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Board Agenda Item

TO: Air Pollution Control District Board

FROM: Dave Van Mullem, Air Pollution Control Officer

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SUBJECT: Update on District Grant Programs and Legislation Reauthorizing State Grant Funds

RECOMMENDATION:

Receive and file an update on District Grant Programs and Legislation Reauthorizing State Grant Funds.

DISCUSSION:

Background

Since 1990, California has enacted legislation to fund programs of the California Air Resources Board, California Energy Commission and local air districts that reduce pollution generated by motor vehicles. These programs, described in Table 1, include the Carl Moyer Program, the Lower-Emission School Bus Program, the AB 923 \$2 Motor Vehicle Surcharge Program, the Air Quality Improvement Program, and the Alternative and Renewable Fuel and Vehicle Technology Program. While all these programs will sunset by the end of 2015, legislation that would continue these programs for the next ten years is currently under consideration.

Participation in all the programs noted above is voluntary. The Santa Barbara County Air Pollution Control District administers the Moyer Program, the AB 923 Program and the Lower Emission School Bus Program for eligible projects in the county. Table 2 summarizes the funding, amount of pollutants reduced, and the project categories of these three programs in our county. The Moyer Program provides funding for the incremental cost of cleaner-than-required vehicles, engines and equipment to achieve emission reductions that would not otherwise occur through regulation. The District has utilized AB 923 Program funds to purchase and permanently dismantle almost 3,000 older and more polluting passenger cars and trucks. This popular "Old Car Buy Back" Program currently pays \$1,000 for each eligible vehicle. Finally,

the Lower-Emission School Bus Program has retrofitted 21 school buses in the county with diesel particulate filters and replaced 23 older school buses with cleaner buses to reduce schoolchildren's and the public's exposure to toxic air pollutants.

Pending Legislation

The California legislature is currently considering two funding reauthorization bills, Assembly Bill 8 and Senate Bill 11, due to the impending sunset of the aforementioned five programs. SB 11 is co-sponsored by the California Air Pollution Control Officer's Association. It recently passed the Assembly Transportation Committee and is scheduled to be heard in the Assembly Natural Resources Committee on August 12, 2013. This bill would extend the sunset dates and the related fees and surcharges of these programs until January 1, 2024. Additionally SB 11 would require the Energy Commission to allocate \$20,000,000 annually to fund public hydrogen fueling stations until there are at least 100 operational stations in California. These stations will support the deployment of hydrogen fuel cell vehicles to help transition California's vehicle fleet to lower carbon intensity and zero-emission technologies, thus reducing both criteria pollutants and greenhouse gas emissions. SB 11 has more than 70 registered supporters from industry, trade organizations, utilities, medical professionals and environmental groups.

AB 8, whose provisions are very similar to those of SB 11, barely passed on the Assembly floor on June 27, 2013. Its fate is uncertain.

Conclusion

The District has a successful track record in implementing voluntary pollutant reduction programs at the local level. The Moyer, Old Car Buy Back, and school bus programs have resulted in substantial emission reductions from source categories outside our regulatory control. Continuation of these programs is very important as they provide significant public-health benefits and assist in Santa Barbara County's efforts to reach attainment of the state ozone and particulate standards. Through the California Air Pollution Control Officers Association, we have been actively supporting the legislative efforts to extend these programs, and we are optimistic that these programs will be continued.

Table 1 – Program Descriptions

Name	Administering Agency	Created by	Sunset Date	Description
Moyer Program	California Air Resources Board (ARB) and local air districts	AB 1571 (1999)	January 1, 2015	Provides grant funding for cleaner-than-required engines and equipment. Funds the incremental cost to achieve emission reductions that would not otherwise occur through regulation. Eligible projects include cleaner on-road, off-road, marine, locomotive, lawn & garden, light duty passenger vehicles being scrapped and agricultural equipment.
Lower-Emission School Bus Program	ARB and local air districts	ARB administrative authority	June 30, 2014	Funds replacement or retrofitting of old school buses to reduce schoolchildren’s – and the public’s - exposure to toxic air pollutants. From 2000 to 2007 the Legislature appropriated over \$100 million to the Program. After the voters passed Proposition 1B in 2006, the Program received bond money until June 30, 2014.
AB 923 Motor Vehicle Surcharge	Local air districts	AB 923 (2004)	January 1, 2015	Allows counties to increase vehicle registration fee by \$2 per vehicle annually to implement the following programs: pollution emissions created by motor vehicles: (1) projects eligible for grants under the Moyer Program, (2) the new purchase retrofit, repower or replacement or add-on equipment for previously unregulated agricultural sources of air pollution, (3) the new purchase of school buses, and (4) an accelerated vehicle repair or retirement program. <i>(The District Board approved the \$2 increase in December 2004)</i>
Air Quality Improvement Program	ARB	AB 118 (2007)	December 31, 2015	A voluntary incentive program administered by the ARB to fund clean vehicle and equipment projects, research on biofuels production and the air quality impacts of alternative fuels, and workforce training. These funds, appropriated annually to ARB in the state budget, are currently at about \$30-\$40 million annually. ARB must develop priorities for each funding cycle, describe the projects it intends to fund, and set funding targets for each project.
Alternative and Renewable Fuel and Vehicle Technology Program	California Energy Commission	AB 118 (2004)	December 31, 2015	Complements the Air Quality Improvement Program. Provides the Energy Commission with funding through 2015 to develop and deploy innovative technologies to transform California’s fuel (e.g., hydrogen-fueled vehicles and hydrogen fueling stations) and vehicle types (e.g., hybrid vehicles) to help attain the state’s climate change policies.

Table 2 – Program Use Since Commencement

Program	Funding	Tons Reduced	Project Categories							
			Marine Vessels	Off-Road Agriculture Equipment Replacement	Agriculture pumps	Other Off-Road Equipment Repower	On Road Equipment Repower	On Road Equipment Retrofit	Automobiles	School Buses
Moyer (1998-Present)	\$6,413,544	1,217	55	16	66	14	19	-	-	-
AB 923 \$2 Surcharge (2005-Present)	\$4,695,593	133	-	-	11	3	-	11	2,968	-
Lower-Emission School Bus (2001-Present)	\$1,660,486	39	-	-	-	-	-	-	-	44

Notes:

- The funding is total funds expended since program commencement.
- The pollutants reduced are the total of oxides of nitrogen, reactive organic gases and particulate matter.
- “Off-Road Agriculture Equipment” are tractors, backhoe and forklifts.
- “Other Off-Road Equipment” are primarily construction equipment.
- “On Road Equipment Retrofit” are the installation of diesel particulate filters installed on trucks
- 23 school buses have been replaced with new ones and 21 have been retrofitted with diesel particulate filters.