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Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Gary Hoffman, 961-8818

SUBJECT: Carl Moyer Memorial Air Quality Standards Attainment Program- Year 9 Funding

RECOMMENDATION:

Approve the enclosed Resolution (Attachment 1) which contains the following action items:

1. Approve our participation in the fiscal year 2006/2007 (Year 9) Carl Moyer Memorial Air Quality Standards Attainment Program (“Carl Moyer Program”); and
2. Certify that your Board will provide the required District matching funds (not-to-exceed \$114,000 necessary to qualify for a \$712,265 grant from the California Air Resources Board (ARB)); and
3. Authorize the Air Pollution Control Officer to execute the attached program application and grant award form and all other incidental documents with the ARB enabling our participation in the fiscal year 2006/2007 (Year 9) Carl Moyer Program.

SUMMARY:

The District is slated to receive \$712,265 in Year 9 Carl Moyer Program grant funds from ARB which requires a District match of not-to-exceed \$114,000. The Program provides grants to qualified applicants in the county to pay for new low emissions engines to replace older polluting diesel engines. Your Board is requested to approve the District’s participation in this next funding cycle of the Carl Moyer program by approving the enclosed Resolution. Matching funds will be taken from the \$2 DMV fee surcharge revenues or alternative ITG revenue designations, and are included in the FY2006/2007 APCD budget and will be included in the FY 2007/2008 budget.

DISCUSSION:

The Carl Moyer Program funds the incremental cost of cleaner-than-required engines and equipment for heavy-duty diesel on-and off-road vehicles, marine vessels, locomotives, and stationary agriculture pumps to achieve emission reductions as early and as cost-effectively as possible. The California Legislature has authorized \$90 million in project funding for fiscal year 2006/2007 (Year 9) of the Carl Moyer Program to participating air districts. ARB administers the Program statewide and must encumber the funds to air districts by June 30, 2007. It is one of several revenue sources we use to provide grants to local businesses and other organizations to reduce pollution. Districts have one year to obligate the funds to projects after being awarded funding by ARB and two years to fully implement the projects.

The ARB issued revised Carl Moyer Program Guidelines on January 6, 2006. Among its revisions, the guidelines expand the pollutant focus to include hydrocarbon (ROG) and particulate matter (PM₁₀) emissions in addition to oxides of nitrogen (NO_x). Qualifying projects must now achieve a maximum cost effectiveness of \$14,300 per weighted ton of covered pollutants (NO_x, ROG, and PM₁₀) reduced to be eligible for funding. New administrative requirements for both ARB oversight and district responsibilities are included. New or expanded project categories for funding include agricultural assistance, light-duty vehicle retirement (i.e., old car buy-back), on-road fleet modernization, and emphasis on zero-emission (diesel-to-electric) projects.

Through the first eight years of the Carl Moyer Program, the District was awarded a total \$2,721,901 in state funds, which was matched by \$971,400 in Board-approved matching funds, for a program total of \$3,693,301. These grant funds were spent for heavy-duty on-road vehicle repowers (18%), off-road diesel repowers (20%), marine engine repowers (28%), agricultural pump engine repowers (27%), a recent (in Year 8) old vehicle scrap program (3%), and for program administration (4%). The total lifetime emission reductions from funded projects are estimated at about 980 tons for an average cost-effectiveness of about \$3,770/ton emissions reduced. Our current Year 8 program funds are fully encumbered to eligible projects.

For the Year 9 funding cycle, ARB has allocated \$712,265 in state funding to the District and requires us to provide matching funds of not-to-exceed \$114,000. The Governor recently signed Senate Bill 225 (Soto) that amended the Carl Moyer Program to allow air districts with populations of less than 1 million to use not more than 10% of their Moyer allocation for indirect costs (outreach, staff charges) of implementation of the program. For our District, this administration allowance amounts to \$71,227 for Year 9.

ARB has set a deadline of December 8, 2006 for air districts to submit applications to reserve their allocation for the Year 9 funding cycle. As a result, we wish to submit our application (Attachment 2) by this date to request the specified funds for the Year 9 Program. Districts that are in a position and have fully obligated all Year 8 funds, as we have, may receive their initial disbursement of Year 9 funds starting in January, 2007.

To encumber the Year 9 Carl Moyer Program funds, we will begin conducting outreach efforts in early 2007 to solicit qualified projects from public agencies and private heavy-duty operators to obligate these grant funds over the next 18 months (by June 30, 2008), consistent with program

requirements. We will continue to fund cost-effective projects for heavy-duty diesel-powered vehicle and equipment repowers with new low-emission diesel engines, as well as new funding areas allowed by the revised Program Guidelines. These include projects with heavy-duty on-road vehicles, off-road equipment, marine engines, stationary agricultural engines (including diesel-to-electric “zero-emissions” projects), and our new successful Old Car Buy Back Program for scraping older light-duty vehicles in the county. Receiving this Carl Moyer Program funding provides the opportunity to leverage our ITG funds so that additional local emission reduction projects can be implemented.

To be eligible for the proposed Year 9 Carl Moyer Program funding, we must sign and return the enclosed grant award form (Attachment 3) to the ARB anytime before the deadline of April 30, 2007. Therefore, we are requesting that your Board approve the enclosed Resolution (Attachment 1), which authorizes the required match funds specified above, and authorizes the Control Officer to sign the grant award form (Attachment 3) and other incidental documents to participate in the Program. The Resolution also approves the Control Officer’s submission of our application by December 8, 2006 (Attachment 2), which is necessary to apply for Year 9 Program funding by ARB’s deadline.

This Board action allows us to accept \$712,265 in Year 9 Carl Moyer Program funding and commits us to a not-to-exceed \$114,000 in matching funds. Grant funds to meet our matching funds requirement under this program will be taken from the \$2 DMV fee surcharge revenues or alternative ITG revenue designations. The funding and appropriation for Board-approved grants (including individual grant agreements executed by the Control Officer pursuant to delegation authority in Board Resolution No. 02-16) to be issued under this program are included in the FY2006/2007 APCD budget and will be included in the FY 2007/2008 budget.

SPECIAL INSTRUCTIONS:

Please return one fully executed original of the Board Resolution and Minute Order for this item to the contact named above.

- Attachments: 1. APCD Board Resolution
2. Carl Moyer Program Application
3. Grant Award Form