

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

APPROVED MINUTES

Summary of Board of Directors
Mobile Source Committee Meeting
9:30 a.m., Thursday, October 14, 2004

1. **Call to Order – Roll Call:** Chairperson Shelia Young called the meeting to order at 9:50 a.m.

Roll Call: Shelia Young, Chairperson; Roberta Cooper, Nate Miley (10:05 a.m.), Julia Miller, John Silva, Tim Smith, Pam Torliatt.

Absent: Jerry Hill, Jake McGoldrick.

Also Present: Scott Haggerty (10:46 a.m.), Gayle Uilkema.

2. **Public Comment Period:** There were no public comments.
3. **Approval of Minutes of July 8, 2004:** Director Miller moved approval of the minutes; seconded by Director Cooper; carried unanimously without objection.
4. **Contractor Selection for the Expansion of the Vehicle-Buy-Back Program:** *The Committee considered recommending Board of Directors' approval of vehicle dismantling contractors for the expansion of the FY 2004/2005 Vehicle Buy Back Program.*

Vanessa Mongeon, Environmental Planner, presented the report and provided background information on the program and contractor selection for the Vehicle Buy Back Program (VBB) vehicle dismantlers.

Ms. Mongeon stated that in fiscal year (FY) 2004/2005, the District will enter its ninth funding cycle for the VBB Program. For the eight previous funding cycles, the District has allocated a total of \$16.5 million to scrap 23,865 vehicles. Through the end of August 2004, 20,586 vehicles have been scrapped. The remaining vehicles to be scrapped under the current FY 03/04 contracts with Pick Your Part, Pick-N-Pull, and Environmental Engineering Studies should be completed within the next four months. In July 2004, the Board approved changes for the FY 04/05 VBB Program, including an increase in the price paid per each eligible vehicle to \$650 and an expansion of the eligibility to include model year 1985 and older vehicles. The District's FY 04/05 budget allocated \$3.5 million in TFCA funds to continue implementation of the VBB Program dismantler contracts.

Ms. Mongeon explained that the amendments to the FY 03/04 contracts will include 1985 and older vehicles and the purchase price of \$650 for each qualifying vehicle, and will apply until the contract amounts are fully expended. At that time, the FY04/05 contracts will begin to apply.

On August 17, 2004, the District issued a Request for Proposals (RFP) seeking contractors for the FY 04/05 VBB Program. The scope of work contained in the RFP conforms to the California Air Resources Board-adopted Voluntary Accelerated Light-Duty Vehicle Retirement Regulation (VAVR) that went into effect in July 2000. The RFP was mailed to 31 companies and posted on the District and Association of Bay Area Government's website.

District staff evaluated the new proposals using the following five criteria: (1) price, (2) available resources and customer relations, (3) coverage and availability, (4) advertising, (5) understanding of program and thoroughness of the proposal.

In response to questions from Director Miller, Jean Roggenkamp, Director of Planning and Research, explained that last year the budget for the VBB Program was \$3.5 million, and when the budget was prepared for this fiscal year, staff used the same amount. This amount will accommodate the increase to buy back the vehicles.

Ms. Mongeon stated that staff recommends:

- 1) the Board approve Environmental Engineering Inc., Pick-N-Pull, and Pick Your Part as the vehicle dismantling contractors for FY 04/05 VBB Program;
- 2) the Board authorize the Executive Officer/APCO to execute contracts for up to \$1.25 million with Environmental Engineering Inc., \$1 million with Pick-N-Pull, and \$1.25 million with Pick Your Part;
- 3) the Board authorize the Executive Officer/APCO to amend the existing FY 03/04 contracts to pay \$650 per vehicle and increase the eligible vehicle model year to 1985 and older.

Committee Action: Director Smith moved that the Committee recommend the Board approve the staff recommendations as stated above; seconded by Director Torliatt; carried unanimously without objection.

5. Transportation Fund for Clean Air Regional Fund Grant Awards for FY 2004/2005: *The Committee considered recommending Board of Directors' approval of Transportation Fund for Clean Air Regional Fund grant awards for FY 2004/2005.*

Juan Ortellado, Grant Programs Manager, presented the recommendations for the FY 2004/2005 TFCA Regional Fund grant awards and reviewed the background, the funding process, and evaluation criteria for the Committee. There were 42 projects totaling \$8.9 million (including the Regional Rideshare Program) that achieved the minimum 40 point score and met the \$90,000 per ton cost-effectiveness threshold. Staff recommended grants totaling \$8.9 million to 42 eligible projects, as presented. Mr. Ortellado stated that there are two projects that are not being recommended for funding, sponsored by the San Francisco and Oakland International Airports, respectively. These will be further reviewed and the results of this process would be presented during the next Committee meeting.

