

**State of California
AIR RESOURCES BOARD**

**EXECUTIVE ORDER G-15-033
May 2015**

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 39003 of the Health and Safety Code charges the Board with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles, which is the major source of air pollution in many areas of the State;

WHEREAS, sections 39666 and 39667 of the Health and Safety Code authorize the Board to adopt regulations and measures to reduce emissions of toxic air contaminants from vehicular and non-vehicular sources;

WHEREAS, sections 43013 and 43018 of the Health and Safety Code direct the Board to achieve the maximum degree of emission reductions possible from vehicular and other mobile sources to attain State air quality standards by the earliest practicable date;

WHEREAS, chapter 3.2 commencing with section 39625 of the Health and Safety Code established the Proposition 1B: Goods Movement Emission Reduction Program (Program) to implement the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, also known as Proposition 1B, which authorizes one billion dollars (\$1,000,000,000) in bond-funded incentives for ARB to reduce emissions associated with the movement of freight along California's trade corridors;

WHEREAS, section 39625.5(b)(1) of the Health and Safety Code requires the Board to allocate funds to local agencies in a manner that gives priority to emission reduction projects that achieve the earliest possible reduction of health risk in communities with the highest health risks from goods movement facilities;

WHEREAS, in Resolution 08-12 adopted on February 28, 2008, the Board adopted the Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation;

WHEREAS, in Resolution 10-18 adopted on March 25, 2010, the Board adopted updated Proposition 1B: Goods Movement Emission Reduction Program Guidelines;

WHEREAS, in Resolution 13-5 adopted on January 25, 2013, the Board adopted updated Proposition 1B: Goods Movement Emission Reduction Program Guidelines (Program Guidelines);

WHEREAS, in Resolutions 09-40 adopted on May 28, 2009, and 10-18, the Board affirmed the existing authority of ARB staff to interpret or clarify the Program Guidelines and delegated to the Executive Officer, or his or her designee, the authority to adopt changes to the Program Guidelines that he or she deems necessary to enable effective implementation of the Program, provided that such changes are consistent with statute and the goals established by the Board. The Board also directed staff to identify those changes when the Board considers the next comprehensive update to the Program Guidelines;

WHEREAS, in Resolution 13-34 adopted on July 25, 2013, the Board adopted revisions to the Guidelines that expanded the truck funding options to include a limited truck filter substrate replacement program to be implemented by a local agency or an agency that ARB selects;

WHEREAS, ARB staff has selected the Sacramento Metropolitan Air Quality Management District (SMAQMD) to implement the truck filter substrate replacement program statewide;

WHEREAS, ARB staff has been working with the filter substrate manufacturer and SMAQMD to develop the process to implement the truck filter substrate replacement program;

WHEREAS, due to additional time required to implement the truck filter substrate replacement program, the Program Guidelines need to be amended to make changes to the operational deadline and project life as specified in Attachment A;

WHEREAS, in Resolution 10-18, the Board directed ARB staff to evaluate the specifications for truck projects following any Board amendments to the Statewide Truck and Bus Regulation and recommend to the Executive Officer any changes needed. The Board delegated to the Executive Officer, or his or her designee, the authority to make appropriate changes to the truck equipment project specifications, consistent with the intent of the Program Guidelines based on new information;

WHEREAS, on April 24, 2014, the Board adopted amendments to the Statewide Truck and Bus Regulation, revising compliance dates for truck upgrades. These revised dates replace the prior established dates which determine when Program-funded upgrades must be completed to deliver the early or extra emission reductions required by the Program;

WHEREAS, ARB staff evaluated the adopted amendments to the Statewide Truck and Bus Regulation and are extending Program operational deadlines for large and small fleets as identified in Attachment A;

WHEREAS, in Resolution 10-18, the Board delegated to the Executive Officer, or his or her designee, the authority to recapture or reallocate funds previously awarded by the Board to a local or State agency, according to the terms and conditions defined in the

Program Guidelines. The ARB Executive Officer, or his or her designee, may amend or terminate an executed grant or interagency agreement or establish a new grant or interagency agreement to implement this policy, consistent with the Program Guidelines;

