State of California
AIR RESOURCES BOARD

EXECUTIVE ORDER G-13-089
October 2013

WHEREAS, sections 39600 and 39601 of the Health and Safety Code authorizes the Air Resources Board (ARB or Board) to adopt standards, rules, and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

WHEREAS, section 39003 of the Health and Safety Code charges the Board with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles, which is the major source of air pollution in many areas of the State;

WHEREAS, sections 39666 and 39667 of the Health and Safety Code authorize the Board to adopt regulations and measures to reduce emissions of toxic air contaminants from vehicular and non-vehicular sources;

WHEREAS, sections 43013 and 43018 of the Health and Safety Code direct the Board to achieve the maximum degree of emission reduction possible from vehicular and other mobile sources, to attain State air quality standards by the earliest practicable date;

WHEREAS, chapter 3.2 commencing with section 39625 of the Health and Safety Code established the Proposition 1B: Goods Movement Emission Reduction Program (Program) to implement the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, also known as Proposition 1B, which authorizes one billion dollars ($1,000,000,000) in bond-funded incentives for ARB to reduce emissions associated with the movement of freight along California's trade corridors;

WHEREAS, section 39625.5(b)(1) of the Health and Safety Code requires the Board to allocate funds to local agencies in a manner that gives priority to emission reduction projects that achieve the earliest possible reduction of health risk in communities with the highest health risks from goods movement facilities;

WHEREAS, section 39626.5(b) of the Health and Safety Code requires the local agencies receiving grants from ARB to award contracts and liquidate funds within set timeframes or the funds revert back to the legislatively-controlled California Ports Infrastructure, Security, and Air Quality Improvement Account;

WHEREAS, in Resolution 08-12 adopted on February 28, 2008, the Board adopted the Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation;

WHEREAS, in Resolution 13-5 adopted on January 25, 2013, the Board adopted updated Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation (Program Guidelines);

WHEREAS, in Resolution 10-18 adopted on March 25, 2010, the Board directed ARB staff to evaluate the specifications for truck projects following any Board amendments to the Statewide Truck and Bus Regulation and recommend to the Executive Officer any changes needed. The Board delegated the Executive Officer, or his or her designee, the authority to make appropriate changes to the truck equipment project specifications, consistent with the intent of the Program Guidelines based on new information;

WHEREAS, in Resolution 10-18, the Board affirmed the existing authority of ARB staff to interpret or clarify the Program Guidelines and delegated to the Executive Officer, or his or her designee, the authority to adopt changes to the Program Guidelines that he or she deems necessary to enable effective implementation of the Program, provided that such changes are consistent with statute and the goals established by the Board;

WHEREAS, in Resolution 13-34 adopted on July 25, 2013, the Board directed the Executive Officer, or his or her designee, to adopt appropriate changes to the administrative procedures of the Program in order to decrease the time between bond issuance and expenditure, while still maintaining a viable process for the local agencies;

WHEREAS, local agencies solicited applications for fiscal year (FY) 2013-14 (Year 4) Program funds for equipment projects in the truck funding category during multiple solicitations, pursuant to the procedures stated in the Program Guidelines:

- Local agencies solicited applications for truck projects under their main truck solicitation (first truck solicitation) from August 26, 2013 to October 10, 2013.
- Local agencies are soliciting applications for truck projects as a backup truck solicitation (second truck solicitation) between October 11, 2013 and December 12, 2013;

WHEREAS, for eligible truck projects receiving (FY) 2013-14 (Year 4) Program funds, and any future truck solicitations, the Program Guidelines should include limited changes, as summarized below and as specified in Attachment A:

- Streamlining of the truck application review process, as determined by ARB staff to meet updated contracting and operational deadlines. Streamlining of the application evaluation process may include adjustments to mileage documentation or registration information for the purposes of developing a ranked list, and is subject to ARB approval. Any streamlining of the truck application evaluation process is determined and approved by ARB staff on a solicitation-by-solicitation basis, and only applicable to the solicitation for which the streamlining is approved.

- The eligible engine model year range for existing trucks, as stated in the Program Guidelines, should be expanded to include all engine model years 2006 and older to maximize Program participation and emission reductions. The expanded eligible engine model years should be available to Option (1) Repower and Option (2) Replacement truck projects, as stated in the Program Guidelines;

WHEREAS, for the second truck solicitation only, the Program Guidelines should include limited changes, as summarized below and as specified in Attachment A:

- Small truck fleets (fleets of 1-3 trucks) that meet the Program's eligibility requirements, are in compliance with ARB regulations or regulatory advisories, and whose equipment project provides early or extra emission reductions, as required by the Program, should be eligible to apply for Program funding.
- Follow a prioritization for the ranked list procedures for truck projects. As stated in the Program Guidelines, the top funding prioritization is zero-emission trucks. Following zero-emission trucks, eligible trucks in small fleets should be ranked against other trucks in small fleets. The competitive ranked list for small fleets should be fully funded (to the maximum grant amount) before consideration of trucks in large fleets.

