

BOARD MEETING DATE: August 7, 2020

AGENDA NO. 6

PROPOSAL: Adopt Resolution Recognizing Funds for FY 2019-20 Carl Moyer State Reserve Program and Redistribute Funding Sources for Incentive Projects to Facilitate Timely Implementation

SYNOPSIS: In April 2020, CARB approved allocations for the FY 2019-20 Carl Moyer “Year 22” State Reserve Program, including \$4,275,655 to the South Coast AQMD for heavy-duty truck projects eligible pursuant to the On-Road Heavy-Duty Vehicle Voucher Incentive Program (VIP). This action is to adopt a Resolution recognizing up to \$4.3 million in FY 2019-20 Carl Moyer State Reserve funds from CARB. The Board also periodically approves awards for incentive projects using a variety of funding sources. Some projects experience delays in contract executions and equipment purchase and deliveries, as well as cancellations due to a variety of varying issues. As a result of the COVID-19 pandemic and associated economic impacts, staff anticipates additional delays may forestall the liquidation of funds per mandated grant timelines. This action is to also allow the redistribution of funding sources, as needed, for incentive projects to facilitate timely liquidation.

COMMITTEE: Technology, June 19, 2020; Recommended for Approval

RECOMMENDED ACTIONS:

1. Adopt the attached Resolution recognizing, upon receipt, up to \$4.3 million in FY 2019-20 Carl Moyer State Reserve funds (Grant #G19-MO47) from CARB into the VIP Program Fund (59); and
2. Authorize the Executive Officer to redistribute the source of funds within and/or between the Carl Moyer Program Fund (32), including SB 1107, SOON, State Reserve, FARMER and associated interest funds, the Carl Moyer AB 923 Match Funds (80) match funds and the Community Air Protection Fund (77), as needed, in

order to facilitate timely liquidation to the extent that such actions are not in conflict with any applicable guideline, requirement or direction from CARB.

Wayne Natri
Executive Officer

MMM:NB:VW

Background

Pursuant to Section 44286(d) of the Health and Safety Code, CARB may reserve up to ten percent of the Carl Moyer Program funds available each year for projects that are eligible for funding through the Carl Moyer Program. These funds are referred to as the State Reserve funds. CARB reserves the sole authority to distribute the State Reserve funds each year. For FY 2019-20, approximately \$9.36 million in State Reserve funds are available. In April 2020, CARB approved allocations for the FY 2019-20 (Year 22) Carl Moyer Program State Reserve funds to seven air districts and designated the funds for implementation of the Carl Moyer On-Road Heavy-Duty Vehicle Voucher Incentive Program (VIP). The allocation for the South Coast AQMD is \$4,275,655, which is approximately 45.6 percent of the total State Reserve funds available. South Coast AQMD's allocation includes 6.25 percent in administrative funds.

The VIP Program is a streamlined truck replacement program for small fleets to replace an older heavy-duty diesel vehicle with a newer, lower emission vehicle. South Coast AQMD has been implementing the VIP Program since 2009, which has resulted in the replacement of over 1,200 trucks with grant funds totaling over \$42 million.

Since November 2017, the Board has periodically approved awards for incentive projects using a variety of funding sources, including but not limited to Community Air Protection, Carl Moyer, SOON Provision, Proposition 1B-Goods Movement, State Reserve, FARMER and NOx Remediation Measure funds. Some projects experience delays in contract executions and equipment purchase and deliveries, as well as cancellations due to a variety of issues. As a result of the COVID-19 pandemic and associated economic impacts, staff anticipates additional delays may forestall the liquidation of funds per mandated grant timelines.

Proposal

This action is to adopt the attached Resolution recognizing up to \$4.3 million in FY 2019-20 Carl Moyer Program State Reserve funds from CARB into the VIP Program Fund (59). The State Reserve funds will be used for on-road heavy-duty truck projects that meet the eligibility requirements outlined in the 2020 VIP Program Guidelines.

Staff also proposes to authorize the Executive Officer to redistribute the source of funds within and/or between the Carl Moyer Program Fund (32), including SB 1107, SOON, State Reserve, FARMER and associated interest funds, the Carl Moyer AB 923 Fund (80) match funds, and the Community Air Protection Fund (77), as needed, in order to facilitate timely liquidation to the extent the redistribution would not be in conflict with any applicable guidelines, requirement or direction from CARB.

Benefits to South Coast AQMD

The State Reserve funds will be used to fund heavy-duty truck projects eligible through the VIP which will provide surplus emission reductions of both NOx and PM. Since the vehicles funded by this program will operate for the life of the contract and beyond, the emission reductions will provide long-term benefits.

The incentive projects funded by the various grants will also reduce emissions of NOx and PM that are surplus to existing regulations and will occur throughout the life of the projects resulting in long-term emissions reduction benefits. Additionally, these projects will reduce exposure to toxic diesel exhaust emissions, especially in disadvantaged and low-income communities that are identified in the Carl Moyer and Community Air Protection incentives grants.

Resource Impacts

The State Reserve funds, upon receipt from CARB, will be recognized into the VIP Program Fund (59). Total State Reserve funds for heavy-duty truck projects eligible under the VIP will not exceed \$4.3 million.

This action involves a redistribution of the funding source only and will not affect the Board-approved award amount for each project; therefore, no resource impacts are anticipated.

Attachment Resolution

RESOLUTION NO. 20-

**A Resolution of the South Coast Air Quality Management District Board
Recognizing Grant Funds and Approving the South Coast AQMD's Participation
in the FY 2019-20 (Year 22) Carl Moyer Program State Reserve Program**

WHEREAS, under Health & Safety Code § 40400 *et seq.*, the South Coast Air Quality Management District (South Coast AQMD) is the local agency with the primary responsibility for the development, implementation, monitoring and enforcement of air pollution control strategies, clean fuels programs and motor vehicle use reduction measures; and

WHEREAS, the South Coast AQMD is authorized by Health & Safety Code §§ 40402, 40440, and 40448.5 as well as the Carl Moyer Memorial Air Quality Standards Attainment Program (§§ 44275, *et seq.*) to implement programs to reduce transportation emissions, including programs to encourage the use of alternative fuels and low-emission vehicles; to develop and implement other strategies and measures to reduce air contaminants and achieve the state and federal air quality standards; and

WHEREAS, the Governing Board has adopted several programs to reduce emissions from on-road and off-road vehicles, as well as emissions from other equipment, including the Carl Moyer Program; and

WHEREAS, the South Coast AQMD is designated as an extreme non-attainment area for ozone and as such is required to utilize all feasible measures to meet national ambient air quality standards.

BE IT FURTHER RESOLVED that the Governing Board approves the South Coast AQMD's participation in the State Reserve portion of the FY 2019-20 (Year 22) Carl Moyer Program, and the acceptance of funds allocated and awarded to the South Coast AQMD for eligible projects and program administration; and

THEREFORE, BE IT RESOLVED that the Governing Board, in regular session assembled on August 7, 2020, does hereby accept the FY 2019-20 (Year 22) Carl Moyer Program State Reserve grant award (#G19-MO47) and recognize up to \$4.3 million from CARB in the VIP Program Fund (59) for eligible on-road projects under the On-Road Heavy-Duty Vehicle Voucher Incentive Program (also known as VIP).

BE IT FURTHER RESOLVED that the Executive Officer is authorized and directed to take all steps necessary to carry out this Resolution.

Date

Faye Thomas, Clerk of the Boards