



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

SHELIA YOUNG - CHAIRPERSON
ROBERTA COOPER
JAKE MCGOLDRICK
DENA MOSSAR
PAM TORLIATT

TIM SMITH – VICE CHAIRPERSON
JERRY HILL
JULIA MILLER
JOHN SILVA

THURSDAY
NOVEMBER 13, 2003
9:30 A.M.

FOURTH FLOOR CONFERENCE ROOM

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*) *Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.*
3. **APPROVAL OF MINUTES OF SEPTEMBER 11, 2003**
4. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) ADDITIONAL REGIONAL FUND GRANT AWARDS FOR FY 2003/04** jroggenkamp@baaqmd.gov
Consider recommending Board of Directors' approval of additional TFCA Regional Fund grant awards for FY2003/04, including \$248,940 to three public agency projects.
5. **CLEAN AIR VEHICLE INCENTIVES FOR PRIVATE CONSUMERS** jroggenkamp@baaqmd.gov
Consider staff recommendation to maintain the current guidelines for TFCA light-duty clean air vehicle incentives for public agency fleets and not offer these incentives to private consumers.
6. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**
Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2).

7. **TIME AND PLACE OF NEXT MEETING: 9:30 a.m., DECEMBER 11, 2003, 939 ELLIS STREET, SAN FRANCISCO, CA.**
8. **ADJOURNMENT**

**CONTACT CLERK OF THE BOARDS - 939 ELLIS STREET
SAN FRANCISCO, CA 94109**

**(415) 749-4965
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov**

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given at least three working days prior to the date of the meeting so that arrangements can be made accordingly.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET
SAN FRANCISCO, CALIFORNIA 94109
(415) 771-6000**

DRAFT MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Thursday, September 11, 2003

1. Call to Order – Roll Call: 9:32 a.m.

Roll Call: Shelia Young, Chairperson; Roberta Cooper, Jerry Hill, Julia Miller, Dena Mossar, Pam Torliatt (9:34 a.m.).

Also Present: Scott Haggerty (9:57 a.m.), Gayle Uilkema.

Absent: Jake McGoldrick, John Silva, Tim Smith.

2. Public Comment Period: There were no public comments.

3. Approval of Minutes of July 10, 2003: Director Hill moved approval of the minutes; seconded by Director Mossar; carried unanimously without objection.

4. Audit of Transportation Fund for Clean Air: *The Committee received a report on the audit of projects funded by the TFCA Regional Fund.*

Liz Berdugo, Supervising Environmental Planner, presented the findings and recommendations of the audit. Ms. Berdugo indicated that State law requires that any agency receiving TFCA funding be subject, at least once every two years, to an audit of each project funded. Ms. Berdugo noted this was the sixth audit; that it covers FY June 30, 1999 to June 30, 2002, and 103 projects were audited. The auditor made four suggestions to improve the administration and fiscal management of TFCA funds as follows:

1. The Air District should clarify reporting requirements to the project sponsors by modifying the funding agreements to emphasize that reporting requirements are necessary regardless of the amount of project activity.
2. In order to facilitate project reviews, the Air District should consider adding a provision in the funding agreement requiring the project sponsor to maintain all supporting documentation in one central location until the Air District audit is conducted.
3. For project sponsors that fail to acknowledge the Air District in newspaper articles and promotional materials for the project, the Air District should consider enforcing the 15% penalty outlined in the funding agreement or withholding final payment until requirements have been met.

4. The Air District should require that a copy of the third party contracts for shuttle operations be submitted for review to ensure that TFCA payments are not made for shuttle routes that have no third party contract in place.

Ms. Berdugo stated that staff recommends that all but one of the auditor suggestions be implemented. Because of the amount of paperwork involved, staff recommends that the fourth auditor suggestion be modified so that project sponsors of third party shuttle operations submit a certification of compliance letter to the Air District instead of a copy of the third party agreement. This letter would identify all third party contractors and the date and duration of their contracts.

In response to a question from Director Mossar, Ms. Berdugo stated that the audit is based on the year the project closes. In response to a question from Director Torliatt, Ms. Berdugo indicated that there are checks and balances in place to make sure the projects comply.

