

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 10/20)

Fiscal Year 2021-22	Business Unit 3900	Department California Air Resources Board	Priority No. 3
Budget Request Name 3900-013-BCP-2020-GB		Program 3500 – Mobile Source	Subprogram N/A

Budget Request Description

Implementation of the Advanced Clean Trucks Regulation

Budget Request Summary

The California Air Resources Board (CARB) requests 2.0 permanent positions and \$386,000 Air Pollution Control Fund in 2021-22 and \$384,000 ongoing to implement the newly adopted Advanced Clean Trucks (ACT) Regulation. The Advanced Clean Trucks Regulation aims to accelerate adoption of medium- and heavy-duty zero-emission vehicles (ZEVs) as part of the state's strategy to reduce emissions from the transportation sector.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed N/A	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO N/A	Date N/A

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. N/A **Project Approval Document:** N/A

Approval Date: N/A

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Craig Duehring	Date 1/8/2021	Reviewed By Edna Murphy	Date 1/8/2021
Department Director Richard W. Corey	Date 1/8/2021	Agency Secretary Jared Blumenfeld	Date 1/8/2021

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE Dept. of Technology

APBM Teresa Calvert	Date submitted to the Legislature 1/8/2021
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A. Budget Request Summary

The California Air Resources Board (CARB) requests 2.0 permanent positions and \$386,000 Air Pollution Control Fund in 2021-22 and \$384,000 ongoing to implement the newly adopted Advanced Clean Trucks (ACT) Regulation. The Advanced Clean Trucks Regulation aims to accelerate adoption of medium- and heavy-duty zero-emission vehicles (ZEVs) as part of the state's strategy to reduce emissions from the transportation sector.

This request includes \$200,000 in one-time contract funds in 2021-22 to analyze data from thousands of fleets and to conduct a statewide survey of a wide range of facility types in California and truck trips to those facilities.

B. Background/History

Mobile sources are the greatest source of emissions of criteria pollutants and greenhouse gases (GHG) in California, accounting for about 80 percent of ozone precursor emissions and approximately 50 percent of statewide GHG emissions. ZEVs have no tailpipe emissions and help protect public health, reduce petroleum use, meet sustainability objectives, and reduce direct exposure to diesel emissions in local communities.

The ACT regulation is a new program which aims to accelerate adoption of medium- and heavy-duty ZEVs with a gross vehicle weight rating (GVWR) greater than 8,500 lbs. as one component of the state's comprehensive long-term strategy to reduce emissions from transportation.

This new regulation is part of CARB's federally-required State Implementation Plan to meet federal air quality attainment standards set by the United States Environmental Protection Agency at levels determined to be protective of public health. California is at risk of losing millions of dollars in Federal transportation related funds if these standards are not met.

The ACT Regulation has two main elements:

- Manufacturers of medium- and heavy-duty vehicles are required to produce and sell ZEVs as an increasing percentage of their California sales and report their sales information annually. This requires CARB to track annual vehicle sales and verify compliance through a reporting system based on calculating ZEV credits, deficits, and trades with manufacturer production targets.
- Approximately 12,000 large employers such as retailers, manufacturers, government agencies and fleet owners are subject to a one-time fleet reporting requirement to collect information and assist CARB with the development of future regulatory strategies to further accelerate the adoption of ZEVs. CARB will also conduct a voluntary survey about California facilities and truck trips to those facilities. CARB, with support from a contractor, will analyze the results of these two data collection efforts to inform future policy recommendations.

CARB requests 2.0 Air Pollution Specialist positions in the Mobile Source Control Division to track compliance with ZEV sales requirements; calculate credits and deficits; track credit sales transactions between manufacturers; assist with enforcement efforts and inquiries; reach out to fleets about the mandatory reporting requirements; assist with quality control of data; and answer questions from affected stakeholders and the general public.

C. State Level Consideration

California's clean air laws and regulations are some of the most stringent in the country. Effective implementation of the ACT regulation will result in air quality and climate benefits including lower NO_x, PM_{2.5}, and GHG emissions in California. The regulation is anticipated to reduce 6.9 tons per day of NO_x by 2031. These reductions will become an increasingly critical part of South Coast's 2031 ozone attainment target and provide significantly greater reductions of 27.9 tons per day by 2040.

Analysis of Problem

This regulation is also expected to achieve reductions of 0.85 tons per day of PM_{2.5} emissions and result in roughly 18 million metric tons of greenhouse gas reductions by 2040.

In addition to emission reductions, the regulation is anticipated to bring a suite of other benefits to California, including economic and public health benefits, as well as other co-benefits such as reduced petroleum dependence and energy usage. The success of this program will directly impact California's ability to meet GHG reduction targets set by the Global Warming Solutions Act in Chapter 488, Statutes of 2006 (AB 32) and Chapter 249, Statutes of 2016 (SB 32). This program will also reduce health impacts from diesel particulate matter, and impact California's ability to meet air quality and climate goals set forth in the State Implementation Plan, Climate Change Scoping Plan, Sustainable Freight Action Plan, and the Mobile Source Strategy.

