



Agenda Date: March 17, 2005  
Agenda Placement: Admin.  
Estimated Time: NA  
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

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### RECOMMENDATION:

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

1. Approve our participation in the fiscal year 2004/2005 (Year 7) 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 \$200,000) necessary to qualify for up to a \$400,000 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 2004/2005 Carl Moyer Program.

### DISCUSSION:

The Carl Moyer Program provides financial incentives to owners of heavy-duty diesel on-and off-road vehicles, marine vessels, locomotives, and/or stationary agriculture pumps to replace, repower, or retrofit heavy-duty diesel engines to reduce emissions. The California Legislature has authorized \$30.5 million in smog check fees for project funding for fiscal year 2004/2005 (Year 7) of the Carl Moyer Program to participating air districts. ARB, which administers the Program statewide, must encumber the funds to participating air districts by June 30, 2005.

A new law, AB923, which took effect January 1, 2005, requires the ARB to revise the Carl Moyer Program guidelines during 2005 to expand the pollutant focus to include hydrocarbon (ROG) and

PM<sub>10</sub> emissions in addition to NO<sub>x</sub>. Accordingly, qualifying projects must now achieve a maximum cost effectiveness of \$13,600 per ton of covered pollutants (NO<sub>x</sub>, ROG, and PM<sub>10</sub>) reduced to be eligible for funding. The Carl Moyer Program funds the incremental cost of cleaner-than-required engines and equipment to achieve these emission reductions as early and as cost-effectively as possible. 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.

Through the first six years of the Carl Moyer Program, the District was awarded a total \$1,623,987 in state funds, which was matched by \$709,444 in Board-approved matching funds, for a program total of \$2,333,431. These funds were spent for heavy-duty on-road vehicle repowers (\$537,117), off-road diesel repowers (\$128,462), marine engine repowers (\$644,133), agricultural pump engine repowers (\$695,960), and for program administration (\$103,337). The total lifetime NO<sub>x</sub> emission reductions from funded projects will be about 691 tons for an average cost-effectiveness of about \$2,900/ton NO<sub>x</sub> reduced. Of this program total, about \$250,000 in Year 6 funds remain to be encumbered to qualified projects by June 2005.

ARB has tentatively allocated \$332,629 in funding to the District for the Year 7 Carl Moyer Program. This funding amount normally requires us to provide matching funds of \$148,044 under program guidelines. To reserve Year 7 funds, ARB advises that air districts consider committing more than the matching funds required by the current tentative allocations in case more state funds become available for distribution if some districts decline participation in the program after being approved for funding. With the passage of AB923 last fall, ARB set a deadline of December 1, 2004 for air districts to submit applications for Year 7 Program funding. As a result, we submitted a placeholder application by December 1, 2004 (Attachment 2) requesting Program funds up to \$400,000 from ARB, in the event that more state funds become available in this funding cycle. At this funding level, our required not-to-exceed matching funds is \$200,000 to participate in the Year 7 Program.

Along with the revenues from the \$2 DMV surcharge increase approved by your Board in December 2004, the Year 7 Carl Moyer Program funds will continue to be spent on funding cost-effective projects for heavy-duty diesel-powered vehicle and equipment repowers with new low-emission diesel engines. The District will issue a Call for Proposal document on June 1, 2005 to solicit qualified projects from public agencies and private heavy-duty operators to disburse these grant funds during the next fiscal year. As explained in this document, the District will be emphasizing funding projects primarily for diesel powered, heavy-duty on-road vehicles, off-road equipment, marine engines, stationary agricultural engines and school buses. Lastly, we will be evaluating other heavy-duty diesel engine replacement projects eligible under the Carl Moyer Program guidelines for NO<sub>x</sub>, ROG and PM<sub>10</sub> reductions. Receiving this 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 7 Carl Moyer Program funding, we must sign and return the enclosed grant award form (Attachment 3) to the ARB by April 30, 2005. 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 placeholder application on December 1, 2004 (Attachment 2), which was necessary to apply for Year 7 Program funding by ARB's deadline.

This Board action allows us to accept up to \$400,000 in Year 7 Carl Moyer Program funding and commits us to a not-to-exceed \$200,000 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 will be included in the FY 2005/2006 APCD 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