

TO: Mary D. Nichols  
Chair

Honorable Board Members

FROM: Richard W. Corey  
Executive Officer



DATE: April 13, 2020

SUBJECT: BIENNIAL REPORT ON AB 617 COMMUNITY AIR PROTECTION  
INCENTIVES

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On May 23, 2019, the California Air Resources Board (CARB or Board) approved the *Community Air Protection Incentives 2019 Guidelines* (Guidelines) which contain criteria and eligibility for Community Air Protection (CAP) incentives supporting Assembly Bill (AB) 617 (Chapter 136, Statutes of 2017). In Resolution 19-12 the Board delegated authority to the Executive Officer to modify the Guidelines as necessary, and directed that staff update the members of the Board biannually. This memo includes the most recent air district progress reported to CARB during the November 2019 reporting period.

## Background

AB 617 directed CARB, in conjunction with local air districts, to establish the CAP Program. Specifically, AB 617 directs CARB and the air districts to actively engage with members of heavily impacted communities, follow their guidance, and address local criteria air pollutant and toxic air contaminant sources of concern through a variety of strategies including incentives.

The CAP Program revolves around addressing the concerns of selected communities through the creation of air monitoring plans and emissions reduction programs. In advance of the initial community selection, the Legislature directed that CAP incentives be focused in disadvantaged and low-income communities to ensure nimble action. Since 2017, the Legislature has appropriated money from the Greenhouse Gas Reduction Fund (GGRF) for incentives to support AB 617, as summarized in Table 1 in the Appendix.

In April 2018, and again in May 2019, the Board directed staff to ensure the air districts:

- Allocate no less than 70 percent of funds to projects within and benefiting disadvantaged communities, and no less than 80 percent of funds to projects within and benefiting disadvantaged and low-income communities
- Prioritize communities selected for community air monitoring or emissions reduction programs per AB 617
- Prioritize zero-emission vehicles or infrastructure wherever feasible
- Select projects based on community guidance

Following the May 2019 Board hearing, Richard Corey sent a letter to the California Air Pollution Control Officers Association (CAPCOA), ensuring all air districts were aware of the Board’s directives.

## **Progress on Fiscal Year 2017-18 CAP Incentives**

Via AB 134, the Legislature directed the fiscal year 2017-18 appropriation to fund mobile source projects pursuant to the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) and the Proposition 1B Goods Movement Emission Reduction Program (Proposition 1B Program). CARB executed grant agreements for all air districts by June 2018, and air districts have executed 76 percent of their funds to projects as of November 2019, as shown in Table 2 in the Appendix. As shown in Table 3 of the Appendix, of those funds committed to projects so far, air districts directed 84 percent of funds to disadvantaged communities and 93 percent to both disadvantaged and low-income communities, which exceed the goals of 70 and 80 percent, respectively.

Many air districts had already begun to solicit for and select projects in advance of CARB’s community selection, which occurred in the last quarter of 2018. Therefore, the number of eligible projects funded in each selected community is not a good metric this first year. However, statewide, the air districts have expended 29 percent of their fiscal year 2017-18 funds on projects within their selected communities, as shown in Table 4 in the Appendix. Note that this total also includes projects expended in the communities selected in the last quarter of 2019.

Air districts prioritized all eligible zero-emission projects for which they received applications, accepting and expending funds to them before expanding selection to conventional and low emission projects. The air districts devoted 14 percent of funds to zero-emission projects, as shown in Table 5 in the Appendix. Of the funds committed to zero-emission projects, 81 percent replaced on-road vehicles as shown in Table 6 of the Appendix.

## **Progress on Fiscal Year 2018-19 CAP Incentives**

As directed by the Board, staff, in cooperation with CAPCOA, developed a set of principles to ensure the allocation of the fiscal year 2018-19 CAP incentives were consistent with the goals outlined in AB 617 and the Legislative direction given in

Senate Bill (SB) 856. Staff shared these principles with community members at public workshops held in February 2019, to ensure they were consistent with communities' goals and priorities.