Committee Action: Director Hill moved the Committee recommend Board acceptance of the results of the TFCA Audit Report #6, including the auditor's findings and staff's recommendations for Air District actions to address four minor administrative issues; seconded by Director Mossar; carried unanimously without objection.

5. Amendment to Vehicle Incentive Program

Considered recommending the Board of Directors approve:

1. *Proposed revisions to the Vehicle Incentive Program guidelines for FY 2003/04 to provide eligibility for used vehicles.*
2. *Additional allocation of \$200,000 in FY 2003/04 Transportation Fund for Clean Air Regional Funds to ensure sufficient funds are available for both new and used vehicle incentives.*

David Burch, Senior Environmental Planner, presented the report on incentives for used vehicles for the Vehicle Incentive Program for FY 2003/04. The current VIP program guidelines cover new vehicles only. The Board has expressed an interest in expanding the program to provide incentives for used vehicles. Staff proposes two requirements as follows:

1. Incentives should be provided only for used vehicles that have not received any previous funding via the Air District's TFCA and VIP programs; and
2. The used vehicle must have been registered outside the boundaries of the Air District for at least the last 180 days.

Mr. Burch noted that incentives would be prorated based on the model year of the vehicle. To accommodate these incentives, staff is requesting an additional allocation of \$200,000 in TFCA Regional Funds for the FY 2003/04. Mr. Burch stated that the District would start accepting applications for the VIP next week.

In response to a question from Director Haggerty, Mr. Burch stated that vehicles coming from outside the boundaries of the Air District would ensure additional emission reductions within our Air District. There was discussion on the availability of vehicles; fleets being brought from other areas into this Air District; CARB's incentive program; and the California Energy Commission's incentive program.

Committee Action: Director Haggerty moved the Committee recommend the Board approve the following:

1. Revisions to TFCA Policy #23 to provide eligibility for used vehicles to receive incentives;
2. Allocation of an additional \$200,000 in TFCA Regional Funds for the FY 2003/04 VIP program to ensure that sufficient funds are available for both new and used vehicle incentives; and
3. Staff is requested to come back with a proposal that this would also apply to private individuals.

The motion was seconded by Director Torliatt and carried unanimously without objection.

6. Transportation Fund for Clean Air FY 03/04 Regional Fund Grant Awards

Considered recommending Board of Directors' approval of TFCA Regional Fund grand awards for FY 03/04, including \$8.2 million to 40 public agency projects, \$1 million to the Regional Rideshare Program, and an increase of \$1 million to the District's Vehicle Buy Back Program.

Ms. Berdugo presented the recommendations for the FY 2003/04 TFCA Regional Fund grant awards and reviewed the background, the fund process, and evaluation criteria for the Committee. Ms. Berdugo reviewed those projects that were not eligible and those that were not recommended for funding. Ms. Berdugo noted that Project #03R54 should be listed in the first table on Attachment 1.

Staff requests that CARB's NO2 slip standard be waived to allow projects 03R51 and 03R55 requesting funds for retrofit filters to proceed. No filters meet the CARB standard at this time and the benefit of PM reductions from the filters outweighs the modest potential risks association with an increase in NO2.

Ms. Berdugo explained the new proposal for funding the Regional Rideshare Program (RRP) and noted that the Metropolitan Transportation Commission (MTC) and the Air District will enter into a multi-year contract and the Air District will fund the RRP with up to \$1 million off the top of the Regional Fund, as long as the project meets annual goals.

Ms. Berdugo stated that staff recommends that the Committee recommend Board approval of the following:

1. Staff recommendations for FY 2003/04 TFCA Regional Fund grant awards listed on Attachment 1, with the exception of 03R14 Shuttle Bus Service-Dumbarton Bridge. This project will be re-evaluated for eligibility and brought to the Committee at a future meeting.
2. Allowing an extension to further clarify and evaluate the City of Berkeley's Dynamic Ridesharing Program and the City of Sunnyvale's Battery Back-up System. These projects will be presented to the Committee at a future meeting.
3. Allocation of \$1 million to the Regional Rideshare Program.
4. Allocation of \$1 million in additional TFCA Regional Funds for the Vehicle Buy Back (VBB) Program. This would increase the FY 2003/04 funds allocated for the scrappage of old vehicles from \$2.5 million to \$3.5 million.

