

Agenda Date: December 16, 2004

Agenda Placement: Admin

Estimated Time: N/A

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: Off-Road Diesel Repower Program

RECOMMENDATION:

Approve \$200,000 in additional funding for the Off-Road Diesel Repower Program.

DISCUSSION:

On June 19, 2003, your Board approved \$200,000 in Carl Moyer Program and other Innovative Technologies Group (ITG) funds to allocate to a new Off-Road Diesel Repower Program. This repower program targets both public agencies and private operators of off-road heavy-duty diesel equipment, to provide incentive funding for new or rebuilt low-emission engines, or to purchase new equipment with low-emission engines. The new engines must be certified to current off-road emission standards by the Air Resources Board (CARB) for sale in California. Off-road engines are used in an array of applications such as farm tractors, earth movers, road graders, backhoes, trenchers, air compressors, and other agricultural and construction equipment. These types of equipment are considered mobile sources and thus are exempt from APCD permits.

To date, ITG has funded \$128,462 (\$71,538 remains available) to repower two front-end loaders and one bulldozer with low-emission diesel engines generating about 32 tons of reduction in smog pollutants (Oxides of Nitrogen or "NOx") over the project life, at a weighted-average cost effectiveness of about \$4,500 per ton NOx reduced. Recently, APCD has been in contact with several heavy-duty off-road operators (e.g., construction excavators and mining equipment) about prospects for repowering several large pieces of their equipment with CARB-certified Tier 2 diesel engines. Although these projects are still pending, ITG would exceed its current program allocation if we proceed with funding these projects. Therefore, we are recommending that your Board approve an additional \$200,000 allocation in ITG funds toward our off-road program, so that we

can proceed with additional cost-effective repower projects. We will continue to apply the Carl Moyer Program guidelines to all future projects to ensure their eligibility for funding.

This additional \$200,000 allocation for the Off-Road Diesel Repower Program will derive from the Carl Moyer Program or alternative ITG revenue designations, and may be expended over several fiscal years. This new program allocation does not change the APCD's fiscal year 2004/2005 budget amount for ITG.