

CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER APPROVAL OF THE PROPOSED FISCAL YEAR 2019-20 FUNDING PLAN FOR CLEAN TRANSPORTATION INCENTIVES FOR LOW CARBON TRANSPORTATION INVESTMENTS AND THE AIR QUALITY IMPROVEMENT PROGRAM

The California Air Resources Board (CARB or Board) will conduct a public meeting at the time and place noted below to consider the approval of the *Proposed Fiscal Year 2019-20 Funding Plan for Clean Transportation Incentives for Low Carbon Transportation Investments and the Air Quality Improvement Program* (FY 2019-20 Funding Plan).

DATE: October 24, 2019

TIME: 9:00 a.m.

LOCATION: California Environmental Protection Agency
California Air Resources Board
Byron Sher Auditorium
1001 I Street
Sacramento, California 95814

This item will be considered at a meeting of the Board, which will commence at 9:00 a.m., October 24, 2019, and may continue at 8:30 a.m., on October 25, 2019. Please consult the agenda for the meeting, which will be available at least ten days before October 24, 2019, to determine the day on which this item will be considered.

Background

The proposed FY 2019-20 Funding Plan covers a total of \$533 million in clean transportation investments from two related funding sources appropriated to CARB in the budget bill passed by the Legislature and signed by the Governor in 2019:

- \$485 million for Low Carbon Transportation investments funded with Cap-and-Trade Auction Proceeds appropriated to CARB in the Budget Act of 2019 as amended by Assembly Bill (AB) 74 (Chapter 23, Statutes of 2019).
- \$48 million for the Air Quality Improvement Program (AQIP) appropriated to CARB in the Budget Act of 2019 as amended by AB 74 (Chapter 23, Statutes of 2019).

The proposed FY 2019-20 Funding Plan describes CARB's policy drivers and vision for these advanced technology mobile source investments, eligible project categories and criteria, project funding allocations, program implementation details, grant administration procedures, and justification for these investments. CARB staff has developed a joint plan for these funding sources to ensure synergistic investments among these related programs while ensuring that statutory requirements are met. Background on both of

these funding sources covered in the proposed FY 2019-20 Funding Plan is provided below, followed by a summary of the proposed investments.

The development and commercialization of advanced technologies requires a portfolio of incentives that provide funding for the range of technologies needed to achieve both near-term and long-term emission reductions. CARB has developed a portfolio of incentives to complement its regulatory programs to reduce emissions and increase access to clean transportation, and this Funding Plan represents one piece of that portfolio.

Low Carbon Transportation and AQIP investments have traditionally funded multiple technologies at different points on their commercialization arcs, overcoming deployment barriers, reducing production costs, promoting consumer acceptance, and accelerating technology transfer to other sectors. These programs are designed to achieve both immediate emission reductions and, equally important, support the transformation of California's vehicle and equipment fleet to one that is largely zero-emitting where feasible and as clean as possible where zero-emissions are not feasible. In designing these investments, CARB strives to maximize the benefits for disadvantaged communities, low-income communities, and low-income households.

Low Carbon Transportation: The Low Carbon Transportation Investments Program is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas (GHG) emissions, strengthening the economy, and improving public health and the environment—particularly in disadvantaged communities. CARB's Low Carbon Transportation Investments Program is designed to 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.

The Legislature has appropriated nearly \$1.6 billion to CARB for its Low Carbon Transportation Investments Program over the past six budget cycles. This is being used to fund: zero-emission and plug-in hybrid passenger vehicles through the Clean Vehicle Rebate Project (CVRP); transportation equity projects to increase access to the cleanest vehicles in and near disadvantaged communities and for low-income Californians; clean trucks and buses using zero-emission, hybrid, and low nitrogen oxides (NOx) technologies through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP); and advanced demonstration and pilot commercial deployment freight equipment projects.

For FY 2019-20, the Legislature appropriated \$485 million for the Low Carbon Transportation Investments Program to continue and build on investments from previous years. The budget appropriation specifies that the funding be invested in the following categories:

- \$238 million for CVRP, with \$25 million to be dedicated to fund increased rebates for low-income recipients.

- \$65 million for the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus-up Pilot Project (Clean Cars 4 All), replacement of school buses, and light-duty equity projects authorized pursuant to a previous statute, Senate Bill (SB) 1275 (Chapter 530, Statutes of 2014).
- \$182 million for clean trucks, buses, and off-road freight equipment including the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project and advanced technology freight demonstration and pilot commercial deployment projects.

