.ca.gov). In the subject line, write "Local agency application question" and in the body of the e-mail identify the:

- Local agency name;
- Trade corridor and funding category; and
- Question(s).

By phone, please contact: (916) 44-GOODS (444-6637).

**TENTATIVE SCHEDULE (SUBJECT TO CHANGE AT ARB'S SOLE DISCRETION):**

Notice of Funding Availability	July 6, 2015
Last Day to Register/Qualify as an Applicant	July 20, 2015
Deadline to Submit Applications	August 7, 2015
Proposed Funding Awards at ARB Board Meeting	September 24, 2015

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## **APPENDIX B**

### **EXPANDED SUMMARY OF LOCAL AGENCY APPLICATIONS FOR FY2015-16 (Year 5) FUNDS**

*(Includes links to the project narrative and details  
for each application on ARB's Program website)*

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**Proposition 1B: Goods Movement Emission Reduction Program  
Expanded Summary of Local Agency Applications for Fiscal Year 2015-16 (Year 5) Funds**

**LOCAL AGENCY APPLICATIONS**

**LOS ANGELES/INLAND EMPIRE CORRIDOR**

<b>Links to Project Application</b>	<b>Funding Category</b>	<b># of Equipment</b>	<b>Bond Funds Requested (millions)</b>	<b>Match Funding: private unless noted (millions)</b>	<b>NOx reductions (pounds)</b>	<b>PM reductions (pounds)</b>	<b>Bond C/E*</b>
<b><i>South Coast Air Quality Management District</i></b>							
<u><i>Project Application</i></u>	Heavy Duty Diesel Trucks	3,777	\$178.5	\$170.0	53,210,000	-	0.30
<u><i>Project Application</i></u>	Locomotives and Rail Yards	15	\$30.9	\$30.0	4,379,100	264,000	0.31
<u><i>Project Application</i></u>	Ships at Berth and Cargo Handling Equipment	9	\$10.3	\$10.0	1,223,300	13,400	0.14
<u><i>Project Application</i></u>	Transportation Refrigeration Units	115	\$5.3	\$5.0	372,000	11,500	0.11
<b>Agency Total</b>			<b>\$225.0</b>	<b>\$215.0</b>			

\* Bond C/E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff.

**Proposition 1B: Goods Movement Emission Reduction Program  
Expanded Summary of Local Agency Applications for Fiscal Year 2015-16 (Year 5) Funds**

**CENTRAL VALLEY CORRIDOR**

Links to Project Application	Funding Category	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
<b><i>San Joaquin Valley Air Pollution Control District</i></b>							
<u>Project Application</u>	Heavy Duty Diesel Trucks	1,111	\$52.5	\$50.0	15,650,000	-	0.30
<u>Project Application</u>	Locomotives and Rail Yards	21	\$41.2	\$6.0	5,838,800	352,000	0.31
<u>Project Application</u>	Transport Refrigeration Units	231	\$10.5	\$2.0	744,000	23,000	0.11
Agency Total			<b>\$104.2</b>	<b>\$58.0</b>			
<b><i>Sacramento Metropolitan Air Quality Management District</i></b>							
<u>Project Application</u>	Heavy Duty Diesel Trucks	444	\$21.0	\$20.0	6,260,000	-	0.30
<u>Project Application</u>	Locomotives and Rail Yards	28	\$56.7	\$55.0	8,028,300	484,000	0.31
<u>Project Application</u>	Transport Refrigeration Units	6	\$0.3	\$0.3	22,300	700	0.11
Agency Total			<b>\$78.0</b>	<b>\$75.3</b>			

\* Bond C/E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff.

**BAY AREA CORRIDOR**

**Proposition 1B: Goods Movement Emission Reduction Program  
Expanded Summary of Local Agency Applications for Fiscal Year 2015-16 (Year 5) Funds**

Links to Project Application	Funding Category	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
<b><i>Bay Area Air Quality Management District</i></b>							
<u><i>Project Application</i></u>	Heavy Duty Diesel Trucks	507	\$24.0	\$22.8	7,154,300	-	0.30
<u><i>Project Application</i></u>	Locomotives and Rail Yards	7	\$15.0	\$14.6	2,125,800	128,200	0.31
<u><i>Project Application</i></u>	Ships at Berth and Cargo Handling Equipment	4	\$5.0	\$4.8	593,800	6,500	0.14
<u><i>Project Application</i></u>	Transport Refrigeration Units	66	\$3.0	\$2.9	212,600	6,600	0.11
Agency Total			<b>\$47.0</b>	<b>\$45.1</b>			

\* Bond C/E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff.



