

**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., Monday, September 11, 2006

- 1. Call to Order – Roll Call:** Chairperson Tim Smith called the meeting to order at 9:34 a.m.

Present: Tim Smith, Chairperson; Jerry Hill (9:36 a.m.), Carol Klatt, Jake McGoldrick (9:46 a.m.), Michael Shimansky, John Silva, Pamela Torliatt (9:52 a.m.).

Absent: Tom Bates, Scott Haggerty.

Also Present: Gayle B. Uilkema.

- 2. Public Comment Period:** There were none.

- 3. Approval of Minutes of July 17, 2006:** Director Uilkema moved approval of the minutes; seconded by Director Klatt; carried unanimously without objection.

- 4. Vehicle Incentive Program for Fiscal Year 2006/2007:** *The Committee considered recommending Board of Directors' approval of the Vehicle Incentive Program (VIP) for fiscal year 2006/2007, including a) allocation of \$600,000 in Transportation Fund for Clean Air (TFCA) Regional Funds for the fiscal year 2006/2007 VIP funding cycle; and b) approval of the VIP guidelines.*

Jack Colbourn, Director of Outreach and Incentives, introduced David Wiley, Supervising Environmental Planner within the Grant Programs Section.

Andrea Gordon, Senior Environmental Planner, presented the report and reviewed the background of the VIP. Ms. Gordon noted that the vehicles that are acquired through the VIP have a gross vehicle weight of 10,000 pounds or less.

Director Jerry Hill arrived at 9:36 a.m.

Ms. Gordon stated that this is the eighth funding cycle and that there are no changes proposed for the VIP guidelines for the new funding cycle.

Current legislation provides the option of allowing non-public entities to apply for TFCA funds to implement clean air vehicle projects. Ms. Gordon stated that there are some difficulties in the potential VIP funding for non-public entities. They include project monitoring, the scope of the program (there is already a high demand for hybrid cars), funding availability, and program

administration. Because of these reasons, staff recommends limiting the VIP funding eligibility only to public entities, for their own fleets and/or on behalf of certain third-party fleets, such as taxis and door-to-door shuttles.

Ms. Gordon reviewed the VIP process and stated that if the proposed guidelines are approved, staff will implement the program in fall 2006. Staff recommended that the Committee recommend Board of Directors' approval of: 1) the allocation of \$600,000 in TFCA Regional Funds for the fiscal year 2006/2007 VIP cycle, and 2) the proposed VIP guidelines and procedures presented in Attachment A and Attachment B of the staff report.

There was discussion on the VIP funds going to government agencies and, if non-public entities were allowed in the program now, how that would impact the need for increased administrative work and for additional resources.

There were no public comments on this agenda item.

Committee Action: Director Uilkema moved the staff recommendations; seconded by Director Silva; carried with the following Committee members voting:

AYES: Klatt, Shimansky, Silva, Uilkema, Smith.

NOES: Hill.

ABSENT: McGoldrick, Torliatt.

5. Transportation Fund for Clean Air (TFCA) San Francisco County Program Manager Expenditure Plan for Fiscal Year 2006/2007

This item, regarding the plug-in hybrid demonstration project, was withdrawn from the agenda.

Director Jack McGoldrick arrived at 9:46 a.m.

6. Allocation of Mobile Source Incentive Fund Revenues to the Lower-Emission School Bus Program: *The Committee considered recommending Board of Directors' approval of the allocation of \$2,240,000 in Mobile Source Incentive Fund revenues to fund the Lower-Emission School Bus Program.*

Geraldina Grünbaum, Environmental Planner, presented the report and stated that AB 923 authorized local air districts to increase their motor vehicle registration fee surcharge up to an additional \$2 per vehicle and that this revenue may be used to fund the purchase of new clean school buses. The Air District administers this additional revenue source through the Mobile Source Incentive Fund (MSIF). AB 923 allows the use of the MSIF revenues to fund the purchase of new replacement school buses through the Lower-Emission School Bus Program (LESBP). The goal of the LESBP is to reduce school children's exposure to harmful air pollutants. The LESBP also provides a financial incentive to replace older public school buses with cleaner buses, or to retrofit diesel school buses with particulate matter retrofit devices. Over 100 school buses in the Bay Area have been replaced through the LESBP.

Ms. Grünbaum stated that the current focus of the LESBP is on replacing pre-1977 buses and that no matching funds are required by the school districts. Recently the State has budgeted \$25 million for the replacement of old school buses and the Air District may receive a portion of these funds. Staff recommends that the Committee recommend Board of Directors' approval of the allocation of \$2.24 million in MSIF revenues to the LESBP for the purchase of new school buses, without requiring matching funds from participating public school districts.

Director Pamela Torliatt arrived at 9:52 a.m.

Jean Roggenkamp, Deputy APCO, stated that staff would expend any available state funding prior to using the MSIF revenues. During discussion, it was noted that the Air District pays the vendor of the school buses directly so the school districts do not have to wait for reimbursement.