A key component of these programs is providing health and economic benefits to California’s most disadvantaged communities, low-income communities, and low-income households, collectively referred to as “priority populations.” Additional direction from the Legislature on the use of these funds is described in the proposed FY 2019-20 Funding Plan.

AQIP: AQIP is a mobile source incentive program that focuses on reducing criteria pollutant and diesel particulate emissions with concurrent GHG reductions. CARB investments started under AQIP provide the foundation for the Low Carbon Transportation Investments that now make up the vast majority of the proposed FY 2019-20 Funding Plan. AQIP has provided funding for CVRP, HVIP, and advanced technology demonstrations and pilots 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 and other diesel emission reduction projects. For FY 2019-20, the Legislature appropriated \$48 million to CARB for AQIP. Staff proposes to allocate all of the funds to the Truck Loan Assistance Program. Additional information is described in the proposed FY 2019-20 Funding Plan.

Summary of the Proposed FY 2019-20 Funding Plan

California has important goals to reduce GHG and short-lived climate pollutant emissions, improve air quality and reduce toxics risk, deploy zero-emission vehicles, and reduce petroleum dependency. These incentives will be used to accelerate development and deployment of the cleanest feasible mobile source technologies and to improve access to clean transportation. This supports the key emission reduction goals identified in *California’s 2017 Climate Change Scoping Plan*, the *Revised Proposed 2016 State Strategy for the State Implementation Plan*, the *California Sustainable Freight Action Plan*, the *Sustainable Communities Strategies* adopted pursuant to SB 375 (Steinberg, Chapter 728, Statutes of 2008), and it would also support the recommendations of CARB’s SB 350 (De León, Chapter 547, Statutes of 2015) *Low-Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access for Low-Income Residents*.

The proposed project investments for Low Carbon Transportation and AQIP in the FY 2019-20 funding cycle in most cases continue and build on investments from previous budget cycles that were envisioned as multi-year investments. All proposed

projects are designed to meet the Legislature’s specific direction on the use of these funds in various budget bills. Staff determined project allocations by evaluating anticipated demand and technology readiness; reviewing the long-term planning elements of previous Funding Plans such as the Three-Year Investment Strategy for Heavy-Duty Vehicles and Off-Road Equipment and the Long-Term Plan for CVRP and Light-Duty Vehicle Incentives; considering the greater funding portfolio and respective available funding sources; and considering stakeholder input.

AB 1550 (Gomez, Chapter 369, Statutes of 2016) establishes disadvantaged community, low-income community, and low-income household targets for the State’s Cap-and-Trade auction proceeds investments. Staff recommends that at least 50 percent of the Low Carbon Transportation appropriation be invested in projects that meet the criteria for providing direct, meaningful, and assured benefits to priority populations. In addition, staff will focus outreach in low-income and disadvantaged communities in order to maximize funding in these areas. Staff has designed program projects in ways that will specifically provide a benefit to priority populations. Staff’s proposed funding allocations are shown in Table 1, and the rationale for the proposal is described in the proposed FY 2019-20 Funding Plan.

Table 1: Proposed Project Allocations for FY 2019-20 Funding Plan

Project Category	Allocation (millions)
Low Carbon Transportation Funding	
Vehicle Purchasing Incentives and Clean Mobility Options	
CVRP (standard rebates and increased rebates for lower income consumers)	\$238*
Clean Transportation Equity Projects EFMP Plus-up / Clean Cars 4 All - \$0M Financing Assistance for Lower-Income Consumers - \$10.9M Clean Mobility Options - \$10M Clean Mobility in Schools - \$5M Agricultural Vanpools - \$5M Rural School Bus Pilot - \$4.45M Community Solutions for Clean Transportation Equity Pilot - \$22M Outreach, Technical Assistance, and One-Stop Shop - \$7.65M	\$65*
Heavy-Duty Vehicles and Equipment Investments	
Clean Truck and Bus Vouchers	\$142*
Advanced Technology Demonstration and Pilot Projects	\$40*
Low Carbon Transportation Funding Sub-Total	\$485
AQIP Funding	
Truck Loan Assistance Program	\$48
AQIP Sub-Total	\$48
TOTAL	\$533

*Up to one percent of the allocation will be used for State Operations.

