



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
MOBILE SOURCE COMMITTEE

COMMITTEE MEMBERS

TIM SMITH - CHAIR
TOM BATES
SCOTT HAGGERTY
YORIKO KISHIMOTO

JAKE McGOLDRICK – VICE CHAIR
CAROL KLATT
MARK ROSS
JOHN SILVA
GAYLE B. UILKEMA

**WEDNESDAY
MAY 14, 2008
9:30 A.M.**

**FOURTH FLOOR CONFERENCE ROOM
DISTRICT OFFICES**

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 MARCH 27, 2007**
4. **CONSIDERATION OF RECOMMENDATION AUTHORIZING THE EXECUTIVE OFFICER/APCO TO ACCEPT UP TO \$8.4 MILLION IN SCHOOL BUS REPLACEMENT FUNDING FROM THE CALIFORNIA AIR RESOURCES BOARD**
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will consider recommending Board of Director's approval to adopt a resolution allowing the Executive Officer/APCO to accept up to \$8.4 million in California Goods Movement Bond monies to replace high emitting diesel school buses.

5. **CONSIDERATION OF RECOMMENDATION AUTHORIZING THE EXECUTIVE OFFICER/APCO TO ENTER INTO AN ADMINISTRATIVE COSTS FUNDING AGREEMENT WITH TFCA COUNTY PROGRAM MANAGERS**
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will consider recommending Board of Director's approval to allow the Executive Officer/APCO to enter into an administrative funding agreement with TFCA County Program Managers.

6. **CONSIDERATION OF RECOMMENDATION FOR APPROVAL TO RESERVE UP TO \$5 MILLION IN TFCA FUNDING TO MATCH GOODS MOVEMENT BONDS FOR TRUCK RETROFITS AT PORTS AND INTERMODAL RAILYARDS**

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will receive an update on the Air District's California Goods Movement Bond (I-Bond) applications and will consider recommending Board of Director's approval to reserve \$5 million in TFCA funding to match Goods Movement Bond funds for truck retrofits at port and intermodal railyards.

7. **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).

8. **TIME AND PLACE OF NEXT MEETING: AT THE CALL OF THE CHAIR**

9. **ADJOURNMENT**

**CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET
SAN FRANCISCO, CA 94109**

**(415) 749-5127
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 Executive 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

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

MAY 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i> CANCELLED	Friday	2	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday every other Month)</i>	Monday	5	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets At the Call of the Chair)</i>	Monday	12	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Regular Meeting <i>(Meets 2nd Wednesday of every odd Month) – RESCHEDULED TO THURSDAY, MAY 15, 2008</i>	Wednesday	14	10:00 a.m.	Board Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Wednesday	14	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Regular Meeting <i>(Meets 2nd Wednesday of every odd Month)</i>	Thursday	15	9:00 a.m.	Board Room
Advisory Council Executive Committee <i>(Meets 2nd Wednesday of every odd Month)</i>	Thursday	15	Immediately Following the Advisory Council Regular Meeting	Room 716
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday every other Month)</i> - TO BE RESCHEDULED	Thursday	15	9:30 a.m.	4 th Floor Conf. Room
Joint Policy Committee	Friday	16	10:00 a.m. – 12:00 p.m.	MTC 101 - 8 th Street Oakland, CA 94607
Board of Directors Stationary Source Committee <i>(Meets 3rd Monday Quarterly)</i>	Monday	19	9:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i> RESCHEDULED TO WEDNESDAY, MAY 14, 2008	Thursday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	28	9:30 a.m.	4 th Floor Conf. Room

JUNE 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Technical Committee <i>(Meets 1st Monday of every even Month)</i>	Monday	2	9:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
Advisory Council Public Health Committee <i>(Meets 2nd Wednesday of every even Month)</i>	Wednesday	4	1:30 p.m.	Room 716
Advisory Council Air Quality Planning Committee <i>(Meets 1st Thursday of every even Month)</i>	Thursday	5	9:30 a.m.	Room 716
Board of Directors Executive Committee <i>(Meets At the Call of the Chair)</i>	Wednesday	11	10:00 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday every other Month)</i>	Thursday	12	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets 3rd Monday quarterly)</i> – RESCHEDULED TO MAY 19, 2008	Monday	16	9:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of every Month)</i>	Monday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	25	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	4 th Floor Conf. Room

JULY 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	2	9:45 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday every other Month)</i>	Thursday	3	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Executive Committee <i>(Meets 2nd Wednesday of every odd Month)</i>	Wednesday	9	9:00 a.m.	Room 716
Advisory Council Regular Meeting <i>(Meets 2nd Wednesday of every odd Month)</i>	Wednesday	9	10:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday every other Month)</i>	Thursday	17	9:30 a.m.	4 th Floor Conf. Room

JULY 2008

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Joint Policy Committee	Friday	18	10:00 a.m. – 12:00 p.m.	MTC 101 - 8 th Street Oakland, CA 94607
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>– (Meets 4th Thursday of each Month)</i>	Thursday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month)</i>	Monday	28	9:30 a.m.	4 th Floor Conf. Room

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4/29/08 (10:40 a.m.)
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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 6, 2008

Re: Mobile Source Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Mobile Source Committee meeting of March 27, 2008.

