

Agenda Date: August 20, 2015  
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Continued Item: No

## Board Agenda Item

TO: Air Pollution Control District Board

FROM: Dave Van Mullem, Air Pollution Control Officer

CONTACT: Jim Fredrickson, Clean Air Grant Programs, 961-8892

SUBJECT: Updates to Carl Moyer Program

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### RECOMMENDATIONS:

1. Adopt a resolution (Attachment 1) approving the following actions:
  - a. Approve the District's continued participation in the Carl Moyer Program until January 1, 2024;
  - b. Authorize the Air Pollution Control Officer (APCO) to execute grant agreements on behalf of the District with the California Air Resources Board (ARB), and all other necessary documents to implement and carry out the purposes of the approved resolution;
  - c. Certify that your Board will provide District matching funds up to \$150,000 per year, which will allow the District to apply for up to \$1,000,000 per year in Carl Moyer Program funds from the ARB;
2. Adopt a resolution (Attachment 2) establishing a not-to-exceed cost-effectiveness limit of \$18,030 per weighted ton of emissions reduced for authorized Innovative Technology Group Carl Moyer Programs, as allowed under the ARB Carl Moyer Program Guidelines;
3. Approve \$1,000,000 in additional spending authority for the District's Off-Road Equipment Replacement Program with spending subject to fiscal year budget approval; and
4. Approve \$925,000 in additional spending authority for the District's Marine Diesel Engine Repower Program with spending subject to fiscal year budget approval.

## **BACKGROUND:**

Board Resolution 08-06, approved March 20, 2008, authorized the District's participation in the Carl Moyer Program through Fiscal Year 2015/2016. Your Board is requested to approve a resolution authorizing the District's continued participation in the Carl Moyer Program until January 1, 2024, and to provide the necessary matching funds (15%) for a maximum annual grant award up to \$1,000,000 that may be available to the District from ARB.

The District's Carl Moyer Program provides grants to qualified applicants in the county to replace older polluting diesel engines and equipment with new low emission technology. Grant funds are also used to scrap light duty vehicles. The matching fund requirement will be met with \$2 DMV fee surcharge revenues or alternative Innovative Technologies Group (ITG) revenue designations.

The ARB continually tracks the types of Carl Moyer projects that are implemented statewide and evaluates whether the cost-effectiveness ceiling for Carl Moyer projects should be raised. Effective March 27, 2015, the ARB revised the statewide cost-effectiveness limit for the Carl Moyer Program to \$18,030 per weighted ton of emissions reduced to reflect consumer price index adjustments.

The Carl Moyer Program has been implemented by the District through several different emission reduction incentive programs. In particular, the Offroad Equipment Replacement Program (ORERP) and the Marine Diesel Engine Repower (Marine Repower) Program generate a great deal of interest from the business community and require additional spending authority to ensure successful implementation in the near-term.

## **DISCUSSION:**

The District's Carl Moyer Program funds the incremental cost of cleaner-than-required engines and equipment for diesel on-road, off-road, agricultural, and marines engines and equipment, as well as a program to scrap old higher-emissions vehicles to achieve emission reductions as early and as cost-effectively as possible.

On September 23, 2013, the Governor signed Assembly Bill 8 (AB 8), the 2013 Clean Fuels Reauthorization Act. AB 8 extends existing funding for several programs, including the Carl Moyer Program, until January 1, 2024.

The Carl Moyer Program is one of several revenue sources we use to provide grants to local businesses and other organizations to reduce pollution. ARB administers the Carl Moyer Program and for each funding year the District has one year to execute grant agreements, two years to implement the projects and liquidate the funds, and three years to expend all interest earned on the funds.

ARB requires the District to match Carl Moyer Program grant funds with local funds equal to 15% of the grant funds received.

***Carl Moyer Program Accomplishments to Date***

The District has completed 16 years of participation in the Carl Moyer Program and has expended \$7,504,444 of grant funds. These funds went towards the following types of projects: agricultural pump engine repowers (21%); marine diesel engine repowers (27%); off-road diesel engine repowers (13%); on-road diesel engine repowers and retrofits (8%); off-road equipment replacement (27%); and Old Car Buy Back (5%). The total lifetime emission reductions (NOx, ROG, and PM<sub>10</sub>) from funded projects are 1,124 tons.

***Extending the Program to 2024 and Commitment to Accept up to \$1,000,000 per Year***

The current District resolution for the Carl Moyer Program is set to expire at the end of the 2015/2016 fiscal year. District staff is requesting that your Board continue this incentive-based program to January 1, 2024, as outlined in the attached resolution (Attachment 1). The resolution also includes a commitment on the District’s part to accept up to \$1,000,000 in Carl Moyer funding each project year (in the prior resolution, the commitment was for \$800,000 per year).

***Increasing the Cost-Effectiveness Ceiling for Projects***

Your Board delegates authority to the APCO to enter into and approve Carl Moyer Program grant agreements for emission reduction projects with the stipulation that, “All grants must meet or exceed the cost-effectiveness limits established by the Board.” On December 12, 2012, your Board approved a cost-effectiveness limit of \$17,080 per weighted ton of emissions reduced for Carl Moyer Program projects. The District requests the Board to establish a new cost-effectiveness limit of \$18,030 per weighted ton of emissions reduced, as currently allowed under the ARB Carl Moyer Program Guidelines. A resolution to this effect is included as Attachment 2.

***Increasing the Spending Authority for the ORERP and Marine Repower Program***

District staff requests that your Board approve increases in spending authority for these two popular and highly successful programs. For the ORERP, an initial spending authority of \$500,000 was approved in 2010. Since that time, spending authorities were approved in \$500,000 increments each year. For the Marine Repower Program, an initial spending authority of \$460,000 was approved in 1999, and additional spending authorities were approved in varying amounts since that time. The table below summarizes the total spending authorities and funds liquidated for the ORERP and Marine Repower program. Actual program spending each year will not exceed the amount approved in that year’s budget.

<b>Program</b>	<b>Current Spending Authority</b>	<b>Program Funds Liquidated to Date</b>	<b>Requested Increase</b>	<b>Revised Spending Authority, if Approved</b>
ORERP	\$2,500,000	\$2,036,935	\$1,000,000	\$3,500,000
Marine Repower	\$2,075,000	\$2,031,724	\$925,000	\$3,000,000

**ATTACHMENTS:**

Attachment 1: Board Resolution Approving Participation in the Carl Moyer Program until January 1, 2024

Attachment 2: Board Resolution Establishing Cost-Effectiveness for Authorized Innovative Technology Group Carl Moyer Programs