



## **Public Workshop on Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives**

### **Covering the Following Funding Sources:**

- **\$560 Million for Low Carbon Transportation Investments (Cap-and-Trade Auction Proceeds)**
- **\$28.64 Million for Air Quality Improvement Program**
- **\$25 Million Volkswagen Settlement Funds for Zero-Emission Vehicle Aspects of Vehicle Replacement Programs**
- **\$50 Million for Zero- and Near Zero-Emission Warehouse Program**

## **DISCUSSION DRAFT FUNDING PLAN**



### **Public Workshop Date and Location:**

Wednesday October 4, 2017  
9:30 am to 4:30 pm  
Cal/EPA Headquarters Building  
Sierra Hearing Room, 2nd Floor  
1001 I Street  
Sacramento, California 95814

Link to Workshop Notice:

<https://www.arb.ca.gov/msprog/mailouts/msc1717/msc1717.pdf>

Link to Webcast Information: <https://video.calepa.ca.gov/>

Workshop presentation will be posted on the morning of the workshop at:

<http://www.arb.ca.gov/aqip/>

Released: September 26, 2017

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at the October 4 workshop. CARB will launch separate public processes shortly to develop these new programs. It is worth noting that many of the proposed investments in this Funding Plan will help make progress toward the community emission reduction goals of AB 617 because of their disadvantaged community focus.

**Draft Project Allocations for FY 2017-18 Funding Plan**

| Project Category   | Draft Allocation by Funding Source (millions) |                   |                            |                                | Total           |
|--|---|-------------------|----------------------------|--------------------------------|-----------------|
|  | Low Carbon Transportation <sup>1</sup>        | AQIP <sup>2</sup> | VW Settlement <sup>2</sup> | Warehouse Program <sup>3</sup> |                 |
| <b>LIGHT-DUTY VEHICLE AND TRANSPORTATION EQUITY INVESTMENTS</b>      |   |                   |                            |                                |                 |
| CVRP (standard rebates)  | \$140   |                   |                            |                                | \$140           |
| Transportation Equity Projects                                       | \$100   |                   | \$25                       |                                | \$125           |
| EFMP Plus-Up   | \$10  |                   | \$10                       |                                | \$20            |
| Financing Assistance for Lower-Income Consumers                      | \$10  |                   | \$10                       |                                | \$20            |
| Clean Mobility Options in Disadvantaged Communities                  | \$17  |                   |                            |                                | \$17            |
| <del>Agricultural Worker Vanpools</del>                              | <del>\$3</del>                                |                   |                            |                                | <del>\$3</del>  |
| <del>Rural School Bus Pilot</del>                                    | <del>\$10</del>                               |                   |                            |                                | <del>\$10</del> |
| CVRP Rebates for Low-Income Applicants                               | \$40  |                   |                            |                                | \$40            |
| To Be Allocated in Spring 2018 Based on Demand                       | \$10  |                   |                            |                                | \$10            |
| One-Stop-Shop for CARB's Equity ZEV Replacement Incentives (new)     |   |                   | \$5                        |                                | \$5             |
| <b>Light-Duty Vehicle Transportation and Equity Investment Total</b> | <b>\$240</b>                                  |                   | <b>\$25</b>                |                                | <b>\$265</b>    |
| <b>HEAVY-DUTY VEHICLE AND OFF-ROAD EQUIPMENT INVESTMENTS</b>         |   |                   |                            |                                |                 |
| Advanced Freight Equipment Demonstration and Deployment              | \$140   |                   |                            | \$50                           | \$190           |
| Zero- and Near Zero-Emission Freight Facilities <sup>3</sup> (new)   | \$100   |                   |                            | \$50 <sup>3</sup>              | \$150           |
| Zero-Emission Off-Road Freight Voucher Incentive Project (new)       | \$40  |                   |                            |                                | \$40            |
| Clean Truck and Bus Vouchers (HVIP + Low NOx Engine Incentives)      | \$180   | \$8               |                            |                                | \$188           |
| Truck Loan Assistance Program  |   | \$20              |                            |                                | \$20            |
| <b>Heavy-Duty Vehicle and Off-Road Equipment Investment Total</b>    | <b>\$320</b>                                  | <b>\$28</b>       |                            | <b>\$50</b>                    | <b>\$398</b>    |
| <b>TOTAL</b>   | <b>\$560</b>                                  | <b>\$28</b>       | <b>\$25</b>                | <b>\$50</b>                    | <b>\$663</b>    |

<sup>1</sup>CARB was appropriated \$560 million for Carbon Transportation projects including CVRP, transportation equity projects, freight hubs/ports, and clean truck and bus vouchers in AB 134 (Committee on Budget, Chapter 254, Statutes of 2017).

