

ENVIRONMENTAL PROTECTION

The May Revision proposes to begin expenditures of the \$1 billion made available by Proposition 1B for air quality improvement projects along the state's main highway and trade corridors. In addition, the May Revision proposes additional resources for the California Air Resources Board to ensure adequate oversight of grant funding under the Carl Moyer Incentive Program.

- 2006-07 No Change
- 2007-08 \$111 million

PROPOSITION 1B AIR QUALITY INVESTMENTS

The Air Resources Board proposes to spend \$111 million in Proposition 1B bond funds to implement its Trade Corridors Emission Reduction Incentive Program. Under the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, the Air Resources Board is authorized to spend a total of \$1 billion on projects to improve the air quality in California's major trade corridors. These corridors include the Los Angeles/Inland Empire Region, the Central Valley, the Bay Area, and the San Diego/Border Region.

Projects expected to be funded by the Air Resources Board include the following:

- upgrade of old, high-emitting trucks used to serve ports and intermodal rail yards, and to transport goods and farm produce throughout the state;
- electrification of piers that serve frequent visitor ships to avoid the use of onboard diesel generators;

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- replacement of older switch engines and other locomotives with new models meeting ultra-low emissions levels; and
- replacement of existing diesel engines on harbor craft with new, cleaner engines.

In administering the program, the Air Resources Board will give priority to projects that provide the greatest lifetime emissions reduction in each corridor for each state dollar invested. Using this criterion provides an incentive for projects that offer substantial matching funds and are long-lived without prohibiting the Air Resources Board from funding projects that produce dramatic emissions reductions regardless of match amount or project life.

CARL MOYER PROGRAM ACCOUNTABILITY

The Air Resources Board proposes to add 6.0 permanent positions, and to re-establish 2.0 expiring positions, to continue and expand oversight and accountability of the Carl Moyer Air Quality Incentive Program. Chapter 627, Statutes of 2006, authorized an increase in the portion of Carl Moyer funds that may be used for administration. In response to this change, the Air Resources Board will redirect \$900,000 to fund the present request. These positions will be used both for program oversight and to assist key underperforming districts in improving local administration of the program.