DATE: January 17, 2017

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP ON DEVELOPMENT OF THE FISCAL YEAR 2017-18 FUNDING PLAN FOR LOW CARBON TRANSPORTATION INVESTMENTS AND THE AIR QUALITY IMPROVEMENT PROGRAM

The Air Resources Board (ARB or Board) invites you to participate in a public workshop on the Fiscal Year (FY) 2017-18 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program (AQIP).

The meeting will be held at the following time and place:

Date: Friday, February 10, 2017
Time: 10 a.m. to 2:30 p.m.
Place: Cal/EPA Headquarters Building
Coastal Hearing Room, Second Floor
1001 I Street
Sacramento, California 95814

This meeting will be webcast for those unable to attend in person. The broadcast can be accessed on the day of the workshop at https://video.calepa.ca.gov/. Information on submitting questions or comments will be provided during the webcast for remote participants. Staff’s presentation will be posted prior to the workshop on ARB’s website at https://www.arb.ca.gov/aqip/.

Background

Cap-and-Trade Auction Proceeds Low Carbon Transportation Funding: Since FY 2013-14, Cap-and-Trade auction proceeds have supported ARB’s advanced technology, clean transportation incentive programs to reduce greenhouse gas emissions, expanding the types of projects ARB has funded through AQIP. These investments accelerate the transition to low carbon freight and passenger transportation with a priority on providing health and economic benefits to California’s most disadvantaged communities. To date, over 50 percent of ARB’s Low Carbon Transportation funding has been allocated to benefit disadvantaged communities, including low-income residents of these communities. These investments also support the Governor’s climate change strategy pillars of a 50 percent reduction in petroleum consumption.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: http://www.arb.ca.gov.
use in vehicles by 2030 and reducing short-lived climate pollutants and the Administration’s goal to deploy 1.5 million zero-emission vehicles in California by 2025.

The Legislature has appropriated nearly $700 million to ARB for Low Carbon Transportation projects to reduce greenhouse gas emissions over the past four budget cycles. These appropriations are being used to fund:

- Consumer rebates for the purchase of zero-emission and plug-in hybrid passenger vehicles through the Clean Vehicle Rebate Project (CVRP).
- Light-duty vehicle equity projects to increase access to the cleanest vehicles in and near disadvantaged communities and for lower-income Californians. This includes vehicle scrap and replacement, car sharing, and financing assistance.
- Deployment incentives for clean trucks and buses utilizing zero-emission, hybrid, and low nitrogen oxides technologies.
- Advanced technology demonstration projects for freight and other heavy-duty vehicles and equipment.

The Governor's proposed State Budget for FY 2017-18 includes $363 million for Low Carbon Transportation investments using Cap-and-Trade auction proceeds. This is the same funding level appropriated to ARB in the FY 2016-17 budget. The proposed Budget states that this funding could provide “investment in incentives for electric vehicles and the development of in-state low-carbon biofuels.”

**AQIP:** AQIP is a voluntary, mobile source incentive program that focuses on reducing criteria pollutant and diesel particulate emissions with concurrent reductions in greenhouse gas emissions. The Governor’s proposed State Budget for FY 2017-18 includes $28.6 million for AQIP investments. AQIP has provided funding for CVRP, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, and advanced technology demonstrations since 2009. In recent years, these projects have been primarily funded with Low Carbon Transportation appropriations, and the majority of AQIP funds have been directed to the Truck Loan Assistance Program which helps small business truckers secure financing for newer trucks or diesel exhaust retrofits to meet compliance deadlines for ARB’s in-use truck and bus regulation.

**Annual Funding Plan:** The annual funding plan is each year’s blueprint for expending Low Carbon Transportation and AQIP funds appropriated to ARB in the State budget. The plan describes ARB’s policy drivers and vision for advanced technology mobile source investments, eligible project categories and criteria, project funding allocations, program implementation details and provides the justification for these investments. ARB staff intends to develop a joint funding plan for the Low Carbon Transportation and AQIP for FY 2017-18 as it has done in past budget cycles.
Two bills signed into law in 2014 refine ARB’s implementation of these programs and specify requirements related to the annual funding plan. Senate Bill (SB) 1275 (De León, Chapter 530, Statutes of 2014) establishes the Charge Ahead California Initiative and provides direction on light-duty zero-emission vehicle investments including the requirement to establish programs to increase access to these vehicles for lower-income consumers and disadvantaged communities. SB 1204 (Lara, Chapter 524, Statutes of 2014) creates the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program and provides direction on truck, bus, and off-road vehicle and equipment investments. In developing the FY 2017-18 Funding Plan, ARB staff will work to ensure these investments are closely coordinated with other funding sources including the new Volkswagen mitigation funds that will be invested in California over the next several years.

Assembly Bill (AB) 1550 (Gomez, Chapter 369, Statutes of 2016) revises requirements related to disadvantaged and low-income community investments using Cap-and-Trade auction proceeds. AB 1550 increases the percent of auction proceeds that must be invested in disadvantaged communities and adds new requirements to direct investments to low-income communities and low-income households. Incorporate these new requirements into ARB’s Low Carbon Transportation program will be a priority in developing the FY 2017-18 Funding Plan.

Meeting Information

At this workshop, ARB staff will discuss and seek input on:

- Status updates on projects in the FY 2016-17 Funding Plan and initial demand projections for the upcoming funding cycle for these ongoing projects.
- Potential project categories that are consistent with the Governor’s FY 2017-18 budget proposal and the Cap-and-Trade Auction Proceeds Investment Plan and support ARB’s 2016 Mobile Source Strategy and the 2016 California Sustainable Freight Action Plan.
- A three-year plan for heavy-duty vehicle and off-road equipment investments to complement the long-term plan for light-duty vehicles included in the FY 2016-17 Funding Plan. This plan will cover the status of heavy-duty technology and the funding needs and strategy for advancing these technologies.
- Possible revisions to project criteria to address the AB 1550 requirements related to disadvantaged and low-income community investments.

This is the first in a series of public workshops and work group meetings ARB staff will hold on the FY 2017-18 Funding Plan. ARB staff anticipates releasing the proposed FY 2017-18 Funding Plan in May 2017 with Board consideration in June 2017.
Contact

If you have questions regarding the workshop, please contact Mr. Andrew Panson, Staff Air Pollution Specialist, at (916) 323-2809 or by email at andrew.panson@arb.ca.gov.

Special Accommodations

If you require a special accommodation or need this document in an alternate format (i.e. Braille, large print) or another language, please contact Ms. Stella Ling-Taylor, Air Pollution Specialist, at (916) 322-6369 or by email at stella.lingtaylor@arb.ca.gov as soon as possible, but no later than 10 business days before the scheduled meeting. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia.
- Documentos disponibles en un formato alterno u otro idioma.
- Una acomodación razonable relacionados con una incapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 324-0342 o envié un fax a (916) 327-8524 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

Sincerely,

/s/

Jack Kitowski, Chief
Mobile Source Control Division

cc: Andrew Panson
Staff Air Pollution Specialist
Mobile Source Control Division

Stella Ling-Taylor
Air Pollution Specialist
Mobile Source Control Division