WHEREAS, in Resolution 10-18, the Board delegated to the Executive Officer, or his or her designee, the authority to recapture funds previously awarded by the Board to a local or State agency for reallocation and expenditure, according to the terms and conditions stated in the Program Guidelines (recapture provisions). The ARB Executive Officer, or his or her designee, may amend or modify an impacted grant or interagency agreement or establish a new grant or interagency agreement to implement this policy, consistent with the Program Guidelines;

WHEREAS, in Resolution 10-27 adopted on June 24, 2010, the Board delegated authority to the Executive Officer, and his or her designee, to select the projects to be funded from any recaptured funds to Board-approved primary or backup projects consistent with Program funding priorities and to enter into grant agreements with the local agencies;

WHEREAS, in Resolution 13-34 adopted on July 25, 2013, the Board directed ARB staff to closely monitor local agency implementation of grant agreements to ensure funds are being used effectively and expeditiously, and to implement the recapture provisions stated in the Program Guidelines if ARB staff believes that the grants cannot be fully utilized by the specified deadlines;

WHEREAS, in Resolution 13-34, the Board adopted a list of FY2013-14 (Year 4) primary and backup local and State agency projects with corresponding Program funding amounts, including a backup project funding amount of up to $31.5 million for the Truck Loan Assistance Program, as identified in Attachment B, Table 1 and Table 2;

WHEREAS, ARB was notified by local agencies that a portion of Program funds from prior allocations were not obligated or liquidated by Program deadlines specified in the grant agreements and these funds are available for recapture, using the recapture provisions stated in the Program Guidelines, and as identified in Attachment B, Table 3;

WHEREAS, local agencies have been advocating for the prioritization of and additional funding opportunities for small fleets through discussions with ARB staff and public testimony at the July 25, 2013 Board meeting;

WHEREAS, it is important to make additional funding available in order to maximize the number of eligible small truck fleets that may benefit from the financial opportunities available through the Truck Loan Assistance Program or grants;

WHEREAS, pursuant to the delegated authority in Resolution 10-18, the Executive Officer, or his or her designee, should implement the recapture provisions stated in the Program Guidelines, and reallocate Program funds, observing the funding awards including approved backup projects, as identified in Attachment B, Table 1 and Table 2. The resulting allocation for 2013 Program funds is identified in Attachment B, Table 4;

WHEREAS, if ARB staff determines Program funding reserved for the Truck Loan Assistance Program is not needed in the future, it is important that those funds be redirected in a timely manner to supplement backup grant projects for small fleets, as identified in Attachment B, Table 2;

WHEREAS, the Executive Officer finds the Program Guidelines should be revised with limited changes, as specified in Attachment A;

WHEREAS, the Executive Officer finds it necessary to recapture and reallocate funds and also provide additional opportunities for incentive funding for small truck fleets, as summarized below and as specified in Attachment B:

- Allocate up to $26.2 million of Program funds (Attachment B, Table 3) to the Truck Loan Assistance Program (as identified in Attachment B, Table 4), with the ability to redirect Program funding reserved for the Truck Loan Assistance Program to supplement backup grant projects. In January 2014, ARB staff should evaluate the demand from small truck fleets during the local agencies' second truck solicitation, so that funds not needed for the Truck Loan Assistance Program may be redirected to supplement backup projects in a timely manner.
- Allocate the remaining Program funds in excess of the amount authorized by the Board in July 2013 (Attachment B, Table 1) to local agencies for truck projects as identified in Attachment B, Table 4. If ARB is notified by local agencies that additional Program funds from prior allocations are available for recapture, then those monies should also be reallocated to the local agencies to supplement backup projects to provide the greatest incentive funding opportunities to small truck fleets, subject to the recapture provisions stated in the Program Guidelines.

WHEREAS, if the Executive Officer finds in the future that the funding allocated for the Truck Loan Assistance Program is not needed, then Program funding may be allocated to backup grant projects for small fleets, as identified in Attachment B, Table 2;

NOW, THEREFORE, BE IT ORDERED that pursuant to the delegation of authority by the Board in Resolution 10-18, the Executive Officer hereby adopts the modifications to the Program Guidelines shown in Attachment A for implementation of local agency projects awarded FY2013-14 (Year 4) Program funds.