Mr. Ortellado stated that the California Air Resources Board (CARB) has adopted a new regulation that applies to public and private owners of solid waste collection vehicles (SWCVs). The regulation, which went into effect in July 2004, requires fleet owners to employ Best Available Control Technology (BACT) to reduce emissions of particulate matter (PM) from SWCVs. The regulation does not require any reduction of nitrogen oxides (NOx) emissions. Available data indicates that approximately 2,000 trucks in the Bay Area are subject to the SWCV regulation. Fleets subject to the regulation are currently in the process of determining their compliance

strategies. In the absence of incentive funding, it is expected that most fleets subject to the regulation will comply with the baseline requirements to reduce PM emissions only.

Staff recommends that the Board allocate the remaining \$1.5 million in FY 2004/2005 TFCA Regional Funds to provide incentives for additional emission reductions related to the SWCV regulation. Public agencies would apply for TFCA funds (on behalf of their own refuse collection fleets, or private fleets that perform refuse collection under franchise agreements within their communities) for funding to reduce emissions beyond the requirements of the CARB SWCV regulation. Staff estimates that funding retrofit filters would achieve a cost-effectiveness of \$10,000-\$12,000 per ton of NOx reduced, and that funding the incremental cost of natural gas engines would achieve a cost-effectiveness of \$35,000-\$40,000 per ton of NOx reduced. If the Committee and the Board approve the allocation of TFCA Regional Funds for this initiative, staff will issue a call for projects in November 2004.

Mr. Ortellado stated that staff recommends that the Committee recommend Board approval of the following:

- Staff recommendations for FY 2004/2005 TFCA Regional Fund grant awards, as presented, totaling \$8.9 million (including the Regional Rideshare Program); and
- Allocation of \$1.5 million to provide incentives for surplus emissions reduction from refuse truck fleets.

During discussion, Mr. Ortellado explained the process for the allocation of \$1.5 million to provide incentives for surplus emissions reductions from refuse truck fleets. He stated that staff will be asking for applications in November, 2004; staff will also be participating in the October 26, 2004 Regional Refuse Fleet Workshop to be held in San Francisco, which will provide an opportunity to communicate this matter to the refuse hauling industry. Director Torliatt suggested that staff should let the other cities and counties know that there is \$1.5 million surplus available as unallocated funds. Jean Roggenkamp explained that staff is proposing to target the funding at this time because there is a specific window of opportunity. She stated that there are about 2,000 refuse haulers and staff will be notifying all of them. Some of the refuse fleets need to comply with the SWCV regulation within the first year and some over a longer period of time.

Director Miller requested that Project # 04R48, sponsored by the City of Sunnyvale, be taken off the list of recommended projects for further review by staff. Staff confirmed that this item would be taken off the list.

Based on the discussions on the allocation of the \$1.5 million to provide incentives for surplus emissions reduction from refuse truck fleets, the Committee bifurcated the issues.

Committee Action: Director Torliatt moved that the Committee recommend the Board approve the staff recommendations for FY 2004/2005 TFCA Regional Fund grant awards, as listed on Attachment 1, totaling \$8.9 million (including the Regional Rideshare Program), less the City of Sunnyvale sponsored Project #04R48; seconded by Director Miller; carried unanimously without objection.

The Committee discussed the issue of the allocation of \$1.5 million to provide incentives for surplus emissions reduction from refuse truck fleets. Ms. Roggenkamp explained that staff had received a

few TFCA Regional Fund grant applications from refuse haulers within cities. She further stated that the rule is new for trash haulers, and several people within the industry are helping to make it known as to what kind of options are available for cleaning up the garbage trucks. Another reason as to why staff needs to act on this quickly is to gather the emissions reduction. If the remaining FY 2004/2005 TFCA Regional Funds were opened up to all types of eligible projects, it would take additional resources and a very long time to act on it. Director Torliatt pointed out that if there were some refuse haulers who were allowed to apply for a grant in the first round of applications, then everyone should be allowed to compete in a second round.

Brian Bunger, Legal Counsel, explained that on the issue of competitiveness, staff evaluates the applications against a set of criteria and that, to the extent that they meet the threshold score, staff makes every effort to fund all the projects above that line at some level. This allocation is very time sensitive. The grant applications are complex and it is difficult sometimes for the project sponsors to submit them in a timely manner.

Peter Hess, Deputy Air Pollution Control Officer, stated that next year when this process is repeated, there will be more funds available, and that there would be a greater outreach to potential grant applicants.

Committee Action: Director Cooper moved that the Committee recommend the Board approve an allocation of \$1.5 million in FY 2004/2005 TFCA Regional Funds to provide incentives for surplus emissions reduction from refuse truck fleets; seconded by Director Silva; the motion passed with Director Torliatt voting No.