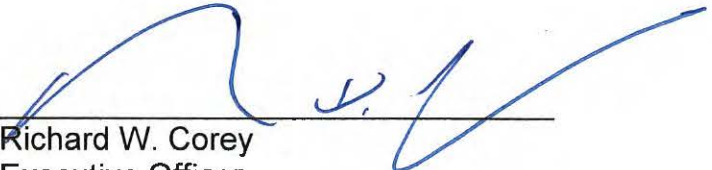
WHEREAS, in Resolution 13-34, the Board directed ARB staff to closely monitor local agency implementation of grant agreements to ensure funds are being used effectively and expeditiously, and to implement recapture procedures if ARB staff believes that the grants cannot be fully utilized by the specified deadlines;

WHEREAS, ARB was notified by local agencies that a portion of Program funds from prior allocations was not liquidated by Program deadlines specified in the grant agreements and these funds are available for recapture as identified in Attachment B;

NOW, THEREFORE, BE IT ORDERED that pursuant to the delegation of authority by the Board in Resolutions 09-40 and 10-18, the Executive Officer hereby adopts the modifications to the Program Guidelines shown in Attachment A for revisions to the Filter Substrate Replacement Program and implementation of local agency projects awarded funds for Year 4 projects.

BE IT FURTHER ORDERED that pursuant to the delegation of authority by the Board in Resolution 10-18, the Executive Officer hereby reallocates recaptured funds for implementation of equipment projects, using the recapture provisions stated in the Program Guidelines, and as shown in Attachment B, as deemed necessary to support Program goals. Any grants or any other incentives for truck projects made with these monies shall be subject to the provisions of the Program Guidelines, and as modified via Board Resolution or Executive Order.

Executed at Sacramento, California this 9th day of June 2015.


Richard W. Corey
Executive Officer

ATTACHMENT A

**Proposition 1B: Goods Movement Emission Reduction Program
General Modifications to the Program Guidelines**

I. REVISIONS TO FILTER SUBSTRATE REPLACEMENT PROGRAM

Revisions are shown in underline to indicate additions, and ~~strikeouts~~ to indicate deletions.

<p>Truck Filter Substrate Replacement Program</p>	<p>The Truck Filter Substrate Replacement program is intended to be a limited, one-time option to address a unique situation involving specific recalled truck particulate filters, and will not be available to all local agencies as a truck project option. Truck owners that meet specific eligibility requirements will be offered the opportunity for funding to replace the metal substrate in these recalled filters with a ceramic substrate.</p>
<p>Funding Option</p>	<p>This limited option will be available only if ARB determines there is a need for this funding and will be implemented by the local agency or agencies that ARB selects. ARB in conjunction with the implementing local agency, <u>Sacramento Metropolitan Air Quality Management District</u>, or agencies will notify eligible truck owners.</p>
<p>Requirements</p>	<p>Full funding of the ceramic substrate and installation, up to an amount determined by the ARB, will be included in the notification materials.</p> <p>Program-funded truck filter substrate replacement projects shall be installed and operational by August 30, 2014 <u>September 30, 2016</u>. The ceramic substrate replacement shall be performed by a contractor that has been trained and authorized by a verified diesel particulate filter manufacturer or by the <u>verified diesel particulate filter manufacturer</u>.</p> <p>In addition to the General Requirements of the program, the equipment owner shall:</p> <ul style="list-style-type: none"> • Commit to a project life of at least 4-year <u>2 years</u>.

II. LIMITED EXCEPTIONS TO THE PROGRAM GUIDELINES FOR THE IDENTIFIED PROJECTS RECEIVING FUNDS FOR YEAR 4 PROJECTS

A. Other Trucks – All Local Agencies

- **Operational Deadlines.** For large fleets (as defined by the Truck and Bus Regulation), allow the operational deadline of December 31, 2014 to be extended to December 31, 2015. For small fleets (as defined by the Truck and Bus Regulation), operational deadlines are extended based on the “Proposition 1B Program Notice to Good Faith Effort Small Truck Fleets” released on November 21, 2014 and attached as Exhibit 1.