In response to a question from Director Hill regarding Project #03R14-Shuttle Bus Service-Dumbarton Bridge, Ms. Berdugo stated that the project was submitted originally with a route that

East Palo Alto wanted to use. The District requires that any competing transit in the area provide the District with a letter of support. The letter that came from SamTrans requested changes in the route because the project would compete with their service. The project sponsor has agreed to the changes SamTrans requested, but the proposed changes are still in competition with SamTrans service.

In response to a question from Director Mossar, Ms. Berdugo stated that staff would like to come back to the Committee with a proposal on what to do with any extra money, which, along with several unmet funding needs, could include money for school buses. William Norton, Executive Officer/APCO noted that, in addition to other funds, some Supplemental Environmental Project (SEP) money from United Airlines will be going to school buses.

There was discussion on traffic calming, signal timing, and matching funds for the projects. Mr. Norton stated that projects over \$100,000 require 20% matching funds. There was also discussion on Project #03R26, Class 2 Bicycle Lanes on Tesla Road; Project #03R20, the Mary Avenue Bicycle Footbridge; the possibility of changing the criteria for funding bicycle and pedestrian bridges; and AC Transit running buses on specific school routes.

Committee Action: Director Hill moved to recommend the Board approve the four staff recommendations as stated above; that staff reconsider the Alameda County Project #03R26 regarding Class 2 Bicycle Lanes on Tesla Road; and request staff look at a change in the criteria that would be favorable toward funding bicycle and pedestrian bridges in the future; seconded by Director Mossar; carried unanimously without objection.

7. **Committee Member Comments.** Director Mossar commented on the lack of signage when taking BART to the San Francisco Airport.
8. **Time and Place of Next Meeting:** 9:30 a.m., Thursday, October 9, 2003, 939 Ellis Street, San Francisco, California 94109. Chairperson Young noted she would not be able to attend the October 9th meeting.
9. **Adjournment:** 10:52 a.m.

Mary Romaidis
Clerk of the Boards

MOBILE SOURCE COMMITTEE

Follow-up Items for Staff

September 11, 2003

1. Staff to come back to the Committee with a proposal on the feasibility of the VIP program so that it would also apply to private individuals. (Director Haggerty)
2. Reconsideration of the Alameda County Project #03R26 regarding Class 2 Bicycle Lanes on Tesla Road. (Director Haggerty)
3. Staff to look at a change in the criteria for TFCA Regional Fund Applications that would be favorable toward funding bicycle and pedestrian bridges in the future. (Director Miller)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Inter-office Memorandum

To: Chairperson Young and
Members of the Mobile Source Committee

From: Jean Roggenkamp, Acting Director of Planning and Research

Date: November 13, 2003

Re: Transportation Fund for Clean Air (TFCA) Additional Regional Fund
Grant Awards for FY 2003/04

RECOMMENDED ACTION

Recommend Board approval of the additional FY 2003/04 TFCA Regional Fund grant awards listed in Table 2.

BACKGROUND

Pursuant to California Health and Safety Code Sections 44241 and 44242, the Air District Board has imposed a \$4 surcharge on all motor vehicles registered within the boundaries of the District. This program is known as the Transportation Fund for Clean Air (TFCA). TFCA revenues are awarded to public agencies to implement eligible projects that reduce motor vehicle emissions and support the implementation of selected transportation and mobile source control measures in the *Clean Air Plan* and *Ozone Attainment Plan*.

By law, 60% of TFCA funds are allocated directly by the Air District; these funds are known as the TFCA Regional Funds. A portion of the Regional Funds is earmarked for eligible projects implemented directly by the Air District: the Smoking Vehicle Program, Vehicle Buy Back, Vehicle Incentive Program, Spare the Air, and Lower Emission School Bus Program. The balance is allocated on a competitive basis to projects proposed by public agencies.