In SB 856 the Legislature continued to allow funding of mobile sources through the Moyer or Proposition 1B Programs, but also enabled the funds to be used to reduce emissions from stationary sources of air pollution, as well as to support projects consistent with Community Emissions Reduction Programs. This provided more opportunities for meaningful investments in communities that have limited opportunities for mobile source projects.

In May 2019, the Board approved the following new project categories:

- Incentives to reduce hexavalent chromium emissions from chrome plating operations
- Composite wood product replacement in schools
- Zero-emission lawn and garden equipment replacement in schools
- Classroom air filtration enhancements in schools

The Board also directed staff to expand available project category options in a manner that was both expedient and responsive to the needs of the most heavily impacted communities. Large and medium air districts received grants for fiscal year 2018-19 CAP incentives by May 2019, and rural air districts will receive grants for the remainder of funds in Spring 2020. Even as air districts expend the remainder of fiscal year 2017-18 CAP incentives, they have requested disbursement of over \$178 million of fiscal year 2018-19 CAP incentives, and the Bay Area Air Quality Management District (AQMD) in particular has already expended \$2.7 million of these funds on additional projects.

We expect the amount of funds air districts direct to their selected communities to increase in 2020. Air districts have been working with members of their communities to discover priority concerns beyond the scope of traditional mobile source incentives.

## **Progress on Fiscal Year 2019-20 CAP Incentives**

Staff has initiated a dialogue with CAPCOA to allocate the fiscal year 2019-20 CAP incentives according to the set of guiding principles used previously to allocate the fiscal year 2018-19 funds. The dialogue is centered on how to factor the inclusion of additional communities selected for emissions reduction programs into the final allocation decision.

## **Community Engagement and Outreach**

To ensure that air districts make funding decisions that reflect community priorities, they must submit project lists that demonstrate how investment targets for

disadvantaged and low-income communities will be met, as well as documentation of the public process. Table 7 in the Appendix provides information reported by the air districts on the number of public events and the approximate numbers of attendees across those events. Since the inception of the CAP Program in 2017, air districts have held or participated in a total of 368 public meetings with the intent of actively engaging community members and soliciting their guidance, and these events have been attended by over 23,000 community members.

Criteria used to estimate attendance varied across air districts, resulting in a wide range of reported data. Additionally, a radio broadcast on CAP incentives reached over 100,000 listeners throughout Los Angeles, Ventura, and San Luis Obispo counties. In addition to the above public events, air districts participated in a wide array of more informal engagement opportunities with community members, including community tours, small meetings with specific stakeholders and community-based organization members, one-on-one conversations and phone calls, and online surveys and communications, among others.

## **Next Steps**

Per Board direction, we are expeditiously developing a process for creating new stationary source and community-identified project categories in collaboration with CAPCOA and community members, particularly those serving on AB 617 Community Steering Committees or otherwise engaged in the implementation of AB 617. This process will allow air districts to fund new kinds of stationary source projects in their communities, and innovative new projects consistent with emissions and exposure reduction strategies included in Community Emissions Reduction Programs.

We continue to seek guidance from community members and other interested public stakeholders, even amidst the public health crisis represented by COVID-19 and the need for strict social distancing practices. Enabling remote participation in public meetings and events over the internet is a major priority; for example, CARB will host its public workshops this spring via webcast. Additionally, we are working with staff internally and externally so that implementation of AB 617 remains flexible, accessible, and addresses the myriad community concerns. Air districts are also attempting to connect with their community members remotely via social media, mass email messaging, and remote participation in meetings and events. Together we will explore additional methods to maintain progress and ensure continued judicious use of funds.

In accordance with California Climate Investments requirements, the air districts report their progress on CAP incentives in May and November of each year. Staff will subsequently update the Board on the development of new project categories, as well as on air district progress and responsiveness to Board direction. Staff plans for the next update in Fall 2020, allowing time to ensure the quality and integrity of data reported by the air districts during the May 2020 reporting period.

## Appendix: November 2019 Reported Data

Included in this appendix is project and funding data reported by the air districts to CARB during the November 2019 reporting period for CAP incentives.