There were four public speakers on this agenda item:

Sam Altshuler, P.E.
Senior Program Manager
Pacific Gas & Electric Company
San Francisco

Rick Ruvolo
City & County of San Francisco; and
Chair, San Francisco Clean Cities Coalition
San Francisco

Renee L. Dowlin, AICP
Airport Environmental Planner
Oakland International Airport
Oakland

Roger Hooson
Senior Transportation Planner
San Francisco International Airport
San Francisco

6. Audit of the Transportation Fund for Clean Air County Program Manager Fund: *The Committee received a report on the audit of projects funded by the Transportation Fund for Clean Air County Program Manager Fund.*

Andrea Gordon, Environmental Planner, presented the findings and recommendations of the audit, as well as the actions to be taken. She gave a brief update on the status of the previous County Program Manager audit recommendations. The District retained the firm of Macias, Gini & Company to conduct a review of the County Program Manager Projects for fiscal and compliance activities that took place as of the two-year period ended June 30, 2002. Audits were conducted on 52 projects in eight of the nine Bay Area counties. Projects underway in Solano County were not yet completed by the aforementioned date and, therefore, these were not included in the audit.

The auditor made minor findings in regard to administrative costs, unexpended funds, overpayment of funds, and the filing of the County Program Managers annual report. The auditor also made some comments on indirect costs and how these are charged to the TFCA program. Most of the County Program Managers audit findings were resolved by discussions between the District staff and the respective County Program Managers. Ms. Gordon pointed out that a complete summary of the auditor's findings was located in Attachment A of the staff report.

In conclusion, Ms. Gordon stated that the County Program Managers audit findings will be addressed through administrative changes by the County Program Managers and the District. Furthermore, District staff will make administrative changes to the TFCA program and work closely with County Program Managers to ensure that the administrative requirements are met.

Committee Action: None. This report was for information only.

7. **Amendment to Contra Costa County Transportation Fund for Clean Air Expenditure Program For FY 2004/2005:** *The Committee considered recommending Board of Directors' approval of requested amendment to the Contra Costa County Program Manager expenditure program for FY 2004/2005 for two projects.*
8. **Amendment to Santa Clara County Transportation Fund for Clean Air Expenditure Program for FY 2004/2005:** *The Committee considered recommending Board of Directors' approval of requested amendment to the Santa Clara County Program Manager expenditure program for FY 2004/2005 for one project.*
9. **Amendment to Solano County Transportation Fund for Clean Air Expenditure Program for FY 2004/2005:** *The Committee considered recommending Board of Directors' approval of requested amendment to the Solano County Program Manager expenditure program for FY 2004/2005 for two projects.*

Item Nos. 7, 8 and 9 of the agenda were combined for purposes of presentation and discussion. Karen Chi, Environmental Planner, Grant Programs Section, presented staff's recommendations for amendments to the FY 2004/2005 TFCA Program Manager Expenditure Program for Contra Costa, Santa Clara and Solano Counties. Ms. Chi stated that on July 21, 2004 the District Board of Directors approved funding the FY 2004/2005 TFCA Program Manager Expenditure Programs for Contra Costa, Santa Clara and Solano Counties. After allocating the projects, each of the three Counties was left with unallocated balances as follows: (1) \$362,417 in Contra Costa County; (2) \$329,397 in Santa Clara County; and (3) \$136,219 in Solano County. The Project Managers in these three Counties have approved additional projects for TFCA funding and requested that these be added as amendments to their FY 2004/2005 expenditure programs.

Ms. Chi reviewed the projects and noted that all of the proposed projects were evaluated according to the Board-approved TFCA policies and meet the applicable policies, including the cost-effectiveness threshold.

Staff recommended Board approval of the allocation of additional funds for the following projects:

For Contra Costa County

- City of Martinez for the Class 1 Bicycle Path: Bay Trail Segment project (\$87,508)

- Contra Costa County General Services Department for the compressed natural gas (CNG) Direct-Line Fast-Fill Fueling Station (\$32,000)

For Santa Clara County

- City of San Jose's Bascom Avenue Transit Signal Priority project (\$329,397)

For Solano County

- City of Suisun City's Central County Bikeway Gap Closure project (\$32,000)
- Solano County Fleet Operations Division's Electric Vehicle Public Charging Station at Solano County Government Center Parking Structure (\$50,000)

Committee Action: Director Smith moved that the Committee recommend the Board approve staff recommendations for allocation of additional funds in the TFCA Program Manager Funds as an amendment to the FY 2004/2005 Program Manager TFCA Expenditure Program for additional projects in Contra Costa County, Santa Clara County and Solano County, as presented by staff; seconded by Director Cooper; carried unanimously without objection.

10. Committee Member Comments/Other Business: There were none.

11. Time and Place of Next Meeting: Chairperson Young cancelled the November 11, 2004 Committee meeting due to the holiday. The next meeting of the Committee is scheduled for 9:30 a.m., Monday, December 6, 2004, 939 Ellis Street, San Francisco, CA 94109

12. Adjournment: 10:48 a.m.

/s/ Neel Advani

Neel Advani

Deputy Clerk of the Boards

MOBILE SOURCE COMMITTEE

Follow-up Items for Staff

October 14, 2004

TFCA Regional Fund Grant Awards for FY 2004/2005:

1. Director Miller requested that Project # 04R48, sponsored by the City of Sunnyvale, be taken off the list of recommended projects for further review by staff.