**Proposition 1B: Goods Movement Emission Reduction Program  
Expanded Summary of Local Agency Applications for Fiscal Year 2015-16 (Year 5) Funds**

**SAN DIEGO/BORDER CORRIDOR**

Links to Project Application	Funding Category	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
<b><i>San Diego Air Pollution Control District</i></b>							
<u><i>Project Application</i></u>	Heavy Duty Diesel Trucks	275	\$13.0	\$12.4	3,875,200	-	0.30
<u><i>Project Application</i></u>	Locomotives and Railyards	1	\$0.5	\$0.5	70,900	4,300	0.31
<u><i>Project Application</i></u>	Ships at Berth- and Cargo Handling Equipment	1	\$0.5	\$0.5	59,400	700	0.14
<u><i>Project Application</i></u>	Transportation Refrigeration Units	1	\$0.5	\$0.5	35,400	1,100	0.11
<u><i>Project Application</i></u>	Commercial Harbor Craft	3	\$0.5	\$0.5	75,000	2,800	0.26
Agency Total			<b>\$15.0</b>	<b>\$14.4</b>			

\* Bond C/E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff.

**APPENDIX C**

**SCORING OF  
COMPETING LOCAL AGENCY PROPOSALS  
FOR FY2015-16 (Year 5) FUNDS**

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**Scoring of Competing Local Agency Proposals  
(Multiple Proposals in the Same Trade Corridor and Funding Category)**

<b>Trade Corridor</b>	<b>Funding Category</b>	<b>Administering Local Agency (Air Districts)</b>	<b>Weighted Emission Reductions NOx + (PM*20) lbs</b>	<b>Calculated C/E (lbs/State \$)</b>	<b>Emissions Reductions (points)</b>	<b>Cost Effectiveness (points)</b>	<b>Total Points</b>
Central Valley	Trucks	San Joaquin Valley	15,650,000	0.30	2	1	3
		Sacramento Metro	6,260,000	0.30	1	1	2
	Locomotives	San Joaquin Valley	12,878,800	0.31	2	1	3
		Sacramento Metro	17,708,300	0.31	1	1	2
	Transportation Refrigeration Units	San Joaquin Valley	1,204,000	0.11	2	1	3
		Sacramento Metro	36,300	0.11	1	1	2

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## **APPENDIX D**

### **PROPOSED REVISIONS TO THE PROGRAM GUIDELINES**

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Shown below are staff's revisions to the Proposition 1B: Goods Movement Emission Reduction Program Final 2015 Guidelines for Implementation to allow the reallocation and expenditure of recaptured reverted funds. Revisions are shown in ~~strikeout~~ to indicate deletions.

## **C. Funding Recapture – Local Agency**

### **1. Process for recapturing funds**

A local agency shall obligate and expend Program funds in a timely manner. A local agency shall notify ARB of funds that were not obligated or liquidated by Program deadlines within specified timeframes and may be required to return these funds to ARB per the deadlines established in the grant agreement. The ARB Executive Officer or his or her designee has the authority to recapture funds for reallocation and expenditure ~~prior to reversion deadlines~~, and may amend or modify an impacted grant agreement, or establish a new grant agreement, to implement this policy. The local agency shall agree to comply with the recapture process.

Recaptured funds may become available to a local agency in several ways including, but not limited to, the following:

- Allocated to a local agency by ARB.
- Funds obligated through contract with equipment owners that are returned or not spent prior to the statutory deadline.
- Earned interest held by a local (or State) agency, as permitted by State law and fiscal policies.
- Funds paid to the local agency by equipment owners through voluntary buyout, involuntary buyout (equipment rendered inoperable), or penalties.

### **2. Expending recaptured funds**

The local agency shall obligate and expend recaptured funds according to the following hierarchy:

- Eligible equipment projects on the ARB-approved ranked list for the funding category covered by the grant that generated the funds.
- Eligible equipment projects from a new solicitation for the funding category covered by the grant that generated the funds.
- Upon ARB staff approval, eligible equipment projects for another funding category covered by a grant agreement between the local agency and ARB.

The local agency may be required to return recaptured funds to ARB for re-allocation if it cannot expend them according to these priorities.



- With the exception of funds acquired through buyouts and penalties, the local agency shall track fund activity by year of appropriation. A local agency shall also track all fund activity by fiscal year.
- The local agency shall report semi-annually all Program funding activity using the Database.