DISCUSSION

Attached for your review and approval are the draft minutes of the March 27, 2008 Mobile Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

**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
9:30 A.M., Thursday, March 27, 2008

1. **Call to Order - Roll Call:** Chair Tim Smith called the meeting to order at 9:40 a.m.
Present: Tim Smith, Chair, Tom Bates (9:46 a.m.), Scott Haggerty, Carole Klatt, Jake McGoldrick (9:41 a.m.), and Mark Ross.
Absent: Yoriko Kishimoto, John Silva, and Gayle Uilkema.
Also Present: Pamela Torliatt.
2. **Public Comment Period:** There was none.
(Director McGoldrick Arrived.)
3. **Approval of Minutes of December 10, 2007:** Director McGoldrick moved approval of the minutes; seconded by Director Haggerty; carried unanimously without objection.
4. **Overview of the Air District's Integrated Priority Communities Strategy for Grant Funding Programs:** *The Committee received an overview of how the grant funding programs are being used as a part of an overall strategy to reduce emissions to impacted communities.*
As an extension to a discussion that took place at a previously held retreat of the Board of Directors, Jack Broadbent, Air District Executive Officer, stated the Community Air Risk Evaluation (CARE) Program is informing how the Air District makes grant program recommendations to the Board of Directors. Specifically, the CARE Program is showing that the Air District includes some areas more severely impacted by diesel particulate than others.
Mr. Broadbent presented slides and maps that provided CARE Program Objectives, and indicated the range of concentration of diesel particulate in the Bay Area and the identified impacted communities, adding that boundaries were not yet defined. These communities include:
 - Concord
 - Richmond
 - West Oakland, particularly in and around the Port of Oakland
 - East Oakland, where there are several distribution centers
 - San Jose, where the 680 Interstate and Highway 101 meet

- East San Francisco

(Director Bates arrived 9:46 a.m.)

Mr. Broadbent outlined funding sources for projects in highly impacted communities:

- \$11 million - Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program)
- \$12 million - Transportation Fund for Clean Air (TFCA)
- \$10 million - Mobile Source Incentive Fund (MSIF) and up to:
- \$35 million - Infrastructure Bond (I-Bond)

It was noted that 3.4 million dollars of I-Bond funding had already been allocated by the ARB for the District.

Concluding the presentation, Mr. Broadbent stated that the Air District had been meeting with groups in the impacted communities to encourage grant applications.

Damien Breen, Air District Grants Manager, described the meetings, indicating that 32 meetings had taken place to-date, and that 38 total were planned through the end of April 2008.

In response to a question from Director Haggerty regarding conditions at the Interstate 580-680 corridor, Mr. Broadbent clarified that the six communities represented areas of peak diesel particulate concentration, and that the peaks would be addressed first. Director Haggerty requested a graph of the impacted communities, spread out to 10 or 12 communities, be produced and suggested, in light of impending high-density housing development around the Dublin BART station, that transit-oriented development (TOD) in areas near freeways needed looking at.

Director McGoldrick gave examples of the successful use of toll-roads in the congestion management of certain European cities, and suggested that the Air District become involved in assisting with congestion management. Director McGoldrick also requested that Air District staff contact San Francisco Supervisor Sophie Maxwell with regard to the public meeting in San Francisco.

Discussion regarding public comment, geographical areas of concern, and Air District responses ensued. Responding to a question from Director Bates, Mr. Broadbent clarified the intent of the Air District to match funds using TFCA dollars for diesel traps on trucks at the Port of Oakland. He further indicated that I-Bond funds would be used to reduce emissions from:

- Trucking firms
- Construction equipment companies
- Shippers
- Marine terminal operators in West Oakland, and probably
- Locomotive operations for Richmond and West Oakland.

Application prioritizations, regulatory authority, and the necessity of early regulatory compliance for grantees were also discussed.

Mr. Broadbent noted that, because this will probably impact the rest of the Board members, staff decided to include this topic on the Board of Directors agenda. With regard to the subject of positive rewards or recognition for retrofitting trucks, Mr. Broadbent related the Port of Oakland's potential use of a medallion system, similar to the one used with taxis in San Francisco.

