

BOARD MEETING DATE: June 2, 2023

AGENDA NO. 5

**PROPOSAL:** Adopt Resolution, Recognize Funds for FY 2022-23 Carl Moyer State Reserve, Enhanced Fleet Modernization and Clean Cars 4 All Programs

**SYNOPSIS:** In May 2023, CARB approved allocations for the FY 2022-23 Carl Moyer “Year 25” State Reserve Program. The allocation to the South Coast AQMD is up to \$5.6 million, including 6.25 percent in administrative funds. The Carl Moyer State Reserve funds must be used for on-road zero emission heavy-duty truck replacement projects that are eligible pursuant to the On-Road Heavy-Duty Vehicle Voucher Incentive Program. Also, in April, CARB allocated \$1.4 million in Enhanced Fleet Modernization Program (EFMP) and \$40 million in Clean Cars 4 All (CC4A) to continue implementing the Replace Your Ride (RZR) Program. These actions are to: 1) adopt a resolution and accept terms and conditions for FY 2022-23 Carl Moyer State Reserve and recognize up to \$5.6 million in Carl Moyer State Reserve funds; 2) recognize up to \$1.4 million in EFMP and \$40 million in CC4A from CARB into HEROS II Special Revenue Fund (56); 3) approve vouchers and other alternative mobility options until all available funds are exhausted; 4) reimburse the General Fund for administrative costs necessary to implement RZR.

**COMMITTEE:** Technology, May 19, 2023; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Adopt the attached Resolution and authorize the Executive Officer to accept the terms and conditions of the FY 2022-23 Carl Moyer State Reserve funds and recognize up to \$5.6 million in Carl Moyer State Reserve funds into the Voucher Incentive Program Fund (59); and
2. Recognize from CARB, upon receipt, up to \$1.4 million in EFMP and \$40 million in Clean Cars 4 All (CC4A) into High Emitters Repair or Scrap Program (HEROS) II Special Revenue Fund (56); and
3. Authorize the Executive Officer and/or designee to approve vouchers and other alternative mobility options for the continued implementation of RZR, until all funds are exhausted; and

4. Reimburse the General Fund up to \$4,140,000 (15 percent of EFMP and 20 percent of CC4A), consists of up to \$140,000 from EFMP and up to \$4,000,000 from CC4A, from the HEROS II Special Revenue Fund (56) as authorized by the grant agreements for administrative costs necessary to implement RYR.

Wayne Natri  
Executive Office

AK:MW:WS:TL:VJ:AN

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### **Background**

The Carl Moyer Memorial Air Quality Standards Attainment Program provides incentive funds to help pay for the incremental cost of purchasing cleaner than required engines, vehicles, and/or equipment. Pursuant to Health and Safety Code Section 44286(d), CARB may reserve up to ten percent of the Carl Moyer Program funds available each year for projects that are eligible for funding. CARB reserves the sole authority to distribute the Carl Moyer Program State Reserve funds (State Reserve funds) into a specific program each year. For 2023, approximately \$13 million in the State Reserve funds are available.

In May 2023, CARB approved allocations of the FY 2022-23 (Year 25) Carl Moyer Program State Reserve funds based on applications received from participating air districts. For this year, CARB allocated all the State Reserve funds towards the continued implementation of the Voucher Incentive Program (VIP). VIP is a streamlined truck replacement program for small fleets that seek to replace an older heavy-duty diesel vehicle with a newer, zero emission vehicle. South Coast AQMD has been implementing VIP since 2009 which has resulted in the replacement of over 1,400 trucks totaling in grant funds over \$65 million. The allocation for South Coast AQMD is \$5,526,300, including 6.25 percent in administrative funds, which is approximately 43 percent of the total State Reserve funds available. South Coast AQMD intends to use these funds for zero-emission replacement projects under the VIP prior to the liquidation deadline, however, if program participation is limited, South Coast AQMD will work with CARB in requesting authorization to reallocate these funds to other equivalent zero-emission projects.