BE IT FURTHER ORDERED that pursuant to the delegation of authority by the Board in Resolution 10-18, the Executive Officer hereby reallocates recaptured funds and allocates new funds for implementation of equipment projects, as shown in Attachment B, Table 4, as deemed necessary to support Program goals and provide the greatest incentive funding opportunities to small truck fleets. Any grants, loan assistance programs, or any other incentives for truck projects made with these monies shall be subject to the provisions of the Program Guidelines, and as modified via Board Resolution or Executive Order.

BE IT FURTHER ORDERED that pursuant to the delegation of authority by the Board in Resolution 10-18, the Executive Officer hereby directs funding reserved for the Truck Loan Assistance Program that is not needed in the future to supplement backup projects, as identified in Attachment B, Table 2.

Executed at Sacramento, California this 29th day of October 2013.

Richard W. Corey
Executive Officer

Attachment A. Proposition 1B: Goods Movement Emission Reduction Program – General Modifications to the Program Guidelines

Attachment B. Proposition 1B: Goods Movement Emission Reduction Program – Summary of 2013 Funding Awards

ATTACHMENT A

Proposition 1B: Goods Movement Emission Reduction Program General Modifications to the Program Guidelines

Local agencies solicited applications for fiscal year (FY) 2013-14 (Year 4) Program funds for equipment projects in the truck funding category during multiple solicitations. The main truck solicitation (first truck solicitation) was held from August 26, 2013 to October 10, 2013. A backup to the first truck solicitation (second truck solicitation) is being held between October 11, 2013 and December 12, 2013.

I. Limited Changes to the Program Guidelines for Eligible Truck Projects Receiving Year 4 Program Funds

A. Streamlined Application Review Process

- Allow for select streamlining of the truck application review process, as determined by ARB staff, for the first and second truck solicitations, or future truck solicitations, to meet updated contracting and operational deadlines. Streamlining of the application evaluation process may include adjustments to mileage documentation or registration information for the purposes of developing a ranked list, and is subject to ARB approval. Any streamlining of the truck application evaluation process is determined and approved by ARB staff on a solicitation-by-solicitation basis, and only applicable to the solicitation for which the streamlining is approved.

B. Expansion of Eligible Engine Model Years

- Allow for the eligible engine model years for existing trucks, as stated in the Program Guidelines, to be expanded for the second solicitation to include all engine model years 2006 and older. The expanded eligible engine model years should be available to Option (1) Repower and Option (2) Replacement truck projects for the second truck solicitation and any future truck solicitations.

II. Limited Changes to the Program Guidelines for Eligible Truck Projects Receiving Program Funds from the Second Truck Solicitation Only

A. Small Truck Fleets (Fleets of 1-3 Trucks)

1. Eligibility

- Allow small truck fleets to be eligible for Program funding, if they meet the Program's eligibility requirements, are in compliance with ARB regulations or regulatory advisories, and whose equipment project provides early or extra emission reductions, as required by the Program.

2. Prioritized Ranking

- Allow the ranked list procedures for truck projects, as stated in the Program Guidelines, to retain a top funding prioritization of zero-emission trucks. Following zero-emission trucks, eligible trucks in small fleets should be ranked against other trucks in small fleets. The competitive ranked list for small fleet should be fully funded (to the maximum grant amount) before consideration of trucks in large fleets.

ATTACHMENT B

Proposition 1B: Goods Movement Emission Reduction Program
Summary of 2013 Funding Awards

Table 1. Program Funding Awards from the July 25, 2013 Board Hearing

Trade Corridor	Local Agency (Grant Agreement Number)	Funding Category	Board Award[1] (million)	Total % Corridor Funds
LA/ Inland Empire	South Coast (G13GML01)	Trucks	$ 78.5	55%
Central Valley	San Joaquin Valley (G13GMC01)	Trucks	$ 29.5	25%
	Sacramento Metro (G13GMC02)		$ 7.4	
Bay Area	Bay Area (G13GMB01)	Trucks	$ 9.9	14%
San Diego/ Border Region	San Diego (G13GMS01)	Harbor Craft	$ 0.80	6%
		Trucks	$ 6.15	
	Imperial (G13GMS02)	Trucks	$ 6.15	
Subtotal			**$138.4**	**100%**
Multi-Corridor Truck Programs		Truck Loan Assistance	$ 5.3	N/A
		Truck Filter Substrate Replacement	$ 6.3	
ARB Administration[2]			$ 4.0	
Total			**$154.0**	

[1] Board Award – Program funding awards from the July 25, 2013 Board Hearing. Includes dollars for equipment projects, plus administration funds where permitted.