5. Update on California Goods Movement Bond Program: *The Committee received an update on the outreach and application process for funds and next steps to be taken as part of the District's Goods Movement Bond Program.*

Mr. Broadbent gave an overview of the funds approved by California voters for infrastructure improvements, one billion of which is allocated for air quality improvement, to be distributed over four years in \$250 million increments. Annually, \$35 million have been allocated for the Bay Area, \$140 million in total, based on a formula of the California Air Resources Board (CARB) using:

- Population
- Emissions associated with goods movement
- Attainment status

Early grants in the amount of \$3.4 million were allocated by ARB to the District for the purpose of electrifying APL Shipping and for 75 truck retrofits in the Port of Oakland. Mr. Breen responded to questions from Director Bates by stating that 50% of the cost of retrofitting these 75 independently-operated trucks had been covered by the Port of Oakland.

Mr. Broadbent then outlined the process of obtaining funding from the main I-Bond grant. He stated that the Air District, in daily conversation with CARB, needs to apply for these monies, declare what Air District staff thinks needs to be done, describe how the monies are matched, and indicate where the money will go. Discussions to-date have examined cost-effectiveness of reductions, determining what CARB's adopted emissions reduction plan included, and where emissions reductions would be needed, whether that would be trucks, e.g. Mr. Broadbent added that after the process was completed, a package would be presented to the Mobile Source Committee.

Mr. Broadbent stated that unlike Southern California, where the larger Ports of Los Angeles and Long Beach have their own grant programs and funding in partnership with the South Coast Air District, CARB clearly wants the Air District to be the recipient of these monies, as the sole entity in the Bay Area to distribute funds. CARB has seen what the Air District has done, in terms of responding to the changes and the processes that will be put into place as a result of the Carl Moyer audit, and are the most comfortable having the Air District determine how best to spend these monies. Implications of this, such as availability of Air District resources and staff were discussed at Budget & Finance Committee meeting of March 26. Mr. Broadbent noted that application for I-Bond funds is a competitive process, stating however that he believed the Air District would be the only applicant to qualify. Mr. Broadbent continued, saying that it is not a typical application process where funds come directly to the Air District, with I-Bonds, the funds must be applied for, and scrutiny is applied by the state.

Mr. Breen gave an account of a March 25th public meeting, relating that it had been advertised in three local newspapers, was conducted in Downtown Oakland and that there were, actually,

three public meetings scheduled to meet a requirement in the I-Bond program. Fifty to sixty people from the West Oakland community were in attendance, and many comments regarding where the Air District should spend this money were received.

Mr. Broadbent offered that, although the application would be due by April 4, staff would not commit the Board to anything at that time; rather, they would put together a plan based on discussion with CARB staff, then inform the Committee of what CARB staff members think ought to be done, what Air District staff thinks ought to be done and, as a result, what types of recommendations make sense to move forward with. Mr. Broadbent suggested that this set of recommendations be brought to the next Mobile Source Committee meeting.

Mr. Breen presented a list of projects that would serve as a basis for discussion with the Port of Oakland, for example. For port drayage trucks, the Air District would consider retrofits and add-on devices, made affordable with bond assistance. Messrs. Breen and Broadbent defined the term “drayage truck” as a truck that actually has a trip inside the port, primarily taking containers from ships to transport them to railheads and distribution centers on short-hauls.

Mr. Breen continued enumerating projects, stating that the larger goods movement trucks, i.e., company trucks—such as those along the Interstate 880 corridor—with the financial wherewithal to match the bond funding, would receive only fifty thousand for replacement of trucks, five thousand for retrofits, and would require no match from the Air District. The Air District is also looking at four to five high-emissions locomotive engines operating in close proximity to the West Oakland community. Two point eight million dollars for shipboard electrification represented the early grant that was put together with APL Shipping. The last category was Marine Harbor Craft. ARB marine regulation estimates that the Bay Area has about fifty percent of the harbor craft in California. Current thinking would include monies for the read power of some fishing vessels and tugboats.

Mr. Broadbent noted that the Port of Oakland is looking at imposing a container fee, to be the source of funding for their matching. However it is fraught with issues, because some do not believe that they have the authority, and because of potential economic consequences. Mr. Broadbent suggested that the Air District may want to think about using some of the monies particularly to help match and get the retrofitting of the trucks out, as a way to help incentivize replacements at the port, and that more discussion on the topic would be needed.

Mr. Breen stated that a very large air quality benefit could be had very quickly by putting diesel particulate traps on drayage trucks in that area. He further stated that the Air District was considering using TFCA and Mobile Source Incentive Fund monies, for use in matching bond monies as one way of helping truckers to obtain these devices at the Port of Oakland.

In reviewing deadlines, Mr. Broadbent reiterated that although the matching funds need to be identified up front, it would be stated, “This is in general what we’re looking to do,” thereby meeting requirements while maintaining the flexibility to change. Mr. Broadbent noted that CARB staff knows that Board agreement is needed, and understand the processes and the Air District’s timeframe as well.

