

State of California
AIR RESOURCES BOARD

Resolution 08-6

May 22, 2008

Agenda Item No: 08-5-3

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 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 nonvehicular sources;

WHEREAS, sections 43013 and 43018 of the Health and Safety Code direct the Board to achieve the maximum degree of emission reduction possible from vehicular and other mobile sources, including marine vessels to the extent permitted by federal law, to attain state air quality standards by the earliest practicable date;

WHEREAS, ARB Resolution 08-12, adopted February 28, 2008, details ARB's authority and role in quickly reducing emissions from freight movement along California's trade corridors under the Goods Movement Emission Reduction Program (Program) established by Senate Bill 88 (SB 88) (Stats. 2007, ch. 181) and Assembly Bill 201 (AB 201) (Stats. 2007, ch. 187) to implement the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, also known as Proposition 1B;

WHEREAS, ARB Resolution 08-12 sets forth the Board's action to:

- 1) Adopt the *Proposition 1B Goods Movement Emission Reduction Program: Guidelines for Implementation* (Program Guidelines);
- 2) Establish overall funding targets for the full \$1 billion authorized by Proposition 1B;
- 3) Establish funding priorities for the first installment of \$250 million appropriated to ARB in the Fiscal Year (FY) 2007-08 budget;

- 4) Award \$25 million of the FY2007-08 funds to local air districts for early grant projects;

WHEREAS, the Program Guidelines provide that the Board will hold a noticed public hearing to consider public testimony, written comments, and staff's recommendations for funding local agency projects with the available Program monies;

WHEREAS, the Program Guidelines provide that the Board may adopt a resolution approving a final list of primary local agency projects and corresponding funding amounts for each project;

WHEREAS, the Program Guidelines also provide for the Board to identify backup projects that may be awarded funding if local agency project grant agreements cannot be executed for one or more of the primary projects within the timeframe specified by the Board in the resolution;

WHEREAS, the backup projects may be additional local agency projects or increases in funding levels for primary projects;

WHEREAS, on March 12, 2008, ARB released a Notice of Funding Availability (NOFA) for \$221 million in FY2007-08 funds;

WHEREAS, the NOFA requested applications by April 4, 2008 from local agencies involved in freight movement or air quality improvements associated with goods movement activities;

WHEREAS, ARB staff received 19 local agency applications for over \$730 million in funding for projects that directly reduce air pollution through the use of cleaner equipment or alternative technologies;

WHEREAS, ARB staff reviewed the local agency applications, evaluated their consistency with the Program Guidelines and clarified any inconsistencies with local agency applicants;

WHEREAS, ARB scored any competing local agency applications consistent with the requirements outlined in the Program Guidelines;

WHEREAS, on April 25, 2008, ARB released preliminary staff recommendations for award of \$221 million in FY2007-08 funds;

WHEREAS, from April 28, 2008 to May 2, 2008, ARB staff conducted five public workshops in Fresno, Long Beach, San Diego, Oakland, and Sacramento;

WHEREAS, on May 12, 2008, ARB staff released the *Staff Report on Award of \$221 Million in Fiscal Year 2007-08 Funds* (Staff Report) for public review and comment;

WHEREAS, Attachment A details the list of primary projects that ARB staff recommends the Board adopt for funding, and Table 1 of the Staff Report lists 19 projects that will serve as the backup projects to the primary projects;

WHEREAS, in consideration of the Staff Report, staff presentation, and public testimony and comments, the Board finds that adoption of the list of primary local agency projects shown in Attachment A and backup projects shown in Table 1 of the Staff Report would:

- 1) Meet all applicable requirements and provisions of the adopted Program Guidelines, Resolution 08-12, SB 88, AB 201, all other conditions and criteria provided by the Legislature, all other applicable provisions of law, and Executive Order S-02-07;
- 2) Ensure that funds are allocated 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;
- 3) Prioritize truck retrofits and port truck replacement to quickly reduce health risk from diesel particulate matter in communities;
- 4) Direct 94% of funds to cleaner trucks and to locomotives that operate in multiple corridors;
- 5) Reduce 1,800 tons of diesel particulate matter (PM) and 26,900 tons of nitrogen oxides (NOx) that form ozone and fine particles (PM_{2.5}) over the life of the projects; and
- 6) Leverage \$1.50 of match funding for every \$1 of State funds invested.

NOW THEREFORE, BE IT RESOLVED that the Board adopts the final list of primary local agency projects and corresponding Program funding amounts, as set forth in Attachment A hereto and as further detailed in Tables 3 through 10 of the Staff Report. The Board directs the Executive Officer, and his or her designee, to enter into grant agreements with these local agencies and take any other action the Executive Officer deems necessary to implement these projects.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to include in any grant agreement for a truck project the requirement that the local agency must make a good faith effort to recruit trucks for each approved equipment project option, and fund all eligible trucks applying for each option up to the minimum number of trucks identified for that option in Tables 3 through 10 of the Staff Report. If the demand for an equipment project option is less than the minimum number of trucks identified in Tables 3 through 10 of the Staff Report, the local agency must document its efforts and submit documentation to ARB. Upon approval by the Executive Officer, the local agency may then transfer any remaining dollars to other equipment project options

awarded to that agency within the truck category as set forth in Tables 3 through 10 of the Staff Report.

BE IT FURTHER RESOLVED that the Board adopts a backup list for FY2007-08 funding that consists of the 19 projects summarized in Table 1 of the Staff Report, or portions of those projects, which are not included on the final list of primary local agency projects. The funding for these projects may be prorated consistent with the Program Guidelines.