D. Justification

Two new positions will perform tasks associated with both the one-time reporting requirement and the on-going implementation of the Manufacture ZEV sales mandate.

For the one-time fleet reporting requirement, the new positions will perform the following tasks, which would occur only in FY 2021-22:

- Fleet Reporting Validation: Includes data review, validation and quality checks. Identify missing information and general overall validity of data.
- Data Clarification and Corrections: Includes contacting companies with missing or incomplete information and assisting with updates and corrections.
- Generate Compliance Reports: Support and pursue enforcement action for fleets that fail to report.
- Evaluation of reported information: Evaluate reported information and generate reports and trends.

For implementation of the Manufacturer ZEV sales requirement, the new positions will perform the following ongoing tasks:

- Develop Manufacturer ZEV Sales Implementation Materials: Develop and maintain the regulation's website. Develop interpretation and policy documents such as advisories, fact sheets, and data reporting guidance. Update website and documents as needed.
- Provide stakeholder support; Provide assistance with sales data reporting. This includes holding stakeholder meetings, responding to emails and phone calls, and updating user guides, websites, and outreach materials.
- Data Validation: This includes data review, validation and quality checks. Identify missing information and general overall validity of data for 80,000 vehicles sold annually. Requires cross reference with data from engine/vehicle certification database, DMV registration database, and IRP registration database.
- Compliance Review: Perform annual audits and generate compliance reports for 80,000 vehicles sold annually. Review reported information for compliance with requirements. Requires verifying vehicle sales into California, tracking credit trades between manufacturers, and determining potential penalties for non-compliance.
- Enforcement support: Support enforcement action for non-compliance with ZEV sales requirements.
- Provide annual manufacturer compliance status updates: Prepare for and hold regular meetings with manufactures to discuss compliance status and enhance understanding of regulatory requirements.

The \$200,000 in contract funds would be used to hire a contractor to analyze fleet data and conduct an additional survey about different types of California facilities such as stores, warehouses, distribution centers, ports, and railyards. The survey's findings would inform decisions

Analysis of Problem

about where high concentrations of trucks exist and identify the best locations for electrification and whether infrastructure at those locations would accelerate ZEV adoption. Both sets of information would support a complementary rulemaking to ensure that fleets purchase ZEVs made by manufacturers.

E. Outcomes and Accountability

This regulation is anticipated to bring a suite of benefits to California, including:

- Helping California meet national air quality attainment standards set by the United States Environmental Protection Agency at levels determined to be protective of public health,
- Reducing the cost of truck transportation in the state by nearly \$6 billion due to lower fuel costs, decreased maintenance expenses, and revenue generated from participation in the Low Carbon Fuel Standard program.
- Almost \$9 billion in health benefits to Californians from avoided premature mortality, avoided emergency room visits, and other avoided health impacts.
- Bringing green, high quality jobs to California through demand for zero-emission infrastructure installation and zero-emission manufacturing jobs.

The implementation of the ACT regulation will require CARB staff to support and manage two major functions: a one-time fleet reporting requirement and a manufacturer ZEV sales mandate. Doing so will require the issuance of mailers to notify fleets about the one-time reporting requirement. Both functions, will require the creation of program websites, the generation of fact sheets, reporting templates, policy documents and other outreach materials, the review and validation of reported information, assistance with enforcement actions for non-compliance, and being responsive to stakeholder questions and meetings. The 2.0 PYs will enable CARB to implement and enforce the ACT regulation, which will protect public health and help the state achieve its climate by displacing polluting vehicles with ZEVs.

Projected Outcomes

Workload Measure	BY 2021-22	BY+1 2022-23	BY+2 2023-24	BY+3 2024-25	BY+4 2025-26
Develop ACT Implementation Materials	Develop 2 websites and 10 policy documents, reporting templates, and factsheets for one-time fleet reporting and annual ZEV sales requirement	Maintain websites and update materials as needed	Maintain websites and update materials as needed	Maintain websites and update materials as needed	Maintain websites and update materials as needed
Assist affected stakeholders with reporting questions and implementation process	Monitor and respond to 100 monthly emails and phone calls	Continue to monitor monthly emails and phone calls as needed	Continue to monitor monthly emails and phone calls as needed	Continue to monitor monthly emails and phone calls as needed	Continue to monitor monthly emails and phone calls as needed

Analysis of Problem

Workload Measure	BY 2021-22	BY+1 2022-23	BY+2 2023-24	BY+3 2024-25	BY+4 2025-26
Validate compliance with one-time fleet reporting and annual ZEV sales reporting requirements	Perform data review, validation and quality checks for 12,000 submissions for one-time reporting requirement	Perform manufacturer audits of 80,000 annual truck sales to verify compliance with the ZEV sales mandate	Perform manufacturer audits of 80,000 annual truck sales to verify compliance with the ZEV sales mandate	Perform manufacturer audits of 80,000 annual truck sales to verify compliance with the ZEV sales mandate	Perform manufacturer audits of 80,000 annual truck sales to verify compliance with the ZEV sales mandate
Support and pursue enforcement action for non-compliance with one-time fleet reporting and ZEV sales requirements	Generate 600-1200 compliance reports to support enforcement with one-time reporting	Generate compliance reports for 80,000 vehicles sold annually to assist enforcement action of annual ZEV sales	Generate compliance reports for 80,000 vehicles sold annually to assist enforcement action of annual ZEV sales	Generate compliance reports for 80,000 vehicles sold annually to assist enforcement action of annual ZEV sales	Generate compliance reports for 80,000 vehicles sold annually to assist enforcement action of annual ZEV sales

F. Analysis of All Feasible Alternatives

Alternative #1: Approve the BCP as requested.