In response to a question from Chairperson Smith about why the Air District would be using TFCA money, Mr. Breen replied that the Air District had talked with the Port of Oakland (Port) about having a Memorandum of Understanding to clarify that they would provide the matching funds. However, monies provided by the Port were not guaranteed and it may be necessary to

use TFCA funding in order to make affordable retrofits available to port truckers. Should the Air District choose to use TFCA monies, it will be only for the first year of the four-year I-Bond funding.

Mr. Broadbent clarified points about cost-effectiveness for Chairperson Smith, noting that the match funding from TFCA for truck retrofits, repowers, and replacements had the greatest flexibility, whereas MSIF match funding has guidelines mandated by the Carl Moyer Program.

In response to a question from Director Haggerty, Mr. Breen explained that the 75 retrofitted trucks would be under contract—both with the Port of Oakland and with the Air District—to continue to operate in the port. Specifically, a four-year contract with the Air District would require them to make 150 trips to the port each year, and allows for installation of electronic monitoring devices, that would provide GPS data on those trucks. The state is working on a state-wide GPS system at the moment and, toward the end of this program, these trucks could actually be monitored, and there has been discussion of having ARB monitoring personnel at the Port.

Director Haggerty expressed concern about agricultural retrofits and about Oakland paying their fair share, and recommended that an agreement or strong message, stating that they need to comply, be made.

Discussion regarding ramifications of non-compliance, applicant screening, and waivers ensued. Mr. Breen added that one of the contract possibilities being investigated is that the Air District be a lienholder on trucks funded on the program. Further discussion regarding accident liability, insurance requirements, and regulation deadlines followed, namely: by December 31st, 2009—no drayage truck older than a 1993 model will be able to enter the port, and any truck produced between 1994 and 2003 must be retrofitted with a diesel particulate filter (DPF) device. The second phase of that regulation stipulates that by 2014 all drayage trucks must be equipped with an engine that meets the 2007 model year California or federal emission standards.

Director McGoldrick asked whether the Air District would have any recovery rights, or perhaps some kind of a buy-back, for recovering traps, and inquired how much the traps would be worth. Messrs. Broadbent and Breen responded that the parts themselves would be about fifteen thousand dollars each, and added that they have been standing up to a lot of wear and tear so far.

Director McGoldrick asked if there were anything comparable in other states that the Air District could borrow best practices from, to which Mr. Broadbent responded that all of California is going through this all at the same time; Ms. Roggenkamp added that Texas has a similar program, but that it is behind California's program.

6. **Proposed revisions to the Transportation Fund for Clean Air (TFCA) Policies and Evaluation Criteria for FY 2008/2009:** *The Committee considered recommending Board of Directors approval of proposed revisions to TFCA Policies and Evaluation Criteria to govern allocation of FY 2008/2009 TFCA funds, including the allocation of \$1,000,000 in TFCA Regional Funds to the Clean-Air Vehicle Advanced Technology Demonstration projects that meet the Fiscal Year 2008/2009 TFCA Regional Fund Policies.*

Jack Colbourn, Air District Director of Administration introduced Damien Breen, Grants Manager, who presented the proposed revisions. Mr. Breen described the process for staff preparation of proposed revisions to the regional fund policies and criteria, requests for

comments from all affected parties (included in Attachment B of the staff report), and referenced an additional comment from the Santa Clara Valley Transportation Authority (VTA), in a rider sheet. Results of the process were included in Attachment A of the staff report.

Most of the policies and criteria are proposed to remain unchanged, with three exceptions:

1. A new policy, number 19, requiring insurance of grantees, will be added.
2. A change would be made to criterion 5, to give first priority to highly impacted communities, as discussed earlier today.
3. Provide additional priority, in criterion 6, to development areas. These areas were established by the FOCUS program, which involved the Joint Policy Committee of ABAG, the Bay Conservation Development Commission, MTC, and Bay Area Air Quality Management District, to promote smart growth.

Finally, adoption of a \$1 million allocation for clean-air vehicle advanced technology demonstration projects was requested, based on what was used last year to fund fuel cell transit bus projects, and a hydrogen CMV fuel-brand project at the San Francisco Airport.

Mr. Breen concluded the presentation by requesting on behalf of Air District staff, that the Committee approve the regional fund policies for the evaluation criteria, and allocate \$1 million in TFCA regional funds to clean air advanced technology demonstration.

In response to questions from Director Haggerty, Mr. Breen clarified that impacted communities are those communities, indicated in Agenda Item 4, most impacted by the toxic risk from particulate emissions and that those communities were to be priority project targets, however all other areas would be still eligible for funding. Mr. Breen added that while, in terms of volume of projects, the Air District *does* get some projects from those impacted areas, it is not a significant number, and therefore, by providing the priority, the Air District is trying to incentivize application.

In response to concerns about the potential of funding projects solely in the areas noted in Agenda Item 4, Ms. Roggenkamp stated that, for this year, those are the most highly impacted areas, in terms of emissions and sensitive populations, and that the Air District will revisit this determination next year.

