

Incentive Program

PROGRAM and FISCAL REVIEW REPORT

Lake County Air Quality Management District
Fiscal Years 2006-07, 2007-08 and 2009-10

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Incentive Program Review Report
Lake County Air Quality Management District – 2013

1. Introduction

The Air Resources Board (ARB) is responsible for overseeing a number of air quality incentive programs, including the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program). As part of this responsibility, specified in Health and Safety Code section 44291(d), ARB staff conducted a program and fiscal review of the Lake County Air Quality Management District's (District) implementation of the Carl Moyer program.

The Carl Moyer Program is a voluntary grant program that funds the extra capital cost of cleaner-than-required vehicles and equipment to help achieve air pollution reductions that are both early and surplus to regulations. The Carl Moyer Program is funded by tire replacement and vehicle registration (smog abatement) fees. ARB develops statewide implementation guidelines, distributes funds to air districts, and conducts periodic oversight. Air districts choose which project types to fund from a variety of eligible categories.

ARB incentive program reviews serve the public interest for transparency and accountability, helping to ensure that expenditures of State funds achieve intended outcomes and are within legal requirements. (Note that ARB program review reports were formerly titled audit reports; this change in terminology does not reflect a change in process.) Projects are selected for review following a risk evaluation and are representative of the funds expended during the years within the overall scope of the review. Unless noted, issues and findings reported in program review reports pertain to the individual circumstances described and do not apply to other projects, although they may be indicative of similar issues occurring with projects not reviewed.

The process began with an entrance meeting on July 30, 2012, and was conducted in accordance with the Program Review Process for Rural Districts described in ARB's policies and procedures for program reviews, which are viewable at the following ARB website: <http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>. ARB staff reviewed program fundamentals, examined the use of public funds, and assessed whether emission reductions from a sample of projects were real, quantifiable, enforceable, and surplus. The results of the program review were presented during an exit meeting held with the District on January 11, 2013.

This report describes the scope of the review, the projects selected for review, and the results of the review. Under established policies and procedures for program reviews, the District has 30 days from the date of this report's cover letter to submit comments. ARB's report and the District response will then be posted on ARB's website at <http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>.

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2. Overall Assessment

The District reports that the Carl Moyer Program funded 8 engine replacements with approximately \$370,000 in State funding for the years within the scope of the program review. This program review confirms that the District has achieved early and surplus emission reductions through its Carl Moyer Program projects, and has met the State's overall expenditure requirements for the program.

3. Scope of the Program Review

The scope of this review includes Carl Moyer Program grant agreements between ARB and the District for fiscal years 2006-07, 2007-08, and 2009-10, and fiscal records associated with those grants from July 1, 2007 through June 30, 2012. The District did not implement other State incentive programs during this period.

Table 1 summarizes Carl Moyer Program project funds, administration funds, and completion status for the grants within the scope of the review as of the exit meeting.

Fiscal Year	Grant Number	Project	Administration	Total Grant	Grant Status
2006-07	G06-M09	\$180,000	\$20,000	\$200,000	Expended by June 30, 2009
2007-08	G07-M010	\$76,489.08	\$20,000	\$96,489.08	Expended by June 30, 2010
2009-10	G09-M011	\$65,818.06	\$7,313.46	\$73,131.52	Expended by June 30, 2012
Total		\$322,307.14	\$47,313.46	\$369,620.60	

¹ Interest earned by the District on Carl Moyer Program balances is not included

Table 2 summarizes the number and categories of Carl Moyer Program project types funded by the District within the scope of the review.

Source Category	2006-07		2007-08		2009-10		Total	
	Projects	Engines	Projects	Engines	Projects	Engines	Projects	Engines
Off-Road Construction	--	--	1	1	1	1	2	2
Agriculture Pump Engine Replacement	--	--	3	3	--	--	3	3
On-Road Heavy Duty Vehicles	3	3	--	--	--	--	3	3
Totals	3	3	4	4	1	1	8	8

4. Projects Selected for File Review

Table 3 provides a list of Carl Moyer Program project files reviewed, which are representative of District projects. Projects are selected with consideration of risk factors that include the amount of funding received by a district, the amount of funding by project, and district resources and past performance.

	Funding Year	Funding Source	Source Category	Project Name	Project Number
1	2006-07 2007-08	Carl Moyer Program	On-Road Heavy Duty Vehicles	Pt. Lkw Water Truck 5E98371	CMP 2007-02
2	2007-08	Carl Moyer Program	Stationary Agriculture	Gopal	CMP-2010-02
3	2009-10	Carl Moyer Program	Off-Road Equipment Construction	Epidendio Grader	CMP 2011-01

5. Review Findings

“Findings” are the District’s practices found to be inconsistent with one or more of the following:

- State legislative requirements including those under Health and Safety Code sections 44275 through 44299.2 for the Carl Moyer Program
- *Carl Moyer Program Guidelines* (2005 and 2008) (<http://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>)
- Carl Moyer Program advisories, Mail-outs, and other written communications
- Carl Moyer Program Grant Award and Authorization requirements
- District policies and procedures and forms, including contracts with the engine owners/grant recipients

“Recommendations” are voluntary actions the district can take to improve program implementation and documentation.

ARB staff identifies no findings for the District’s Carl Moyer Program.

ARB staff offers a recommendation to the District on future Carl Moyer Program projects, to request case-by-case determinations for circumstances that deviate from or are not covered by the Guidelines.

6. Resources

- Air Resources Board Carl Moyer Program website
<http://www.arb.ca.gov/msprog/moyer/moyer.htm>
- Air Resources Board Incentives Program Review website (Includes previous reports and Policies and Procedures)
<http://www.arb.ca.gov/msprog/moyer/audits/audits.htm>
- *Carl Moyer Program 2005 Guidelines* (January 6, 2006), Air Resources Board
- *Carl Moyer Program 2008 Guidelines* (April 21, 2008), Air Resources Board