<sup>2</sup>CARB was appropriated \$28.64 million for AQIP and \$25 million of Volkswagen settlement funds for the ZEV aspects of vehicle replacement in AB 97 (Ting, Chapter 14, Statutes of 2017). Staff proposes allocating \$28 million of AQIP funds to projects and holding \$0.64 million as a reserve.

<sup>3</sup>CARB was appropriated \$50 million for a new Zero- and Near Zero-Emission Warehouse Program in SB 132 (Committee on Budget and Fiscal Review, Chapter 7, Statutes of 2017). This funding is limited to warehouses only per provision of SB 132. Low Carbon Transportation funding for the freight facilities project category is open to any freight facility located in a disadvantaged community as discussed further in Chapter 4.

**Table I-2: Low Carbon Transportation Project Allocations to Date**

(FY 2013-14, 2014-15, 2015-16, and 2016-17)

| Project  | Funding (millions)       | In DC             | Benefiting DC     | Project Outcomes <sup>1</sup>  |
|--|--------------------------|-------------------|-------------------|--|
| <b>Light-Duty Vehicle Investments (SB 1275)</b>                        |                          |                   |                   |  |
| CVRP   | \$337                    | 7% <sup>2</sup>   | 38% <sup>2</sup>  | • ~140,000 ZEV rebates.  |
| <b>Light-Duty Equity Projects</b>                                      |                          |                   |                   |  |
| EFMP Plus-up   | \$72                     | >50% <sup>2</sup> | 100% <sup>3</sup> | • ~9,000 vehicles scrapped and replaced.   |
| Car Sharing and Mobility Options                                       | \$11                     | 100% <sup>3</sup> | 100% <sup>3</sup> | • Los Angeles and Sacramento car share projects launched.<br>• Will award \$8 million for additional projects in 2017.   |
| Public Fleet Incentives for CVRP Eligible Vehicles                     | \$6                      | 42% <sup>2</sup>  | 100% <sup>3</sup> | • ~750 ZEV rebates for public fleets in or near disadvantaged communities.   |
| Financing Assistance for Lower-Income Consumers                        | \$7                      | tbd <sup>4</sup>  | tbd <sup>4</sup>  | • Loan assistance project launched in Bay Area.<br>• Will award \$6 million for additional projects in 2017.   |
| Agricultural Worker Vanpools in San Joaquin Valley                     | \$3                      | 100% <sup>3</sup> | 100% <sup>3</sup> | • Under development. Will award funding in 2017.   |
| <b>Heavy-Duty Vehicle and Off-Road Equipment Investments (SB 1204)</b> |                          |                   |                   |  |
| Advanced Technology Freight Demonstrations                             | \$83                     | >30% <sup>3</sup> | 100% <sup>3</sup> | • ~40 zero emission drayage truck project at multiple ports/facilities.<br>• Multi-source projects: ~40 pieces of zero-emission freight equipment at Port of Los Angeles and 3 facilities in San Bernardo County.<br>• Will award additional \$34 million in 2017. |
| Zero-Emission Freight Equipment  | \$5                      | tbd <sup>4</sup>  | tbd <sup>4</sup>  | • Propose to reallocate to HVIP due to waitlist.   |
| Zero-Emission Truck/Bus Pilot  | \$85                     | 97% <sup>3</sup>  | 97% <sup>3</sup>  | • ~150 zero-emission buses and trucks + supporting infrastructure and training.  |
| Rural School Bus Pilot   | \$10                     | tbd <sup>4</sup>  | tbd <sup>4</sup>  | • ~30 zero-emission or renewable-fueled school buses.  |
| Low NOx Engine Incentives with Renewable Fuel                          | \$13                     | tbd <sup>4</sup>  | tbd <sup>4</sup>  | • ~500 low NOx engine vouchers.  |
| HVIP   | \$48                     | 43% <sup>2</sup>  | 62% <sup>2</sup>  | • ~1,000 vouchers for hybrid and zero-emission trucks or buses.  |
| <b>Total<sup>5</sup></b>   | <b>\$680<sup>5</sup></b> | <b>30%</b>        | <b>60%</b>        |  |

<sup>1</sup>Projected outcomes are estimated based on full expenditure of funds.