Following additional comments from Director Haggerty regarding priority of funding, Mr. Broadbent rejoined by stating that the Air District actually gives some other areas higher priorities, and that staff fully expects there will be TFCA projects that are not necessarily in these areas.

Further discussion of codification of recommendations ensued. Responding to a question from Director Ross, Mr. Breen replied that cost-effectiveness still carried the greatest weight, in terms of criteria used in ranking projects. In preparation for a motion to approve staff's request, members of staff and the Committee discussed possible outcomes and clarified points of concern.

Chairperson Smith recognized Mr. Hough, who recommended, that with regard to policy number 18, the Air District revert to the previous policy and, with regard to drafted policy number 26, asked if staff could determine whether Serendipity's objections had any merit in the intervening year before the 2009 cycle, and suggested that perhaps used vehicles should be eligible in the next cycle.

Chairperson Smith suggested looking at awarding higher priority to proposals that include support from their various jurisdictions, cities, and areas that are participating in providing the match portion.

Committee Action: Director Haggerty moved approval of the staff recommendations; motion seconded by Director McGoldrick; carried unanimously without objection.

7. **Consideration of FY 2007/2008 Bicycle Facility Program: Annual Report; Proposed Revisions to Guidelines and Adoption of Program for FY 2008/2009:** *The Committee received FY 2007/2008 annual report on the Bicycle Facility Program (BFP) and considered recommending Board of Directors approval of 1) BFP Guidelines to govern allocation of FY 2008/2009 funds; 2) an allocation of \$600,000 in TFCA Regional Funds to the BFP; and 3) authorization of the Executive Officer to enter into BFP funding agreements with project sponsors.*

Jack Colbourn introduced the presenter Avra Goldman, Environmental Planner. Ms. Goldman greeted the Committee, stating that she had been working at the Air District as a planner in the Grants Section since October of 2007.

Ms. Goldman presented slides covering the annual report for the Bicycle Facility Program for '07-'08 and the proposed guidelines and funds allocation for '08-'09. These included addition of:

- Guideline 9, Insurance
- Guideline 15, Eligible Bicycle Facility Projects, revised to allow retrofit of mechanical lockers to electronic lockers.

Comments on these proposed changes were to be found in Attachment B.

Ms. Goldman introduced additional slides, which indicated the Bicycle Facility Program's purpose of reducing emissions from mobile sources by implementing bicycle facilities in the Bay Area, and mentioned the progress to-date of fourteen funded projects, listed in Attachment A, and the overall success of the program.

Ms. Goldman noted that during the public comments period for the proposed changes to guidelines, all of the comments supported further enhancements of the program. Staff proposed allocation of 600,000 dollars in TFCA regional funds to the program for '08-'09; which would be the same as that of the '07-'08 fiscal year.

In conclusion, staff recommended that the Mobile Source Committee consider recommending that the Board of Directors

1. Receive a file of the annual report for the Bicycle Facility Program for '07-'08,
2. Approve the proposed BFP Guidelines, presented in Attachment B, for fiscal year '08-'09, and
3. Approve the allocation.

Chairperson Smith recognized Mr. Hough. Mr. Hough commented that the CTA wished to thank Air District staff for continuing to fund mechanical bike lockers.

Committee Action: Director Haggerty moved approval of the staff recommendations; motion seconded by Director McGoldrick; carried unanimously without objection.

8. **Committee Member Comments/Other Business:** There was none.
9. **Time and Place for Next Meeting:** At the call of the Chair.
10. **Adjournment:** Meeting was adjourned at 11:14 a.m.

Jean Marie Mink
Temporary Executive Secretary

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 7, 2008

Re: Recommendation to Allow the Executive Officer/APCO to Accept up to
\$8.4 million in Lower Emission School Bus Program Funding from the
California Air Resources Board

RECOMMENDED ACTION:

Recommend Board of Directors approve the attached resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of up to \$8,400,000 in Lower-Emission School Bus Program (LESBP) funding.

BACKGROUND

The LESBP was adopted by the California Air Resources Board (CARB) in fiscal year (FY) 2000-2001. The goal of the LESBP is to provide financial incentives to eligible school districts to (1) purchase new clean school buses to replace older, high-emitting buses, and (2) retrofit in-use diesel school buses with particulate matter (PM) emission control devices. The Air District has been involved with the LESBP since its inception.

Proposition 1B (the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006), approved by voters in November 2006, authorized the Legislature to appropriate \$193 million in bond funding to ARB for the LESBP. Funding is allocated following the criteria set forth in Senate Bill 88 (Chapter 181, Statutes of 2007). SB 88 directs the ARB to allocate Proposition 1B funds by first setting aside funds to replace the remaining 1976 and older model year school buses in California. Remaining funds are to be allocated to air districts based on each district's share of the 1977 through 1986 model year school bus population. The District has four remaining pre-1977 public school buses and approximately 100 model year 1977-1986 public school buses.

