State of California
Air Resources Board

Carl Moyer Memorial Air Quality Standards Attainment Program Guidelines

Resolution 14-26

July 24, 2014

Agenda Item No.: 14-6-3

WHEREAS, sections 39600 and 39601 of the Health and Safety Code authorize the Air Resources Board (ARB or Board) to adopt standards, rules, and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

WHEREAS, section 39602 of the Health and Safety Code designates ARB as the air pollution control agency for all purposes set forth in federal law and gives ARB the responsibility for preparing the State Implementation Plan (SIP) for attaining and maintaining the national ambient air quality standards, and to coordinate the activities of the air districts as necessary to comply with the federal Clean Air Act (42 U.S.C. section 7401 et seq.);

WHEREAS, section 39605 of the Health and Safety Code authorizes ARB to conduct public hearings and to provide assistance to California's air pollution control and air quality managements (air districts);

WHEREAS, sections 44275 through 44299.2 of the Health and Safety Code establish the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) to provide grants to offset the incremental cost of projects that reduce emissions of oxides of nitrogen, particulate matter, and reactive organic gases from qualifying sources in California;

WHEREAS, section 44287 of the Health and Safety Code requires ARB to establish grant criteria and guidelines for the Carl Moyer Program in consultation with the air districts and to revise the guidelines as necessary to improve the ability of the program to achieve the maximum amount of emission reductions feasible;

WHEREAS, section 44291 of the Health and Safety Code charges ARB with oversight responsibility and authority to audit the implementation of the Carl Moyer Program and related emission reduction incentive programs to ensure that the programs achieve the expected emission reductions and are implemented in a manner consistent with program guidelines and state law;

WHEREAS, the emission reductions resulting from the Carl Moyer Program are critical for enabling ARB and the air districts to attain state and federal health-based air quality

standards, and to reduce exposure to toxic air pollutants; and to fulfill their obligations under the SIP;

WHEREAS, regulations adopted by ARB, the United States Environmental Protection Agency, and the air districts are the primary mechanisms to reduce emissions and achieve ambient air quality standards in California;

WHEREAS, the Carl Moyer Program complements regulatory strategies by providing monetary incentives to obtain surplus emission reductions beyond those required by rules and regulations;

WHEREAS, at the April 24-25, 2014, public hearing the Board approved amendments to the Regulation for In-Use On-Road Diesel-Fueled Vehicles (Truck and Bus Regulation) extending timeframes for fleets to be eligible for incentive funding and further directed staff to prioritize incentive funds toward small fleets which are a significant portion of the regulated fleets with limited resources available to meet compliance requirements;

WHEREAS, ARB staff has consulted with the air districts at numerous meetings; has held a public workshop on the proposed revisions to the Carl Moyer Program Guidelines (Program Guidelines); has consulted with potential grant fund applicants, equipment suppliers, and the public;

WHEREAS, the ARB staff proposal would modify the Program Guidelines to:

1. Limit Carl Moyer Program funding eligibility to fleets with three vehicles or less thereby prioritizing funding for small fleets;

2. Monitor small fleet participation and adjust funding eligibility to fleets with 10 vehicles or less if needed;

3. Reduce the minimum required period of surplus emissions to one year, providing additional time and opportunity for small fleets to participate in the Carl Moyer Program;

4. Extend eligibility to vehicles with at least 51 percent of total miles traveled in California and to light heavy-duty vehicles with Gross Vehicle Weight Ratings between 14,001 and 19,500 pounds, expanding opportunity for small fleets to participate in the Carl Moyer Program; and

5. Clarify eligibility and administrative requirements, improving the implementation process for air districts and the application process for applicants.

WHEREAS, a public meeting and other administrative proceedings have been held in accordance with the provisions Health and Safety Code Section 44287;

WHEREAS, the draft criteria and Program Guidelines were made available to the public on July 8, 2014, and must be made available to the public for comment for 45 days prior to final adoption;

WHEREAS, under Resolutions 08-22, 10-19, and 11-23, the Board has delegated to the Executive Officer the authority to interpret or clarify, and to adopt changes to, the Carl Moyer Program, provided that such changes are consistent with statute and the goals established by the Board;

WHEREAS, ARB conducts any environmental review required by the California Environmental Quality Act (CEQA) under its program certified by the Secretary of Natural Resources Agency (California Code of Regulations, title 17, sections 60001-60007);