ATTACHMENT B

**Proposition 1B: Goods Movement Emission Reduction Program
Summary of Local Agency Requests for Program Funds to be Recaptured and
Reallocated for Expenditure**

Trade Corridor	Local Agency	Funding Category	From Grant Agreement	To Grant Agreement	Recaptured Funds
Los Angeles/ Inland Empire	South Coast	Trucks	G11GMLT1	G13GMLT1	\$2,252,250.00
Central Valley	San Joaquin Valley	Trucks	G11GMCT1	G13GMCT1	\$47,250.50
San Diego/ Border Region	Imperial	Trucks	G11GMST2	G13GMST2	\$45,092.00
Total					\$2,344,592.50

Recaptured Funds – Local agencies notified ARB that Program funds were not expended by the Program deadlines specified in the grant agreement. These recaptured funds are reallocated for expenditure to provide the greatest incentive funding opportunities to small truck fleets, using the recapture provisions stated in the Program Guidelines. Includes dollars for equipment projects, plus administration funds where permitted.

EXHIBIT I

**PROPOSITION 1B PROGRAM NOTICE TO GOOD
FAITH EFFORT SMALL TRUCK FLEETS**

Proposition 1B Program Notice to Good Faith Effort Small Truck Fleets
(Actions to retain Program eligibility & operate existing truck beyond December 31, 2014)

Local air districts held solicitations in 2013 for Proposition 1B: Goods Movement Emission Reduction Program (Prop. 1B or Program) truck projects. Trucks funded through the Program are to be operational by December 31, 2014. In addition, the Air Resources Board (ARB) provided limited flexibility to equipment owners that: (1) reported in TRUCRS as a small fleet; and (2) reported as using the Prop. 1B Good Faith Effort (GFE) provision with the Truck and Bus Rule. These GFE small fleets were provided a temporary operating certificate through December 31, 2014. As this date approaches, ARB is clarifying the flexibilities and deadlines for these GFE small fleets to recognize the need for extended timeframes to order and take possession of replacement trucks.

If you anticipate your replacement truck will not be on the road by December 31, 2014, you must choose one of the two options outlined in this notice to remain in the Prop. 1B Program. In order to be eligible for one of the two options, you must have:

- Applied for funding through the Prop. 1B Program during the 2013 solicitation period and been selected for funding by an implementing local air district; and
- Reported in TRUCRS as a small fleet and Prop. 1B GFE.

Option 1 - Place a purchase order for a replacement truck and complete the following by December 31, 2014:

1. Place a purchase order for an eligible **NEW** replacement truck and obtain documentation of truck delivery date from the manufacturer or dealer.
2. Choose the "Prop. 1B new truck" option in TRUCRS for the truck to be replaced, and email documentation of the truck delivery date to trucrs@arb.ca.gov.
3. Once ARB staff has verified the truck delivery date, you will be able to print a temporary operating certificate for your existing truck (which will be scrapped and replaced per the Prop. 1B Program Guidelines). The certificate will allow you to operate your existing truck for 1 month after the documented delivery date to allow for local air district post-inspection.

- OR -

Option 2 - Purchase and take possession of a replacement truck and complete the following by January 31, 2015:

1. Purchase and take possession of an eligible **NEW** or **USED** replacement truck. Remove existing truck from operation and report change in TRUCRS. Print a regular compliance certificate.
2. For the month of January 2015 only, if you need a certificate of reported compliance for your existing truck (which will be scrapped and replaced per the Prop. 1B Program Guidelines) use a copy of this notice along with your old temporary operating certificate that expired December 31, 2014.

If you do not complete one of the two options above and meet the applicable deadlines within that option, your existing truck(s) will be deemed ineligible for Prop. 1B funding and subject to enforcement action.

REMINDER – Economic Hardship Extension – Must Apply by December 31, 2014

If you cannot secure financing and withdraw from the Prop. 1B Program, you may apply to ARB for the Economic Hardship Extension in the Truck and Bus Rule if you meet all eligibility requirements. Please visit: www.arb.ca.gov/truckstop for more information on the Economic Hardship Extension.

Need financial assistance? Visit www.arb.ca.gov/truckstop/financialresources

Questions? Contact the Prop. 1B air district where you applied.

California Environmental Protection Agency

☎ Air Resources Board

November 21, 2014