DISCUSSION

On March 27, 2008, the ARB allocated \$8.4 million to the Bay Area Air Quality Management District. To accept the grant award, the Air District must submit a resolution from its Board that authorizes the Air District to accept the grant award that

commits the Air District to follow all program Guidelines and requirements, and directs the Executive Officer/APCO to implement the local program.

In order to accept the ARB allocation, staff requests the Mobile Source Committee recommend the Board of Directors authorize the Executive Officer/APCO to execute all necessary agreements with the ARB relating to the Air District's receipt of up to \$8.4 million in Lower-Emission School Bus Program funds.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Funds received under this program have already been projected and incorporated into the budget for fiscal year 2008/2009. While a \$25,000 match is necessary to replace buses in the 1977 to 1986 model year range, the District has available Mobile Source Incentive Funds to cover this cost.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Geraldina Grünbaum
Reviewed by: Jack M. Colbourn

Attachment

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2008-

**A Resolution Accepting Lower-Emission School Bus Program Funds
From the California Air Resources Board**

WHEREAS, on November 7, 2006, California voters approved Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, enacted into law as Senate Bill (SB) 88 (Stats 2007 Ch 181), which provides \$200 million for replacing and retrofitting older and higher emitting school buses;

WHEREAS, the Legislature appropriated \$193 million of these funds to the Air Resources Board (ARB) in the 2007 Budget Act, approved by Governor Schwarzenegger August 24, 2007, for the replacement of all pre-1977 model year school buses and for allocation of the remaining funds to local and regional air pollution control districts (Districts) on the basis of the number of 1977 to 1986 model year school buses operating within each District for the replacement of the oldest high-polluting buses with new buses and for the retrofit of older buses with ARB-verified technologies;

WHEREAS, the grant program is to be administered by the ARB and implemented by the Districts in accordance with the Lower-Emission School Bus Program (Program) Guidelines, as approved by the ARB on March 27, 2008, and issued on April 15, 2008;

WHEREAS, based upon the direction in SB 88, the ARB has apportioned \$8.4 million to the Bay Area Air Quality Management District through a grant award of Proposition 1B funds for the 2007-2008 fiscal year funding cycle to implement the Program within the Air District.

NOW, THEREFORE, BE IT RESOLVED, that the Bay Area Air Quality Management District (Air District) affirms its continued participation in the Lower-Emission School Bus Program and accepts the grant award of Proposition 1B funds to implement the Program within the Air District.

BE IT FURTHER RESOLVED, that the Air District commits to follow all Program requirements, including those set forth in the 2008 Lower-Emission School Bus Program Guidelines;

BE IT FURTHER RESOLVED, that the Air District hereby authorizes and directs the Executive Officer/Air Pollution Control Officer to implement the Air District's local Program in cooperation with eligible parties.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management

District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2008 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Jerry Hill
Chair of the Board of Directors

ATTEST:

Brad Wagenknecht
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 7, 2008

Re: Consideration of Recommendation to Authorize the APCO/Executive
Officer to Enter into Administrative Costs Funding Agreements with
TFCA County Program Managers

RECOMMENDED ACTION:

Consider recommending that the Board of Directors:

1. Approve the allocation to each Transportation Fund for Clean Air (TFCA) County Program Manager of up to five percent (5%) of its estimated fiscal year (FY) 2008/2009 revenues, for the purpose of administering the TFCA County Program Manager Fund during FY 2008/2009; and
2. Authorize the Executive Officer/APCO to execute contracts with the County Program Managers for this purpose.

BACKGROUND

The Transportation Fund for Clean Air (TFCA) enabling legislation allows the vehicle registration fees collected for the TFCA program to be used for administration costs. California Health & Safety Code Section 44233 requires that not more than five percent of the motor vehicle registration fee surcharges distributed to the Air District or distributed by the Air District to any public agency be used for administrative costs.

The Air District allocates forty percent of the motor vehicle registration fees (TFCA Funds) received to its County Program Manager Fund for the implementation of projects by the local designated County Program Managers (Program Managers). Pursuant to the TFCA legislation, a Program Manager may use up to five percent of the TFCA funds received from the Air District to administer the TFCA grant program.

It is the policy of the Air District not to allow services, purchases of goods, or grant projects to proceed without a fully-executed contract or grant agreement in place. Funding agreements to implement Board-approved Program Manager projects are typically not executed until after the beginning of the fiscal year.

DISCUSSION

Air District staff and the Program Managers have determined that an agreement that allows the Program Managers to incur reimbursable administrative costs associated with the administration of the TFCA Program at the beginning of each fiscal year would facilitate the administration of the program.