The Air District received 57 grant applications totaling \$17.5 million in funding requests for FY 2003/04; \$11.1 million was available for allocation. On September 17, 2003, the Board of Directors approved staff recommendations for project grants. A total of 39 projects were awarded \$8.2 million in grants. The Board also approved an allocation of \$1 million for the Regional Rideshare Program and an addition of \$1 million to the Vehicle Buy Back Program. Eleven applications were found to be ineligible because they did not meet program policies. Three projects were not recommended for grants because they scored less than the minimum 40 points required to receive TFCA funding. Staff requested an extension to clarify and evaluate the four remaining projects.

DISCUSSION

EVALUATION CRITERIA

The Board-adopted criteria to score and rank proposals for FY 2003/04 are shown in Table 1 below. The evaluation criteria emphasize cost effectiveness in reducing emissions as the principal way to score points, accounting for 60% of the total possible score. Cost effectiveness is calculated by dividing the total TFCA funds proposed for the project by the estimated lifetime emission reductions for the project, yielding TFCA funds per ton of reduced emissions.

Table 1 - FY 2003/04 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness	60
2. Other Project Attributes	15
3. Clean Air Policies and Programs	10
4. Disadvantaged Community	10
5. Promote Alternative Transportation Modes	5
Total	100

The Board has adopted a 40-point minimum score for projects to be eligible to receive TFCA Regional Funds. The intent of this policy is to assure that TFCA funding is provided only to projects that achieve an acceptable level of effectiveness and benefit to the region.

RECOMMENDED PROJECTS

Staff reviewed the applications to determine eligibility, based on compliance with all relevant policies. Then staff evaluated the projects to determine their scoring. Table 2 below lists the final project scores for the three projects recommended for funding. Project 03R14 Shuttle Bus Service – Dumbarton Bridge meets the minimum 40 point score and the \$90,000 per ton cost-effectiveness level. Project 03R26 Class 2 Bicycle Lane – Tesla Road originally requested \$305,000. At this funding level, the project did not achieve the minimum 40 point score. Before the September Mobile Source Committee meeting, the applicant was offered a lower amount (\$150,000) to achieve 40 points, but the applicant could not provide matching funds. The Committee gave the project sponsor additional time to procure the matching funds, which it was able to secure. Based on the lower amount, the project now meets the minimum point score and cost-effectiveness level. Project 03R56 Sunnyvale Battery Back-Up System originally requested \$75,000. At this funding level, the project did not achieve the minimum point score. At a \$27,500 funding level, the project meets the minimum point score and cost-effectiveness level. This project must provide documentation that matching funds are available, or the grant will automatically be rescinded. The sum of these three projects totals \$248,940 in requested TFCA Regional Funds.

**Table 2 - FY 2003/04 TFCA Regional Fund Applications
Additional Projects Recommended for Funding**

Project #	Cty	Sponsor	Project Title	TFCA \$ Per Ton	TFCA \$ Requested	Total Score
03R14	SC	City of East Palo Alto	Shuttle Bus Service - Dumbarton Bridge	\$86,876	\$71,440	50
03R26	ALA	County of Alameda	Class 2 Bike Lane – Tesla Road	\$89,249	\$150,000	41
03R56	SM	City of Sunnyvale	Sunnyvale Battery Back-Up System	\$78,739	\$27,500	40

PROJECTS NOT RECOMMENDED

Staff requested additional time to clarify and evaluate the City of Berkeley’s Dynamic Ridesharing Program. Staff found several key operational issues that require further refinement before the project could be considered for TFCA funding. Staff suggested that the City of Berkeley consider a pilot program to gain operational data that would help with project evaluation. At this time, the project is not recommended for funding.

