

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

For the Agenda of: July 28, 2005

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

From: Larry Greene
Air Pollution Control Officer

Subject: Modifications to the Heavy-Duty Low Emission Vehicle Incentive Program to include Fleet Modernization and Updated Funding Agreement

Recommendation

Approve the attached resolution and authorize the Chair of the Board of Directors to sign it on behalf of the Sacramento Metropolitan Air Quality Management District (District).

Purpose

The purpose of this resolution is to:

1. Incorporate a Fleet Modernization option into the Heavy-Duty Low Emission Vehicle Incentive Program (HDLEVIP) covering on-road heavy-duty diesel vehicles and off-road heavy-duty equipment.
2. Authorize the use of a new funding agreement for projects under the HDLEVIP.
3. Authorize the use of a memorandum of understanding with finance companies that provide loans to Fleet Modernization participants to protect the interests of the District.

Authority

Health and Safety Code §41062 directs the District to implement a clean fuels program designed to introduce cleaner burning alternative fuels, low emission motor vehicles, or other control strategies resulting in equivalent emission reductions within the District including the establishment of fueling infrastructure, demonstration programs, and incentive programs to encourage the purchase of low emission equipment.

Health and Safety Code §41081 authorizes the District to provide incentives for mobile source emission reduction projects using funds received from the District's surcharge on vehicle registration fees.

Health and Safety Code §44286 authorizes the District to administer funds from the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) in accordance with the requirements of §44275, §44280-44288, §44290, and §44295-44296.

Health and Safety Code §44297 permits the District to fund projects involving the replacement of an old vehicle with a vehicle certified to a more stringent emission standard including the destruction of the old vehicle, commonly known as heavy-duty Fleet Modernization, using funds either received or used as matching funds under the Carl Moyer Program.

Sacramento Transportation Authority Ordinance No. STA 04-01 authorizes the District to provide incentives to exclusively fund mobile source projects and programs that facilitate the ability of the region to meet state and federal air quality mandates and reduce emissions from transportation-related activities.

Previous Actions

On February 5, 1998, your Board approved Resolution No. 98-0007, which authorized the creations of the HDLEVIP for the purpose of reducing emissions from heavy-duty mobile sources in within the Sacramento Federal Nonattainment Area.

On April 26, 2001, your Board approved Resolution No. 2001-020, which authorized the APCO to make minor modifications to the HDLEVIP as needed to maintain consistency with the Carl Moyer Program guidelines.

On January 24, 2002, your Board approved Resolution No. 2002-003, which first established the Fleet Modernization program under the Sacramento Emergency Clean Air and Transportation (SECAT) program creating the groundwork for its successful integration across California.

On October 28, 2004, your Board approved Resolution No. 2004-033, which increased the surcharge on motor vehicles registered in the District for the purpose of funding mobile source emission reduction projects under the HDLEVIP.

Description

The integration of the successful Fleet Modernization program into the District HDLEVIP will expand the ability of staff to pursue additional emission reductions needed for attainment of the new federal 8-hour ozone standard. Because of the unique vehicle and participant requirements under Fleet Modernization, staff has developed a new funding agreement for the HDLEVIP that will address the new conditions.

Additionally, staff has incorporated recent administrative changes to the Carl Moyer Program into the new agreement. Instead of having multiple agreements under the HDLEVIP, staff has created a single funding agreement that can be used for all projects. The new funding agreement will increase the effectiveness and enforceability of District projects while streamlining the process for all applications, including engine repowers & retrofits, Fleet Modernization projects, and future low emission mobile source technology projects.

The attached memorandum of understanding will be used for finance companies providing loans to Fleet Modernization participants to explain and protect our legal and financial interests in the motor vehicles and/or pieces of off-road equipment funded under the District incentive programs.

Staff anticipates extensive participation in the Fleet Modernization program based on past experience with the SECAT program. This concept has the potential to expand into non-vehicle applications including off-road construction equipment and locomotives, especially with the introduction of very low emission technology not suited for typical engine repowers.

Fiscal Impact

This resolution is expected to have no fiscal impact on the District.

Attachments

Attachment A – Heavy-Duty Low Emission Vehicle Incentive Program Sample Funding Agreement

Attachment B – Sample Memorandum of Understanding with Finance Company

Respectfully submitted,

Larry Greene
Air Pollution Control Officer

Reviewed by:

Kathrine Pittard
District Counsel

Attachments