Air District staff and the Program Managers are working together to develop an agreement that would achieve this goal. Upon completion of the agreement, Air District staff will execute contracts with each TFCA County Program Manager to cover administrative costs for the 2008/2009 fiscal year.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. Approval of the recommended allocation will have no impact on the Air District's budget. TFCA revenues are generated from a dedicated outside funding source and passed through to County Program Managers. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Andrea Gordon
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 7, 2008

Re: Consideration of Recommendation for Approval to Reserve up to \$5
Million in TFCA Funding to Match Goods Movement Bond Funds for
Truck Retrofits at Ports and Intermodal Railyards

RECOMMENDED ACTION:

Consider recommending that the Board of Directors:

Reserve up to \$5 Million in TFCA Funding to match Goods Movement Bond Funds (I-Bond) for Truck Retrofits at Ports and Intermodal Railyards (Port trucks). Reserved funds would be capped at a \$5,000 per device limit in order to make monies available for up to 1,000 retrofits.

BACKGROUND

In November 2006, California voters authorized the Legislature to appropriate \$1 billion in bond funding to the California Air Resources Board (CARB) to quickly reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. On February 28, 2008, ARB approved an allocation of \$140 million for the Bay Area trade corridor (\$35 million per year over the next four years.) This funding share represents 14% of the total funding that will be distributed statewide. Additionally, the ARB approved \$3.4 million as part of its early I-Bond grants for a shorepower project and a truck retrofit project at the Port of Oakland (Port).

Under the guidelines for the program, the Air District was then required to submit an application to ARB on April 4, 2008, for the remainder of the \$35 million available less the early grant amount and administrative costs (\$31.1 million). This application was a highly complex document comprised of four sections (Port trucks, other trucks, commercial marine craft and locomotives). Each required the Air District to justify why it will be able to administer the funds requested, describe any matching funds to be used, describe its outreach plan, describe its project application and ranking system, and describe its enforcement and monitoring mechanisms.

ARB staff has accepted the Air District's application and the following is a summary of what will be recommended to the ARB Board on May 22, 2008:

Table 1 -Summary of Projects and Funding Requested as Part of I-Bond Application

Project Type	Funding requested
Trucks at Ports and Intermodal railyards*	\$6.3 million
Other Goods movement trucks*	\$17.4 million
Locomotives	\$3.1 million
Marine harbor craft	\$4.3 million
Total	\$31.1 million

*retrofits, repowers and replacements

DISCUSSION

As part of this application, Air District staff proposed to use \$5 million in TFCA funding to match bond monies for the retrofit of Port trucks with particulate traps to reduce diesel emissions. Staff proposed this approach based on the following:

- Diesel particulate emissions comprise 85% of the total risk from toxic air contaminants in the Bay Area and 20% of the total statewide emissions of diesel particulate generated by goods movement occur in the Bay Area.
- Particulate emissions are a serious health risk to communities in surrounding areas of intensive goods movement, such as the Port of Oakland.
- TFCA dollars are considered by ARB to be local funds that are the only source of monies eligible for match in this category.
- By making TFCA dollars available with a \$5,000 cap per device provided, the Air District can retrofit approximately 50% or 1000 trucks at the Port of Oakland effecting a significant and immediate reduction in diesel particulate matter.
- Port trucks are eligible for funding only for the first year of this program. Without retrofits, they will be unable to enter the Port of Oakland after December 31, 2009.
- I-Bond offers only \$5,000 to recipients to retrofit trucks. Port trucks require active retrofit devices costing approximately \$20,000. As the majority of possible recipients are independent owners, an additional \$5,000 from TFCA funding will make these devices more affordable.
- The Port of Oakland has offered (dependent on approval by its commission) to provide up to \$5 million in additional funding (see Attachment 1 - letter of commitment from the Port of Oakland) for retrofits in order to further reduce the costs of retrofits for port truckers.
- With additional TFCA funds and monies from the Port of Oakland up to 70% of the retrofits costs would be covered for grantees seeking to retrofitting trucks.

- Retrofit projects in this category remain below the \$90,000 per ton of emissions reduced required by the TFCA program.

Allocation and Capping TFCA Funds

By adopting staff's recommendation to provide \$5 million in TFCA funding (with a cap of \$5,000 per device provided) to match I Bond funding, the Board of Directors would be ensuring that:

- Funds are available to deal with an immediate health threat in West Oakland and other highly impacted communities.
- Funds will still be available for the most cost effective emission reduction projects under the program.

