

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

For the Agenda of: April 24, 2008

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

From: Larry Greene
Air Pollution Control Officer

Subject: Approval of Grant Authority to Request Funding; Addition of the Proposition 1B:
Goods Movement Emission Reduction Program to the Heavy-Duty Low-Emission
Vehicle Incentive Program

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. Authorize the Air Pollution Control Officer (APCO) to apply for any source of funding that will further the mission of the District; and
2. Authorize the APCO to apply for funding and to sign and execute local agency project grant agreements with the California Air Resources Board under the Proposition 1B: Goods Movement Emission Reduction Program (GMERP) and to provide any matching funds under the fiduciary control of the District that are identified in the District project funding demonstration; and
3. Adopt and incorporate the GMERP Final Guidelines for Implementation, including all subsequent revisions, into the Heavy-Duty Low-Emission Vehicle Incentive Program (HDLEVIP) for all projects funded by the GMERP; and
4. Authorize the APCO to evaluate and approve projects under the HDLEVIP funded in accordance with the GMERP Final Guidelines for Implementation, including all subsequent revisions; and
5. Authorize the APCO, in consultation with the District Counsel, to make minor modifications to the HDLEVIP funding agreement consistent with the requirements of the GMERP; and
6. Authorize the APCO, in consultation with the District Counsel, to sign and execute funding agreements under the HDLEVIP using funding received from the GMERP up to \$250,000 per year per participant; and

7. Amend the 2007-2008 Emission Technology Program Budget to reflect an additional \$760,000 in funding received from the GMERP and the 2007-2008 General Budget to reflect \$40,000 in administration funding received from the GMERP.

Authority

Health and Safety Code Section 40961 identifies the District as the local agency within the boundaries of the Sacramento district with the primary responsibility for the development, implementation, monitoring, and enforcement of air pollution control strategies, clean fuel programs, and motor vehicle use reduction measures.

Health and Safety Code Section 41062(a) directs the district to develop air quality improvement strategies that include demonstration programs and incentives to encourage the use of control measures providing equivalent emission reductions within the District.

Under Health and Safety Code Section 41082, the District may undertake programs which may include financial assistance to fleet operators for the purchase, conversion, or operation of low-emission motor vehicles, financial assistance or other incentives to encourage the sale and distribution of clean burning fuels.

The District is authorized by Health and Safety Code Sections 41062(a) and 41082 to implement programs to reduce transportation emissions, including programs to encourage the use of alternative fuels and low-emission vehicles.

Previous Actions

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

On April 26, 2001, your Board approved Resolution No. 2001-020, which authorized the APCO to execute funding agreements under the Program and to make minor modifications to the Program and associated agreements for the purpose of maintaining consistency with the state Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program).

On July 28, 2005, your Board approved Resolution No. 2005-050, which authorized the APCO, in consultation with District Counsel, to make minor modifications to the Heavy Duty Agreement and authorization to execute the Heavy Duty Agreement.

In November 2006, the voters of the State of California approved Proposition 1B, which authorized the state to issue \$1 billion in bonds to fund projects to mitigate the air quality impacts of goods movement activities in California.

In August 2007, the California Legislature passed and Governor Schwarzenegger signed SB 88 and AB 201, which set forth the implementing legislation for the GMERP in Health and Safety (H&S) Code, section 39625 et seq.

On February 28, 2008, the California Air Resources Board adopted the Proposition 1B: Goods Movement Emission Reduction Program Final Guidelines for Implementation, including the allocation of \$800,000 to the District for Early Grant Projects.

Description

Staff is requesting the explicit authority to authorize the APCO to apply for funding for programs that further the mission of the District, including but not limited to new mobile source incentive programs. These programs often have short timeframes for application which necessitate clear authority from the Board to apply for new funding to improve regional air quality.

The District has worked with the California Air Resources Board (CARB) to develop and adopt guidelines under the new GMERP to reduce emissions associated with Goods Movement in the greater Sacramento region. Our region within the Central Valley Trade Corridor is primarily impacted by heavy-duty trucking and locomotive emissions associated with goods movement. These emissions are a major component in regional ozone formation and community level exposure to particulate matter and toxic air contaminants – including Diesel PM – especially near major freeways and railroads.

The California Legislature has authorized \$250 million of the total \$1 billion in bond funding to be allocated in the 2007-2008 fiscal year, including \$25 million in early action projects, under the GMERP. CARB adopted the GMERP guidelines on February 28, 2008 including \$800,000 in early action projects for the Sacramento Federal Nonattainment Area. The guidelines also recommend that \$250 million of the total \$1 billion be allocated specifically to reduce goods movement emissions in the Central Valley, which includes our District and the San Joaquin Valley Unified Air Pollution Control District.

To secure our portion of the \$1 billion, our District is required to adopt and implement the GMERP guidelines prior to application for additional funding. Staff has reviewed the guidelines and will implement the GMERP through the existing HDLEVIP. In the Sacramento region, our application will focus on reducing goods movement emissions associated with heavy-duty diesel trucks and locomotives, as these categories represent 95% of total goods movement emissions in the Sacramento Federal Nonattainment Area.

Because of the competitive nature of the GMERP, staff is unable to estimate the total funding and emission reductions from the program. The Legislature must reauthorize GMERP funding annually in each state budget which could impact the annual allocations. However, GMERP guidelines require the District to only fund the most cost effective projects with the highest emission reductions to ensure maximum emission reductions.

Fiscal Impact

The District will amend the 2007-2008 General Budget to reflect \$40,000 in administrative funding from the GMERP and will amend the 2007-2008 Emission Technology Program Budget to reflect \$760,000 in project funding from the GMERP. Future allocations will require subsequent budget amendments.

Attachments

Board Resolution

Proposition 1B: Goods Movement Emission Reduction Program Final Guidelines for Implementation

Respectfully submitted,

Larry Greene
Air Pollution Control Officer

Reviewed By:

Kathrine Pittard
District Counsel