Proposed Action

CARB staff will present the proposed FY 2019-20 Funding Plan for the Board's approval at the meeting. Copies of the report may be obtained from CARB's Public Information Office, 1001 I Street, First Floor, Environmental Services Center, Sacramento, California, 95814, at least 30 days prior to the scheduled meeting on October 24, 2019. The report may also be obtained from CARB's website at <http://www.arb.ca.gov/aqip/>.

Interested members of the public may present comments orally or in writing at the meeting and may provide comments by postal mail or by electronic submittal before the meeting. To be considered by the Board, written comments not physically submitted at the meeting, must be received **no later than October 21, 2019**, and addressed to the following:

Postal mail: Clerk of the Board, California Air Resources Board
1001 I Street, Sacramento, California 95814

Electronic submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Please note that under the California Public Records Act (Government Code section 6250 et seq.), your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

CARB requests that written statements on this item be filed at least ten days prior to the meeting so that CARB staff and Board members have additional time to consider each comment. Further inquiries regarding this matter should be directed to Jason Crow, Air Pollution Specialist, at (916) 323-7525 or (designated back-up contact) Stella Ling-Taylor, Air Pollution Specialist, at (916) 322-6369.

ENVIRONMENTAL ANALYSIS

CARB has determined that the proposed FY 2019-20 Funding Plan is not a project subject to, or otherwise exempt from, the requirements of the California Environmental Quality Act (CEQA). CARB's certified regulatory program, which applies to the adoption, approval, amendment, or repeal of standards, rules, regulations, or plans for the protection and enhancement of the State's ambient air quality, has been certified by the California Secretary for Natural Resources under Public Resources Code section 21080.5 of CEQA (14 California Code of Regulations (CCR) 15251(d)). Public agencies with certified regulatory programs are exempt from certain CEQA requirements, including but not limited to, preparing environmental impact reports, negative declarations, and initial studies. For activities that constitute project approvals, as those terms are used in CEQA, CARB, as a lead agency, prepares a substitute environmental document (referred to as an "Environmental Analysis" or "EA") as part of the Staff Report prepared for a proposed action to comply with CEQA (17 CCR 60000-60008).

CARB, as the lead agency under CEQA, has reviewed the proposed FY 2019-20 Funding Plan and concluded that it is not a project under CEQA Guidelines § 15378(b)(4) and thus is not subject to CEQA. The proposed FY 2019-20 Funding Plan is a governmental fiscal activity that does not involve any commitment to any specific projects that may result in potentially significant impacts on the environment. The Funding Plan includes several funding programs or projects, such as CVRP and HVIP, which provide funds to support the purchase of cleaner vehicles on a first-come, first-served basis. The Funding Plan proposes budgetary allocation for these programs or projects over the next fiscal year.

Even if the FY 2019-20 Funding Plan were a project under CEQA, it would be categorically exempt from CEQA under the common sense exemption, (14 CCR 15061(b)(3), and the "Class 8" exemption, (14 CCR 15308), for the protection of the environment. CEQA Guidelines state "the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." (14 CCR 15601(b)(3).) The programs or projects receiving funding under the Funding Plan are aimed at incentivizing further ZEV's and low-emission vehicles within California, particularly to consumers in lower income or disadvantaged communities, which are disproportionately burdened with air pollution. Based on CARB's review, it can be seen with certainty that there is no possibility that the proposed Funding Plan may result in a significant adverse impact on the environment. Further, the proposed action is designed to protect the environment, and CARB found no substantial evidence indicating the proposal could adversely affect air quality or any other environmental resource area, or that any of the exceptions to the exemption applies (14 CCR 15300.2). Therefore, even if the FY 2019-20 Funding Plan were a project under CEQA, it would be exempt from CEQA.

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the meeting;
- Documents made available in an alternate format or another language; and
- A disability-related reasonable accommodation.

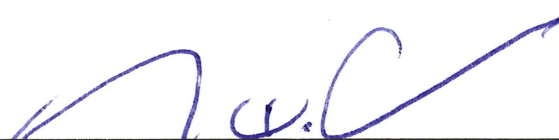
To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than ten business days before the scheduled Board meeting. TTY/TDD/Speech to Speech users may dial 711 for the California 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; y
- 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) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de diez 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.

CALIFORNIA AIR RESOURCES BOARD



Richard W. Corey
Executive Officer

Date: September 20, 2019

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 at www.arb.ca.gov.