Additionally, TFCA funds provided would be utilized only for retrofits and any unused portion of the monies allocated would be returned to the TFCA Regional Fund to be expended on eligible projects.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. Approval of the recommended allocation will have no impact on the Air District's budget. TFCA revenues are generated from a dedicated outside funding source and passed through to County Program Managers. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Damian Breen
Reviewed by: Jack M. Colbourn

Attachment 1



OMAR R. BENJAMIN
Executive Director

April 3, 2008

Mr. Jack P. Broadbent
Executive Officer
939 Ellis Street
San Francisco, CA 94109

RE: Letter of Intent - Air Quality Bond Funding Application

Dear Mr. Broadbent:

The Port of Oakland is very pleased to partner with the Bay Area Air Quality Management District (BAAQMD) in its application to leverage air quality project funding made available through the California State voter-approved Proposition 1B (the State Bond). We support the BAAQMD's overall funding request and commit to working with you to successfully implement air quality projects at the Port of Oakland. Towards this partnership, this letter expresses my intent to recommend that the Board of Port Commissioners ("Board") allocate Port funds as part of the funding for Year 1 truck retrofits.

Funding and Year 1 Projects

The Port understands that the BAAQMD is applying for State Bond funding to retrofit 1,000 Port drayage trucks retrofits with diesel particulate filters (DPFs) by June 30, 2009. This project would require approximately \$15 million, of which \$5 million would be provided by the State Bond and \$5 million by the BAAQMD Transportation Fund for Clean Air (TFCA) funds. The BAAQMD has asked the Port to make available funding to fill the \$5 million gap.

As you know, the Board approved on March 18, 2007, a policy which includes commitments to funding mechanisms and "early actions," as follows:

1. "The Board commits to adopting funding mechanisms, including the imposition of fees, to fund air emissions reduction measures. To the maximum extent possible, Port fee revenues shall leverage matching federal, state and private funds. Fees for the purpose of funding the measures shall be evaluated for legality and be enacted to the extent that they do not damage the Port's or its customers' market competitiveness."
2. "The Port will implement certain air emissions reduction measures prior to the dates that such measures are required by state or federal

regulations, in order to reduce the duration of people's exposure to emissions that may cause health risks ("Early Actions"). The Port shall implement, beginning in 2008, Early Action measures for the purpose of immediately reducing the impacts of Port-serving trucks and other Port operations on West Oakland and surrounding communities. These measures shall include (a) incentives for Early Action replacement and/or retrofit of older polluting truck engines, (b) mechanisms for enforcing the prohibition of Port truck parking or operation on neighborhood streets, including truck registration and tracking and c) feasible and cost-effective means of reducing ship idling emissions. In order to fund these Early Action measures, the Board will adopt truck or containers fees and apply for matching state and federal funds".

We understand that because the Board has not yet approved a specific container fee, part of which would be used to fund and implement air quality improvement projects (for example, the Port's Comprehensive Truck Management Plan, which includes a clean truck component), the California Air Resources Board staff and the BAAQMD are concerned that these funds may not be "reasonably available" for the purposes of the Year 1 State Bond application.

To address this concern, I will recommend to the Board the allocation of Port funds that would be available for disbursement when required in order to fill the funding gap identified above. However, the guarantee of these funds is subject to the Board's review of a public report and decision at a public meeting. Please be assured that Port staff and management support the requisite allocation of funds and will recommend all appropriate action to our Board. We expect to present this item to our Board within approximately the next 60 to 90 days.

Finally, in addition to the 1,000 retrofits proposed for State Bond funding, the Port is evaluating the possibility of implementing a supplemental financing program to retrofit Port drayage trucks that do not meet the enrollment period for the State Bond program. We estimate this may represent as many as 500 trucks (there are an estimated 1,500 Port drayage trucks of model years 1994 through 2003).

Funding and Projects (Years 2, 3, and 4)

In addition to the Year 1 plan, as outlined above, the Port expects to seek State Bond funding for several projects, including but not limited to truck replacements and cold ironing. While we do not know what those funding requests will be, they are likely to fall in the range of \$10-15 million per project.

Outreach

Implementation of an aggressive truck retrofit program such as the one proposed through this application will require extensive outreach with numerous trucking enterprises that serve the Port of Oakland seaport. As you know, the majority of truckers serving the Port are independent owner-operators. In order to ensure that the projected 1,000 retrofits are


accomplished by the “early action” State Bond deadline of June 1, 2009, the Port commits to working closely with the BAAQMD staff to perform the most effective outreach. More specifically, we commit to:

- Review and/or co-author outreach materials;
- Leverage our contacts with trucking enterprises to facilitate the dissemination of information about retrofit opportunities;
- Co-host meetings with trucking enterprises that serve the Port of Oakland seaport; and
- Ensure that information about the retrofit program is available at the trucker information trailer/center, to be opened in Spring 2008 in the seaport’s Outer Harbor area.

If you require additional information, please do not hesitate to contact me or Steve Gregory, Acting Manager, Maritime Ancillary Services, of my staff at 510-627-1363. We look forward to our continued partnership with the BAAQMD to improve air quality locally and regionally as quickly as feasible.

Sincerely,



 Omar R. Benjamin
Executive Director