BE IT FURTHER RESOLVED that the Board establishes the following priorities to be applied to the FY2007-08 backup list, relative to the primary project that cannot be funded due to an inability to execute a grant agreement with the local agency in time to obligate FY2007-08 funds within the applicable deadline:

- 1) The first priority is to fund, or increase funding for, a project affecting the same source category within the same trade corridor.
- 2) The second priority is to fund, or increase funding for, one or more source categories within the same trade corridor.
- 3) The third priority is to fund, or increase funding for, any eligible local agency project that fulfills the requirements of the Program Guidelines; this project may affect a different source category and a different trade corridor.

BE IT FURTHER RESOLVED that the Board delegates to the Executive Officer, authority to select the projects to be funded from the backup list consistent with these funding priorities and to enter into grant agreements with the local agencies.

BE IT FURTHER RESOLVED that in any other case where additional funding becomes available for local agency projects, the Board delegates to the Executive Officer, authority to select the projects to be funded from the backup list and to enter into grant agreements with the local agencies.

BE IT FURTHER RESOLVED that, notwithstanding the Program Guidelines adopted by the Board on February 28, 2008, an Air District may request to defer some or all of the funds for projects awarded by the Board on February 28, 2008, as an early grant, and add those funds and corresponding projects to the grant agreements to be executed for projects approved by the Board in this resolution. The Board delegates to the Executive Officer, and his or her designee, authority to take any action he or she deems necessary to consider and act upon such a request.

BE IT FURTHER RESOLVED that the Board, recognizing the critical importance of expediting the upgrade of trucks serving ports and intermodal rail yards, approve the South Coast Air Quality Management District's (SCAQMD) application to administer a program for trucks serving ports and intermodal rail yards as a priority backup project

for the Ports of Los Angeles and Long Beach (POLA/LB) in case the POLA/LB are unable to fully expend their awarded funds. The SCAQMD shall administer the backup project, to replace the remaining number of trucks that POLA/LB were unable to replace, with the remaining funds that POLA/LB were unable to expend.

BE IT FURTHER RESOLVED that the Board directs ARB staff to continue fostering involvement with all interested parties – public and private – to gain input and to ensure continuing program transparency and accountability.

I hereby certify that the above is a true and correct copy of Resolution 08-6, as adopted by the Air Resources Board.

/s/

Monica Vejar, Clerk of the Board

Identification of Attachments to the Resolution

Attachment A: Proposition 1B Goods Movement Emission Reduction Program,
Final List of Primary Local Agency Projects to be Awarded
\$221 Million in FY2007-08 Funds

**Attachment A. Proposition 1B Goods Movement Emission Reduction Program,
Final List of Primary Local Agency Projects to be Awarded \$221 Million in FY2007-08 Funds**

Corridor (Funding Target)	Administering Local Agency	Funding Category	Pieces of Equip.	Allowable Administration Funds	Total Program Funds	Expected NOx Reductions (lbs)	Expected PM Reductions (lbs)
Los Angeles/ Inland Empire (55%)	Ports of Los Angeles & Long Beach	Trucks Serving Ports and Intermodal Rail Yards	1,960	None	\$ 98,000,000	19,116,000	904,000
	South Coast AQMD	Trucks Serving Ports and Intermodal Rail Yards	500	\$ 125,000	\$ 2,625,000	None	105,000
	South Coast AQMD	Other Trucks + Truck Stop Electrification	1,249	\$ 872,500	\$ 18,322,500	3,804,000	422,000
	South Coast AQMD	Locomotive/Switcher	4	\$ 90,000	\$ 3,090,000	1,394,000	71,000
	Corridor total			3,713	\$ 1,087,500	\$ 122,037,500	24,314,000
Central Valley (25%)	San Joaquin Valley APCD	Other Trucks	1,687	\$ 1,930,000	\$ 40,530,000	10,190,000	720,000
	Sacramento Metro AQMD	Other Trucks	805	\$ 212,500	\$ 4,462,500	76,000	221,000
	Sacramento Metro AQMD	Multi-Corridor Locomotives: Central Valley/Bay Area	10	\$ 300,000	\$ 10,300,000	2,749,000	275,000
	Corridor total			2,502	\$ 2,442,500	\$ 55,292,500	13,015,000
Bay Area (14%)	Bay Area AQMD	Trucks Serving Ports and Intermodal Rail Yards	1,047	\$ 300,000	\$ 6,300,000	604,000	206,000
	Bay Area AQMD	Other Trucks	436	\$ 827,500	\$ 17,377,500	6,810,000	334,000
	Bay Area AQMD	Locomotive/Switcher		\$ 90,000	\$ 3,090,000	758,000	38,000
	Bay Area AQMD	Harbor Craft	17	\$ 163,994	\$ 4,263,800	3,122,000	147,000
	Corridor total			1,504	\$ 1,381,494	\$ 31,031,300	11,294,000
San Diego/ Border Region (6%)	San Diego APCD	Trucks Serving Ports and Intermodal Rail Yards ⁴	75	\$ 112,500	\$ 2,362,500	760,000	31,000
	San Diego APCD	Other Trucks	365	\$ 252,500	\$ 5,302,500	1,124,000	123,000
	Imperial APCD	Other Trucks	107	\$ 147,500	\$ 3,097,500	778,000	45,000
	Port of San Diego	Shore Power	1	None	\$ 2,500,000	2,584,000	35,000
	Corridor total			548	\$ 512,500	\$ 13,262,500	5,246,000
Grand Total			8,267	\$ 5,423,994	\$ 221,623,800	53,869,000	3,677,000