EMISSION REDUCTIONS

The three additional projects recommended for funding will result in additional emission reductions of 2.85 tons (ozone precursors and particulate matter) over the life of the projects, and an overall cost effectiveness of \$87,347 TFCA dollars per ton.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jean Roggenkamp
Acting Planning and Research Director

Prepared by: Liz Berdugo
Reviewed by: J. Roggenkamp

FORWARDED: _____

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Inter-office Memorandum

To: Chairperson Young and
Members of the Mobile Source Committee

From: Jean Roggenkamp, Acting Director of Planning and Research

Date: November 13, 2003

Re: Clean Air Vehicle Incentives for Private Consumers

RECOMMENDED ACTION

Staff recommends that the Board maintain the current guidelines that limit eligibility for clean air vehicle incentives to public agency fleets.

BACKGROUND

The Vehicle Incentive Program (VIP) provides incentives to help public agencies acquire clean, alternative fuel light-duty vehicles (gross vehicle weight of 10,000 pounds or less).

On September 11, 2003, the Mobile Source Committee recommended that the Board adopt revised policy language to make used vehicles eligible for funding via the Transportation Fund for Clean Air (TFCA) and VIP. This action was approved at the September 17, 2003 Board meeting.

The Committee also directed staff to consider providing clean air vehicle incentives to private consumers, and to report back to the Committee on this concept.

DISCUSSION

Staff does not recommend clean air vehicle incentives for private consumers for the following reasons:

Monitoring: It would be difficult to prevent potential abuse of the program. One key issue would be how to prevent consumers who live outside the Air District from registering the vehicle at a Bay Area address to qualify for the incentive, and then transferring the vehicle to another location. Even if the vehicle is initially registered at a legitimate Bay Area address, the buyer could move out of the area or sell the vehicle to someone who lives out of the area, negating the emission benefit to our region. The potential to find out about these situations would be low, and it would be very difficult to recover our funds if we did.

Scope of program: The VIP program currently offers incentives to public agencies for natural gas, battery electric, and hybrid electric vehicles. The public demand for natural gas vehicles would probably be relatively modest, but the potential demand for hybrid vehicles is

much greater. According to news accounts, the Bay Area is already the most robust market for hybrid vehicles in the country. When the California Energy Commission offered an incentive of \$1,000 per vehicle to private consumers of Honda hybrids in 2002, the \$200,000 in funds earmarked for Bay Area hybrids was exhausted in approximately three months. (The funds would have been depleted much more quickly if the Toyota Prius had been eligible.) Because the performance and fuel economy of hybrids are attractive, consumers who would take advantage of an incentive for hybrids would probably purchase a hybrid vehicle even if no incentive were available. Therefore, the actual emission benefit of the program would be very limited.

Funding: As discussed above, the demand for incentives for private consumers could be very high, especially if hybrids are included. If we allocate sufficient TFCA funds to accommodate anticipated demand, this would compete with existing funding priorities, such as VIP incentives for public agency fleets, as well as other, more cost-effective projects and programs that depend upon TFCA funding. If we did not provide adequate funding to meet demand, we would create disappointed constituents. In addition to the direct cost of the incentives, the Air District would need to allocate funds to cover the administrative costs of the program, as discussed below.

Existing Incentives: In evaluating the need for Air District incentives, we should also consider that some clean air vehicle incentives are already available to private consumers. Private consumers can qualify for CARB's ZEV incentives for "full function" battery electric vehicles. Battery electric, hybrid electric, and natural gas vehicles all qualify for federal tax deductions. Electric vehicles and natural gas vehicles (but not hybrids) are allowed to use HOV lanes in California. The federal energy bill that is currently in House/Senate conference committee may contain additional incentives or deductions for alternative fuel vehicles.

Program Administration: Offering incentives to private consumers would require much more administrative work to verify eligibility, review documents, and issue payments. Staff would issue checks directly to thousands of private consumers, or establish procedures to issue the incentives via vehicle dealers or manufacturers. Significant staff resources would also be needed to inform the public about the program, and to respond to an anticipated high volume of inquiries and questions. Staff estimates that it would require at least one additional full-time employee to administer an incentive program for private consumers.

For the reasons discussed above, staff does not recommend that the Air District provide clean air vehicle incentives to private consumers.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jean Roggenkamp
Acting Director of Planning and Research

Prepared by: David Burch
Reviewed by: L. Berdugo

FORWARDED: _____