<sup>2</sup>Estimate based on rebates/vouchers issued to date as reported in the March 2017 *Annual Report to the Legislature on California Climate Investments Using Cap-and-Trade Auction Proceeds* projected forward to full expenditure of funds. Will be updated after all funds expended. For EFMP Plus-up, used a conservative estimate because data not yet available for the new air districts launching EFMP programs.

<sup>3</sup>Based on terms of project solicitation and/or grant agreement.

<sup>4</sup>To Be Determined. Insufficient data yet to determine. Will be calculated based on project implementation and reported in future Annual Reports to the Legislature.

<sup>5</sup>Total does not include \$13 million for State operations.

# Agricultural Worker Vanpools

Proposed Low Carbon Transportation Allocation – \$3 million

## PROJECT OVERVIEW

The FY 2016-17 Funding Plan allocated \$3 million for the Agricultural Worker Vanpools in the San Joaquin Valley pilot project that would provide expanded access to clean transportation vanpools for agricultural workers in the San Joaquin Valley's disadvantaged communities. For FY 2017-18, the primary focus of this project remains the San Joaquin Valley, but with increased available funding, staff seeks flexibility to expand to other agricultural disadvantaged community areas if appropriate. Eligible technologies include zero-emission, plug-in hybrid, or hybrid passenger and shuttle vans, and vehicles and vehicle conversions must be HVIP- or CVRP-eligible. Installation of electric vehicle supply equipment for appropriate multi-unit dwellings and other appropriate locations may also be considered for funding.

This project supports the statutory goals of SB 1275 and SB 350 recommendations by prioritizing funding for clean transportation, increasing access to vanpools in disadvantaged communities, and funding installation of charging infrastructure at multi-unit dwellings in disadvantaged communities.

## CURRENT PROJECT STATUS

Staff plans to release the FY 2016-17 competitive grant solicitation later in 2017.

## STAFF PROPOSAL FOR FY 2017-18

Staff proposes \$3 million for FY 2017-18 for projects that are located within disadvantaged communities. CARB staff will use a public work group process to develop project parameters.

Stakeholder feedback is that this level of funding will meet the current level of demand in the San Joaquin Valley. However, similar needs for agricultural worker vanpools exist in other California agricultural communities. For this funding cycle, staff proposes to prioritize funding within the San Joaquin Valley, while allowing expansion to other disadvantaged agricultural regions if appropriate.

AB 1550 Disadvantaged Community and Low-Income Household/Community Benefits: Consistent with FY 2016-17 Agricultural Worker Vanpools in the San Joaquin Valley pilot project requirements, staff proposes that all funding be spent in and for the benefit of disadvantaged communities. AB 1550 prohibits "double counting" investments for determining compliance with minimum disadvantaged community and low-income household/community targets. Staff will not count any of the Agricultural Worker Vanpools pilot project funding as being within and benefiting low-income communities or

benefiting low-income households, even though staff expects some of these funds will meet those criteria as well.

*Project Solicitation:* Staff proposes that this grant funding be awarded via a competitive solicitation. Staff may include this funding as part of the forthcoming FY 2016-17 Agricultural Worker Vanpools pilot competitive solicitation and/or release a separate solicitation.

### **OUTCOMES**

Staff cannot estimate specific outcomes of a pilot project until a project is selected and implemented. However, in Appendix A, staff has provided an illustration of emission reductions that could result from an agricultural worker vanpool pilot project scenario. The proposed \$3 million allocation is estimated to provide total potential GHG emission reductions of 1,900 metric tons of CO<sub>2</sub> equivalent GHG emission reductions. The project could also provide 0.09 tons of NO<sub>x</sub>, 0.17 tons of PM 2.5, and 0.01 tons of ROG emission reductions.

CARB will report in Annual Reports and future Funding Plans the outcomes of this project, including GHG reductions achieved or anticipated using the appropriate CARB quantification methodology; progress in meeting or exceeding SB 535 and AB 1550 targets for investment in and benefits to disadvantaged communities; updates on economic, environmental, and public health co-benefits achieved or anticipated; and project locations. Metrics to measure progress for this project may include information on the types of vehicles purchased, the number of workers signed up for services, the vehicle miles traveled and number of trips taken, and changes in access to mobility experienced by participants.