Pros: The BCP will provide resources to implement the ACT regulation and fulfill California's existing commitments to meet federal air quality standards, reduce public health impacts, and meet GHG goals.

Cons: This option will require ongoing funding from the Air Pollution Control Fund and will increase CARB's total authorized positions.

Alternative #2: Phase in the 2.0 positions over a two-year period, with 1.0 positions in FY 2021-22 and 1.0 position in FY 2022-23.

Pros: Reduces the impact to the Air Pollution Control Fund in FY 2021-22, while still providing some resources to support both fleet reporting and manufacturer sales requirements.

Cons: This option does not provide the necessary up-front staffing to provide outreach and assist fleets with reporting requirements. Phased-in staffing will reduce staff capacity to perform the Quality Assurance/Quality Control needed for data collection and data validation in 2021-22.

Alternative #3: Do not provide additional resources.

Pros: No new positions will be needed and this alternative will not increase expenditures from the Air Pollution Control Fund.

Cons: Without additional resources, CARB will not have adequate staff to implement the ACT regulation. This may result in fewer ZEVs sold and may not achieve the expected emission benefits needed to meet federal air quality standards, reduce public health impacts in disadvantaged communities, and meet state GHG goals.

Analysis of Problem

G. Implementation Plan

Upon approval, the 2.0 positions will be advertised and filled. The new positions will be used to implement the regulatory requirements of both the one-time fleet reporting mandate and the manufacturer ZEV sales mandate.

H. Supplemental Information

Staff will be located in Sacramento at the CalEPA building and will use existing office space.

I. Recommendation

BCP Fiscal Detail Sheet

BCP Title: Implementation of the Advanced Clean Trucks Regulation

BR Name: 3900-013-BCP-2021-GB

Budget Request Summary

Personal Services

Personal Services	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
Positions - Permanent	0.0	2.0	2.0	2.0	2.0	2.0
Total Positions	0.0	2.0	2.0	2.0	2.0	2.0
Salaries and Wages Earnings - Permanent	0	212	212	212	212	212
Total Salaries and Wages	\$0	\$212	\$212	\$212	\$212	\$212
Total Staff Benefits	0	126	126	126	126	126
Total Personal Services	\$0	\$338	\$338	\$338	\$338	\$338

Operating Expenses and Equipment

Operating Expenses and Equipment	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
5301 - General Expense	0	4	4	4	4	4
5302 - Printing	0	2	2	2	2	2
5304 - Communications	0	4	4	4	4	4
5320 - Travel: In-State	0	8	8	8	8	8
5322 - Training	0	2	2	2	2	2
5324 - Facilities Operation	0	20	20	20	20	20
5340 - Consulting and Professional Services - External	0	200	0	0	0	0
5346 - Information Technology	0	8	6	6	6	6
Total Operating Expenses and Equipment	\$0	\$248	\$46	\$46	\$46	\$46

Total Budget Request

Total Budget Request	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
Total Budget Request	\$0	\$586	\$384	\$384	\$384	\$384

Fund Summary

Fund Source

Fund Source	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
State Operations - 0115 - Air Pollution Control Fund	0	586	384	384	384	384
Total State Operations Expenditures	\$0	\$586	\$384	\$384	\$384	\$384
Total All Funds	\$0	\$586	\$384	\$384	\$384	\$384

Program Summary

Program Funding

Program Funding	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
3500 - Mobile Source	0	586	384	384	384	384
Total All Programs	\$0	\$586	\$384	\$384	\$384	\$384

Personal Services Details

Positions

Positions	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
3887 - Air Pollution Spec	0.0	2.0	2.0	2.0	2.0	2.0
Total Positions	0.0	2.0	2.0	2.0	2.0	2.0

Salaries and Wages

Salaries and Wages	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
3887 - Air Pollution Spec	0	212	212	212	212	212
Total Salaries and Wages	\$0	\$212	\$212	\$212	\$212	\$212

Staff Benefits

Staff Benefits	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
5150350 - Health Insurance	0	44	44	44	44	44
5150450 - Medicare Taxation	0	3	3	3	3	3
5150500 - OASDI	0	13	13	13	13	13
5150600 - Retirement - General	0	66	66	66	66	66
Total Staff Benefits	\$0	\$126	\$126	\$126	\$126	\$126

Total Personal Services

Total Personal Services	FY20-21 Current Year	FY21-22 Budget Year	FY22-23 BY+1	FY23-24 BY+2	FY24-25 BY+3	FY25-26 BY+4
Total Personal Services	\$0	\$338	\$338	\$338	\$338	\$338