[2] Limited to actual costs. Remaining funds will be used to supplement other projects.

Table 2. Approved Backup Projects from the July 25, 2013 Board Hearing

Trade Corridor	Local Agency	Funding Category	Bond Funds[1,2] (millions)
LA/Inland Empire	South Coast	Trucks	Up to $210.0
		Locomotive	Up to $9.3
		Ships/Equipment	Up to $10.3
Central Valley	San Joaquin Valley	Trucks	Up to $121.2
		Locomotive	Up to $28.8
	Sacramento Metro	Trucks	Up to $15.8
		Locomotive	Up to $41.2
Bay Area	Bay Area	Trucks	Up to $38.0
		Locomotive	Up to $17.0
San Diego/ Border	San Diego	Trucks	Up to $15.8
		Locomotive	Up to $1.0
		Ships/Equipment	Up to $1.0
		Harbor Craft	Up to $0.8
	Imperial	Trucks	Up to $8.4
All Trade Corridors	ARB[3]	Truck Loan Assistance	Up to $31.5

[1] Includes dollars for equipment projects, plus administration funds where permitted.
[2] The funds applied for by each local or State agency; actual funds will only be allocated up to the available appropriation.
[3] State agency.

Table 3. Summary of Local and State Agency Requests for Program Funds to be Recaptured and Reallocated for Expenditure

Trade Corridor	Local Agency	Date of Request	Funding Category (Grant Agreement Number)	Recaptured Funds[1] (million)
LA/ Inland Empire	South Coast	10/21/12	Port Trucks (G11GMLP1)	$ 1.2
			Trucks (G11GMLT1)	$ 13.3
Central Valley	San Joaquin Valley	10/21/13	Trucks (G11GMCT1)	$ 6.3
	Sacramento Metro	10/10/13	Locomotives (G07GMCL1)	$ 0.7
			Trucks (G08GMCT2)	$ 1.4
			Trucks (G11GMCT2)	$ 0.7
Bay Area	Bay Area	10/09/13	Port Trucks (G11GMBP1)	$ 9.9
			Trucks (G11GMBT1)	$ 2.6
San Diego/ Border Region	San Diego	n/a	n/a	--
	Imperial	10/17/13	Trucks (G11GMST2)	$ 0.3
Subtotal				**$ 36.4**
Multi-Corridor Truck Programs			Truck Loan Assistance (IA #11-418)	$ 3.3
Total				**$ 39.7**

[1] Recaptured Funds – Local and State agencies notified ARB that Program funds were not obligated or expended by the Program deadlines specified in the grant agreement. These recaptured funds are reallocated for expenditure to supplement backup projects, as summarized in Table 2 above, and provide the greatest incentive funding opportunities to small truck fleets, using the recapture provisions stated in the Program Guidelines. Includes dollars for equipment projects, plus administration funds where permitted.

Table 4. Total 2013 Allocation of Program Funds

Trade Corridor	Local Agency (Grant Agreement Number)	Funding Category	Total 2013 Allocation[1] (million)	Total % Corridor Funds
LA/ Inland Empire	South Coast (G13GML01)	Trucks	$ 83.9	55.5%
Central Valley	San Joaquin Valley (G13GMC01)	Trucks	$ 32.2	25.0%
	Sacramento Metro (G13GMC02)		$ 8.1	
Bay Area	Bay Area (G13GMB01)	Trucks	$ 14.5	13.3%
San Diego/ Border Region	San Diego (G13GMS01)	Harbor Craft	$ 0.80	6.2%
		Trucks	$ 6.2	
	Imperial (G13GMS02)	Trucks	$ 6.2	
Subtotal			**$151.9**	**100%**
Multi-Corridor Truck Programs		Truck Loan Assistance	$ 31.5	N/A
		Truck Filter Substrate Replacement	$ 6.3	
ARB Administration[2]			$ 4.0	
Total			**$193.7**	

[1] Total 2013 Allocation – Includes a combination of: (1) recaptured funds for reallocation and expenditure, consistent with the recapture provisions in the Program Guidelines and as summarized in Table 3 above, to supplement backup projects as summarized in Table 2 above, and provide the greatest incentive funding opportunities to small truck fleets; and (2) Program funding awards from the July 25, 2013 Board Hearing. Includes dollars for equipment projects, plus administration funds where permitted.

[2] Limited to actual costs. Remaining funds will be used to supplement other projects.