Committee Action: Director Hill moved the staff recommendations; seconded by Director Silva; carried unanimously without objection.

7. **Direct Mail Service Contractor Selection for the Vehicle Buy-Back Program:** *The Committee considered recommending Board of Directors' approval of Direct Mail Center as the contractor for the FY 2006/2007 Vehicle Buy-Back Program direct mail service provider and authorization to the Executive Officer to execute a contract for up to \$88,935 to provide such service.*

Joseph Steinberger, Principal Environmental Planner, presented the report and provided an overview of the Vehicle Buy Back (VBB) Program. Mr. Steinberger reviewed the Request for Proposals (RFP) process and noted six proposals were received. The proposals were reviewed based on two criteria: 1) price, and 2) demonstration of ability to perform the work. Based on the evaluation of the proposals, staff recommends that the Committee recommend Board of Directors' approval of: 1) the selection of Direct Mail Center as the contractor for the fiscal year 2006/2007 VBB Program direct mail services, and 2) authorization for the Executive Officer/APCO to execute a contract for up to \$88,935 with Direct Mail Center for direct mail services, with the option to renew the contract for an additional year at the Air District's discretion.

There was discussion on collector cars and Mr. Steinberger stated that letters are not sent to owners of model 1965 or older eligible vehicles because these vehicles are usually collector cars. Mr. Steinberger noted that there is a suppression list that is used when the Air District is contacted by someone who has received the letter and requests not to be notified again.

Committee Action: Director McGoldrick moved the staff recommendation; seconded by Director Silva; carried unanimously without objection.

8. **2005 Ozone Strategy Further Study Measure 18: Indirect Source Mitigation Program:** *Staff provided a report on indirect source control programs under evaluation.*

Henry Hilken, Director of Planning, Rules and Research, stated that the Bay Area 2005 Ozone Strategy contains several Further Study Measures that Air District staff will evaluate to determine if rules should be implemented. An Indirect Source Mitigation Program is one of the Further Study Measures that is being evaluated. Mr. Hilken stated that last fall, the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) implemented a rule on indirect source mitigation.

Dave Vintze, Air Quality Planning Manager, presented the report and stated that staff is evaluating ways to further reduce emissions associated with indirect sources. Indirect sources include residential, commercial, office and other land development projects that generate emissions from mobile sources. Mr. Vintze reviewed the current Air District programs that address indirect source emissions.

On December 15, 2005, the SJVUAPCD adopted an indirect source rule. The rule targets construction and operational emissions of NO_x and PM₁₀ and applies to projects of specific sizes. Discussion on the following:

- The California Environmental Quality Act (CEQA) process and how it relates to the indirect sources.
- A formula for measuring emissions that are present before construction begins. Emissions that are already there are not considered.
- Getting a base-line on the emissions.

Mr. Vintze stated that the SJVUAPCD rule encourages reductions from baseline emissions through on- or off-site mitigation measures. A fee is assessed for off-site emission reductions if a project cannot implement sufficient on-site measures. Emission reductions are sought as close to the site as possible. Mr. Vintze reviewed the fees associated with the San Joaquin Valley rule. A lawsuit was filed on June 27, 2006 on the San Joaquin Valley rule and a judge has been assigned to the case. The San Joaquin Valley APCD is working on a response to the case.

The Sacramento Metropolitan AQMD has proposed two rules: construction first, followed by a long-term operations rule. Mr. Vintze stated that the construction rule would apply to grading operations, is fee-based, and will not require on-site emission reductions. Voluntary on-site mitigation reduces the required fees. The rule development schedule for the Sacramento AQMD was reviewed and adoption of the rule is scheduled for May 2007. The long-term operations rule will be developed after implementation of the construction indirect source rule and the SJVUAPCD lawsuit is concluded.

The next steps were reviewed. The Committee requested staff provide a list of the next steps and/or speaking points for Board members to use.

There was discussion on the allocation of Carl Moyer funding, reduction of greenhouse gas emissions, mitigation by paving dirt roads, particulate matter from fires, construction sites, agricultural burning, and the District assisting in the facilitation of better burning practices. Jack Broadbent, Executive Officer/APCO noted that this Air District is monitoring the San Joaquin Valley law suit and would like to know its outcome before a rule is promulgated in the Bay Area. The District will still work with cities and counties regarding CEQA and general plans; and will continue to evaluate Further Study Measure 18 to assess the appropriate action to be taken by the District.

The Committee requested staff develop speaking points to summarize the District's indirect source activities; and to report back to the Committee on potential strategies and options to reduce emissions from indirect sources.

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

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

10. Time and Place of Next Meeting: 9:30 a.m., Monday, October 16, 2006, 939 Ellis Street, San Francisco, CA 94109.

11. Adjournment: The meeting adjourned at 10:51 a.m.

/s/ Mary Romaidis

Mary Romaidis

Clerk of the Boards