WHEREAS, staff has determined that the proposed revisions are exempt from CEQA review under California Code of Regulations, title 14, section 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposed revisions may have a significant adverse impact on the environment. The revisions involve modifications to eligibility for the incentive program and expand opportunities for small fleets to participate and achieve emission reductions beyond what is required by existing regulations. These revisions to the program do not result in any significant adverse impacts on the environment; rather, they have the potential to result in beneficial air quality impacts by reducing emissions of criteria and toxic air pollutants;

WHEREAS, in consideration of the oral and written comments received from the air districts, interested parties and the public, the Board finds that:

1. The proposed revisions to the Program Guidelines are consistent with statute and the goals established by the Board, and are needed to enable effective implementation of the Carl Moyer Program;

2. The proposed revisions to the Program Guidelines incorporate new eligibility criteria that will extend funding opportunities to regulated small fleets and provide those opportunities for a longer period of time, and will complement the Truck and Bus Regulation amended by the Board on April 25, 2014, pursuant to its statutory authority and as set forth in Resolution 14-3;

3. The proposed revisions to the Program Guidelines are consistent with Resolution 14-3;

4. The proposed revisions to the Program Guidelines will clarify and streamline administrative procedures to ease implementation by the air districts, while at the same time maintaining the program's core principles of achieving emission reductions that contribute to the attainment of ambient air quality standards and are creditable in the SIP;

5. The proposed revisions to the Program Guidelines will help increase program participation, increase funding eligibility, and be easily integrated into air districts' day-to-day operations;

6. The proposed revisions to the Program Guidelines are exempt from CEQA under California Code of Regulations, title 14, section 15061(b) (3) because it can be seen with certainty that there is no possibility that the proposed revisions may have a significant adverse impact on the environment; and

7. Delegation of the authority to make changes to the Program Guidelines that are consistent with statute and the goals established by the Board, to the Executive Officer or his or her designee, is necessary to provide a rapid response to changes in the economy, technology and regulatory environment and ensure effective implementation of the programs.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the revised Program Guidelines, as set forth in Attachment A, with the modifications described in Attachment B.

BE IT FURTHER RESOLVED that the Board directs the staff to continue to accept comments from the public until the close of the 45-day comment period on August 22, 2014, and to make such changes as are needed to respond to those comments while remaining consistent with the Board's direction.

BE IT FURTHER RESOLVED that the Board directs the staff to finalize the Program Guidelines expeditiously after the close of the 45-day comment period.

BE IT FURTHER RESOLVED that the provisions of the revised Program Guidelines, once finalized shall be effective upon publication.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to continue coordinating ARB efforts with the air districts, grantees, and other interested persons to effectively implement ongoing and future projects.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to work with the United States Environmental Protection Agency to ensure that emission reductions from projects funded by the Carl Moyer Program are credited in California's SIP.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to continue to coordinate the Carl Moyer Program with regulatory programs and other incentive programs to provide clarity to the Board and stakeholders of how regulatory actions impact financial incentives.

BE IT FURTHER RESOLVED that the Board delegates to the Executive Officer, or his or her designee, the authority to adopt changes to the Program Guidelines that he or she deems necessary, in response to regulatory Board actions and to ensure that the

Program Guidelines remain effective and up-to-date, pursuant to section 44287 of the Health and Safety Code. Staff shall identify changes made under this authority when the Board considers the next comprehensive update to the Program Guidelines.

I hereby certify that the above is a true and correct copy of Resolution 14-26 as adopted by the Air Resources Board.

Tracy Jensen, Clerk of the Board

Resolution 14-26

July 24, 2014

Identification of Attachments to the Resolution

Attachment A-1:	Proposed Carl Moyer Program Guidelines: On-Road Heavy- Duty Vehicles Language as set forth in Appendix A, released July 8, 2014.
Attachment A-2:	Proposed Carl Moyer Program Guidelines: On-Road Heavy-Duty Vehicles Fleet Modernization as set forth in Appendix B, released July 8, 2014.
Attachment A-3:	Proposed On-Road Voucher Incentive Program Guidelines Language as set forth in Appendix C, released July 8, 2014.
Attachment B:	Staff's Suggested Changes to the Original Proposal (Distributed at the July 24, 2014, ARB meeting)