**Table 1: GGRF Appropriation by Fiscal Year for CAP Incentives**

Fiscal Year	Statute	Appropriation	Liquidation Deadline
2017-18	AB 134 (Chapter 14, Statutes of 2017)	\$250 million	June 30, 2021
2018-19	SB 856 (Chapter 30, Statutes of 2018)	\$245 million	June 30, 2022
2019-20	AB 74 (Chapter 23, Statutes of 2019)	\$245 million	June 30, 2025
2020-21	Governor's proposed budget	\$200 million	TBD

**Table 2: Fiscal Year 2017-18 Funds Expended on Projects as of November 2019**

Air Districts with Reported Projects	Allocated Project Funds	Funds Expended on Projects	Percent Expended on Projects
Antelope Valley AQMD	\$468,750	\$468,750	100.0%
Bay Area AQMD*	\$46,875,000	\$46,619,196	99.5%
Butte County AQMD	\$468,750	\$468,750	100.0%
Eastern Kern APCD	\$190,313	\$110,000	57.8%
Feather River AQMD	\$468,750	\$435,384	92.9%
Imperial County APCD	\$468,750	\$314,449	67.1%
Mojave Desert AQMD	\$776,250	\$252,845	32.6%
Monterey Bay Unified APCD	\$614,063	\$466,180	75.9%
Placer County APCD	\$181,875	\$164,999	90.7%
Sacramento Metropolitan AQMD	\$3,426,562	\$2,222,071	64.8%
San Diego County APCD	\$2,812,500	\$2,687,255	95.5%
San Joaquin Valley APCD	\$75,000,000	\$66,241,555	88.3%
San Luis Obispo County APCD	\$614,063	\$194,990	31.8%
Santa Barbara County APCD	\$614,063	\$613,063	99.8%
South Coast AQMD	\$100,781,250	\$57,551,607	57.1%
Ventura County APCD	\$614,063	\$571,050	93.0%
<b>Statewide Total</b>	<b>\$234,375,002</b>	<b>\$179,382,144</b>	<b>76.5%</b>

**Table 3: Fiscal Year 2017-18 Funds Expended on Projects in Disadvantaged Communities (DAC) and Low-Income Communities (LIC) as of November 2019**

<b>Air Districts with Reported Projects</b>	<b>Funds Expended in DACs</b>	<b>Percent Expended in DACs</b>	<b>Funds Expended in DACs and LICs <sup>1</sup></b>	<b>Percent Expended in DACs and LICs</b>
Antelope Valley AQMD	\$468,750	100.0%	\$468,750	100.0%
Bay Area AQMD	\$35,475,397	76.1%	\$39,660,598	85.1%
Butte County AQMD	\$468,750	100.0%	\$468,750	100.0%
Eastern Kern APCD	\$0	0.0%	\$110,000	100.0%
Feather River AQMD	\$369,019	84.8%	\$413,674	95.0%
Imperial County APCD	\$314,449	100.0%	\$314,449	100.0%
Mojave Desert AQMD	\$0	0.0%	\$252,845	100.0%
Monterey Bay Unified APCD	\$466,180	100.0%	\$466,180	100.0%
Placer County APCD	\$0	0.0%	\$164,999	100.0%
Sacramento Metropolitan AQMD	\$1,785,660	80.4%	\$2,122,071	95.5%
San Diego County APCD	\$2,201,443	81.9%	\$2,687,255	100.0%
San Joaquin Valley APCD	\$65,979,555	99.6%	\$66,168,105	99.9%
San Luis Obispo County APCD	\$0	0.0%	\$194,990	100.0%
Santa Barbara County APCD	\$0	0.0%	\$613,063	100.0%
South Coast AQMD	\$41,985,122	73.0%	\$51,581,070	89.6%
Ventura County APCD	\$571,050	100.0%	\$571,050	100.0%
<b>Statewide Total</b>	<b>\$150,085,375</b>	<b>83.7%</b>	<b>\$166,257,849</b>	<b>92.7%</b>