In addition, since 2015, South Coast AQMD has been implementing an Enhanced Fleet Modernization Program (EFMP) and Clean Cars 4 All (CC4A), branded as Replace Your Ride. South Coast AQMD's Replace Your Ride Program is a vehicle retirement and replacement program which provides incentives to low-income households to scrap and replace their older, high emitting vehicles with newer, cleaner models or other transportation options. Since its inception, South Coast AQMD has provided over \$77

million in EFMP funding and replaced over 9,700 older passenger vehicles with newer fuel-efficient vehicles, e-Bikes and transportation vouchers which have resulted in reducing 27 tons of NOx, 1.5 tons PM, and 37,193 tons of GHG emission annually. Approximately 93 percent of the vouchers have been issued to low-income participants residing in disadvantaged communities. The upcoming CC4A grant included a few changes to the program. RYR participants could be eligible for up to \$12,000 per voucher, instead of the prior maximum incentive of \$9,500, when they replace their eligible vehicles with zero-emission or plug-in hybrid vehicles and reside in disadvantaged communities. In addition, the program will phase out hybrid vehicles in 2024.

### **Proposal**

Staff proposes to adopt the attached Resolution recognizing up to \$5.6 million in the FY 2022-23 Carl Moyer Program State Reserve funds from CARB into the VIP Fund (59) and authorize the Executive Officer to accept the terms and conditions of the FY 2022-23 (Year 25) Carl Moyer Program State Reserve grant award. The State Reserve funds must be used for on-road zero emission heavy-duty truck replacement projects that meet the eligibility requirements outlined in the 2023 VIP Guidelines.

In addition, recognize up to \$41.4 million from CARB, consisting of \$1.4 million from EFMP and \$40 million from CC4A into the High Emitters Repair or Scrap Program (HEROS) II Special Revenue Fund (56) to continue implementation of the RYR and authorize the Executive Officer and/or designee to approve vouchers and other alternative mobility options for this program until all available funds are exhausted.

### **Benefits to South Coast AQMD**

The additional funds provided by the State Reserve to fund on-road zero emission heavy-duty truck replacement projects will provide surplus emissions reductions of both NOx and PM as required by the VIP. The State Reserve funds will be allocated for on-road heavy-duty truck replacement projects that are eligible according to the 2023 VIP Guidelines. Since the vehicles and equipment funded under these programs will operate for the life of the contract and beyond, the emissions reductions will provide long-term benefits.

EFMP will continue to provide clean vehicle incentives to qualifying low-income households primarily for those residing in disadvantaged communities and provide emission reduction benefits to these communities and throughout the region.

### **Resource Impacts**

The State Reserve funds, upon receipt from CARB, will be recognized in the VIP Fund (59). Total State Reserve funds for on-road projects eligible under the Voucher Incentive Program will not exceed \$5.6 million.

CARB funding Grant# G22-CC4A-01 up to \$40 million and #G22-EFMP-1 up to \$1.4 million, upon receipt, will be recognized into the HEROS II Special Revenue Fund (56). The transfer of funds from the HEROS II Special Revenue Fund (56) to reimburse the General Fund for administrative costs will not exceed \$4,140,000.

**Attachment**  
Resolution

**RESOLUTION NO. 23-**

**A Resolution of the South Coast Air Quality Management District Board  
Recognizing Funds and Accepting the Terms and Conditions of the  
FY 2022-23 (Year 25) Carl Moyer Program State Reserve Grant Award**

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 2022-23 (Year 25) 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 June 2, 2023, does hereby accept the terms and conditions of the FY 2022-23 (Year 25) Carl Moyer Program State Reserve grant award and recognize up to \$5.6 million from CARB in the Voucher Incentive Program (VIP) Fund (59) for eligible on-road projects under the On-Road Heavy-Duty Vehicle VIP.

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

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Date

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Faye Thomas, Clerk of the Board