<sup>1</sup>Note that the amounts in this column include funds expended in disadvantaged communities in addition to funds expended in low-income communities

**Table 4: Fiscal Year 2017-18 Funds Expended on Projects in Selected Communities as of November 2019**

<b>Selected Community</b>	<b>Year Selected</b>	<b>Funds Expended on Community</b>	<b>Percent of Expended Funds</b>
Richmond <sup>1</sup>	2018	\$764,489	1.6%
West Oakland	2018	\$20,204,000	43.3%
El Centro, Heber, Calxico	2018	\$314,449	100.0%
South Sacramento Florin <sup>1</sup>	2018	\$0	0.0%
Portside EJ Neighborhoods	2018	\$1,755,381	65.3%
Shafter	2018	\$2,159,106	3.3%
South Central Fresno	2018	\$568,227	0.9%
East LA, Boyle Heights, West Commerce	2018	\$1,980,099	3.4%
San Bernardino Muscoy	2018	\$9,064,442	15.8%
Wilmington, Carson, West Long Beach	2018	\$5,954,248	10.4%
South West Stockton	2019	\$0	0.0%
East Coachella Valley	2019	\$9,330,369	16.2%
South East Los Angeles	2019	\$98,970	0.2%
<b>Statewide Total</b>	<b>N/A</b>	<b>\$52,193,780</b>	<b>29.1%</b>

<sup>1</sup> Note that these communities have been selected only for air monitoring plans.

**Table 5: Fiscal Year 2017-18 Funds Expended on Zero-Emission Projects as of November 2019**

<b>Air District with Reported Projects</b>	<b>Funds Expended on Zero-Emission Projects</b>	<b>Percent Expended on Zero-Emission Projects</b>
Antelope Valley AQMD	\$468,750	100.0%
Bay Area AQMD	\$11,289,997	24.2%
Butte County AQMD	\$468,750	100.0%
Eastern Kern APCD	\$0	0.0%
Feather River AQMD	\$0	0.0%
Imperial County APCD	\$314,449	100.0%
Mojave Desert AQMD	\$252,845	100.0%
Monterey Bay Unified APCD	\$0	0.0%
Placer County APCD	\$0	0.0%
Sacramento Metropolitan AQMD	\$2,222,071	100.0%
San Diego County APCD	\$214,883	8.0%
San Joaquin Valley APCD	\$9,252,346	14.0%
San Luis Obispo APCD	\$194,990	100.0%
Santa Barbara APCD	\$150,000	24.4%
South Coast AQMD	\$639,384	1.1%
Ventura County APCD	\$0	0.0%
<b>Statewide Total</b>	<b>\$25,468,465</b>	<b>14.2%</b>



**Table 6: Fiscal Year 2017-18 Funds Expended on Zero-Emission Projects by Category as of November 2019**

<b>Project Category</b>	<b>Funds Expended on Zero-Emission Projects</b>	<b>Percent of Zero-Emission Projects by Category</b>
On-Road	\$20,588,582	80.8%
Off-Road	\$2,610,629	10.3%
Infrastructure	\$2,269,254	8.9%

**Table 7: Air District Community Engagement Efforts as of November 2019**

<b>Air District</b>	<b>Events Held or Attended</b>	<b>Approximate number of attendees</b>
Antelope Valley AQMD	24	1,939
Bay Area AQMD	37	1,163
Butte County AQMD	4	40
Eastern Kern APCD	3	16
Feather River AQMD	6	255
Imperial County APCD	11	366
Mojave Desert AQMD	2	26
Monterey Bay Unified APCD	2	19
Placer County APCD	9	186
Sacramento Metro AQMD	45	6,766
San Diego County APCD	54	1,202
Santa Barbara County APCD	25	1,089
San Joaquin Valley APCD	93	7,903
San Luis Obispo County APCD	9	391
South Coast AQMD	26	1,784
Ventura County APCD	18	544
<b>Statewide Total</b>	<b>368</b>	<b>23,689</b>